A COMPREHENSIVE REVIEW AND THE PROPOSED REORGANIZATION OF NORTH DAKOTA STATE GOVERNMENT TRANSPORTATION AGENCIES

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EXECUTIVE SUMMARY

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.

CHAPTER 1

INTRODUCTION

A reliable, efficient, and adequate transportation system is vital to the economic and social well-being of the state of North Dakota. Due to its rural nature, North Dakota is more dependent than most states on effective and competitively priced transportation. Centrally located in the North American continent, great distances must be overcome in the movement of commodities, goods, and people to domestic and foreign markets. Large volumes of bulky, low-valued commodities are exported from the state. Personal transportation for business or pleasure is usually time consuming, expensive, and lacking in alternatives. In short, the movement of commodities and people within and beyond the state's borders is an expensive and logistically challenging proposition.

Transportation has undergone significant change during the past quarter century. President Kennedy's "Special Message to Congress on Transportation" symbolized the approximate beginning of this change. Kennedy concluded:

> The troubles in our transportation system are deep; and no just and comprehensive set of goals -- which meets all the needs of each mode of transportation as well as shippers, consumers, tax payers, and the general public -- can be easily reached. But few areas of public concern are more basic to our progress as a nation. ... Facing up to the realities of the situation, all must begin to make the painful decisions necessary to providing the transportation system required by the United States of today and tomorrow.

Since the time of President Kennedy's address, transportation has

been affected by major technological, economic, and regulatory/ legislative changes.

Examples of technological change affecting transportation include: (1) the near completion and maturation of the interstate highway system and (2) the introduction of more productive shipment methods such as containerization, multiple-car rail, and double/triple trailers.

Among the sources of transportation change arising from economic factors are: (1) a fourfold increase in the price of petroleum fuels; (2) railroad mergers and spinoffs which have created six major national carriers and several hundred short lines; (3) a significant increase in the concentration of the trucking industry; (4) the development of an internationally based economy; and (5) an overall movement towards free market solutions for allocation and pricing questions for all modes of transportation.

Finally, examples of regulatory/legislative change impacting transportation include: (1) total economic deregulation of the airline industry and partial deregulation of the motor carrier and railroad industries; (2) rationalization of the United States railroad network through liberalized abandonment procedures; (3) changes in attitudes towards the application of user fees for waterway and highway users; and (4) a gradual erosion of the common carrier obligation.

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 implement 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.

OBJECTIVES

The objective of this study is 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. If a need for consolidation of transportation functions in North Dakota is established, a plan for such consolidation will also be developed.

The specific objectives of this study are:

(1) Identify all state agencies that perform transportation related functions and describe the transportation activities of these agencies.

(2) Identify and describe the constitutional and statutory authority of each agency for carrying out their respective transportation activities and responsibilities and investigate the statutory and regulatory provisions implemented to meet these responsibilities.

(3) Study the need for coordination of state transportation activities and identify existing problems resulting from a lack of coordination.

(4) Determine if duplication of effort and function currently exist among state agencies.

(5) Determine the positive and negative benefits of a more centralized state transportation agency including such aspects as economic efficiency, concentration of authority, administrative efficiency, and coordination.

The specific objectives for developing a consolidation plan are:

(1) Examine the organizational structures utilized by the departments of transportation in other states.

(2) Determine the positive and negative aspects of the various types of organizational structures.

(3) Determine what problems were encountered by existing state DOTs in developing and implementing a centralized consoli-

dated agency, including problems experienced throughout their existence.

(4) Develop a proposed organizational structure and plan of implementation for a consolidated state transportation agency in North Dakota.

The most important benefit of this study will be recommendations to state legislators and executive branch decision-makers on structuring government to more effectively address problems encountered in an ever-changing transportation environment. It is uncertain whether any restructuring will result in significantly lower state expenditures on transportation. However, the recommendations will result in a structure designed to provide better service to the public. In addition, any reorganized structure will focus upon fostering a more professional, and hence, more productive work environment.

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. The information required to evaluate alternative organizational structures was gathered from a wide variety of secondary and primary sources.

The exploratory phase of the research included a literature review, personal interviews with officials from the Washington and Oregon Departments of Transportation, an informal discussion with officials from the American Association of State Highway and

Transportation Officials, and a meeting with Lieutenant Governor Lloyd Omdahl.[1] Once the study objectives were defined, information sources were identified to specify determining criteria for a transportation agency in North Dakota, to review state transportation agency functions, and to review alternative organizational structures. Literature reviews, secondary data, personal interviews, and a mail survey were the four types of information sources used in the study.

In addition to the preliminary literature review, six other literature reviews were conducted. First, a review of the North Dakota Century Code, state constitution, and related materials was conducted to provide a base line understanding of the existing state transportation functions and efforts. Second, four literature reviews were conducted to identify alternative organizational structures. These included computer based searches of the National Transportation Information Service (NTIS) and the Transportation Information Service (TRIS) bibliographies and reviews of the organizational structure and public administration literature. Finally, a literature review of North Dakota transportation needs was also conducted.

Several sources of secondary data were used throughout the study. Important information regarding the present organizational structures was gathered from the various North Dakota transportation agencies. This information was complemented by data

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[1]At the time of the interview, Lt. Governor Omdahl was the director of the Bureau of Governmental Affairs at the University of North Dakota.

gathered from AASHTO, the National Association of Regulatory Utility Commissioners (NARUC), the National Association of State Aviation Officials (NASAO), and the Federal Highway Administration. Secondary data was also used to identify transportation needs in North Dakota.

The most important source of information was the personal interviews of state transportation agency administrators and division heads. Thirty-four individuals were interviewed, a process which involved over 60 hours of time (see Appendix A for a list of the individuals interviewed). The surveys of agency heads sought information about planning, organizing, staffing, leadership, reporting, budgeting, and their thoughts on alternative organizational structures (see Appendix B for a copy of the questionnaire). All of the division heads in the State Highway Department were also personally interviewed about their division's mission, goals, coordination with other divisions, and educational programs (see Appendix B for a copy of the questionnaire).

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 (see Appendix C for a copy of the survey). Information was obtained from 43 of the 49 states or a response rate of 87.8 percent.

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 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. The 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[2] as an informed private sector representative.

REPORT ORGANIZATION

The determining criteria used to analyze alternative organizational structures for transportation in North Dakota are found in Chapter 2. The legislative review and present organizational structures of North Dakota transportation agencies are provided in the following chapter. Alternative organizational structures identified from the literature review and interviews with DOT officials from other states are found in Chapter 4. Finally, recommendations for revisions to the organizational structure and conclusions are presented in Chapter 5.

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[2]Mr. Elkin is presently employed by the Burlington Northern Railroad and is a former Public Service Commissioner.

Before proceeding, it is important to point out that it **is** not an objective of this study to evaluate the performance of individuals working in state transportation agencies. The individuals interviewed as a part of this study were dedicated employees who displayed an in-depth knowledge of their field and a high degree of professionalism. However, in certain cases, people may be working in an environment which leads to less than optimal results. The solution to such problems is to deal with the system, making adjustments to the work environment that will allow the employees to become more productive and satisfied workers.

CHAPTER 2

CRITERIA UNDERLYING AN EFFECTIVE STATE TRANSPORTATION AGENCY

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.

Technological, economic, legislative, and regulatory changes during the past quarter century have caused state governments to adopt innovative approaches to manage transportation. Moreover, changes in environmental factors affecting transportation are expected to accelerate in the future. The objective of this chapter is to review the nature of transportation in North Dakota. The factors considered define the unique aspects, requirements, and sources of change in North Dakota transportation that a state agency must be designed to deal with. The specific factors are: (1) infrastructure; (2) economic activities of the state; (3) demographic factors; (4) state transportation funding; and (5) political considerations.[1]

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[1]Much of the information in this chapter is based upon Daniel Zink, Transportation Needs Assessment Study (HCR 3069): Summary Report, UGPTI Report No. 62, North Dakota State U., Fargo, 1987.

INFRASTRUCTURE

North Dakota is served by three transportation networks, rail, highway, and air. The railroad network provides a high capacity commercial shipping alternative for bulk agricultural products, coal, and other commodities and limited rail passenger service via Amtrak. A wide variety of commercial and agricultural shipments, as well as passenger traffic, move over the vast system of highways. The airport network in the state serves commercial air passengers as well as operators of agricultural spray planes and private planes.

The rail network in North Dakota is characterized by a high proportion of light density branchlines and an agriculturally dominated traffic base. Almost 65 percent of the 4414 miles of rail lines in state are classified as branch lines (Table 2.1). The state is served by two Class I railroads, the Burlington Northern and the Soo Line, and two regional railroads, the Red River Valley & Western and the Dakota, Minnesota, and Eastern.

Due the to Interstate Commerce Commission's (ICC's) preemption of state laws regulating interstate railroad traffic, the state of North Dakota has a limited role regulating railroads. Uncertainty exists as to whether the ICC regulations also preempt state regulations over the sale of short lines. In the 1987 legislative session, a law was passed requiring that a "notice of intent to acquire" be filed by anyone intending to acquire a railroad right of way for continued operations (NDCC 49-09-10.2). The intent of the legislation was to permit North Dakota Public

TABLE 2.1 North Dakota Rail Trackage, 1987

Railroad	Track Miles		
	Main	Branch	Total
Burlington Northern	1151[a]	1341	2492
Soo Line	353	902	1255
Red River Valley & Western	59	594	653
Dakota, Minnesota & Eastern	0	14	14
TOTAL	1563	2851	4414

[a]Includes 103 miles of track in southwestern North Dakota owned by the State of South Dakota and operated by the Burlington Northern.

SOURCE: Evans, Robert P. "An Analysis of the Impact of Proposed Federal Legislation Regarding the Creation of Short Line Railroads on North Dakota Railroad Policy." MPA independent study, Political Science Dept., Univ. of North Dakota, Grand Forks, 1987.

Service Commission (PSC) investigations of short line sales, allowing the PSC to become familiar with the proposed transaction and new owners, to inform the shipping public on the matter, and to determine whether an ICC investigation should be sought.

The state also has an active rail branch line rehabilitation program. The objective of the program is to preserve rail service in the state by providing low interest loans to railroad companies. Since 1982, the state has assisted in the rehabilitation of 207 miles of rail lines at a cost of 12.2 million dollars (Evans). The funds are provided by the federal government and private railroad sources.

The entire state of North Dakota is also served by a virtual maze of interstate, state, and county highways, local roads and city streets (Table 2.2). The state, counties, cities, and

TABLE 2.2 North Dakota Mileage, by Jurisdiction, 1985

Jurisdiction	Miles of Highway
State	7,287.3
County FAS	9,394.4
Incorporated City Streets	3,317.9
Other Rural Roads and Streets	86,381.6
TOTAL	106,381.2

SOURCE: Zink, Daniel L. Transportation Needs Assessment Study (HCR 3069): Summary Report, UGPTI Report No. 62, North Dakota State Univ., Fargo, 1987.

townships each face the task of managing and financing its road network. The scale of this task varies tremendously. The State Highway Department manages and maintains over 7,000 miles of roads while some small cities manage less than a mile of streets. A variety of funding sources, including fuel taxes, vehicle registration fees, and property taxes, are available to the various jurisdictions.

Citizens of North Dakota are also served by a well developed system of airports and air transport. Four North Dakota cities currently receive scheduled air service from as many as three trunk carriers, while an additional three cities receive service from commuter airlines. These cities constitute all of the commercial originating and terminating air passengers in the state. In 1987, there were over 1.1 million enplanements and deplanements from these seven airports (Table 2.3). The state is also served by 102 publicly owned airports, utilized primarily by operators of private and agricultural spray planes. In 1985, over 3000 pilots were licensed and almost 2000 planes were

TABLE 2.3 1987 North Dakota Airline Passenger Enplanements

City	Enplanements
Bismarck	147,059
Devils Lake	2,287
Fargo orated City Streets	223,692
Grand Forks Roads and Streets	87,644
Jamestown	3,857
Minot	81,980
Williston	5,444
Total Enplanements	551,963
Total Deplanements	549,159
Total Enplanements and Deplanements	1,101,122

ADAPTED FROM: N.D. State Aeronautics Commission. Air Service Recommendations. Report to State Intermodal Transportation Team, January 1988.

registered with the Aeronautics Commission. In 1986, 223 aerial applicators flying 385 aircraft were licensed by the Aeronautics Commission.[2]

Air deregulation in 1978 has affected the fares, available seats, number of cities receiving scheduled service, number of serving carriers, and routing. Since deregulation, the state has endured fluctuations in its air service as air carriers enter and exit various markets. The North Dakota Aeronautics Commission has worked with communities, federal government agencies, and airlines, seeking to improve service and travel options to North Dakotans.

The state faces important issues for each mode of transportation. For example, the North Dakota State Highway Department

[2]A complete discussion of air transportation in North Dakota can be obtained from one of several documents prepared by the North Dakota Aeronautics Commission.

estimates that up to 1800 miles or 40 percent of rail track in the state could be abandoned during the next 30 years (Evans). Extensive rail line abandonment would divert traffic to trucks and increase the traffic on highways. However, funding constraints and other changes in the farm-to-market shipping pattern are placing heavy burdens on the state's and county's ability to maintain an adequate road network. The North Dakota Aeronautics Commission continues to work with airlines, airport authorities, and the federal government to improve service and travel options for North Dakotans.

In conclusion, the state faces important challenges with each mode of transportation. In many cases, there are important interrelationships between programs which are developed to deal with problems of specific modes. For example, a rail branch line rehabilitation program will reduce the pressure on the state's highway network. Given that interrelationships exist between the programs affecting the various modes, the state government should be organized to govern and plan transportation as a whole rather than to deal with specific modes.

ECONOMIC ACTIVITIES

Over the past twenty years, North Dakota's economy has become increasingly dependent upon agriculture and energy (Table 2.4). Faced with depressed agricultural and energy industries, the state has placed a renewed emphasis upon economic development. Changes in the economy in turn have ramifications upon the management and utilization of the transportation network, in

TABLE 2.4 North Dakota Sales for Final Demand by Economic Sector

Year	Sector (in percent)				Total Sales (million $)
	Agriculture	Energy	Household	Other[1]	
1970	46.78	3.09	28.13	22.00	3912.5
1975	53.84	3.67	28.05	14.44	5271.3
1980	43.87	11.44	29.57	15.12	5706.5
1985	43.52	14.79	29.23	12.46	5799.5

[1]Other includes retail, construction, agricultural processing and miscellaneous manufacturing.

SOURCE: Coon, Randy C., F. Larry Leistritz, and Thor A. Hertsgaard. Composition of North Dakota's Economic Base: A Regional Analysis, Agr. Econ. Rep. No. 209, North Dakota State Univ., Fargo, 1986.

particular upon the highway system. The major economic sources of change include: shifts in agricultural marketing patterns, the oil industry depression, and economic development.

AGRICULTURAL MARKETING

Two changes have occurred in agricultural marketing in recent years which have altered demands upon the state's transportation network. First, the traditional farm-to-market grain marketing pattern has changed as a result of multiple-car rail rates, larger farm trucks, and "subterminal/satellite" elevator firms. Second, the growth of an agricultural processing industry in North Dakota has created new marketing alternatives for many farmers.

Changes in the grain marketing pattern are causing disruptions in the transportation network. First, the introduction and growth of multiple-car rail shipments has led to a concentration

of grain moving through fewer elevators. In 1986-87, the five largest grain firms in the state handled over 10 percent of all grain marketed from North Dakota, up from 5 percent in 1977-78 (Zink 1987). Second, farmers are altering their shipment patterns to elevators by using larger farm trucks to move grain greater distances. Between 1973 and 1980 the average payload of farm trucks increased from 248 bushels to 310 bushels and the average one-way distance traveled to country elevators rose from 9.6 to 12 miles (Zink 1987). Third, in many areas, elevators have merged into subterminal/satellite firms. The consolidated firm uses the satellites as gathering points for grain which is subsequently funneled through a central, multiple-car shipping point. This consolidation causes an increase in local truck traffic. In the crop year 1986-87, over 58.4 million bushels of grain was shipped between North Dakota elevators, up from 31 million bushels in crop year 1984-85.

Taken together, the result of these changes has been to increase rail traffic, decrease long distance truck traffic over the interstate and state highway system, and increase the truck traffic on state, county, and local roads. In many cases, the changes in the grain marketing traffic pattern is shifting grain traffic from a highway designed to handle heavy loads to one which may not have the design capacity for heavier loads. As a result, the quality of local roads may be deteriorating with increased local truck traffic.

The shift in grain marketing traffic patterns is simultaneously increasing the stress and the importance of the local road networks. However, under present legislation, the counties face two major constraints in adjusting their local road networks to meet changing traffic demands (Zink 1986). First, the county FAS highway mill levy is limited to 15 mills, an inadequate level for some counties (NDCC 57-15-06.7(17)). Second, the counties are limited in their ability to reprioritize their road programs to meet changing traffic patterns because of the rigidities of the county Farm-to-Market Roads program.[3] In addition, many counties lack the planning expertise to deal with changes in their local traffic patterns.

The second major change in agricultural marketing involves the increase in agricultural processing in the state. Since the beginning of the 1970s, several plants of varying size have been constructed. These include three sunflower plants, two barley malting plants (one in Moorhead, Minnesota), a pasta manufacturing plant, and two alcohol fuel plants. In addition, major renovations have occurred at the North Dakota State Mill.

The volume of commodity shipments into North Dakota agricultural processors is substantial. In the 1986-87 crop marketing year, total shipments of grain and oilseeds to in-state proces-

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[3]The board of county commissioners may amend the county Farm-to-Market road program only after holding public hearings and receiving approval from the State Highway Department and the Federal Highway Administration. The board of county commissioners may also change the program if a road has not been completed within ten years of its designation to the official country road system (NDCC 57-15-06.3).

sors was over 66.8 million bushels, of which 43.6 million bushels moved by truck. This represented 11.7 percent of the total grain and oilseed movements for the state. The growth of the agricultural processing industry and the reliance upon truck traffic may be placing burdens upon the highway network in certain areas.

In conclusion, changes in North Dakota's agricultural marketing is causing shifts between modes and shifts on the state's road system. Once again, it seems apparent that state government must be structured to deal with transportation as a whole rather than specific modes. In addition, the various levels of government in the state must understand the interdependencies between the various road networks. Thus, government must also be structured to foster a strong working and planning relationship between the state and counties.

OIL INDUSTRY

In the late 1970s and early 1980s, the energy industry was booming in western North Dakota. In October 1981, 156 drilling rigs were working in western North Dakota (Coon, Leistritz, and Hertsgaard). By April 1986, this number had fallen to only three rigs. The wild swings in the oil industry have important secondary effects upon the transportation network in western North Dakota.

During the early 1980s, roads in oil-producing counties deteriorated as a result of increased traffic and heavy drilling equipment. At the same time, many cities in the region undertook major water, sewer, and street projects to accommodate the influx

of workers moving into the oil patch. By the mid-80s, the oil-producing counties faced the converse problem. Rather than being concerned with road deterioration, many county and local jurisdictions are struggling to maintain the existing road network on a diminished tax base. In the most serious case, the city of Belfield is planning to file for reorganization of its debts under Chapter 9 of the federal bankruptcy laws.

The nature of a boom/bust economy is an economic fact for many of the energy dependent counties. It presents unique transportation planning and financing problems to government. The region needs a highway system in place to facilitate oil industry activity. However, the government cannot afford to pay for the highway network unless the oil economy is active. State funding for oil related development to county and local jurisdictions from the Energy Development Impact Office fell from 10 million dollars in the 1981 biennium to 2 million dollars in the 1987 biennium.

In conclusion, the transportation problems of the oil-producing counties differ from those of the agricultural counties. Thus, a state transportation agency must be structured to recognize the differences in regional economies. As with the agricultural counties, coordination between state and county transportation planners is essential. In addition, the state may wish to develop funding programs which deal with the cyclical nature of the oil industry.

ECONOMIC DEVELOPMENT

Economic development and transportation are related in at least three ways. First, "good quality recreational access roads are desirable in that out-of-state tourists may be more likely to utilize North Dakota facilities in their travel plans." (Zink 1987). Second, successful economic development will result in plant sites on local roads, which may not be designed for heavy traffic levels. Finally, the New Wealth Creation Task Force recommended continued support for airport development.

First, tourism is a North Dakota industry whose growth has put increased demands on the state's road network.[4] Utilization of recreational facilities has increased as the state has promoted various tourism and recreational opportunities. Upgrading recreational roads may lead to a greater utilization by tourists and residents of the state's outdoor recreational opportunities. However, promotional efforts by the state will cause increases in traffic on county roads. In some cases, the county may not have the funds to properly maintain a road to a recreational site promoted by the state.

In 1986, the North Dakota Parks and Recreation Department conducted a study which identified recreational sites with a high potential for increased utilization if the county or local access roads were upgraded. Thirty-two access road segments where identified as high priorities in a recreational roads improvement

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[4]See "An Assessment of Access Roads to Recreation Areas," prepared by the North Dakota Parks and Recreation Department.

program. An additional 47 roads were identified as secondary priorities. Funding for thirteen of the road segments was appropriated as special projects on a federal/local matching basis in the most recent federal highway bill. Unfortunately, some counties can not raise the twenty percent local match.

While development of these roads is likely to spawn economic activity, it is arguable that the state has some responsibility for the impacts to the county or local roads because the increase in traffic is not from local sources. In addition, it is questionable as to the extent of local benefits arising from the development. A recreational access roads program has not yet been developed, in large part because of budget constraints.[5] Moreover, it is unreasonable to expect additional special projects in the next federal highway bill. Given the state's budget situation, any new recreational access roads program developed at the state level would require a funding source above and beyond traditional highway funding sources.

Second, if economic development efforts prove successful, plant sites may occur on light density roads. A law was passed in the 1987 legislative session requiring county commissioners to consult with the State Highway Commissioner before issuing a building permit for heavy traffic generating facilities (NDCC 11-33-18). The statute promotes transportation planning between the state and county governments.

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[5]A draft of a recreational access roads program may be submitted in the 1989 legislative session.

Finally, the New Wealth Creation Task Force recommended continued support for airport development. The North Dakota Aeronautics Commission maintains that a well-developed network of airports is essential to the state's development efforts because it allows individuals to fly directly to potential business sites across the state.

The New Wealth Creation Task Force's recommendation for airport development should not be viewed in isolation. For example, assume that the Aeronautics Commission assists City A upgrade its airport for economic development reasons. However, unless the city and region also have an adequate road network in place, the state or local government may either be required to dedicate additional funds for the road network or forego the development. Although access road development and access in general has a high priority in the planning of airports by the Aeronautics Commission, the Highway Department must also be involved in the planning process. Thus, as state government pursues economic development, transportation must be considered from a multimodal perspective rather than by individual modes or networks.

In conclusion, economic development efforts depend to a large degree upon the presence of an adequate transportation network. A state program upgrading recreational access roads may increase use of recreational facilities. However, the state may be placing burdens upon the county's limited road budgets. New or additional state funding mechanisms are necessary for the

further development of recreational access roads. Legislation governing plant sites is in place but should be monitored over time to assure that it is effective. An organizational structure emphasizing coordinated planning between the state and counties may be more effective than statutes directing that it be done. Finally, state sponsored airport development may be a poor investment unless the North Dakota Aeronautics Commission and Highway Department cooperate in the planning of access roads. State government must be structured to recognize the inter-relationships between transportation modes and networks.

DEMOGRAPHICS

North Dakota's rural road network is extensive by any measure. On a per capita basis, North Dakota has more roads than any state in the country (Zink 1987). The need for an extensive rural road network was most likely greater several decades ago when the rural population was a more dominant factor in the state. More recently, however, significant demographic shifts have occurred in North Dakota.

Over time, the number of farms in North Dakota has steadily declined. In 1950, over 65,000 farms were operating in the state (Zink 1987). That number has since declined to 34,000, or about half of the 1950 level. The rural population base has also shifted. In 1940, 327,000 people lived on farms and an additional 83,000 people lived in rural non-farm communities. The urban population was less than 35 percent of the total state population. In 1987, approximately 52 percent of the state's popula-

tion live in cities with over 2,500 people. The rural farm population has decreased over 68 percent during this period.

The demographic shifts have implications for the performance of the road networks serving the public. More users depended upon local roads for personal and commercial transport when North Dakota had a more rural population. However, the demand for local roads does not decrease in proportion to the decrease in population.

In today's economy, fewer farms and rural residents depend on basically the same sized road network. The essential network of roads is still required to move agricultural products to market. While the demand for local roads remains the same, in some cases, the level of road service provided by the counties is declining. Even with a decline in road service some jurisdictions are having difficulties supporting their road networks because of fewer users in rural areas and a diminishing tax base as a result of the depression in agriculture.

While rural areas are having difficulty maintaining an existing road network, the larger cities in the state face difficulties in planning an orderly growth. The urban sprawl caused by shopping mall and housing developments is forcing many of the larger cities to prioritize their local street needs. State involvement in any local planning is necessary to assure that state and local networks are tied together in a logical manner. In addition, a federal matching funds program is in place to assist with local planning needs.

In conclusion, the shift in demographics in North Dakota will force the state to make some difficult choices in the future. While it will not be popular, at some point the state may wish to develop a low volume rural roads program. Such a program would develop the means to designate "minimum maintenance roads", thereby informing the public of the condition of low maintenance roads, reducing government's exposure to lawsuits, and reducing maintenance costs on low volume roads.[6] State transportation efforts must also coordinate planning with urban areas, thereby providing better access to local road networks.

STATE TRANSPORTATION FUNDING

The transportation network in North Dakota is obviously dependent upon the state's budget. Transportation is funded by a variety of taxes and fees, including fuel taxes, excise taxes, license fees, and registration fees. The various transportation agencies and state tax commissioner assess nineteen principal transport taxes and fees (Table 2.5). A brief description of the assessments and method of allocation is found in Appendix D.

There is a wide-held belief that North Dakota transportation taxes and fees follow the user fee principle of taxation, whereby fees collected from the users of a state service are dedicated to pay for that service. In fact, however, the various transportation taxes are appropriated to dedicated, general, local and/or

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[6]The first step to establishing a minimum roads maintenance program was accomplished with the enactment in the 1987 legislative session of NDCC 24-07-35.

TABLE 2.5. Statutory Authority for Taxes and Fees by Agency

Agency Tax/Fee	Statutory Authority
Aeronautics Commission	
Aircraft Excise Tax	NDCC 57-40.5-02
Aviation Fuel Tax	NDCC 57-43.3-02
Aerial Sprayer License	NDCC 2-05-18
Aircraft Registration	NDCC 2-05-11
Common Carrier Certificate	NDCC 2-05-15
Registration of Airmen	NDCC 2-05-10
Air Carrier Transportation Property	NDCC 57-32.1-05[a]
Aircraft Dealers	NDCC 2-08-03[a]
Highway Department	
Drivers License Fees	NDCC 39-06-49
Truck Reciprocity Fees	NDCC 39-19-01
Highway Patrol	
Approved Equipment Permit Fees	NDCC 39-12-02
Truck overload Fees	NDCC 39-12-02
Escort Service Fees	NDCC 39-12-02
Moving Permit Fees	NDCC 39-12-02
Trip Permit Fees	NDCC 57-43.1-40
Motor Vehicle Department	
Motor Vehicle Registration	NDCC 39-04-19
Motor Vehicle Excise Tax	NDCC 57-40.3-02
Public Service Commission	
Motor Carrier License Fees	NDCC 49-18-41.1
Tax Commissioner	
Motor Vehicle Fuel Tax	NDCC 57-43.1-02
Special Fuels Tax	NDCC 57-43.2-02
Importers Use Tax	NDCC 57-43.1-43

[a]Information provided by North Dakota Aeronautics Commission.

SOURCE: Office of Management and Budget. "Transportation Related Assessment, Revenues, and Appropriations". Unpublished report, Bismarck, 1987.

specific funds (Figure 2.1). Office of Management and Budget (OMB) revenue forecasts for selected funds for the 1987-89 biennium are found in Table 2.6.

In recent years, limited state revenues have caused the state to cut government services in all areas, including transportation. Although there have been significant increases in transportation taxes and fees, the diversion of revenues from the Highway Fund to other government agencies has placed a budgetary strain on the State Highway Department. State highway officials are concerned with four types of diversion, (1) appropriations from the Highway Fund to other agencies; (2) allocations of transportation taxes and fees to the General Fund; (3) allocations of investment interest income; and (4) ethanol subsidies.

First, North Dakota State Constitution Article X, Section 11 states:

> Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair and maintenance of public highways.

A strict reading of the constitution suggests that the Highway Fund is constitutionally dedicated to highway construction and maintenance. However, the Highway Patrol, Radio Communications, and the Tourism Division of the Economic Development Commission received appropriations of 16.4 million, 3.4 million, and 1.8

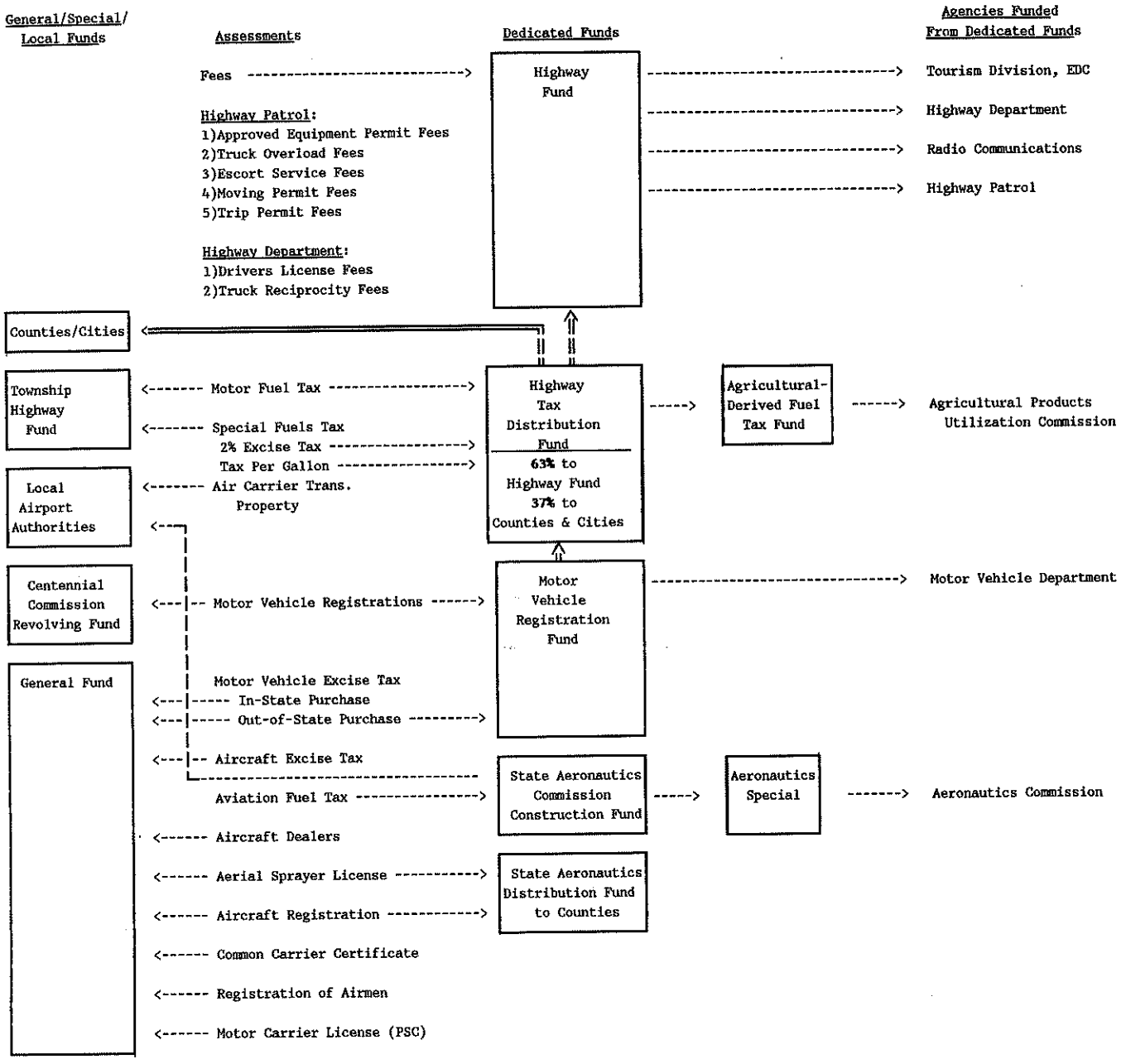

FIGURE 2.1 North Dakota Transportation Assessments, Funds, and Agencies Funded.
SOURCE: OMB Transportation Related Assessments, Revenues, and Appropriations. Bismarck, 1987.

TABLE 2.6. OMB Transportation Fund Revenue Forecasts, 1987-1989

FUND/Revenue Source	Forecast Revenue
HIGHWAY TAX DISTRIBUTION FUND	$191,800,000
HIGHWAY FUND	
Highway Tax Distribution Fund	$120,835,577
Truck Regulatory Fees	6,000,000
Drivers License Fees	5,332,000
Reimbursement from Counties/Cities	12,000,000
Other Receipts	11,216,000
TOTAL HIGHWAY FUND	$155,383,577
AGRICULTURAL DERIVED FUEL FUND	$ 435,100
STATE AERONAUTIC COMM. CONSTRUCTION FUND	$ 750,000
STATE AERONAUTIC COMM. DISTRIBUTION FUND	
Aircraft Registration	$ 126,000
Aerial Spraying Licenses	8,000
TOTAL AERO. COMM DISTRIBUTION FUND	$ 134,000
AERONAUTICS SPECIAL FUND	$ 225,331
GENERAL FUND	
Motor Vehicle Excise Tax	$ 66,550,000
Aerial Sprayer License	8,000
Aircraft Registration	42,000
Aircraft Dealers	1,500[a]
Airman Registration	27,000[a]
Aircraft Excise Tax	500,000[a]
PSC Motor Carrier Licenses	3,525,000
TOTAL GENERAL FUND	$ 70,653,500

[a]Information provided by North Dakota Aeronautics Commission.

SOURCE: Office of Management and Budget. "Transportation Related Assessment, Revenues, and Appropriations". Unpublished Report, Bismarck, 1987.

million dollars, respectively, from the Highway Fund during the 1987-89 biennium (Office of Management and Budget).

Proponent's argument in defense of the diversion of Highway Funds to the Highway Patrol and Radio Communications is that both functions are closely related to the statutory purpose of

maintaining the highways. The Highway Patrol enforces and the State Communications network assists in the enforcement of traffic laws and regulations, in particular truck size and weight limitations. Without enforcement, highway maintenance costs would most likely increase. Other than the publication of highway maps, there is no relationship between the Tourism Division and highway construction and maintenance.

Second, proponents can logically argue that by appropriating Highway Funds to the Highway Patrol and State Communications, transportation receives fewer tax dollars from the General Fund and the state more closely adheres to a user fee taxation basis. A reasonable extension to this argument would be that motor vehicle excise taxes and motor carrier license fees which are presently appropriated to the General Fund should also be dedicated to the Highway Fund. In 1987-89, over 70 million dollars from these two taxes was appropriated to the General Fund (Table 2.6).

Third, investment interest income from various taxes and fees is credited to the general fund. Given the magnitude of transportation appropriations, investment interest income most likely is significant and could be an important funding source for new programs. The state treasurer is required to allocate interest received on the motor fuel and special fuel taxes to the Highway Tax Distribution Fund (NDCC 57-43.1-28 and 57-43.2-18). This is not investment income, but rather the interest assessed by the tax department for failure to file timely returns. There

is no similar requirement for any of the other nineteen taxes or fees.

Finally, a substantial sum of gasoline taxes are being foregone because of the motor vehicle fuel tax exemption on ethanol. The fiscal impact of this exemption on the state, county, and city appropriations from the Highway Distribution Fund was estimated to total over 13 million dollars from 1985 to 1988 (Zink 1987). The appropriateness of subsidies to specific industries is a separate question. However, it is obviously inconsistent with the user fee principle as state action funding subsidies from dedicated funds diverts revenues from the intended governmental purpose.

In conclusion, North Dakota has adopted a user fee principle of taxation for its transportation services. However, the combined effects of diversion to other agencies, the General Fund, foregone interest, and the ethanol tax exemption is seriously eroding this taxation principle. Although the state has endured severe budgets in recent years, the continued diversion of dedicated funds in the future will either require even further increases in transportation taxes and fees or will eventually lead to the deterioration of the roads in the state. In either case, the user fee principle of taxation for transportation becomes more a myth than a practice.

NORTH DAKOTA POLITICS

At least two political considerations also affect the structure of transportation in North Dakota. First, the adminis-

trative control over state agencies varies with the evolution of state government. Second, transportation issues are central to the relationship between state, county, and local jurisdictions.

State bureaucracies have evolved through three stages of administrative development, representative, neutral competence, and executive leadership (Garnett). Reorganization is the result of this process in many cases.

The representative stage is characterized by the spoils system. Appointments are given to people as rewards for political loyalty. This form of bureaucracy was reflective of simpler, less competitive times. Its chief advantage was its responsiveness to the wishes and desires of the electorate. The problem with this system is that such a form of administration does not develop the professional competence necessary to manage a modern transportation system.

Over time, state government bureaucracies evolved into a stage of neutral competence. During this stage of administration, states attempted to take the politics out of administration through the use of independent boards and commissions. While neutral competence resists partisan influences and can lead to greater professional competence, it limits the executive's role in government. As a result, the system becomes less responsive to popular demands. A second weakness is many of the independent boards and commissions tend to be filled by representatives from the industry which they are to administer. Administrators with special interests may support programs helpful to their industry,

but which are of limited benefit to the state as a whole. The outcome of neutral competence is often unhealthy "turf battles" between agencies and empire building.

The final stage, executive leadership, views the executive branch as a means for overall policy direction. Its purpose is to develop the professional expertise needed for an increasingly complex and faster pace of life. This form of administration can provide a sense of direction and maintain a sense of balance between different aspects of government, while maintaining popular control of programs and policies.

North Dakota is one of five states which has not undergone extensive reorganization of administrative responsibilities (Garnett). Independent boards and commissions continue to be an important part of North Dakota politics in three ways. First, there were over 140 independent agencies, boards, commissions, and institutions in 1982 (Bureau of Governmental Affairs). These boards and commissions require considerable amounts of time from high level state officials. For example, the state highway commissioner is a member of at least six boards, including the Air Pollution Control Board, the Traffic Safety Program, the State Historical Society, the Communications advisory committee, the Outdoor Recreation Council, and the State Intermodal Transportation Team. Second, independent commissions such as the Aeronautics Commission may make important policy decisions

outside the governor's office.[7] The existence of many boards and commissions could result in a great division and overlapping of authority and responsibility. Finally, vestiges of the spoils system remain as the registrar of the Motor Vehicle Department appoints drivers registration officials in local offices across the state (NDCC 39-02-03).

The second political concern deals with the division of responsibilities between the state, counties, and local road jurisdictions. All three jurisdictions continue to face uncertain and limited budgets, and a deteriorating and changing highway network. As a result of previously mentioned changes, it is becoming apparent that problems are such that no one entity can solve its transportation problems without the cooperation of other jurisdictions. Programs must be developed which recognize the differences between the jurisdiction's transportation needs and coordinate the development of the various transportation and highway systems.

In conclusion, any reorganization involves important political questions. The reorganization of transportation into a North Dakota Department of Transportation (DOT) would be a basic change in state government administration, consolidating the executive's control over transportation. Consolidation results in painful shifts of authority and power. Current administrators and their supporting interest groups will naturally resist

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[7]See Appendix F, p. 164 (page 2 of the Ness letter) for the North Dakota Aeronautics Commission's position on this statement.

changes that threaten the current manner of conducting business. However, given the interdependencies between the various transportation modes and networks and the need to meet the requirements of a dynamic, complex, and competitive environment, a more responsive and accountable management system must be developed. In addition, the formation of a DOT would eliminate remnants of the spoils system in North Dakota.

Finally, an important political issue, identified but not addressed in this report, is the appropriate relationship between the state, county, and local transportation jurisdictions.

CONCLUSIONS

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. North Dakota officials must have an appreciation of the following factors and issues affecting transportation.

1. Administration. A decision for the Legislature is whether the state should continue to function with several transportation agencies, commissions, boards, and institutions or should it consolidate transportation functions into a single agency.

2. Interrelationships Between Modes and Networks. A state transportation agency should be organized to govern and plan transportation as a whole rather than dealing with specific

networks or modes. State officials must be aware of the different requirements and needs of the various modes and transportation networks (rail, highways, and air). At the same time, state transportation must be structured to deal with interrelationships among the modes and networks.

3. Coordination Between Jurisdictions. A state transportation agency must also be structured to deal with the interrelationships between jurisdictions. In particular, government must be structured to foster a strong working and planning relationship between the state, counties, and cities. An organizational structure promoting coordination between different levels of government may be more effective than statutes directing that it be done.

4. Economic Development. A state transportation agency can be structured to assist in economic development. This includes developing new programs such as a recreational access roads program. In addition, sound economic development requires consultation between local developers of traffic generating plants and state transportation planners.

5. Demographics. The shift in demographics in North Dakota will force the state to make some difficult choices in the future. At some point, the state may need to develop a "minimum maintenance program" for low volume roads, rail branch lines, and little used airports. State transportation efforts must also coordinate transportation planning with growing urban areas.

6. Funding. The state must make decisions about methods for funding its transportation. The continued diversion of funds to other programs without offsetting funding sources will have devastating results in the long run. The state must determine if it wants to preserve the user fee principle of taxation for transportation. In addition, the transportation problems of the oil-producing counties differ from those for the agricultural counties. A transportation management system must be organized to recognize the differences in regional economies and to be able to develop funding programs which deal with the cyclical nature of the oil industry.

In conclusion, the transportation needs and requirements of North Dakota transportation define to a certain extent the expectations from the state. In the next chapter, the organizational structure of North Dakota transportation agencies will be reviewed.

CHAPTER 3

ORGANIZATIONAL STRUCTURE OF NORTH DAKOTA 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. The specific objectives of this chapter are to: (1) present the legislative history of these agencies; (2) review their present organizational structure and the duties of the various divisions within each agency; (3) identify the principal transportation functions performed by the various agencies; and (4) identify other state agencies which perform transportation functions.

LEGISLATIVE HISTORY

An overview of the statutory basis for the operation of the five principal transportation agencies in North Dakota and major legislative changes over time in these agencies is presented in this section. A more detailed review of the statutory changes occurring within the agencies is presented in Appendix E.

PUBLIC SERVICE COMMISSION

The Board of Railroad Commissioners was established as a constitutional agency of the executive branch when statehood was granted in 1889 (N.D. Const. Art. V, § 12). Reflecting the continued expansion in its jurisdiction, the constitution was

amended in 1940 to rename the Board of Railroad Commissioners as the Public Service Commission (PSC). The PSC has only such powers and duties as prescribed by law (N.D. Const. Art. V, § 13).

Originally established to supervise railroads, the PSC obtained regulatory jurisdiction over bridges and ferries in 1897, common carriers, street railroads, and steamboats in 1919, common motor carriers in 1923, aircraft in 1929, gas, oil, and water pipelines in 1933, and coal pipelines in 1963. An aeronautics division was formed in 1945, and then spun off as the Aeronautics Commission in 1947. The PSC's regulatory powers over railroads were clarified in 1977 and 1981, with most earlier laws being repealed as a result of changes in the federal regulation of railroads. In 1988, the PSC has regulatory jurisdiction over "contract and common carriers engaged in the transportation of persons or property, excluding air carriers" and "pipeline utilities engaged in the transportation of gas, oil, coal, or water" (NDCC 49-02-01).

STATE HIGHWAY DEPARTMENT

Until 1913, counties and townships were primarily responsible for the construction and maintenance of roads. The first State Highway Commission, consisting of the governor, the state engineer, and another person appointed by the governor, was established in 1913. The first State Highway Commission had limited powers and no funds for administration or road improve-

ment. Its primary duties were to assist local governmental units with planning and engineering.

In 1916,

> "the federal government offered to fund up to 50 percent of highway costs to states that assented to the provisions of the (Federal Road Aid) Act. . . . To be eligible to receive federal aid, each state was required to have a state highway department to administer the money and supervise construction and maintenance. (Carlson and Sprunk).

As a result, in 1917 state legislation was enacted abolishing the old Highway Commission, replacing it with a "working" State Highway Commission. The five member commission consisted of the governor, the state engineer, the commissioner of agriculture and labor, and two members appointed by the governor. The new Commission was "empowered to lay out a system of highways, determine the standards for roads to be built and oversee the construction and maintenance of highways built under the Federal Aid Act" (Carlson and Sprunk). In addition, the 1917 act provided state aid for the construction and maintenance of public roads and bridges.

In 1919, all decision-making authority concerning the North Dakota road system was transferred from the state engineer to the State Highway Commission. This most likely occurred because the state engineer was in the army during World War I. In addition, the state engineer's primary duties were to plan irrigation projects, not roads.

The State Highway Commission underwent a second major reorganization in 1927, returning to a three member commission

(the governor and two members appointed by the governor). "The most important provision of the 1927 highway legislation was the creation of a full-time office for the chief engineer" (Carlson and Sprunk).

Political meddling was a feature of the Highway Department during the 1930s as political factions used Department jobs as rewards for their supporters. In 1931, the legislature removed the governor from the State Highway Commission, replacing him with a full time highway commissioner (who was appointed by the governor). In 1933, the State Highway Commission was abolished and the highway commissioner obtained full control of all highway department duties. The highway commissioner's job was extremely political. "Seven men served as highway commissioner under six governors within six years" during the 1930s (Carlson and Sprunk). Over time, the Highway Department has been depoliticized.

The present laws governing the State Highway Department were drafted in the early 1950s (Carlson and Sprunk). In 1988, the Highway Department is a professional agency responsible for the planning, construction, maintenance, and protection of the state highway system which includes over 7,000 miles of road. In addition, the Department administers federal aid funds and has planning responsibility for highway, railroad, and transit programs. The Department also classifies public highways and roads as to weight and load restrictions, administers the issuance of drivers licenses, and promotes highway safety.

MOTOR VEHICLE DEPARTMENT

Laws governing motor vehicle registration have been amended several times since the first motor vehicle registration statute was enacted in 1911. The secretary of state collected the registration fees until the first Motor Vehicle Registration Department was created in 1919. The Department operated under the jurisdiction of the State Highway Commission from 1919 to 1931, when an independent Department of Motor Vehicle Registration was created. Two years later, however, the Department was abolished and the motor vehicle registration duties returned to the State Highway Commission. The present independent Motor Vehicle Department was created in 1951.

Although the "home" for the Motor Vehicle Department has changed several times, the duties have remained much the same. The Motor Vehicle Department maintains certificates of registration and ownership of all motor vehicles, trailers, semi-trailers, and snowmobiles; issues license plates; and licenses vehicle dealers. In addition, the Department adopts and enforces administrative rules and regulations regarding motor vehicles, including title, registration, equipment, fees, and insurance.

STATE HIGHWAY PATROL

The State Highway Patrol was created in 1935 and placed under the jurisdiction of the highway commissioner. The Patrol became a separate agency in 1951. A safety division was created within the Patrol in 1963 with the purpose of encouraging safer driving practices and reducing the number of accidents.

The primary duty of the State Highway Patrol has been to enforce laws relating to the safe operation of motor vehicles on the state highway system. In addition, the Patrol is responsible for the enforcement of PSC motor carrier laws, rules, and regulations, enforcing truck size and weight limitations, truck registration and safety, administering drivers license examinations, and operating the law enforcement training center. The Patrol also serves as a quasi-state police force, having the power of a police officer on all state, charitable, and penal institutions and on the state capitol grounds.

AERONAUTICS COMMISSION

From 1929 to 1947, the PSC licensed and regulated airmen and aircraft. A separate Aeronautics Commission was created in 1947. The major duties of the Aeronautics Commission are to promote the development of aeronautic facilities, promote aviation safety, and license and regulate pilots and aircraft. The Commission also authorizes acceptance of federal aid funds for airports and provides state assistance to airports.

SUMMARY

In conclusion, 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. In addition, various types of organizational structure exist in the different agencies. The next section investigates the present

organizational structure of the major transportation agencies in North Dakota and the duties of the various divisions within the agencies.

ORGANIZATIONAL STRUCTURE

PUBLIC SERVICE COMMISSION

The three Public Service Commissioners are constitutional state officers elected for staggered six year terms. The commissioners are responsible for the exercise of the powers and duties prescribed to the PSC by law. By statute, the commissioners must appoint a secretary to the commission, who is responsible for coordinating the operations and communications of the PSC. In addition, two commerce counsels to the PSC are appointed by the attorney general.

As an administrative agency, the PSC has flexibility and control over its internal management. The PSC is organized into seven divisions: (1) transportation, (2) public utilities, (3) weights and measures, (4) grain elevator, (5) reclamation, (6) abandoned mine lands, and (7) consumer affairs (Figure 3.1). Each division is headed by a director.

The transportation division has four employees, a division director, a director of traffic, and two clerical people. According to the 1985 biennium report, the present duties of the PSC's transportation division include:

1. Processing applications for intrastate operating authority from motor carriers of freight and passengers.

2. Processing annual renewals of authority for intra- and interstate motor carriers conducting business in North Dakota.

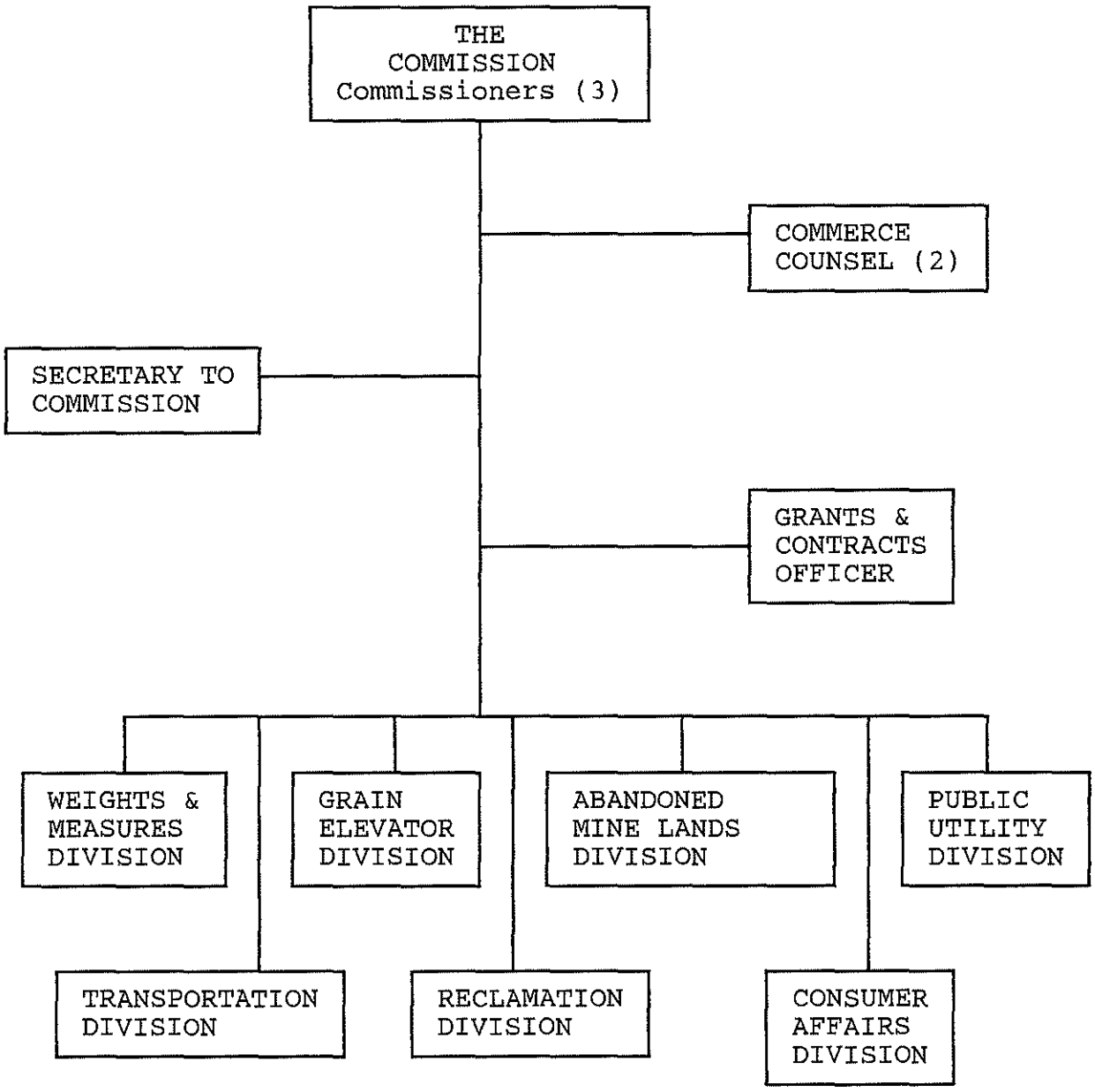

FIGURE 3.1. North Dakota Public Service Commission Organization Chart.

SOURCE: NDAC 69-01.

3. Regulating the intrastate rates charged by regulated motor carriers of freight, passengers, and railroads.

4. Representing the transportation interests of the state and its shippers before federal agencies and Congress.

5. Working with the Highway Department to jointly administer federal rail assistance funds granted the state and the rail crossing safety program.

6. Serving as an ombudsman to resolve problems encountered by state shippers and consignees.

HIGHWAY DEPARTMENT

The highway commissioner is appointed by and serves at the pleasure of the governor. The highway commissioner is responsible for managing the Highway Department and administering its various programs. By statute, the highway commissioner appoints an experienced civil engineer to serve as chief engineer.

The overall duties of the Highway Department are to plan, construct, and maintain the state highway system. The Highway Department is divided into eight district offices and sixteen divisions. Each district office is responsible for the maintenance of state highways in its geographic region. The sixteen division offices are located in the central office and are responsible for specific functions. Nine of the divisions report to the chief engineer, five of the divisions report to the management director, and two divisions report directly to the commissioner (Figure 3.2). The duties of the nine divisions reporting to the chief engineer are generally related to the construction and maintenance of highways. The other division's duties are to provide administrative and support services to the

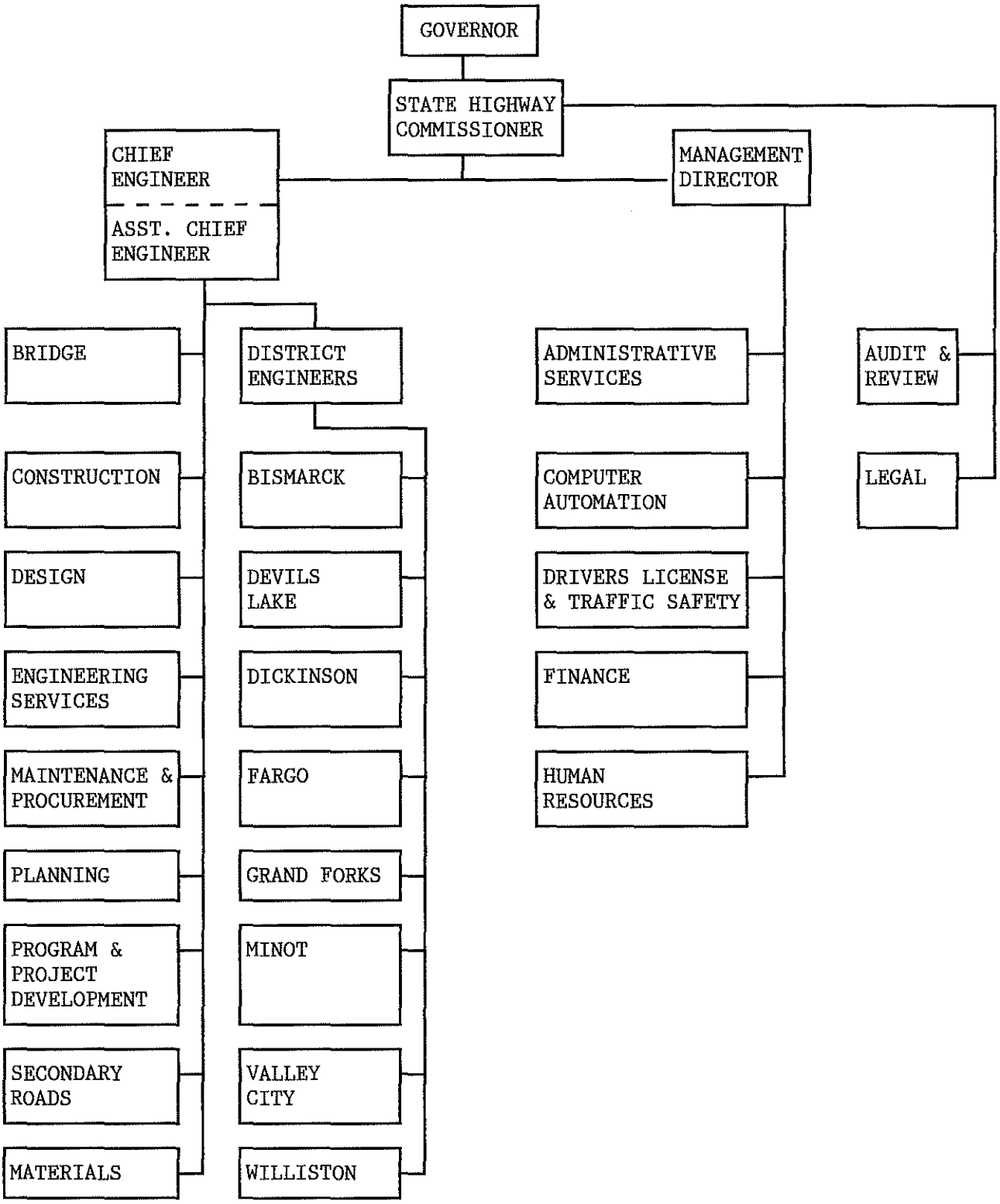

FIGURE 3.2 North Dakota State Highway Department Organizational Chart
SOURCE: NDAC 37-01.

construction and maintenance divisions, to issue drivers licenses, and to provide miscellaneous services.

The objectives of the bridge division are to design new structures, recommend replacement or reconstruction of existing structures, manage the bridge inspection program for state and county bridges, and review county plans and hydraulic reports. The construction division functions primarily as a staff organization which handles the letting of contracts for construction on the State Highway System, provides advice and assistance to the operations engineer and districts in the administration of highway construction projects, reviews all final estimates and audits final quantities for each project, approves payments to and handles arbitrations with the contractors for work performed, and develops specifications for construction procedures and contract administration.

The design division is responsible for preparing the plans for all highway construction projects in the state, including cities and rural highways.

The responsibilities and functions of the engineering services division include engineering support activities, drafting, contract and engineering review, right of way acquisition and administration, and traffic service and safety evaluations.

The maintenance and procurement division is responsible for all functions related to the maintenance of highways and structures on the state highway system, procuring and maintaining

engineering equipment, procuring all goods and commodities for the department, operating fleet services for all state agencies, and operating and scheduling two state airplanes.

The mission of the planning division is to act as a resource for the rest of the highway department to assist in decision-making. In particular, the division is to help with data analysis, provide background information for policy analysis, and serve as the department's information conduit with carriers and shippers. In addition, the planning division manages urban programs (urban planning and urban mass transit), rail programs (rail planning, local rail assistance, and railroad grade crossing safety program), fiscal studies, county road planning, data collection, mapping, a pavement management program, and special projects.

The program and project development division's duties include monitoring and coordinating projects to be let for contract. The division is responsible for scheduling projects to account for necessary lead time, prioritizing conflicting projects and assuring that projects move through the correct channels in line with available funding.

The secondary roads division is responsible for the administration of all county federal aid and related programs. The division acts as the liaison between the Highway Department and the Federal Highway Administration, counties, townships, and reservations.

The materials division was spun off from the engineering services division in late 1987. This division is responsible for engineering and experimental research.

The audit and review division reports directly to the commissioner. The division is responsible for a broad, comprehensive program of internal audits within the Highway Department and external audits of Department contractors and suppliers. Internal audits are used as a tool to provide management with independent and objective evaluations of the results of all operations under established policies and procedures. External audits are used to account for and verify expenditures of state funds.

The legal division provides legal services to all divisions and districts of the Highway Department, including litigation in eminent domain, property damage, real property, and driver's license cases, appeals to the Supreme Court, arbitration of contract claims, drafting of legislation, administrative rules, contracts, and real estate documents, business advice and opinions to employees, and drafting legal opinions for the attorney general.

The administrative services division provides specialized services for the overall operations of the Highway Department. Principal services provided include word processing/typesetting, records management, audiovisual, photography and reproduction services, graphic services, and radio telecommunications. In addition, the division is also responsible for providing miscel-

laneous services such as building maintenance and security, office design, mail service, map sales, and backup secretarial service.

The computer automation division provides support for existing computer systems (mainframe and micro computers) and aids in the design, development, and implementation of new computer systems. In addition, the division provides services for systems operations, micro computer training, and assists in the development of engineering systems and management systems.

The drivers license and traffic safety division has two primary responsibilities. First, the division manages and supervises the issuance of drivers licenses and permits, collection of fees, and the collection, recording, and filing of motor vehicle and highway violations from court records. Second, the Highway Department administers safety program funds and coordinates activities with the Highway Patrol. The Highway Patrol is responsible for implementing specific safety programs.

The primary goal of the finance division is insuring that proper finance and accounting standards are maintained throughout the Department. Secondary goals of the finance division include insuring that financial reports factually and completely reflect the results of operations, providing for the effective management of department assets, processing accounting data timely and accurately, and computerizing the departments accounting records.

The human resources division is responsible for payroll and employee records, affirmative action and civil rights, employee

development and education programs to enhance productivity, coordinating recruitment, and the Department's Awards program.

MOTOR VEHICLE DEPARTMENT

The registrar of the Motor Vehicle Department is appointed by the governor for a two year term. The registrar is responsible for adopting and enforcing administrative rules and regulations and establishing branch offices as necessary to carry out the motor vehicle registration laws. The department presently has contractual relations with 13 branch offices which are located around the state. The registrar is assisted by a deputy registrar who is responsible for the day-to-day management of the department.

The Motor Vehicle Department has two primary divisions, registrations and records management (Figure 3.3). The main duties of the registrations division include prorating for motor carriers, rating, and procurement and distribution. The records management division is subdivided into data entry, records, and branch office relations. In addition, the Department has small divisions responsible for accounting (payroll and benefits), dealer representatives, a data processing coordinator, and an International Registration Plan auditor.

HIGHWAY PATROL

The governor also appoints the superintendent of the Highway Patrol. The superintendent is responsible for enforcing provisions of laws relating to the operation of motor vehicles upon

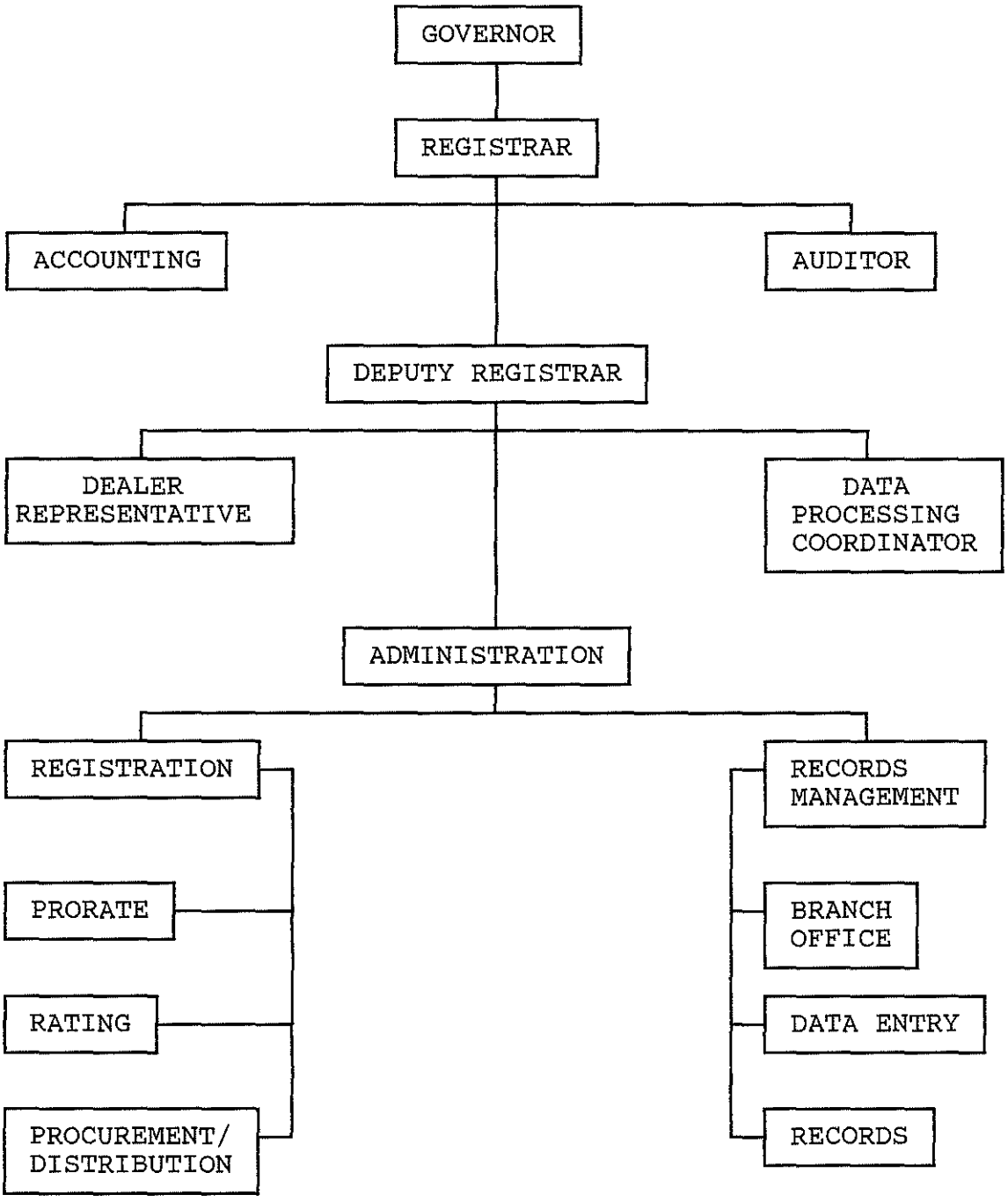

FIGURE 3.3 Descriptive Organizational Chart of the North Dakota Motor Vehicle Department

SOURCE: North Dakota Motor Vehicle Department

highways. By statute, the superintendent appoints the assistant superintendent and the Highway Patrol safety division director.

The Patrol has two main divisions, field operations and administrative services (Figure 3.4). The activities under field operations include safety and education, motor carrier, permits, and the eight districts. The purpose of the safety division, which is coordinated with the safety office in the Highway Department, is to provide programs that reduce the number of motor vehicle accidents. The Patrol is responsible for implementing the highway safety program while the Highway Department is responsible for administering and coordinating the use of Highway Safety Funds. Administrative services includes typical support activities such as data processing, finance, personnel, as well as training.

AERONAUTICS COMMISSION

The Aeronautics Commission consists of five individuals appointed by the governor to serve five year terms. Commissioners can be removed on the grounds of inefficiency, malfeasance, or neglect of duty. The director of aeronautics is appointed by and serves at the pleasure of the Aeronautics Commission. The director is responsible for the administration of the Commission and its activities (Figure 3.5).

The five members of the Aeronautics Commission play an active role in the management of the Commission. In 1986, the Aeronautics Commission adopted a portfolio policy with each commissioner assuming responsibility for a portfolio of aeronautic

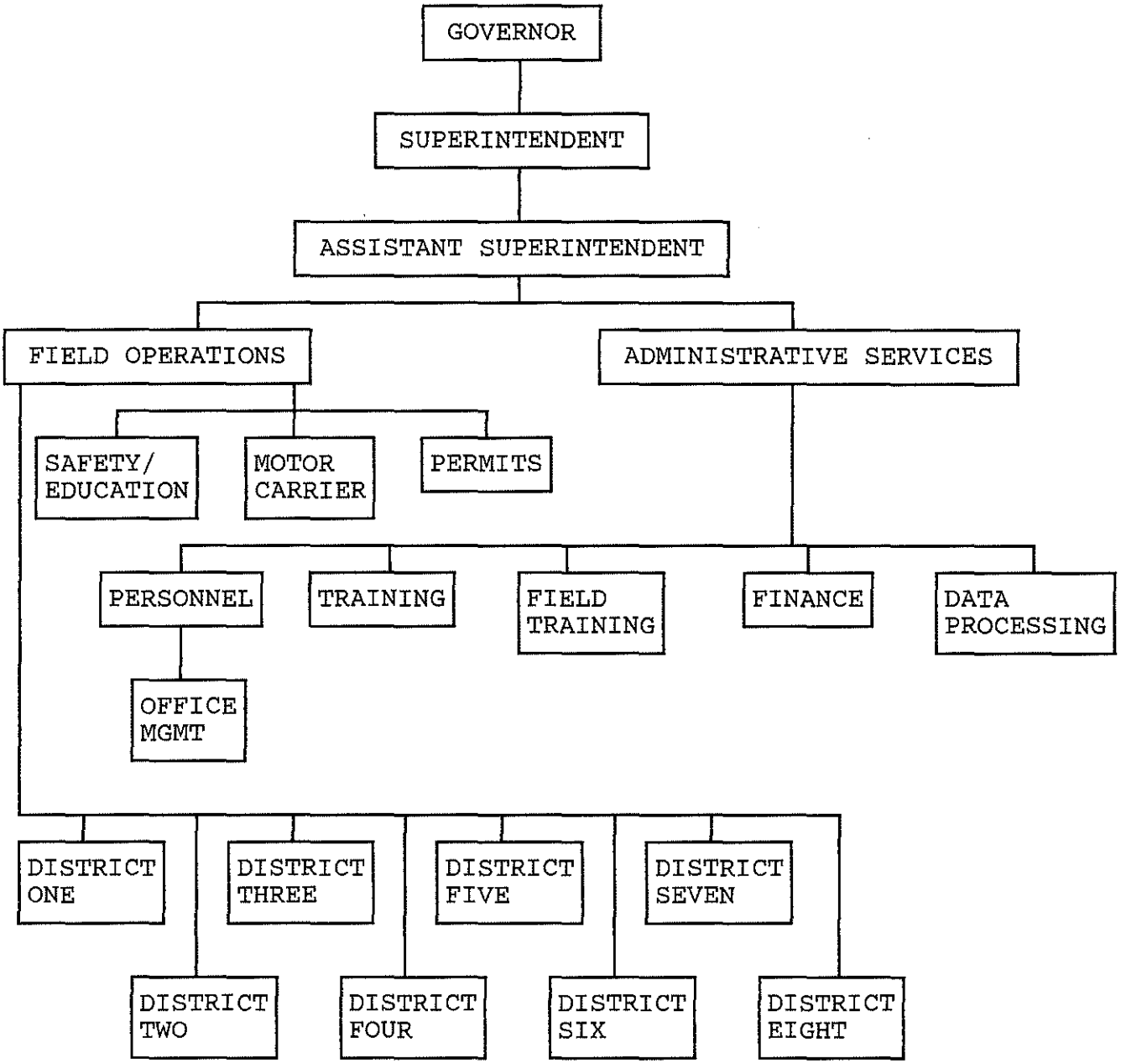

FIGURE 3.4 North Dakota Highway Patrol Organizational Chart

SOURCE: North Dakota Highway Patrol Annual Report, 1986.

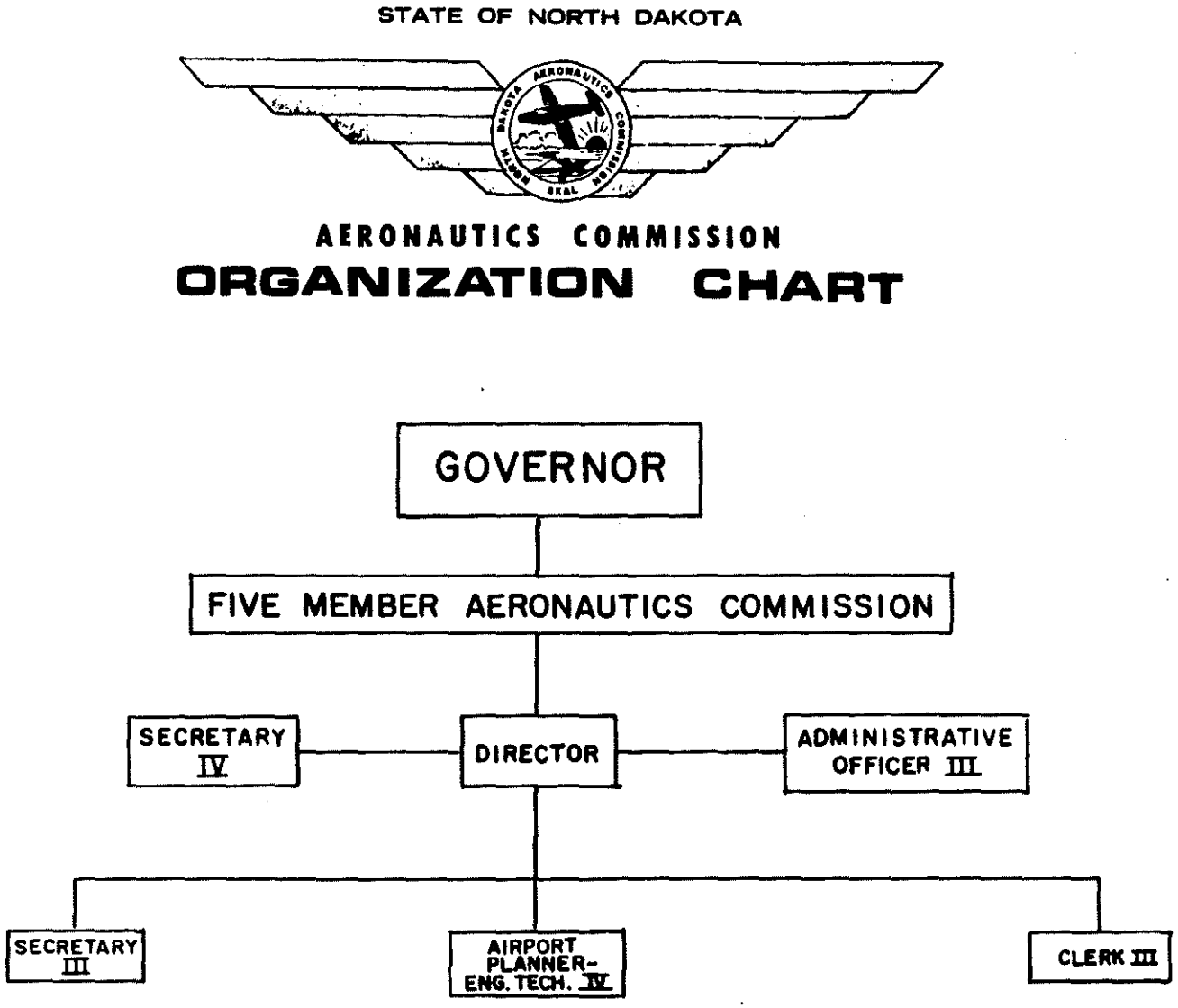

FIGURE 3.5 North Dakota Aeronautics Commission Organization Chart

SOURCE: North Dakota Aeronautics Commission. Summary Report of Programs and Funding Sources. Bismarck, 1985.

activities. The areas of responsibility are to be concurrent with the various commissioner's interests and expertise. The objective of the portfolio policy is:

> "To open a single line of communication to the Commissioners from the Director and Commission staff on matters relating to the many factors in the aviation community. The portfolio concept will give the staff a chance to keep the Commission better informed and promote an efficient management system and responsibility within the agency frame work (N.D. Aeronautics Commission, 1987).

Commissioners assigned responsibility for certain portfolios will be kept informed of related pertinent information by the staff. The commissioners will advise the director and staff on policy decisions that fall outside normal Commission functions.

The director and his staff of five individuals are responsible for assisting the commissioners and for the day-to-day operations of the Aeronautics Commission. Given its small size the staff is not organized into divisions. While the Aeronautics Commission has a planner, it relies upon private consultants for engineering and planning services for large projects.

SUMMARY

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 any support services. The Motor Vehicle Department

falls somewhere in between, being divided into divisions, but having limited support divisions.

Three different organizational structures exist in the five major agencies governing transportation in North Dakota (Figure 3.6). First, the governor appoints the agency head of the Highway Department, Highway Patrol, and Motor Vehicle Department. Second, the Aeronautics Commission has a commission form of organization, whereby the commissioners appointed by the governor appoint a director of aeronautics. Finally, the Public Service Commission is a constitutional executive office, with its transportation personnel being appointed by the three elected officials.

By statute, the governor makes eight appointments of individuals with transportation related duties. In turn, four more statutory appointments are made in the various agencies. Thus, 12 individuals receive appointments to manage and oversee the transportation functions in North Dakota (Table 3.1). In addition, the Public Service Commission appoints its transportation division director.

Given the myriad of agencies and individuals with transportation related duties and varying organizational structures, inefficiencies may exist. The general functions of the five major transportation agencies are presented in the next section.

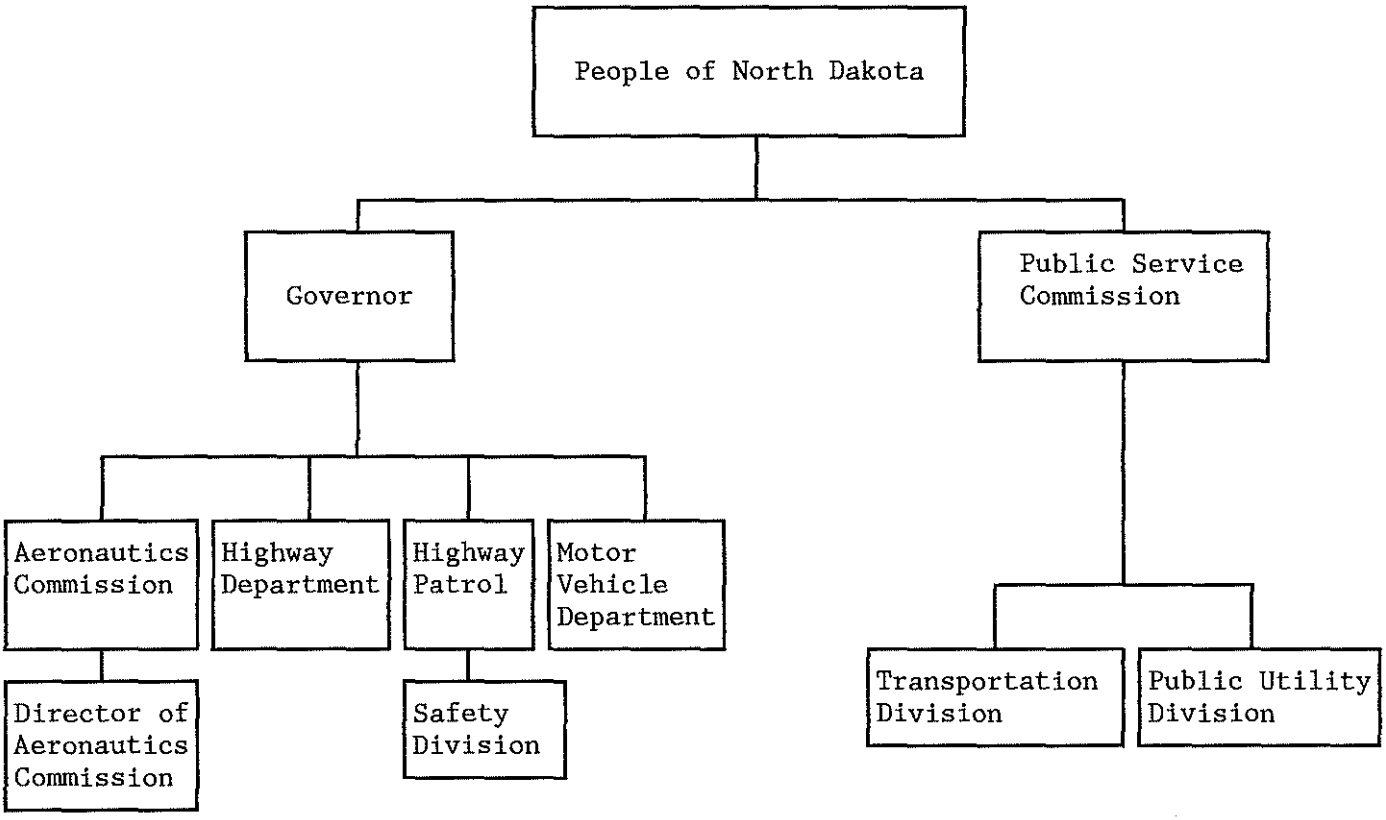

Figure 3.6 Organizational Chart of North Dakota Agencies with Transportation Duties.

TABLE 3.1. Appointed Transportation Officials

Agency/ Official	Appointed by	Statutory Authority
Highway Department		
Commissioner	Governor	NDCC 24-02-02
Chief Engineer	Commissioner	NDCC 24-02-06
Highway Patrol		
Superintendent	Governor	NDCC 39-03-02
Asst. Superintendent	Superintendent	NDCC 39-03-03
Safety Div. Director	Superintendent	NDCC 39-03-16
Motor Vehicle Dept.		
Registrar	Governor	NDCC 39-02-01
Aeronautics Commission		
Commissioners (5)	Governor	NDCC 2-05-01
Director	Commission	NDCC 2-05-02
Public Service Commission		
Transport Div. Director	PSC	NDCC 28-32-02.1[a]
Commerce Counsel (2)	Attorney General	NDCC 49-01-09

[a]The PSC division directors are not statutory offices.

TRANSPORTATION FUNCTIONS

The principal transportation functions performed by the five major state transportation agencies are reviewed in this section. An overview is presented of the general types of functions performed by the various agencies. After the overview of the general functions, the specific duties performed by the agencies are detailed. The statutory authority for the various functions and duties are presented in Tables 3.3 to 3.7.

Using general guidelines provided by the American Association of State Highway and Transportation Officials, state transportation functions are broadly classified to include: (1) registration, (2) licensing, (3) weight-size regulation, (4)

common carrier regulation, (5) safety, (6) planning, (7) enforcement, (8) administer funding, and (9) human services (Table 3.2). It should be noted that this classification system does not include the unique functions performed by the various agencies. Rather, it attempts to determine on a broader scope the general types of functions performed by each agency. Upon visual inspection of Table 3.2, it becomes apparent that the five agencies perform similar functions. Eight general conclusions can be drawn.

First, registration or licensing functions are performed by all of the five agencies. This suggests that the licensing/registration function is decentralized. As such, it may be confusing or cumbersome to the citizens of North Dakota. For example, drivers are licensed by the Highway Department, but cars are registered with the Motor Vehicle Department. While the cooperation between the agencies is excellent, an organizational structure must be designed which promotes coordination among the various agencies.

Second, four of the five agencies have a regulatory function. Once again, coordination among the departments is a major concern. For example, the Highway Patrol enforces motor carrier weight and size restrictions, while the Highway Department classifies highways as to weight and load capacities. However, these agencies must also work with the Public Service Commission which has statutory authority to regulate motor carriers.

TABLE 3.2. State Transportation Functions by Agency

Function	Agency				
	Aeronautics Commission	Highway Dept.	Highway Patrol	Motor Vehicle Dept.	Public Service Commission
Registration	P		S	P	S
Licensing	P	P	S		
Size Weight Regulation		P	P		
Common Carrier Regulation	S				P
Safety	P	P	P		S
Planning	P	P			S
Enforcement	S	S	P		
Administer Funding	P	P	S	P	S
Human Resources		P	P		S

NOTE: "P" indicates that this is a principal agency function.
"S" indicates that this is a secondary agency function.

Third, safety is a wide-spread concern among the various agencies. While this concern is appropriate, this may be an area of duplication. For example, the Highway Department commissioner is designated by Executive Order as the governor's highway traffic safety program representative. The drivers license and safety division of the Highway Department cooperates with the Highway Patrol traffic safety division to develop safety programs. In addition, by statute the Highway Department and Public Service Commission must cooperate on rail crossing issues.

Fourth, the planning function of the various agencies should be carefully reviewed. The planning function becomes more important as the state attempts to balance increasing demands for transportation services with its limited budget. The Highway Department is the only state transportation agency with an active planning division. The Public Service Commission transportation division assist Highway Department rail planning. The Aeronautics Commission contract most planning activities with consultants.

Fifth, the Highway Patrol has broad enforcement responsibilities. This indicates that the Patrol must coordinate activities with all of the major transportation agencies.

Sixth, all of the agencies administer a variety of financial programs (See Table 2.5). One factor complicating 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.

Seventh, the Highway Department and Highway Patrol are the only agencies with a human resources division. Discussions with state officials from Washington and Oregon indicate that a human resources division is vital to improving the productivity of state employees.

Finally, while there is considerable interaction among the Highway Department, Highway Patrol, Motor Vehicle Department, and

Public Service Commission, the Aeronautics Commission seemingly stands by itself. However, the Aeronautics Commission performs functions similar to those of the other agencies.

TABLE 3.3. Aeronautics Commission Functions

Function	Description	Statutory Authority
Registration	Aircraft	NDCC 2-05-11
	Ultra light	NDCC 2-08-03
License	Pilots	NDCC 2-05-10
	Aerial Sprayers	NDCC 2-05-18
	Air Schools	NDCC 2-05-12
	Aircraft Dealers	NDCC 2-08-03
Common Carrier Regulation	General duties	NDCC 2-05-15, NDCC 2-03-07
Safety	General	NDCC 2-05-07
	Airport Zoning	NDCC 2-04
Planning	Promote development of of aeronautics	NDCC 2-05-05, NDCC 2-06-01.1
	Apt. Auth. Act	NDCC 2-06
Enforcement	General	NDCC 2-05-14
Administer Funding	Aviation Fuel Tax	NDCC 57-43.3
	Federal Funding	NDCC 2-05-01.1

TABLE 3.4. Public Service Commission Functions

Function	Description	Statutory Authority
Common Carrier Regulation	Regulates rates, charges and practices of:	
	Motor Carriers	NDCC 49-18
	Pipelines	NDCC 49-19
	Railroads	NDCC 49-10.1
Safety	Regulate rail crossings	NDCC 24-09[a]
Planning	Rail line abandonment	NDCC 49-09
	Rail service assistance	NDCC 49-17.1[a]
	Short Line Sales	NDCC 49-09-10.2
Funding	Motor Carrier License	NDCC 49-18-41.1
Other	Represents PSC and North Dakota's interests before federal agencies.	NDAC 69-01

[a]Cooperates with Highway Department.

TABLE 3.5. Highway Patrol Functions

Function	Description	Statutory Authority
Registration	Enforcement	NDCC 39-04-40
Size Weight Regulation	General	NDCC 39-12-07
Safety	General	NDCC 39-03-16, NDCC 39-03-17
	Hazardous Waste	NDAC 38-03
	Motor Carrier	NDAC 38-04
Enforcement	Motor Vehicles	NDCC 39-03-09
	Aeronautics Laws	NDCC 2-05-14
	Boating Laws	NDCC 20.1-13-14
	Motor Carriers	NDCC 49-18-45
	Weed Control	NDCC 63-01.1-14
Other	Law Training Center	NDCC 39-03-13.1

TABLE 3.6. Highway Department Functions

Function	Description	Statutory Authority
Licensing	Administer driver's license	NDCC 39-06[a]
Size-Weight Regulation	Classify highways as to weight and load capacities	NDCC 39-12-01[a,b]
Safety	Represent governor on Highway Traffic Safety program	Executive Order NDCC 54-07-05
Planning	General duties	NDCC 24-02-08, NDCC 24-03-01, NDCC 24-03-19
	Rail Service Assistance	NDCC 49-17.1[b]
Enforcement	Enforce provisions of 49-18 (motor carrier operations)	NDCC 24-01-13[a]
Administer Funding	State Highway Fund	NDCC 24-02-37
	Highway Appropriation	Const. Art. 10 § 11
	Highway Tax Distribution	NDCC 54-27-19
Human Resources	General duties	NDAC tit. 37
Other	Construction, Maintenance and Operation	NDCC 24-01-03, NDCC 24-02-03, NDCC 24-03-02, NDCC 24-03-03
	Regulate outdoor advertising	NDCC 24-17
	Regulate snow mobiles	NDCC 39-24-08
	Regulate traffic signs	NDCC 39-13
	Administer central motor pool	NDCC 24-02-03.3
	Cooperate with federal government	NDCC 24-04
	Cooperate with county government	NDCC 24-05
	Work with Tourism Dept. on maps	NDCC 24-03-21

[a]Cooperate with the Highway Patrol.

[b]Cooperate with Public Service Commission.

TABLE 3.7. Motor Vehicle Department Functions

Function	Description	Statutory Authority
Registration	Motor vehicles	NDCC 39-04; 39-05
	Trailers	NDCC 39-04
	Semi-Trailers	NDCC 39-04
	Snowmobiles	NDCC 39-24
Licensing	License dealers of:	
	motor vehicles	NDCC 39-22
	semi-trailers	NDCC 39-22.1
	motorcycles	NDCC 39-22.3
Administer Funding	Registration Fees	NDCC 39-04-39
Other	Enforce no-fault insurance	NDCC 26.1-41-02

In addition to analyzing the agencies by functions performed, insights can also be gleaned by determining which modes are governed by the various agencies (Table 3.8). The regulation of a particular mode by more than one agency suggests either a redundancy in state functions or the need for coordination of functions among agencies. Potential problems are greatest for motor carriers which are regulated or governed by four of the five principal transportation agencies. Coordination problems may also exist with rail because the Highway Department and Public Service Commission are directed by statute to cooperate in rail planning and rail safety.

TABLE 3.8. Modes Governed by Agencies

Mode	Agency				
	Aeronautics Commission	Highway Dept.	Highway Patrol	Motor Vehicle Dept.	Public Service Commission
Air	X				
Rail		X			X
Motor Carrier		X	X	X	X
Pipeline					X
Motor Vehicle		X	X	X	

OTHER STATE AGENCIES

The transportation functions performed by and statutory authority for other transportation agencies are identified in this section. Agencies with direct transportation functions are identified in Table 3.9 while Table 3.10 identifies agencies with indirect transportation functions.

TABLE 3.9. Direct Transportation Functions by Other Agencies

Agency	Function	Statute
Agriculture Dept.	License milk haulers Inspect various commodities	NDCC 4-30-38.1 NDCC 49-18-02
Attorney General	Appoint legal counsel employed by other state agencies	NDAC 10-01
Upper Great Plains Transportation Institute	Conducts and supervises transportation research	NDCC 54-53
State Intermodal Transportation Team	Advise the governor and highway commissioner about the state rail plan and state transportation plan.	Executive Order

TABLE 3.10. Indirect Transportation Functions by Other Agencies

Agency	Function	Statutory Authority
Air Pollution Control Advisory Council	Set air pollution standards, highway commissioner is council member	NDCC 23-25-02
Civil Air Patrol	Disaster relief and search and rescue	NDCC 54-45
Economic Development Commission	Tourist Promotion Division prepares official highway map (in conjunction with the Highway Department)	NDCC 24-03-21
Insurance Department	Administer Unsatisfied Judgment Fund	NDCC 26.1-23
OMB - Office of Central Data Processing	Responsible for state communications system	NDCC 54-44.2
OMB - Office of Intergovern-mental Assistance	Advise, coordinate, and assist state and local planning for the physical development of the state	NDCC 54-44.5
Outdoor Recreation Interagency Council	Highway commissioner sits as member	NDCC 55-08-02.1
State Treasurer	Collect and administer other taxes	NDCC 54-11
Tax Dept.	Collect the motor fuel tax and aviation fuel tax	NDCC 57-01

CONCLUSIONS

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, 12 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.[1] 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.

A major concern is the potential for overlap of duties among the different agencies. In some cases the agencies are directed by statute to cooperate on particular programs. In other cases, the agencies have varying statutory duties with respect to particular constituents or complementary programs are in place. In general, coordination among the personnel from the various departments is not a serious problem. The staff from the various

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[1]See Appendix F, p. 163 (page 1 of the Ness letter) for the North Dakota Aeronautics Commission's position on this statement.

agencies seem to understand their roles and cooperate well with individuals from other agencies.

Nevertheless, the overlapping duties and programs should be a major concern to legislators for two reasons. First, while staff from different agencies may presently cooperate, there is no guarantee that they will continue to do so in the future. Should a rift develop between different agencies over some important matter, the staff of the various agencies may be caught in the middle as they attempt to carry out their duties. Second, and perhaps more importantly, is service to the public. It is difficult to explain to people why they go to the Highway Department for a driver's license but to the Motor Vehicle Department for a vehicle license. One-stop shopping for these services should be available to the public. The problem is perhaps more severe for the motor carriers in the state. A trucker is subject to PSC regulation or licensing, obtains permits from the Highway Patrol, has weight and size limitations set by the Highway Department, and registers and prorates trucks with the Motor Vehicle Department. Once again, the staff from the agencies do an admirable job of cooperating with the various aspects of motor carrier licensing and regulation. But truckers must question the organization of government as they must visit three or four offices in the State Capitol to obtain their permits and licenses.

While some programs in the various transportation agencies have been added and changed during the last 30 years, there have

been no major changes in the organizational structure of North Dakota transportation agencies since the 1950s. Since the late 1960s, however, 44 other states have established state departments of transportation. Even if North Dakota chooses not to organize transportation as a DOT, it is clearly time for a review of organizational structures. The next chapter considers alternative organizational structures.

CHAPTER FOUR

ALTERNATIVE ORGANIZATIONAL STRUCTURES FOR STATE TRANSPORTATION AGENCIES

Unlike North Dakota, most states have combined various agencies with transportation functions into a state department of transportation (DOT). However, the organizational structures of DOT's vary significantly from state to state. Various DOT structures have evolved because states design their transportation agencies to meet their particular needs and requirements. An additional concern is whether the agency should be managed by a commission or a single director.

The objective of this chapter is to review alternative organizational and administrative structures for state transportation agencies. Specifically, this chapter shall: (1) briefly review the evolution of state transportation organization; (2) analyze a snapshot of state transportation organizations in 1987; (3) identify the positive results from reorganizing as a DOT and the difficulties that have been encountered as a result of reorganization; and (4) outline principles of organizational structure. The objectives of this chapter shall be accomplished by looking to information from other states maintained by the American Association of Highway and State Transportation Officials (AASHTO), the National Association of State Aviation Officials (NASAO), and through a review of the public administration and organizational structure literature. Additional

insights were gained from personal interviews with DOT officials in Washington and Oregon and from the 34 state DOT and Highway Department officials who responded to the mail survey.

EVOLUTION OF STATE TRANSPORTATION ORGANIZATION

In 1967, there were three state DOT's, New York, New Jersey, and Hawaii.[1] Twenty years later, 44 states had DOT's. North Dakota, Montana, Wyoming, Colorado, Nebraska, Alabama, West Virginia, and Mississippi were the only states in 1987 that did not have a DOT. Since 1980, Indiana, New Hampshire, South Carolina, Tennessee, and Kentucky have restructured their state transportation agencies into DOT's and Mississippi presently has a DOT study underway. There are three reasons for the continued growth of DOT's at the state level.

First, government in most states has evolved into a more professional bureaucracy with strong centralized control in order to meet the needs of a more complex society.[2] This evolution has led to reorganization of state governments with resulting realignments of duties and shifts of power structures. This is especially true for transportation agencies since most of them are directly or indirectly under the governor's control.

Second, the creation of the United States DOT as a cabinet level office in 1967 was an impetus for reorganization at the state level. Prior to the federal DOT, no single government

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[1]AASHTO data classifies Puerto Rico and the District of Columbia as states.

[2]See Chapter 2, North Dakota Politics for greater detail.

transportation agency was in a position to evaluate the total needs of transportation, the total service provided, or the net results of all federal transportation undertakings. Creation of a federal DOT was seen as a method for improved policy leadership and coordination and execution of adopted policies (Hazard).

Third, planning has received increased recognition as an important management tool since the late 1970s (Creighton). As illustrated in Chapter 2, there are continual external forces causing change in a state's transportation system. State transportation agencies must respond to change while maintaining a sense of direction for all transportation requirements of a state. Given the interdependencies between the various modes and networks, planning is more effective in a DOT organizational structure because transportation and possible tradeoffs are considered for transportation as a whole.

THE ORGANIZATION OF STATE TRANSPORTATION AGENCIES

The organization of state transportation agencies varies widely from state to state as a result of state's economies and geography. The objective of this section is to analyze a snap-shot of the transportation functions performed by the states in 1987. According to AASHTO, the functions which may be included in a state transportation agency are aeronautics, highways, rail, waterways, transit, regulation, highway patrol, and motor vehicle. The first five functions, aeronautics, highways, rail, waterways, and transit, are related to modal or network programs. Regulation functions may include motor carrier or size/weight

regulations. The highway patrol function is related to enforcement while motor vehicle is related to vehicle registration.

In North Dakota, as in most states, the maintenance and construction of the highway network is the most noticeable or conspicuous state transportation function. Given the historical importance of the highway networks, a comparison is made between the functions performed by DOT's versus highway departments. In addition, the functions performed under commission versus director forms of administration are also compared. A commission form of administration is defined as one which has several people jointly making policy decisions while a director form has a single individual in charge of the agency.

Thirty states have a commission while 22 have a director form of administration (Table 4.1). Twenty-nine of the 30 states with commissions also have a director who is either appointed by the governor or the commission. States with DOTs are evenly split between the two types of administration while the commission form of administration is prevalent in highway departments.

TABLE 4.1. Administration and Organizational Structure of State[1] Highway and Transportation Departments, 1987

	Structure		
Administration	DOTs	Highway Dept	Total
Commission	24	6	30
Director	20	2	22
Total	44	8	52

[1]Includes District of Columbia and Puerto Rico.

SOURCE: AASHTO

DOT'S VERSUS HIGHWAY DEPARTMENTS

DOTs generally include more transportation functions than highway departments (Table 4.2). The most obvious difference between the two types of organizational structures is that highway departments are generally limited to highway and rail programs while most DOTs include at least five functions. The most important functions in DOT's are highway, transit, aeronautics, and rail. Fewer states include waterway functions in a DOT because of geographical differences. Almost 66 percent of the DOT's include regulation as opposed to only one highway department. Regardless of organization, most states do not include highway patrol or motor vehicle.

TABLE 4.2. State Transportation Functions by Structure, 1987

	Structure					
	DOT		Highway Dept.		Total	
Function	Yes	No	Yes	No	Yes	No
Aeronautics	40	4	0	8	40	12
Highway	44	0	8	0	52	0
Rail	38	6	6	2	44	8
Waterways	25	19	0	8	25	27
Transit	43	1	3	5	46	6
Regulation	29	15	1	7	30	22
Highway Patrol	10	34	3	5	13	39
Motor Vehicle	17	27	0	8	17	35

SOURCE: AASHTO

There is some discrepancy as to the administration of aviation in state government. According to Robert T. Warner, Executive Vice-president of the National Association of State

Aviation Officials (NASAO) only 34 states house aviation in a DOT, while 11 states have independent aeronautics commissions or aviation departments and five states have other organizations. The difference in the number of states with commissions is easily resolved because the 12 AASHTO commission states includes the District of Columbia. The remaining discrepancy most likely arises because the five "other" organizations have some type of working relationship with the state DOT and thus are counted in the AASHTO data.

COMMISSION VERSUS DIRECTOR

It is more difficult to discern or explain differences between functions performed and the type of administration. For the most part, the types of functions performed by both types of administrations are similar (Table 4.3). A director form of administration is somewhat more likely to include aeronautics, rail, waterways, and regulation than a commission form. Highway patrols and motor vehicle departments are somewhat more prevalent in commission forms of transportation agencies.

There is a wide range in power among the commissions. A few of the commissions have wide-ranging managerial powers. In other cases, the commission is limited to appointing a director and perhaps an advisory role. Finally, in some cases, the commission only has an advisory role.

TABLE 4.3. State Transportation Functions by Administration, 1987

	Administration					
	Commission		Director		Total	
Function	Yes	No	Yes	No	Yes	No
Aeronautics	21	9	19	3	40	12
Highway	30	0	22	0	52	0
Rail	23	7	21	1	44	8
Waterways	13	17	12	10	25	27
Transit	27	3	19	3	46	6
Regulation	15	15	15	7	30	22
Highway Patrol	9	21	4	18	13	39
Motor Vehicle	11	19	6	16	17	35

SOURCE: AASHTO

ROLE OF PLANNING

Planning is a mechanism which assists management make better decisions in providing the required level of services and meeting economic development needs. Top level management cannot simply administer existing programs. Rather, strategic planners must anticipate change so as to allow the agency administrators to better manage transportation problems and allocate scarce transportation resources. As a result, in today's rapidly changing world, there must be the closest possible relationship between the executive of the transportation agency and the strategic planners.

Organizational charts for the states were analyzed to determine the level of planning within transportation agencies. An upper level planning division is defined as one in which the planning division is recognized at a top level in the agency. A lower level planning division is any other planning division.

Thirty-four states have upper level planning divisions, while 19 are classified as lower level planning divisions (Table 4.4). Upper level planning divisions are most prevalent in the DOT structure and commission form of administration.

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. All four state highway departments responding also reported that the importance and level of planning has increased. 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.

TABLE 4.4. Transport Planning by Administration and Structure

Structure/ Administration	Upper Level Planning	Lower Level Planning
DOT		
Commission	19	5
Director	11	9
Total	30	14
Highway Dept.		
Commission	4	2
Director	0	2
Total	4	4

SOURCE: AASHTO

TRANSPORTATION ORGANIZATIONAL TRENDS

Four recent trends in organization of transportation agencies are worth noting. First, the number of states with rail

programs and the breadth of the programs have been increasing in recent years. Two highway departments and two DOT's have started rail programs in the past two years, bringing the total to 44. An additional ten states have expanded their rail programs. Second, Robert T. Warner of NASAO stated that the trend is towards including aviation as part of a DOT. He feels that this move can be helpful to aviation because DOTs offer improved planning and engineering, and broader administrative support services. However, he cautions that if aviation is moved into a DOT, great care must be taken to assure that the director of the DOT is aware of the importance of aviation as a mode of transportation, takes steps to preserve aeronautics funding, and is responsive to concerns of the aeronautics community. Otherwise, the aeronautics community will most likely resist attempts to consolidate. Third, the responsibility for regulation by DOT's has been steadily increasing during the last 15 years. The number of DOT's with regulatory functions has grown from 1 in 1974 to 10 in 1978 to 29 in 1987. Finally, ten DOT's include a highway patrol function. However, in five states that participation is limited to using highway revenues to fund the highway patrol. There is a general belief that enforcement should be kept distinct from other functions.

In conclusion, differences exist in the various types of organizational structures and administration. DOT's generally contain more functions than highway departments. This should not be surprising because it is more likely that DOTs have been

reorganized more recently than highway departments. It is difficult to identify important differences between the commission and director forms of administration. In large part, it depends upon the political environment unique to each state. The next section considers the strengths and weaknesses of organizing as a DOT.

DOT ORGANIZATIONAL STRENGTHS AND WEAKNESSES

States reorganize transportation for a variety of reasons. Information gathered from other state DOT and Highway Department officials indicate that the four major reasons to reorganize are: (1) to consolidate programs into a single agency to recognize the move to intermodalism and to improve coordination over transportation programs; (2) to improve decision-making in the agency so as to provide more direction for transportation programs and policies; (3) to increase the accountability and responsiveness of the department; and (4) to streamline government and make operations more cost effective. 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 4.5). 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).

TABLE 4.5. Advantages from Reorganizing as a DOT[1]

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

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

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."

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 transporta-

tion 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 4.6). In addition, most states reported that any difficulties initially encountered have since been resolved.

The most common problems encountered included resistance from small and large agencies and intra-agency rivalry (Table 4.6). Small agencies resisted the move to a DOT because they

TABLE 4.6. Disadvantages from Reorganizing as a DOT[1]

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

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

felt that their programs may be overpowered in a DOT, and that they may lose power, autonomy, and perhaps funding. 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." Strong leadership is necessary to overcome 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, Highway Department, and truck regulatory division of the Highway Patrol presently share space in the Highway Building on the state capitol grounds. Second, two states report that economies in finance are difficult to achieve because of differing accounting requirements for the various federal transportation programs. Finance problems should also be minimal in a North Dakota DOT since the finance division of the Highway Department is already responsible for highway, rail, and transit programs.

PRINCIPLES OF ORGANIZATIONAL STRUCTURE

There is a very limited literature on transportation reorganization; a computer search of several bibliographies only found two articles. However, there is a fairly broad literature on reorganization. The purpose of this section is to provide fundamentals of organization and outline the basic organizational

structures which may be used as models for structuring a transportation agency.

Approximately 50 years ago, Luther Gullick offered POSDCORB as a description of the common elements of public administration. POSDCORB is valuable to the extent it captures most of the major political administration management activities. The specific POSDCORB activities are defined as follows:

> Planning ... is working out in broad outline the things that need to be done and the method for doing them to accomplish the purpose set for the enterprise;
>
> Organizing ... is the establishment of the formal structure of authority through which work subdivisions are arranged, defined, and coordinated for the defined objective;
>
> Staffing ... is the whole personnel function of bringing in and training the staff and maintaining favorable conditions of work;
>
> Directing ... is the continuous task of making decisions and embodying them in specific and general orders and instructions and serving as the leader of the enterprise;
>
> Coordinating ... is the all-important duty of interrelating the various parts of the work;
>
> Reporting ... is keeping those to whom the executive is responsible informed as to what is going on, which thus includes keeping himself and his subordinates informed through records, research, and inspection;
>
> Budgeting ... consists of fiscal planning, accounting, and control (Graham and Hays).

Analysis of the POSDCORB activities suggests that transportation agencies must be designed to accomplish four goals.

1. <u>Identify a line of authority.</u> The agency must be structured to give direction and make decisions. It must be

clear to the employees of the agency as well as to the various managers, what are their responsibilities and duties and who is directing or in charge of the agency.

2. Provide and utilize information for decision-making. Information must be available and used by decision-makers so as to make informed decisions. To accomplish this goal, the organization must place an emphasis on strategic planning and reporting.

3. Establish accountability. The executives of the agency must have a degree of control over the activities performed by the agency. Organizing, staffing, and coordinating are all mechanisms which give the executives control.

4. Maintain fiscal control. The executives must also exercise fiscal control over the agency through budgeting.

Three general types of organizational structure can be used as models for a transportation agency: functional, program, and matrix. After briefly defining how agencies are structured into departments for each type of organizational structure, the advantages and disadvantages of each will be evaluated by considering the POSDCORB criteria.

Functional organization has been the dominant structural form for state government agencies for many years (Graham and Hays). In functional organization, activities are grouped around the essential functions or lines of the organization. These include functions specific to a transportation agency and basic

management functions (planning, finance, personnel). Possible transportation agency functional activities would include aeronautics, highways, rail, waterways, transit, regulation, highway patrol, and motor vehicle.

Each activity is assigned departmental status, meaning that it is headed by a manager who has a direct line of authority to the agency director. There is a delegation of responsibility to various line managers for the operation of particular functions. In addition, the managerial functions such as planning, engineering, finance, administration, etc., are staff functions meaning that those departments assist the transportation or line departments achieve their goals. South Dakota's DOT is a good example of a DOT that is functionally organized (Figure 4.1).

There are two primary advantages found with functional organization. First, the functional form is preferred at the state government level because it facilitates control. Control is present in a functional organization because it is a centralized organization. "The direct reporting relationship between department heads and the top manager implies that clearance must generally be sought before any non-routine actions or decisions are undertaken" (Graham and Hays). In addition, responsibility and duties are clearly assigned in a functional organization. In other words by assigning responsibilities, management also knows who to reward when something is successful and who to blame if something should go wrong. Therefore, if the agency has strong leadership, the agency should also have direction.

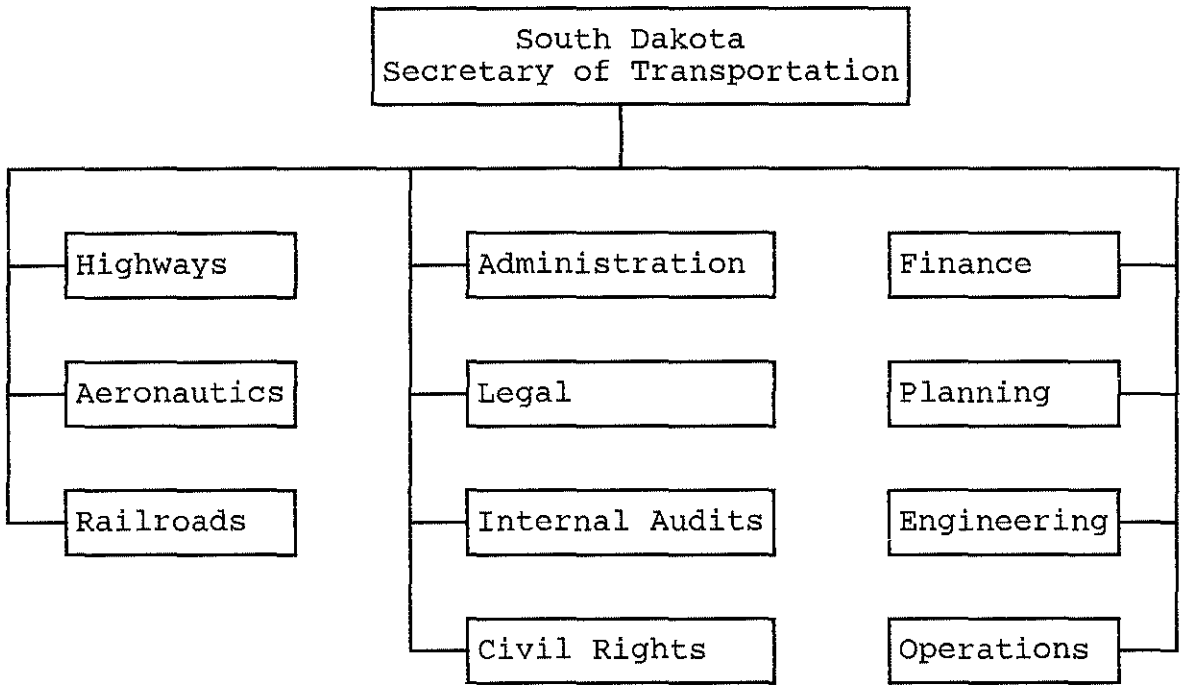

FIGURE 4.1. South Dakota DOT Staff and Line Functions

SOURCE: AASHTO. Organization Charts of State Highway and Transportation Departments, 1983. AASHTO, Washington, DC., 1984.

The second advantage of a functional organization is it allows departments to realize the benefits of specialization. Occupational and professional groups can specialize in their areas of expertise without interruption from other groups. Economies of scale may be present as each department offers its services to the entire organization. Thus, there is minimal duplication of services as there is only one personnel or engineering departments. For example, in South Dakota, engineering is found in a single department. As a staff function, the engineering department is available to provide engineering

expertise for either the highway, aeronautics, or rail department. In addition, no specialty is submerged.

Functional organization has two disadvantages. First, it may cause organizational myopia. The various specialists may lose sight of the agency's overall mission, almost becoming organizations within organizations. As departments further their interests, it becomes difficult to coordinate efforts. Second, functional organization provides poor training ground for high level management because few managers develop breadth of experience. Further, managers are likely to avoid risks because of the emphasis on control. This may lead to low levels of motivation and commitment within the agency.

In program organization, the second most common structural form, departments are structured around each of the agency's major programs or services. For each program, operational responsibility is delegated to a program director who is in a direct line of authority under the agency head. "The program manager's department contains virtually all of the functional specialties that are needed to deliver the program or service for which it is responsible" (Graham and Hays). Generally, the only central specialties are staff functions such as finance and personnel.

Program organization is most commonly found in social welfare agencies which, by law, administer a variety of distinct programs that are separately funded by the federal government

(Graham and Hays). No present DOT organizational structure would be technically classified as a program organization.

The major advantage of program organization is it fosters coordination of functional activities. The various specialists within a department work together under the supervision of the program director. Since each program is in the hands of one person, no program is likely to be short-changed. An additional benefit is employees tend to have a higher level of job satisfaction because they are more responsible for making decisions. By interacting closely with specialists in other fields, employees are also exposed to a wider scale of attitudes and skills than in a functional organization.

There are several disadvantages associated with program organization. First, duplication of efforts will occur since specialists in particular areas may be found in each department. Second, top management loses a large measure of control. Although the agency director is still responsible for setting overall goals and results, the program director has the responsibility for determining how the work will be done. Third, since management control is decentralized, this form of organization requires a large pool of talented managers. Finally, specialists may lose touch with their field when they deal with specialists from other areas on a routine basis.

The final organizational form, matrix, is designed to combine the advantages of functional and program forms.

> "Functional and program forms of organization are on the opposite ends of the continuum between specialization

> and coordination . . . Functional departmentation emphasized specialization but fosters a high level of internal diversity; program departmentation allows for better coordination of specialists' activities but limits the organization's ability to derive advantages from the division of labor." (Graham and Hays).

An individual is the leader of a program, but draws from specialists in the various functional areas. Program heads are responsible for controlling a project, while functional heads are responsible for technical direction. No DOT is presently structured as a matrix organization.

The greatest advantage of matrix organization is it allows for the effective control of specialists and provides a satisfying work environment. The main disadvantage is it requires individuals to serve two masters. Employees may find themselves caught between the conflicting views of the program and functional directors if there is a lack of communication or cooperation between the two managers.

SUMMARY

Most states have structured their transportation agencies as functional organizations. Functional organization works well in transportation agencies because it facilitates control and allows departments to realize economies arising from specialization of labor. Program or service organizations are not favored because transportation agencies are not organized around specific programs. The next chapter applies the principals of organizational structure to North Dakota's transportation agencies.

CHAPTER FIVE

RECOMMENDED ORGANIZATIONAL STRUCTURES FOR NORTH DAKOTA'S TRANSPORTATION AGENCIES

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.

Up to this point, factors underlying the organization of transportation agencies have been discussed. In Chapter 2, North Dakota's unique transportation needs and requirements were identified. Attempts to restructure transportation must consider the transportation infrastructure, economic activities of the state, demographic factors, state transportation funding, and political considerations. Once the 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 weakness of alternative organizational structures.

Building upon this information, it is recommended that North Dakota reorganize its transportation agencies into a state Department of Transportation (DOT). A proposed DOT organizational structure and the reasons for reorganizing state transportation functions are found in this chapter.

The proposed organizational structure may not be adopted for a variety of reasons. However, there are certain aspects of state transportation management in North Dakota which should be restructured regardless whether the state moves to a DOT form of administration. Thus, the report also includes minimum recommendations should the state choose not to reorganize as a DOT at this time.

Before proceeding, it is important to keep in mind the two principles of organization identified in Chapter 2. 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 the state's unique transportation needs and requirements. Taken together, these principles suggest that it is likely that more than one opinion about the proposed

recommendations will exist. To take account of other opinions, a preliminary draft of this report was circulated among the directors and administrators of the affected agencies and constituent groups. Suggestions from these individuals have been incorporated into the report and copies of their written suggestions and opinions are found in Appendix F.

PROPOSED NORTH DAKOTA DOT

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**.

After examining the reasons for reorganizing and the difficulties which may be encountered when reorganizing, the nature of the five offices within the DOT will be discussed. The following discussion of the proposed organizational structure and reasons for reorganizing is intertwined due to the close relationship between the two.

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 transpor-

tation; (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.** A principal advantage of moving to a DOT form of organization is the explicit recognition that the various transportation modes and networks are interrelated. A state transportation agency should be organized to govern and plan transportation as a whole rather than deal with specific networks or modes.

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, state transportation 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 over transportation programs. Direction is defined to be the "continuous task of making decisions and embodying them in specific and general orders and instructions and serving as the leader of an enterprise" (Graham and Hays). Any governmental agency must be structured to give direction and make decisions. 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 among the different jurisdictions. As a result of previously mentioned changes, it is becoming apparent that problems are such that no one entity can solve its transportation problems without the cooperation of other jurisdictions. Programs must be developed which provide direction by recognizing the differences between the jurisdiction's transportation needs and coordinating the development of the various transportation and highway systems.

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 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. Thus, 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. "The direct reporting relationship between department heads and the top manager implies that clearance must generally be sought before any non-routine actions or decisions are undertaken" (Graham and Hays). 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. As illustrated in Chapter 2, there are continual external forces causing change in a state's transportation system. There is a need to respond to change while maintaining a sense of direction for all state transportation requirements. 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.

Planning is a mechanism which assists management make better decisions in providing the required level of services and meeting economic development needs. This implies that top level management cannot simply administer existing transportation programs. Rather, strategic planners must anticipate change so as to allow the agency administrators to better manage transportation problems. The ability of an administrator to provide direction will depend to a large extent on the capabilities of the agency's planning division.

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.

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. In addition, 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. One official stated, "The DOT is an efficient size organization for business management functions like data processing, financial management, personnel activities, etc."

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. 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.

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. Two minor problems reported were a shortage of space and budgeting.

Smaller transportation agencies in other states resisted the move to a DOT because they felt that their programs may be over-powered in a DOT. Smaller agencies also felt that they may lose power, autonomy, and perhaps funding in a DOT. 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. Intra-agency rivalry or 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.

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. Reorganizing into a DOT should not cause major space problems 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.

OFFICES WITHIN A NORTH DAKOTA DOT

The proposed DOT should be comprised of five offices which are organized in a modified functional form (Figure 5.1). 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.

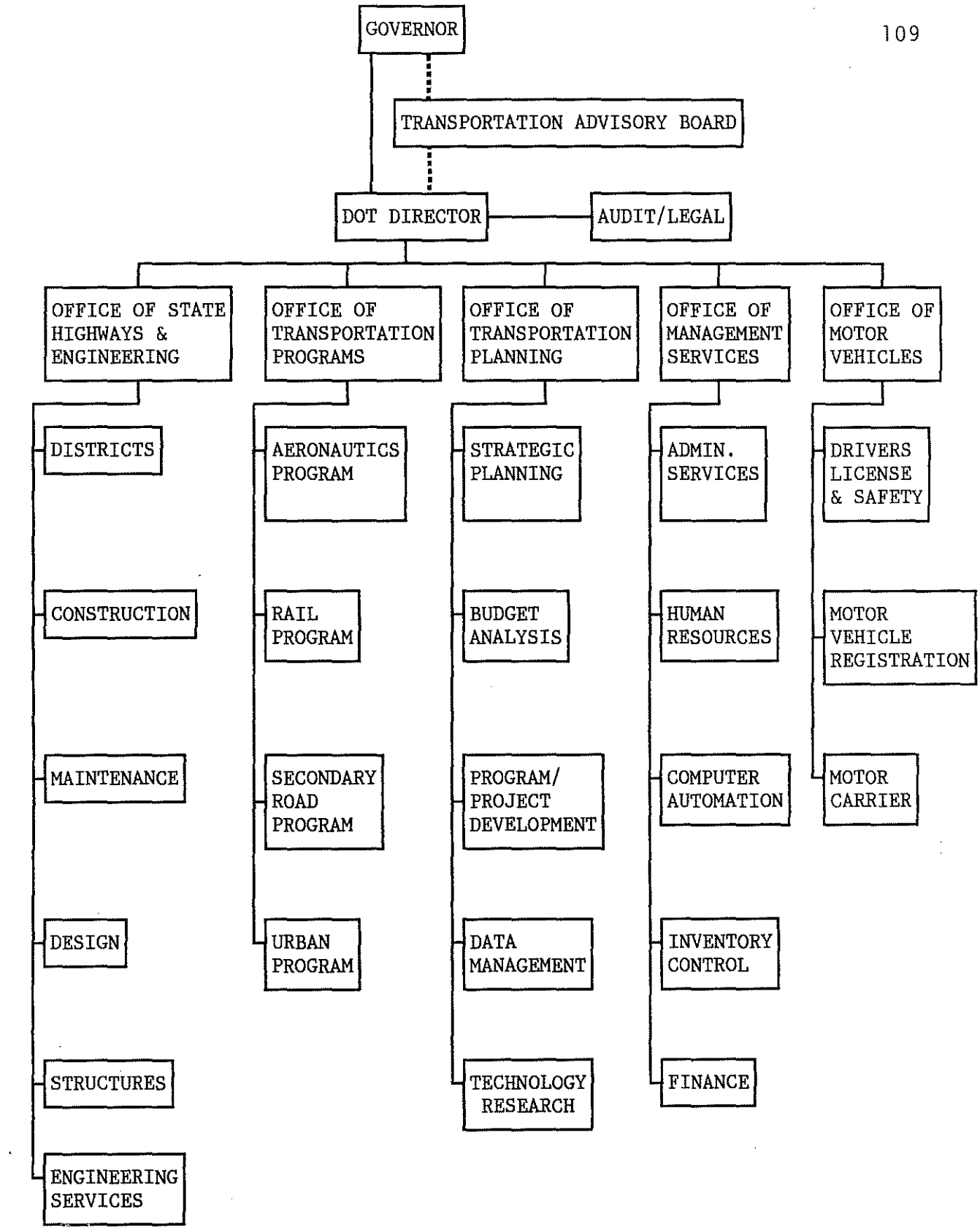

FIGURE 5.1. Proposed Organizational Structure for North Dakota Department of Transportation.

First, coordination will improve because overlaps in the administration of motor carrier programs will be removed. Presently, a motor carrier is subject to Public Service Commission regulation or licensing, obtains permits from the Highway Patrol, has weight and size limitations set by the Highway Department, and registers and prorates trucks with the Motor Vehicle Department. In addition, the State Tax Commissioner may audit motor carrier fuel taxes and the State Fire Marshall administers hazardous materials permits.

The 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.[1] The NGA recommends that one-stop operations for motor carrier registration and taxation be established. North Dakota is said to have one-stop shopping for motor carriers because the four agencies which administer motor carrier programs are located in the Highway Department building or the adjacent state capitol. The staff from the various agencies that deal with the motor carriers do an admirable job of cooperating with the various aspects of motor carrier registration and taxation. However, consolidation of these activities in a DOT Office of Motor Vehicles would lead to better coordination of motor carrier programs.

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[1]If the recommendations of this report are adopted, the restructuring plan should look to the National Governor's Association committee for recommendations on revisions for motor carrier registration and taxation.

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. It is difficult to explain to people why these two functions cannot be handled in one office. In some cases, the functions are not even in the same building. For example, in Fargo, people obtain their drivers license in the Highway Department district office, but go to a separate office building to register their vehicle. Moreover, because the administration of the local Motor Vehicle Department offices may change with different governor's, over time the office has moved around town.[2] People find it to be extremely frustrating to spend time hunting for the right office to pay taxes or fees. Both truckers and citizens must question the organization of government as they go from office to office to deal with seemingly related activities.

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[2]For some reason the phone number for the drivers license division is found under state offices, but the phone number for the Motor Vehicle Department is found in the business section.

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 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.[3] 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

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[3]For further discussion see Transportation Organizational Trends, p. 81.

needs to hire the services of an auditor.[4] 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

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[4]See Appendix F, p. 164 (page 2 of the Ness letter) for the North Dakota Aeronautics Commission's position on this statement.

and assisting direction by providing information to decision-makers.

Planning at the state level must consider the intermodal transportation relationships, changing demographics and economics, evolving technology, and the potential need for a rationalized transportation system. As previously stated, people working with transportation no longer analyze individual modes. Planners must consider how the changes in policies for one mode affect the other modes. The shift in demographics in North Dakota will force the state to make some difficult choices in the future. At some point, the state may need to develop a "minimum maintenance program" for low volume roads, rail branch lines, or little used airports. Finally, state transportation efforts must also coordinate transportation planning with the growing urban areas.

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.

Three other aspects of the Office of Transportation Planning should be briefly addressed. First, the office must work closely with the finance division of the Office of Management Services. In addition to understanding the physical needs of the transportation network, state officials must also have a good understand-

ing of revenue sources. By increasing their understanding of fiscal policies and relationships, the state should be in better position to understand the effects of future changes upon state costs and outlays.

Second, the Office of Transportation Planning should also include the program and project development division. The function of this division will be to prioritize department resources among the various projects. It is envisioned that there will be a very close working relationship between members of this division and the strategic planners, the Office of Transportation Programs, and the engineers and district offices from the Office of State Highways and Engineering.

Third, this office may also be the logical home for research and technology enhancement. The continuing advancements in technology lead to constant changes in the ways in which transportation services are provided. It is envisioned that this agency may conduct in-house research, sponsor independent research, or work jointly with other agencies or states. A major role of the division would be to monitor technological changes and assist other DOT offices and divisions implement appropriate advancements.

OFFICE OF TRANSPORTATION PROGRAMS

The Office of Transportation Programs includes an aeronautics program, a rail program, a 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 constituents.

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 reorganization difficulties are anticipated.

Two important aspects of this division should be pointed out. First, this office will share a close relationship with the Office of Transportation Planning. The Office of Transportation Planning is responsible for long-run strategic planning and setting priorities for the state. The Office of Transportation Programs, on the other hand, is concerned with short-run planning or implementing strategic plans. Second, an important aspect of this office is the contact between this office and various constituencies. A major responsibility of this office will be to work with and resolve problems for various industry groups and other governmental agencies.

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.

As mentioned, the Office of State Highways and Engineering combines staff and line functions. The staff functions are duties which may be classified as the operations function of the Highway Department. This would include the district offices and the construction and maintenance divisions. The line functions, the design, structures, and engineering services divisions, are generally described as pre-design functions. These functions are included in the Office of State Highways and Engineering due to the close relationship between operations and pre-design. Better construction and maintenance can be anticipated if the individuals designing a highway understand the construction and maintenance requirements.

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.

The Office of State Highways and Engineering will be administered by the chief engineer. Since the office combines pre-design and operations functions, it is recommended that there also be two assistant chief engineers, one for each function. The assistant chief engineer for pre-design should coordinate engineering requirements from other divisions or programs.

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 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 the various modes, geographic regions of the state as well as industry, 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.

CONCLUSION

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.

MINIMUM RECOMMENDATIONS

As previously mentioned, 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 5.1) 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.

MISCELLANEOUS ISSUES

Before closing, several tangential issues need to be addressed. The process of reorganization must also consider (1) (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.[5] 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, however, that the Highway Patrol's truck regulatory division should be moved to the DOT as a means to

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[5]For the comments of Colonel Brian Berg, Superintendent of the Highway Patrol, see Appendix F, p. 160.

provide one-stop shopping for motor carriers. An unresolved issue is whether this transfer is limited to regulatory/registration functions or also includes enforcement of truck size and weight regulations. It is arguable whether "truck reg" has enforcement or regulatory/registration responsibilities. Some suggest that enforcement of truck size and weight regulations is not enforcement per se, but rather is an administrative concern.

Proponents favor moving the enforcement of truck size and weight regulations to the DOT because there is a perception that truck inspections have suffered by being housed in the Highway Patrol. They feel that the enforcement of truck size and weight regulations has suffered because the Patrol concentrates its efforts upon enforcing highway speed and safety laws rather than truck size and weight regulations.

The opposing argument is that a separate Highway Patrol and DOT truck size and weight regulatory enforcement division causes a duplication of effort. Enforcement personnel should not ignore serious traffic infractions outside of their job description.

In addition, the federal office of Motor Carrier Safety requires that the lead state agency be a state police or highway patrol for each state involved in the Motor Carrier Safety Assistance Program (MSCAP). Even if the motor carrier division were transferred to a state DOT, the State Patrol would still be required to implement the MSCAP. Thus, some duplication of motor carrier enforcement will exist, regardless of organization.

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 division.

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.

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APPENDIX A

LIST OF INDIVIDUALS INTERVIEWED

INTERVIEW LIST

NAME	AGENCY/POSITION
Dale Sandstrom	Public Service Commission, Commissioner
Leo Reinbold	Public Service Commission, Commissioner
Bruce Hagen	Public Service Commission, Commissioner
Bob Senger	Public Service Commission, Director of Transp.
Jon Mielke	Public Service Commission, Director of Traffic
Brian Berg	Highway Patrol, Superintendent
Dennis Erickson	Highway Patrol, Head Truck Regulatory Division
Gary Ness	Aeronautics Commission, Director
Jack Daniels	Aeronautics Commission, Commissioner
Harold Vavraa	Aeronautics Commission, former Director
Walt Hjelle	Highway Department, Commissioner
Ray Zink	Highway Department, Chief Engineer
Gene Boyle	Highway Department, Management Director
Doug Faiman	Highway Department, Administrative Services Div
Chuck Reimers	Highway Department, Audit and Review Division
Bill Jenning	Highway Department, Bridge Division
Francis Ziegler	Highway Department, Construction Division
David Leer	Highway Department, Design Division
Al Spier	Highway Department, Drivers License Division
Wil Wolf	Highway Department, Engineering Services Div.
Renye Buchholz	Highway Department, Finance Division
Clarence Fisher	Highway Department, Human Services Division
Mike Bothum	Highway Department, Legal Division
John Bjorke	Highway Department, Maintenance & Procurement
Gary Berreth	Highway Department, Planning Division
Charles Gullicks	Highway Department, Program & Project Division
Henry Wisness	Highway Department, Secondary Roads Division
Delane Meier	Highway Department, Computer Services Division
Bruce Larson	Motor Vehicle Department, Registrar
Keith Kiser	Motor Vehicle Department, Assistant Registrar
Dick Elkin	Burlington Northern, former Public Service Commissioner
John Kliethermes	Federal Highway Administration, Division Administrator

APPENDIX B

QUESTIONNAIRE FOR NORTH DAKOTA TRANSPORTATION OFFICIALS

DOT INTERVIEW GUIDE OF:_____

I. AASHTO classifies transportation functions to include: registration, licensing, weight-size regulation, common carrier regulation, safety, planning, enforcement, budgeting, and human resources.

The duties of the five principal transportation agencies are:
Aeronautics Commission: Registration, Licensing, Common Carrier Regulation, Safety, Planning, Enforcement, and Budgeting
Highway Department: Licensing, Weight-Size Regulation, Safety, Planning, Enforcement, Budgeting, and Human Resources
Highway Patrol: Registration, Licensing, Weight-Size Regulation, Safety, and Enforcement
Motor Vehicle Department: Registration, Licensing, and Budgeting
Public Service Commission: Common Carrier Regulation, Safety, and Planning.

1. Are we correct in the initial assessment of the principal transportation functions performed by your agency? Which activities are most and least important to accomplishing you statutory objectives?

2. In what areas, if any, and to what extent does your agency interact with other agencies in the above areas? Are there formal or informal working arrangements with the other agencies? Is this process working? Do you have any suggested improvements?

3. Please identify the benefit gained from continuing to house each of the activities in your agency? Conversely, what are the potential negative effects should an activity be transferred from your agency?

II. MANAGEMENT

1. Planning is working out in broad outline the things that need to be done and the method for doing them to accomplish the purpose set for the organization.

Does your agency routinely establish goals? Does your agency generally accomplish its goals? Is your agency successful in relating to your major constituencies?

Does your agency have an organized planning effort? Is your planning done in-house, with consultants, or both? To what extent does your agency use planning in its decision-making process? Do your planners focus on long-range or short-range planning? What types of management decisions are assisted by the

planning department? Who is most likely to use information provided by the planners?

2. Organizing is the establishment of the formal structure of authority through which work subdivisions, are arranged, defined, and coordinated for the defined work objective.

Please discuss the management efforts by your department to: (1) arrange work into logically connected and manageable units, (2) structure these units in such a manner that work can be accomplished efficiently, and (3) integrating the various units so they do not work at cross-purposes.

Does your organizational structure promote specialization or generalization among your professional staff? Please discuss the span of control within your organization. Can you express a preference for a modal or functional organization for the various areas of responsibility?

3. Staffing is the whole personnel function of hiring and training the staff and maintaining favorable working conditions.

How does your agency manage recruitment and selection? To what extent do you manage employees utilization? Discuss the performance appraisal process. How is good performance rewarded? Does your agency sponsor employee development programs?

4. Leadership consists of directing and coordinating. Directing is the continuous task of making decisions and embodying them in specific and general orders and instructions and serving as the leader of the enterprise. Coordinating is the all-important duty of interrelating the various parts of the work.

Does your agency develop leadership skills in its managers? Are channels open which encourage managers to coordinate activities or are they concerned with the continuity of their programs?

5. Reporting is keeping those to whom the executive is responsible informed as to what is going on, which thus includes keeping himself and his subordinates informed through records, research, and inspection.

How many people (including constituent groups) report to you, and who do your report to? Discuss the types of reports prepared by your agency? given agency objectives, does your agency develop internal controls to assure that such objectives

are met? Is your agency's performance measured by anyone to determine whether you accomplish your goals?

6. Budgeting consists of fiscal planning, accounting, and control.

Briefly discuss the management of the budget process and the agencies you deal with. In your opinion, is the budget used as an active management tool or is its purpose to satisfy accountants?

7. What areas are actively managed in your agency? If some are omitted, please explain why.

8. From your perspective, what is the most important managerial function among planning, organizing, staffing, leadership, reporting, and budgeting for your agency? What is the least important?

III. Commission - If you have basis for opinion, please discuss the advantages and disadvantages of a commission form of organization as opposed to a director form. If you prefer a commission form of organization, to what extent should the commissioners become involved with the activities of the agency?

IV. Do you favor or oppose reorganizing the various state transportation agencies into a DOT? Do you favor or oppose including all or parts of your agency in the DOT? If you favor maintaining the status quo, can you suggest any reorganization for your agency?

V. Can you identify potential cost savings from a reorganization?

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August 17, 1987

Name
Division
State Highway Department
Bismarck, ND 58505

Dear ^F1^,

We are set to meet on Monday August 24 at ^F3^ in your office. I anticipate that the meeting will be over between ^F4^ To help you prepare for the meeting, please consider the following questions.

1. Please briefly identify the overall mission and objectives of your division.

2. How many employees are in your division?

3. Identify the other divisions of the Highway Department or other state agencies that you work closely with.

4. Do you have an organizational chart for your department? How often do you evaluate the organizational structure of your division?

5. Describe any training or educational programs in effect.

6. Does your division routinely establish goals? Does your division have an organized planning effort?

7. Finally, do you favor or oppose reorganizing the various state transportation agencies into a DOT? How will a reorganization affect your division? If you favor maintaining the status quo, can you suggest any reorganization for the highway department?

Please contact my office if you have any questions or need to reschedule the interview.

Sincerely,

Frank J. Dooley

APPENDIX C

SURVEY OF OTHER STATE DOTs AND HIGHWAY DEPARTMENTS

Your responses to the following questions will allow North Dakota officials the benefit of your experience in organizing a DOT. We guarantee that all information received will be kept confidential.

1) Is transportation organized in a DOT?

YES _____
NO _____

2) In what year did your state form a DOT? _____

2a) Since then, how many subsequent major reorganizations have occurred? _____

2b) Please describe the type and date of any reorganizations (e.g., additions, consolidations, spinoffs, etc.)

Type of Reorganization	Date

2c) Why were these reorganizations undertaken?

3) According to AASHTO data, your DOT has jurisdiction over the following transportation functions:

3a) Please correct any mistakes or omissions in the AASHTO data.

3b) Has your state considered adding any other transportation functions to the DOT?

3c) Please identify these functions and indicate the reasons for not including them in a DOT?

4a) What have the positive results of changing to a DOT system been?

4b) What difficulties have arisen as a result of the department's reorganization into a DOT?

4c) In particular, have any modal or constituency groups been more resistent to reorganization?

5) How is the administration organized in your department?

Commission _____
Commissioner _____

6) Discuss the advantages and disadvantages your form of administration has in operating a DOT.

7) Has the level of transportation planning increased since your state formed a DOT?

8) Do you attribute this to the change in organization structure or to other factors?

9) Finally, does your state have a single budget for the DOT or are funds appropriated for specific functions such as highway construction, rail planning, aeronautics, etc.?

10) Please include a copy of your department's current overall organizational structure.

Your responses to the following questions will provide North Dakota officials the benefit of your expertise. We guarantee that all information received will be kept confidential.

1) Has your state ever considered changing from a highway department to a DOT?

_____ YES
_____ NO

If yes, what prevented you from changing?

2a) How many major reorganizations have occurred in your department since 1967? _____

2b) Please describe the type and date of any reorganizations (e.g., additions, consolidations, spinoffs, etc).

Type of Reorganization	Date

2c) Why were these reorganizations undertaken?

3) According to AASHTO data, your department has jurisdiction over the following transportation functions:

3a) Please correct any mistakes or omissions in the AASHTO data.

3b) Has your state considered adding any other transportation functions to the current organizational structure?

3c) Please identify these functions and indicate the reasons for not including in the organizational structure.

4) What mechanisms does your department have to foster coordination with the other agencies that have transportation responsibilities? How effective are these mechanisms?

5) How is the administration organized in your department?

Commission _____
Commissioner _____

6) Discuss the advantages and disadvantages your form of administration has in operating your type of organization.

7) Has the level of transportation planning increased since 1967?

8) Please include a copy of your department's current overall organizational structure.

APPENDIX D

TRANSPORTATION RELATED ASSESSMENTS

MOTOR VEHICLE FUEL TAX

Description: The motor vehicle fuel tax is administered by the Tax Commissioner. Under the motor fuel tax, gasoline is taxed at the rate of 17 cents per gallon. The tax is reduced for certain alcohol blended fuel.

Method of Allocation: Revenues from the Motor Vehicle Fuel Tax are placed in two funds for the purpose of building and maintaining state and local highways in North Dakota. In addition, there is a third fund to which a portion of a tax refund for farmers is deposited. Generally, 16 cents per gallon is placed in the Highway Tax Distribution Fund and 1 cent per gallon is deposited in the Township Highway Aid Fund. Refunds are available for certain users as well as a reduced tax for certain uses. A half cent of the refund available to farmers is withheld and used for developing and promoting alternative uses of agricultural products. This money is deposited in the Agricultural Products Promotion Fund.

SPECIAL FUELS TAX

Description: The special fuels taxes are levied on sales of fuels other than motor vehicle fuel (gasoline). Like the gasoline tax, the special fuels tax is added to the purchase price of the fuel. Special fuel taxes are of two types: the special fuel excise tax and a special fuels tax assessed on a per-gallon basis.

Method of Allocation: The special fuels excise tax is paid directly by the consumer at the time of purchase. All revenue from the 2% tax is placed in the Highway Tax Distribution Fund. The 17 cents per gallon special fuels tax is distributed in a manner similar to the motor fuels tax.

IMPORTERS FOR USE TAX

Description: The Importers for Use Tax applies to gasoline and special fuels which are brought into North Dakota in fuel supply tanks of trucks being used for commercial purposes.

Method of Allocation: Revenue from the Importers for Use Tax is placed in the Highway Tax Distribution Fund.

MOTOR VEHICLE REGISTRATION

Description: Annually a motor vehicle registration tax is collected on vehicle license plates. These funds are primarily

dedicated to the state transportation system. The fee varies depending on the age, weight, and type of vehicle. The 50th Legislative Assembly did increase motor pool registrations by $6. However, $1 of the increase will be in effect for two years to fund a centennial plate issue and $1.25 of the permanent $5 increase will be assessed as a special levy for distribution to the Centennial Commission.

Method of Allocation: Revenue from the motor vehicle registrations is first placed in the Motor Vehicle Registration Fund and then transferred to the Highway Tax Distribution Fund (except for a special $1.25 levy which is placed in the Centennial Commission's revolving fund for one year.)

MOTOR VEHICLE EXCISE TAX

Description: The motor vehicle excise tax is assessed against the purchase price of any motor vehicle purchased for use on the streets or highways of North Dakota.

Method of Allocation: All revenue collected on the sale of vehicles in North Dakota is placed in the general fund. Revenue from the sale of vehicles outside of North Dakota but used in North Dakota is placed in two funds: 50% goes to the general fund and 50% to the Highway Tax Distribution Fund from which the Motor Vehicle Department is funded.

MISCELLANEOUS FEES TO THE HIGHWAY TAX DISTRIBUTION FUND

Description: The following miscellaneous fees are collected by the Highway Patrol:

1) Approved Equipment Permit Fees
2) Truck Overload Fees
3) Moving Permit Fees
4) Escort Service Fees
5) Trip Permit Fees

The following miscellaneous fees are collected by the Highway Department:

1) Drivers License Fees
2) Truck Reciprocity Fees

Method of Allocation: All of the above fees are deposited in the Highway Fund.

AIRCRAFT EXCISE TAX

Description: A one-time tax is imposed on the purchase price or market value of aircraft registered in the state. Agricultural planes are taxed at a 3.0 rate and commercial planes are taxed at a 5.0 rate. The tax applies whether the aircraft is purchased in North Dakota or outside the state. No excise tax is imposed on the resale of aircraft in North Dakota.

Method of Allocation: Revenue from the aircraft excise tax is deposited in the general fund.

AVIATION FUEL TAX

Description: The aviation fuel tax applies to all sales of aviation gasoline, jet motor fuels, and other motor fuels used by aircraft in North Dakota. The tax is added to the purchase price of the aviation gasoline and jet motor fuel, is paid by the purchaser, collected by the seller, and remitted by the seller to the state.

Method of Allocation: Revenue from the aviation fuel tax is deposited in the State Aeronautics Commission Construction Fund and is used for matching grants to local airports. Certain users are eligible for a refund but are subject to an excise tax which is deducted from the refund. The amount of unrefunded income goes into the State Aeronautics Commission Special Fund and is used for operating expenses of the Aeronautics Commission.

MISCELLANEOUS FEES COLLECTED BY THE AERONAUTICS COMMISSION

Description: The following fees are collected by the Aeronautics Commission:

1) Aerial Sprayer License
2) Common Carrier Certificate
3) Registration of Airmen
4) Aircraft Registration

Method of Allocation: Both the aerial sprayer license and the aircraft registration fee are deposited in the general fund and the State Aeronautics Distribution Fund. The aerial sprayer license fee is split with 50% going to the general fund and 50% going to State Aeronautics Commission Construction Fund. For the registration fee, 75% goes to the Construction Fund and 25% to the general fund. The remaining fees of the Aeronautics Commission go to the general fund.

MOTOR CARRIER LICENSE FEES

Description: The Public Service Commission collects a fee for the registration and identification of interstate motor carriers operating within North Dakota.

Method of Allocation: Revenue from the motor carrier license fees is deposited in the general fund.

APPENDIX E

LEGISLATIVE HISTORY OF NORTH DAKOTA TRANSPORTATION AGENCIES[1]

[1]The legislative history was adapted from "Legislative History of North Dakota State Agencies."

NORTH DAKOTA AERONAUTICS COMMISSION

North Dakota Weather Modification Board Transferred S.L. 1981 (3/11/81)

There is hereby created a North Dakota weather modification board which shall be a division of the state water commission.

North Dakota Modification Board Created as Division of the Commission S.L. 1971, Ch. 50 (4/8/75)

There is hereby created a North Dakota weather modification board which shall be a division of the state aeronautics commission. (See weather modification board for more details.)

Commission Shall Have Powers of Airport Authority S.L. 1969, Ch. 81 (3/25/69)

The North Dakota aeronautics commission shall have all the powers of an airport authority, except the powers to certify or levy taxes or issue bonds, for the purpose of constructing and operating airport areas deemed to be in the public interest.

North Dakota Aeronautics Commission Established S.L. 1947, Ch. 1 (3/22/47)

The North Dakota aeronautics commission shall consist of five members appointed by the governor to five-year terms. A director of aeronautics shall be appointed by the commission to serve at its pleasure as the executive officer. The commission duties include general supervision over aeronautics within the state, encouraging the establishment of airports and navigation facilities, cooperating with the federal government and others in the development of aeronautical activities, and intervening on behalf of the state and its citizens in controversies. The commission may act as an agent in accepting and disbursing federal money; and it handles the registration and licensing of pilots and aircraft in the state. The commission may license air schools and their instructors and may hold investigations and hearings on matters under its jurisdiction.

Division of Aeronautics of the Public Service Commission S.L. 1945, Ch. 38 (3/12/45)

There is hereby created a division of aeronautics within the public service commission. The duties and function of the division shall be administered by a committee of aeronautics consisting of five members who shall be appointed by the governor to six-year terms. Duties of the committee include promoting and developing aeronautics, air commerce, and a state system of airways and airports, representing the state in aeronautical matters before state and federal agencies, assisting in the

enforcement of state laws relating to aeronautics and employing a director of aeronautics.

Board of Railroad Commissioners to License Airmen and Aircraft S.L. 1929, Ch. 85 (3/8/29)

The board of railroad commissioners (which later became the public service commission) shall license airmen and aircraft (excepting government-owned aircraft) and shall make necessary regulations including air traffic rules.

HIGHWAY DEPARTMENT

Creation of North Dakota State Highway Department S.L. 1953, Ch. 177 (3/20/53)

There is hereby established a state highway department known as the North Dakota state highway department. It shall consist of a state highway commissioner, a chief engineer, and other employees necessary to carry out the purpose of this Act. The state highway commissioner shall be appointed by the governor, to serve at his pleasure, and have full control of the department.

State Highway Commissioner Replaces State Highway Commission in Control of Highway Department S.L. 1933, Ch. 125 (2/14/33)

An Act to repeal chapter 153 of the 1931 Session Laws. the office of state highway commissioner is hereby established. Such commissioner shall be appointed by the governor for three-year terms. It shall be the commissioner's authority to have full control of all highway department duties (abolishing the state highway commission).

Chief Highway Commissioner to be Chief Executive of Commission S.L. 1931, Ch. 153 (3/11/31)

An Act repealing chapter 158 of the 1927 Session Laws. A state highway commission is hereby created consisting of three members appointed by the governor, one of whom shall be appointed as chief highway commissioner who shall be chairman of the commission. Terms shall be for three years. The commission shall have full control of any state highway department or state highway commission. The chief highway commission shall be the chief executive and administrative officer of said commission.

Membership of State Highway Commission Changed S.L. 1927, Ch. 158 (3/10/27)

An Act creating a state highway commission which shall consist of the governor as ex officio chairman and two others appointed by the governor for four-year terms.

The state highway commission shall have full control of the state highway department and the registrar of motor vehicles.

Creation of Department of State Highways S.L. 1927, Ch. 159 (3/10/27)

An Act creating the department of state highways which consists of a chief engineer and others necessary to carry out its duties in regard to the state highway system. The department of state highways shall be under the control of the state highway commission. Powers and duties herein conferred on the department of state highways shall be exercised solely through the state highway commission.

Motor Vehicle Registration Department Created Spec. Sess., S.L. 1919, Ch. 44 (12/12/19)

A motor vehicle registration department of the state highway commission is established for the purpose of taxing and licensing motor vehicles.

State Highway Commission Replaces the State Engineer in Duties S.L. 1919, Ch. 141 (3/7/19)

An Act transferring all decision making authority concerning the North Dakota road system from the state engineer to the state highway commission.

Registration Clerk S.L. 1919, Ch. 182 (3/3/19)

Registration clerk under authority of the state highway commission. (See also the motor vehicle department.)

Membership of State Highway Commission Changed S.L. 1917, Ch. 131 (3/5/17)

A state highway commission is created consisting of the governor, the state engineer, the commissioner of agriculture and labor, and two members appointed by the governor. This Act also establishes state aid for the establishment, construction, maintenance, and repair of public roads and bridges. The state engineer, under authority of the commission, shall make a general highway plan of the state and determine the character of other roads and bridges built or improved under this Act.

Creation of State Highway Commission S.L. 1913, Ch. 179 (3/10/13)

An Act, creating a state highway commission consisting of the governor, state engineer, and one other person appointed by the governor. Duties shall include preparation of plans and specifications for construction and improvement of roads, maps, and surveys. The state engineer shall superintend construction

when requested to do so by any jurisdiction wanting such construction or advice.

Duties of County Superintendent of Highway S.L. 1911, Ch. 145 (2/24/11)

The board of county commissioners may appoint a competent engineer or practical roadbuilder to be known as the county superintendent of highways. The superintendent shall survey, superintend, and inspect the construction and maintenance of roads and ditches connected with highway construction.

Where the county superintendent of highways has been appointed, the offices of township road overseer and county road superintendent are hereby abolished. The county superintendent of highways may appoint a competent roadbuilder as deputy county superintendent of highways. He shall have charge of all roads in the township. This Act imposes upon the county superintendent and his deputies the duty of maintaining highways within a county not included within a city or village.

Duties of Overseer of Highways S.L. 1883, Ch. 112 (3/9/83)

The supervisors in the several towns in this territory shall have the care and superintendence of roads and bridges therein, shall give direction for repairing towns into road districts, and shall assign to each of the road districts the inhabitants liable to work on the highways.

Each overseer shall then get a copy of a list containing the names and number of days assessed to each person, and a listing of land and personal property road taxes. The overseer is responsible for seeing that the road maintenance is done in his district.

The same powers and duties imposed upon town supervisors are also imposed upon city councils in the cities of the territory. The city council shall appoint an overseer of roads for each road district in the city.

Every road located by territorial or county authority is a county road and shall be changed only by order of the county commissioners as provided for in this chapter. The board of county commissioners must approve the location, establishment, change, or vacation of any highway running into more than one town of the county and not within limits of an incorporated city. The town supervisors are responsible for the changes in the part of the county road where it is in their bounds.

When twenty voters in two or more counties ask for a road to be laid through two or more counties, the district court judge appoints three commissioners to see to laying out such a road.

Establishment of Roads by Consent S.L. 1883, Ch. 67 (Received at Executive Office 2/1/83)

Public roads may be established provided the written consent of the landowners whose land is used is filed in the county clerk's office, and if the board of county commissioners feels the road is warranted.

Appointment of Five Road Commissioners to Locate and Build Roads S.L. 1870, Ch. 40 (1/13/71)

It is enacted by the legislative assembly of the territory of Dakota that five commissioners are appointed to build and maintain roads in certain locations when deemed necessary by residents.

Board of Commissioners Able to Use Fields to Open Roads S.L. 1867, Ch. 1 (1/11/67)

The board of commissioners shall have power to lay out and open a road through improved fields in any organized county of this territory, when in the opinion of said board the public convenience requires it.

County Commissioners to Appoint Road Supervisors S.L. 1866, Ch. 25 (1/11/66)

At the annual meeting of the county commissioners it shall be the duty of the board of county commissioners of each of the organized counties of the territory to apportion their counties into road districts and to appoint a road supervisor for each district.

Each supervisor shall make a list of all male residents eligible for two days of road labor annually. Between April and December the supervisor shall order out every person subject to road labor in the district.

HIGHWAY PATROL

Governor Appoints Superintendent S.L. 1967, Ch. 295 (3/15/67)

The governor appoints the state highway patrol superintendent to enforce state highway laws. The superintendent, with the governor's approval, appoints the assistant superintendent and the necessary patrolmen.

Creation of Safety Division S.L. 1963, Ch. 267 (3/18/63)

There is hereby created a safety division within the state highway patrol for the purpose of reducing the danger of travel on the highways. The director of the safety division shall be appointed by the superintendent of the highway patrol.

Governor Appoints Superintendent and Assistant Superintendent S.L. 1951, Ch. 237 (3/5/51)

The governor shall appoint a state highway patrol superintendent and an assistant highway patrol superintendent to enforce laws relating to the protection and use of state highways. The superintendent, with the approval of the governor, may appoint no more than forty patrolmen.

Creation of Highway Patrol S.L. 1935, Ch. 148 (3/12/35)

There is hereby created a state highway patrol, and the highway commissioner with the governor's consent, is to appoint the state highway patrol superintendent and an assistant highway patrol superintendent. Their duty is to enforce provisions of state laws relating to public highways and the operation of vehicles upon said highways. The state highway patrol superintendent can appoint no more than ten persons who shall constitute the highway patrol. They will hold office at the pleasure of the superintendent.

MOTOR VEHICLE DEPARTMENT

Governor Appoints Registrar of Motor Vehicles S.L. 1951, Ch. 236 (3/15/51)

The governor shall appoint a registrar of motor vehicles to serve for a two-year term. The registrar may, with the governor's approval, adopt and enforce administrative rules and regulations and designate such agencies and establish such branch offices as may be necessary to carry out laws. He shall provide suitable forms for applications, registration cards, license number plates, and all other necessary forms.

Abolish Department of Motor Vehicle Registration S.L. 1933, Ch. 160 (3/7/33)

The department of motor vehicle registration, as a separate department, and the office of the registrar, was created in the 1927 Session Laws, chapter 179, are hereby abolished.

The state highway commissioner shall appoint a suitable person to act as registrar of motor vehicles for a term of two years. The state highway commissioner shall provide the registrar with all office supplies necessary to carry out the duties of his office and such additional help as may be needed.

The office of the registrar shall be open and accessible to all applicants for vehicle licenses and to all persons desiring information regarding the records of his office. The registrar shall handle the applications for granting of vehicle license.

Creation of Department of Motor Vehicle Registration S.L. 1931, Ch. 186 (3/12/31)

The office of registrar of motor vehicles is abolished and is replaced with a department of motor vehicle registration.

Creation of Office of Registrar of Motor Vehicles S.L. 1927, Ch. 179 (3/7/27)

There is hereby created the office of registrar of motor vehicles, the holder of the office to organize and be in charge of the vehicle department of this state, and to be appointed by the state highway commission for a two-year term. It shall be the duty of the department and all officers therein to enforce the provisions of this Act.

The registrar is authorized to adopt and enforce rules and regulations and to designate such agencies and employees as may be necessary to carry out the provisions of this Act. He shall provide applications, registration cards, license number plates, and all other necessary forms. All registration and license records in the office shall be public and open for inspection; and all moneys collected by the registrar shall be paid into the state treasury and covered into the state highway fund.

It shall be the duty of every county superintendent of highways, when such are appointed, and otherwise the board of county commissioners, sheriffs, and other county road or police officers, and of police offers of cities and villages to enforce the provisions of this Act.

Registration of Motor Vehicles S.L. 1925, Ch. 167 (3/7/25)

Every motor vehicle shall be registered annually, with each set of tags being valid until the thirty-first of December following the registration date. (This was changed by 1969 Session Laws, chapter 336, making the expiration date of tags March thirty-first and the renewal date April first.)

All moneys received into the state treasury under the provisions of this Act for highway purposes, shall be expended under the supervision and direction of the state highway commission and the motor vehicle registration department. An annual sum shall be set apart to defray expenses of the state highway commission in maintaining the motor vehicle registration department.

Highway Commission Appoints Motor Vehicle Registration Clerk S.L. 1919, Ch. 182 (3/3/19)

The state highway commission shall appoint (on the nomination of the secretary of the commission) a suitable person to act as motor vehicle registration clerk. The registration clerk shall have an office at the state capitol, in connection with the offices of the commission. The clerk's offices shall be open to all applicants for motor vehicle licenses during reasonable office hours. With the approval of the commission, the secretary shall appoint all such deputies and assistants as he may deem

necessary for carrying out the purposes of this Act, to be paid out of the state highway fund.

Every vehicle owner, before driving his motor vehicle upon the public highways, shall file an application for the registration of such vehicle in the state highway commission office. The registration clerk shall render to the state treasurer monthly reports showing an account of all moneys received during the preceding year as licensing fees. The money shall be paid into the state treasury for the state highway fund.

Secretary to State Registers Motor Vehicles S.L. 1911, Ch. 6 (3/17/11)

Every owner of a motor vehicle which shall be operated or driven upon the public highways of this state shall file an application for registration in the office of the secretary of state.

Upon receipt of motor vehicle registration applications, the secretary of state shall file such applications in his office and register the vehicles with the name and address of the owner under a distinctive number assigned to each vehicle. A fee shall be collected by the secretary of state upon the registration of each vehicle.

Monthly, the secretary of state shall pay into the county treasury to the account of a special road maintenance fund all moneys received by him from owners of motor vehicles. From this fund a sufficient amount must be retained for the purchase of tags and registration books.

It is the duty of the county superintendent of highways and deputy county superintendent of highways (when such are appointed) and otherwise the board of county commissioners and all city and village police to enforce these registration provisions.

PUBLIC SERVICE COMMISSION

An Act Clarifying Regulation of Railroads S.L. 1977, Ch. 443 (3/12/77)

An Act clarifying the regulatory powers of the public service commission over all railroads in North Dakota and repealing most earlier laws regulating railroads.

Some Agricultural Commodities Exempt From Regulation S.L. 1971, Ch. 461 (3/27/71)

Dairy commodities, poultry, and livestock are exempt from commission regulation of transportation of agricultural commodities.

Commission No Longer Has Power to Allow Differences in State Charges By Common Carriers S.L. 1963, Ch. 322 (3/14/63)

An Act to repeal the commission's power to order, authorize, and permit any common carrier to charge different rates on the transportation of goods within the state.

Coal Pipelines Also Regulated By Public Service Commission S.L. 1963, Ch. 325 (3/18/63)

The jurisdiction of the commission shall extend to cover pipelines for the transportation of coal as well as gas, oil, and water.

Division of Aeronautics Created Within Public Service Commission S.L. 1945, Ch. 38 (3/12/45)

There is hereby created a division of aeronautics within the public service commission. The duties and functions of the division shall be administered by a committee of aeronautics consisting of five members who shall be appointed by the governor. (This Act was replaced with the North Dakota aeronautics commission separate from the public service commission in 1947.)

Board of Railroad Commissioners Becomes the Public Service Commission Const. Meas. 1941, Art. 57 (6/25/40)

There shall be elected . . . three public service commissioners . . . who shall have qualifications of state electors and shall be at least twenty-five years of age. The commissioners shall hold their offices for staggered terms of six years. The board of railroad commissioners shall hereafter be known as the public service commission and the members of the board of railroad commissioners shall be known as public service commissioners. Powers and duties now or hereafter granted to and conferred upon the board of railroad commissioners are hereby transferred to the public service commission. (Approved 67,294 to 57,239.)

Regulation of Rates S.L. 1933, Ch. 220 (3/9/33)

In addition to powers they already possess, the board of railroad commissioners is vested with the power to supervise and determine rates of all associations, firms, persons, and agencies engaged in business usually conducted by telephone and telegraph companies, gas, oil, and water pipeline companies, and light, heat, and power companies. When petitioned, the board shall try to negotiate with the utility companies to arrive at a reasonable rate.

Aircraft and Airmen Regulated by Board S.L. 1929, Ch. 85 (3/8/29)

An Act regulating the licensing of aircraft and airmen by the board of railroad commissioners. (Later changed to the North Dakota aeronautics commission.)

Special Assistant Attorney General May Be Appointed S.L. 1927, Ch. 231 (2/12/27)

The board may designate a special assistant attorney general as commerce counsel of the board.

Board to Regulate Bus Systems, Taxis, Etc. S.L. 1923, Ch. 136 (3/6/23)

An Act providing for the regulation and supervision by the board of railroad commissioners of the transportation of persons and property for compensation over any public highway by motor propelled vehicles.

Commissioners to Be Full Time Spec. Sess., S.L. 1919, Ch. 49 (12/10/19)

An Act requiring the railroad commissioners to work full time on the work of the board.

Jurisdiction of Regulatory Powers Expanded S.L. 1919, Ch. 192 (3/5/19)

The jurisdiction of the railroad commissioners shall extend to and include common carriers, railroads, street railroads, express companies, toll bridges, ferries, and steamboats transporting freight and passengers, telegraph and telephone companies, electric companies distributing heat, light, or power, warehouse, packing and cold storage companies for food and agricultural products, stockyard companies, and all other public utility corporations. The commissioners are given the power to investigate all methods and practices of public utilities and see that state laws and regulations are upheld. If the rates and charges of utility corporations are felt unjust, the commissioners may order a change.

Freight Rates to Be Adjusted By Board S.L. 1911, Ch. 240 (3/3/11)

It shall be the duty of the board to adjust all claims for overcharges and losses in freight, freight charges, or fares.

Train Wrecks to Be Examined S.L. 1907, Ch. 205 (3/7/07)

The commissioners are to examine the causes of all train wrecks and report biennially to the legislature.

Bridges and Ferries to Be Regulated S.L. 1897, Ch. 115 (3/8/97)

The commissioners of railroads shall have general supervision of all railroad corporations, railroads, steam operated common carriers in the state, and bridge and ferry corporations. Every carrier shall make semiannual reports to the commissioners regarding the safety of their bridges and ferries. The commissioners may also inquire into the management of all railroads and carriers.

Board to Inquire Into Management of Common Carriers S.L. 1890, Ch. 122 (3/19/90)

It shall be among the duties of the railroad commissioners to inquire into the management of the business of all common carriers. One commissioner shall visit the various stations as often as practical. The commission may bring suit against a railroad if it fails to comply with state laws.

Constitutional Mandate Const. 1889, Art. III, Sec. 82 (10/1/89)

There shall be chosen by the electors . . . three commissioners of railroads who shall be twenty-five years of age and hold terms of two years.

Territorial Board of Railroad Commissioners S.L. 1885, Ch. 126 (3/6/85)

The governor, with advice and consent of the council, shall biennially appoint three competent persons to two-year terms to constitute a board of railroad commissioners. The commissioners shall have general supervision of all railroads in the territory, and shall inquire into any neglect or violation of the laws of the territory by any railroad corporation. From time to time, the conditions of each railroad in the territory are to be inspected by the commission as well as management procedures. In cases of a justified complaint or an injustice, the commission may take regulatory actions.

Duties and Powers of Railroads in Dakota Territory S.L. 1879, Ch. 46 (2/18/79)

An Act delineating the duties, organization, and powers of railroad corporations in Dakota territory.

Railroads to Regulate Themselves S.L. 1863, Ch. 67 (1/9/64)

(This Act was repealed in 1866 in regard to the Minnesota and Dakota railroad company but the general provisions were not repealed.) An Act incorporating the Minnesota and Dakota railroad company. It shall be a body corporate and politic. It may maintain and operate a railroad and may regulate the time, rates, and manner in which persons and goods shall be transported on the railroad.

APPENDIX F

OFFICIAL COMMENTS TO PROPOSED REORGANIZATION

NORTH DAKOTA HIGHWAY PATROL

NORTH DAKOTA AERONAUTICS COMMISSION - Gary Ness

NORTH DAKOTA AERONAUTICS COMMISSION - Jack Daniels

NORTH DAKOTA STATE TREASURERS OFFICE

FEDERAL HIGHWAY ADMINISTRATION

Governor
George A. Sinner

Superintendent
Brian C. Berg

North Dakota Highway Patrol

State Capitol -- Judicial Wing
Bismarck, North Dakota 58505-0155
(701) 224-2455

NORTH DAKOTA CENTENNIAL

8 April 1988

Mr. Frank J. Dooley
Upper Great Plains Transportation
Institute
North Dakota State University
Box 5074
Fargo, ND 58105

Dear Mr. Dooley:

Thank you for the opportunity to review your report regarding the study of a DOT department for the state of North Dakota. I do have some comments I would like to share with you concerning the report.

First of all, I don't feel there are necessarily any errors in the information listed; however, I feel the function of our field officers is not totally understood. I feel separating the enforcement unit of the motor carrier division would be damaging to both traffic and motor carrier enforcement. As an example, sixty-seven of our road officers apprehended overloads last year. This has a far reaching deterrent effect when so many officers are willing to pursue and apprehend overloads. On the other hand, our motor carrier patrolmen investigated traffic accidents, and apprehended law violators, to include drunk drivers, speeders, and other criminal violators. It is true the officers become quite diversified; but I feel, considering the economical state of North Dakota, it is a diversity North Dakota's citizens need.

We have also implemented the MCSAP program, which has involved approximately twelve thousand semi inspections over the past two years. This program has involved both traffic and motor carrier patrolmen as well as inspectors at the weigh/inspection stations.

The federal office of Motor Carrier Safety requires the lead state agency to be a state police or highway patrol for each of the states involved in the MCSAP Program. Therefore, if the motor carrier division were transferred to a Department of Transportation, the North Dakota Highway Patrol would still be required to implement the MCSAP Program in North Dakota. If this were to happen, North Dakota would have two state agencies duplicating enforcement efforts for motor carrier enforcement.

On page fifty-eight of the report you allude to eight appointments of individuals with transportation related duties. Most of those appointments serve at the will of the Governor, so in essence, they are under one form of government and it is within the Governor's purview to assure those agencies do cooperate for the best service to the public.

On page sixty-one you address the issue of the Highway Department classifying highways. I think for that precise reason it is valuable to have an agency separate to enforce those restrictions. This would support your overall philosophy of the enforcement function being separate from the regulatory function.

On page sixty-three you stated the Highway Department is the only agency with a human resource division. I feel this is a play on terminology as the North Dakota Highway Patrol has a very active personnel and training division. This division functions to protect employee benefits; improve training for better job performance; revise and implement evaluation procedures; recruit, hire, and train new employees; and basically serve the department and employees' needs such as a human resource division does.

On page seventy-one there is reference to no guarantee that cooperation will continue among agencies and possibly the public may get caught in the middle, causing a deterioration of service. I again feel with the Governor controlling most of these agencies, there is a place for intervention by a higher authority.

The one-stop shopping for service is an excellent approach; one which North Dakota has been very concerned about for some time and strives to make the customer's visit as convenient as possible. If a survey were sent to the consumer, I feel it would reveal North Dakota is probably one of the most efficient and well coordinated shops for these functions nationwide.

I do agree with the comments on page ninety-five where some duties not related to enforcement could be incorporated. However, our motor carrier patrolmen are very actively engaged in enforcement, as are the employees at the weigh/inspection stations. Our inspectors enforce restrictions and load limits established by the Highway Department. I feel the issuance of permits has been greatly enhanced with all available sworn and nonsworn employees being able to issue all types of permits for the truckers, permitting them access to availability of services.

If functions were separated, it would be necessary to continue a so-called liaison officer between enforcement and regulatory agencies.

It is of the utmost importance in rural North Dakota to bring the services to as many rural areas as possible and not confine these services only to the larger areas.

Enclosed is the information concerning the dates and times I will be available for the next meeting.

Sincerely,

Brian C. Berg

BRIAN C. BERG
Colonel, NDHP
Superintendent

BCB/gs
Enclosure

STATE OF NORTH DAKOTA

AERONAUTICS COMMISSION

BOX 5020 - BISMARCK, N. DAK. 58502

Telephone:
(701) 224-2748

May 3, 1988

Upper Great Plains
Transportation Institute
Frank J. Dooley
112 Morrill Hall
Box 5074
Fargo, ND 58105

REF: "Comprehensive Review"
Report No. 65

Mr. Dooley:

Pursuant to your letter of March 24th, the Commission would like to point out some technical inaccuracies.

A. Page 56; (figure 3.5) NDAC organizational chart is in error. Chart published in Summary Report of Programs and Funding Sources, is attached as "Exhibit "A".

B. The "Portfolio Poliy" statement (page 57) is correct. However, the statement on page 70, " ---Commissioners seem to be much more involved in operational details---" is perceptually incorrect. The Commission role as a policy/advisory body did not change in 1986 with the adoption of the "Portfolio Policy". The operational duties of the Director and staff were not amended to include the Commission into a day to day operation. It's purpose, which it fulfills, as stated "to take advantage of expertise---", was accomplished formally.

C. Planning and Engineering Services. On large projects, the Commission does rely on the private consulting sector for this service.

1. However, as depicted on our organizational chart we have an Aviation/Airport Planner, state classification of Engineer Technician IV, on staff. About 40% of this position is related to planning and engineering design assistance to the states 102 public use airports to promote the state's 50% airport grants and insure safe airport facility construction. Last year, this agency billed and was reimbursed for 1100 hrs. of planning assistance to the State Aviation System Plan conducted under a Federal Aviation System Planning Grant of which relates to additional 40% of his time for airline/commuter service development. Therefore, over 80% of this staff position is solely planning and remaining time for programming into results.

2. The Administration Officer III and Aviation Planner are responsible for the safety inspections of 96 public use airports in North Dakota. Their consulting role on airport design, safety criteria, airspace clearance and pavement/surface management to these municipalities is planning and engineering. This inspection function of the staff directly relates to the administration of the secondary airport construction fund grants. The fact that the planner is responsible for grant application programming and the Adm. Officer III is responsible for the payments, the absence of the division approach makes the whole process simple and cost effective for both the agency and the local sponsors.

3. In relation to the planning process, the agency assists the aircarrier airports in formulating marketing feasibility studies for increased air service. These studies have been presented to the major airlines by a combination of state, local and Canadian representatives for additional or new routings into the region. This last year the agency has assisted or has been directly involved in 5 major marketing efforts. Coordination with 9 commuter carriers over the last year on the feasibility of better in-state air service has taken place in order to stimulate the economy through the addressing the ease of travel between N.D. cities.

D. Policy Decision Making - on page 34, the statement, "second, independent Commission such as the Aeronautics Commission makes important policy decisions outside of governor's office", is unclear and misleading whether the NDAC or the Milk Commission is named. The Commission has guidelines by the NDCC or Rules and Regs of the Agency. I can not envision any policy decision that would affect the state or Governor adversially taking place without first discussing that decision with the appropriate individual(s). I suggest that this statement be withdrawn from further publication.

E. Office of Management Services - On Page 110; quote "For example, the Aeronautics Commission is considering whether it needs to hire the services of an auditor". I have to believe you've confused the NDAC with someother agency. We have no need for an internal auditor, the only FTE not presently filled is a Clerk III position. Any needed auditing internally is performed by existing staff or the State Auditor's Office.

F. Forecasting Needs - Four years ago the NDAC recognized the need for future funding projections. A priority system was developed to assist the Commission with the investment of grant monies. The total system was appraised for need and projections outlined to 2000 which present Airport Inventory/Financial Feasibility Planning Studies. The qualification not only took the political favor out of decision making, but put together a planned maintenance and repair criteria for future development. Aeronautics Commission grant allocations are made with the future projects in mind as to save revenues to match these needs. The quote on page 112 "at some point ---- "minimum maintenance program" is in effect within agency. Approximately 75% of the current funds goes toward preservation and 25% to match expansion. The federal program is used to totally rebuild 2 to 3 airports annually.

The statements on Page 15; The statements "Future air service to some North Dakota cities is contingent upon federal subsidy programs. The future funding of such programs is at best questionable in light of continued federal budget deficits", are not accurate since the most important air transportation bill passed over the last 4 years in Congress occured in December 1987 by 385-14 vote. This vote of overwhelming support for airport improvements and federal air service subsidy programs affecting North Dakota communities has been renewed for a 10 year term.

The statement on Page 24, "Finally, state sponsored airport development may be a poor investment unless an adequate road network is also present". This infers that the Commission does not recognize this relationship, which is false. Under the state program and the federal program, access road development and access in general has a high priority in the planning of airports. Access roads are eligible for funding along with airport site development. This has not been a problem and the future problems are negligible because of forsight in the past planning procedure.

G. Human Resources - The Commission prepares and coordinates for the general aviation and commercial service airport construction projects the MBE/WBE federal prerequisite plans to assure that all federal requirements are met to qualify for grant monies.

TECHNICAL CORRECTIONS: (See Attached)

Exhibits B thru G: These exhibits are prepared to show corrections to tables or figures as published in UGPTI Report No. 65.

CONCLUSION:

In review of the research design, the fact that no aviation groups were polled is a concern. The most visible source would be the Aircraft Owners and Pilots Association (AOPA). AOPA is a national organization with great involvement in federal and state aviation agency activities and functions. Contact Person:

Stephen R. Bassett, VP
Office of State Affairs
421 Aviation Way
Federick, Maryland 21701
Phone: 301-695-2000

Another recommended source is the National Association of State Aviation Officials (NASAO). Contact Person:

Robert T. Warner, Ex. VP
NASAO
777 14th St. NW, Suite 717
Washington, D.C. 20005
Phone: 202-783-0588

In relationship to aviation in the research design and reference material, we find no mention of direct contact or survey of other state aviation agencies. The data seems to emminate from existing DOT's.

Finally, on Page 3 in reference to the Federal Level and the creation of the U.S. DOT in 1967, may we refer to Exhibit F attached. In relation to aviation and the DOT, the "Aviation Safety Commissions" final report and recommendation, we're attaching the cover letter to President Reagan and the Executive Summary of that report.

Over the last 40 years, the North Dakota Aeronautics Commission has functioned effectively and economically with positive reaction to the needs of the industry without bureaucratic backlogs. We find that any change in that management style would not be beneficial to N.D. aviation.

Sincerely,

Gary R. Ness,
Director

GRN:mw

Enc.

EXHIBIT A

STATE OF NORTH DAKOTA

AERONAUTICS COMMISSION

ORGANIZATION CHART

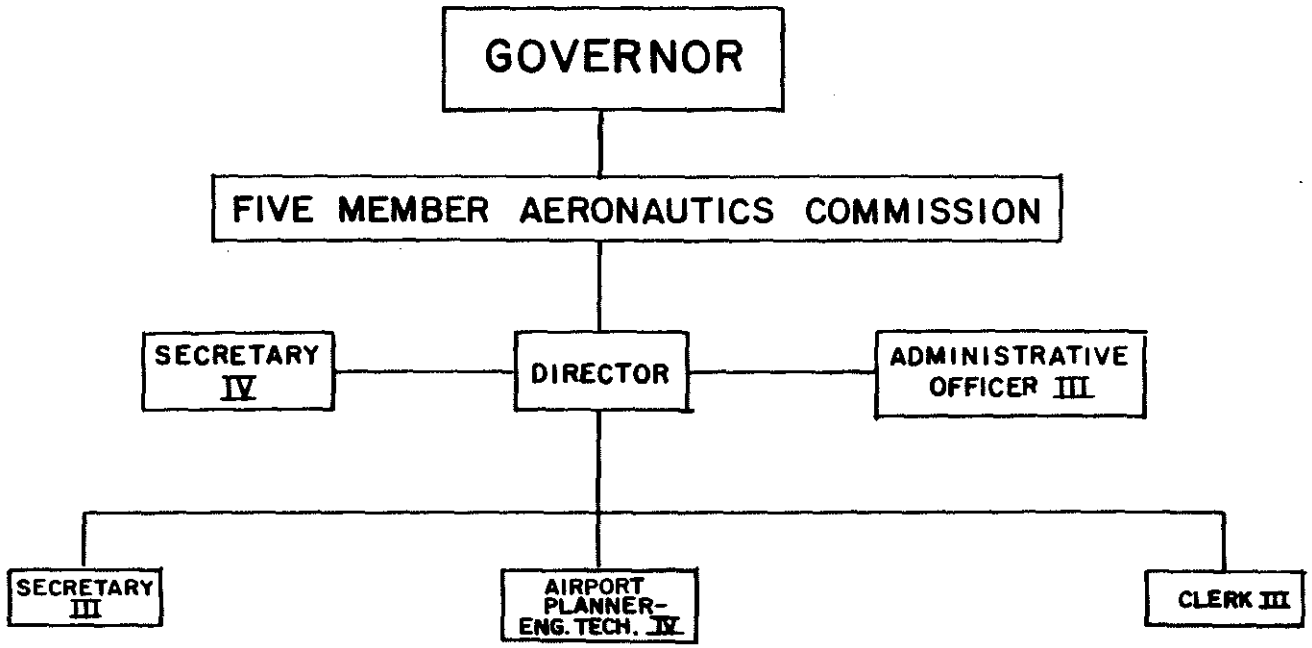

EXHIBIT B: Table 2.5 (Page 27)

Addition to NDAC Statutory Authority

TABLE 2.5. Statutory Authority for Taxes and Fees by Agency

Agency Tax/Fee	Statutory Authority	
Aeronautics Commission		
Air Transportation Lease Holdings Tax	NDCC	57-32.1-05
Aircraft Excise Tax	**NDCC**	**57-40.5-02**
Aviation Fuel Tax	NDCC	57-43.3-02
Aerial Sprayer License	NDCC	2-05-18
Aircraft Registration	NDCC	2-05-11
Common Carrier Certificate	NDCC	2-05-15
Registration of Airmen	NDCC	2-05-10
Aircraft Dealers	NDCC	2-08-01
Highway Department		
Drivers License Fees	NDCC	39-06-49
Truck Reciprocity Fees	NDCC	39-19-01
Highway Patrol		
Approved Equipment Permit Fees	NDCC	39-12-02
Truck overload Fees	NDCC	39-12-02
Escort Service Fees	NDCC	39-12-02
Moving Permit Fees	NDCC	39-12-02
Trip Permit Fees	NDCC	57-43.1-40
Motor Vehicle Department		
Motor Vehicle Registration	NDCC	39-04-19
Motor Vehicle Excise Tax	NDCC	57-40.3-02
Public Service Commission		
Motor Carrier License Fees	NDCC	49-18-41.1
Tax Commissioner		
Motor Vehicle Fuel Tax	NDCC	57-43.1-02
Special Fuels Tax	NDCC	57-43.2-02
Importers Use Tax	NDCC	57-43.1-43

SOURCE: Office of Management and Budget. "Transportation Related Assessment, Revenues, and Appropriations". Unpublished report, Bismarck, 1987.

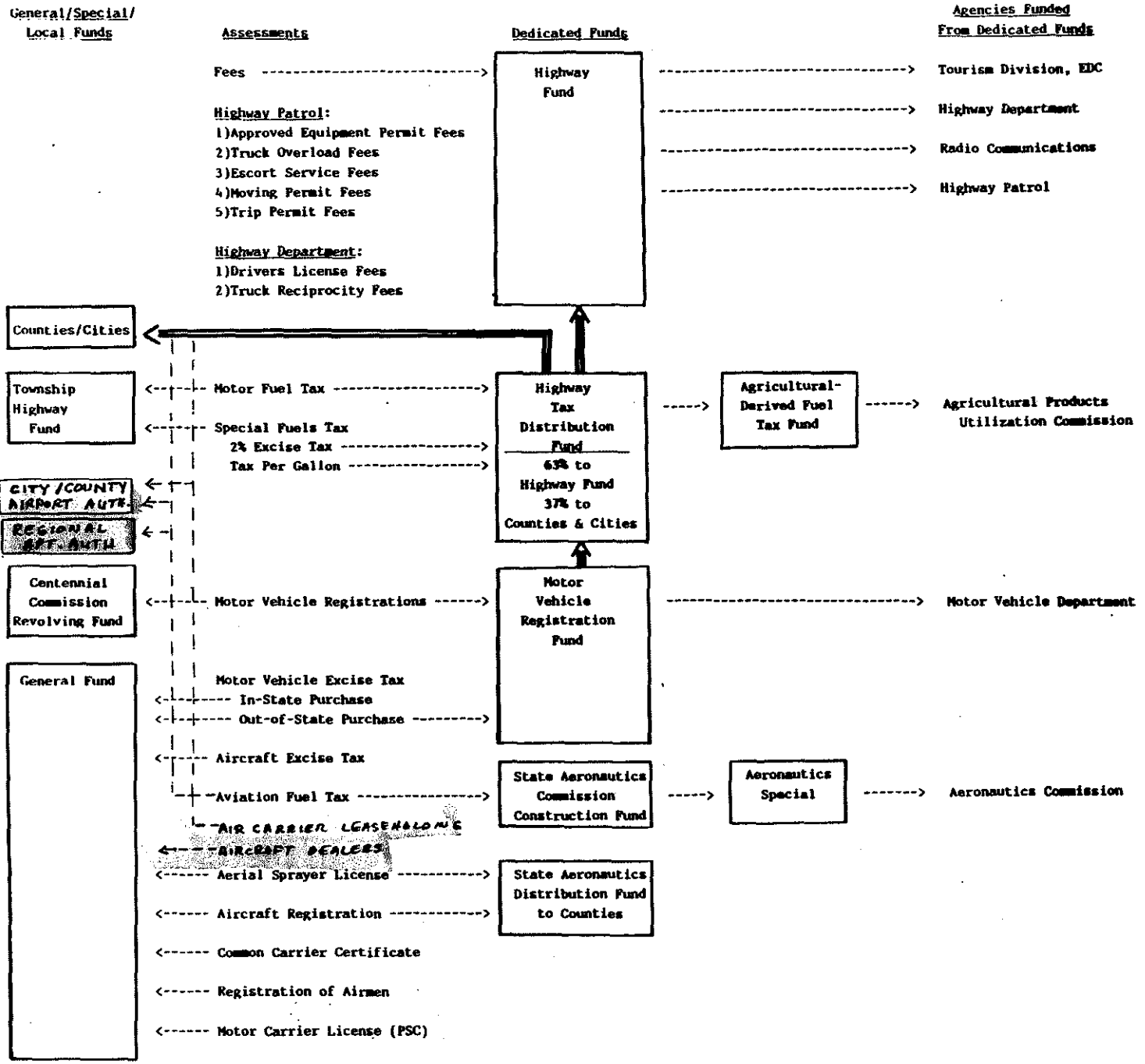

FIGURE 2.1. North Dakota Transportation Assessments, Funds, and Agencies Funded.
SOURCE: OMB Transportation Related Assessments, Revenues, and Appropriations. Bismarck, 1987.

EXHIBIT C: Figure 2.1 (Page 28)

Additions to revenue assessments and to political subdivisions that receive such funds.

EXHIBIT D: Table 2.6 (Page 29)

Additions to revenue forecast as reported in NDAC budget for 1987-89 - Page 36 of Budget No. 412

TABLE 2.6. OMB Transportation Fund Revenue Forecasts, 1987-1989

FUND/Revenue Source	Forecast Revenue
HIGHWAY TAX DISTRIBUTION FUND	$191,800,000
HIGHWAY FUND	
Highway Tax Distribution Fund	$120,835,577
Truck Regulatory Fees	6,000,000
Drivers License Fees	5,332,000
Reimbursement from Counties/Cities	12,000,000
Other Receipts	11,216,000
TOTAL HIGHWAY FUND	$155,383,577
AGRICULTURAL DERIVED FUEL FUND	$ 435,100
STATE AERONAUTIC COMM. CONSTRUCTION FUND	$ 750,000
STATE AERONAUTIC COMM. DISTRIBUTION FUND	
Aircraft Registration	$ 126,000
Aerial Spraying Licenses	8,000
TOTAL AERO. COMM DISTRIBUTION FUND	$ 134,000
AERONAUTICS SPECIAL FUND	$ 225,331
GENERAL FUND	
Motor Vehicle Excise Tax	$ 66,550,000
Aerial Sprayer License	8,000
Aircraft Registration	42,000
PSC Motor Carrier Licenses	3,525,000
TOTAL GENERAL FUND	$ 70,125,000

SOURCE: Office of Management and Budget. "Transportation Related Assessment, Revenues, and Appropriations". Unpublished Report, Bismarck, 1987.

Additions

Aircraft Dealers - $ 1,500
Airman Registration - $ 27,000
Aircraft Excise Tax - $ 500,000

transportation. Although there have been significant increases in transportation taxes and fees, the diversion of revenues from the Highway Fund to other government agencies has placed a budgetary strain on the State Highway Department. State highway officials are concerned with four types of diversion, (1) appropriations from the Highway Fund to other agencies; (2) alloca-

EXHIBIT E: Table 3.2 (Page 62)

62 Changes and additions to function evaluation table (The changes reflect Aero. Comm. functions as best we've undertaken in the decade of the 1980's)

TABLE 3.2. State Transportation Functions by Agency.

Function	Agency				
	Aeronautics Commission	Highway Dept.	Highway Patrol	Motor Vehicle Dept.	Public Service Commission
Registration	P		S	P	S
Licensing	P	P	S		
Size Weight Regulation	S	P	P		
Common Carrier Regulation	P S				P
Safety	P	P	P		S
Planning	S P	P			S
Enforcement	P S	S	P		
Administer Funding	P	P	S	P	S
Human Resources	S	P			S

Note: "P" indicates that this is a principal agency function.
"S" indicates that this is a secondary agency function.

Third, safety is a wide-spread concern among the various agencies. While this concern is appropriate, this may be an area of duplication. For example, the Highway Department commissioner is designated by Executive Order as the governor's highway traffic safety program representative. The drivers license and safety division of the Highway Department cooperates with the Highway Patrol traffic safety division to develop safety programs. In addition, by statute the Highway Department and Public

EXHIBIT F: Table 3.6 (Page 66)

Additions to function description and statutory authority of the Aeronautics Commission.

66

TABLE 3.6. Aeronautics Commission Functions.

Function	Description	Statutory Authority
Registration	**Aircraft**	**NDCC 2-05-11**
	Ultra light	**NDCC 2-08-03**
License	Pilots	NDCC 2-05-10
	Aerial Sprayers	NDCC 2-05-18
	Air Schools	NDCC 2-05-12
	Aircraft Dealers	NDCC 2-08-01
Common Carrier Regulation	General duties	NDCC 2-05-15
	Air Tran. Leaseholding Tax	NDCC 57-32.1-05
	Obstructions Near Runways	NDCC 2-03-14
Safety	General	NDCC 2-05-07
	Airport Zoning	NDCC 2-04
Planning	Promote development of of aeronautics	NDCC 2-05-05, NDCC 2-06-01.1
	Apt. Auth. Act	NDCC 2-06
Enforcement	General	NDCC 2-05-14
	Lawfulness of Flight	NDCC 2-03-04
Administer Funding	Aviation Fuel Tax	NDCC 57-43.3
	Federal Funding	NDCC 2-05-01.1

TABLE 3.7. Highway Patrol Functions.

Function	Description	Statutory Authority
Registration	Enforcement	NDCC 39-04-40
Size Weight Regulation	General	NDCC 39-12-07
Safety	General	NDCC 39-03-16, NDCC 39-03-17
	Hazardous Waste	NDAC 38-03
	Motor Carrier	NDAC 38-04
Enforcement	Motor Vehicles	NDCC 39-03-09
	Aeronautics Laws	NDCC 2-05-14
	Boating Laws	NDCC 20.1-13-14
	Motor Carriers	NDCC 49-18-45
	Weed Control	NDCC 63-01.1-14
Other	Law Training Center	NDCC 39-03-13.1

EXHIBIT G: (Page 76)

Addition of Table 4.1A "Administration of Aviation in States" - May 1987.

Source: National Association of State Aviation Officials (NASAO)

regulations. The highway patrol function is related to enforcement while motor vehicle is related to vehicle registration.

In North Dakota, as in most states, the maintenance and construction of the highway network is the most noticeable or conspicuous state transportation function. Given the historical importance of the highway networks, a comparison is made between the functions performed by DOT's versus highway departments. In addition, the functions performed under commission versus director forms of administration are also compared. A commission form of administration is defined as one which has several people jointly making policy decisions while a director form has a single individual in charge of the agency.

Thirty states have a commission while 22 have a director form of administration (Table 4.1). Twenty-nine of the 30 states with commissions also have a director who is either appointed by the governor or the commission. States with DOTs are evenly split between the two types of administration while the commission form of administration is prevalent in highway departments.

TABLE 4.1. Administration and Organizational Structure of State[1] Highway and Transportation Departments, 1987

	Structure		
Administration	DOTs	Highway Dept	Total
Commission	24	6	30
Director	20	2	22
Total	44	8	52

[1]Includes District of Columbia and Puerto Rico.

SOURCE: AASHTO

TABLE 4.1A Administration of Aviation in State Agencies - May 1987

DOT	AERO.COMM./ AVIATION DEPT.	MISC. DEPT.
34	11	5

SOURCE: NASAO

AVIATION SAFETY COMMISSION

VOLUME I: FINAL REPORT AND RECOMMENDATIONS

April 1988

AVIATION SAFETY COMMISSION

• Suite 1115 • 1725 I Street, N.W. • Washington, D.C. 20006 • (202) 634-4860

CHAIRMAN
Dr. John M. Albertine

MEMBERS
S. John Byington
Joseph P. Kalt
Michael E. Levine
Russell W. Meyer, Jr.
John E. Robson
Thomas W. Wathen

April 18, 1988

President Ronald W. Reagan
The White House
Washington, D.C.

Dear Mr. President:

We are pleased to present to you the Report of the Aviation Safety Commission. This Commission was created under P.L. 99-591, the Aviation Safety Commission Act of 1986 and requested to make its study and report back to the President and the Congress no later than April 18, 1988.

During the past ten months, the Commission has conducted an intensive inquiry into air safety. We have gathered information from a broad range of aviation specialists, consumer groups, and industry leaders. As our mandate required, we have looked carefully at the organization and function of the Federal Aviation Administration to determine the means by which it can most effectively and efficiently perform its responsibilities.

After many months of deliberations we have unanimously agreed on a set of recommendations which we believe will serve to ensure the continued safety of the Nation's aviation system.

We are privileged to submit these recommendations herewith.

Sincerely,

John M. Albertine
Chairman

S. John Byington

Joseph P. Kalt

Michael E. Levine

Russell W. Meyer, Jr.

John E. Robson

Thomas W. Wathen

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Mr. Byington is a partner at Pillsbury, Madison and Sutro.

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Michael E. Levine
Mr. Levine is the General George Rogers Clark Professor of Management at the Yale School of Organization and Management.

Russell W. Meyer, Jr.
Mr. Meyer is Chairman and Chief Executive Officer, Cessna Aircraft Company.

John E. Robson
Mr. Robson is Dean, School of Business Administration and Professor of Management, Emory University.

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EXECUTIVE SUMMARY

After months of study, hearings, meetings around the country, and staff reports, the Aviation Safety Commission unanimously concludes that the nation's air transportation system is safe. However, safety is being maintained to an increasing extent through delays and other inconveniences.

Air transportation has changed during the past decade. Economic regulations that had shaped the industry since the 1920s were replaced by airline deregulation. The resulting increased competition has lowered fares, expanded service, and brought air travel to millions who had not previously been able to afford to fly. It has also made the FAA's job much more difficult.

The Aviation Safety Commission concludes that the present safety regulatory structure designed to ensure aviation safety is inadequate to deal with future growth and technological change. Now is the time to equip the regulatory system to accommodate changes in the numbers and kinds of aircraft, to take advantage of new technology in aircraft design and manufacture, to respond to heightened sensitivity on the part of the public to aviation safety, and to act on the backlog of potentially worthwhile safety improvements that have been languishing because of diffused authority and accountability. In short, *now* is the time for decisive action by Congress and the Executive Branch.

The Aviation Safety Commission believes that the Federal government must continue to play the central role in ensuring safe operation of the U.S. aviation system. We also share the common perception that, while the system is safe for now, the present governmental structure is not working effectively enough to ensure its safety in the future. Therefore, we agree unanimously that a major structural overhaul is essential. We believe that the regulatory process must remain governmental in character and should not be taken out of the Federal government or removed from public accountability.

The Commission's recommendations address in a constructive way all of the issues which have been raised in the current debate and reflect the input we have received from the Secretary of Transportation, the FAA, former FAA Administrators, Members of Congress, the NTSB, consumers, and industry experts.

Specifically, the Aviation Safety Commission recommends that FAA be transferred from the Department of Transportation and be established as a user-funded authority which is:

- overseen by a nine-member Board of Governors appointed by the President and confirmed by the Senate;
- managed by an Administrator who is appointed and confirmed for a term of seven years;
- subject to agency-wide regulatory oversight by a Director of Aviation Safety who is appointed and confirmed for a term of seven years;

- freed from the constraints of the federal civil service and procurement systems.

The Director of Aviation Safety has the authority to initiate rulemaking as well as disapprove regulations promulgated by the Administrator, and also has the authority to enforce compliance by the Administrator of existing rules and regulations. Decisions by the Administrator and the Director of Aviation Safety are appealable to a Safety Committee of the Board of Governors composed of the Administrator, the Director of Aviation Safety, the Secretary of Transportation, the Secretary of Defense and a public member, and hence are not subjected to OMB review.

The Aviation Safety Commission also recommends the following agenda for improving aviation safety:

Safety Inspection Programs

- national rather than regional certification programs for major and national jet carriers;
- establishment of a nationwide inspection program for all size carriers with a combination of regular, in-depth, and surprise inspections;
- separation of certification and surveillance functions in the new Authority;
- priority inspections for carriers undergoing major change;
- increasing the inspector workforce to accommodate these changes.

Regional Airline Safety

- reducing differences in equipment standards between regional and national carriers, with all aircraft providing scheduled service being required eventually to meet Air Transport Category Aircraft (Part 25) standards;
- reducing differences in operating practices between regional and national carriers, with all carriers eventually being required to meet Part 121 operations requirements.

General Aviation in the Air Traffic Control System

- requiring all aircraft to be equipped with a Mode C transponder in buffer zones around all large, medium, and small hubs;
- stronger enforcement against buffer zone violators with a separate radar position dedicated to tracking and notifying violators in each buffer zone.

FAA Rulemaking

- process must be streamlined and restructured to include clear and unambiguous responsibility and accountability.

Airport Safety and Capacity

- base airport certification on passenger volume rather than type of equipment;
- review of existing policies and requirements with particular emphasis on signage, directional indicators, and taxiway and intersection markings.

Use of Operations Research

- need to enhance operations research capabilities for better utilization in problem solving.

STATE OF NORTH DAKOTA

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AERONAUTICS COMMISSION

BOX 5020 - BISMARCK, N. DAK. 58502

Gary R. Ness
Director

Roger L. Pfeiffer
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Planner/Draftsman

Telephone:
(701)-224-2748

April 15, 1988

Dr. Frank J. Dooley
North Dakota State University
Upper Great Plains Transportation Institute
Post Office Box 5074
Fargo, ND 58105

RE: "Comprehensive Review of North Dakota State Government Transportation Functions and Development of a Corresponding Plan of Action."

Dear Mr. Dooley,

In response to your report UGPTI NO. 65, please take note of the following:

Executive Summary - You are correct in your assumption that there does now exist a "good working relationship" between the Aeronautics Commission and the other agencies involved in this study.

You are grossly in error if you think for one second that there are no serious problems in any reorganization of these agencies that will involve the Aeronautics Commission.

Objectives - By your own admission, you have as an objective "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."

Apparently you were not listening when you interviewed Mr. Gary Ness and myself.

It was my intent then, and remains the same intent now, to convey to you that the functions of the Aeronautics Commission are not broken.
"Do not" come up with any plan to fix them. It is working and working well.
Any attempt by you or any one else to rearrange those functions could place the very delicate balance of air service in North Dakota in jeopardy.

In the area of determining what is happening in other states, I am vehemently opposed to that concept.

We in North Dakota are not followers. If our ancestors had taken that attitude, this would never have been settled.

By your own admission, again, you make reference to the needs and wants of North Dakota being unique in nature on the one hand and turn to other states for your answers.

All the state agencies dealing with North Dakota transportation needs are expert in their areas of concern. They do not need to follow the leads of other states.

We are leaders, not followers.

Additionally, by your own admission, you state on page 5 in the full report, "The most important benefit of this study will be recommedations to state legislators and executive branch decision-makers on structuring government to more effectively address problems encountered in an ever-changing transportation environment. It is uncertain whether any restructuring will result in significantly lower state expenditures on transportation. However, the recommendations will result in a structure designed to provide better service to the public. In addition, any reorganized structure will focus upon fostering a more professional, and hence, more productive work environment."

This statement is an admission of preconceived ideas that there is a problem and that there must be some reorganization. The current service provided to the public by the aeronautics commission cannot be made better through any reorganization.

In so doing the credibility of the entire report is questionable. Your lack of knowledge in the areas of air transportation in North Dakota is apparent throughout the entire report.

The aeronautics commission is an on going, ever changing, vital part of our states very existence. It cannot, nor will it be, reduced to part of a "Program" within any state agency.

Sincerely,

North Dakota Aeronautice Commission

Jack K. Daniels, Chairman

STATE OF NORTH DAKOTA
OFFICE OF STATE TREASURER
STATE CAPITOL BISMARCK, NORTH DAKOTA 58505 701-224-2643

ROBERT E. HANSON
STATE TREASURER

April 22, 1988

Dr. Frank J. Dooley
Upper Great Plains Transportation Institute
North Dakota State University
P.O. Box 5074
Fargo, North Dakota 58105

Re: UGPTI Report No. 65

Dear Dr. Dooley:

Thank you for sending the reports on the DOT study recently conducted by your agency.

We have completed our review of the reports. I have some concerns regarding information contained in the report concerning the State Treasurer's Office. These areas are as follows:

1. Page 139 of Report #65, explains that miscellaneous fees collected by the Highway Patrol and Highway Department are deposited into the Highway Tax Distribution Fund. This statement is incorrect as they are deposited into the Highway Fund. The revenue chart on page 28 supports this.

2. Page 31 of Report #65, states, "the state treasurer is required to allocate interest received on motor fuel tax to the Highway Fund (NDCC 57-43.1-28). There is no similar requirement for any of the other eighteen taxes or fees..." Chapter 57-43.1 and 57-43.2 require the State Treasurer to credit the Highway Tax Distribution Fund with motor fuel and special fuel tax, including interest received on the tax. This has been discussed with the tax department as the interest income identified in NDCC 57-43.1-78 and 57-43.2-19, is assessed by the tax department for failure to file timely returns. These sections, therefore, do not address the issue of investment income on these taxes. Your statement on page 31, should be corrected to reflect this as it gives the impression it deals with the subject of investment interest income, which is not the case.

If you have any questions, please contact me.

Sincerely,

Robert E. Hanson
State Treausrer

jf

U.S. Department
of Transportation

Federal Highway Administration

Region Eight

North Dakota Division
Federal Building
P. O. Box 1755
Bismarck, North Dakota
58502

April 6, 1988

Mr. Frank J. Dooley
North Dakota State University
of Agriculture and Applied Science
1112 Morrill Hall
P. O. Box 5074
Fargo, North Dakota 58105

Dear Mr. Dooley:

I have read your report on the development of a transportation department in North Dakota and I would like to take this opportunity to compliment you on a job well done. I was impressed with the depth of research and your concise evaluation of the advantages and disadvantages in reorganizing to a Department of Transportation (DOT).

As requested, I have several comments you may wish to consider prior to final resolution:

1. Organizational Structure - Although I concur with a single DOT Director position, the importance of this position requires certain management, skills, and abilities that relate to a highly competent professional background. I have concerns that this position, if left as structured, could fall prey to political spoils and thereby sacrifice many of the administrative and transportation skills necessary to effectively carry out this role.

   As an alternate, I believe the needs of the State would best be served by a Board of Directors that are advisory to the Governor. The administrative functions of the Department would remain under the Director as your organizational structure now proposes. Individuals appointed to the Advisory Board should represent geographical regions of the State and thereby afford public input into the broad goals of statewide transportation programs.

   I concur with your observation that a commission form of directors may create a management identification problem. To minimize this problem, the Board should be charged with the development of a broad statewide transportation policy and delegated as the selecting officials of the DOT Director. I recommend that the Advisory Board meet no more than once per quarter. Day to day functions of the Department should remain the responsibility of the DOT Director.

Since continuity of long range transportation plans is so vital, a Board member's term of office should be so structured that one member would be replaced each year. This would provide the necessary continuity to long range plans. The senior member of that Board would serve as chairman. It should be non-partisan with possibly majority representation of the party elect.

I believe that this type of structure would provide continuity to the Director's position that otherwise would be lost with a change of Administration.

2. Although I have not identified it in your proposed organizational structure, you may have considered the need for research and technology enhancement in one of the various offices proposed in the DOT. Rapid changing technology and advancement in this era, in my estimation, requires that such a program be highlighted in any DOT. It could be part of any one of the five offices or created as an independent office within the DOT

3. The 1987 Highway Bill carried with it certain amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. One of these amendments named the DOT as the lead agency in the national implementation of this Act. This was ultimately delegated to the Federal Highway Administration (FHWA). The FHWA will assume several requirements under this Act.

We will monitor and coordinate with other Federal agencies the implementation of the Uniform Relocation Assistance by State agencies and local public agencies which have been certified to operate under their own laws. We do not see FHWA's role entailing direct surveillance in review of other agencies performance except in extreme and rare circumstances. More significant than the monitoring, however, would be the role of FHWA serving as a clearinghouse for uniform interpretations of Uniform Relocation Assistance policies.

Ultimately, we would like to see this role expanded to the State Highway Departments or DOT's, who because of their close affiliation with the FHWA, are looked upon as agencies who have the greatest expertise in relocation assistance problems. Although it is not mandatory, FHWA encourages State highway agencies to accept and even seek out this role by fully cooperating with other agencies and continue to offer sound advice when called upon to do so.

It may be timely for you to consider such a role under the proposed DOT organization structure. It would appear to afford the entire State an opportunity to achieve a much higher level of efficiency and, in some cases, reduce dual staffing.

Thanks again for the opportunity to comment and I look forward to the advisory meeting that you propose for the near future.

Sincerely yours,

John C. Kliethermes, P.E.
Division Administrator