Transforming a Process: From "Among the Worst" to "Among the Best"

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CFO and Deputy Commissioner – Finance
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Improving INDOT’s DSP Recovery of Costs

Awards & Recognition

- Governor’s Leadership Award
- AASHTO President’s Award
- USA Today
- Chicago Tribune
- Indianapolis Business Journal
The Precipitous Decline in State Revenue Drove the Urgency for INDOT to Improve its DSP Process
Early Summer 2010
Research Study Conducted by Purdue University
Delivered a Well-Researched and Defined Problem Statement
INDOT’s DSP Performance was Horrible
No Champion, No Process Owner Existed
Early Estimates Pegged Opportunity at $1-2 MM Annually
DSP: What’s the Fix?

- Assigning Resources – District and Central Office
- Naming a Functional Owner – Statewide
  - Adding FTE’s Administrators at Each District
- Developing Software – “Damage-Wise”
- Partnering/Training with Law Enforcement
- Understanding “IT’s OUR (INDOT) MONEY”!
- Focus on Speed – From Crash to Billing (DAYS)
- Measure Results
- Collect from Insurers
Steps to a Successful Damage Recovery Process

1. Crash
2. Field Observation
3. Crash Report Query (Identify “Bill To”)
4. Prepare M54 (Documenting ALL Costs)
5. Send to Central Office
6. Invoice
7. Collection
Law Enforcement Participation Starts the Process

Time to Crash Assessment can be Infinite if DSP Checkbox on Crash Report is Left Blank

Checkbox Represents the Primary Trigger for a Crash Assessment
Law Enforcement and the Crash Report

Blank DSP is Consequential: (None of these had DSP box checked)

<table>
<thead>
<tr>
<th>INDOT District</th>
<th>Crash Sites</th>
<th>Repair Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crawfordsville</td>
<td>14</td>
<td>$23,946</td>
</tr>
<tr>
<td>LaPorte</td>
<td>5</td>
<td>$6,092</td>
</tr>
<tr>
<td>Fort Wayne</td>
<td>11</td>
<td>$13,532</td>
</tr>
<tr>
<td>Greenfield</td>
<td>8</td>
<td>$12,114</td>
</tr>
<tr>
<td>Seymour</td>
<td>21</td>
<td>$23,770</td>
</tr>
<tr>
<td>Vincennes</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>59</strong></td>
<td><strong>$79,454</strong></td>
</tr>
</tbody>
</table>

Law Enforcement Support is Crucial!
Benchmarking Other State DOT’s was Critical

- Purdue’s Research Conducted (2) Surveys in 2010
  - Participation was Surprisingly Good
- Key Takeaways:
  - Tagging System
  - Application of “Fully – Loaded” Costs
  - Process-Driven Results
Implement a Law Enforcement Tagging System

North Carolina’s Tag

INDOT Tag

ROADWAY DAMAGE

Investigating Agency: ____________________________

Crash Date/Time: ____________________________

Crash Report ID Number: ____________________________

BENEFIT: Attributes a greater number of crash reports to DSP; less debate by insurers
DamageWise – Damage Bags

Roadway Damage Tags

$10.12
<table>
<thead>
<tr>
<th>STATE</th>
<th>OH%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>72%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>65%</td>
</tr>
<tr>
<td>Indiana</td>
<td>38%</td>
</tr>
<tr>
<td>Kansas</td>
<td>30%</td>
</tr>
<tr>
<td>Michigan</td>
<td>29%</td>
</tr>
<tr>
<td>Ohio</td>
<td>15%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>10%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>9%</td>
</tr>
<tr>
<td>Texas</td>
<td>3 to 6%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>4%</td>
</tr>
</tbody>
</table>

*Source: Webinar / State Survey*
Claims Must Reflect All Costs

- Landscaping
- MOT (?)
- Guardrail
- Sign Damage
- MSE Wall
- Overhead

Claims Must Reflect All Costs.
What did we do?

- Systemized the Process with DamageWise - Written Internally by INDOT

- Worked with Law Enforcement to Deploy the Roadway Damage Tags and Educate on the Importance of the “Damaged State Property” checkbox on the Crash Report

- Organizational Shifts to Create Ownership of the Process

- Cost Enhancements – Updated Standards and Established an Overhead Rate

- New Metrics to Measure Progress and Encourage Process Improvements

- Re-focused Efforts on Collections – Much More Aggressive
DamageWise – Numerous Handoffs

- Police Officer
- Crash Assessor
- District Administration
- Accounts Receivables/Collections
DamageWise - Workflow

1. Observed/Reported
2. Crash Happens
3. Police Officer creates Crash Report
4. State Crash Report System
5. Nightly Interface To DamageWise
6. DamageWise
7. Does the record match a Crash already Assessed?
   - No - Needs Assessed
     - Assess Damaged Property
       - Photos, Lat/Long, Damage Assessment
     - DamageWise Folder Structure
6. Yes - Match Exists
   - Call Insurance, Obtain Claim #
How does INDOT become aware of damaged property?

Intelligence Gathering Means

1) Police Reports (Aries)
2) Employee Drive-by or Crash Site Assistance
3) Citizen Notification
4) Insurance Companies
DamageWise – Apple iPads
<table>
<thead>
<tr>
<th>Question</th>
<th>2013</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many Roadway Damage bags have been distributed to law enforcement?</td>
<td>2,141</td>
<td>0</td>
</tr>
<tr>
<td>How many crashes have been reported on INDOT Roads during the year?</td>
<td>59,288</td>
<td>59,456</td>
</tr>
<tr>
<td>How many crashes have been billed?</td>
<td>3,421</td>
<td>1,357</td>
</tr>
<tr>
<td>How many iPads are in action?</td>
<td>96</td>
<td>0</td>
</tr>
</tbody>
</table>
**Damage to State Property**

### Annualized Billings

<table>
<thead>
<tr>
<th>Year</th>
<th>Billings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$1.4</td>
</tr>
<tr>
<td>2011</td>
<td>$2.4</td>
</tr>
<tr>
<td>2012</td>
<td>$4.1</td>
</tr>
<tr>
<td>2013</td>
<td>$4.7</td>
</tr>
</tbody>
</table>

In FY13, INDOT Projects Annualized Billings to Exceed FY10 by 290%, and FY11 by 170% Thereby Improving Resources Returned to the State by Over $2.3 Million Annually.

* Does not include extraordinary $1.3mm in DSP coming from INDOT’s Traffic Management Center.
Using 2010 as the Baseline, INDOT Reduced DBO by 47% in FY11, 58% in FY12 and 65% in FY13.
Using DamageWise, INDOT Effectively Reduced the Number of Days From a Crash Event to Billing by 82% Compared to FY10, 76% Compared to FY11, and 44% compared to FY12.
In FY13 & FY12, INDOT Improved Their Collection Rate by 42% When Comparing the Collection Rate in FY10.
Distribution of DSP Invoices

FY 2013

# of Invoices

$ Amount

Chasing a Lot of Small Dollars Yields Large Dollar Results

$4.7M in FY 2013
Thank You!