

Alan M. Voorhees Transportation Center

Edward J. Bloustein School of Planning and Public Policy



Office of Strategic Policy and Planning New Jersey Turnpike Authority

Final Report

prepared for:

New Jersey Turnpike Authority

prepared by:

Alan M. Voorhees Transportation Center

Edward J. Bloustein School of Planning and Public Policy

Rutgers, The State University of New Jersey

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**OFFICE OF STRATEGIC POLICY AND PLANNING
NEW JERSEY TURNPIKE AUTHORITY**

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OFFICE OF STRATEGIC POLICY AND PLANNING NEW JERSEY TURNPIKE AUTHORITY

EXECUTIVE SUMMARY

Introduction

The New Jersey Turnpike Authority hired the Alan M. Voorhees Transportation Center for guidance on creating a new Office of Strategic Planning and Policy (OSPP). The HayGroup recommended that the authority create the office as it consolidates with the Garden State Parkway into a single organization.

Purpose

The HayGroup found that, under their prior organization, the Turnpike and Parkway focused on the safety, maintenance and expansion of their roadways, acting largely independent of external considerations. The allocation of capital resources was controlled by the Engineering Departments at the two Authorities, rather than the Executive Directors or executive financial management. As a newly consolidated organization, the Turnpike needs an integrated strategic planning process to better allocate resources among the two roadways, and closer coordination with external transportation agencies in order to contribute to the state's overall strategic transportation planning. The OSPP would fulfill both those roles, reporting directly to the Executive Director.

VTC explored what the role and functions of the new office should be, and conducted a series of interviews with 18 executive and senior level managers from both predecessor organizations, other transportation planning officials in New Jersey, and seven out-of-state toll authorities. Consensus was achieved on a number of points, such as the recognition of the lack of strategic planning and basic management tools that preceded consolidation and the need to fill those voids. In addition, the new Authority needs to recognize its larger role to the State in advancing Smart Growth, congestion relief and related public policy initiatives, and to participate more actively in interagency planning.

Recommendations

VTC has identified a mission statement for the OSPP. To succeed, the new office needs adequate resources, practical implementation schedules and support from all levels of the Authority. The OSPP has clearly defined external and internal roles. A strategic plan and an Executive Management Report need to be created to identify goals and measure progress in meeting them, supported by the cultivation of pertinent data. OSPP will facilitate the development of the mission statement and goals, and data plan, in turn leading the way to undertaking annual strategic and capital investment plans. A Year One implementation plan with action steps is recommended.

OFFICE OF STRATEGIC POLICY AND PLANNING NEW JERSEY TURNPIKE AUTHORITY

I. Purpose

The Alan M. Voorhees Transportation Center (VTC) has been engaged by the New Jersey Turnpike Authority (NJTA) to provide strategic advice on creating a new NJTA Office of Strategic Transportation Policy and Planning as recommended in the HayGroup Report. The VTC research involved all facets of the organization and was designed to elicit a balanced perspective on the central question:

What is the role and function of a new office of strategic planning and policy?

II. Background

A. The Concept of Strategic Planning

The concept and practice of strategic planning is well documented. Research into the many useful models now used in the transportation sector can help the new office develop a “best fit” tailored to meet the NJTA’s specific needs. A classic view, presented in an introduction to *Strategic Planning* by Bill Birnbaum, CMC, quotes Abraham Lincoln, “If we could first know where we are, then whither we are tending, we could then decide what to do and how to do it”. Birnbaum notes that it is unlikely that President Lincoln ever heard the words “strategic” and “planning” put together. Birnbaum defines strategic planning as the managerial process which, in examining the organization as a whole, addresses three key questions:

1. Where are we today?
2. Where do we wish to arrive, and when?
3. How do we get from here to there?

To answer these questions, a planning process that includes external scanning, situation analysis, objective setting and strategizing is needed. Such a process is structured to take place over a calendar cycle, customarily keyed to milestones such as key strategic meetings, and product and plan delivery. This process is best served by involving all facets of an organization to address the questions from a balanced or equal footing.

B. Toll Road Consolidation Study Commission

On March 26th, 2002, Governor James E. McGreevey signed Executive Order No. 15 that created a Toll Road Consolidation Study Commission to examine the viability of consolidating two or more of the state's three toll road authorities. Empanelled in May 2002, the Commission engaged the HayGroup to study and evaluate administrative and operations issues relating to various consolidation alternatives. The Commission presented its report to the Governor on February 14, 2003, recommending that the Garden State Parkway be consolidated under the auspices of the New Jersey Turnpike Authority. The Commission found that the Turnpike and the Parkway are critical to providing safe passage to the millions of people who travel on these roads every day, that they serve as vital economic resources for New Jersey, contribute to the quality of life, and play an essential role in directing smart growth and development in the State.

Legislation based upon the Commission's report, Senate Bill 2352, was signed into law by Governor McGreevey on May 27, 2003.

C. HayGroup Report

Of the comprehensive information gathered by the Commission, the material most relevant to the VTC scope of work stems from the HayGroup report and recommendations. The firm divided its findings into four areas: authority level consolidation, Operations organization, support functions organization, and new management practices. For each of these areas, Hay addressed feasibility, advantages, issues and challenges, and implementation recommendations.

Generally, the HayGroup Report found the greatest benefit of consolidation to be the transformational change resulting from new processes and practices. Since their inception, the mission of the toll Authorities had been to ensure the safety, maintenance and expansion of their roadways. This was done largely in a manner that optimized the individual performance of each roadway independent of external considerations. The HayGroup found that congestion, environmental considerations, capital constraints, and the recognized economic development potential of New Jersey's transportation system call for strategic transportation planning, integrated with and driven by State and regional transportation and economic development needs. Further, an integrated capital planning process would enable management to better allocate resources between the roadways based on revenue generation and capital need. The HayGroup reported that the Engineering Departments at the two Authorities, rather than the Executive Directors or executive financial management, had to differing degrees the lead role in recommending the allocation of capital resources. The report recommended that a Capital Investment Strategy planning process be established for the new Authority to ensure that the long-term strategic transportation plan of the combined roadways be achieved in a financially prudent manner. Finally, the consolidation of technology will provide the

opportunity to share traffic surveillance data statewide, as well as enhance customer service, emergency response and transportation planning effectiveness.

To set strategic direction, the HayGroup recommended the creation of a new Office of Strategic Policy and Planning (OSPP), reporting directly to the Executive Director. HayGroup recommended that¹:

- The management structure of the consolidated authority include a new Director-level position, reporting to the Executive Director, dedicated to interagency planning interface and integration. Principal accountabilities should include:
 - Primary technical interface with key external organizations for transportation planning
 - Ongoing analysis and dissemination of reports on external transportation-related activities
 - Development and implementation of external influence strategies at both federal and state levels
 - Preparation of an annual long-range strategic transportation plan for review and recommendation decisions by the Executive Director and approval by the Board of Commissioners, and
 - Ongoing evaluation of how external transportation policy and initiatives impact the Authority internally

- The HayGroup recommended that the development of the annual strategic transportation plan include the following steps:
 - Compilation of the capital requests prepared by the two roadway deputy executive directors;
 - Critical analysis and evaluation of the roadway capital requests, and
 - Development of a preliminary plan and recommendations for final capital priorities, for Executive Director review

III. Current Context

Recommendations concerning the direction of OSPP must take into account the dynamics of the merger now underway between the New Jersey Turnpike Authority and the New Jersey Highway Authority (Parkway), a physically smaller organization. Consolidating any organization takes time to evolve its new construct, procedures and culture. This fluidity is exacerbated because opinions vary within NJTA about the consolidation's status of evolution. Some view the merger to be complete with the newly consolidated Authority advancing toward

¹ HayGroup Report Conclusions and Recommendations Operations & Administration Working Group, prepared for the Chairman, Toll Road Consolidation Commission, February 11, 2003, pp 41-43

final integration. But others see the merger as only partially effectuated, and that no merger can be complete until the new corporate management is housed under one roof.

In this context, one must recognize that strategic planning historically has not occurred with any consistency within either organization; that there is little practical experience at any level in the Authority; and that there are limited external sources to draw upon in completing a first plan.

In exploring the depth of experience with strategic planning at the predecessor toll authorities, some history was found at the Parkway. Fiscal constraints over recent years at the Parkway necessitated a judicious approach to a wide range of project selections and expenditures. This prompted the organization to undertake strategic planning, albeit for short-term results to determine how and where to allocate scarce funds, rather than to set longer range direction. The Turnpike staff also had to make choices on expenditures, but for the most part regarding support programs rather than on elements central to operations and maintenance. It appears that the only other time in the history of both roads when a concerted effort was made to relate the capital plans and direction with other transportation agencies in the State was through the Transportation Executive Council (TEC) process.²

IV. Research Approach

Under the direction of the Director of the OSPP, VTC conducted numerous interviews in person, by phone and by e-mail with external contacts, other transportation planning officials in New Jersey, and at selected out-of-state toll authorities. The interviews were designed to assess the respective views and perspectives on what a new strategic function should and could accomplish for the Authority

Inreach

VTC interviewed 18 executive and senior level managers from both predecessor organizations. A consistent format for the interviews sought to engage each individual on several key points:

- Knowledge of HayGroup recommendations and current view of strategic planning within respondent's area of expertise within the organization(s)
- General perspective on strategic and long-range plan products and the existence and types of information or data that are needed to develop such plans

² The TEC was designed to develop a comprehensive strategic direction for all transportation agencies in New Jersey in the early 1990s.

- ❑ General perspective on how, when, and on what topics, respondent's area relates within the organization(s) as well as to external transportation organizations
- ❑ To get to a strategic plan, what should be the priority activities for this office
- ❑ How this new office can assist and add value to respondent's work
- ❑ How respondent would measure success for this office within the next six months, and
- ❑ A "SWOT" analysis – what are the strengths, weaknesses, opportunities and threats for this office within the context of consolidation

Outreach

Planning officials in New Jersey were interviewed to ascertain their perceptions of what a new, more engaged role for the consolidated authority could entail. Phone interviews were conducted with planning officials representing the three Metropolitan Planning Organizations covering New Jersey, as well as individuals from the New Jersey Department of Transportation, NJ TRANSIT, the Port Authority of New York & New Jersey, the New Jersey Meadowlands Development Commission, and the South Jersey Transportation Authority.

Representatives from seven out-of-state toll authorities were interviewed to assess state-of-the-art practices in strategic and executive management reporting and planning. Toll authorities were selected for phone interviews based upon the recommendations of Turnpike staff and its engineering consultant, targeting agencies with known strategic or planning functions. Generally, interviews with toll authorities were designed to ascertain the degree and importance of their strategic planning function, covering the following subject areas:

- ❑ General governance structure of the toll authority
- ❑ Nature and substance of strategic plans
- ❑ Goals, measures and tracking metrics
- ❑ External interaction with planning or other transportation agencies
- ❑ Internal interactions
- ❑ Project planning and prioritizing processes

V Key Findings from Inreach and Outreach

The new Office of Strategic Planning and Policy is seen as the logical focal point for internal strategic discussion and external contact and reporting. Because of the limited prior experience with strategic planning practice at the Authority, the respondents recognized that careful, phased implementation will be important to reach an ideally functioning OSPP.

A. Consensus (Inreach)

The following points of consensus can be drawn from the 18 internal interviews:

- The lack of long-range strategic planning practice was broadly expressed. - "...no-one is doing that now."
- Strong support for development of a single vision and plan for the future with measurable outcomes was also expressed
- There is a need for a central clearing house for data
- The new office should be the single point of external interface for planning (defined to include concept development phases of work)
- Consolidation points up the need for more coordinated internal communications (e.g. external transportation policy; internal monitoring data)
- Need for basic or expanded management tools, such as:
 - impact analyses, e.g. the full cost impact on operations of capital investment decisions
 - maintenance management system
 - automatic vehicle count system (an existing system could be fixed and expanded, or replaced)
- Strategic planning should be phased into practice – “take a six months process to get to a strategic plan”, necessary to “walk before you run”, and that “we will need to measure ourselves”.³

B. Consensus (Outreach)

The following points of consensus can be drawn from the external interviews:

- Not enough external planning participation by the predecessor toll authorities in the past

³ See Appendix 1

- The role of the new office in working with external agencies will vary based upon
 - regional characteristics (north/south)
 - user characteristics (commercial/commuter/tourist)
 - interstate through travel versus in-state regional trips

- An opportunity will be created through the new office to play a stronger, leadership role with other transportation agencies

- Toll authorities have a larger responsibility to the state for the transportation decisions they make - because of the land-use, economic development, and quality of life impacts inherent in project decisions, the authorities have a legitimate stake and should participate in planning with other agencies.

- New technologies can improve communications and outreach

- Instituting strategic planning takes time, but is valuable

VI Recommendations

Mission of OSPP

OSPP will lead the collaborative definition, development and implementation of strategic planning for the Turnpike Authority

The research identified a keen desire to create a single vision and plan for the Authority and located that responsibility in the new OSPP. To be effective, however, OSPP will need to determine what existing and/or new data is needed to measure and track progress and to assist in data and information sharing, internally and externally. In addition, consensus was expressed for OSPP to be the point of external contact for NJTA. The challenge of setting up a new function can be daunting, but if adequately resourced and given a practical implementation schedule, the results will be welcomed both internally and externally. The key word in the proposed mission statement is “collaborative.” Broad ownership of a shared vision is an important first step in setting goals to direct the work of the Authority. All other planning work will flow from the selection of a vision statement and key goals.

1. Strategic Plan Development

A. External Scan

A key finding from the research is that two roles emerge for OSPP - one external, the other internal. There was consensus that OSPP should be the external “face” for the Authority, serving as the single point of contact on projects where the Authority is expected to participate in the early stages of “planning.” This **external role** is geared, among other things, to “intelligence gathering,” interpreting information, brokering with external agencies how the Turnpike Authority should participate, and communicating with other agencies. This *external scan function*, a hallmark of strategic planning practice, will also help the Authority appreciate the relationship between external policies and projects and its own decisions. See Figure 1.

In order to perform this external role effectively, OSPP must also undertake its **internal role** to develop a shared vision and facilitate the production of a strategic plan. Establishing a new process for sharing and serving as the conduit for information will enable the OSPP to better inform the Authority about its larger transportation role in the State, and so, about strategic project selection. This will enable OSPP to relate external developments to a broad range of Authority interests.

It is essential that OSPP fulfill both roles in order to ensure that the Turnpike's strategic direction is complementary to the overall transportation and economic development needs of the State. It is this information, knowledge and synthesis of material that forms the substance of any good strategic plan document. In time, as the outreach role is explored, there will be an opportunity for the Authority to determine and exert a **leadership role**, not only in fulfilling its core mission to provide safe and reliable transportation, but in satisfying its potential contribution to the economic, quality of life and smart growth agendas for New Jersey.

B. Executive Management Report

One initial step is the development of an **Executive Management Report**. Primary to strategic planning practice is quality information – baseline and periodically updated data, and selected metrics to measure progress against agreed upon goals and objectives. Once key goals are defined with actionable objectives and tasks, the utility of existing data, information gaps and/or new data collection needs can be determined. Both internal and external interviews by VTC confirmed the need for an executive management report, a product that does not now exist at the Authority. Such a report would track key indicators over time, providing the Authority with an important tool for management. It is equally a communication tool that can be refined for both internal and external audiences.

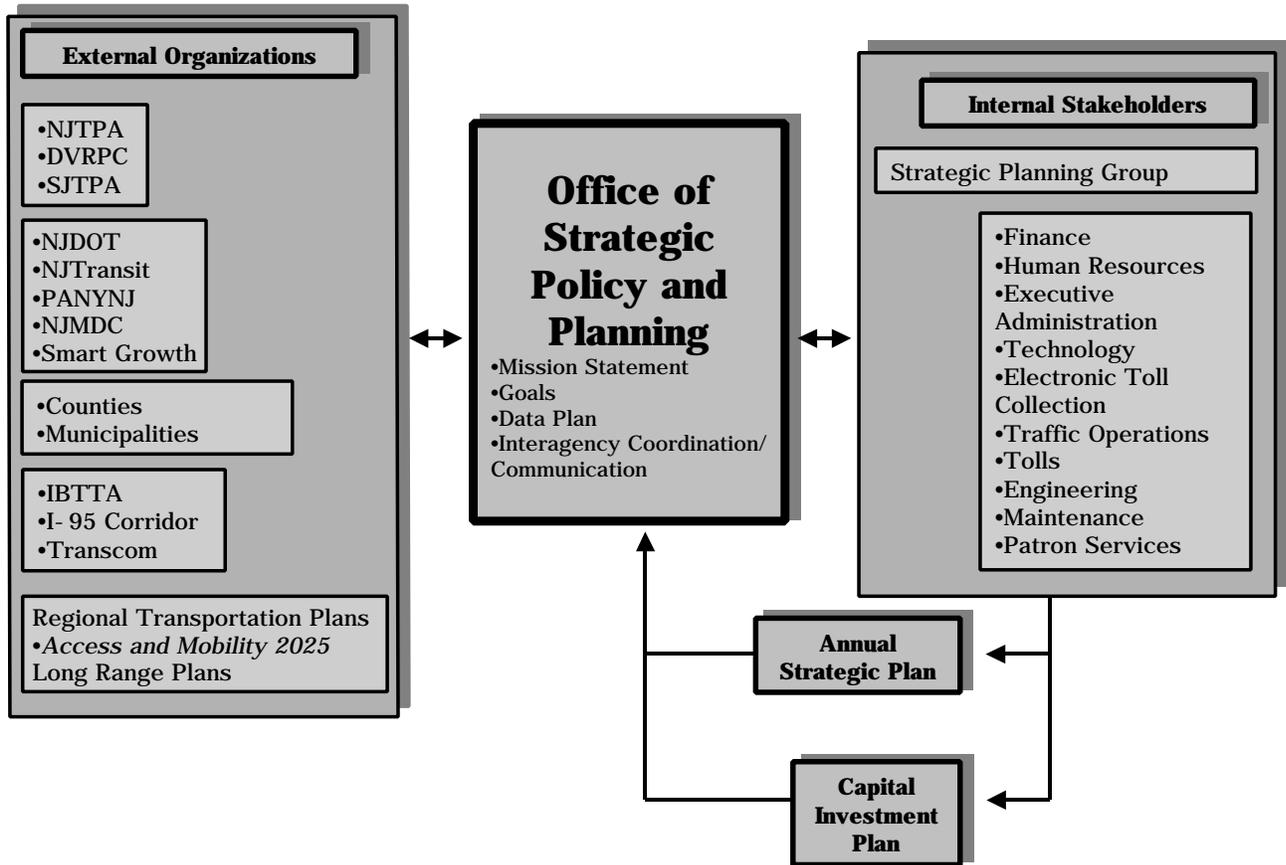
Developing a database for an executive management report is an example of an opportunity best realized through a phased implementation. In our outreach to other toll roads, we found Texas is already using a GIS-based executive management report, while Pennsylvania and Florida are developing their approaches. While a GIS-based report might be an ideal, the Turnpike needs to select which key indicators are important, what indicators are consistently collected now, and what questions this data is answering. A **data plan** is needed to assemble this information and to identify new data to answer important but unanswered questions. Key indicators or measurements in use by other authorities illustrate potential measurement choices. Considering such potential measures, both 'hi-tech' and 'low-tech' will ensure that the Turnpike can select and adapt state-of-the-art metrics to its needs as the strategic plan process is advanced and key goals are confirmed.

2. Strategic Plan/Capital Planning Facilitation

Conducting this research established that senior Authority staff want to participate in the discussion about the future and what the "plans" should be. In fact, senior staff looks forward to being part of any continuing dialogue on the subjects discussed throughout the inreach.

Establishing a framework or model to set a process in place at the Authority can take a variety of forms. However, there is an in-house model that has been used in the past and is familiar to the Parkway staff, referred to as the "Future Planning Group." This is

Figure 1



a useful starting point for a new strategic planning process, especially as this model was inclusive and, therefore, meets the test of utilizing a ‘collaborative’ process to develop strategy and gain ownership of the results. For future purposes, we recommend the group be renamed the “Strategic Planning Group”.

Referring to Figure 1 above, sources of information and interaction between OSPP and internal and external stakeholders are depicted. OSPP is the convener and facilitator of information from a variety of sources. Note that the mission statement and goals of the Authority to be developed through this process relate to an external source – the long-range (25-year) regional transportation plans (RTPs) developed by the three Metropolitan Planning Organizations (MPOs) in the State; the North Jersey Transportation Planning Authority (NJTPA) the Delaware Valley Regional Planning Commission (DVRPC) and the South Jersey Transportation Planning Organization (SJTPA). Most other transportation agencies must participate in the RTP long-range planning process to receive any federal funds. By participating, the Authority will gain valuable information, build external transportation agency relationships and, potentially, be in a better position to consider federal funding in the future.

The Strategic Planning Group should function as the fulcrum of information, where dialogue and debate occur. Recommendations are made through OSPP to the Chair of the group, the Executive Director. This provides for a flow of information from the “bottom up” as well as from the “top down,” achieving information sharing. OSPP will facilitate the development of the mission statement and goals, and data plan. These key elements will lead the way to the annual strategic and capital investment plans.

VII Implementation Plan - Year One

Working with a planning agenda and calendar (see Appendix 1, Working Timeline) key milestones and activities are charted to ensure delivery of an initial strategic plan by November 2004. Establishing the “Strategic Planning Group” and charging that group to actively participate in a new strategic planning process will enable the new OSPP to deliver on the outline envisioned in the HayGroup Report.

Staffing

The OSPP can deliver an initial strategic plan with three to four existing staff, using mobility assignments to attract an appropriate mix of technical competencies. The inreach and outreach process confirmed that in seeking internal candidates to be reassigned to this office, desirable core competencies fall in two areas: transportation/land use planning, and database management, including Geographic Information System (GIS).

Absent internal candidates with these skills, such resources are readily available in the marketplace.

Actions

External role

1. Use chart of meetings/contacts to make and track initial external agency contacts
2. Circulate reports of external meetings to interested internal parties

Internal role

1. Define Strategic Planning Group, structure, members, frequency, etc
2. Outline strategic plan ‘table of contents’
3. Outline database plan for executive management report
4. Develop ‘straw man’ vision statements, goals, issues and challenges

5. Convene Strategic Planning Group

First agenda to include

Charge to group from Executive Director

Outline process, etc

Review 'Working Timeline' milestone calendar

Key deliverables to produce first strategic plan by 11/04

Confirm draft mission statement

Identify 3-5 key goals for Year 1 and 2

"Parking lot" for items of interest, not on topic

Follow –up action items, dated, owned

Set tasks for generating material

Use 'parking lot' items, assign owner/leader to prepare and bring back problem definition/status

Circulate record of meeting with actions

6. Task sub-group to identify data and measures already available and to work on data plan for executive management report

7. Confirm responsibility for deliverables

Mid-course Review

Reviewing progress towards the development of a strategic plan midway through 2004 will be an important checkpoint. Improvements on process and product can be implemented as mid-course correction to ensure delivery of a first New Jersey Turnpike Authority Strategic Plan by the end of 2004.

**OFFICE OF STRATEGIC POLICY AND PLANNING
NEW JERSEY TURNPIKE AUTHORITY**

APPENDIX 1

**Office of Strategic Policy and Planning
2004-2005 Working Timeline**

Office of Strategic Policy and Planning 2004/05 Working Timeline (02-04)

	Jan 04	Feb 04	Mar 04	Apr 04	May 04	Jun 04	July 04	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	July 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05
Long Range Plan	Participate in NJTPA, DVRPC and SJTPO regional planning committees on long range plans																						Updates due	
Strategic Plan Due											X													X
<i>Year-end performance review*</i>															X									
<i>Outline Table of Contents</i>			X																					
<i>Confirm Strategic Goals</i>			X												X									
<i>External Scan Activities, projects, measures</i>					X	X									X	X								
Strategic Planning Group Sessions			X		X			X		X				X		X			X				X	
<i>Set annual calendar</i>			X										X											
Capital Plan	* <u>Coordinate</u> linkage to strategic plan																							
Action Plans, studies	TBD through Strategic Planning Group sessions e.g. Data plan (for Executive Management reporting) ITS plan																							
Annual Report	* <u>Coordinate</u> with Annual Report function for 'baseline' and annual 'year in review' perspective for strategic plan																							



Alan M. Voorhees Transportation Center

Edward J. Bloustein School of Planning and Public Policy
Rutgers, The State University of New Jersey
33 Livingston Avenue, Suite 500
New Brunswick, New Jersey 08901
732/932-6812 x700 – 732/932-3714 (fax)
<http://www.policy.rutgers.edu/vtc>



New Jersey Turnpike Authority

P.O. Box 1121
New Brunswick, N.J. 08903
732/247-0900
www.state.nj.us/turnpike