

Oregon Department of Transportation Management Review

Work Plan

Draft

July 19, 2016

Introduction

A strong statewide transportation system has a critical role in supporting Oregon’s economic growth and the well-being of its citizens. This, in turn, requires a department of transportation that spends the taxpayer’s monies efficiently and effectively. Transportation is evolving rapidly both in technology and new forms of mobility and more changes may occur in the next ten years than the previous 50. Thus, it is important for state departments of transportation to be forward-looking and adapt to these changes. This management review will be an independent third party performance assessment of the Oregon Department of Transportation (ODOT), identifying strengths, weaknesses, opportunities to reduce costs, opportunities to facilitate stronger decision making, and recommendations for improvement with “best practices”.

Two primary forces are driving this future: rapidly evolving digital technology and increasing demand for collaboration. This future ranges from autonomous vehicles, to connected vehicles, to shared mobility, to new public attitudes regarding driving and owning cars, to new means of communications and new institutions. A DOT must adapt to these changes and others in managing its work. In effect, these changes can save lives, save costs, reduce congestion, reduce pollution and mitigate climate change, create jobs, grow the economy, and increase customer service and satisfaction.

This draft work plan reflects the current process for conducting a management review of the Oregon Department of Transportation. The kickoff meeting with the Oversight Panel July 28, the literature review, data gathering, interviews, and the highly interactive nature of this review will serve to inform the course of this plan and the final report. Thus, this initial work plan may be adjusted as information is received and assessed.

Biographies of principal staff conducting this management review are in the Appendix.

Task 1: Work Plan, Oversight Committee Kickoff Meeting and Project Initiation

- Prepare draft work plan.
- Introduce team members, identify roles and responsibilities of each.
- Discuss objectives, approach, and schedule.
- Solicit feedback regarding work plan.
- Determine communications/reporting structure.
- Determine scheduling for future status meetings.
- Prepare final work plan.

Task 2: Literature Review and Data Gathering

Through initial interviews with key personnel and a review of available information, we will gain an understanding of the current environment. Documentation to be obtained will include such items as:

- Current organizational chart with contact information.
- Current department budget, by program.
- Needs assessment by category (bridges, roads, rail, public transportation etc) and cost for the next 20 years.
- Department performance measures and what they are benchmarked against.
- A description of how the department uses performance measures.
- A description of how the budget aligns with identified needs.
- A description of how the Governor and Legislature are kept apprised of needs versus revenues to address them.
- Current policy for establishing priorities.
- Current policy for soliciting consultants.
- Current policy for soliciting construction contractors and maintaining a healthy bidding environment.
- Current policy for construction change orders, including approval authorities.
- A description of how scope, schedule and budget discipline are maintained internally and externally.
- Current and historical turnover rate within ODOT.
- A description of what technologies are being leveraged to do more with less.
- A description of how mobility is maintained for:
 - Traveling public.
 - Freight.
- A description of how the department keeps apprised of stakeholder and customer issues and how they are addressed.
- A description of how the department keeps apprised of partner issues and how they are addressed.
- The safety policy and how it is implemented.
- Applicable ODOT reports.
- Applicable reviews/reports from other states.
- Industry best practices.
- Any existing legislative mandates and relevant federal mandates (including new regulations called for under the FAST Act and MAP-21) will be identified.

Task 3: Define ODOT Activities

- Information obtained in Task 1 and Task 2 will be summarized and organized based on relevancy to identified objectives.
- We will gain an understanding of specific ODOT activities and interests including:
 - planning.
 - programming.
 - design.
 - construction.
 - maintenance.
 - operations.
 - budgeting and fund management.
 - asset management.
 - right of way.
 - environmental review.
 - safety.
 - contracting.
 - project selection.
 - organizational structure/staffing.
 - decision-making.
 - management and leadership.
 - transparency, credibility and trust.
 - statutory and policy mandates.
 - alignment.
 - communications.
 - Commission support.
- Specific performance measures and best practices will be identified for comparison to current ODOT activities.
 - Any existing legislative mandates and relevant federal mandates (including new regulations called for under the FAST Act and MAP-21) identified in Task 2 will be added as appropriate.

Task 4: Draft Questionnaires

- Based on information obtained in previous tasks, we will develop questionnaires of individuals and groups for face-to-face interviews regarding:
 - Satisfaction with ODOT's performance.
 - ODOT's greatest strength.
 - ODOT's greatest weakness.
 - Areas for improvement.
 - Specific suggestions for improvement.
- Individuals to contact will include:
 - Relevant federal and state elected and appointed officials and agencies.
 - ODOT senior management, major division administrators, and regional offices.
 - Local (city and county) governments and MPOs.
 - Private industry including modal customers.
 - Public interest groups.

Task 5: Schedule and Conduct Interviews

This is the primary information collection effort and will require the largest amount of project time. We will begin interviews with key personnel including:

- Chair of the Oregon Transportation Commission.
- Other Commissioners as applicable.
- Former Chair of the Governor’s Transportation Vision Committee.
- Governor's Transportation Policy Advisor.
- Selected legislators as appropriate.
- Contractors, consultants, truckers, etc., as appropriate.

Interviews will typically cover multiple activities - operations, organizational structure, staffing levels, decision making processes and how decisions are disseminated, communications, transparency, budgeting and funds management (state and federal funds), how and where funds are shifted, cost projections, cost control, return on investments and benefit-cost analysis, leveraging of technology and other means to reduce costs, alternative delivery strategies, timeliness, contracting policies and project selection, change order management, compliance with statutory-policy-direction mandates from the Governor, Legislature and Commission, and commission support. Additionally, we will focus on specific areas including:

- Operations, Organizational Structure and Staffing Levels
 - Compare ODOT organizational chart to other DOT’s.
 - Determine whether ODOT is structured in a way that allows for efficient and effective operations.
 - Assess whether staffing levels and distribution are appropriate to the tasks directed to ODOT in its statutory mandate.
 - Evaluate central office and region functions to include numbers of construction and maintenance staff, construction offices, maintenance yards, other facilities and equipment fleet.
 - Assess project/service delivery.
- Decision Making Paths and Communications Methods
 - Based on input from government leaders, lawmakers, and business leaders, we will identify specific leadership within ODOT to gain clarification regarding the degree to which decision making authority is clear and whether that authority should be held at a higher level or delegated further down in the organization.
 - Review and benchmark reports and documents, including performance measures, with other state DOT’s.
 - Determine effectiveness of communications through the chain of command.
 - Determine whether decisions are forwarded with clear authority.
 - Determine whether specific individuals identified as being responsible for decisions for purposes of clarification and response.
 - Assess procedures in place whereby employees responsible for making decisions and carrying out functions are held accountable for such decisions and actions.
 - Determine whether such decisions are being effectively implemented.

- Determine whether the right people are making decisions (deputy level versus Director).
- Determine whether decisions being made are at the right level within the ODOT organization.
- Determine whether decisions and dissemination are clearly documented.
- Determine whether there is too much concentration of authority in ODOT, leaving ACT's and advisory groups too little authority.
- Identify what the role of the OTC should be in oversight and the decision making process.
- Identify how active the OTC should be in the decision making process (e.g. should consent items be unbundled).
- Determine what processes are built into the decision making process to ensure there has been an opportunity for external and internal input.
- Assess the effectiveness of feedback loops both in formal written reports and documents as well as in personal interaction.
- Determine whether major stakeholders and advisory bodies (including but not limited to the Area Commissions on Transportation (ACTs) engaged with ODOT and is the advisories bodies' input being considered and valued.
- Determine whether ODOT's process for stakeholder input is easy to find and follow.
- Assess whether stakeholder input is transparent and accessible.
- Determine whether ODOT inappropriately influences or controls advisory groups or whether the advisory groups function effectively with appropriate independence and autonomy.
- Identify any conflicts of interest.
- Identify means by which problems within ODOT are appropriately conveyed to internal decision makers.
- Identify means by which problems within ODOT are appropriately conveyed to the Commission, to the Governor, and to the Legislature.

- Transparency
 - Determine level of transparency – internally and externally.
 - Assess methods used to communicate and report project selection, contracting bid and selection.
 - Policy development.
 - Communication with local agencies.

- Budgeting and Fund Management
 - Review and assess budget development and administration practices to determine transparency, compliance with Oregon state budget law, and reporting.
 - Determine whether all ODOT areas are operating within budgetary limitations.
 - Determine how unused or unallocated funds are accounted for and are reallocated.
 - Identify approval process for reallocation.
 - Identify how budget overruns are reported, accounted for, and resolved.
 - Determine whether budget transactions are clearly defined, identifiable, and transparent.
 - Determine whether funds are being transferred between units to cover spending.

ODOT Management Review

Work Plan

- Identify whether all restricted funds including State Highway Trust Funds used in the Highway Division, Motor Carrier Division, and Transportation Development Division are being used in accordance with state, federal, and constitutional limitations.
- Determine how questions regarding restrictions on use of funds are decided and how is that decision communicated and documented.
- Determine whether ODOT personnel meet all federal and state budgetary requirements.

- Cost Control
 - Determine such areas as:
 - a. Mechanisms used to manage cost control.
 - b. Once budgets are set, who has the authority to approve cost overruns.
 - c. Consequences for estimate and budget cost overruns.
 - d. Tracking of cost overruns and process to ensure future issues do not occur.
 - e. Recognition or awards given to staff that come in under estimates and budgets.
 - f. Dollars reallocation due to cost underrun.
 - g. Dollars to cover cost overruns.
 - h. ODOT's history working within estimates and budgets.
 - i. Actual v. budget tracked and reported to department leadership.

- Contracting Practices and Project Selection
 - Identify process used by ODOT to determine project selection/funding.
 - Compare contracting practices with other DOTs.
 - Determine use – quantity and appropriateness – of construction change orders.
 - Assess process used to select contractors for design, construction, project management, etc.
 - Determine perceived fairness in contracting process.

- Statutory and Policy Mandates
 - Obtain and review external audits and assessments and determine statutory and policy issues.
 - Obtain and review other reports that assess compliance.
 - Determine whether ODOT takes on responsibilities beyond that provided by regulatory and statutory mandates.
 - Determine whether there are statutory directives that ODOT has not carried out or addressed and, if so, what they are and why.

- Commission Support
 - Determine the extent to which the Commission receives meaningful information and with sufficient advance notice to contemplate, discuss, and provide thoughtful feedback, guidance, and decisions to ODOT.
 - Determine whether the OTC is provided documentation of arguments in support and in opposition that are received by ODOT regarding the action.
 - Determine whether the OTC is provided information regarding the impact of the decision upon adopted OTC policies.
 - Assess whether advisory groups and the general public are given sufficient notice to allow informed input.

- Determine relationships between ODOT, the Commission, and advisory groups.

Task 6: Draft Report

- Develop and communicate preliminary observations and alternatives throughout the project.
- Review policies and procedures to identify areas that could be standardized to increase efficiencies, effectiveness, and timing of services being offered.
- Document understanding of current processes, incorporate key strengths, and address potential improvements through the introduction of efficiencies and effectiveness.
- Formulate conclusions and recommendations and communicate preliminary results with appropriate applicable personnel.
- Organize and consolidate major findings.
- Delineate findings and recommendations by chapter:
 - Chapter 1: Operations, Organizational Structure, and Staffing Levels
 - Chapter 2: Decision Making Paths and Communications Methods
 - Chapter 3: Transparency
 - Chapter 4: Budgeting and Fund Management
 - Chapter 5: Contracting Practices and Project Selection
 - Chapter 6: Statutory and Policy Mandates
 - Chapter 7: Commission Support
- Prepare conclusions and causes.
- Prepare findings, recommendations, prioritization, and accompanying costs, if available.
- Prepare draft report.
- Present draft report to DAS Project Manager for review and comment.
- Clarify and discuss findings, conclusions, and recommendations as necessary.

Task 7: Final Report

- Based on input and corrections on the draft reports received from DAS Project Manager prepare final report.
- Prepare briefing materials.

ODOT Management Review Work Plan

Task Leads:

- Task 1: Prepare Work Plan (John Craig)
- Task 2: Review Literature and Data Gathering (Dick Mudge)
- Task 3: Define ODOT Activities (John Craig)
- Task 4: Prepare Draft Questionnaires (John Craig)
- Task 5: Schedule and Conduct Interviews (John Craig et al.)
- Task 6: Draft Final Report (Brad Rafish)
- Task 7: Final Report (Brad Rafish)

Monthly Status Reports (service and deliverable status reports) on prior month work performed to be submitted by the first working day of each month.

Project Schedule:

Work Plan:

Deliverable 1: Final Work Plan to DAS PM by August 11.

Literature Review and Data Gathering:

Deliverable 2: Progress Report to be delivered to the DAS PM by August 31, 2016.

Define ODOT Activities:

Deliverable 3: Progress Report to be delivered to the DAS PM by August 31, 2016

Draft Questionnaires

Deliverable 4: Draft questionnaires to be delivered to the DAS PM by September 15, 2016.

Schedule and Conduct Interviews:

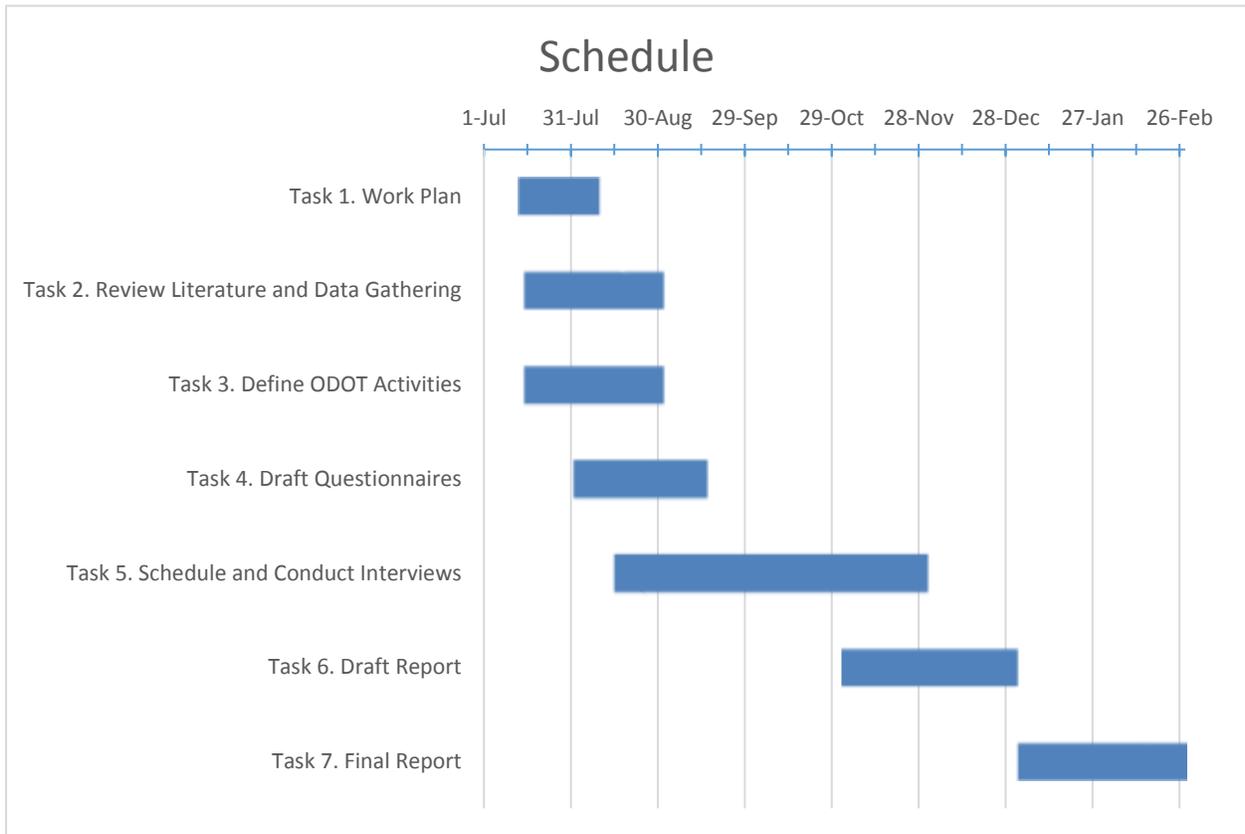
Deliverable 5: Progress Report to be delivered to the DAS PM by November 30, 2016.

Draft Report:

Deliverable 6: Summary progress report of interview results to be delivered to the DAS PM by January 4, 2016.

Final Report:

Deliverable 7: Revised draft report will be delivered to DAS PM by January 27, 2017. Final report and briefing materials to be delivered to the DAS PM by February 28, 2017.



Appendix: Biographies

John L. Craig

John Craig, Principal of John L. Craig Consulting will serve as our project manager. He has more than 40 years of experience leading, managing, and assessing organizations for improvement in over two dozen states and countries. John was the Director of the Nebraska Department of Roads (the state department of transportation) for 10 years. While leading it through continuous internal and external reviews, John ramped up communications, innovations, and execution that led to the Department's highest performance on record. He has served on the Executive Committee of the Transportation Research Board (TRB) of the National Academies, the Board of Directors of AASHTO, Chair of the AASHTO Asset Management Committee, and Chair of the Nebraska Rail Council. Currently, he is completing a management review to improve the Nebraska (statewide) Local Public Agency Program administered by the Nebraska Department of Roads. This includes a management review of "best practices" for programs administered by state departments of transportation in Missouri, Iowa, and Kansas.

John also led the turn-around of the \$1.3 billion Oregon Transportation Investment Act (OTIA) III State Bridge Delivery Program which was completed in 2015 on time, under budget, with 68 awards and outstanding relationships with ODOT, partners and stakeholders. This required continuous management reviews in conjunction with ODOT, management innovation, and extensive communications with partners and stakeholders.

Richard Mudge

Richard Mudge has more than 30 years' experience in finance, policy, and management of transportation agencies giving him the opportunity to work for approximately 50% of state DOTs. Dick's experience is diverse. He has helped develop options for transit authorities in Northern Illinois for a Governor's Task Force that included new organizational structures and strategies to take advantage of new technology. He led a performance audit of the Washington State DOT. He was the founding chair for an international committee on transportation evaluation and has been an invited member of TRB technical committees, covering economics, finance, technology, data, and pricing. He has also prepared path breaking work on transportation performance measures (for the Bipartisan Policy Center). His work in Oregon includes performance management for OTIA III and design of the state infrastructure bank.

Brad Rafish

Brad Rafish has provided organizational assessments, operational reviews, and performance audits for government operations for over 30 years. He has had the opportunity to review and assess various state and local agencies and programs and has a broad knowledge of governmental operations. Brad has also provided management review services for many transportation programs including: Washington State Department of Transportation (WSDOT), ODOT, Seattle Department of Transportation, Sound Transit, King County, Port of Seattle, City of Tacoma, Washington State Ferries, and roads and transportation departments for the Oregon counties of Clackamas, Washington, Lane, and Yamhill. Richard and Brad have worked jointly on a number of projects including WSDOT and Sound Transit.