DATE: February 27, 2025

TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
                   Director

SUBJECT: **Agenda Item G** – Strategic Review – Close-out Report

Requested Action:

Receive a presentation on the work the agency has completed in response to the Strategic Review conducted last spring. Review and discuss the Strategic Review Close-out Report and provide feedback on the agency's implementation plans outlined in the report.

Background:

The Oregon Department of Transportation maintains an approach and culture of continuous improvement, always seeking to find ways to deliver our work more efficiently, more safely, and more effectively. ODOT is a national leader among peers, pioneering innovative approaches, cultivating talented and dedicated leaders and staff, and challenging ourselves to evolve and grow to meet the changing needs of our state.

In furtherance of this mission and in light of recent specific challenges related to program delivery, ODOT requested an independent assessment of the agency's current state. In April 2024, a third-party expert review panel comprised of transportation professionals with more than 150 years combined experience performed a rapid assessment Strategic Review (SR), including identifying and recommending approaches foundational to top-performing transportation agencies nationwide. The SR evaluated specific topic areas and independently explored the agency's overall health, culture, and performance. The SR's work concluded in a report describing the agency's strengths, challenges, and opportunities for improvement.

Overall, the Strategic Review found the following agency strengths and clear indicators of high performance:
- General good condition of state highway system
- Dedicated agency staff
- Strong relationships with executive branch partners
- Notable stakeholder engagement within the Portland metro region
- Continuous improvement and growth mindset

The Strategic Review also found opportunities for improvement, including observations aligned with findings from the 2017 McKinsey report.

The SR's finding and recommendations can be summarized into three themes:
- Agency alignment and performance management culture
- Program planning and delivery, and transportation revenue projections
- Integration of Strategic Action Plan

The Commission has received several updates on the work the agency has done to implement the recommendations in the report. The depth and breadth of the work will serve the agency well going forward. The close-out report documents all the efforts by the agency and for the more complex items, the report documents the implementation steps needed to integrate this work into agency processes. While we are proud of the work outlined in the report, we understand that the lasting changes we need are still ahead of us. I am committed to seeing this through, and many of these changes will be ongoing agenda items for the Commission.

Attachments:
- Attachment 01 – Strategic Review Report

Oregon
Department
of Transportation

Strategic Review Close-out Report

Oregon Department of Transportation

Director's Office

March 2025

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Contents

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Introduction

Letter From the Director

Whether taking a bus or train to work, driving their kid to school, or having a package delivered, Oregonians in every corner of the state rely on the Oregon Department of Transportation every day. Oregonians rely on the employees behind the desk at the DMV, inspecting the truck at the weigh station, and maintaining the highway to get where they need to go safely.

Since I became ODOT's director in late 2019, I've seen this agency grow and adapt in extraordinary ways. From helping communities recover from wildfire to increasing access to services during a global pandemic to delivering projects that help to make our system safer and more accessible.

While I'm proud of our accomplishments, I also know our struggles deeply impact our state's transportation system and Oregonians everywhere. Project costs have increased rapidly. Communities and decision-makers alike experience the effects of our delays in delivery. Our Public Transportation Division has struggled to keep up with its new responsibilities and significant increase in funding. The financial realities of the pandemic paired with a structural revenue issue revealed clear weaknesses in our approach to cost estimating, project management, and essential financial and accounting practices.

Last spring, I convened a panel of experts to conduct a strategic review that would culminate in recommendations for improvement in areas where we saw deficiency, and understood those deficiencies as symptoms of deeper, foundational issues. I asked for the review to focus on, but not be limited to, the following areas:

- Budget and revenue practices
- ODOT's Public Transportation Division
- Project development, management, and accountability
- How ODOT compares to other state DOTs

This review found that if ODOT wanted to become the innovative and transformative transportation agency I know it's meant to be, we would have to make some changes – particularly in improving the organizational health and internal, foundational processes of the agency.

In response to that strategic review, ODOT's leaders are changing the way the agency does business. These changes focused on three major areas:

- Providing and using tools, structures, and systems to improve outcomes
- Building greater strategic alignment, collaboration, and shared ownership
- Strengthening the agency's culture of performance management and accountability

In less than a year, ODOT has completed work in many key areas that will help the agency provide better service to Oregonians. Some of the more significant work includes:

- Improving budgetary and capital programming processes
- Moving toward centralized program management and project controls and reporting systems
- Developing and utilizing tools and systems to effectively manage projects and programs from development through construction delivery
- Developing a roadmap for the agency, in conjunction with other leading state DOTs, on how to transition from the agency's current state to the aspirations identified in the Strategic Action Plan
- Developing and implementing a Capital Investment Plan rather than relying solely the Statewide Transportation Improvement Program (STIP)

The attached review details the above items and our work to create these durable and critical changes. Our work developing a Capital Investment Plan is the most significant, interconnected, and consequential change we'll make – a change not only in the way we deliver our core mission, but a change in what that means and looks like for Oregonians.

For generations, ODOT has managed its capital programming process 3-4 years at a time. This approach has two critical flaws: It locks in project cost estimates before projects are adequately scoped and prior to any meaningful design or decision-making, and it doesn't provide Oregonians with a clear and reliable sense of the improvements they can expect to see in their communities over the following decade.

To address these concerns, ODOT is moving to a mid-range Capital Investment Plan. This will ensure Oregonians are engaged in the development of projects at their earliest stages and plan for their impacts in their communities. It will also mean ODOT will provide more accurate cost estimates, schedules, and informed decision-making throughout the life cycle of a project.

This fundamental change demands institutional and cultural evolution – and ODOT is ready to make this change.

A year ago, I directed the agency to conduct this strategic review because I believe ODOT is at a critical moment. Left to its own devices, the agency cannot solve the structural revenue issue it faces. ODOT needs the help of the Oregon Legislature to do so. To deserve that help, ODOT needs to become the best agency it can be.

ODOT built mountain passes and bridges in storm-racked climates. It built hundreds of miles of bike lanes and sidewalks. And it has cared for all these assets for decades. This agency has been successful because of the people – thousands of individuals relying on one another to bring their best work. I have asked each ODOT employee to capture that spirit, to unlock their passion and dedication to the work and to deliver for Oregonians.

I am proud that, as the review found, ODOT is on track to be among the most innovative and transformative transportation agencies in the country. I'll keep pushing to get us there.

Kris Strickler
Director
Oregon Department of Transportation

Background

In April 2024, ODOT Director Kristopher Strickler asked the engineering and professional services consulting firm WSP to conduct a rapid strategic review of the Oregon Department of Transportation. Director Strickler requested this review focus on the agency's alignment and effectiveness of certain processes and agency functions, and requested recommended actions to assist ODOT in solidifying its position as a high-performing transportation agency with recognized credibility as a steward of the state transportation system and transportation funds. Following an initial document review and completing preliminary leadership interviews, the project team and Director Strickler decided to focus the review on the following processes and functions:

- Budget and Revenue Projections
- Division Specific Review | Public Transportation Division
- Project Element Development, Management and Accountability
- How ODOT compares to other state DOTs and identification of DOTs with best practices that align to the project team's recommended actions.

The WSP review team was composed of expert professionals with decades of experience in the transportation industry, focusing on organization leadership, performance management, major program and project delivery, transportation innovations, and effective communications. This collective experience enabled deep and informed observation and assessment of the department's organizational processes and outcomes. The WSP team included:

- **Paula Hammond** PE – WSP, Former Washington Secretary of Transportation; 34 years of WSDOT service
- **Dr. Shawn Wilson** – WSP Former Louisiana Secretary of the Louisiana Department of Transportation & Development; 28 years of experience in government including 18 at the LaDOTD
- **Linea Laird** PE – WSP, Former Washington Assistant Secretary for Engineering and Regional Operations and Chief Engineer; 38 years of WSDOT service
- **Susan Martinovich** PE – HNTB, Former Director of Nevada DOT; 29 years of NDOT service
- **Kirk Steudle** PE – Steudle Executive Group, Former Michigan DOT Director; 32 years of MDOT service

The final WSP report can be found in Appendix P.

Approach

The WSP team implemented a multi-layered approach to complete this assessment. The component layers of this engagement included:

- **Document review**: Working closely with ODOT leadership, WSP completed an in-depth document review that included past legislative packages, annual budgets, reports, strategic action plans, and other relevant documentation to aid in developing interview plans.
- **Staff interviews:** Through in-person and virtual interviews, the team met with Executive Director Strickler, ODOT's Executive Strategy Team (EST), ODOT's Agency Leadership Team (ALT), and key ODOT staff members to understand the department's current state, standards and processes, and insight on the functions included in the assessment's scope. In addition, the team interviewed the Chair of the Oregon Transportation Commission and Governor Kotek's Transportation Policy Advisor to understand their perspectives on the agency's effectiveness.
- **Nationwide best practices review**: Through personal experiences and knowledge of state DOTs nationwide, the team reviewed and considered those states with effective practices and processes that result in positive results in managing programs and projects. Key considerations were those states with proven-effective practices, systems, and tools.
- **Implementation actions**: From the information gathered, the WSP team made observations and drafted suggested actions for improvements that align with different timelines, ranging from immediate to longer term.

Findings

The initial review of documentation, publicly available reports, and staff interviews highlight the following strengths:

- **The state highway system is generally in good condition** – ODOT's regions deliver significant high-quality projects despite statewide capital delivery funding constraints.
- **Dedicated agency staff** – ODOT staff is talented, capable, dedicated, and proud of both the public service they provide to Oregon motorists and how transportation activities and events are communicated with the public.

- **Strong relationships with executive branch partners** – ODOT maintains and invests in strong relationships with the Governor's Office, the Oregon Transportation Commission, and partner agencies.
- **Portland Metro area stakeholder engagement** – The consultant team is impressed with the work done in the Portland Metro area to ensure equitable decision-making on projects and programs, future revenue and demand management strategies, and close coordination with partner local agencies.
- **The department values continuous improvement** – ODOT staff possess a strong willingness to improve processes and systems. Leadership supports and encourages efforts such as:
  - Project delivery process improvements initiated directly from McKinsey's Report findings.
- **Observations Aligned with 2017 McKinsey Report** – After grouping the project team's observations in themes for improvement, there was commonality with recommendations from the 2017 McKinsey Report.

Recommendations

The recommendations developed are oriented within the three opportunity areas.

Agency alignment and performance management culture

Agency alignment is achieved when all employees of an organization share and buy in to common goals and operate with the intent of achieving successful results. Many state DOTs refer to their alignment efforts as striving for a "one-DOT" mentality.

Essential to reaching alignment is a commitment to consistent two-way communications throughout the agency. A performance management culture supports alignment within an agency through continuous process improvements that help employees achieve their objectives and contribute to the organization's goals. A robust use of cross-functional teams will ensure diverse perspectives, shared ownership, and commitment to the desired outcomes. It involves communicating and clarifying job responsibilities, expectations, and development plans for successful implementation

Program planning and delivery and transportation revenue projections

Development of a 5–10-year program plan is a process used by many state DOTs to increase stability and trust with local and industry partners, legislators, and the public.

Longer range program planning enables improved engagement with communities and supports accountability and transparency initiatives. With two-year updates, the agency can be more strategic and agile with the planning process to respond to changing conditions and emerging priorities.

Along with a 5–10-year program plan, a centralized project controls, monitoring and reporting process can ensure better alignment with budgets and available revenue and identify trends or incidence of risks in project delivery. Consolidation of statewide project controls data and recognition of price escalation and other delivery trends will help bring market trends to light and improve ODOT's ability to be more responsive.

Oregon transportation programs are funded from a wide array of state revenue sources as well as the wide variety of formula and grant opportunities made available through the 2022 Federal Infrastructure Investment and Jobs Act (IIJA). Clear and replicable processes for revenue eligibility for use and projections by year are essential.

Coordination with program planning and project controls is an ongoing process and enables frequent reconciliation. For the actions within this recommendation to be successful, it is essential that the agency have modern tools and systems available to efficiently implement these processes.

Integration of Strategic Action Plan

The ODOT Strategic Action Plan is "a roadmap designed to accelerate change toward specific outcomes that address some of Oregon's most significant transportation challenges." Current fiscal/budgetary and workforce constraints seem to have disrupted the agency's employees' ability to align with the plan's ambitions. We recommend engagement within all the divisions and offices to ensure the roadmap's next steps are embraced by all.

Implementation

As recommended by WSP, an implementation champion was brought on to lead the overall implementation effort. An overall implementation plan was developed that included a Problem Statement, Desired Outcome and Schedule/Workplan for each of the recommendations. Included in the implementation plan was naming a member of Excusive Steering Team (EST) to lead the implementation of each recommendation. The overall expectation was to complete the work by January 2025 and, for the longer-term

work items, develop an implementation plan for the remaining work. The initial implementation plan can be found in the appendix A.

Below is the list of specific Recommendations from the WSP Strategic Review. The close-out report for each of these is located in the Appendix that is noted.

1.A Improve Budgetary and Capital Programming Processes	Appx. - A
1.B Develop and implement 5-10 year rolling program rather than programming in STIP	Appx. - B
1.C Move toward centralized program management and project controls and reporting systems	Appx. - C
1.D Develop and utilize tools and systems to effectively manage projects and programs from development through construction delivery	Appx. - D
1.E Review Structural reporting or functional placement to improve outcomes	Appx. - E
2.A Establish clear agendas for leadership meetings, including standing check-ins on key initiatives, tracking decisions, action item and key messaging follow-up	Appx. - F
2.B Implement cross functional teams for key initiatives	Appx. - G
2.C Consider leadership workshop to align agency directions, strategic action plan and consequent actions to measure progress	Appx. - H
2.D Develop roadmap for agency in conjunction with other leading state DOTs on how to transition from current state to the aspirations developed in strategic plan	Appx. - I
2.E Increase staff engagement in strategic decisions and plans	Appx. - J
2.F Develop communications plan for both internal and external messages of agency reforms underway	Appx. - K
3.A Reinforce responsibility and accountability at all levels	Appx. - L
3.B Train and develop a sustainable workforce to deliver ODOT programs.	Appx. - M
3.C Permanently fill key management positions.	Appx. - N
3.D Review Advisory Committees protocol	Appx. - O

Work Item Summaries

1.A Improve Budgetary and Capital Programming Processes

Develop and maintain a budget and capital programming practice that consistently and accurately identifies available funds to enable clear and effective programming of capital projects within available resources.
Leads: Marlene Hartinger and Travis Brouwer

Completed Work:

- Preliminary non-audit review completed 5/31/2024.
- Full comprehensive audit to identify programmatic errors and define corrections completed 1/9/2025 and presented to the Oregon Transportation Commission on 1/16/2025.

Additional work generated by the Strategic Review:

- Corrective action implementation plan included in the management response to the audit and presented to the Oregon Transportation Commission on 1/16/2025.

1.B Develop and implement 5-10 year rolling program rather than programming in STIP

Enhanced progression of project development between various transportation plans and STIP to improve accuracy of scope, schedule, and budget. New mid-range Capital Investment Plan will have linkage to revenue projections. Plan outcomes shall take effect immediately upon EST endorsement.
Leads: Travis Brouwer and Leah Horner

Completed Work:

- The six workgroups wrapped up meeting in mid-December 2024, along with the Project Management Team.
- Three virtual peer exchanges were held with Colorado, Minnesota, Arizona, and Nevada between mid-December and early January.
- Recommendations were made to EST on January 13, 2025, and received an endorsement to move forward with continued development and implementation.
- The Steering Team is meeting every other week, with a revised focus on process development and implementation.

- Next steps include standing up a data and metrics group to determine the metrics and weights that will be used for project scoring, detailed design work of the new processes, and a continued focus on integration with the 2027-2030 STIP.
- Members of the Steering Team continue to socialize the idea and request feedback with both internal and external groups.
- An internal webinar is planned for March 12, 2025, to provide an update on next steps.
- Information on the Capital Investment Plan will be presented to the OTC during their March 2025 meeting.
- Implementation will be ongoing through 2027-30 STIP with initial implementation target of Q2 2025.

1.C Move toward centralized program management and project controls and reporting systems

Implement key project controls and reporting for critical management objectives that are consistent across and supported by the organization.
Lead: Leah Horner

Completed Work:

Delivery and Operations Division:
- First Region Quarterly Project Reviews (QPRs) were completed in October – December 2024 and regular quarterly cadence is scheduled through 2025. These project reviews are designed to highlight any issues with projects, target corrective actions and provide a level of accountability for project management.
- QPRs focused on 350+ projects that are currently in design or construction delivery phases.
- Outcomes of first QPRs include:
  - Identification of statewide themes / issues contributing to delivery risks
  - Next steps to address statewide themes
  - Identification of adjustments for a consistent format and portfolio reporting tools for future QPRs
- ADA QPR was completed in early January 2025.
- First program QPRs (Fixit Programs, UMS, NEVI, SRTS, etc.) to be scheduled for February-March 2025.

- A color-coded dashboard report through SR Item 1D (see below) has been developed through a division-wide work group to be used for future Region QPRs starting with February QPRs.

Public Transportation Division:
- PTD completed two reviews, one specific to the federal financial process and one specific to STIF. For the federal transit funding process review, PTD contracted with WSP, which conducted the review and completed a report, including:
  - Conducted staff interviews, external transit provider and interested party feedback sessions and surveys.
  - Completed two peer DOT best practice interviews. An initial draft assessment was provided to PTD to review.
  - WSP completed a desktop analysis, interviews, Phase 2 draft recommendations for improvements, a final assessment and recommendations memo and a slide deck.

- For the Statewide Transportation Improvement Fund (STIF) Process Review, PTD contracted with (RLS), who is the current contractor PTD utilizes for STIF review and engagement with transit providers and PTD. The following work has been completed:
  - Provided an initial assessment report on Qualified Entity oversight
  - Conducted external transit provider and interested party feedback sessions and surveys
  - RLS finalized Regional Transit Coordinator interviews, provided a draft report on recommendations and completed their recommendations and report to the Division Administrator.

1.D Develop and utilize tools and systems to effectively manage projects and programs from development through construction delivery

Utilization of standard tools and systems will enable programmatic oversight of project and program delivery to ensure completion; projects, programs, staff, and leadership across the agency will utilize consistent system(s) that include Scope/Schedule/Budget. **Lead: Leah Horner**

Completed Work:

- The Tools & Systems Work Group was established to evaluate existing tools and portfolio reporting and identify priority refinements to support portfolio management from development through construction completion.
- Work Group has prioritized developing a Red-Yellow-Green (RYG) Dashboard Report to assess risks in project delivery health (scope, schedule, budget & community needs) – to be used internally for QPRs in Regions and Programs. The RYG Report is on track to be implemented for 2025 Q1 QPRs (by March 2025).
- Following rollout of RYG Report the work group will focus on assessment of existing tools and reports in the context of implementation of the Capital Investment Plan and establishment of the Capital Investment Group (CIG) (SR 1B)
- Utilization of standard tools and systems shall be delivered in parallel with implementation of CIG and associated portfolio oversight and accountability in Q3-Q4 2025.
- The ODOT CIO and D&O Administrator have been discussing what is needed to support the assessment of the existing systems that support the division. Additionally, the two have been discussing the staffing (internal and consultants) to identify an appropriate sequence of system replacement and integration. Actions planned for the following month: The CIO, D&O Administrator and the FBD Administrator will need to get together to discuss how the STIP management tools, cash flow tools and TEAMS in general are integrated and how to have a long-term vision with short term goals/projects.
- Utilization of standard tools and systems shall be complete by Q2 2025.

1.E Review Structural reporting or functional placement to improve outcomes

While organizational structure changes may be needed, the first step is to be clear on Roles and Responsibilities within Project Delivery. This should include defining the Authority, expectations, and accountabilities of each of the following areas: 1) Chief Engineer 2) Region Managers 3) Statewide Project Delivery Branch. In conjunction with this, more work should be done to analyze and adjust organizational structure, particular in the disciplines of Right of Way, Geo/Hazmat and Hydro.
Lead: Leah Horner

Completed Work:

- Work groups to develop centralized organizational structure for Geo/Hazmat, Hydro and Right-of-Way disciplines were initiated in late December 2024 and work is underway.
- Recommendations on new structure to be shared with D&O Management Team and upline in March 2025.
- Implementation and change management plans will be developed in April -June 2025.
- Implementation actions and associated change management to be initiated in July-August 2025.
- Clear identification / documentation of roles & responsibilities for ownership of project scope-schedule-budget are being defined with Delivery & Operations Division and specifically with Area Managers in February-March 2025.
- Tools and resources needed to appropriately support accountabilities will be developed in concert with 1D Tools & Processes Work Group, and adequately supported through the future Capital Investment Group framework.

2.A Establish clear agendas for leadership meetings, including standing check-ins on key initiatives, decision-making tracking, action item and key messaging follow-up

Leadership meetings enable informed decisions, reflect clear and shared outcomes, ensure responsible parties and actions are identified, ensure messaging alignment on decisions, priorities, and next steps, and ensure that key initiatives are being implemented effectively. Leadership is effectively engaged on key strategic and operational initiatives.
Lead: Paul Mather

Completed Work:

- Work is completed and is in the implementation stage. New agenda process is working, and ALT is adjusting to improve meeting effectiveness, communications across divisions and follow up on decisions made. Having Strategic Projects and Initiatives Manager capture key decision items and follow-ups is working well.

2.B Implement cross-functional teams for key initiatives

Key initiatives are delivered through cross-functional teams composed of agency staff and leadership as appropriate; key initiatives have clear scope, schedule, deliverables supported by staff and leadership; key initiatives receive clear direction from leadership and offer sufficient visibility to enable informed decision-making, and that all cross-functional teams reach conclusion for their tasks on the agreed upon schedule.
Lead: Paul Mather

Completed Work:

- The initiative tracker has been created and agreed to. Agency Leadership Team is in the process of populating it and making adjustments as needed to ensure cross-functional teams are in place and functioning.

2.C Consider leadership workshop to align agency directions, strategic action plan and consequent actions to measure progress

Consistent leadership alignment with expectations, goals, and success measures to ensure optimal agency performance. Leadership workshop to enhance alignment and develop collaborative approach for delivering strategic initiatives.
Lead: Carolyn Sullivan

Completed Work:

- Workshop occurred 9/9/2024.

2.D Develop roadmap for agency in conjunction with other leading state DOTs on how to transition from current state to the aspirations developed in strategic plan

EST has developed, and the agency is executing, a transition plan to enable the agency to deliver the priorities and outcomes of the Strategic Action Plan. The goal is to align the agency behind the outcomes of the SAP through ongoing communications, provide leadership and staff visibility into progress and challenges, and ensure accountability for achieving progress.
Lead: Travis Brouwer

Completed Work:

- Cross-functional team developed, and workplan completed.

- Plans being executed for regular check-ins on SAP priorities at OTC and within ODOT leadership groups to ensure visibility into progress and ensure accountability for achieving outcomes.
- Communication plan being executed for ongoing communications to ODOT employees to generate alignment.

2.E Increase staff engagement in strategic decisions and plans

ODOT staff understand agency's strategic direction, understand how individuals and teams fit into broader agency direction, feel engaged in development and have actionable ownership of agency outcomes.
Lead: Kris Strickler and Leah Horner

Completed Work:

- Executive Strategy Team has defined outcomes, EST and Agency Leadership Team have discussed and understand gaps in engagement with the Strategic Action Plan and began town hall discussions with teams across the state.

2.F Develop communications plan for both internal and external messages of agency reforms underway

Ensure Strategic Review findings and recommendations, and agency implementation of recommendations, are understood by internal and external audiences; ensure external audiences view findings and agency actions as credible and durable. Create a status of each of the reform areas; report progress quarterly as actionable outcomes.
Lead: Lindsay Baker

Completed Work:

- Initial communications developed and executed (Summer 2024)
- Established quarterly progress reports and accompanying internal communications (Fall-Winter 2024)
- Created internal webpage and initiative-specific communications for more substantive initiatives (e.g. Capital Investment Plan)
- Staff engagement continued at Senior Leadership Group and Fall Forum (Fall 2024)
- Shared initial work with external partners, legislators. Ongoing external communications as outcomes are defined.

3.A Reinforce responsibility and accountability at all levels

ODOT staff at all levels understand the strategic agency direction, key agency priorities and initiatives, and their individual role in delivering those outcomes. ODOT staff at all levels hold themselves, peers, managers, and employees accountable to outcomes through active, intentional, and consistent performance management. ODOT staff at all levels have clear performance expectations. Leadership provides quarterly review of major programs and projects that includes KPMs, scope/schedule/budget, and current and upcoming issues that need to be elevated.

Lead: Paul Mather and Leah Horner

Completed Work:

- Manager and leadership expectations have been developed and communicated from the director to his reports and from them to their reports.
- The Construction Oversight Review Committee (CORC) was rolled out and initiated in July 2024 to review contract change orders (CCOs) or projects >$50M. CORC meets twice per month pending agenda items and is reviewing CCOs that meet schedule and cost impact thresholds. The CORC has a charter and guidance document.

3.B Train and develop a sustainable workforce to deliver ODOT programs

Agency is developing staff and leadership succession plan, focusing on positions that are "one deep" and high-risk areas for the organization, and plan for leaders to better understand the work performed within their teams.

Lead: Carolyn Sullivan

Completed Work:

- Updated succession planning document submitted to DAS in December 2024.
- Work is on track and being reviewed by Executive Strategy Team to:
  - Develop position- and team-specific succession plans.
  - Develop leadership position-specific core competencies, onboarding plans, and individual development plans as necessary.

3.C Permanently fill key management positions

Fill key positions identified by leadership and ensure agency posture and utilization of temporary, limited duration, and rotational assignments enables leadership development while meeting agency needs and maintaining holistic agency health.
Lead: Carolyn Sullivan

Completed Work:

- Key positions have been filled.
- Reviewing enterprise rotation policy; considering standalone ODOT rotation policy.
- Modified process for rotations approval for management service and executive service to require Division Administrator approval.

3.D Review advisory committee protocol

Advisory Committees are managed in a consistent and coordinated approach, with clear processes to establish, review, and abolish committees as well as clear expectations and consistent staff support.
Lead: Lindsay Baker

Completed Work:

- Evaluated all existing advisory committees and corresponding materials and practices; developed initial recommendations (Late Summer 2024)
- Final recommendations developed; began execution (Fall 2024)
- Template materials development (charter, code of conduct, fact sheet) (Winter 2024)
- Advisory Committee Alignment Collaborative established, held first meeting (Winter 2024)
- Complete implementation of plan by July 2025

APPENDICES

Appendix A: Close out Report for Strategic Review 1A

– Improve Budgetary and Capital Programming Processes.

Lead: Travis Brouwer

Problem Statement: ODOT's budget and capital programming practices have enabled significant overestimation of federal funds, which revealed long-standing errors in budgetary and capital programming practices since 2017 and ultimately has required modifications to the 2024-2027 STIP.

Process:

At the request of Director Strickler, ODOT Audit Services undertook an audit of the agency's spending of HB 2017 funding. That audit was delivered to the Oregon Transportation Commission in January 2025. The audit found that progress had been made on improving budgetary processes but that a number of important steps needed to be implemented, including separating out HB 2017 funds to be able to track them more effectively.

Outcomes from this work include:

In response to the original budget issue and the audit, the agency has taken a number of steps to improve its budgeting and financial practices, even before the audit of HB 2017 funds was completed.

- The budget error was caused in part by frontloading projects in the first two years of the 2024-2027 STIP, which then led to spending and revenue projections in the 2023-2025 budget that were not accurate and which ODOT feared could have led to overspending. To address this, at the May 2024 OTC meeting ODOT presented the Commission a proposal to push a number of projects out to 2026-2027 to avoid overspending in the 2023-2025 biennium.
- To avoid a similar situation in the 2027-2030 STIP, ODOT will not frontload projects in the next STIP.
- ODOT has been monitoring 2023-2025 expenditures against budget in Project Delivery and Local Government to ensure the agency does not overspend. This monitoring has shown that ODOT is not spending in a way that risks overspending against available revenue.

- Because the agency's cash flow model does not have a sufficient level of precision to accurately budget several years into the future across multiple types of funds, the agency built the 2025-2027 Project Delivery and Local Government budgets using historic actual federal funding rather than cash flow model output. This will prevent the overestimation of federal funds that occurred in 2023-2025.
- ODOT rebuilt its budget allocation to clearly divide revenue between operations and maintenance and capital and used this model to build its 2025-2027 budget.

Final Implementation Steps:

ODOT has committed to a number of specific steps to address audit findings.

- Beginning in July in the 2025-2027 biennium, ODOT will create specific fund details for HB 2017 funds to be able to track expenditures. This action was already in process.
- ODOT will explore options to replace the cash flow model that led to the inaccurate estimates of federal revenue and expenditures. Until the model can be replaced, it will not be used for functions, such as the budget, for which it cannot provide estimates with an appropriate level of accuracy.
- ODOT will create regular reports to compare HB 2017 actuals with projected values used in STIP and budget and adjust as needed, and ODOT will reconcile HB 2017 actual funding with allocations of funding and report to the OTC each year.
- Finance and Budget Division will work with Delivery & Operations to keep bid dates current to minimize the risk of the cash flow model mis-estimating expenditures.

ODOT will be held accountable to these actions through continued monitoring by ODOT's Audits group, which will review implementation of these steps. The Oregon Transportation Commission will also monitor this work, as ODOT will continue to report to them.

Appendix B: Close out Report for Strategic Review 1B

– Develop and implement 5-10 year rolling program rather than programming in STIP.

<u>**Lead**</u>: Travis Brouwer, Leah Horner

<u>**Problem Statement:**</u> ODOT is overly reliant on a three-year STIP cycle without a long-term capital program that identifies investment priorities over a longer period of time. The STIP process requires ODOT to estimate project costs years in the future, increasing the challenges of maintaining project budget, scope, and schedule.

<u>**Process**</u>: A diverse representation of staff from the Planning, Data and Analysis Division, Public Transportation Division, the Budget and Finance Division, and the Delivery and Operations Division were pulled together as a Steering Team to develop a mid-range Capital Investment Plan. A change management consultant was utilized to assist in blending diverse opinions, goals and objectives into a comprehensive plan. The Steering Team identified six areas in need of a deeper dive and established six working groups that included members of the Steering Team for continuity. The six work groups were:

Goals and Metrics: This team looked to establish and build agreement on criteria utilized to screen potential project investments against program/agency outcomes.

STIP Integration and Finance: This team evaluated the proposals to move towards a more frequent STIP update. The team evaluated the level of effort of an annual STIP amendment vs. the current practice.

Project Identification, Needs and Scoping: This team examined current scoping practices, timelines and effectiveness and opportunities for improvement. The team focused on identifying elements necessary to complete a more accurate construction cost estimate.

Plans and Processes: This team identified which longer-range plans will feed into the plan and how to link plans to project concepts, selection and design.

External Engagement: This team planned for how to involvement participants in the plan and define likely benefits, concerns, and responses.

Change Management: This team focused on identifying change champions, utilizing them to message the needs and opportunities and build understanding across the agency.

The Steering Team sponsored three virtual peer exchanges and made the information available for workgroup members. Representatives from the Colorado, Minnesota, Arizona and Nevada DOTs participated in the exchanges.

Outcomes from this work include

Former Process	Change (Capital Investment Plan)	Outcome	Tracking Progress
Proposed projects materialized from different sources without consistent statewide criteria.	Projects will be proposed annually, with proposers required to consider how projects contribute to adopted goals from the OTP. Closes the gap between long range plans and short-term investments; ensuring investment decisions advance long-term goals.	Creates a consistent process for identifying, evaluating, and advancing proposals based on data, plans, and needs.	Completion of the Capital Investment Plan document.
Programs and Areas utilized narrowly defined requirements and different reporting systems to determine which projects to scope and evaluate project efficacy.	Goals and metrics for selection will be set following internal and external input. Goals and metrics will be balanced between qualitative and quantitative criteria, and weights or thresholds will be established.	Establishes agency investment direction and allows for adjustments as conditions change. Improves methods to gauge progress toward agency strategic objectives and performance measures.	Published scoring matrix. Tracking and reporting of investment impacts to goals (e.g. safety, state of good repair, etc.).
Project selection is decentralized by program type.	Review of proposals will be coordinated by a centralized group who will compare proposals across the agency to identify which best further progress toward agency goals and outcomes. Centralized review will revise or adjust timing of investments in Plan if appropriate, and document	Balances investments to see projects' potential beyond specific, single-program metrics.	Capital Investment Plan document is published after work by centralized group.

	why potential projects did not move forward.		
Projects are rapidly scoped once, with high-level assumptions informing programmed scope, schedule, and budget.	Every year, a portion of projects in the Plan will be funded in the STIP for preliminary engineering or design work *only* to improve and deepen understanding of project requirements, scope and risks. As projects become ready, they are moved forward for construction.	Improves estimates for scope, schedule, and budget. Projects that are ready for construction move forward annually.	Tracking and reporting of on-time and on-budget project estimates.

Final Implementation Steps:

- Communicate the desired changes to Area Commissions on Transportation. Collect feedback that can be utilized for the development of the Capital Investment Plan. Due May 2025.
- Identify draft criteria for the project selection and advancement through the Capital Investment Plan. Due July 2025.
- Develop the draft 2027-2030 STIP, which will include practices that bring in the initial ideas of the investment plan. Program the appropriate project phases, based upon the criteria for the design, right of way and construction phases. Due July 2025.
- Create a draft Capital Investment Plan and present to the OTC. Due 2026.
- Implement and maintain a Capital Investment Plan. Due 2026.

Appendix C: Close out Report for Strategic Review 1C (Delivery and Operations)

- *Move toward centralized program management and project controls and reporting systems.*

Lead: Leah Horner

Problem Statement: Lack of a common set of standard tools, structures, and controls to manage and deliver similar work throughout the organization. This impedes our

ability to track delivery of projects and programs before issues occur, identify challenges or opportunities on projects or programs, and consistently deliver. Item 1C has significant overlap with item 1D and the success of both are reliant on each other.

Process: The Delivery and Operations Division is responsible for the delivery of projects within the STIP. This is typically done by staff in the five ODOT Regions, with technical support and guidance from the Engineering and Technical Services Branch. Project controls and reporting is supported by the Statewide Project Delivery Branch. The Branch supports Region staff delivery projects and Program Managers. Quarterly Portfolio Reviews (QPRs) have been established in each region. These reviews are also attended by the Statewide Construction Engineer, Chief Engineer, Statewide Project Delivery Branch Manager, Capital Program Engineer and the Division Administrator. Region project delivery and maintenance staff also attend. Most of the discussion focused on projects that were yellow or red. Regions also identified projects that had gone well, and they wanted to highlight.

A cross-functional work group was established to identify a set of standard metrics that would be utilized to keep projects aligned with delivery goals. The team identified areas that should be considered when assessing risks to scope, schedule and budget. This set of metrics will be utilized during the QPRs. The work group identified project data that was available in existing systems that should be part of the review.

Outcomes from this work include:

- Reorganization of the project delivery portion of the Division and Operations Division. This structure will rely on a Capital Program Engineer to set standards of practice for project delivery similar to the function of the Maintenance Engineer. This branch will focus on providing standards, tools, financial oversight and support to Region project delivery teams. Strong partnership with program managers outside the division and staff in Finance and Budget will be needed.
- Quarterly portfolio reviews through planning, design and construction that utilize predictive metrics to assess project performance and keep projects aligned with delivery goals. Standardized project and portfolio reports
- Quarterly program reviews that focus on progress towards formalized goals and outcomes.
- Uniform guidelines on the utilization of project delivery tools such as project risk registers, cost estimates, constructability reviews and engagement of a more formalized Project Executive Team. Projects that require a more

formalized Project Executive Team will have an established dollar threshold, level of complexity/risk and legislatively named projects.

- Improved project delivery metrics above the 2024 baselined metrics.
  - o 2025 Construction projects – Improve the number of projects that are completed on time (based upon original contract completion date) by 10%.
  - o 2025 Construction projects – Improve the number of projects that are completed on budget (based upon original contract and construction engineering amounts at time of award) by 50%.
  - o 2027 Construction projects - Number of projects that are completed on time: 90%.
  - o 2027 Construction projects - Number of projects that are completed on budget: 90%

Final Implementation Steps:

The following steps will need to be addressed to achieve full implementation.

- Reorganization of the division. Conceptual plans have been presented to EST and the Delivery and Operations Division Management Team. Concepts have also been socialized with ALT members engaged in project delivery.
- The Capital Engineer, Chief Engineer and Statewide Project Delivery Branch Manager will need to identify staff that could fulfill the new roles. Due 4/30/2025.
- The Division Administrator and Capital Engineer will work with Human Resources staff to implement the reorganization. Due 6/30/2025.
- Finalize quarterly program reviews with all 20 programs contained in the STIP. The reviews conducted by D&O staff are focused on project level performance related to scope, schedule and budget. 12/31/2025.
- Identify projects for the 27-30 STIP in accordance with the new approach. 7/31/2025.
- Establish Executive Sponsor Teams and recurring meetings for those projects that need a higher level of review and communication.

Appendix C (continued): Close out Report for Strategic Review 1C (Public Transportation Division)

– *Move toward centralized program management and project controls and reporting systems.*

<u>Lead</u>: Leah Horner

<u>Problem Statement:</u> Lack of a common set of standard tools, structures, and controls to manage and deliver similar work throughout the organization. This impedes our ability to track delivery of projects and programs before issues occur, identify challenges or opportunities on projects or programs, and consistently deliver.

<u>Process (Federal Transit Fund Review)</u>:

PTD completed two reviews, one specific to the federal financial process and one specific to Statewide Transportation Improvement Fund (STIF). For the federal transit funding process review, PTD contracted with WSP who conducted the review and completed a report, including:

- o Conducted staff interviews, external public transportation provider and interested party feedback sessions and surveys.

- o Completed peer DOT research and two best practice interviews and provided a peer survey for ODOT to distribute. An initial draft assessment was provided to PTD to review.

- o WSP completed a desktop analysis, interviews, Phase 2 draft recommendations for improvements, a final assessment and recommendations memo and a slide deck.

Outcomes from this work include:

Federal Fund Management
ODOT will provide consistent federal fund management and calls for projects. ODOT will revise timelines and processes so that public transportation providers have reliable access to awarded federal transit funding upon signing subgrant agreements. ODOT will thus reduce state liability for public transportation services invoices that are provided under federal grants. ODOT will reduce possibility of lapsing available federal funds. However, this may result in short term disruption, including potential transit disruptions, as ODOT brings transit awards in line with federal grant execution and streamlined processes.

In the long run, this will help ensure that Oregon transit providers and riders maintain access to services.

Success can be measured by ODOT executing federal subgrant agreements by the date specified in its call for projects, and FTA executing grant agreements with ODOT such that provider invoices for federal projects are paid with federal funds.

Provider Satisfaction
Public transportation providers will receive reliable, coordinated communications and guidance on ODOT federal fund processes to effectively manage local transit service and budgets.

Success can be measured by a one-time provider survey to establish their communication preferences and then meeting those.

ODOT and public transportation provider staff time will be reduced on administrative processes, leading to an increase in customer and staff satisfaction. ODOT will provide consistency for public transportation providers by conducting process improvements. Providers will submit high quality applications for eligible projects.

Success can be measured by ODOT executing subgrant agreements for eligible projects by the date specified, based on providers' application documents with one coordinated follow up request to each applicant.

Accountability
Public transportation providers will receive training and consistent guidance and will maintain compliance with federal funding rules and responsibilities. ODOT will increase public transportation provider accountability to federal requirements.

ODOT will conduct regular risk assessments and compliance oversight activities, and support small providers to manage transit planning and federal funding requirements.

Success can be measured through compliance monitoring results.

Final Implementation Steps:

Onboard Program Services Manager on March 10, 2025. Pursue legislative approval for Policy Option Package increasing fund management and transit staff. Implement review recommendations based on short term and long term priorities.

Process (STIF Program Review):

For the Statewide Transportation Improvement Fund (STIF) Process Review, PTD contracted with RLS and Associates, who is the current contractor PTD utilizes for STIF review and engagement with transit providers and PTD. RLS conducted the review and completed work, including:

     o Provided an initial assessment report on Qualified Entity oversight

     o Conducted staff interviews and collaborated with WSP on external transit provider and interested party feedback sessions and surveys

     o finalized Regional Transit Coordinator interviews, provided a draft report on recommendations and completed their recommendations and report to the Division Administrator.

Outcomes from this work include:

State Fund Management

To ensure their compliance with state rules for STIF funds and reporting, ODOT will increase authority and responsibility over Qualified Entity and public transportation service providers, and will reform reporting deadlines and penalties. ODOT will conduct high quality data collection and tracking methods to provide consistent reporting on results.

Success can be measured by Qualified Entities' on-time submission rates for periodic and annual reports, and by quality metrics collection and reporting from ODOT.

Public Transportation Providers will maintain long term stability by using federal and state formula funds to sustain existing services and maintain new and expanded service into the future (reducing service expansion without reliable funding).

Provider Satisfaction

Public transportation providers will receive reliable, coordinated communications and guidance on ODOT state fund distribution and processes. ODOT will provide consistency for public transportation providers by conducting rule and process improvements.

ODOT and public transportation provider staff time will be used effectively with staggered deadlines and flexibility to amend Plans, leading to an increase in customer and staff satisfaction. Providers will submit high quality applications for eligible projects. ODOT will work to reduce burdens on Qualified Entities who have small staff and receive guaranteed minimum funding.

Success can be measured by percent of STIF Plans that are complete on first submission and. ODOT's ability to advance high quality STIF Plans and Plan Amendments to decision makers with zero to one coordinated follow up request to each applicant.

Accountability

Public transportation providers will receive training and guidance to understand state

STIF fund responsibilities and will maintain compliance with STIF funding rules and responsibilities.

Success can be measured through compliance monitoring results.

Final Implementation Steps:

Onboard Program Services Manager on March 10, 2025. Manage STIF Rules Advisory Committee and work with external parties to further develop program, rule and guidance changes. Implement review recommendations based on short-term and long-term priorities.

Appendix D: Close out Report for Strategic Review 1D

– Develop and utilize tools and systems to effectively manage projects and programs from development through construction delivery.

Lead: Leah Horner

Problem Statement: Lack of standard tools, structures, and controls and lack of utilization of existing tools to manage and deliver similar work impedes our ability to track delivery of projects and programs, identify challenges or opportunities on projects or programs, and consistently deliver.

Process: The agency utilizes a variety of tools and systems to delivery projects, track and report out the data. A tools and systems work group was established to evaluate existing tools and reporting. The group prioritized the creation of Red-Yellow-Green Dashboard report for utilization by D&O.

A tools and systems team will continue to be utilized to develop a strategic IT plan for the division. The division currently does not have a unified set of priorities around system replacements that support both maintenance and project delivery.

Outcomes from this work include:

- Establishment of a Tools and Systems Work Group. The team developed a Red-Yellow-Green (RYG) Dashboard Report to assess risks in project delivery health (scope, schedule, budget & community needs) – to be used internally for QPRs in Regions and Programs. The RYG Report is on track to be implemented for 2025 Q1 QPRs. The work group will evaluate the feedback from this initial utilization and adjust as needed. The tool can be utilized to assist in the improvement of on-time on-budget delivery of projects.

- Increased utilization of standardized tools, such as the risk register and cost estimating practices.
- Recognition of the need to align the division's goals around supporting IT infrastructure.
- Increased transparency in project scope/schedule/budget changes. Summaries of change management requests will be available on-line, beginning 10/1/2025, in alignment with the start of the new federal fiscal year.
- Improved project delivery metrics above the 2024 baselined metrics.
  - 2025 Construction projects – Improve the number of projects that are completed on time (based upon original contract completion date) by 10%.
  - 2025 Construction projects – Improve the number of projects that are completed on budget (based upon original contract and construction engineering amounts at time of award) by 50%.
  - 2027 Construction projects - Number of projects that are completed on time: 90%.
  - 2027 Construction projects - Number of projects that are completed on budget: 90%
- Improved performance and accountability metrics for staff. Project delivery staff performance reviews will include a review of their ability to deliver projects on-time and on-budget. These metrics will be incorporated in performance appraisals beginning July 1, 2025, utilizing the current metrics as a baseline and setting portfolio improvement goals for each individual in order to achieve the overall agency goals noted above.

Final Implementation Steps:

- Standardized project/portfolio tool to track the health of the project, based on both quantitative and qualitative data and inputs. QPR reports should be rolled up into a portfolio level report that can be shared with EST and incorporated into a Quarterly Business Review for the Division. Portfolio level review due by 7/31/2025.
- Develop a division level IT Strategy in conjunction with the Chief Information Officer. The strategy should have a prioritized list of investments that are sequenced and fiscally constrained. Due 6/30/2026.

Appendix E: Close-out Report for Strategic Review 1E

– Review Structural reporting or functional placement to improve outcomes.

Lead: Leah Horner

Problem Statement: There is a lack of clarity and understanding of the Roles and Responsibilities in Project Delivery. The current project portfolio has individual projects that require experience and expertise beyond that in ODOT. Additionally, several program audits and reviews have indicated the disciplines of Right of Way, Geo/Hydro, Haz Mat and Bridge would benefit from being centralized.

Process: August 2024 FHWA review of the Bridge Program identified 10 areas for improvement in both the Bridge Program and across disciplines and project delivery. This review also referenced recommendations in the 2018 FHWA review of the geo disciplines.

In Fall 2024 ODOT developed an implementation plan and schedule to address the FHWA Bridge Program recommendations – which included addressing centralization of both the geotechnical and hydraulic disciplines. In late 2024 the implementation plan was initiated through a work team that includes statewide Bridge Program leadership, the Chief Engineer and the Statewide Capital Program Engineer – along with project delivery program staff.

For the discipline centralization identified by both FHWA and the Strategic Review, in December 2024, we established work groups to develop an organizational structure for Geo/Hazmat, Hydro and Right of Way. The Bridge Program has been centralized. The work group includes Program Managers, Tech Center Managers, Region and Area Managers and staff working in each discipline area. The teams are working on a new organization structure and implementation plan to present to the Delivery and Operations Division Management Team.

Outcomes from this work include:

- Centralizing key disciplines will result in better risk management. The risks associated with the disciplines noted above can have a significant impact on cost overruns and delays. The outcome of this change will be better risk management during the design and construction of identified projects.
- We see the coordination of bridge, hydrology and geo disciplines impacting the development and delivery of bridge projects – and contributing to both schedule

and cost risks. Centralizing these disciplines is intended to improve coordination and collaboration between these disciplines to improve project delivery quality.

- Centralizing these key disciplines will address technical competencies across the Agency and ensure that projects are staffed with appropriately experienced subject matter experts, peer reviewers and technical mentors. The centralized structure of the disciplines will allow improved resourcing to ensure technical competency and will focus on risk assessment and management in projects and across the portfolio for those discipline areas.

- With the increase in right-of-way acquisition associated with ADA curb ramp and pedestrian safety improvement projects, we need to improve the consistency and practice of acquisition to manage schedule and cost risks associated with the acquisition process.

- Clarification in roles and responsibilities will improve the accountability within the agency by providing employees and managers with clear performance expectations.

- Restructuring our Project Delivery staff, programs, design and construction delivery under a Capital Program Engineer. The centralization of project controls, selection of projects and oversight of changes to scope/schedule and budget will drive the on-time/on-budget metrics in other portions of the strategic review.

- Centralized selection of projects in addition to the Capital Investment Plan will lead to a more strategic list of projects, improved leveraging of available funding sources, and increased transparency. Projects will be selected based on identified state and federal goals and desired outcomes. This will eliminate project selection decisions being made by area, region or program manager level priorities and shift to the priorities of the state, the commission and the agency.

- Centralized selection of projects will result in a more strategic utilization of available funding sources through the development of project financing plans. Projects identified in the Capital Investment Plan will be programmed for design and construction based on specific stage gate requirements. Projects that do not meet those requirements will not be funded to move forward. This will support improvements in on-time/on-budget improvements. This will also ensure every

project is screened based on federal and state program requirements, goals and metrics.

Final Implementation Steps:

- Clearly defined roles and responsibilities for Area Managers, Transportation Project Managers and Resident Engineers (includes Consultant Resident Engineers). Final documentation due to Delivery & Operations Management Team. Due Summer 2025.
- Implement Reorganization of centralized resources. Due Summer 2025.
- Implement Reorganization of centralized project delivery resources under the Capital Program Engineer. Due Summer 2025.

Appendix F: Close-out Report for Strategic Review 2A

– Establish clear agendas for leadership meetings, including standing check-ins on key initiatives, decision-making tracking, action item and key messaging follow-up.

Lead: Paul Mather

Problem Statement: EST and ALT meetings do not consistently ensure that key initiatives are tracked at every meeting, that decisions made have shared understanding and are being implemented effectively, that action items are being carried forward by team members, or that additional levels of staff have appropriate visibility into outcomes of leadership meetings and decisions.

Process: After interviewing members of each team (ALT – Agency Leadership Team and EST – Executive Steering Team) this work focused on two areas:

- Standing up new initiatives and tracking progress. (Also see work item 2B and the Initiative Tracker)
- Providing structure to agendas.

Outcomes from this work include:

- Standard agenda for ALT
- Expectations for leading the meeting, including:
  - ALT chair rotation among members of Executive Strategy Team.

- ALT facilitation, agenda-build, materials, notes, initiative tracking, and action items coordinated by Strategic Planning & Initiatives Manager.
- Alignment between topics brought to ALT and Senior Leadership Group meetings.

Appendix G: Close out Report for Strategic Review 2B

– Implement cross functional teams for key initiatives.

<u>Lead</u>: Paul Mather

<u>Problem Statement:</u> Key agency initiatives are not consistently delivered effectively through cross functional teams, leading to delays, insufficient oversight and administration, lack of internal and external alignment, and missed opportunities to promote and celebrate successful outcomes.

<u>Process</u>: After reviewing the existing process, it was noted that several divisions or programs within the agency (including the Commerce & Compliance division) had developed successful ways of tracking initiatives. Building on these existing tools, an Initiative Tracker was developed for use at an agency-wide level. This tool provides ongoing visibility and a consistent method to manage the scope, schedule, and budget of Agency Initiatives, and ensure each initiative is delivered through cross functional teams comprised of agency staff and leadership as appropriate.

Outcomes from this work include:

- ALT Initiative Tracker. This is a spreadsheet that lists each of the initiatives executive leadership is tracking and responsible for delivering. While fairly simple, the initiative tracker keeps track of progress of each item, who is the lead, ensure appropriate cross-functional team are working and is basic "scorecard" for the team to track their work and hold each other accountable.
- Cross functional teams were used extensively in implementing the recommendation in the Strategic Review. One of the best examples of multiple cross functional teams taking on a complex issue is the work on the Capital Investment Plan.

Appendix H: Close-out Report for Strategic Review 2C

– Consider leadership workshop to align agency directions, strategic action plan and consequent actions to measure progress.

<u>**Lead**</u>: Carolyn Sullivan

<u>**Problem Statement:**</u> Lack of leadership alignment on approach to delivering strategic action plan outcomes; lack of leadership alignment on performance management expectations related to agency priorities (including but not limited to agency SAP outcomes).

<u>**Process**</u>: Work included partnering with agency leadership to craft a one-day workshop to better align activities with outcomes.

Outcomes from this work include:

Leadership workshop was held in September 2024. Future workshops may be considered as needs require.

Appendix I: Close-out Report for Strategic Review 2D

– Develop roadmap for agency in conjunction with other leading state DOTs on how to transition from current state to the aspirations developed in strategic plan.

<u>**Lead**</u>: Travis Brouwer

<u>**Problem Statement:**</u> ODOT lacks a clear plan to move from our current state to the ambitious outcomes laid out in the Strategic Action Plan, and all levels of the agency have not yet firmly aligned their priorities and programs to achieve the outcomes defined in the SAP. Since approval of the SAP, those responsible for successfully achieving the outcomes have not sufficiently focused on progress towards implementing the SAP. Clear reporting on progress in the SAP is currently lacking, so leadership lacks visibility into progress and issues that inhibit effective implementation.

<u>**Process**</u>:

Through a small working group reporting to the Executive Strategy Team (EST) and Agency Leadership Team (ALT), ODOT developed and is executing a plan to enable the agency to deliver the priorities and outcomes of the Strategic Action Plan. This plan is focused on two key outcomes:

- **Accountability:** Achieving accountability for implementation of the priorities and outcomes in the SAP through regular reporting on progress of implementation to ALT and the Oregon Transportation Commission.
- **Alignment:** Achieving alignment across the agency through ongoing communications to employees about the vision and direction of the SAP.

Outcomes from this work include:

In December ODOT presented the OTC accomplishments under the SAP for 2024, the first year of the SAP. ALT and EST have reviewed the workplan for 2025 that establishes milestones for SAP outcomes, which will be presented to the OTC in March.

To ensure accountability for effective implementation, ODOT has developed a regular cadence of reporting on SAP implementation to the Agency Leadership Team on each of the SAP outcomes. This is intended to demonstrate outcome ownership and report progress toward achieving the priorities in the SAP.

ODOT is tracking SAP discussions at the OTC and will ensure that each strategic outcome is brought to the OTC for a focused discussion at least every two years, and explicitly identified on the agenda as an SAP agenda item.

A communications plan has been developed and is being implemented to enhance alignment at all levels of the agency and to communicate externally the success achieved towards the priorities contained in the SAP. This includes a number of elements.

- To ensure that ODOT's leaders are aligned in making progress on the SAP, each meeting of the Senior Leadership Group—the top 70 or so leaders within the organization—features a presentation on one of the SAP Strategic Outcomes.
- ODOT is delivering webinars and other focused education on the SAP and its strategic outcomes.
- ODOT is developing fact sheets on each of the outcomes to share with employees.
- ODOT is creating translation documents that explain what the SAP means for a particular function or group within the agency.

Appendix J: Close-out Report for Strategic Review 2E

– Increase staff engagement in strategic decisions and plans

Lead: Kris Strickler and Leah Horner

Problem Statement: Inconsistency across agency staff regarding level of awareness, understanding, support, and individual action in strategic plans and outcomes.

Process: This work focused in two areas. The first was to ensure that there was a basic level of support and understanding in each area of the Agency for the Strategic Plan.

Work was done with each Assistant Director to ensure the management in their area was supportive of the direction in the Strategic Plan.

To reinforce this and to increase staff engagement, Director Strickler has conducted a series of town hall meetings with employees. Since work on this began, he has completed two rounds of these meetings. Also, each Assistant Director has been tasked with increasing their engagement with staff to communicate priorities and listen to concerns and feedback.

Outcomes from this work include:

The results of this work have ensured a basic level of support across the agency for the Strategic Plan. To monitor this, there is a commitment from the Director and his reports to continue to engage the organization in a way that allows staff to give feedback and for the senior managers to provide direction for the agency.

Appendix K: Close-out Report for Strategic Review 2F

Develop communications plan for both internal and external messages of agency reforms underway

Lead: Lindsay Baker

Problem Statement: Ensure Strategic Review findings and recommendations, and agency implementation of recommendations, are understood by internal and external audiences; ensure external audiences view findings and agency actions as credible and durable. Create a status of each of the reform areas; report progress quarterly as actionable outcomes.

Process: Working closely with ALT members and individuals responsible for specific Strategic Review initiatives, a summary of the Strategic Review findings, actions, and future outcomes was developed. This summary document provided the framework to help understand the "why" behind this work, and provided a framework and structure for progress reports going forward. This effort focused on the Strategic Review as a global agency-wide effort, and recognizes individual actions (e.g. Capital Investment Plan, advisory committee alignment, and Strategic Action Plan staff engagement) warranted specific communications plans. Work to communicate the various stages and outcomes from the Strategic Review is ongoing.

Outcomes from this work include:

- Initial communications developed and executed (Summer 2024)
- Established quarterly progress reports and accompanying internal communications (Fall-Winter 2024)
- Created internal webpage and initiative-specific communications for more substantive initiatives
- Staff engagement continued at Senior Leadership Group and Fall Forum (Fall 2024)
- Shared initial work with external partners, legislators.
- Ongoing external communications as outcomes are defined.

Appendix L: Close out Report for Strategic Review 3A

– Reinforce responsibility and accountability at all levels.

Lead: Paul Mather, Leah Horner

Problem Statement: ODOT lacks a consistent approach and structure for ensuring visibility into agency efforts to ensure efficient and effective delivery and performance of individuals and teams toward outcomes. Management review of programs, initiatives, and projects will enable greater overall success.

Process: This work was focused in two distinct areas. The first was to ensure that there was a common set of expectations flowing down to managers from the executive level. The approach was to have the Executive Steering Team (EST) develop a common set of expectations in three categories: Leadership, Management and General. From these, the Director developed a set of expectations for each of his reports. In turn, each report did the same for their reports. Each time, using the three sets of expectations as a guide.

The second area of focus was on the contract change orders for large projects, over $50M. To ensure all relevant information, consequences and points of view were considered in the approval process, the Construction Oversight review Committee (CORC) was created. The guidance document language can be found below. The CORC meets twice each month to review pending and anticipated contract change orders.

Outcomes from this work include:

- Manager Expectations. These are common expectations that each manager is expected to meet. Managing budgets, communications with up line and employees, managing performance are all topic areas covered.

- Leadership Expectations. These are common expectations that each senior leader is expected to meet. Being proactive is taking on issues, considering what is best for the agency in your decision making, ensuring your staff is prepared for the changes that you are anticipating, positioning the agency for success are all topic areas covered.
- Performance Expectations. These are basic expectation each of us most meet. Such as communications so there are no surprises and ensure there is competed staff work for your assignments.

Construction Oversight Review Committee:

Region Managers and UMO leadership administering construction contracts have authority (per Chapter 3 of ODOT's construction manual) to negotiate and issue construction authorization increases up to $1M and schedule delays up to 30 days. The State Construction Engineer and Contract Administration Unit (CAU) has authority to negotiate and issue construction authorization increases up to $1M and schedule delays with no limit.

Resident Engineers and UMO Project Directors work with CAU on change orders for construction projects to ensure they are in alignment with the contract specifications and statewide policies. CAU enlists DOJ to advise on special cases and when required based on delivery method or cost threshold. FHWA is included as a third party to provide oversight and final approval on contract changes.

For large projects (construction authorization over $100M), these negotiations can include additional fees of tens of millions of dollars within construction authorization as well as time extensions of several months or even years.

Once the construction authorization is expended, and additional changes occur on the project, a construction authorization increase requires approval from the Director ($2-$5M) or Oregon Transportation Commission (above $5M). This action often occurs without concurrence from Agency executive leadership on the previous decisions leading up to the construction authorization increase request to either the Director or the OTC.

Currently, ODOT is in active contract administration for historically large, and complex construction projects. These projects include US 97 & US 20: Bend North Corridor, I-205: Abernethy Bridge, and OR217. ODOT and the Contractors for these projects are experiencing several disagreements related to positions of issues and costs pertaining to those issues.

Large programs at ODOT, such as ADA and Bridge program, do not currently undergo a review of investment priority, risk and constructability from a multi-disciplinary perspective. Funding for these programs often occurs without concurrence from Agency executive leadership, the Director or the OTC.

Outcome: Establish a Construction Oversight and Review Committee (CORC) to review/concur with contract change order negotiations above $1M for projects above $25M in construction authorization. The CORC will also review associated schedule delays over 30 days. Initial projects to review will be focused on: I-205 Abernethy Bridge, US97 Bend North Corridor and OR217. The CORC will also review large programs at ODOT, including the ADA and Bridge programs to evaluate the priority, risk and constructability (including delivery year) and make recommendations for changes to the program on a quarterly basis as well as for the annual STIP update.

For larger project review, this group will work to promptly and actively work toward issue avoidance, mitigation and resolution during contract delivery and closeout (claims). Project staff will brief the group on issues and the group will determine a defensible, consistent and efficient course of action to work towards resolution. The group will focus on forward looking issues and risk, analyzing both ODOT's and the Contractor's paths forward toward solutions.

The CORC will also review changes to investments and prioritize needs for large programs, including ADA and Bridge and formulate a recommended path forward.

Recommendations from the CORC will be presented by the Chair to Leah Horner (Assistant Director of Operations and Executive Sponsor) for concurrence from ODOT's Executive Steering Team (EST). As requested, the Chair will also brief the Assistant Directors on major issues subject to escalation on either side in the interest of no surprises. The Executive Sponsors will then coordinate with EST for concurrence and feedback and share guidance and direction with the CORC Chair for implementation.

Additionally, consistent issues that could be resolved by changes to policy, specifications, and/or statute will be identified and shared with EST for consideration. These changes or improvements may warrant further opportunities to reduce chronic issues on future alternative delivery projects over $100M, such as the I-5 Rose Quarter and Interstate Bridge Replacement projects.

Appendix M: Close out Report for Strategic Review 3B

– *Train and develop a sustainable workforce to deliver ODOT programs.*

Lead: Carolyn Sullivan

Problem Statement: Many ODOT leaders are in new positions or leading new program areas, leading to gaps in subject matter experience, technical knowledge, and leadership acumen across the agency, challenging effective delivery of agency programs and services.

Process: The ODOT Workforce Solutions team works with agency leadership to identify these new managers and makes information and training available to them.

Outcomes from this work include:

The agency maintains a well-established and comprehensive suite of training materials to develop management and technical expertise. The Workforce Solutions group also hosts informational meetings and makes available external learning opportunities to align those opportunities with managers' needs. Comprehensive training materials will continue to be made available on demand or in a more targeted personal format.

Appendix N: Close-out Report for Strategic Review 3C

– *Permanently fill key management positions.*

Lead: Carolyn Sullivan

Problem Statement: Vacancies in critical leadership positions inhibit the agency's ability to successfully achieve its goals.

Process: This work required close collaboration between the hiring manager and the Human Resources recruitment unit. Careful consideration was given to the development and refinement of Position Descriptions such that emphasis was given to leadership and technical skills that would ensure the successful candidate was appropriately aligned with agency needs.

Outcomes from this work include:

Positions identified in the Strategic Review have been filled.

- Public Transit Division Administrator – filled 1/25
- Budget and Financial Administrator – filled 9/24
- Assistant Director – Office of Equity and Civil Rights – filled 7/24

The Strategic Review also raised the concern of key positions or "one deep" positions be filled on an interim basis for a long period of time. The Agency Leadership Team has committed to review these positions and have them filled as soon as possible.

In 2023 the agency implemented a formal succession planning process. This process includes at least an annual review of critical positions and requires evaluation of core competencies and position requirements, evaluation and consideration of staff for training and development to effectively complete for these positions, and more thorough documentation of key information and/or processes to ensure continuity in the event of a departure or retirement.

Appendix O: Close out Report for Strategic Review 3D

– *Review Advisory Committee protocols.*

<u>Lead</u>: Lindsay Baker

<u>Problem Statement</u>: Approach to supporting, engaging, and seeking feedback and input from Advisory Committees is inconsistent, leading to lack of clarity and consistency around AC member and ODOT staff roles and responsibilities, and a lack of meaningful engagement with community and partners.

<u>Desired Outcomes</u>: Shared understanding between AC members, ODOT staff, and external partners the role and charge of an advisory committee, increasing public visibility and understanding of agency decision-making and community engagement.

<u>Process</u>:

- **Assessment of current state:** Staff conducted a landscape scan and identified 51 existing advisory committees (including 12 ACTs, and five committees that support the Interstate Bridge Replacement Project and that are supported by ODOT and WSDOT); four of these in the Urban Mobility Office were on hold waiting more guidance on tolling policy or Rose Quarter funding. Staff gathered information on current charter, protocols, meeting and agenda development, appointment process, and overall role of advisory committee.
- **Development of recommendations:** After landscape scan, staff developed a set of recommendations including clearly defining the scope and timing of this effort. Recommendations were developed fall 2024, with review and consultation with advisory committee leaders, agency leaders, and select staff.
- **Timeline for recommendation implementation.** A key decision for this initiative was the timeline on which to implement these recommendations, noting that due

to the volume of committees and committee members changes directed from the Director's Office could lead to confusion and frustration if the rollout and communication was not done with this key audience in mind. Implementation began January 2025 with full implementation by July 2025.

Outcomes from this work include:

- Formal and consistent structure
  - Each advisory committee should have a charter outlining its scope, charge, and its advisory nature.
  - Committees should also have a code of conduct governing engagement of and between advisory committee members, staff, and members of the public.
  - Committees should have webpages, meetings, and materials accessible to the general public. Staff recommends consistent fact sheets are developed and a single webpage exists for all committees advising ODOT's work.
  - Committees should have an annual workplan. This will enable meaningful coordination between different committees and agency initiatives, balance of workload for both staff and members, and long-term public visibility into the top priorities of the entities seeking advice and the committees providing advice.
  - Committee members should have a regular and consistent process for on- and off-boarding as an advisory committee member.
- Roles and responsibilities/Staff training and support
  - All ODOT staff supporting an advisory committee should have consistent training for this role. Development of training/orientation materials is underway.
  - ODOT staff desire collaboration with other advisory committee staff and reliable and relevant guidance and information from leadership. Creation of a "community of practice" where staff can share best practices and experiences, following the Employee Network model established by HR, occurred in Fall 2024. The group held its first meeting in December 2024; staff is eager to participate in this forum and have access to resources, peers, and leaders to support their work.
- Timing
  - Staff recommendations were developed Fall 2024 and shared with agency leadership and advisory committee leadership.

- o Staff community of practice (ACAC) was established in Fall 2024 and held its first meeting December 2024.
- o Templates developed in Winter 2024-25; staff and committee member feedback solicited through Spring 2024.
- o By March 2025:
  - § Finalize templates
  - § Update central webpage with all advisory committees
  - § Update individual committee webpages with current information; establish regular cycle of review and responsible owner to ensure accuracy/current-ness going forward.
  - § Fully implement recommendations with at least one advisory committee; gauge success to inform future implementation with all other committees.
- o By April 2025:
  - § Finalize timing and sequencing of full implementation
  - § Develop training materials for staff
- o By July 2025:
  - § Full implementation of recommendations with all advisory committees
  - § Training sessions completed for all staff supporting advisory committees
  - § All committees have regular review

Appendix P: Strategic Review Report by WSP (July 2024), Implementation Plan

Starts on next page.

Oregon Department of Transportation's Strategic Review

Developed by WSP

Final Report

July 2024

TABLE OF
CONTENTS

1 EXECUTIVE SUMMARY

Background

Oregon Department of Transportation (ODOT) is the state's third-largest executive branch agency tasked with building, maintaining and modernizing Oregon's state-owned transportation system and works with cities, counties, and local transit agencies in pursuit of safe, accessible, and integrated systems. The state system is comprised of more than 8,000 state owned highway miles, 2,700 bridges, and multimodal connections throughout the state. Unlike many states, Oregon is also responsible for Driver and Motor Vehicle services. ODOT employs nearly 5,000 Full Time Equivalents (FTE) working across the 5 Highway regions and the central office in Salem that oversees and manages statewide transportation programs and initiatives. The department has a 2023-2025 enacted budget of $6.3 billion which funds programs related to Oregon's system of highways, roads, and bridges; railways; public transportation services; transportation safety programs; driver and vehicle licensing; and motor carrier regulation. Delivery and Operations account for $4 billion of the total.

Transportation system investments in Oregon substantially increased between 2001 and the present, starting with the Oregon Transportation Investment Act (OTIA) programs I, II, and III, followed by the 2009 Jobs and Transportation Act (JTA) and, most recently, House Bill 2017. These major investment programs are primarily debt-financed improvements to preservation (primarily bridges) and modernization projects and did not materially address funding increases for administrative and overhead budgets. As in most states, ODOT struggles to balance foundational preservation and maintenance activities as the agency responds to the state's emerging priorities of safety, equitable investments, sustainability, mobility, and transportation system modernization.

A 2017 McKinsey and Company (McKinsey) agency review requested by then-Governor Brown resulted in recommendations centered on improving the effectiveness of the agency's performance management, organizational structure, communications, and accountability. In the ensuing years, the agency has implemented several of the recommendations with process improvements and change management initiatives.

Strategic Review Objective

ODOT's Executive Director Kristopher Strickler requested an assessment of the agency's current state, including recommended actions that enable ODOT to implement practices foundational to top-performing agencies nationwide. Concluding a one-month-long engagement, three themes summarize the immediate and medium to long-term actions:

- Agency alignment and performance management culture
- Program Planning and Delivery and Transportation Revenue projections
- Integration of Strategic Action Plan

Part of the strategic review involved comparing ODOT's standing against other DOTs across the states. Nationally, state DOTs that perform at the highest levels in the last decade, have

the budget to invest in and incorporate systems to deliver their programs effectively, with accountability and transparency. From the team's observations, ODOT's need to invest in systems across different disciplines was evident. These disciplines include capital program management, project controls and reporting, and enhancements to their ability to hire and train key agency positions.

2 REVIEW PANEL AND METHODOLOGY

2.1 REVIEW PANEL'S CHARGE

ODOT Executive Director Kristopher Strickler tasked WSP with conducting a rapid strategic review of the agency's alignment and effectiveness of certain processes and agency functions in order to establish recommended actions to assist ODOT in solidifying its position as a high-performing transportation agency with recognized credibility as a steward of the state transportation system and transportation funds. Following an initial document review and completing preliminary leadership interviews, the project team and Executive Director Strickler agreed the review would focus on the following processes and functions:

- Budget and Revenue Projections

- Division Specific Review | Public Transportation Division

- Project Element Development, Management and Accountability

- How ODOT compares to other state DOTs and identification of DOTs with best practices that align to the project team's recommended actions.

2.2 TEAM

The review team was comprised of expert professionals steeped in the transportation industry experience, which would allow them to accurately observe and assess the Department's organizational processes and outcomes. The project team assembled has over 150 years of cumulative experience leading statewide transportation programs and policies of their respective state DOTs. The team members' expertise is focused on organization leadership, performance management, major program and project delivery, transportation innovations, and effective communications. Four of the team members serve as the AASHTO Leadership Training team, training state DOT managers nationwide on effective management and organizational performance in a changing environment. The team members are as follows:

- **Paula Hammond** PE – WSP, Former Washington Secretary of Transportation, with 34 years of WSDOT service
- **Dr. Shawn Wilson** – WSP Former Louisiana Secretary of the Louisiana Department of Transportation & Development with 28 years of experience in government and 18 at the LaDOTD.
- **Linea Laird** PE – WSP, Former Washington Assistant Secretary for Engineering and Regional Operations and Chief Engineer with 38 years of WSDOT service
- **Susan Martinovich** PE – HNTB, Former Director of Nevada DOT, with 29 years of NDOT service
- **Kirk Steudle** PE – Steudle Executive Group, Former Michigan DOT Director, with 32 years of MDOT service

- **Valentina d'Empaire Medici** – a senior consultant at WSP for the Organizational Transformation practice with a background in civil engineering and engineering management, supported the transportation expert panel. She provided logistical and analysis support for the effort.

2.3 METHODOLOGY

The team implemented a multi-layered approach to complete this assessment. The components layers of this engagement included:

- **Document review**: Working closely with ODOT leadership, WSP completed an in-depth document review that included past legislative packages, annual budgets, reports, strategic action plans, and other relevant documentation to aid in developing interview plans.
- **Staff interviews:** Through in-person and virtual interviews, the team met with Executive Director Strickler, ODOT's Executive Strategy Team (EST), ODOT's Agency Leadership Team (ALT), and key ODOT staff members to understand the department's current state, standards and processes, and insight on the functions included in the assessment's scope. In addition, the team interviewed the Chair of the Oregon Transportation Commission and Governor Kotek's Transportation Policy Advisor to understand their perspectives on the agency's effectiveness.
- **Nationwide best practices review**: Through personal experiences and knowledge of state DOTs nationwide, the team reviewed and considered those states with effective practices and processes that result in positive results in managing programs and projects. Key considerations were those states with proven-effective practices, systems, and tools.
- **Implementation actions**: From the information gathered, the WSP team made observations and drafted suggested actions for improvements that align with different timelines, ranging from immediate to longer term.

3 OBSERVATIONS

3.1 STRENGTHS - WHAT'S WORKING WELL?

The initial review of documentation, publicly available reports, and staff interviews highlight the following strengths:

The state highway system is generally in good condition – ODOT's regions deliver significant high-quality projects despite statewide capital delivery funding constraints.

Dedicated agency staff – ODOT staff is talented, capable, dedicated, and proud of both the public service they provide to Oregon motorists and how transportation activities and events are communicated with the public.

Strong relationships with executive branch partners – ODOT maintains and invests in strong relationships with the Governor's Office, the Oregon Transportation Commission, and partner agencies.

Portland Metro area stakeholder engagement – The consultant team is impressed with the work done in the Portland Metro area to ensure equitable decision-making on projects and programs, future revenue and demand management strategies, and close coordination with partner local agencies.

The department values continuous improvement – ODOT staff possess a strong willingness to improve processes and systems. Leadership supports and encourages efforts such as:
- Project delivery process improvements initiated directly from McKinsey's Report findings.
- Transparency and strategic communication with elected officials and the public on key issues affecting the agency. An example is the recent Transportation Revenues video, which has a superb educational and informative approach for all audiences.
- Develop and implement the Strategic Action Plan that identifies priorities for an equitable, modern, and financially sustainable future transportation system.
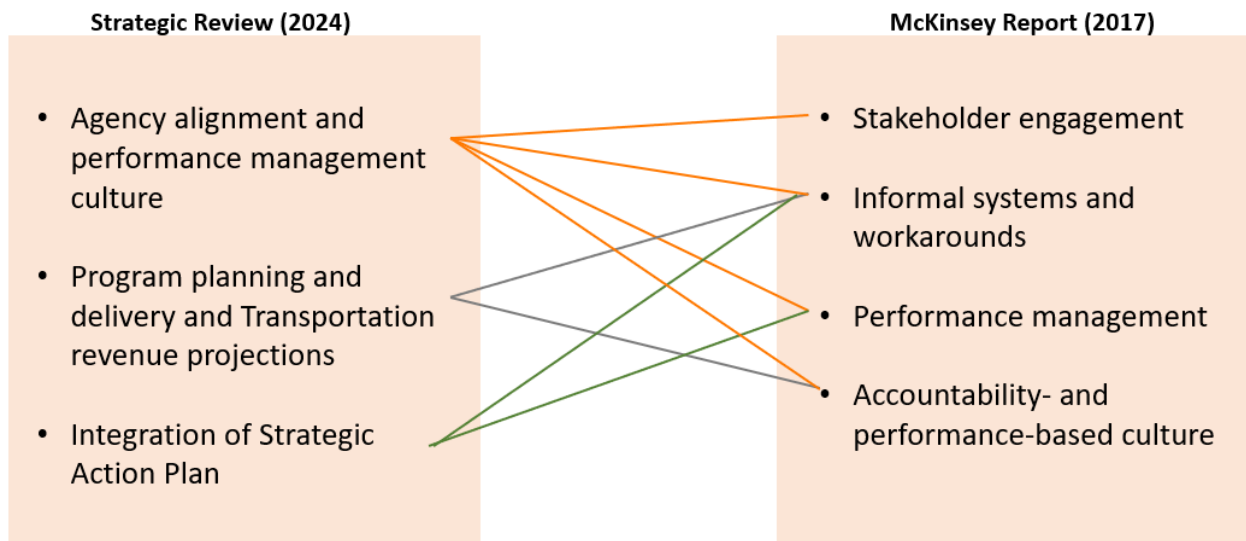
3.2 OPPORTUNITIES FOR CONTINUED IMPROVEMENT

The project team held discussions with Director Strickler, the EST, and ALT to present observations and recommended actions as outlined throughout this section. Appendix A contains the deck as presented with detailed observations. It is the team's recommendation to identify an implementation champion internal to ODOT to undertake strategies to respond to recommended actions.

3.2.1 OBSERVATIONS ALIGNED WITH 2017 MCKINSEY REPORT

After grouping the project team's observations in themes for improvement, there was commonality with recommendations from the 2017 McKinsey Report. Figure 1 below shows the mapping between the themes identified by this engagement team and those findings from the 2017 McKinsey Report.

Figure 1: Mapping WSP and McKinsey Observations/Findings

Strategic Review (2024)

- Agency alignment and performance management culture
- Program planning and delivery and Transportation revenue projections
- Integration of Strategic Action Plan

McKinsey Report (2017)

- Stakeholder engagement
- Informal systems and workarounds
- Performance management
- Accountability- and performance-based culture

3.2.2 HOW ODOT COMPARES TO OTHER STATE DOTS

When considering whether ODOT and the Oregon Transportation system can be ranked amongst other state DOTs in the US, it's important to recognize there is no clear, consistent measure by which to make the determination. While FHWA requires performance and condition reporting of fatalities and other safety measures by state DOTs, pavement and bridge conditions, travel reliability, etc., transportation system performance is largely influenced by the level of funding made available through local, state, and federal resources and dependent on authorizations for DOT investment from state legislative budgets.

The work done in this review largely focused on the organizational culture, capacity, alignment, processes, and practices that enable a high-performing state DOT. The team reviewed highly regarded state DOTs from around the US through that lens.

ODOT's organizational structure and array of programs and responsibilities are similar to those of many state agencies across the US. The agency is respected by its peers as a modern Department of Transportation that is forward-thinking, has high environmental and community standards of care, and is ambitiously working to diversify travel choices and support vehicle energy transition for all communities.

The agency's recent Strategic Action Plan focuses on three priorities — equity, a modern transportation system, and sufficient and reliable funding. It strives for healthy and safe communities with a high quality of life and seeks to support economic prosperity for all areas of the state. In other words, ODOT is on track to be among the most innovative and transformative transportation agencies. We suggest that, with the full implementation of

the key recommendations of this report, the agency will achieve the goal of being amongst the highest-performing agencies in the country.

However, ODOT leadership cannot achieve this status without the resources and support by decision makers for sustainable workforce levels and the tools/systems that will enable robust performance management practices and program/budget planning. Legislative actions appear to have constrained the agency's ability to effectively operate with limited positions and FTE's. We encourage consideration of the necessary resources to invest in the agency to hire, develop and support the staff and enable ODOT to secure the appropriate tools to advance the best practices of performance management and program, budget, and revenue management.

3.2.3 RECOMMENDED ACTIONS FOR IMPROVEMENT

The recommendations developed by the team are oriented within the three opportunity areas and are more fully described below. Appendix A provides the breakdown within each area.

Agency alignment and performance management culture: Agency alignment is achieved when all employees of an organization share and buy-in to common goals and operate with the intent of achieving successful results. Many state DOTs refer to their alignment efforts as striving for a "one-DOT" mentality.

Recent program delivery shortcomings have been recognized within ODOT. Implementation of new agency programs such as the Oregon Transportation Improvement Fund (STIF) and the federal Infrastructure Investment and Jobs act (IIJA) National Electric Vehicle Infrastructure Formula Program (NEVI) were hindered by not adhering to the principles of cross-functional alignment, robust communication and performance outcomes that include measures of success for the programs.

Essential to reaching alignment is a commitment to consistent horizontal and vertical two-way communications throughout the agency. A performance management culture supports alignment within an agency through continuous process improvements that help employees achieve their objectives and contribute to the organization's goals. A robust use of cross-functional teams will ensure diverse perspectives, shared ownership, and commitment to the desired outcomes. It involves communicating and clarifying job responsibilities, expectations, and development plans for successful implementation. It also includes setting goals, monitoring progress, and providing feedback. The credibility of the agency is heightened with transparent communications and performance reporting.

Program planning and delivery and Transportation revenue projections: Development of a 5–10-year program plan is a process used by many state DOTs to increase stability and trust with local and industry partners, legislators, and the public. Longer range program planning enables improved engagement with communities and supports accountability and transparency initiatives. With two-year updates, the agency can be more strategic and agile with the planning process to respond to changing conditions and emerging priorities.

Along with a 5–10-year program plan, a centralized project controls, monitoring and reporting process can ensure better alignment with budgets and available revenue and identify trends or incidence of risks in project delivery. Consolidation of statewide project

controls data and recognition of price escalation and other delivery trends will help bring market trends to light and improve ODOT's ability to be more responsive.

Oregon transportation programs are funded from a wide array of state revenue sources as well as the wide variety of formula and grant opportunities made available through the 2022 Federal Infrastructure Investment and Jobs Act (IIJA). Clear and replicable processes for revenue eligibility for use and projections by year are essential. Coordination with program planning and project controls is an ongoing process and enables frequent reconciliation.

For the actions within this recommendation to be successful, it is essential that the agency have modern tools and systems available to efficiently implement these processes.

Integration of Strategic Action Plan: Per the ODOT website, the ODOT Strategic Action Plan is "a roadmap designed to accelerate change towards specific outcomes that address some of Oregon's most significant transportation challenges". Current fiscal/budgetary and workforce constraints seem to have disrupted the agency's employee's ability to align with the plan's ambitions. We recommend engagement within all the divisions and offices to ensure the roadmap's next steps are embraced by all.

3.3 SUMMARY AND SUGGESTED TIMELINES FOR IMPLEMENTATION

In order to provide achievable recommendations anticipating the agency's interest in addressing improvement areas as early as possible, the team proposed the following recommendations spread among immediate, short-term, and medium to long-term actions.. We encouraged Director Strickler to use an implementation champion to organize and further develop approaches and internal teams to be responsible for implementation. The team recommends addressing the agency alignment and culture as a necessary first step, with continuing the improvement of program development through delivery with modern performance oriented reporting processes and tools. Essential to long-term success is the agency's development of a sustainable and well trained workforce.

	Immediate Actions	Short-term Actions	Medium- to Long-term Actions

Agency alignment and performance management culture	– Appoint **implementation champion** accountable for recommended actions and progress reporting
	– Establish **clear agendas** including standing check-ins on key initiatives (NEVI, STIF) and **decision-making tracking** as well as providing key messages after leadership meetings
	– **Permanently fill key management positions**
	  o Refine approach for rotational program
	– **Reinforce responsibilities and accountability** at all levels
	  o Create periodic program and project progress check points
		– Implement **cross-functional teams** for key initiatives
		  o NEVI example
		– Consider **key staff leadership retreat** to align on agency direction, Strategic Action Plan, and consequent actions to measure progress
			– Hire, train and develop a **sustainable workforce** to deliver ODOT programs
			– *Review* **structural reporting or functional placement** to improve outcomes
			  o Decentralized vs Centralized decision making
			  o Planning & Program Management
			  o Communications
			– Encourage Division leaders to take full advantage of comparable state DOT peer exchange opportunities, and participate in AASHTO committees to build relationships with peers, contribute nationally and stay abreast of emerging practices.

Program Planning and Delivery and Transportation Revenue projections	– **Audit Federal – State funds' imbalance** instance and verify the proposed solutions effectiveness.	– Develop and implement 5 – 10 year **rolling programming** rather than programming in STIP. Rolling programming is commonly used in comparable state agencies.	– **Update tools and systems** to efficiently manage projects and programs from development through construction delivery

Integration of Strategic Action Plan	– Appoint **implementation champion** accountable for recommended actions and progress reporting
	– Develop **communication plan** for both internal and external messages of agency reforms underway
		– Implement **cross-functional teams** for key initiatives
		  o NEVI example
		– Move towards **centralized program management** and project controls and reporting systems
		  o Regions, UMO, IBR, STIF, and Operations
		– Develop **roadmap for agency in conjuction with other leading state DOTs on how to transition** from current state to the aspirations developed in Strategic Action Plan
			– **Review Advisory Committees' protocols** (65 committees)
			  o Develop a consistent process of creating, expectation-setting, and supporting
			– **Increase staff engagement** in strategic decisions and plans

APPENDIX A

ODOT Strategic Review

Draft Recommendations
Prepared by WSP

Agenda

- Objective and focus
- Methodology
- What's working well
- Challenges we observed
- McKinsey report findings
- Mapping WSP and McKinsey's observations/findings
- Peer agencies best practices
- Recommended actions

Our objective and focus

- Improve agency alignment and practices

- Become a high-performing transportation agency

- Have recognized credibility

- Internal review focus

Methodology

- ODOT Documentation review

- ODOT Director Interview

- Commission Chair and Gov. Policy Advisor Interviews

- EST interviews

- ALT and key staff interviews

- Peer agency best practices review

What's working well

- The state highway system is generally in good condition

- Dedicated agency staff

- Strong relationships with executive branch partners

- Portland Metro area stakeholder engagement

- The department values continuous improvement

What's working well
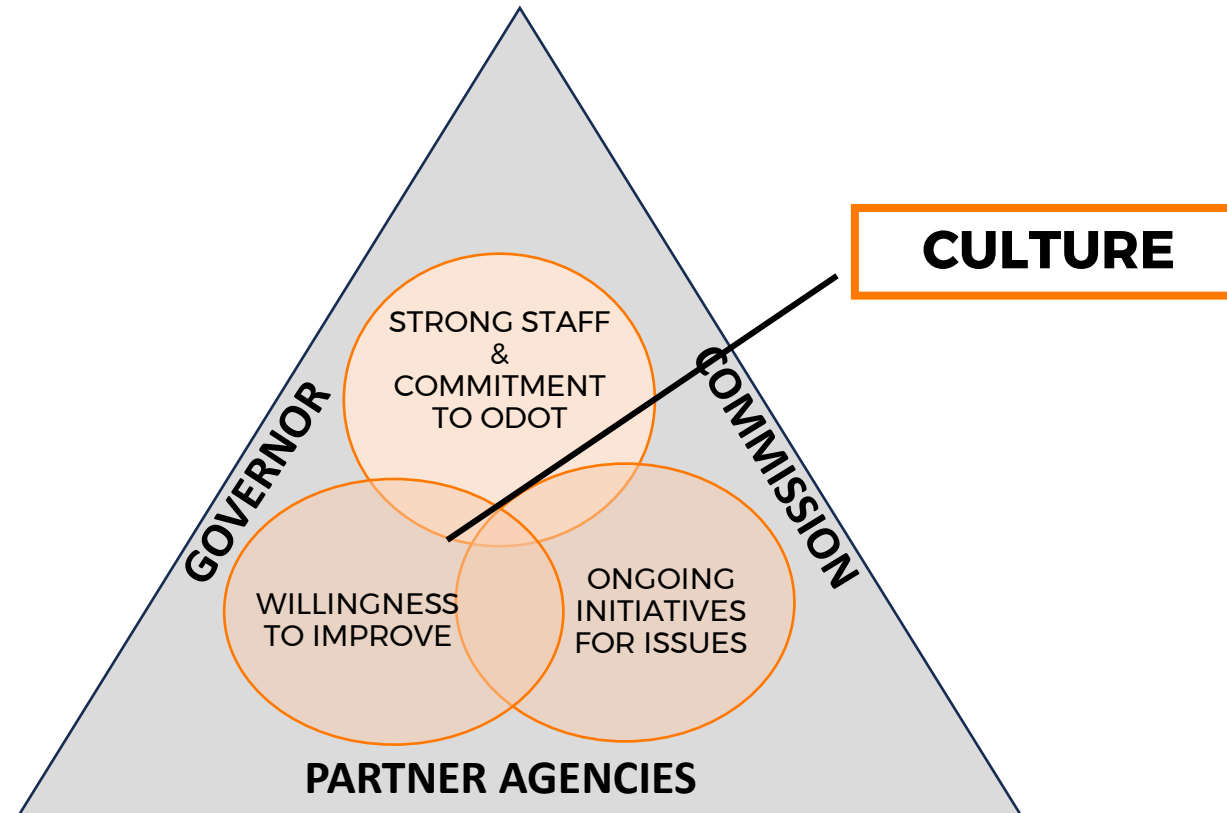
Observation themes

- Agency alignment and performance management culture

- Program planning and delivery and Transportation revenue projections

- Integration of Strategic Action Plan

Challenges we observed

- **Inconsistent alignment** across EST, ALT, and beyond
- Lack of documented expectations and accountability in **decision making and outcomes**
  - Program development structure
  - Project controls (scope, schedule, budget)
- Disconnect between **status of agency programs/budget and Strategic Action Plan goals**
- Unclear plan for **internal communications** of strategic direction
  - Need for consistent approach to cascading at all levels and allowing for feedback loops.
- Lack of **performance management** expectations and processes
  - NEVI, STIF, capital program delivery (regions, UMO, IBR)
- **Programming** capital projects through STIP without long term program plan

McKinsey Report Findings (2017)

- "**Stakeholder engagement** is a strength for ODOT."

- "Reliance on **informal systems and workarounds** for core processes"

- "Organizational goals and mandated KPMs do not completely align with divisional priorities and more informally-defined targets, which complicate **performance management**"

- "The agency also has an opportunity to further **develop an accountability- and performance-based culture** by focusing on its system of consequences, rewards, and healthy competition"

McKinsey Report Recommendations

- "Improve role clarity"

- "Consolidate KPMs most critical and relevant to ODOT's near-term challenges"

- "Cultivate a stronger culture of continuous performance improvement and accountability throughout the organization."

Mapping WSP and McKinsey Observations/Findings

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- Integration of Strategic Action Plan

McKinsey Report (2017)

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- Informal systems and workarounds

- Performance management

- Accountability- and performance-based culture

Mapping WSP and McKinsey Observations/Findings

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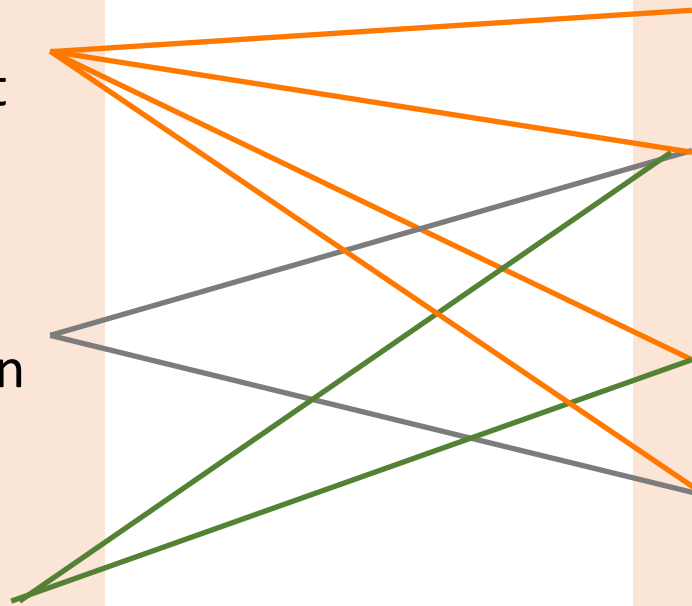
Recommended Immediate Actions

- Appoint **implementation champion** accountable for recommended actions and progress reporting

- **Audit Federal – State funds' imbalance** instance and their solution

- Establish **clear agendas** including standing check-ins on key initiatives (NEVI, STIF) and **decision-making tracking** after leadership meetings

- **Permanently fill key management positions**
  - Refine approach for rotational program

- **Reinforce responsibilities and accountability** at all levels
  - Create periodic program and project progress check points

- Develop **communication plan** for both internal and external messages of agency reforms underway

Recommended Short Term Actions

- Implement **cross-functional teams** for key initiatives
  - NEVI example
- Consider **key staff retreat** to align on agency direction, Strategic Action Plan, and consequent actions to measure progress
- Develop and implement **rolling programming** rather than programming in STIP
- Move towards **centralized program management** and project controls and reporting systems
  - Regions, UMO, IBR, STIF, and Operations
- Develop **roadmap for agency on how to transition** from current state to the aspirations developed in Strategic Action Plan

Recommended Medium to Long Term Actions

- **Review Advisory Committees' protocols** (65 committees)
  - Develop a consistent process of creating, expectation-setting, and supporting
- **Update tools and systems** to efficiently manage projects and programs
- **Increase staff engagement** in strategic decisions and plans
- Train and develop a **sustainable workforce** to deliver ODOT programs
- *Review* **structural reporting or functional placement** to improve outcomes
  - Decentralized vs Centralized decision making
  - Planning & Program Management
  - Communications

Next Steps & Future Deliverables

- Current engagement
  - Presentation to EST and ALT (scheduled)
  - Team observations
  - Executive Summary
    - Includes recommended states with best practices that are applicable