



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

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DATE: November 20, 2024

TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: **Agenda Item K** – Strategic Review Progress Report

Requested Action:

Review and discuss work the agency has accomplished on the Strategic Review, and provide feedback as the agency works to complete work on each of the recommendations.

Background:

The Oregon Department of Transportation maintains an approach and culture of continuous improvement, seeking always 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 over 150 years combined experience performed a rapid assessment Strategic Review (SR), 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 SR found 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 SR 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

Notably, the SR suggests 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.” The report also notes that “ODOT leadership cannot achieve this status without the resources and support...for sustainable workforce levels and the tools/systems that will enable” success. Decisions made by the Legislature “appear to have constrained the agency’s ability to effectively operate with limited positions and FTEs.” With full legislative consideration of the resources necessary to ensure long-term agency health and operations, ODOT can achieve the best practices identified in the report and join the ranks of most high-performing transportation agencies in the country.

ODOT presented the findings of the SR and its implementation plan for each of the work items and in October, the Commission received an update on our work. In December we are also providing an additional progress update as we begin to close out work on several items. For some of our more significant work items, we will provide a presentation on the work we have accomplished to date to address SR findings and improve overall agency health. We welcome commission feedback on the current efforts and on the timing of agency reforms underway to address the SR findings, as well as improvements that go beyond the review recommendations.

Attachments:

- Attachment 01 – December Strategic Review Progress Report

ODOT Strategic Review: November 2024 Update

Background

Director Strickler tasked a Strategic Review Panel with undertaking a rapid assessment of ODOT's effectiveness in certain processes and functions, with this goal: Recommend 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.

We are focusing on three big 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.

Snapshot

Workstream	Q4 2024 Status
1.A Improve Budgetary and Capital Programming Processes	🟡
1.B Develop and implement 5-10 year rolling program rather than programming in STIP	🟡
1.C Move toward centralized program management and project controls and reporting systems	🟡
1.D Develop and utilize tools and systems to effectively manage projects and programs from development through construction delivery	🟡
1.E Review Structural reporting or functional placement to improve outcomes	🟡
2.A Establish clear agendas for leadership meetings, including standing check-ins on key initiatives, tracking decisions, action item and key messaging follow-up	✅
2.B Implement cross functional teams for key initiatives	✅
2.C Consider leadership workshop to align agency directions, strategic action plan and consequent actions to measure progress	✅
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	🟡
2.E Increase staff engagement in strategic decisions and plans	✅
2.F Develop communications plan for both internal and external messages of agency reforms underway	✅
3.A Reinforce responsibility and accountability at all levels	✅
3.B Train and develop a sustainable workforce to deliver ODOT programs.	🟡
3.C Permanently fill key management positions.	🟡
3.D Review Advisory Committees protocol	🟡

Current Status Key

Green: 🟢 Work is on track as planned, no known concerns. ✅ Work is complete.

Yellow: 🟡 We anticipate or have experienced issues that may impact our ability to deliver the milestone in the timeframe planned.

Red: 🔴 We won't meet a milestone and need to renegotiate the deadline.

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

Q4 2024 Current Status 

- Preliminary non-audit review completed 5/31/2024.
- Full comprehensive audit to identify programmatic errors and define corrections completed by 12/20/2024.
- Corrective plan, including implementation timeline for each item, expected by 1/1/2025.

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 Rolling program will have linkage to revenue projections. Program outcomes shall take effect immediately upon EST endorsement.

Leads: Travis Brouwer and Leah Horner

Q4 2024 Current Status 

- The Internal Project Management Team is meeting weekly, the Steering Team is meeting every other week, and six workgroups launched the week of Nov. 4.
- The six workgroups are composed of 51 people in different divisions and geographical regions of ODOT. The groups are each taking one focus area to research and develop the inputs needed to inform the Strategy. The groups will continue to meet until mid-December. The groups are:
 - Goal and Metric Setting
 - Plans and Processes
 - External and OTC Engagement
 - Project Identification, Needs, and Scoping
 - STIP Integration and Financial Constraints
 - Change Management and Roll Out
- An internal webinar open to the entire agency, but focused on project leads, program managers, and planners, was held on Nov.5 with good participation (125 people). The webinar is posted on the ODOT SharePoint site, and a Microsoft Form was set up to capture additional feedback.
- A virtual peer exchange is in development with CO, MN, AZ, and NV and will likely take place in early-to-mid December.
- Members of the Steering Team and Project Management Team continue to socialize the idea and request feedback with both internal and external groups.
- We are on track to have recommendations developed by the end of 2024.
- Implementation will be ongoing through 27-30 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

Q4 2024 Current Status

➤ **Delivery and Operations Division:**

- Initial implementation of (Quarterly Progress Reports) (QPRs) is completed - Materials & expectations rolled out through the division in Oct 2024.
- First QPRs are underway as follows:
 - R5 – 10/30 - completed
 - R1 – 11/4 - completed
 - R2 – 11/6 – completed
 - R4 – 11/21
 - R3 – 12/5
- First program QPRs (ADA, Fixit Programs, UMS, NEVI) to be scheduled for Jan-Feb 2025.
- 2025 Region QPRs are scheduled.
- Once the first round of Region QPRs is complete, an assessment of trends and themes will be developed to prioritize tools, systems, processes and training changes in project delivery.
- A color-coded dashboard report through SR Item 1D (see below) is in development to be used for future QPRs – both in Regions and Statewide Programs in 2025.
- **Public Transportation Division:**
- PTD has kicked off two reviews, one specific to the federal financial process and one specific to STIF. For the federal transit funding process review, PTD has contracted with WSP and the following has occurred in Q4:
 - The review process kicked off in October 2024.
 - Staff interviews and external transit provider and interested party feedback sessions and surveys have been conducted.
 - An initial draft assessment has been provided to PTD to review.
 - WSP will finalize a desktop analysis, complete interviews with ODOT staff, FTA, and DOTs, complete Phase 2 draft recommendations for improvements and provide a draft assessment and recommendations memo for ODOT feedback.
- For the Statewide Transportation Improvement Fund (STIF) Process Review, PTD has contracted with (RLS), who is the current contractor PTD utilizes for STIF review and engagement with transit providers and PTD. The following has occurred in Q4:
 - An initial assessment report provided to PTD on Qualified Entity oversight
 - External transit provider and interested party feedback sessions and surveys conducted
 - RLS will finalize Regional Transit Coordinator interviews, provide a draft report on recommendations for PTD review and complete and present the 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

Q4 2024 Current Status ●

- The Tools & Systems Work Group was established in October and meets biweekly. They have completed a summary of existing tools and reports and are finalizing an assessment of tools / reports in the context of needs, referred to in 1C, to be completed by the end of December 2024.
- Work Group is 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. Goal is to have RYG Report in place before 2025 Q1 QPRs (by March 2025).
- 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/Hydro and Bridge.

Lead: Leah Horner

Q4 2024 Current Status

- Scope and expectations are currently being shared throughout the division. For the Right-of-Way and Geo/Hazmat disciplines, we will be engaging existing work groups to assist in analysis. A new work team for Hydraulics that includes both statewide and Region discipline leads is being stood up. For the Bridge discipline – which is already centralized – this body of work will be wrapped into the FHWA review implementation plan. These efforts will initiate in January 2025.

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

Q4 2024 Current Status 

- 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

Q4 2024 Current Status 

- This work is completed. 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

Q4 2024 Current Status 

- 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

Q4 2024 Current Status

- Cross-functional team developed, and draft workplan completed.
- Plans being executed for regular check-ins on SAP priorities at OTC and within ODOT leadership groups.
- Communication plan under development and check-in process between presentations to the OTC, expected by 12/20/2024.

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

Q4 2024 Current Status

- Executive Strategy Team has defined outcomes, EST and Agency Leadership Team have discussed and understand gaps in engagement with the Strategic Action Plan and developed workplan to address gaps.

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

Q4 2024 Current Status

- Rollout plan and supplemental materials have been rolled out, as of 7/2024.
- Ongoing communications plan and quarterly progress reporting mechanism finalized.
- Staff engagement continued at Senior Leadership Group and Fall Forum in September and October.

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 KPM's, scope/schedule/budget, and current and upcoming issues that need to be elevated.

Lead: Paul Mather and Leah Horner

Q4 2024 Current Status

- 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 CCOs for projects >\$50M. CORC meets 2x 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

Q4 2024 Current Status 

- Updated succession planning document to be completed and submitted to DAS by December 31, 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**

Q4 2024 Current Status 

- Key positions have been filled with the exception of the PTD Administrator, which will be on rotation until the position is filled, which is expected to occur before the end of February 2025.
- Reviewing enterprise rotation policy; considering stand-alone 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**

Q4 2024 Current Status 

- Committee templates have been drafted and are ready for review.
- Advisory committee “community of practice” workgroup is under development and will kick off before 12/31/2024 to review and finalize templates.

- Full implementation of plan due in 7/2025.