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# OREGON DEPARTMENT OF TRANSPORTATION MANAGEMENT ASSESSMENT

FOR: OREGON DEPARTMENT OF  
ADMINISTRATIVE SERVICES

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# Executive summary

The Oregon Department of Administrative Services, on behalf of the State of Oregon (the State) launched a management assessment of the Oregon Department of Transportation (ODOT). The assessment focused on the following areas at ODOT: organizational structure and staffing levels; decision-making paths and communications methods; interactions with the Oregon Transportation Commission (OTC); overall organizational health; stakeholder engagement and external relations; capital deployment; procurement processes; and fleet and facilities operations. The assessment is structured into three different chapters: performance, health, and stakeholder engagement.

## SOURCES OF INSIGHT

- **Overall**, more than 50 external and internal interviews of experts and individuals with deep knowledge of ODOT informed the findings in each of the three chapters in the report.
- **In the performance assessment**, the team reviewed peer departments of transportation (DOTs) and leading organizations (public and private), along with regional elements of operations within ODOT. The team also benchmarked ODOT-specific targets (e.g., safety, road quality) against states similar to ODOT in size, scope of operations, or geography (Arizona, California, Washington, Colorado, Idaho, Nevada, Utah). Specific analyses included:
  - Benchmarking of administrative effectiveness and efficiency using a business proprietary tool, comparing ODOT to 15 organizations similar in budget size and distributed workforce.<sup>1</sup> Administrative functions reviewed included Finance, Human Resources, Communications, Procurement, and IT, as well as approaches to address potential conflicts of interest
  - An analysis of organizational structure and staffing, including managerial spans analysis of HR data based on five managerial archetypes for 365 supervisory employees against benchmark spans; organizational structure compared to peer DOTs (e.g., functional, modal, hybrid); and staffing levels across divisions
  - An efficiency and optimization assessment of fleet and facilities based on recent ODOT data, interviews with team leaders and application of leading approaches in the public and private sectors
  - An evaluation of current key performance metrics (KPMs) against mission and goals
- **The health assessment** analyzed the results of an Organizational Health Index (OHI) survey and interviews with ODOT leaders, including a set of interviews dedicated specifically to decision making. Specific inputs included:

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<sup>1</sup> The business proprietary tool benchmarks administrative functions against peer organizations for efficiency and effectiveness

- The OHI survey with a robust response rate of 64 percent (>2,700 ODOT employees), benchmarked against a global database of 1.6 million respondents across 750 organizations in the last five years, as well as a smaller subgroup of engineering and construction organizations and public sector (only) organizations<sup>2</sup>
- A separate leadership behaviors report and employee engagement survey, conducted in tandem with the OHI survey
- In-person interviews with 17 ODOT senior leaders and managers, including follow-on interviews that explored decision-making processes in detail
- **The stakeholder engagement and governance assessment** included input from a comprehensive range of sources, including:
  - In-depth interviews with 34 stakeholders across the State, representing:
    - Government (e.g., legislators, OTC, Area Commissions on Transportation (ACTs), Advisory Committees)
    - Business (e.g., Oregon Trucking Association, ACEC)
    - Community (e.g., Oregon Environmental Council, League of Oregon Cities)
  - A stakeholder engagement survey for a broad set of stakeholders (ACT members, local government, businesses), with >160 respondents and opportunity for follow-up for further input
  - A literature review of stakeholder documents, including all 2016 OTC meeting materials and an analysis of time spent by month
  - A review of OTC meeting proceedings

## MAJOR FINDINGS

- **ODOT has a number of operational performance and process strengths, but could increase efficiency in a few areas:**
  - ODOT compares favorably to peer states on standard measures of asset performance, but there is room for improvement
  - Capital planning and portfolio optimization are strategic and well-managed, but on-schedule and on-budget delivery of small and medium capital projects (<\$10 million) has high variability

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<sup>2</sup> The OHI measures an organization's ability to align internally on its vision, goals, and culture; develop and retain the right skills and capabilities to execute against its goals; and renew itself over time to meet the needs of the people it serves and the changing external environment. The survey analysis comprises nine health "outcomes" (e.g., "motivation," "accountability") and 37 management "practices" (e.g., "career opportunities," "consequence management"), and provides actionable insights for organizations. The healthiest organizations have about three times the financial performance over time of less healthy organizations and undergo major performance transformations with a much higher success rate. The entire database has more than 3 million responses from more than 1,500 public and private organizations.

- Reliance on informal systems and workarounds for core processes such as procurement and fleet and facility maintenance have rendered those processes less efficient and effective than they otherwise could be
  - Stated organizational goals and mandated KPMs do not completely align with divisional priorities and more informally-defined targets, which complicate performance management. In addition, ODOT's large number of KPMs can make it more difficult for managers to prioritize their effort
  - Managerial spans vary widely from benchmarks, and managers are generally overleveraged, which can have counterproductive effects throughout the organization
- **ODOT's health is in the second quartile (above average) compared to public sector organizations, with areas for growth in leadership, accountability, and coordination<sup>3</sup>:**
- The majority of the 37 health "practices" (what people do on a daily basis) assessed were above median, and ten were in the top quartile, including Professional Standards (top decile), Risk Management, Customer Focus, Meaningful Values, Open & Trusting, Operationally Disciplined, and Talent Development, when compared to other US public sector institutions.
  - External orientation (effectively engaging Oregonians, agencies, and community partners) and capabilities (employees possessing the right skills and knowledge to accomplish their goals) are both top quartile relative to the OHI public sector benchmark.
  - ODOT's leadership primarily adopts a supportive style to encourage collaboration and an open and trusting environment; however, leaders could be more directive (to improve the pace of decision making) and challenging (to raise the performance aspirations of individuals and the organization overall).
  - 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.
  - Finally, ODOT could improve overall coordination by defining and communicating its vision and direction more clearly, as well as ensuring targets cascade throughout the organization.
- **Stakeholder engagement, in general, is perceived as a strength for ODOT; however, there is an opportunity to improve the agency's relationships with governing bodies**
- Stakeholder engagement is a strength for ODOT. ODOT leaders are strategic with what groups to engage and how, and view stakeholder engagement as core to mission. With

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<sup>3</sup> While it is appropriate to use public sector benchmarks, it is worth noting that when compared to private sector benchmarks, ODOT would rank in the bottom quartile, indicating even more room for improvement.

stakeholders, ODOT is consistently professional, often goes “above and beyond,” and stakeholders feel that there is the “right amount” of engagement.

- The roles of OTC, ODOT, and other governing bodies are inconsistently and vaguely defined, particularly in the areas of governance, strategy, and performance management, partly due to ambiguous charters and interpretation. Currently, members of OTC are not internally aligned on the Commission’s role, responsibilities, or priorities.

## POTENTIAL INITIATIVES BASED ON FINDINGS

Insights from the assessment yielded options for building on strengths and improving opportunity areas. The following are the proposed five highest-priority areas, as well as considerations and potential benefits unique to ODOT.

### 1. **Improve role clarity between OTC, ODOT, the Governor’s Office, the Oregon Legislature and ACTs** across major functional categories such as strategy, governance, and performance management:

- Define roles in a RACI-like framework (assigning parties to be Responsible for the work, Accountable for the result, Consulted on the process, and/or Informed of the result), with particular attention to strategy, governance, and performance management
- Focus on functional orientation for interactions between ODOT and the OTC, enabled by:
  - Assigning roles within the OTC that map to ODOT’s work (e.g., budget, capital allocation, environment, and performance), which will likely enable a more targeted use of commissioners’ incremental time and disperse responsibility between its five members
  - Creating OTC meeting agendas focused on decisions related to functional realignment
  - Increasing between meeting interactions for informational updates that impact decisions
- Update expectations for the OTC, including the level of involvement with ODOT between meetings, its role in state advocacy for policy and legislation (using an ODOT fact base), and the expertise required to decide on relevant issues

**Potential benefit:** Improved role clarity among the relevant transportation bodies will flow through to a number of areas of overall ODOT performance, including strategic planning, performance management, organizational health, stakeholder alignment, and the implementation of targeted cost efficiency initiatives.

### 2. **Develop a five-year operating plan** that identifies practical strategic initiatives, capabilities to develop to support those initiatives, obstacles to overcome, and a communication plan for internal and external dissemination. Success of the business plan will be driven by the following elements:



- A limited number of initiatives that are a mix of quick wins (e.g., potential cost savings in different procured categories) and initiatives that will stretch the organization
- Effective communication throughout the organization and to external parties
- Translation of the plan into goals
- Demonstration to all workers in the organization on how to connect what matters to ODOT to what matters in their roles, particularly in large divisions such as Highway and DMV

**Potential benefit:** Aligning on an operating plan would allow ODOT to state clearly and practically where it needs to go. This would not be a high-level strategic vision document or project priority list (both of which the agency has) but rather a game plan with initiatives, resource implications, and owners. All ODOT stakeholders (e.g., Oregon Legislature, OTC, ODOT, ACTs, the public) should have a shared understanding of the priorities most important to ODOT and how their role contributes to each.

### **3. Consolidate KPMs most critical and relevant to ODOT's near-term challenges**

- Use the operating planning process to identify the most critical and relevant KPMs to its success, as well as to set a clear timeline to achieving targets. In addition:
  - Ensure OTC champions remove KPMs that are not aligned with strategic goals
  - Ensure the number of metrics is limited, actionable, and focused on areas truly within the ability of ODOT to influence and achieve. Develop a structured performance management cadence between OTC and ODOT to evaluate performance and shifts to operations based on metrics
- Assure data integrity for selected KPMs to focus debate on performance rather than the technicalities of individual values

**Potential benefit:** Consolidating KPMs could refocus ODOT and governing bodies on what matters and ensure managers throughout all levels of the organization have organizational clarity as they set their own priorities.

### **4. Cultivate a stronger culture of continuous performance improvement and accountability throughout the organization. Some potential improvement areas include:**

- At the leadership level:
  - Include more debate, alongside discussion, of performance. The full ODOT leadership team should have more structured performance review sessions with clear questions, debate, and next steps
  - Set challenging goals and timelines for each division that support the overall ODOT strategy
  - Use the executive team to role model holding both themselves and the team accountable for meeting targets and adjusting operations based on performance

- At the organizational level:
  - Ensure teams and individuals at all levels are working toward clear goals (with timelines and stretch targets)
  - Empower managers to address individual performance issues on their teams – using communications, senior level role modeling, and training to reinforce this
  - Set up formal systems to ensure new practices are adopted, including team visual dashboards tracking to metrics, HR tracking of performance issues and manager-to-manager coaching specific to team or individual performance issues
  - Address imbalances in managerial spans through job standardization to reduce complexity and team rebalancing for outliers (as possible)

**Potential benefit:** By matching ODOT’s inclusive and supportive culture with a stronger and more structured focus on continuous performance improvement, ODOT can unleash more creative problem solving, increase operational efficiency, and better attract and retain talent.

## 5. Use new tools and approaches to launch operational efficiency initiatives across Procurement, Fleet, and Facilities:

- **Procurement:** Clarify roles and responsibilities between the Office of Procurement and business partners (divisions) and increase the Procurement team’s strategic role in procurement (e.g., create advantageous supplier contracts, develop suppliers or consultants for specific department needs, and champion cost improvement and time improvement initiatives).
- **Fleet:** Reduce operating expenses through standardizing maintenance and operations costs (e.g., new contracts for truck maintenance across regions) and reduce capital expenses through rightsizing ODOT’s light and medium fleet by pooling underutilized vehicles.
- **Facilities:** Reduce operating and capital expenses through reevaluating ODOT’s footprint and negotiating operating contracts (e.g., external maintenance, cleaning). Create a robust data tracking system for footprint and expenses to ensure continual productivity gains are achieved.

**Potential benefit:** Improving operational efficiency will reduce operating and capital costs, as well as redundant work across teams. Further work is needed to pinpoint the interventions necessary to transform these functions. Comparable public and private organizations have achieved 10 to 20 percent cost savings across the categories through the launch of similar efficiency initiatives.

# Context

The Oregon Department of Administrative Services (DAS) launched a management assessment of the Oregon Department of Transportation (ODOT) on behalf of the State of Oregon (the State). The State outlined specific areas to address within the assessment, including ODOT's organizational structure and staffing levels, its decision-making paths and communications methods, and the support received from the Oregon Transportation Commission (OTC). The review team also conducted additional analysis to assess ODOT's organizational health, stakeholder engagement and external relations, capital deployment and procurement processes, and fleet and facilities operations.

The assessment is informed by interviews with ODOT leadership and external stakeholders, analyses of internal ODOT data, and surveys of ODOT employees and external stakeholders. The review team also benchmarked ODOT business functions and organizational health against comparable organizations from both the public and private sectors, giving a comprehensive picture of the agency's current management performance. What follows is a synthesis of the management review effort.

The assessment is organized into three chapters and captures all of the specific questions enumerated in the scope of work laid out by DAS:

## CHAPTER 1: OPERATIONS, ORGANIZATIONAL STRUCTURE, AND STAFFING

In Chapter 1, the review team evaluates ODOT's operational performance by analyzing a number of indicators, including public performance metrics, organizational structure, staffing levels, and the effectiveness of key processes. Using a set of specific analyses, benchmarks and interviews, Chapter 1 answers the following questions:

- **Management performance:** How effective are ODOT's management practices?
- **Structure and staffing performance:** How do ODOT's organizational structure and staffing levels compare to peers and align with ODOT's statutory mandate and mission?
- **Operations and capital performance:** How efficiently does ODOT function internally to deliver quality transportation to Oregonians?

## CHAPTER 2: PERFORMANCE AND HEALTH

In Chapter 2, the review team evaluates ODOT's culture and health by analyzing ODOT's organizational practices. Using a comprehensive Organizational Health Index (OHI) survey that benchmarks ODOT against both public and private sector organizations, Chapter 2 addresses the following themes:

- **High-level assessment of ODOT's health:** What are ODOT's "healthiest" practices, and where can ODOT's culture be strengthened?

- **Leadership behaviors:** What are the implications of decision-making authority and ODOT's overall leadership style?
- **Accountability:** What structures support effective implementation at ODOT?
- **Coordination:** How does ODOT communicate and disseminate decisions?
- **External orientation:** Does ODOT understand the needs of Oregonians and the broader set of its stakeholders, and use that understanding to shape its actions?

### CHAPTER 3: STAKEHOLDER ENGAGEMENT

In Chapter 3, the review team evaluates how ODOT engages its many stakeholders, from the public to specific commission or other transportation stakeholders. Using a broad survey and dozens of one-on-one and group interviews, the team has evaluated:

- **Commission support:** Are ODOT and OTC interacting in an efficient and effective manner?
- **ACTs and advisory bodies:** Are major stakeholders and advisory bodies (including, but not limited to, the Area Commissions on Transportation (ACTs)) engaged with ODOT, and does ODOT appropriately consider and value the input of its advisory bodies?
- **Public stakeholders:** Is ODOT's process for stakeholder input easy to find and follow, and is the stakeholder input transparent and accessible?

# Chapter 1: Operations, organizational structure, and staffing

## 1.1 OVERVIEW

In the assessment of ODOT's operations, organizational structure, and staffing, the review team evaluated the following topics:

- **Management performance:** How effective are ODOT's management practices?
- **Structure and staffing performance:** How do ODOT's organizational structure and staffing levels compare to peers and align with ODOT's statutory mandate and mission?
- **Operations and capital performance:** How efficiently does ODOT function internally to deliver quality transportation to Oregonians?

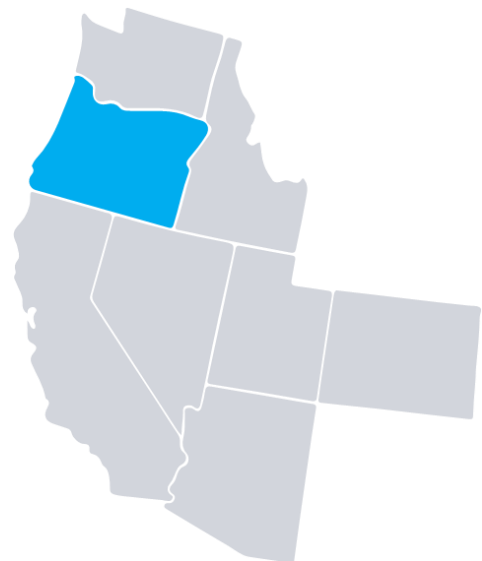
### Approach

The review team conducted extensive in-person interviews with key internal and external personnel to evaluate ODOT's performance against a framework for management best practices. The team also collected and analyzed ODOT data using proprietary tools that evaluated ODOT's managerial spans and organizational layers, corporate function staffing and spend levels, capital program execution, and operations footprints for fleet and facilities.

Finally, the team reviewed a peer set of state DOTs similar to ODOT in size, scope of operations, and geography that served as a local reference point for organizational structure design and operational performance. While no state is a perfect comparison, ODOT and DAS leaders agreed that the peer states were sufficiently similar to ODOT for insightful comparisons. The state DOT peer set included:

- Arizona (ADOT)
- California (Caltrans)
- Colorado (CDOT)
- Idaho (ITD)
- Nevada (NDOT)
- Utah (UDOT)
- Washington (WSDOT)

ODOT Peer DOTs



### Major insights

- **Management performance:** ODOT has an opportunity to better define goals, priorities, and KPMs to align to its strategy, and to sharpen accountability and performance

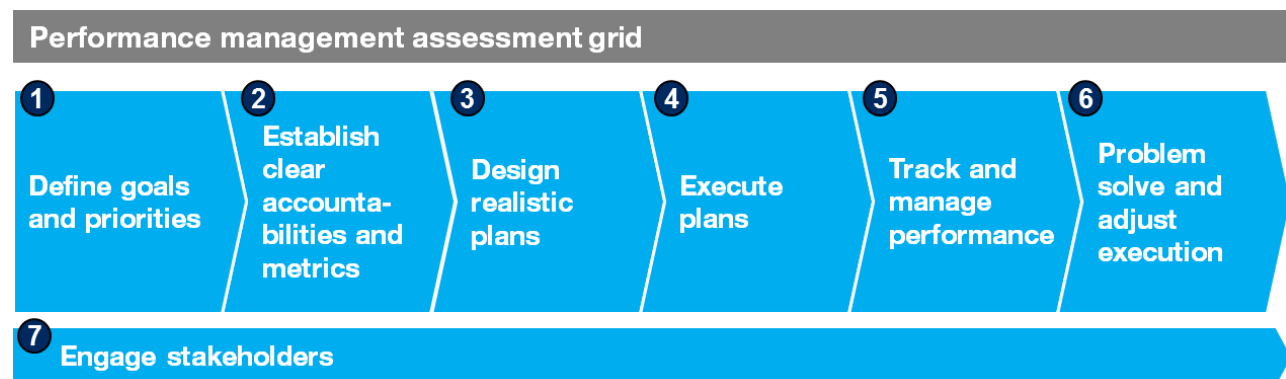


management throughout the organization. There appears to be two parallel management systems in place: one of stated priorities and KPMs, and a separate, more “informal” system of parallel implicit goals and more informally tracked metrics. This can lead to confusion and ambiguity, and delay the timely completion of projects.

- **Structure and staffing performance:** ODOT’s organizational structure, a blend of functional and modal organizational structures, has had mixed success in enabling ODOT to achieve its strategic goals. While its overall staffing allocation across divisions is in line with its capital allocation, many of its managers are overleveraged due to a combination of legislative mandates and the nature of their work.
- **Operations and capital performance:** On standard measures of DOT performance such as road quality and spending, ODOT compares favorably to its peer set but is not consistently best in class. ODOT’s capital planning and portfolio optimization are strategic and well-managed when compared to industry best practices for public and private sector organizations. However, performance on capital projects (on-schedule and on-budget) does not consistently achieve ODOT’s internal targets. In addition, procurement and maintenance performance is inconsistent and can be ineffective, and has driven ODOT employees to rely on informal systems and workarounds. There is an opportunity to sharpen processes in IT, Procurement, and capital project execution, and to reduce capital and operational expenditures by reviewing its facilities and fleet strategies.

## 1.2 MANAGEMENT PERFORMANCE

To perform a baseline assessment of ODOT’s overall management performance, the review team used a seven-part framework (see below) that was designed for and previously deployed in comparable public sector organizations. The framework can be divided into two parts: the first six components gauge an agency’s ability to effectively carry out the activities that constitute its core mission, while the seventh describes its ability to engage critical stakeholders. While each of these components is core to management and organizational success, few organizations get all seven right. To assess performance, the team conducted one-on-one interviews with ODOT leadership and reviewed examples of recent performance.



Four major themes emerged during this assessment:

1. **Defining goals and priorities more clearly:** Currently, there is a misalignment between stated goals and day-to-day activities. Parallel implicit goals create risks, as activities not formally tracked or targeted can be deprioritized, and competing goals can lead to confusion and ambiguity.
2. **Sharpening accountability and performance management:** ODOT has two accountability systems: one set of legislatively-mandated KPMs, and a separate, “informal” internal management system that relies on senior leader expertise and judgment to drive what matters. Two separate systems can overcomplicate performance management and the roles of leaders.
3. **Designing and executing plans more effectively:** ODOT’s leadership and culture emphasize strong planning and project outcomes, but elements of execution, such as on-time completion, are less strong in reality than perceived by leadership. Improving project-by-project design and execution could relieve workaround systems that ensure success even when time pressures exist.
4. **Celebrating strength of stakeholder engagement:** Stakeholder engagement is a strength overall for ODOT and across divisions, including multiple touchpoints and accountability mechanisms. This strength should be celebrated, particularly as it stands in contrast, according to interviews, with the ODOT of ten years ago.

### **Defining goals and priorities more clearly**

Publicly communicated ODOT goals do not all align with implicit ODOT priorities heard in interviews with senior leaders. Additionally, when asked about the top two to three priorities for ODOT, senior leaders had varying answers ranging from “customer service” to “execute the commission’s strategy.” This means that leadership may not be emphasizing the same priorities within their divisions, and that day-to-day activities therefore may be more informed by division level strategic plans than with ODOT’s overall objectives. These competing priorities are formalized in multiple documents, including the transportation plan, overall ODOT goals, and stated agency values, which create a set of “competing commandments” that make it difficult for ODOT, and governing bodies, to align behind a small set of clear goals necessary to deliver transportation to Oregonians.



## Sharpening accountability and performance management

Measuring what matters is a reinforcing two-step process: 1) define relevant metrics and 2) implement a performance management system where teams are held accountable to consistent, stated performance metrics.

ODOT’s performance management (at the senior level) is largely informal. While the leadership team does define KPMs with clear owners, and reviews and reports on progress against KPMs regularly, those KPMs are often defined based on senior leadership’s opinion regarding which measures of ODOT performance “matter,” rather than on an objective alignment with ODOT priorities.

Furthermore, many KPMs have been mandated by the legislature and are disconnected from the activities necessary for ODOT’s success. Targets may be set by the legislature without a robust understanding of good performance and the annually evolving transportation context (e.g., cell phones and distracted driving, legalized cannabis in Oregon).

### Quotes from ODOT leadership interviews

KPMs are a key part of how we communicate our performance externally

The target set by the legislature could have been just done in excel, and doesn’t account for what indicates “good” in our circumstances

If it’s an important metric but the target isn’t realistic or helpful, sometimes we will set our own target

The team is so capable and professional... Were the team “greener” it would likely be more standardized.

I bring a 4 page memo with what is most relevant to our division to my one-on-one with the Director

Because KPMs are often not linked to explicit ODOT priorities, a recurring theme in interviews with leadership was that performance meetings are largely spent either challenging the data behind a KPM, or disengaging with the KPM in order to talk qualitatively about “what matters” based on individual expertise and judgment.

As of this writing, ODOT has embarked on an assessment of which KPMs they should use. Given that some of the KPMs have their origins in legislative mandates, the agency will need to work with the legislature in order to fill the gaps in its performance measurement, as well as consider trimming KPMs that are currently unnecessary or not critical enough to warrant top management attention.

### **Designing and executing plans more effectively**

ODOT’s ability to develop and accomplish plans effectively emerges as a core competency across the agency. An inclusive and extensive approach to developing plans ensures that ODOT prioritizes and pursues the “right” capital projects – ones that are important to stakeholders and to the State’s transportation system. Further, ODOT’s culture of achievement and talented team of dedicated professionals ensure that projects are completed with their intended purpose.

Though ODOT achieves many of the desired outcomes in its plans, variability exists within the cost, timeliness, and consistency of the processes used to execute those plans, especially in their capital projects, which is discussed below in section 1.4.

### **Celebrating ODOT’s stakeholder engagement strength**

Stakeholder engagement is a clear strength of ODOT. This topic is fully explored in Chapter 3, but from the management assessment, it was clear that ODOT views stakeholder engagement as core to its mission, and its engagement of stakeholders is strategic, proactive, and frequent.

ODOT has clearly made a management decision to emphasize external orientation, which has made a significant, positive impact on how ODOT operates. Stakeholder engagement is core to the State Transportation Improvement Program (STIP) process, described later in this chapter, and ensures views from all parts of Oregon and all types of community members (e.g., businesses, environmental activists, trucking community). Some of ODOT’s strong safety record may come from the established strategic partnerships with law enforcement and community groups who are involved in strategy development and coordinating campaigns that have the trifecta of awareness, education, and enforcement.

## **1.3 STRUCTURE AND STAFFING PERFORMANCE**

### **Organizational structure**

Departments of transportation are structured according to one of three models: modal, functional, or hybrid. In a modal structure, divisions under the Director each represent a discrete mode, such as highway or rail transportation. In a functional model, divisions under the

Director each represent a business unit or function, such as planning, finance, or operations. Hybrid structures adopt aspects of both, for instance, having divisions for each mode plus a division for centralized services. In the United States, more than 76 percent of DOTs are organized functionally, while 14 percent are modal, and 10 percent are hybrids.<sup>4</sup> Western DOTs mirror this breakdown: all peer states (Arizona, California, Colorado, Idaho, Nevada, Utah, and Washington) are organized functionally. An example of a modal structure would be the Massachusetts DOT, where Aeronautics, Highway, Registry of Motor Vehicles, and Transit all have direct reports to the Director.<sup>5</sup> Oregon is the only state in its peer group that has adopted a hybrid structure. Agencies may be aligned to a particular model based on the role of the agency (e.g., diversity of modes under management), and there is no one recipe for success.

Both functional and modal organizational structures have their relative strengths, while hybrid organizations seek to capture the best of each.

Functional organizational strengths	Modal organizational strengths
<ul style="list-style-type: none"> <li>▪ Consistent, “center of excellence”-based core functions</li> <li>▪ Representation of multiple modes in the planning process</li> <li>▪ Ability to adapt project delivery to shifts in mode demand</li> </ul>	<ul style="list-style-type: none"> <li>▪ Deep knowledge of existing assets</li> <li>▪ Clear accountability for asset performance</li> <li>▪ Modal-based community relationships</li> </ul>

ODOT’s hybrid structure has had mixed success in capturing the benefits of functional and modal organizational structures. On the functional side, they have had some success with intermodal planning and collaboration through the Intermodal Leadership Team (ILT). However, ODOT does not have the developed “center of excellence”-based core functions that functional DOTs do, nor is it likely to be able to adapt project delivery to shifts in demand for new modes of transportation easily due to its concentration of assets in the Highway division.

ODOT has also shown mixed success with the modal side of its structure. ODOT has deep knowledge of existing assets through its team (experts across many modes and a highly-tenured team), tools, and systems (such as Highway’s asset management database). However, interviews suggested there is an opportunity for stronger accountability for performance, as discussed in section 1.2. Finally, ODOT excels in fostering modal-based community relationships with local stakeholders. The ongoing shift to multimodal regional coordinators will necessitate bringing knowledge for multiple modes to stakeholder settings.

No one organizational structure is preferred; DOTs are able to deliver successfully upon their mandates and goals under different structures by emphasizing various strengths based on their resources, systems, and modes under management. A change to ODOT’s organizational structure is not envisioned at this time. However, as ODOT continues to reflect upon its mission and priorities, ODOT could continuously review its organizational design to ensure its structure and processes leverage its strengths and enable it to meet its goals.

<sup>4</sup> <http://www.ncsl.org/documents/transportation/FULL-REPORT.pdf>. January, 2017

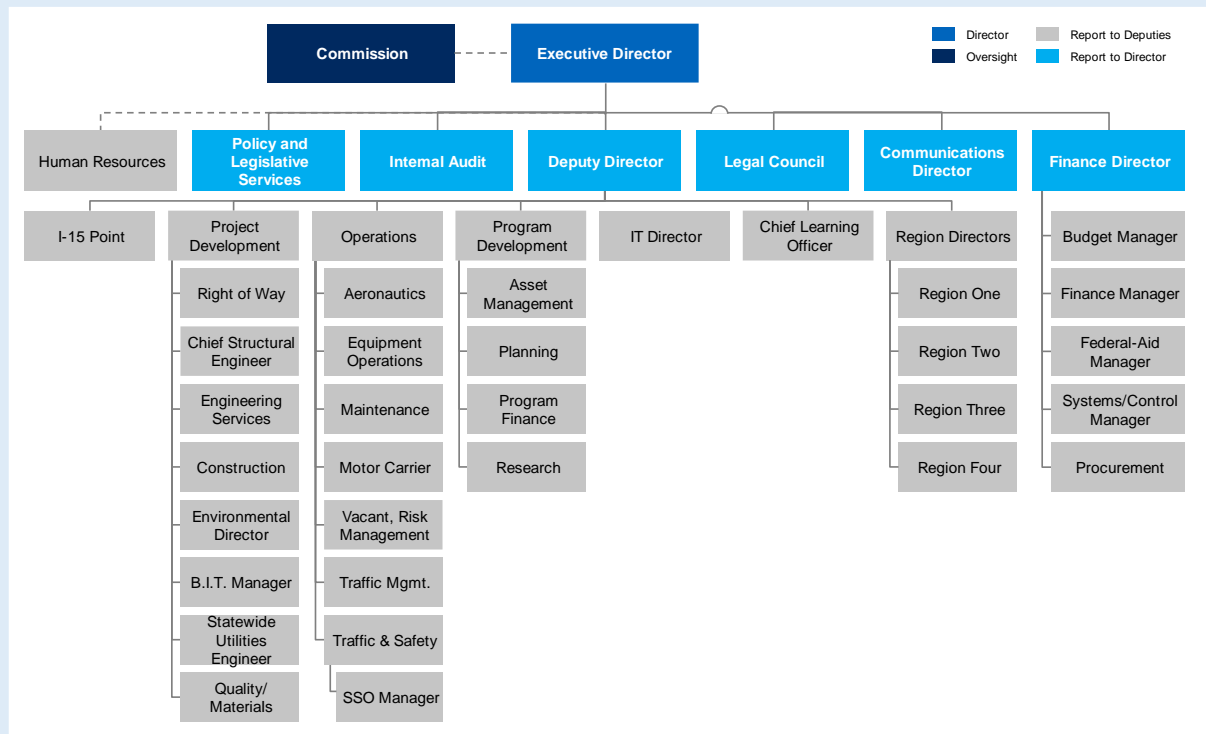
<sup>5</sup> <http://www.massdot.state.ma.us/portals/0/docs/executive.pdf>. January, 2017



## Example structure

### Functional organization – Utah Department of Transportation

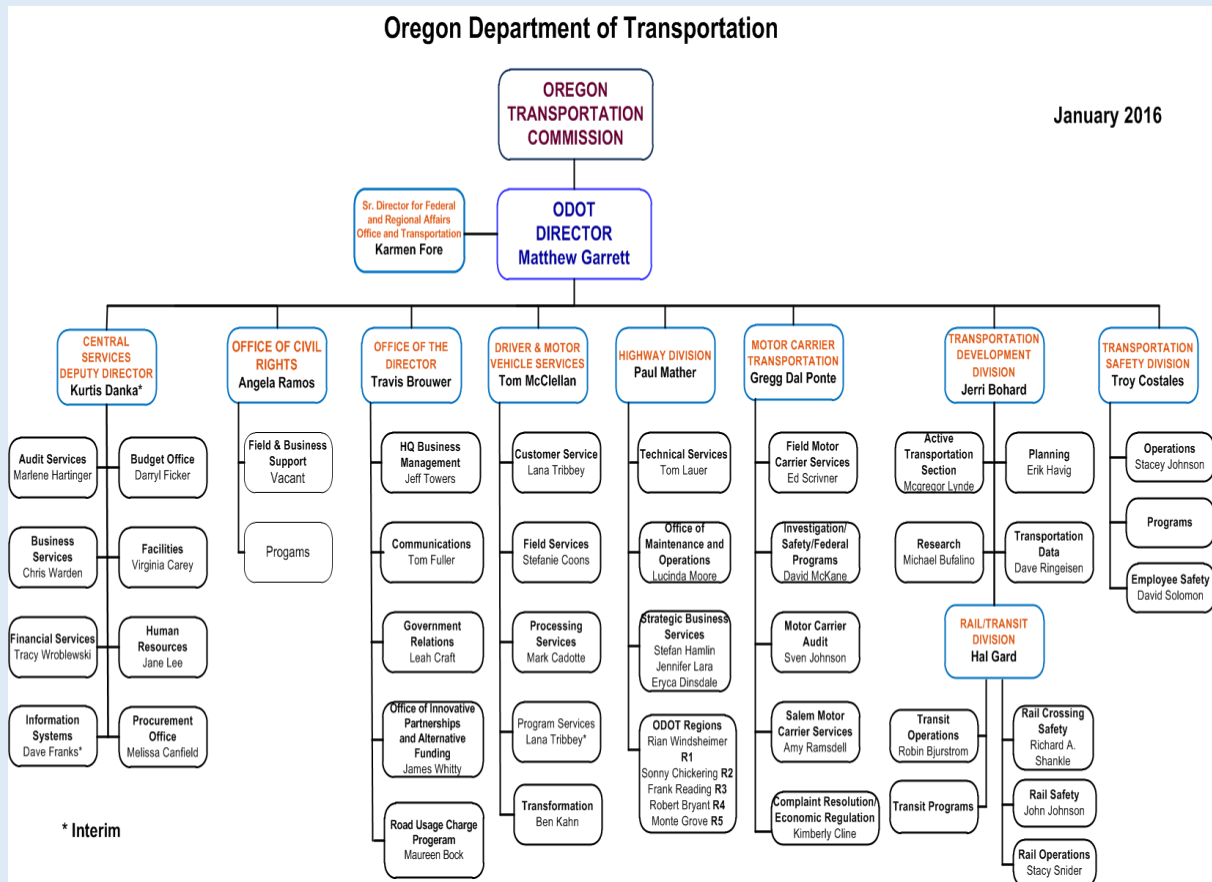
Direct reports to the Utah Department of Transportation's Director represent its various functions (such as Human Resources, Finance), while executives in charge of modes (i.e., Motor Carrier, Aeronautics) mostly report to an Operations division head, who in turn reports to the Deputy Director.



## Example structure

### Hybrid organization – Oregon Department of Transportation

Within hybrid organizations like ODOT, the Director's reports include both those in charge of business functions (Central Services, Development, and Civil Rights) and modes of transportation (Highway, Rail).



## Managerial spans

The team also assessed managerial spans of control at ODOT against benchmarks to understand how efficiently the organization is staffed. A managerial span of control refers to the number of direct reports that a manager has. There is no correct span number. Instead, a manager's span of control depends upon the nature and requirements of that manager's role.

For the purposes of this analysis, ODOT's Human Resources team assigned one of five "managerial archetypes" (see below) to each manager in ODOT<sup>6</sup>, with preliminary guidance from the team that created the archetype methodology. Each managerial archetype has a different optimal span of control, based on factors including the level of repeatability in their

<sup>6</sup> ODOT data as of October 2016 was used in this analysis, capturing all ODOT roles supervising other employees (versus only those roles with "Manager" in the title)

direct reports' tasks and the expected amount of time the manager will spend managing versus doing individual work. For example, a call center manager and a Chief Financial Officer (CFO) would have different archetypes. A call center manager oversees many people repeating similar calls all day and needs limited attention to individual tasks outside of managing others, and thus has a relatively wide span of control. The CFO, on the other hand, will have a much narrower span of control, as s/he needs more time for individual work and will be managing people doing more complex tasks who will require more individual attention from their manager. The below table gives an overview of the breakdown:

ODOT managerial archetypes overview				
Managerial archetype	Nature of role	Expected span	Sample job titles at ODOT	Total in ODOT
Player/Coach	<ul style="list-style-type: none"> <li>High level of individual responsibility</li> <li>Primary execution of responsibilities by manager</li> </ul>	3-5	<ul style="list-style-type: none"> <li>Area Manager</li> <li>Technical Center Manager</li> <li>Fleet Manager</li> </ul>	114
Coach	<ul style="list-style-type: none"> <li>Substantial level of individual responsibility</li> <li>Executional support from others</li> </ul>	6-7	<ul style="list-style-type: none"> <li>Bridge Design Managing Engineer</li> <li>Geo-environmental Manager</li> <li>Planning &amp; Policy Unit Manager</li> </ul>	109
Supervisor	<ul style="list-style-type: none"> <li>Moderate level of individual responsibility</li> <li>Requires leadership from others for execution</li> </ul>	8-10	<ul style="list-style-type: none"> <li>Assistant District Manager</li> <li>Transportation Maintenance Manager</li> <li>Bridge Supervisor</li> </ul>	80
Facilitator	<ul style="list-style-type: none"> <li>Limited individual responsibility</li> <li>Subordinates conduct fairly standardized work activities</li> </ul>	11-15	<ul style="list-style-type: none"> <li>Customer Service Manager</li> <li>Motor Carrier Manager</li> <li>Dispatch Supervisor</li> </ul>	39
Coordinator	<ul style="list-style-type: none"> <li>Spends all time managing day-to-day work</li> <li>Subordinates conduct highly standardized work processes</li> </ul>	16+	<ul style="list-style-type: none"> <li>Vehicle Mail Unit Manager</li> <li>Driver Issuance Unit Manager</li> <li>Data Entry Unit Manager</li> </ul>	23

A few specific observations emerged from the analysis:

- Spans vary widely across the agency, from 1 to 36. The average managerial span calculated was 11.8, which is higher than the span of 11 mandated by Oregon HB2020 (signed into law in the summer of 2011<sup>7</sup>, HB2020 requires state agencies with more than 100 employees to maintain a ratio of employees to managers of at least 11 to 1).

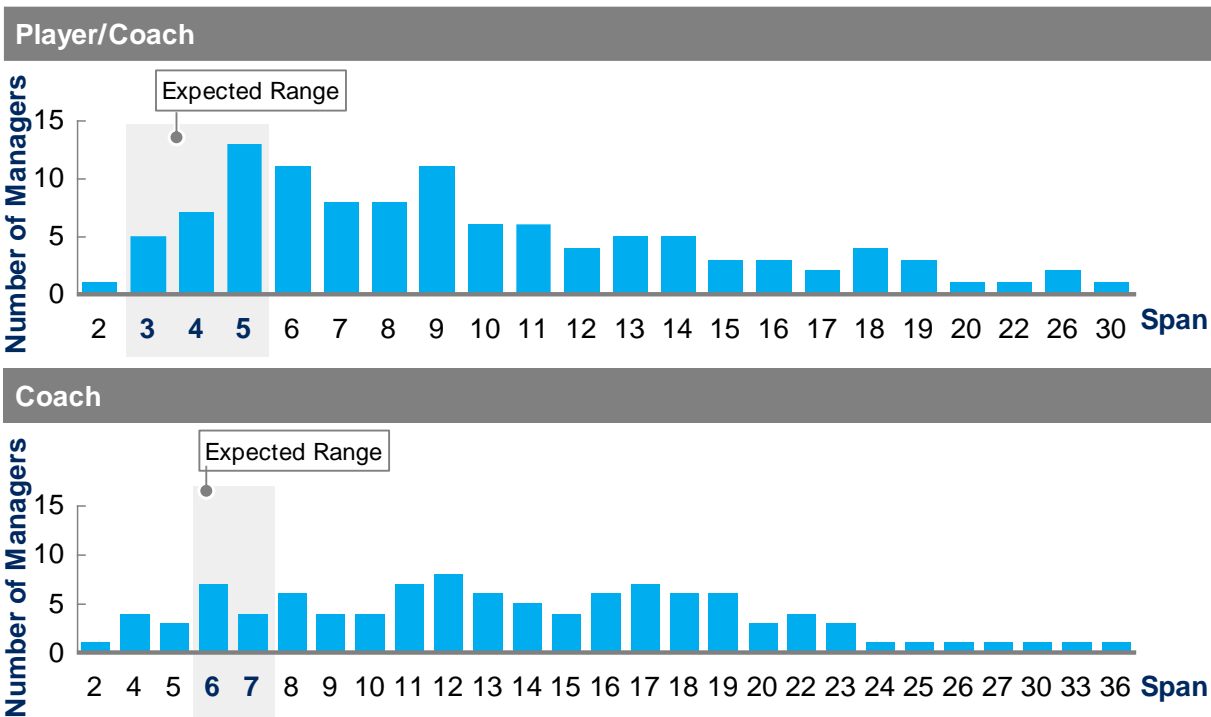
<sup>7</sup> <http://gov.oregonlive.com/bill/2011/HB2020/>

Layer	FTEs	Managers	Non-Managers	% of Total FTEs	Sample Position	Average span
0	1	1	0	0.02%	Director	9.0
1	9	9	0	0.2%	Chief Administrative Officer	7.8
2	70	43	27	1.5%	Region Manager	9.0
3	385	108	277	8.4%	Fiscal Analyst, District Mgr	10.0
4	1,077	175	902	23.5%	TMM, Motor Carrier Enforcement	13.7
5	2,404	49	2,355	52.6%	Transportation Services Rep (DMV)	12.1
6	592	4	588	12.9%	Transp. Maintenance Specialist 2	9.3
7	37	0	37	0.8%	Transp. Maintenance Specialist 2	
<b>4,575*</b>						<b>11.8</b>

\* Does not include vacant positions  
Exception: 9 vacant positions that have direct reports were included

SOURCE: ODOT Employees Management Review Data, October 2016

- A significant number of managers at ODOT are currently over-leveraged. 60 percent of ODOT's managers are categorized as player/coach (expected span of control: three to five FTEs) or coach (expected span of control: five to seven FTEs). At least 75 percent of these managers have more direct reports than the expected range, with 40 percent managing ten or more direct reports. Since the average span of control at ODOT is required to be at least 11 to 1, ODOT's managers are frequently supervising more reports than the responsibilities of their role comfortably allow. This strain was echoed in interviews.



- Players/coaches and coaches also exhibit wide ranges in the spans. Some outliers may be aligned with organizational demands (e.g., a specialized environmental engineer may have a small team to complete environmental assessments). Other outliers may be the result of an implementation of HB2020, which eliminated vacant managerial positions and left some departments, such as HR, with 50 employees and only three managers.

ODOT teams have already implemented a few workarounds to relieve this strain on managers. For example, some teams use “step-up opportunities” where direct reports take on more responsibility before a promotion, reducing the workload of an over-leveraged manager. Like other state agencies, ODOT also utilizes rotational opportunities and hires temporary, highly-skilled workers to add extra capacity and ensure ODOT can deliver on its mission, despite the heightened strain on managers and leaders.

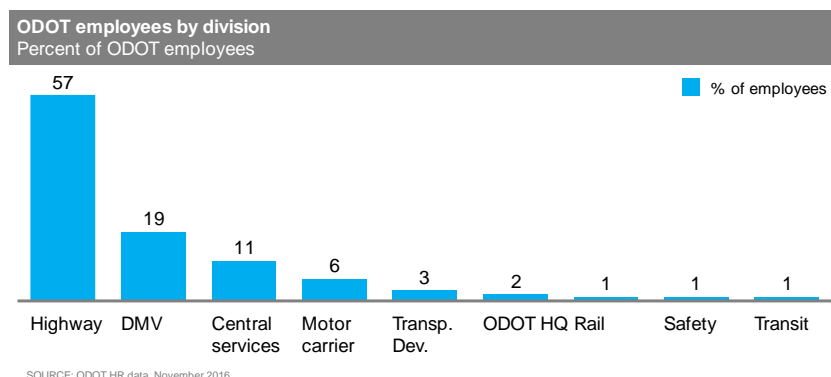
In addition to the agile measures some teams have taken, there are multiple options for ODOT to address the imbalance in managerial spans. These options include:

- Reassessing outlier managers for opportunities to reallocate direct reports; this will be on a case-by-case basis and depend on the work and context of positions
- Identifying opportunities to standardize work for direct reports reporting to managers categorized as players/coaches and coaches, or reducing the individual workload requirements of players/coaches and coaches in order to increase their capacity to manage (e.g., deploying automation, process mapping, or other best practices)
- When hiring and allocating responsibility to new managerial positions, consider the overall span of the division to rebalance the division over time

## Management layers and staffing distribution

Management layers, or the number of supervisors between the chief executive and the frontline, is another way to assess an organization’s structure. Generally, most large organizations are built like pyramids, from a single top executive to a broad supporting base. This is true for ODOT, where 89 percent of full-time employees are four to six levels below the Director. Overall, the number of layers is within the expected range for organizations of ODOT’s size and scope, and the distribution of employees among those layers is also consistent with comparable organizations.

ODOT’s staffing distribution across divisions appears to be appropriate in light of its mandate. The majority of employees are in the Highway division, which mirrors the capital budget allocation. Additionally, there are at least





50 statutory mandates addressing what ODOT “may” do, ranging from the broad to the specific,<sup>8</sup> giving ODOT the latitude to staff its divisions in a way that it believes is most effective.

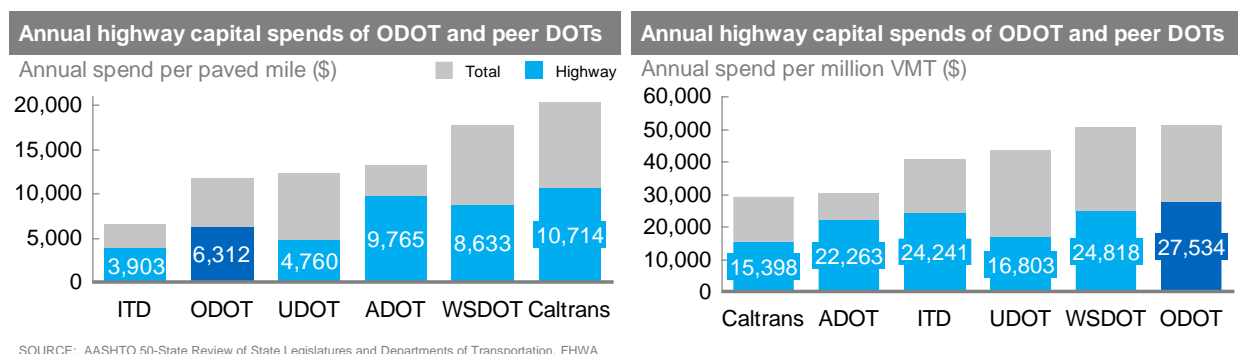
## 1.4 OPERATIONS AND CAPITAL PERFORMANCE

In addition to management performance and structure as well as staffing performance, the review team addressed ODOT’s capabilities in operational and capital management:

- How do ODOT’s **performance measures, reports, and documents** compare against benchmarks from other state departments of transportation?
- How effective and efficient is ODOT’s **capital program allocation**?
- How do ODOT’s **back-office-function** costs compare to benchmarks?
- How effective and efficient are ODOT’s **central office and regional functions**, including facilities and the equipment fleet?

### a. Performance measures compared to peer states

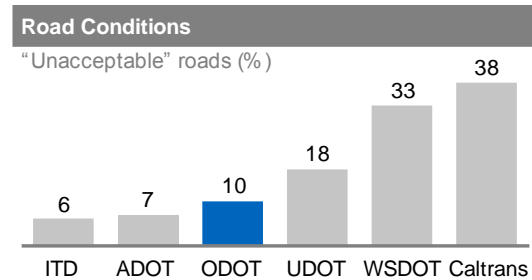
ODOT’s performance on core DOT metrics is at par or better than peers, many of whom report similar performance metrics. The team normalized these KPMs using capital and operating spend to be able to compare states with different-sized systems. ODOT spends 16 percent less on highways per paved mile than peer states (ODOT: \$6,312 per mile, peer average: \$7,555 per mile), but 33 percent more than peer states per million vehicle miles traveled (VMT) (ODOT: \$27,534 per million VMT, peer average: \$20,704 per million VMT). This suggests that ODOT spends appropriately for the size of its network, but not for its utilization.



Spending money on underutilized roads, however, appears to positively affect another KPM: ODOT’s pavement quality is among the best of its peer set. In fact, ODOT compares well on this metric nationally, with nearly half as many roads considered unacceptable (10 percent) as

<sup>8</sup> Statutes 184.615.3 and 184.846: “The department shall carry out policies adopted by the commission and all duties and responsibilities vested in it by law, including, but not necessarily limited to, duties and responsibilities concerning drivers and motor vehicles, highways, motor carriers, public transit, rail and transportation safety,” to the much more specific, “department can test Road User Fee pilot programs.” <https://www.oregonlaws.org/>

median states (19.4 percent). Through this lens, ODOT has a higher return on investment for its highway spending than all members of the peer set except the Idaho Transportation Department.



## b. Capital program allocation

ODOT spends \$1 billion per year on capital projects, which are broadly categorized into “Enhance” projects (activities that enhance, expand, or improve the transportation system) and “Fix-It” projects (activities that fix or preserve the transportation system). Managing this capital program every year requires multiple functions in the organization to work together to conceive of, plan, develop, and deliver projects.

Best-in-class capital program management relies on the strength of six key practices:

- **Capital strategy and allocation:** How capital is allocated across divisions/departments to support a long-range strategic plan
- **Portfolio optimization:** How risk and return are optimized to align with business strategy
- **Streamlined project concept and design optimization:** How project concepts are optimized to solve the business need and generate the best net present value
- **Lean project governance and stage-gate process:** The efficient use of stage gates to mature projects through their lifecycles
- **Effective procurement and contractor management:** How well ODOT manages contractors and consultants to maximize value
- **Organization enablers:** Sustainable processes which create year-on-year value in sustaining capital management

Overall, ODOT has mixed performance in comparison to peers. Capital program management at ODOT is strongest in capital strategy and allocation, but challenges remain in project delivery as well as in effective procurement and contractor management.

		ODOT performance		
		Best in class	Average	Worst in class
Driver of capital excellence				
Upfront planning	1. Capital strategy and allocation	<ul style="list-style-type: none"> <li>Within “Fix-It” and “Enhance,” capital is allocated based on collaborative process and is communicated to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>The strategic choice of relative balance between “Fix It” and “Enhance” is not well understood by the organization</li> </ul>	
	2. Portfolio optimization	<ul style="list-style-type: none"> <li>Asset management tools create transparency around capital needs</li> <li>Portfolio comprised of projects that have been vetted and selected collaboratively</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio performance is not monitored and managed consistently</li> <li>It is not clear what a “successful” portfolio looks like</li> </ul>	
Project delivery	3. Stream-lined project concept and design optimization	<ul style="list-style-type: none"> <li>Projects are originated in a transparent, consistent and data-driven process</li> <li>ODOT invests resources in scoping projects before giving them full approval</li> </ul>	<ul style="list-style-type: none"> <li>Business case scrubbing largely left to ACTs and Regions</li> <li>Regions and divisions enforce project business cases differently</li> </ul>	
	4. Lean project governance and stage gate process	<ul style="list-style-type: none"> <li>Projects have clear lifecycle, including “100%” milestone where 3 key deliverables are defined and collected</li> </ul>	<ul style="list-style-type: none"> <li>No gates are enforced once project is programmed (“100% list”)</li> <li>Decisions are often routed through a burdensome process</li> </ul>	
	5. Effective procurement & contractor management	<ul style="list-style-type: none"> <li>Procurement is currently developing clear process maps and service level expectations</li> </ul>	<ul style="list-style-type: none"> <li>Procurement is not seen as a value-add</li> <li>Processes are burdensome (or get side-stepped) with few enabling tools</li> <li>A&amp;E consultants are not evaluated</li> </ul>	
Health	6. Organization enablers	<ul style="list-style-type: none"> <li>Roles are generally clear within the central organization and the project delivery team</li> </ul>	<ul style="list-style-type: none"> <li>Resource planning for delivering projects is ineffective</li> <li>Best practices are not consistently or widely shared</li> </ul>	

### Capital strategy and allocation and portfolio optimization

ODOT’s capital planning process is deliberate and well charted. The STIP planning process, core to the delivery of ODOT funds, is on a two-year timeline and relies on input from 1) internal experts who have deep knowledge of ODOT’s existing asset preservation needs, and 2) significant stakeholder engagement to understand the needs of the various stakeholders in Oregon. Surveys indicate that ODOT is very effective at stakeholder engagement and consistently delivers on an inclusive, effective planning process that incorporates input from a variety of stakeholders.

ODOT sets an overall strategy for capital allocation and then solicits “Enhance” and “Fix It” projects to fit into those buckets, creating an ‘optimal’ portfolio. In the most recent budget, this balance was set at 15 percent “Enhance” projects and 85 percent “Fix It” projects. Interviews with stakeholders reveal that ODOT’s process for arriving at that balance is unclear, so ODOT could improve the transparency of how it arrives at its overall capital allocation strategy.

### Streamlined project concept and design optimization

ODOT manages to avoid two common pitfalls of portfolio creation: allocating budget for projects that are not real or allocating budgets that are highly uncertain. ODOT’s main mechanism for safeguarding against these pitfalls is to solicit more projects than it has budget for, and then

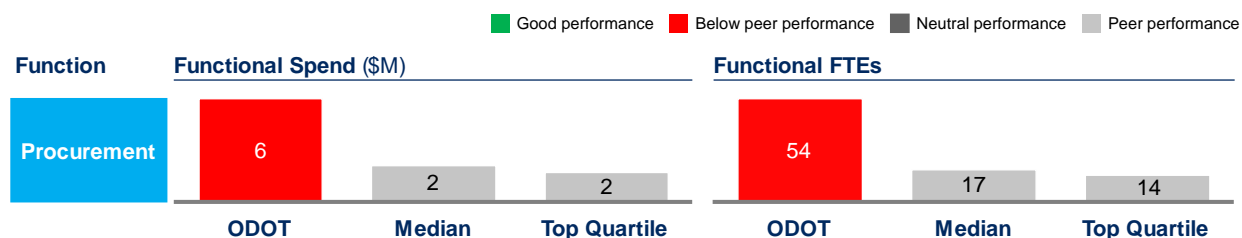
invest a small amount of engineering time up front to develop the projects, understand their feasibility, and refine their estimates.

Over the course of the two-year STIP process, project concepts are short-listed on a “150 percent” list, representing 150 percent of ODOT’s budget capacity. Preliminary engineering (representing less than 1 percent of the project budget) serves to highlight major risks as well as refine critical scope and dependencies on other projects. Thereafter, projects are reduced to a “100 percent” list that comprises the STIP, and their estimates are adjusted if necessary.

This process ensures that projects pass a first test before being included in the STIP. Best-in-class capital organizations will continue to “scrub” projects even after they are budgeted, but interviews did not reveal consistent evidence of scrubbing at ODOT, beyond some ad hoc project optimization in Regions 1 and 2. This “scrubbing” typically takes the form of rigorous value engineering, often led by an expert within the same organization who is not part of the project team. Value engineering includes challenging the standards used for design (e.g., is the project being gold plated), challenging the technical solution chosen (e.g., is there a better way to accomplish the project’s goals), and testing the project’s business case (e.g., is the project really needed). If ODOT can incorporate better project scrubbing/optimization, its dollar would likely go further and more projects could potentially be accomplished at the same level of quality.

## Effective procurement and contractor management

ODOT has a significant opportunity to streamline procurement and contractor management processes. Procurement of both consulting services and construction contracts are resource consuming, lengthy, and highly variable. Both the ODOT Procurement Office (OPO) and technical experts in the Highway division have led efforts in the last two years to streamline procurement processes while maintaining the appropriate scrutiny for awarding and issuing work. Still, ODOT has dedicated approximately 65 percent more resources (both in FTEs and operating budget) to the Procurement function than comparable organizations, and these resources are still strained to support the organization in delivering its capital and operating plans effectively.



This is not necessarily evidence that the OPO is 65 percent overstaffed. State legislative requirements, legacy software systems, and variable demand over the course of a two year STIP cycle lend themselves to higher resource allocation to ensure that procurement continues to function even under stressful conditions.

However, ODOT can strengthen the role that OPO plays in the agency’s procurement in two ways:

## 1. Clarify roles for procurement and OPO

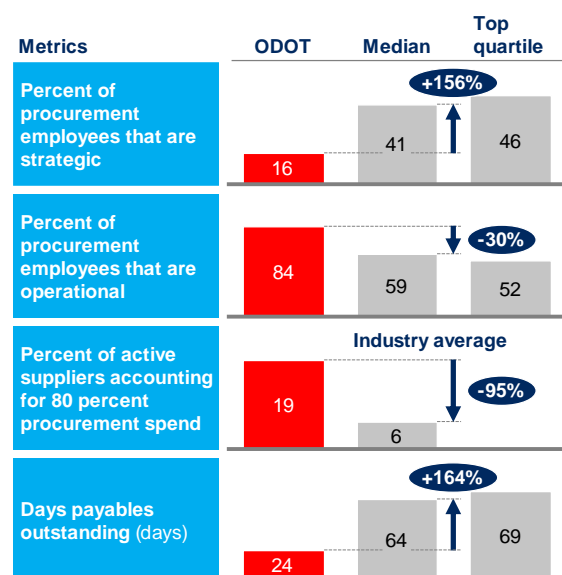
Procurement responsibilities are distributed across OPO and the divisions (“business partners” to OPO). For instance, when the Highway division wants to procure architecture and engineering services, the following process is followed:

- **Request contract phase:** The business partner submits a request for procurement, OPO drafts a solicitation document (which it sends to the Department of Justice (DOJ) for review if it is for an amount exceeding \$150,000), and the business partner approves the draft solicitation document.
- **Solicitation/bid phase:** The business partner approve solicitations, OPO releases them, and both departments work together to resolve questions pertaining to price agreements.
- **Evaluation:** OPO sorts proposals into those that passed and those that did not, and both OPO and the business partner evaluate proposals together.
- **Award contract:** OPO and the business partner negotiate both the scope of work and pricing with the contractor, OPO sends the contract to the DOJ for review of legal sufficiency, the business partner negotiates with the DOJ if necessary, and OPO executes the contract.

This distributed responsibility results in rework and variable approval paths. For instance, when the Highway division advances projects that OPO does not have enough resources to support, the Highway Regional Manager may choose to award a work order to an existing consultant without OPO involvement. While this can drastically speed up the time to award, it creates an unpredictable experience for both the project team and the consultant, which may possibly lead to confusion and errors.

## 2. Increase OPO’s strategic role in procurement

Interviews suggest that OPO’s role in procurement is largely transactional, i.e., focusing on ensuring compliance, mitigating legal liabilities, and guaranteeing legal sufficiency at all stages of the procurement process. In fact, benchmarking shows that there are 60 percent fewer employees devoted to strategic roles than would be expected from a procurement office of equal size and with a similar work profile as OPO. Not surprisingly, benchmarking also showed a lack of strategic sourcing (i.e., highly distributed supplier base). Interviews with OPO and the divisions supported the finding that OPO is not seen as a strategic partner within the capital and operations programs at ODOT.

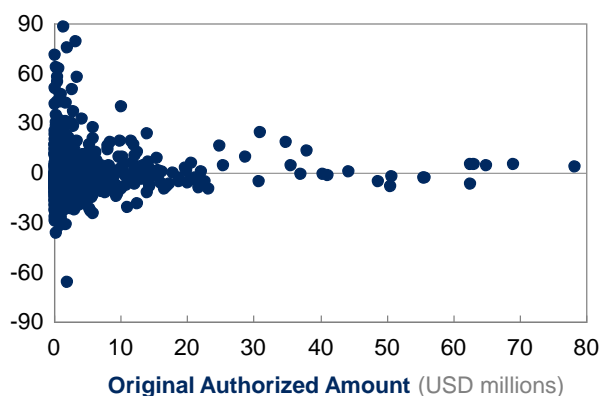




Best-in-class procurement organizations dedicate about 40 percent of their staff to strategic roles. These can be focused on creating advantageous supplier contracts, developing suppliers or consultants for specific department needs, and championing cost and time improvement initiatives.

## Organization enablers

**Variation from original authorization amount to overall performed amount for ODOT projects 2010-2016, Percent<sup>1</sup>**



<sup>1</sup> This excludes US20 Pioneer Mtn-Eddyville project (Overall performed 27% higher than \$140M original authorized amount)

“Organization enablers” in capital program management are the processes, structures, and tools that companies use to consistently deliver their capital programs. These include the ways in which project teams are created, the tools the organization uses to predict and track capital spend, training programs to grow the organization’s talent, and mechanisms for sharing best practices among project teams.

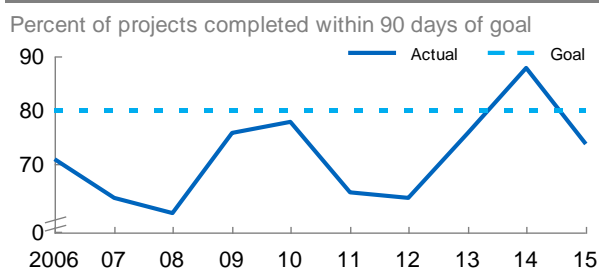
While ODOT’s project delivery organization is highly talented, and the agency makes a significant effort to further scope projects at the beginning of their lifecycle (see above),

project delivery is currently inconsistent. For projects under \$10 million, the cost of completion ranges from 40 percent under budget to 90 percent over budget.

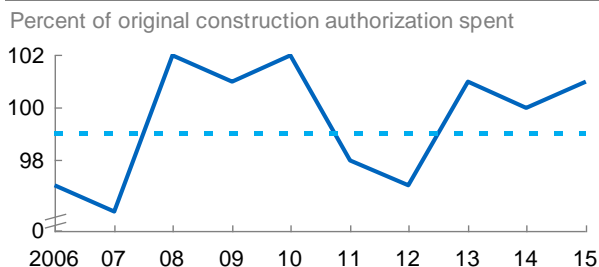
Further, ODOT tracks its on-schedule performance by measuring what percentage of construction projects are completed within 90 days of their original scheduled completion date. While the agency aims to complete 80 percent of projects in this timeline, it has only exceeded 78 percent once in the last 10 years (88 percent of projects in 2014). This lags peer DOTs in Utah (92 percent), Nevada (85 percent), and Washington (87 percent). It is worth noting that these states may define their on-time, on-budget goals differently than ODOT; however, their relative performance against internally set goals is comparable.

These outcomes are likely a reflection of ODOT’s organization enablers dedicated to capital management. Based on independent analysis, interviews, and experience with other

### Construction project completion performance



### Construction budgetary performance



SOURCE: 2013 and 2015 ODOT APPRs, KPM Rollups

DOTs, the most likely causes of these struggles are: a) an inability to accurately predict internal resource needs (despite significant efforts in Regions 1 and 2);

b) a lack of accurate estimating tools; c) inconsistent project management practices and/or insufficient project management training; d) insufficient challenging of consultant contractors; and e) unclear or inefficient project closeout processes. Each of these specific opportunities should be investigated for improvement, which should yield more predictable outcomes in project delivery.

### **Conflicts of interest**

ODOT follows industry practices when screening for conflicts of interest, and has a well-established mechanism for handling potential conflicts when they arise. First, all ODOT employees are governed by Oregon's Government Ethics policies (Statute 244), which clearly articulates the definition of conflicts of interest in public service. Second, ODOT's own code of conduct policy defines a "cooling-off" period during which employees leaving ODOT cannot be used as contractors for ODOT on relevant work for one year – in line with industry norms. To enforce this, ODOT screens all contractor procurements for potential conflicts of interest. OPO uses an industry standard approach of requiring a disclosure signed by the contractor's principal to attest that there are no such conflicts. Any disclosures made by contractors are investigated by the OPO Contract Officer in charge of the procurement.

OPO has chartered a Conflict of Interest Group comprising leaders from OPO, HR, IT, and Finance, as well as a business partner from Transportation. The Contract Officer consults the Chief Procurement Officer (CPO) on the conflict, who determines if it should be raised to the Conflict of Interest Group. If appropriate, the Group will convene to discuss the facts of the potential conflict and recommend a potential course of action (e.g., referral to Ethics Commission, referral to HR, referral to ODOT Director). In the 18 months since this group was chartered, it has handled three issues, while the remainder of the dozen potential conflicts have been addressed directly within OPO.

Relying on self-reporting, however, is not always enough. Some conflicts of interest are not disclosed properly to OPO by the public, contracting community or other sources. When these cases arise, and the conflict is flagged by an external party, OPO uses the same mechanisms described above to handle the conflict. OPO is also planning to build a more proactive mechanism for avoiding conflicts by maintaining a more comprehensive strategic view of the contractor marketplace and being able to advise project teams on potential conflict risks ahead of time.

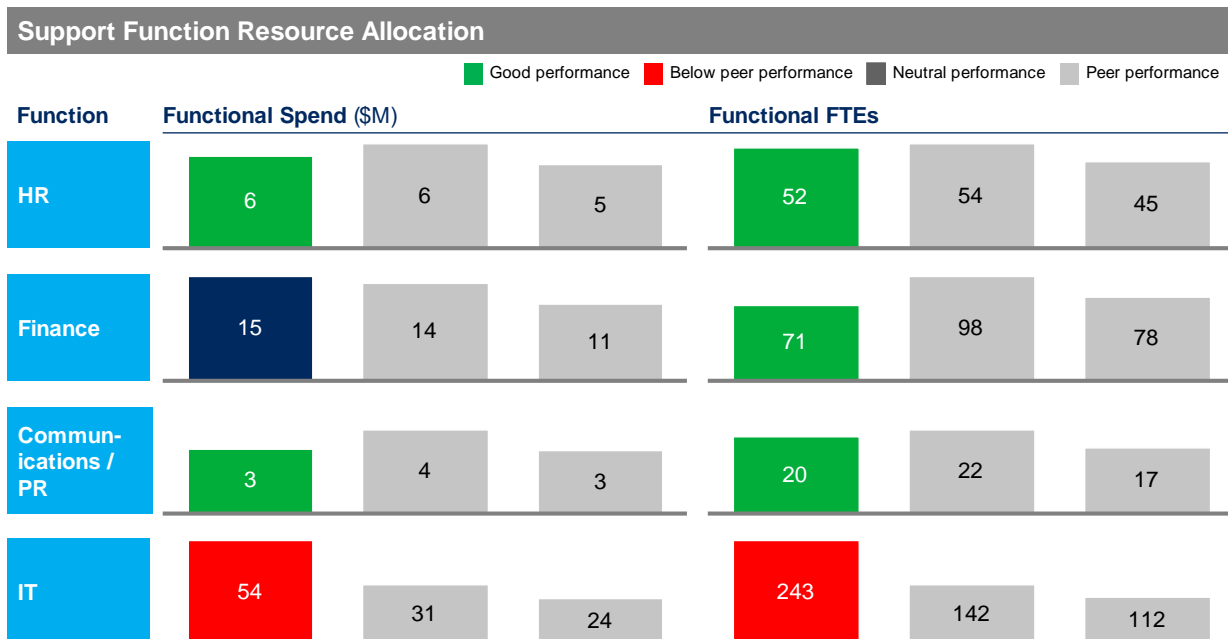
Interviews with the contractor community suggest that ODOT's procedures are well understood in the marketplace, and are implemented with conservatism.

### **c. Back-office functions: HR, Finance, IT, and Communications**

Central Services provided data on five of ODOT's main support functions (Human Resources, Finance, IT, Communications, and Procurement) which the review team compared to a peer set

of 15 organizations in the public transportation and logistics sectors. The comparison focused on the resources dedicated to these functions as well as their efficiency in performing key tasks.

Overall, ODOT's resource allocation to HR, Finance, and Communications, as measured by spend and number of full-time equivalent employees (FTEs), is comparable to peer organizations. However, ODOT's resource allocation to IT, both in total functional spend on IT and IT FTEs, is much higher than that of peer organizations.



In addition to spend and resource allocation, the team measured support function effectiveness using key performance indicators (KPIs) of efficiency and effectiveness that can be compared to peer organizations.

For HR, the analysis shows that the ODOT HR function is more efficient than organizations in its peer set, but is generally less effective, falling behind the median on three of the four effectiveness KPIs.

For the Finance function, the story is mostly similar. ODOT is comparably efficient to peer organizations, but generally less effective. It is worth noting that its lead time to close its annual general ledger and its budget cycle time are approximately three and four times the time frames that peer organizations require, respectively. This

HR Performance				
Good performance Below peer performance Neutral performance				
	Metric	ODOT Performance	Median Performance	Top Quartile
Efficiency	FTEs Supported by Each HR FTE	85	81	98
	HR Cost per FTE (\$)	1,261	1,434	1,154
Effectiveness	Turnover Rate (%)	8	7	6
	Paychecks Processed per Payroll FTE	18,117	21,676	32,192
	Average Requisitions per Recruiter	159	125	162
	Time to Fill Requisition	53	45	42

is largely a state-driven process and reflects ODOT's biennial budgeting cycle, which is not typical for the benchmarked comparables.

The IT function falls behind peer organizations both on efficiency metrics and two of the four effectiveness KPIs. Much like Procurement, ODOT dedicates more spend and FTEs to the IT function than the benchmark. Also similar to Procurement, these higher resourcing levels do not necessarily result in higher performance, as evidenced by ODOT's underperformance in delivering projects both on time and on budget. A bright spot is the agency's ability to resolve helpdesk questions on the first call, which is above average and could reach the top quartile of the peer set with modest improvement.

The performance of the Communications function is the strongest of the four support functions analyzed within ODOT, and much stronger when compared to peer organizations. Interviews supported this finding and showed that ODOT's ability to engage the public is a real strength (more discussion on this topic in Chapters 2 and 3).

Finance Performance				
<span style="color: green;">■</span> Good performance <span style="color: red;">■</span> Below peer performance <span style="color: gray;">■</span> Neutral performance				
	Metric	ODOT Performance	Median Performance	Top Quartile
Efficiency	FTE per \$Billion in Revenue	67	92	73
	Cost as a Percentage of Revenue (%)	1.43	1.33	1.05
Effectiveness	Lead Time to Close Annual GL	45	14	8
	Budget Cycle Time (days)	396	95	68
	Number of Budget Iterations	3	3	2

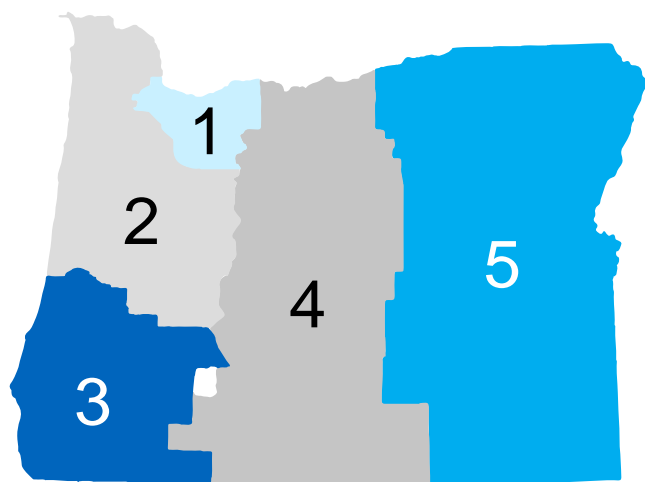
IT Performance				
<span style="color: green;">■</span> Good performance <span style="color: red;">■</span> Below peer performance <span style="color: gray;">■</span> Neutral performance				
	Metric	ODOT Performance	Median Performance	Top Quartile
Efficiency	IT FTEs as a Percentage of Total FTEs (%)	5.51	3.22	2.54
	Cost per Employee (\$)	12,213	7,060	5,537
Effectiveness	Development Projects Completed on Time (%)	75	81	92
	Development Projects Completed on Budget (%)	21	15	9
	Helpdesk Incidents per User	9	8	8
	Helpdesk Incidents Resolved on the First Call (%)	79	71	84

Communications Performance				
<span style="color: green;">■</span> Good performance <span style="color: red;">■</span> Below peer performance <span style="color: gray;">■</span> Neutral performance				
	Metric	ODOT Performance	Median Performance	Top Quartile
Efficiency	Communications FTEs as a Percentage of Total FTEs (%)	0.45	0.49	0.38
	Cost as a Percentage of Revenue (%)	0.29	0.35	0.27
Effectiveness	Office Occupancy Ratio	352	338	459

#### d. Central office and regional functions (facilities and fleet)

##### ODOT Five Regions



##### Facilities

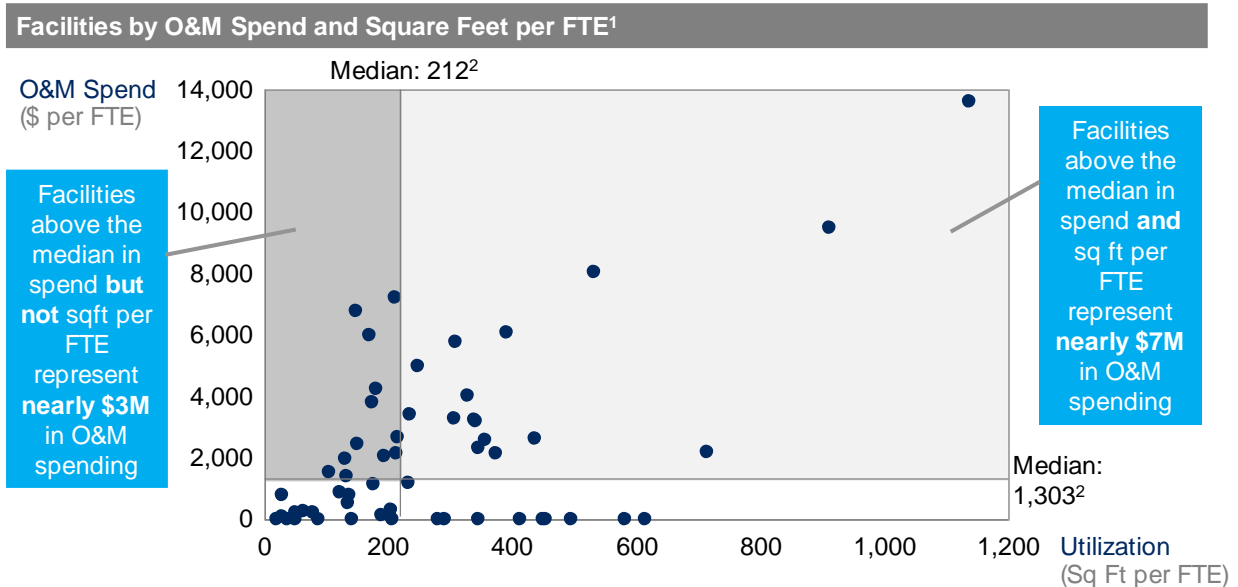
ODOT's facilities "footprint" offers opportunities for capital and operational savings through reevaluating space needs across regions and operating costs for facilities. ODOT currently owns and operates 1,315 facilities across its five regions in Oregon, as well as a small number of communications installations across state lines in Washington. The allocation of buildings among regions is not uniform, but rather mirrors the relative distribution of functions and tasks: Regions 1 and 2 contain 63 percent of the administrative facilities

while Regions 3, 4, and 5 contain an equal percentage of program support facilities. 70 percent of the leased office facilities are in Regions 1 and 2, indicating that there is relatively less owned office space to accommodate operational needs. ODOT appears to be leasing facilities to meet marginal demand rather than building or acquiring new ones, as the average age of office buildings is 39 years.

ODOT may be hindered in taking advantage of savings opportunities, as it lacks reliable financial data associated with the facilities. For example, operations and maintenance spending data is inconsistent and not representative of "true costs" – one building within an area could be charged maintenance costs for the full compound. Maintenance spending figures were found for only four percent of ODOT facilities, and further investigation of a sampling of those items revealed serious errors in each. The most common errors found included the improper categorization of construction and other capital costs as maintenance, the assignment of one facility's maintenance work to another building, and the charging of routine maintenance to administrative or general purpose accounts. Further, interviews revealed that the management and maintenance of ODOT facilities is highly decentralized and largely unmonitored. Divisions control their own buildings and are responsible for their upkeep and preservation; each has a charge code that maintenance crews can use to allocate their work and hours. There is no evidence of scrutiny being placed upon maintenance staff charges at this time. As a consequence of these inconsistencies in spend tracking, the data that does exist mostly pertains to 43 office facilities. It is not possible to accurately quantify the extent of the skew created by tracking inaccuracies, but it compromises the agency's ability to make strategic, centralized decisions regarding its footprint.

While the inaccuracy of maintenance spending data limits the impact of stand-alone cost analysis, these expenses are worth considering in the context of the opportunity to reduce ODOT's overall footprint. By using regional medians for square feet of space per FTE in office buildings, ODOT's minimum expected footprint would be 613,227 square feet for the agency's

administrative functions. Consequently, more than 20 percent of the total should be evaluated for consolidation opportunity, yielding a maximum possible savings of \$4.5 million (assuming ODOT reduced most expensive facilities first). These potential savings would be tempered by lease commitments, geographic distance for commuters to drive to a different building, and the suitability of each facility to take on relocated workers (e.g., electrical loads, parking spaces, restrooms).



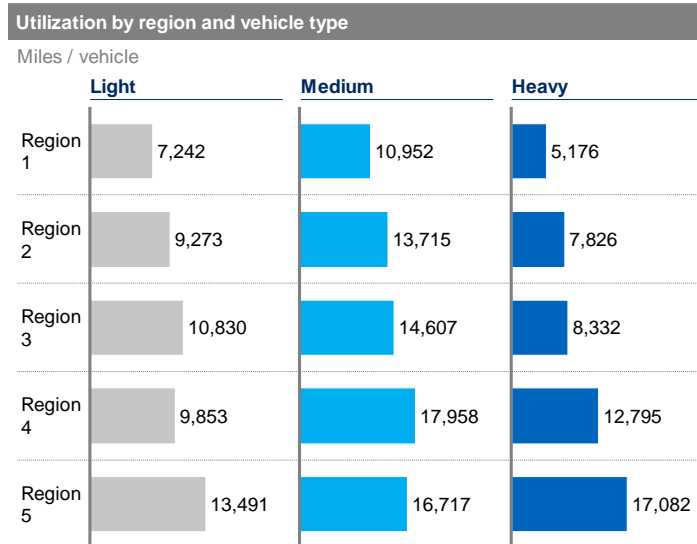
<sup>1</sup> Excludes Salem Wireless Comms Info System, Building C, which has a \$20,574 O&M spend but only 1 FTE

<sup>2</sup> Median of all ODOT offices with data

SOURCE: Facilities from ODOT Central Services – October 2016

## Fleet

Similar to facilities, ODOT has an opportunity to reduce capital and operating expenses through pooling vehicles and capturing associated storage and maintenance savings. Today, ODOT owns and maintains an expansive fleet of vehicles, the diversity of which reflects the agency's wide



SOURCE: ODOT Fleet Vehicle Information October 2016

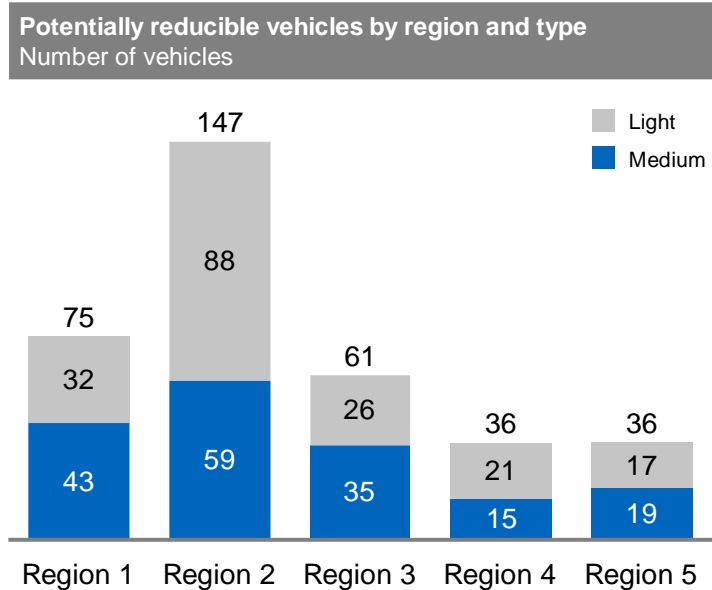
variety of functions and needs. Its fleet inventory covers everything from small electric passenger vehicles used to transport staff to large, specialized capital equipment needed to fulfill a wide spectrum of operational requirements. Because of the burden that adverse weather places on the ODOT fleet, a conservative fleet footprint analysis includes only light and medium vehicles.

The uneven distribution of utilization among vehicles reveals an opportunity for savings, both in the number of fleet

vehicles and associated costs (e.g., operational and storage spend). 56 percent of ODOT light, medium, and heavy trucks are below the overall median for annual miles traveled. Among light vehicles, for example, the 459 assets with below-average utilization include 174 with utilization less than half that average. These vehicles tend to be older and less desirable, and their utilization largely continues to decrease with age.

The practice of fleet rightsizing would require additional considerations to ensure ODOT can continue to fulfill its mission and operational requirements. For example, the wide distribution of ODOT offices, vehicles, and employees could mean ODOT's more remote offices might need to keep underutilized vehicles for surges in demand. To account for restrictions that extreme weather may place upon ODOT's fleet, the analysis does not take into account heavy vehicles that would be necessary for extreme weather conditions such as snowstorms. This conservative approach may then underestimate the total vehicle pooling opportunity.

Even after controlling for the burdens that adverse winter weather places upon the ODOT fleet, ODOT has an opportunity to reduce its fleet footprint by 355 vehicles. Those vehicles are unevenly distributed across regions, with 63 percent concentrated in Regions 1 and 2. It is worth noting, however, that the decision to part with any one vehicle will be highly dependent upon the specific needs of its office and primary users.





# Chapter 2: Performance and health

## 2.1 OVERVIEW

For this management assessment, the Department of Administrative Services outlined several areas of inquiry regarding ODOT's organizational health, with central themes including:

- **Leadership:** What are the implications of decision-making authority and ODOT's overall leadership style?
- **Accountability:** What structures support effective implementation at ODOT?
- **Coordination:** How does ODOT communicate and disseminate decisions?
- **External orientation:** Does ODOT understand the needs of Oregonians and the broader set of its stakeholders, and use that understanding to shape its actions?

This chapter discusses insights from an assessment of ODOT's organizational health that analyzed the extent to which these themes and other critical management practices and behaviors are in place at ODOT. The team has also included potential actions the agency can take to strengthen its health.

### Major insights

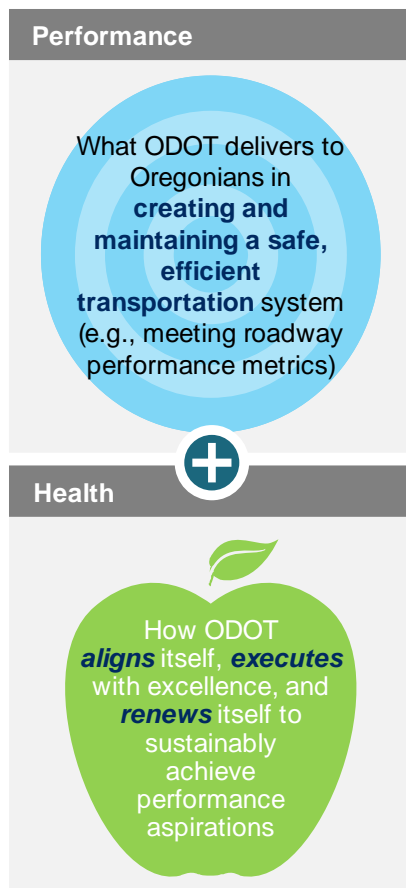
Based on results from the Organizational Health Index (OHI) survey (described in detail below), four major themes emerged:

1. **Leadership:** ODOT's leadership style is predominantly supportive, but could be more directive and challenging to improve organizational performance and health.
2. **Accountability:** ODOT can develop an accountability- and performance-based culture by improving its system of consequences, rewards, and healthy competition.
3. **Coordination:** There is an opportunity to improve coordination in terms of defining and communicating its vision and direction, as well as cascading the targets needed to get there.
4. **External orientation:** ODOT has a healthy external orientation (when compared to other public sector organizations), with strong practices in business partnerships, government and community relations, as well as customer focus.

These themes mirror the team's assessment of management performance, covered in Chapter 1. The OHI is structured so as to provide actionable insights on how to further strengthen or improve the agency's performance along these themes.

## 2.2 OVERVIEW OF ORGANIZATIONAL HEALTH AND THE OHI

Many organizations focus on driving organizational performance – a set of strategic goals, the achievement of which is measured by financial and operational metrics. But fewer organizations



focus equally as strongly on managing their organizational health. Organizational health is an organization's ability to align internally on its vision, goals and culture; to develop, deploy, and retain the right skills and capabilities to execute effectively against its goals; and to renew itself over time to meet the needs of its customers and the changing market environment. It is important for organizations to put equal emphasis on health and performance. Over time, the healthiest organizations have a financial performance about three times higher than less healthy organizations and undergo major performance transformations with a much higher success rate.

The Organizational Health Index (OHI) is a proprietary survey that assesses how healthy the organization is overall, and what managers are doing, or not doing, to influence its health. The survey relies on individual employees at all levels to provide feedback on two fronts: first, on the effectiveness of the organization on nine health outcomes and, second, on the frequency with which they observe colleagues and leaders performing the 37 different management practices that underpin each outcome (further details on the concepts of outcomes and practices are included below). Most importantly, the OHI output provides a tailored roadmap for what

organizations can do to improve health.

### OHI methodology at ODOT

The review team conducted the OHI survey online and on paper, achieving an overall employee response rate of 64 percent. ODOT's Human Resources team provided employee data, current as of October 2016. Paper surveys were distributed to select DMV, Highway, and other employees who did not have access to email; all other employees received an online link to the survey. Findings in the detailed analyses that follow are based on representative, statistically significant response rates; organization-wide results are reported within a 95 percent confidence range of +/- one point. To maintain anonymity, all data cuts reported have at least 10 respondents, and no comments are attributed along multiple dimensions that could lead to a respondent becoming identifiable (e.g., division, region, and tenure of a survey participant).

The OHI survey categorized responses across four demographic groups to better understand the health of the organization at large and within meaningful subgroups. These four groups are 1) division, 2) tenure, 3) position level/representation, and 4) region (based on Highway regions).

## Interpreting OHI scores

The OHI measures organizational health at three levels:

OHI outcome labels and descriptions		
	Outcome	How effective and in what ways does the organization ...
Alignment	Direction	... communicate a clear and compelling vision of where the organization is headed, how to get there, and what it means for people
	Leadership	...use effective leadership styles to shape the actions of people in the organization to drive high performance
	Work Environment	...cultivate a clear, consistent set of values and working norms that foster effective workplace behavior
Execution	Accountability	...ensure individuals understand what is expected of them, have sufficient authority and feel accountable for delivering results
	Coordination & Control	...consistently measure and manage business and risk, and act to address problems when they arise
	Capability	...ensure the institutional skills and talent are in place to execute the strategy and create competitive advantage
	Motivation	...develop employee loyalty and enthusiasm, and inspire people to exert extraordinary effort to perform at their very best
Renewal	Innovation & Learning	...encourage and harness new ideas, including everything from radical innovation to incremental improvement, so the organization can effectively evolve and grow over time
	External Orientation	...engage with important external stakeholders (customers, suppliers, partners, and others) to more effectively create and deliver value – both now and in the future

- **Overall health:** An organization's overall health score is indicative of its overall long-term capacity to perform, offering a benchmark of overall health against global and sector peers, and a baseline against which to measure progress over time.
- **Outcomes:** Health outcomes measure how effective an organization is in the following nine dimensions: leadership, direction, work environment, capabilities, motivation, coordination and control, accountability, external orientation, as well as innovation and learning. In the context of human health, outcomes are like vital statistics: blood pressure, pulse, weight, respiratory rate.
- **Practices:** To improve health outcomes and overall health, organizations must focus on what they actually do on a day-to-day basis. Each outcome is associated with a subset of management behaviors (37 in total) – i.e., how often managers and leaders in an organization take different actions – that positively affect organizational health. In the context of human health, these are analogous to positive behaviors like diet, exercise, or rest. Management practices are action oriented and the focal point of recommendations for what to work on within an organization.

## Management practices

### Direction

1. Shared Vision
2. Strategic Clarity
3. Employee Involvement

### Accountability

12. Role Clarity
13. Performance Contracts
14. Consequence Management
15. Personal Ownership

### Motivation

25. Meaningful Values
26. Inspirational Leaders
27. Career Opportunities
28. Financial Incentives
29. Rewards & Recognition

### Leadership

4. Authoritative Leadership
5. Consultative Leadership
6. Supportive Leadership
7. Challenging Leadership

### Coordination & Control

16. People Performance Review
17. Operational Management
18. Financial Management
19. Professional standards
20. Risk Management

### Innovation & Learning

30. Top-Down Innovation
31. Bottom-Up Innovation
32. Knowledge Sharing
33. Capturing External Ideas

### Work Environment

8. Open and Trusting
9. Internally Competitive
10. Operationally Disciplined
11. Creative & Entrepreneurial

### Capabilities

21. Talent Acquisition
22. Talent Development
23. Process Based Capabilities
24. Outsourced Expertise

### External Orientation

34. Customer Focus
35. Competitor Insights
36. Business Partnerships
37. Gov't & Community Relations

For complete definitions of the nine outcomes and 37 practices, please refer to the Appendix.

OHI scores are reported along two dimensions:

- The **number** reported for any score reflects the “percent favorable” responses – the percent of respondents who respond positively to the relevant question (for outcomes, this includes “agree” or “strongly agree” responses; in the case of management practices, it reflects the percent of respondents reporting that a particular practice occurs often or almost always).
- The **color** of the box indicates the quartile of the organization’s score, i.e., where the organization’s score falls compared to a particular benchmark. OHI results are initially benchmarked against a global set of public and private organizations (1.6 million respondents from 750 organizations over the past five years). In addition to the full OHI benchmark, the team also compared ODOT to three additional benchmarks: 1) North American organizations (N=160), 2) US public sector organizations (N=34), and 3) construction and engineering organizations (N=21).

The easiest way to understand ODOT’s health is by understanding its quartile. An organization can score in the bottom, third, second, or top quartile or top decile for any outcome or practice.

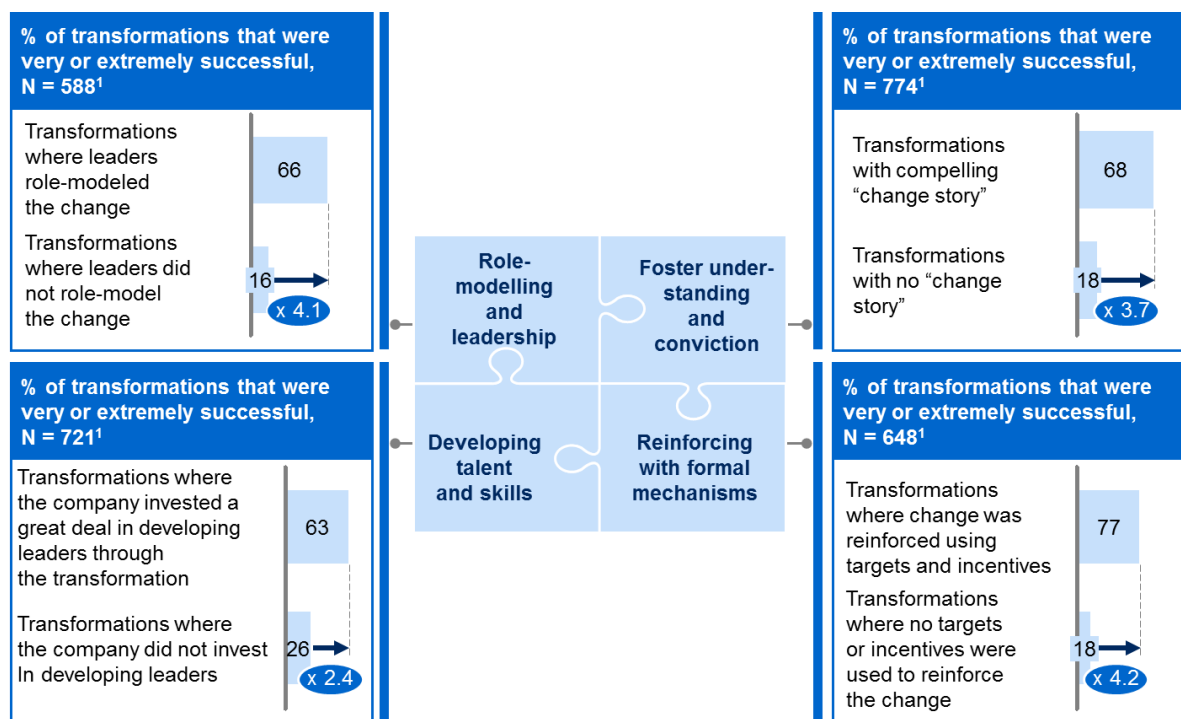
## Making change happen

In order to strengthen the agency’s health, the agency should focus on improving practices. Plans to improve the health of practices should focus on four different categories of action,

which, when done simultaneously, gives transformations a four times higher chance of success.<sup>9</sup> The four categories are:

- **Role modeling and leadership:** “Walking the walk”; executive role modeling of the changes desired, and identifying additional influencers throughout the organization to role model the behavior
- **Fostering understanding and conviction:** “Talking the talk”; sharing stories and examples that highlight both what specific change is expected and why the change is important, creating a sense of conviction and belief among employees
- **Developing talent and skills:** Ensuring employees have the skills and opportunities to behave in the new way
- **Reinforcing with formal mechanisms:** Changing structures, systems, and processes to reinforce and support the change.

These actions should be designed and cascaded by different divisions and teams throughout the organization in order to build broad ownership.



<sup>9</sup> “The Science of Organizational Transformations,” [McKinsey Insights, September 2015](#)

## 2.3 HIGH-LEVEL RESULTS AND KEY THEMES

### High-level results

Compared to the public sector benchmark, ODOT scored in the second quartile for overall health, above median across all nine outcomes, and top quartile in external orientation and capabilities. This indicates relatively strong health compared to public sector organizations with similar context and constraints.

Despite ODOT's favorable position compared to other public sector organizations, the agency scores in the bottom quartile when compared to the larger global benchmark of primarily private sector organizations.

ODOT's overall health also fell below the median for construction

and engineering organizations (see Appendix). These types of organizations have similar attributes to ODOT, such as a large and distributed frontline workforce, and may compete with ODOT for talent. The differences in scores between these types of organizations likely reflect the same private sector/public sector differences as with the global benchmark (e.g., public sector regulations acting as a restraint on how the organization may otherwise operate).

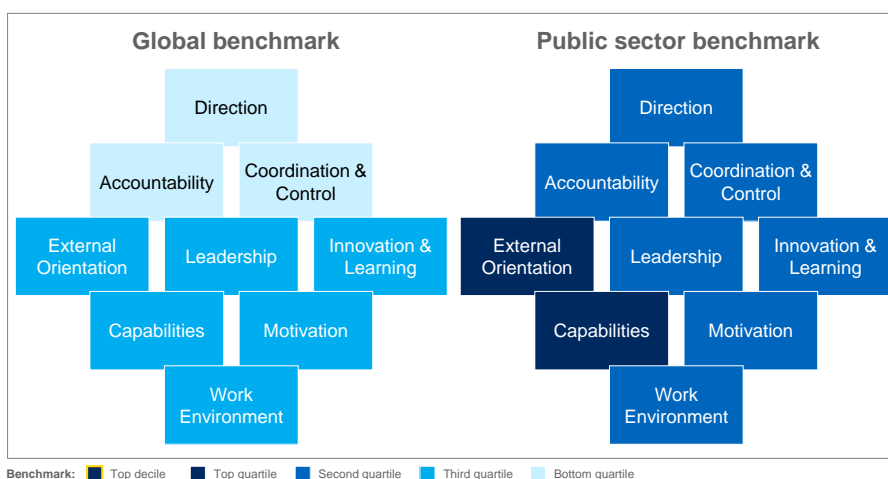
While relatively few organizations are top quartile across all nine outcomes, ODOT has room to grow to become a leader within public sector organizations, and to improve health relative to private sector organizations. Based on the results, ODOT is an organization with talented people and healthy engagement of a range of stakeholders, from government to business partnerships. To further strengthen its health, the agency could focus on practices related to direction, coordination and control, and accountability, which are bottom quartile within the global database. Details of these results are discussed in the four major themes below.

### Emerging themes

Four themes emerged from an analysis of ODOT's organizational health:

1. **Leadership:** ODOT's leadership style is predominantly supportive, but could be more directive and challenging to improve organizational performance and health.













All nine outcomes are below median when compared to the global benchmark, but all are above the public sector median



2. **Accountability:** ODOT can develop an accountability- and performance-based culture by improving its system of consequences, rewards, and healthy competition.
3. **Coordination:** There is an opportunity to improve coordination in terms of defining and communicating ODOT’s vision and direction, as well as cascading the targets needed to get there.
4. **External orientation:** ODOT has a healthy external orientation, with strong practices in business partnerships, government and community relations and customer focus.

Each theme is explored in more detail below, with supporting data from the OHI and interviews. The review team also identified a subset of management practices for each theme that ODOT could focus on to improve the agency’s overall health, together with a set of potential actions to strengthen the practice, based on a proven theory of change.

## 1. Balancing supportive leadership with other leadership styles

Related practices	Definition	Benchmark	
		Public sector	Global
<b>Authoritative leadership</b>	Leaders emphasize hierarchy and managerial pressure to get things done		
<b>Consultative leadership</b>	Leaders involve and empower employees through communication, consultation, and delegation		
<b>Supportive leadership</b>	Leaders build a positive environment characterized by team harmony, support, and caring for employees’ welfare		
<b>Challenging leadership</b>	Leaders encourage employees to take on tough challenges and do more than they thought was possible		
<b>Benchmark:</b>  Top quartile  Second quartile  Third quartile  Bottom quartile			

ODOT’s score for the overall leadership outcome was roughly average compared to peers, coming in at second quartile compared to public sector organizations and third quartile compared to the global benchmark. The agency’s profile is relatively unique in its predominant emphasis of supportive leadership, where leaders “build a positive environment characterized by team harmony, support, and caring for the employee’s welfare.” Supportive leadership has a disproportionately positive impact on the scores for the leadership outcome and overall health. Although it is commonly the highest ranked of leadership practices in public sector organizations, it is rarely as far above the other three as is observed in ODOT’s results.

Supportive leadership, combined with other practices, has created a family-like environment at ODOT, which also shows up in the agency’s scores around the practice of open and trusting (encouraging honesty, transparency, and candid, open dialog). Many comments in the survey echoed the sentiment of family: “ODOT provides a culture of ‘family’ and ‘belonging,’” wrote one respondent from the Highway division. Only 44 percent of employees agree that leadership consistently offers a critical perspective. Interviews with senior management supported these

















findings: the close-knit, collegial team enjoyed working together, but there were no examples of individuals who considered themselves a “dissenting voice.”

Building on its relative strength in supportive leadership, ODOT’s leadership team would likely be more effective in decision making if it balanced this leadership style with elements of challenging leadership. ODOT’s decision-making approach, a result of its supportive leadership style, has the potential to lead to decision processes that can be exceedingly deferential to specific individuals. While expertise is greatly respected, the best organizations use a productively challenging approach even when leading experts are involved. Balancing leadership styles can involve more directive and constructively critical behaviors, which could lead to better outcomes and heightened, cross-functional leadership involvement.

In order to strengthen challenging leadership at ODOT, the agency could consider focusing on the following actions:

- **Role modeling:** Hold challenging division level performance reviews on a quarterly basis
- **Fostering understanding and conviction:** Publicly reward employees who work hard to take on significant challenges even if they are not successful; use newsletters/Intranet to address areas of challenge and path forward
- **Developing talent and skills:** Build capabilities of managers on how to give and receive constructive feedback
- **Reinforcement with formal mechanisms:** Add in elements of challenging leadership to performance reviews and prepare for lower performance in new stretch goals to encourage risk taking and ambitious goal setting

## 2. Developing a culture of accountability and performance

Related practices	Definition	Benchmark	
		Public sector	Global
<b>Role clarity</b>	Driving accountability by creating a clear structure, roles, and responsibilities		
<b>Consequence management</b>	Driving accountability by linking rewards and consequences to individual performance		
<b>Rewards &amp; recognition</b>	Providing nonfinancial rewards and recognition to encourage high performance		
<b>Internally competitive</b>	Emphasizing results and achievement, with a healthy sense of internal competition to drive performance		
<b>People performance review</b>	Using formal performance assessments, feedback, and tracking to coordinate and control flows of talent		
<b>Benchmark:</b>  Top quartile  Second quartile  Third quartile  Bottom quartile			

ODOT has an opportunity to enhance accountability for and adherence to its goals. Accountability is driven primarily by the management practices of role clarity, consequence management, rewards and recognition, internal competition, and people performance review.

ODOT has relatively clear role clarity, as measured against both benchmarks. Interviews with senior leaders confirmed the agency strives to ensure each role has defined responsibilities. While roles are relatively clear, goals for individuals are less clear. Employees do not consistently have clear goals, and when they do, only 37 percent agreed that these goals are challenging. Setting challenging goals is core to having a culture of performance and achievement where each individual has a stretch target that they are working to achieve (supported and constructively challenged by their manager and team).

Results for consequence management were third quartile and bottom quartile for the public sector and global benchmarks respectively, indicating an opportunity for a stronger link between performance and consequences and rewards. Comments from employees in the OHI survey identified consequence management as a source of frustration underlying a lack of strong, healthy performance management. One employee commented: “We need to ensure accountability for performance and behavior problems – there's no improvement from the information gathered in the engagement survey. High-level managers can talk the talk, but poor performers and poor behavior is still tolerated.”

Rewards and recognition is another practice related to accountability.<sup>10</sup> Only 23 percent of employees responded that ODOT “frequently” rewards high performance with interesting opportunities or additional responsibilities versus 38 percent who responded “infrequently.” Similarly, 28 percent agree ODOT “frequently” provides meaningful nonfinancial rewards and recognition to those who deliver an outstanding contribution versus 43 percent who responded “infrequently.” “Raise the bar for valuing people ... High performers are not rewarded, get stuck due to state systems,” wrote one respondent. Another wrote: “Invest in, reward and motivate employees more effectively. Good employees currently work hard through internal motivation and personal dedication to high quality service, not because the agency rewards them.”

Internal competition, important for cultivating a results- and achievement-oriented culture, ranks 6th lowest compared to all ODOT practices relative to the global database, indicating that it is a relatively underemphasized practice. 31 percent of employees responded that ODOT frequently shares agency-wide results to help motivate employees to perform, and more than half (53 percent) of employees say ODOT’s incentive and recognition system rarely promote healthy competition among employees. Given the second quartile score against the public sector benchmark, there is room for improvement. Furthermore, encouraging healthy internal competition could help foster an overall culture of performance and achievement within ODOT.

ODOT does track performance over time, and the organization receives a relatively healthy score for people performance reviews. 49 percent of employees observe the “systematic tracking of performance over time” happening frequently, with another 29 percent agreeing it happens sometimes. However, there is opportunity to improve the accuracy of the process to truly identify employees’ strengths, weaknesses, and potential: only 39 percent agreed that reviews are frequently accurate in these respects.

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








<sup>10</sup> Rewards and recognition is distinct from financial incentives

Challenging leadership (pushing employees to achieve more than they think they can), a clear vision and cascading goals, and a motivated, achievement-oriented workforce would elevate the health of ODOT overall, not just relative to peer DOTs and public sector organizations, but compared to the private sector companies that ODOT competes with for talent.

In order to strengthen a culture of accountability, managers in ODOT could consider the following actions:

- **Role modeling:** Communicate executive “stretch goals” and follow up on progress towards meeting them; differentiate performance and subsequent rewards and consequences with direct reports.
- **Fostering understanding and conviction:** Share how individual performance goals/contracts lead to the collective success of the team, division, and agency; emphasize good performance will be rewarded and poor performance will not be tolerated; take time to share real examples of both.
- **Developing talent and skills:** Invest in coaching and training for managers on challenging goal setting and keeping a transparent and accountable performance culture.
- **Reinforcement with formal mechanisms:** Sit down with employees one-on-one to write out performance expectations, including at least one goal that would challenge them; track nonfinancial rewards at a centralized or division level to ensure teams at all levels are using them, and performance is improving accordingly.

### 3. Stronger coordination through strategic clarity and consistent targets

Related practices	Definition	Benchmark	
		Public sector	Global
<b>Shared vision</b>	Setting the direction by creating and communicating a compelling, vivid image of what the future will look like		
<b>Strategic clarity</b>	Articulating a clear direction and strategy for winning, and translating it into specific goals and targets		
<b>Employee involvement</b>	Engaging employees in dialog on the direction of the organization and discussing their part in making it happen		
<b>Operationally disciplined</b>	Fostering clear behavioral and performance standards, with close monitoring of adherence to those standards		
<b>Benchmark:</b>  Top quartile  Second quartile  Third quartile  Bottom quartile			

Compared to the public sector benchmark, ODOT scored above average on three of the four practices related to direction. However, compared to the global benchmark, ODOT scored in either the third or fourth quartile across all four practices. In particular, there is an opportunity to work on strategic clarity, defined as “articulating a clear direction and strategy for winning, and translating it into specific goals and targets.” Strategic clarity is one of four “power practices,” each of which has a disproportionately strong effect on organizational health. This practice was second quartile for the public sector, but bottom quartile when compared to the

global benchmark. Results on this practice were largely driven by scores from the Highway division, which was lower than most other divisions, particularly those based in Salem (such as Central Services). This indicates an opportunity to improve coordination by focusing on regional, frontline employees and ensuring a core connection of their work and goals to the organization's vision and goals.

The results also show that employees feel involved in the strategic direction process but do not have a clear vision of the future or the strategy to get there (as seen by the relatively high score for employee involvement, compared to strategic clarity and shared vision). It is relatively rare that the latter two practices would be ranked lower than the first, as is the case with ODOT, indicating that employees have a say in direction but are left without a final, clear articulation of what that direction is. While 60 percent of employees believe ODOT's vision for the future is easy to understand and meaningful, 44 percent believe the vision is consistently shared throughout the organization. This also relates to ODOT leadership behaviors, where there is an opportunity for more directive leadership and guidance, and the formal and informal structures to share clear and concise targets with the full organization.













Interviews with senior management and an evaluation of KPMs discussed in Chapter 1 substantiate this theme: there is not uniform clarity at the senior level, or with governing bodies, on priorities and the metrics to track achieving them. Furthermore, organizational standards, such as operational goals and explicit, cascading targets, are deployed inconsistently, leaving ODOT without clear standards to direct how the organization should operate most effectively. The operationally disciplined practice (the fostering of clear behavioral and performance standards) was ranked bottom quartile compared to the global database (though top quartile in the public sector database). Questions associated with this practice revealed 60 percent of ODOT employees agree that managers emphasize the importance of efficiency and productivity, and 52 percent agree that clear standards of work are communicated. One respondent commented: "ODOT could improve by setting better standards and requirements and sticking to them." This level of health was consistent across most divisions with the exception of DMV, Motor Carrier, and Rail. Improving the clarity and monitoring of standards, as well as the coaching around adhering to these can improve the health of this practice and have an additional benefit supporting other practices.

Improving health around strategic clarity may benefit from the support and action of managers at all level and a full communications plan. These could include:

- **Role modeling:** Verbally reinforce the link between individual goals and targets and ODOT's overall strategy at all levels (in formal settings like meetings and informally in check-ins with teams).
- **Fostering understanding and conviction:** Define and communicate ODOT's future state vision, internally and with stakeholders.
- **Developing talent and skills:** Train frontline managers to communicate ODOT's strategy and relevant goals within their teams.

- **Reinforcing formal mechanisms:** Define what ODOT needs to accomplish and how to track that accomplishment (e.g., average speed on highways to measure congestion); track what matters, regardless of what is mandated (and leverage the Commission to lobby for mandated metrics that matter and the elimination of those that do not); ensure that all divisions (and every level within) have goals that link to KPMs so the organization is all pulling in the same direction.

#### 4. Maintaining a healthy external orientation

Related practices	Definition	Benchmark	
		Public sector	Global
<b>Customer focus</b>	Understanding Oregonians and responding to their needs		
<b>Competitive insights</b>	Acquiring and using information about competitors (i.e., other transit organizations competing for funding or talent) to inform business decisions		
<b>Business partnerships</b>	Building and maintaining a network of external business partners		
<b>Gov. and community relations</b>	Developing strong relationships with the public, local communities, government and regulatory agencies		
<b>Benchmark:</b>  Top quartile  Second quartile  Third quartile  Bottom quartile			

External engagement is an area of relative strength for ODOT. The agency scored relatively high on practices that drive external orientation, mirroring learnings from the ODOT leadership interviews as well as the stakeholder engagement analysis. For example, 85 percent of external stakeholder survey respondents agreed that ODOT engages them just the right amount, 87 percent agree that ODOT gives them an appropriate amount of time to review materials and provide input, and 70 percent believe that ODOT is very effective or effective at fulfilling its mission. The agency has grown from a centralized decision-making agency to an agency that actively solicits input from stakeholders across the state through formalized processes like the STIP as well as formal advisory groups.

ODOT scored relatively strongly on customer focus, indicating a focus on Oregonians, with a top-quartile score compared to the public sector (though third quartile when compared to the global benchmark). The STIP process in particular is an example of focus on Oregonians and creating an inclusive process for allocating funds (discussed in Chapter 1). Additionally, all OTC meetings are public and ODOT shares full meeting minutes on its website following each. Stakeholder interviews also showed the impact of leaders within ODOT traveling to regional meetings in Eastern and Southern Oregon, and indicated this level of accessibility created a strong relationship with ODOT.

ODOT also scored relatively strongly on the practices associated with maintaining business partnerships and government and community relations. Within ODOT's own relative ranking of health practices (meaning, how much each practice is "emphasized" given the relatively higher or lower than benchmark score), business partnerships and government and community

relations were 3rd and 4th respectively out of 36 practices. 68 percent of ODOT employees agree that “ODOT effectively works with other government agencies” and 59 percent agree that ODOT effectively manages external relationships with beneficiaries, partners, contractors, and stakeholders. ODOT staff are often asked to be a part of state-wide, cross-agency initiatives and are recognized for their commitment to results and collaboration. More than 60 percent of ODOT employees agree ODOT works with external partners to help them perform well, invests in relationships with other government agencies, and invests resources to build and maintain strong community relationships. More than 70 percent believe ODOT frequently maintains networks of external partners and contractors, which is critical to having effective and sustainable business partnerships.

ODOT could celebrate this strength and use it to address other challenges; for example, by using its deep and frequent connections to the broader Oregon community to solicit improvement suggestions for some of the challenges discussed in this report. A further exploration of strengths, opportunities, and recommendations on stakeholder engagement can be found in Chapter 3.

# Chapter 3: Stakeholder engagement and commission support

## 3.1 OVERVIEW

ODOT works with and affects a wide variety of Oregonians in the course of delivering its mission. Effective engagement with stakeholders is critical to ensuring that ODOT is meeting Oregonians' needs. Stakeholder engagement was assessed across the following questions:

- **Commission support:** Are ODOT and OTC interacting in an efficient and effective manner?
- **ACTs and advisory bodies:** Are major stakeholders and advisory bodies (including but not limited to the ACTs) engaged with ODOT, and does ODOT appropriately consider and value the input of its advisory bodies?
- **Public stakeholders:** Is ODOT's process for stakeholder input easy to find and follow, and is the stakeholder input transparent and accessible?

This chapter assesses ODOT's stakeholder and commission engagement by synthesizing data and feedback from a representative cross-section of stakeholders and comparing ODOT's performance with best practices.

### Major insights

- **The roles of OTC, ODOT, and other governing bodies are unclear, particularly around governance and strategy:** Over time, different OTCs have taken on different levels of active engagement. In part, this stems from the ambiguity of their open-ended and variously interpretable charters. There has also been turnover in leadership: the OTC has had four chairs in the past five years. Having unclear roles can lead to a reduction in alignment within the OTC and between the OTC and ODOT: OTC members reported different understandings of their responsibilities and of ODOT's key priorities. It may also be creating additional, transactional work, particularly between ODOT and OTC, and getting in the way of a more productive, collaborative relationship that forwards the mission and strategy of the agency.
- **Stakeholder engagement is a clear strength for ODOT:** Interviews with ODOT leaders consistently demonstrated the extent of strategic work to engage stakeholders as well as its importance. Interviews and survey results from stakeholders revealed consistently professional and reliable relationships. Further, many described ODOT as going "above and beyond" in their duties to ensure full communication with groups like the ACTs and advisory committees, as well as a comprehensive and timely stakeholder engagement process.



## Approach

The methods the review team used to explore areas of inquiry included an online stakeholder survey, interviews, and a literature review with comparisons to peer organizations.

- **The online survey** was launched in November to 480 stakeholders. Respondents represented a range of ODOT stakeholders, including Area Commissions on Transportation (ACTs), advisory committees, industry associations, advocacy organizations, MPOs, and members of the public.
- **Interviews in person and by phone** were conducted from October through December with 35 stakeholders representing these same groups, as well as State Legislators and Oregon Transportation Commissioners.
- **A review of literature and internal documents** from ODOT records supplemented the insights from the survey and interviews. The team adjusted for potential bias in interviews by triangulating findings with other interviewees or data points (e.g., meeting minutes).

The collected feedback and data presented a clear picture of current practice, which was then assessed against best practices for governing bodies (OTC) and stakeholder engagement (ACTs, advisory groups, public stakeholders). These best practices represent standards of excellence across a variety of industries and sectors, but for this report they were specifically tailored for application to public sector transportation agencies. Where relevant, the team used data from DOTs in leading peer states to inform its analysis and recommendations.

The subchapters that follow represent a synthesis of these stakeholder and commission findings. For each stakeholder group they contain a discussion of current practice, a performance assessment against best practices, and recommendations to improve any identified areas of opportunity.

## 3.2 OREGON TRANSPORTATION COMMISSION

### OTC chartered roles and responsibilities

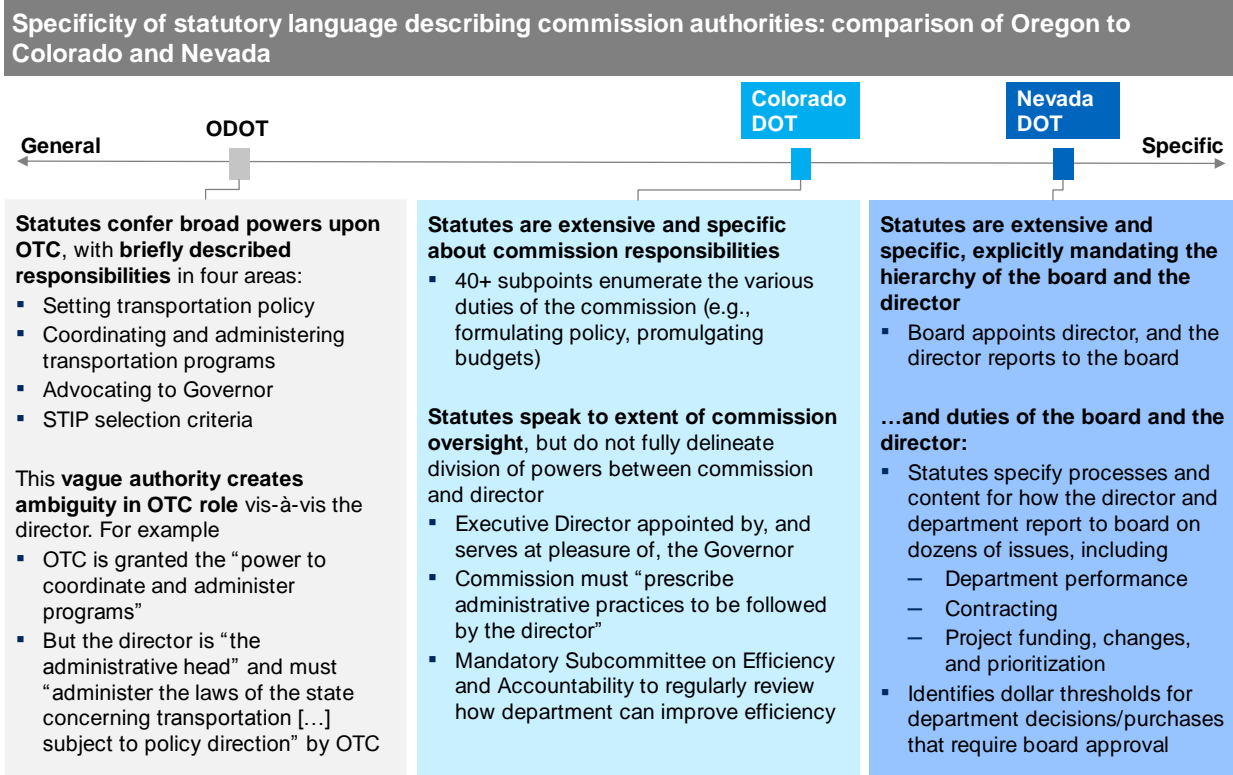
The Oregon Revised Statutes 184.610 - 184.656 confer broad power upon the OTC to develop transportation policies and administer transportation programs for the state. For example, two statutes have conflicting messaging on administrative authority: 184.617 grants the OTC the “power to coordinate and administer programs,” while 184.633 states that the director shall “be the administrative head” of the department and “administer the laws of the state concerning transportation.”

ORS 184.635 indicates that the commission should have an active voice in working with government partners to advance transportation policy. Previous commissions have taken active positions in engaging lawmakers, becoming frequent visitors to the Capitol to promote transportation plans and policies. The commissioners viewed advocacy as part of their

responsibility and they took the initiative to engage as they saw fit to achieve their goals. The ODOT director encouraged them to take this active role.

This interpretability of charter has led different commissions to determine their own levels of engagement. This gives rise to inconsistent approaches not just during the tenure of any commission, but over time as commission members change. This problem has been particularly acute in recent years, as the commission has had four chairs in five years. According to OTC member interviews, approaches have varied from active, at least bi-weekly engagement with the legislature to inconsistent engagement on the part of current OTC members. ACT chairs in interviews described past commissions as having an “iron fist” in the project selection process, including expectations around funding matching, to today’s commission described as “more mellow.”

Compared to the Oregon Revised Statutes, the legal codes of peer states describe the role and responsibilities of their transportation boards much more clearly. Title 43 of the Colorado Revised Statutes enumerates the specific duties of the Colorado Transportation Commission in more than 40 subpoints. Chapter 408 of the Nevada Revised Statutes describes in detail the responsibilities and criteria for the board and the department, including the dollar threshold for department purchases requiring board approval. In these and other states, statutes also mandate experience levels for commission members, which may help ensure issue expertise while also streamlining decision timelines and department staff workflow.



SOURCE: Nevada Revised Statutes Chapter 408, Colorado Revised Statutes Title 43, Oregon Revised Statutes Chapter 184

Clarifying the commission’s purpose with written explication of responsibilities and expectations could help resolve this role ambiguity. Operating updates may be accomplished

through the legislative process of revising statutes, or through the OTC issuing clarifying rules that plainly define the commission's role and responsibilities. For example, in 2015, the Utah Transportation Commission issued UTC 01-01 to document the roles and actions between the commission and the department in regards to programming decisions. It lists thirteen areas of responsibility with sub-bullets outlining which responsibilities belong to which party.

The OTC may also wish to develop explicit criteria for ODOT reporting to support OTC decision making (discussed below). It could outline required timelines, the information to be provided, thresholds for unbundling items from consent calendars, and circumstances for when ODOT should deliver options for the OTC to discuss rather than recommendations for the OTC to approve. Nevada has adopted this method, listing in the Nevada Revised Statutes 408.3195 the exact types of costs, benefits, additional information, and formatting that the department must include in its reports to the transportation board about proposed highway projects.

### **Current practice**

Current OTC members report a positive working relationship with ODOT, citing high levels of professionalism and responsiveness. The department's esprit de corps is "amazing," said one current commissioner. "Their get-it-done attitude is better than any other agency I've seen, even the Army Corps of Engineers." Materials that are expected and asked for are received promptly, with enough time to review. In urgent or time-sensitive situations, one commissioner shared, ODOT will hold interim calls with the group or individuals.<sup>11</sup> Additionally, OTC members reported an "open door" that allowed them to view ODOT workings from various vantage points, such as regional tours.

However, many of the members of the five-person commission indicated that they are unsure if they have complete information to make informed decisions during meetings. They described meetings as times when ODOT updates them and asks for approval, rather than settings for debate with a fact base on both sides of the decision. There are times ODOT will provide more background information, including arguments in support or opposition to a measure (for example, communications from MPOs about proposed CMAQ funding changes or from Business Oregon about the need for roads to promote economic development).<sup>12,13</sup> However, this approach of providing multiple perspectives is not consistent, and from 2016 minutes, these two examples were largely outliers. Conflicting responses with OTC members showed two sides: a perspective that acknowledges limited time for deep dives on all issues (both between meetings and during meetings with full agendas), and a perspective eager for more information before a recommendation on a high-priority issue is made by ODOT staff. "I'm not asking for more authority; it just doesn't feel like we're managing the department," said one commissioner. To

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<sup>11</sup> Example given was of new MPO introduction

<sup>12</sup> Rogue Valley MPO letter from Michael Quilty to Tammy Baney, dated May 12, 2016, included in OTC packet for the August 2016 meeting

<sup>13</sup> Business Oregon letter from Chris Harder to Matt Garrett, dated November 10, 2016, included in OTC packet for the December 2016 meeting

better understand the department’s practices, the commission recently requested and has begun receiving quarterly updates on all ODOT programs.

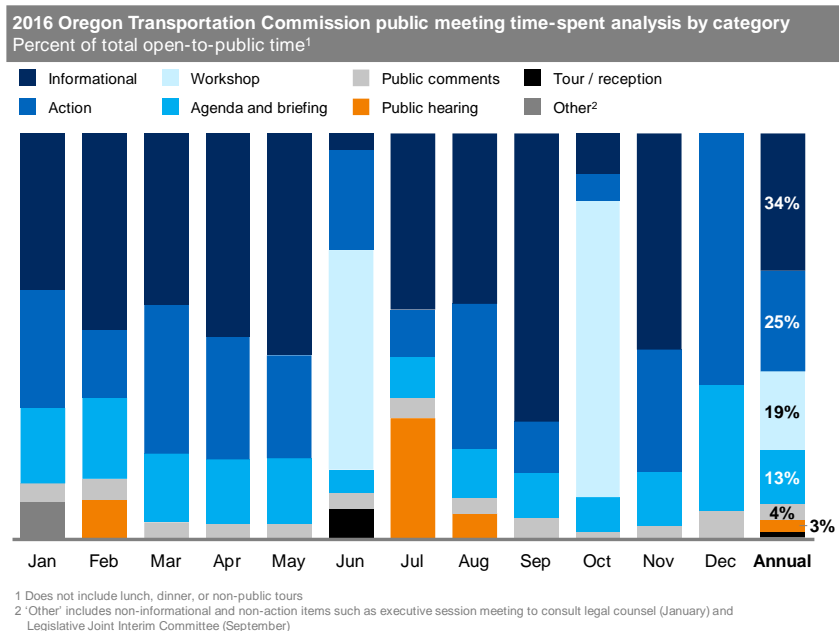
The current OTC operates under an active calendar and a full portfolio of activities. Through its monthly, day-long meetings and additional sessions, OTC addresses ODOT programs, local and statewide issues, policy development, the STIP process, short- and long-term planning, and other critical transportation matters.

Analysis of the OTC monthly meetings shows that 34 percent of public meeting time is spent on “informational” updates (e.g., initiative updates, engagement survey readout, division updates). Members of the OTC (except for the chair) shared that they have inconsistent levels of activity between meetings, meaning that most information exchange between ODOT and the OTC happens once a month during public meetings. The amount of information to convey in

meetings has led to more time being spent transactionally and on information than on strategy. There may be an opportunity to spread the information sharing over the time between meetings and to encourage more discipline in agenda setting. Other states (discussed below) dedicate individual commission members to focus on certain aspects of DOT operations. Introducing this model in Oregon could increase the level of commission expertise on any given issue, for which one or two members would hold the brief, and reduce the time needed for general updates.

All OTC meetings are public, except for a few specific agenda items. In interviews, stakeholders statewide praise the OTC’s efforts to incorporate local perspectives from across the transportation landscape and appreciated the commission’s vocal commitment to supporting small jurisdictions. “I heard the OTC say at a meeting that they wanted ODOT to be there to help small towns get the assistance they need. So I called them up, and it happened,” said one small-town mayor. Stakeholders uniformly agreed that the OTC today is more collaborative, responsive, and inclusive than in the past.

However, there is a strategic misalignment within the OTC and between the OTC and ODOT that bespeaks a lack of consistent communication and partnership. While the OTC develops annual work plans to guide their activities, there remain areas where the commission’s priorities are out of sync with one another and with those of ODOT. When asked in interviews about their top three priorities, commissioners did not have a uniform answer. Each gave different responses based on their own perspectives and goals. Some overlapped, and some did not, and



many did not align with ODOT’s five stated goals. One example within the OTC is the goal of increasing diversity across ODOT’s operations. Some commission members mentioned this as a top priority, while others did not mention it at all.

Today’s commission reports only infrequent interaction with the Oregon State Legislature, which is different than past commissions. In the past, the chair and other members would “walk the halls” in Salem, promoting policy and keeping legislators informed of transportation priorities. This was done in concert with ODOT leadership: “Former commissioners were more engaged with legislators,” one commissioner shared. A past commission member explained that there was trust between ODOT and the OTC members that “we knew what we were talking about up there, and it was the same things [the director] was pushing.” When asked about this difference, one current OTC member posited that there may not be the level of expertise needed for OTC members to appropriately frame issues to the legislature more effectively than ODOT taking this role.

### **Best practices for governing bodies**

Effective governing boards (like the OTC) should fulfill multiple responsibilities across six dimensions: strategy, governance, performance, finance, risk, and external relations (see exhibit below tailored for relevance to transportation agencies).



The OTC's current practice, described above, partially fulfills three of these key responsibilities, and does not fulfill the three others.

OTC's current practice does not effectively fulfill governing board responsibilities		
		<span>✓ Effective</span> <span>✗ Sometimes effective</span> <span>✗ Ineffective</span>
	OTC performance	Supporting evidence and opportunities
1	Strategy	✗ <ul style="list-style-type: none"> <li>OTC sets short- and long-term strategy plans, but the Commissioners and senior management are not aligned around consistent vision and priorities</li> </ul>
2	Governance	✗ <ul style="list-style-type: none"> <li>OTC role, responsibilities, and decision making are ambiguous</li> <li>OTC does not conduct performance reviews of ODOT director</li> <li>OTC does not utilize committees or conduct internal assessment of board performance against objectives</li> </ul>
3	Performance	✗ <ul style="list-style-type: none"> <li>OTC receives regular progress reports on ODOT programs</li> <li>However, OTC does not conduct performance reviews and does not hold ODOT accountable to current KPMs (which are not fully representative of ODOT's mandate and performance)</li> </ul>
4	Finance	✗ <ul style="list-style-type: none"> <li>OTC reviews all STIP and agency funding decisions and changes</li> <li>Typically, spend decisions are bundled into consent calendars, so OTC cannot assess or vote on important or expensive items separately</li> </ul>
5	Risk	✗ <ul style="list-style-type: none"> <li>Seismic risk is a consistent consideration in OTC strategy plans</li> <li>However, OTC does not set standards of behavior or effectively manage conflicts of interest, or focus on other system risks like political impact</li> </ul>
6	External relations	✗ <ul style="list-style-type: none"> <li>OTC has a public presence and hears from stakeholders across the state in monthly meetings</li> <li>OTC does not take an active role in advocacy with the state legislature and the Governor</li> </ul>

- **Strategy:** While OTC has written long- and short-term strategic plans for state-wide transportation, the strategy has not been effectively internalized. Today, commissioners and ODOT leaders are not aligned around a consistent vision of agency priorities. In interviews, commissioners and ODOT senior management expressed a wide variety of priorities for ODOT. A clear and shared strategy, supported by metrics with a meaningful reporting cadence, could make the commission more effective. Additionally, the OTC can play an active advocacy role with the legislature and governor to drive budgetary, legislative, and administrative programs that will help accomplish strategic goals.
- **Governance:** OTC's role, responsibilities, and decision-making process are ambiguous and inconsistent. OTC does not utilize committees, does not conduct internal assessments of the commission's progress against its objectives, and does not conduct performance assessments of the ODOT director. OTC can increase its attention to ODOT performance by forming committees dedicated to oversight of different aspects of the agency, such as finance or accountability. These committees may include members who are not OTC commissioners, drawing on expertise from across the transportation and public policy communities. In Colorado, for example, statute requires the Colorado Transportation Commission to form a committee on efficiency and accountability, and to reach beyond the commission for members. Additionally, to ensure that the commission remains high-functioning and consistent even as membership changes, the commission may establish onboarding and succession planning methodologies.

- **Performance:** While the OTC receives regular program updates from ODOT, it does not conduct program performance reviews and does not hold ODOT accountable to its current KPMs (which do not accurately represent ODOT’s mandate and performance, as discussed in Chapter 1). To deepen and standardize this oversight, the commission can create a performance management system to more consistently and rigorously track ODOT’s performance against revised KPMs (see Chapter 1). Performance discussions can focus on performance improvement, using predetermined targets and timelines to evaluate progress.
- **Finance:** The OTC reviews all STIP and agency funding decisions and changes, but because funding decisions are typically bundled into consent calendars, the OTC cannot always assess or vote on important or expensive decisions separately.
- **Risk:** The OTC consistently addresses seismic risk in its planning, but does not effectively manage conflicts of interest or other system risks such as political impact.
- **External relations:** The OTC has a visible public presence and engages with stakeholders to incorporate perspectives from across the state, but the commission does not take a consistently active role in advocacy with the legislature or governor.

### 3.3 GOVERNMENT AND PUBLIC STAKEHOLDERS

#### Introduction

Transportation is critical to people’s daily experience and directly impacts community livability, economic vitality, and environmental sustainability. Consequently, ODOT’s work impacts all Oregonians and inspires interest from parties across the state. To ensure it serves the needs of its customers and constituents, any organization must effectively engage its stakeholders through defined processes. Under Director Garrett, ODOT has pursued a proactive, inclusive approach to stakeholder engagement.

#### ODOT’s current practice of stakeholder engagement

Stakeholder engagement has become a defining feature of ODOT’s work. As noted in Chapter 2, ODOT staff view external relationships and stakeholder engagement as some of the department’s healthiest practices. The public, too, sees ODOT’s outreach and responsiveness as one of the agency’s greatest strengths. Through interviews and survey responses, stakeholders expressed positive feelings about ODOT’s engagement processes and results.

Most stakeholders are satisfied with ODOT’s current approach: 85 percent of stakeholder survey respondents agreed that, in terms of information and contact, ODOT engages them just the right amount. Overall, 70 percent believe that ODOT is effective or very effective at fulfilling its mission. ACTs and Advisory Committee members reported the most favorable views of ODOT’s engagement.



The majority of stakeholders understand the process for providing input to ODOT, though there is room for improvement. Overall, 56 percent of stakeholders believe ODOT’s stakeholder input opportunities are easy or very easy to find. At least 15 percent see ODOT’s input opportunities and process as at least slightly difficult to find and to follow, and 17 percent find them at least slightly unclear.

	Very difficult/ unclear	Difficult/ unclear	Slightly difficult/ unclear	Slightly easy/ clear	Easy/ clear	Very easy/ clear
How clear is ODOT’s process for stakeholder input?	1%	5%	11%	31%	40%	12%
How easy to follow is ODOT’s process for stakeholder input?	1%	4%	15%	32%	37%	11%
How easy is it to find ODOT’s stakeholder input opportunities?	1%	5%	9%	28%	43%	13%

Across stakeholder groups, respondents frequently identified ODOT staff’s passion and responsiveness as the agency’s greatest strength in stakeholder engagement:

“For many of the employees, it is not just a job. Most put their heart and soul into their goal [...]. I see that they are all doing their best to serve the public in the most efficient and friendly manner possible.” (*Advisory Committee member*)

Many stakeholders credit ODOT Director Garrett for fostering this agencywide turn to attentive, inclusive, collaborative engagement. From city managers and mayors to ACT and modal Advisory Committee members, stakeholders praise Garrett as a skilled director who is committed to listening to Oregonians. “Matt is responsible for the culture of responsiveness, engagement, and education at ODOT,” said one ACT chair. “I can’t say enough about Matt Garrett” was a common phrase during interviews with stakeholders, who went on to note the director’s professionalism and openness.

While praising ODOT staff’s collaborative and supportive orientation, respondents frequently identified transparency as ODOT’s greatest opportunity to improve its engagement:

“As a local government representative that frequently interacts with the local ODOT staff at the area/district/region level, it is not clear how the ODOT headquarters makes decisions and develops priorities.” (*Local government official*)

“I am unclear how ODOT prioritizes its resources and do not know how to obtain this information.” (*Advisory Committee member*)

These themes of ODOT responsiveness and the desire for increased transparency emerge in responses from all stakeholder groups.

## Best practices for stakeholder engagement

Effective stakeholder engagement by public sector agencies requires consistently fulfilling a number of core practices. The exhibit below details 20 criteria for successful stakeholder engagement across five critical dimensions:



This section of the report examines ODOT's engagement with three sets of stakeholders: ACTs, Advisory Committees, and the public. ODOT's performance with each group is assessed against the five hallmarks of effective stakeholder engagement. Based on these assessments, recommendations for each stakeholder group present actionable methods for ODOT to address opportunities for improvement and enhance its stakeholder engagement practices.

## ODOT stakeholder engagement performance snapshot

	ACTs	Advisory Committees	Public stakeholders	Legislators
Relevance	Consistently	Consistently	Sometimes	Consistently
Opportunity	Consistently	Consistently	Consistently	Consistently
Responsiveness	Consistently	Consistently	Sometimes	Consistently
Transparency	Sometimes	Sometimes	Rarely	Sometimes
Coordination	Consistently	Consistently	Consistently	Consistently

### 3.4 AREA COMMISSIONS ON TRANSPORTATION

#### Current practice

Each of Oregon’s 12 ACTs addresses transportation issues in its region and represents the voices of its region through a diverse membership composed of 12 to 40 stakeholders. ACTs meet on a monthly or quarterly basis, and their primary activity is developing, assessing, and prioritizing project lists for the STIP process – see more detail on this process in Chapter 1.

The chairs and members of ACTs are largely satisfied with their ODOT working relationships and find the ACT/STIP process a successful mechanism for involving local voices in transportation planning. “The ACT has really helped our town and county government, and citizens feel like they have a voice in determining what happens here in our communities,” said one current ACT chair. As with most stakeholders, ACT members cite the dedication and responsiveness of ODOT’s regional, area, and district staff as the department’s greatest strength and identify transparency as an area for improvement.

The distribution of authority between ODOT and ACTs is appropriate for the STIP system created in Oregon, where local ACTs work to propose funding allocation for regional enhance funds (the STIP funding allocation is described in more detail in Chapter 1). ACT chairs reported support from regional and central ODOT leadership to develop their local list of prioritized Enhance projects, which ultimately goes to the OTC for approval. Criteria for Enhance projects ensure alignment between ODOT’s mission and strategy, as well as the project approval process.

ACTs report operating with sufficient autonomy from ODOT. This is evidenced by independent prioritizations of projects in meetings led by ACT chairs. ODOT regional support staff that attend ACT meetings can help inform the lists and support the ACTs in other ways, including reporting out to the OTC in presentations. In interviews, ACT chairs consistently reported that the OTC regional representatives were invaluable resources to help them make progress, but did not report any internal ODOT agenda through the representative.

## Performance against best practices

ODOT consistently upholds best practices in its engagement with ACTs, but exhibits some inconsistency in its transparency.

- **Relevance:** Input from local jurisdictions is critical for STIP project development and prioritization. ACTs are relevant for the STIP process, as they represent local perspectives with mandatory diversity of voices in the ACT membership.
- **Opportunity:** ACTs report sufficient notice for their activities, input, and decision making – the STIP process is set far in advance with a clear timeline for each stage and deadlines. ACT members report sufficient opportunity to voice their perspectives through their regular meetings, communicating with ODOT staff by phone and in person and presenting to the OTC.
- **Responsiveness:** ACT members shared consistent positive feedback for local ODOT staff: they attend meetings, provide information as requested, and quickly answer questions. “I can’t say enough about the ODOT staff – whatever I need, they’re there. They come to every meeting, answer every question,” reported one ACT chair. Another summed up ODOT staff’s responsiveness: “They hear us, and they listen to us.”

While ODOT staff are closely involved in supporting ACTs and local jurisdictions in the STIP process, they are respectful of the boundaries of their authority. Once the ACTs begin reviewing and prioritizing projects, ODOT staff does not interfere or influence the decision-making process.

- **Transparency:** Transparency is the area where ODOT can most improve its engagement with ACTs. Response on this dimension is mixed. Some ACT members, especially chairs, report that they fully understand ODOT’s criteria and decision-making process and believe that ODOT does a good job explaining why projects are selected, rejected, or adjusted. However, 29 percent of ACT survey respondents do not think ODOT’s decision-making information is transparent and accessible.

While ODOT has made transparency improvements based on ACT feedback – for instance, a new rule about disclosing all ODOT funding sources to ACTs to aid in project prioritization – they have been implemented unevenly, with some ACTs aware of changes and others not.

Members of ACTs want to better understand ODOT decision-making, especially in terms of final decisions and the level of decision making. “I understand how the ACTs prioritize resources; I do not understand how that is implemented at the ODOT level,” said one ACT member. “We often hear of ODOT decisions that were made at some level, but we don’t know where or who made them,” said another.

Additionally, transparency within the ACT around conflicts of interest could be improved with formal processes and resources. ACT members are required to comply with all Oregon Government Standards and Practices laws concerning conflicts of interest.<sup>14</sup> However, in

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<sup>14</sup> <https://www.oregon.gov/ODOT/COMM/docs/acts/actpolicy0603.pdf>, January 2017.

practice, conflict of interest training or awareness is not consistently included in initiation training led by regional ODOT staff for new ACT members, nor are there resources provided to ACT chairs, such as documents with references of potential conflicts of interest for each member. Addressing conflicts of interest relies on personal experience and expertise, as many ACT chairs have served on other commissions or are former local government elected officials. One ACT chair reported: “Based on my experience in local government, I know what to look out for and can raise any issues around conflicts of interest. I know everyone on the ACT and where they might be conflicted.” He later stated that there was an opportunity to improve formal mechanisms to address conflicts of interest within ACTs.

- **Coordination:** ODOT has a defined and coordinated engagement process. Transportation Development staff have a clear, organized STIP process across ACTs, local staff, and regional staff, including a process for pulling together information from all parties.

### 3.5 ADVISORY COMMITTEES

#### Current practice

12 modal and issue-oriented Advisory Committees provide input to ODOT on plans, projects, performance, and key decisions. Advisory Committee chairs and members roundly approve of ODOT’s level of engagement and give ODOT’s performance the most positive rating of any stakeholder group across a number of dimensions. 96 percent of Advisory Committee survey respondents believe that ODOT engages them just the right amount, 92 percent believe ODOT is effective or very effective at delivering its mission, and 100 percent agree that ODOT allows an appropriate amount of time for them to review materials and provide input. Still, there is an opportunity for ODOT to improve its engagement in terms of relevance and transparency.

#### Performance against best practices

- **Relevance:** ODOT engages the Advisory Committees to gain their perspective on relevant issues including statewide plans, policy changes, and project discussions. ODOT staff often proactively notify Advisory Committees of new issues that may be of interest as they arise, and request committee input. Committee members report that ODOT could proactively consult the committees on new issues more consistently.
- **Opportunity:** Advisory Committees represent a diversity of voices and perspectives across geography and industry. Regular meetings, phone calls, and informal contact with ODOT staff provide sufficient access. “We have great opportunity for input,” said one committee chair. Some committees expressed an interest in increased visibility to the OTC to provide input and issue education: “Our access to OTC is next to nothing – it’s not enough time for any in-depth discussion of issues.” To increase the frequency of consultation with Advisory Committees, ODOT staff can reach out directly to committee chairs for timely input when issues arise, send reminders to staff listing the Advisory

Committees and contact information to encourage outreach on relevant issues, as well as develop written guidelines for staff support of the committees.

- **Responsiveness:** Advisory Committee members and chairs commend ODOT staff for their consistent attention and responsiveness. Staff always attend committee meetings and are “respectful of our time and our needs,” committee chairs reported. ODOT appears consistently ready to help: “Staff is always there, by my side, providing direction,” said another chair. ODOT staff not only attend meetings, but also assist in planning, proactively bringing topics for committee agendas.

However, this deep involvement with the Advisory Committees does not translate into undue influence or an intrusion on the committees’ authority. “It never feels like an overstep – they’re helping, not dictating,” a committee chair explained. And in helping, ODOT staff not only listen to Advisory Committee feedback, but also regularly incorporate and act on it. For example, when the Oregon Freight Advisory Committee realized that State freight policy did not align with some elements from federal guidelines, they raised the issue and ODOT and the OTC quickly made the requested changes.

- **Transparency:** 76 percent of Advisory Committee survey respondents reported that they understand how ODOT makes decisions and that ODOT’s decision-making information is transparent and accessible. However, comments and interviews revealed lingering confusion about how high-level decisions are made by the department and the commission. The following are a sample of representative quotes from Advisory Committee members who wish to better understand ODOT decision making:

“The process that the senior management and staff use to determine multimodal transportation strategies has not been very well explained thus far.”

“Decisions made at the top are not always implemented locally, and it sometimes feels like there is a lot of rhetoric around all the buzzwords in the mission but not a lot of action.”

As with all stakeholder groups, ODOT can more clearly articulate its decision-making by regularly sharing decision reasoning and outcomes in communications to committee chairs.

- **Coordination:** ODOT staff are organized and internally consistent in their engagement with Advisory Committees. Each committee has a dedicated ODOT employee liaison who supports the committee’s planning and activities with guidance and resources.

### 3.5 PUBLIC STAKEHOLDERS

#### Current practice

ODOT engages many other public stakeholders in the course of developing plans, setting policies, and planning projects. These stakeholders include members of the public, business and industry associations (e.g., trucking, automobiles), nonprofit and advocacy organizations (e.g.,

bicycles, environmental), local government employees (e.g., mayors, public works staff), and more.

Public stakeholders find ODOT staff extremely responsive and easy to work with, especially when the stakeholders are proactive in contacting ODOT with questions and concerns. At the same time, testimony from public stakeholders reveals that ODOT has opportunities to improve its community outreach, elements of its responsiveness, and its transparency.

### **Performance against best practices**

- **Relevance:** ODOT engages public stakeholders through formal outreach processes and representative committees for large projects and plans, and is receptive to input for small projects. Despite plans to specifically include underserved populations, stakeholders report that ODOT does not consistently include representative voices from low-income communities or communities of color.

To more consistently include input from the latter, ODOT can build standards for how to engage these populations in its public involvement process template (e.g., identify leaders to serve as point people, establish cadence of interactions). ODOT can track completion of these outreach plans as well as the input from these communities to ensure voices are included. ODOT can present at neighborhood association meetings, fraternal organization meetings, and other existing community gatherings.

- **Opportunity:** ODOT utilizes a variety of channels to reach a broad cross-section of Oregonians for input, including public meetings, presentations, direct mail, advertisements in media, online forums, and interviews. Still, some stakeholders argue that ODOT must do more to “go where the people are, rather than hold meetings and expect people to come.”
- **Responsiveness:** Most stakeholders find ODOT staff to be very responsive and supportive, providing extensive information, attending meetings, hearing everyone out, and giving timely and thorough answers. Even ODOT senior leadership is accessible: advocacy groups are able to arrange meetings with Director Garrett and other top ODOT management whenever they ask. Mayors noted that Director Garrett is a frequent presence at League of Cities conferences, where he listens to small-town mayors, “taking furious notes on their ideas and questions.” After an ODOT area manager toured his rural town to understand local transportation needs, a local government official recalled, “They listened to my input as a civilian – I’m not a traffic engineer, I’m not a planner [...], but they took my input as a civilian user very seriously.”

Some stakeholders reported areas of dissatisfaction with ODOT. A few, including advocacy organizations and professional associations, related times when ODOT came to meetings with prepared recommendations rather than options to discuss, and when ODOT did not incorporate public stakeholder input or act on the final product. They expressed a feeling that ODOT comes in knowing what it wants to do, and sometimes shelves outcomes with which they disagree. To mitigate this, the department can come to meetings with options to discuss. It can present choices, provide supporting data or assumptions, and allow

stakeholders to engage on pros and cons and provide their expertise, as well as further describe the “how” behind decisions made (detailed in “Transparency” below).

- **Transparency:** Public stakeholders find ODOT’s decision-making process more opaque than other groups do. The level of transparency may be inconsistent: some respondents expressed that ODOT staff often share why suggestions were or were not incorporated and that interactions with ODOT follow a reasonable and predictable cadence, while others reported that ODOT decision making “feels like a black box.” One local government respondent noted, “It is not clear how the ODOT headquarters makes decision and develops priorities.”

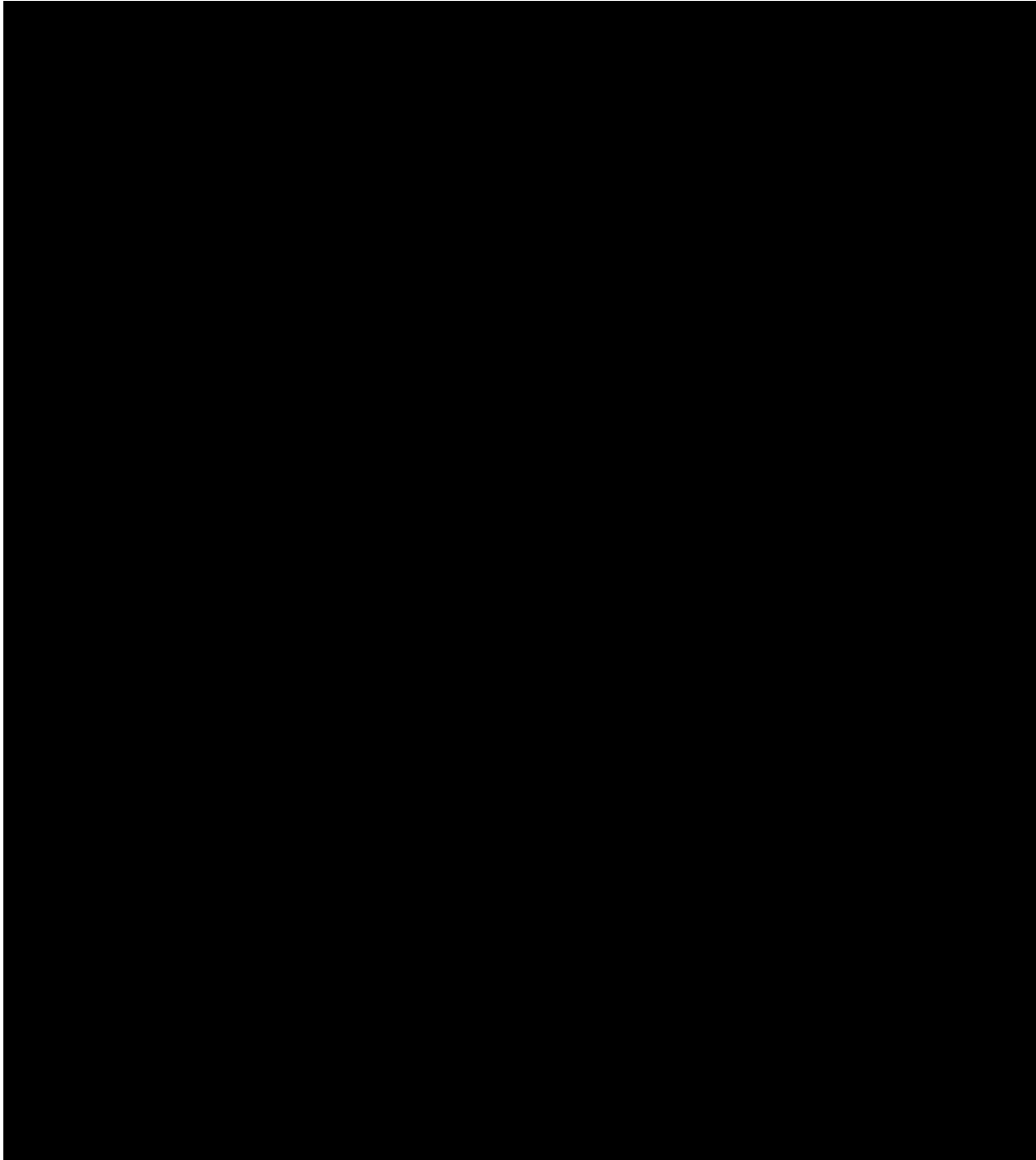
As it does with ACTs and Advisory Groups, ODOT can continue to make decision criteria more transparent in communications. ODOT can explain its criteria for decisions, discuss scoring against those criteria for any options, and explain why alternative options were rejected. Establishing a cadence for follow-up in the months following decisions can show progress and prove that the agency has not “shelved” any final reports or recommendations inappropriately. In addition, ODOT can rethink how its website can facilitate transparency as an accessible, easy-to-find, and easy-to-follow clearinghouse for the agency’s decision making and stakeholder input processes.

- **Coordination:** For all major projects, ODOT assigns dedicated staff to manage the process and develops thorough, specific plans for public involvement according to the department’s distributed guidelines, template, and checklist. ODOT follows State of Oregon law regarding public meetings and public comment, as well as the OTC’s guidelines on public involvement methods and policies for ODOT.



## Appendix – Chapter 2

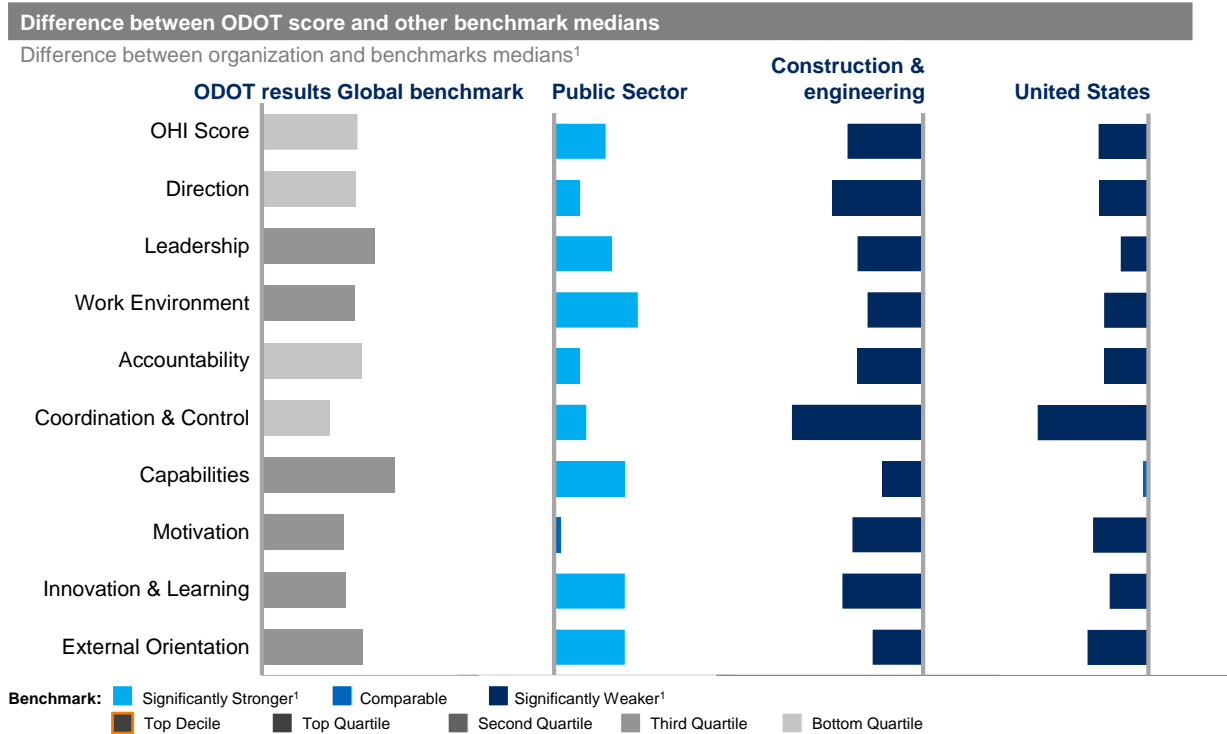
[REDACTED]



## ODOT health scores compared to benchmarks

These scores represent ODOT's scores on overall health as well as each of the nine outcomes. The numerical score for each outcome represents the percentage of employees who agree or strongly agree that ODOT is effective at that relevant outcome.

Difference to median scores for the public sector, the construction and engineering sector, as well as the United States are included for reference.



<sup>1</sup> - Size of bars shows relative difference to benchmark set

Source: ODOT OHI Survey (n=2,972); Benchmark: Global (n=1,583,787, no. surveys=750); Public Sector (n=64,953, no. surveys=34); Construction and engineering (n=22,552, no. surveys=21); United States (n=211,828, no. surveys=139)

# Appendix – Chapter 3

## STAKEHOLDER ENGAGEMENT SURVEY RESULTS

In November 2016, 480 transportation stakeholders in Oregon received a survey on the questions below. 169 respondents completed the survey. Full results enclosed:

### Survey Respondents

Stakeholder Group	Number of Respondents	Percent of Responses
ACT chair or member	52	31%
Direct and adjacent government (examples: FHWA, Bureaus of Transportation, Transit District)	8	5%
Local government (cities, counties)	45	27%
Modal Advisory Group chair or member	25	15%
MPO chair or member	6	4%
Non-government stakeholders (examples: community advocacy groups, business groups)	12	7%
Other (please specify)	21	12%
<b>Grand Total</b>	<b>169</b>	<b>100%</b>

### In terms of amount of information and contact, ODOT engages me:

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Too little	15%	10%	13%	20%	4%	50%	83%	21%
Just Enough	85%	90%	88%	80%	96%	50%	17%	74%
Too Much	1%	-	-	-	-	-	-	5%

### How effective is ODOT at delivering their mission?

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Ineffective	1%	-	-	4%	-	-	-	-
Slightly ineffective	9%	8%	-	11%	4%	-	25%	10%
Slightly effective	20%	22%	38%	27%	4%	50%	25%	5%
Effective	55%	51%	50%	53%	68%	50%	33%	67%
Very effective	15%	20%	13%	4%	24%	-	17%	19%

### How easy is it to find ODOT's stakeholder input opportunities?

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Very difficult/unclear	1%	-	-	-	4%	-	-	-
Difficult/unclear	5%	4%	-	9%	-	17%	8%	5%
Slightly difficult/unclear	9%	4%	13%	11%	4%	17%	25%	10%
Slightly easy/clear	28%	33%	25%	22%	20%	17%	25%	48%
Easy/clear	43%	42%	50%	49%	52%	33%	33%	29%
Very easy/clear	13%	17%	13%	7%	20%	17%	8%	10%

#### I understand how ODOT makes decisions

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Agree	71%	81%	50%	71%	76%	67%	50%	62%
Disagree	29%	19%	50%	29%	24%	33%	50%	38%

#### I understand how ODOT prioritizes its resources across stakeholder agendas

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Agree	65%	73%	50%	60%	72%	50%	67%	50%
Disagree	36%	27%	50%	40%	28%	50%	33%	50%

#### I have an appropriate amount of time to review ODOT materials and provide input

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Agree	87%	86%	100%	84%	100%	67%	75%	84%
Disagree	13%	14%	-	16%	-	33%	25%	16%

#### ODOT's decision-making information is transparent and accessible

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Agree	64%	71%	63%	58%	76%	33%	58%	62%
Disagree	36%	29%	38%	42%	24%	67%	42%	38%

#### How easy-to-follow is ODOT's process for stakeholder input?

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Very difficult/unclear	1%	-	-	2%	-	-	-	-
Difficult/unclear	4%	2%	-	9%	-	17%	-	5%
Slightly difficult/unclear	15%	13%	13%	18%	12%	33%	25%	5%
Slightly easy/clear	32%	31%	38%	27%	24%	17%	25%	57%
Easy/clear	37%	40%	38%	38%	44%	33%	42%	24%
Very easy/clear	11%	13%	13%	7%	20%	-	8%	5%

#### How clear is ODOT's process for stakeholder input?

	All	ACTs	Direct Govt	Local Govt	Advisory Committees	MPO	Non-Gov	Other
Very difficult/unclear	1%	2%	-	2%	-	-	-	-
Difficult/unclear	5%	4%	-	7%	4%	17%	-	5%
Slightly difficult/unclear	11%	4%	25%	16%	4%	33%	33%	-
Slightly easy/clear	31%	31%	25%	22%	32%	17%	25%	52%
Easy/clear	40%	46%	38%	42%	40%	33%	33%	38%
Very easy/clear	12%	13%	13%	11%	20%	-	8%	5%

## LIST OF QUESTIONS FROM CONTRACT

Contract questions	Chapter
Is ODOT structured in a way that allows for efficient and effective operations?	1
Are the staffing levels and distribution appropriate to the tasks directed to ODOT in its statutory mandate?	1
Are major stakeholders and advisory bodies (including but not limited to the Area Commissions on Transportation (ACTs) engaged with ODOT, and is the advisory bodies' input being considered and valued?	3
Is ODOT's process for stakeholder input easy to find and follow?	3
Is the stakeholder input [process] transparent and accessible?	3
Does ODOT inappropriately influence or control advisory groups created or overseen by ODOT staff, or are the advisory groups functioning effectively with appropriate independence and autonomy?	3
Are conflicts of interest clearly identified?	1
What are the means by which problems within ODOT can be appropriately conveyed to the Commission, to the Governor, and to the Legislature?	3
Is there a clear chain of command?	2
Are decisions forwarded with clear authority?	2
Are specific individuals identified as being responsible for the decisions for purposes of clarification and response?	2
Are there procedures in place whereby employees responsible for making decisions and carrying out functions are held accountable for such decisions and actions? Are such procedures being effectively implemented?	2
Are the right people at ODOT making decisions (deputy level versus Director)?	2
Are decisions being made at the right level within the ODOT organization?	2
Are decisions and the dissemination of decisions clearly documented?	2
Is there too much concentration of authority at ODOT, leaving ACTs and advisory groups too little authority?	3
What should the role of the OTC be in oversight and the decision-making process?	3
How active should the OTC be in the decision-making process, for example: should consent items be unbundled?	3
What processes are built into the decision-making process to ensure there has been an opportunity for external and internal input?	3
Is the time provided for OTC commissioners to evaluate decisions adequate?	3
Is the information provided clear and comprehensible?	3
Is OTC provided documentation of arguments in support and in opposition that are received by ODOT regarding the action?	3
Is OTC provided information regarding the impact of the decision upon adopted OTC policies?	3
Is notice provided to stakeholders, interested parties and advisory groups like ACTs such that they have the time to prepare and provide input to aid the OTC in determining the impact of its decisions?	3