

# ODOT Transportation Funding Needs Analysis

---

## Agency Operations

Total Annual Funding Gap: \$170 million

Agency Operations includes most of the behind-the-scenes functions necessary to support ODOT’s direct customer service. This includes shared, central services like Human Resources, Information Technology (IT), Finance and Budgeting, Procurement, Facilities, Public Affairs, Equity and Civil Rights, and Internal Audits. All other parts of the agency, from DMV to Maintenance to Project Delivery, rely on shared, central services operating efficiently in order to deliver our core mission of transportation service to Oregonians.

Investment in these functions enables the agency's ability to deliver projects and ensures efficient and equitable business process. These, and other services provided, are critical to the efficient management of the agency and provide accountability and transparency to partners and the public. An additional investment of \$170 million annually will restore the cuts and reductions taken in previous biennia to return to a higher level of service, as well as provide additional investments in IT and Facilities.

<b>Agency Operations Additional Need per year:</b>	<b>\$170,000,000*</b>
Adjust for Inflation	\$39,000,000
Non-Federal Project Delivery Costs	\$42,000,000
Facilities Maintenance and Construction	\$74,000,000
Modernizing Information Systems and Technology	\$15,000,000

Adjust for Inflation (restore service level reductions due to budget cuts and inflation) (\$39 million annually)

This category is the investment needed to restore Agency Operations to restore service and support baselined to the 2017-19 budget, before ODOT began making cuts and before inflation eroded what could be accomplished within existing funding levels.

Providing funding to restore reductions will enable ODOT to deliver service in the following ways:

- Restoring procurement staff will result in shorter procurement and contracting timelines, enabling more construction projects to start on time, minimizing project costs, and increasing timeliness of the flow of funds to small business.
- Restoring HR staff will ensure employee relations, critical to a highly functioning workforce and strong agency performance, will be maintained. Additionally, restoring HR staff in employee safety programs will help prevent injuries and potential fatalities, additional Workers’ Compensation claims, and minimize OSHA compliance risks.

- Restoring IT staff positions reduces the risk in areas such as cyber security, general technology failures, and untimely outages, negatively affect the customer experience, especially in customer-facing and online environments such as at the DMV and CCD.
- Restoring finance staff will minimize the likelihood of errors, maintain payment timings, and better ensure the agency remains in compliance with financial standards. Additionally, local governments will continue to see timely service in areas such as award and execution of grants and loans and prompt and accurate payment of State Highway Fund apportionments.
- Restoring internal auditors will enable the current level of audits performed per year to remain constant. This will maintain agency accountability, transparency, and oversight by helping ensure that programs operate efficiently, effectively, and achieve the intended results. Audits regularly identify opportunities to increase revenue and highlight cost reduction/cost recovery actions. Additionally, internal audit work is relied on by other oversight entities, such as the Secretary of State Audits Division and FHWA. Restoring ODOT internal audit staff would return the level of audits performed and decrease ODOT's need to pay for a third-party to conduct required oversight, monitoring, and public reporting.
- Restoring public affairs staff (AskODOT, public records, communications, and government relations) ensures timely and comprehensive information to Oregonians, media, and elected and community partners.
- Restoring Equity and Civil Rights staff is imperative to continue delivering programs such as the small business development programs, construction workforce development, mandatory federal business reporting, and project labor agreements.

To provide these core services, 184 positions will need to be restored. This includes 16 in Human Resources, 17 in Procurement, 86 in Information Systems, 10 positions in other Support Service functions, 28 in Finance and Budget, 15 in Public Affairs, 4 in Audits, and 8 in Equity and Civil Rights.

#### Non-Federal Project Delivery Costs (\$42 million annually)

ODOT receives federal funding for capital improvement projects, but federal funds cannot wholly support the staffing levels necessary to deliver the Capital Project Delivery Program. As a result, ODOT staff who deliver construction projects are partially funded with State Highway Funds. With almost 1,500 positions supporting Capital Project Delivery, an additional \$42 million annually will enable 388 positions to be restored, resulting in:

- Preservation of engineering and other technical positions to maintain technical competency and innovation across engineering programs – which includes design and construction of projects.
- Preservation of technical resources to assess and manage transportation asset conditions – such as pavement and bridges statewide.
- Preservation of technical resources that analyze transportation safety and develop safety solutions.

- Technical resources will continue to be located throughout the state to provide geographically appropriate support and timely response – including five Region Tech Centers and 16 construction office statewide.
- ODOT will continue to meet the requirements of our Stewardship Agreement with FHWA and will continue to maintain design and construction standards.
- Capital projects will be delivered 30 to 50% faster and more efficiently in design through construction, without delays for right-of-way acquisition, permitting, and utility relocations.
- Review of development permits along state highways will be 30% or more faster.
- ODOT will continue to partner with local governments to deliver transportation projects on the local system without delays due to a shortage of technical personnel.

#### Facilities Maintenance and Construction (\$74 million annually)

ODOT owns more than 1,100 facilities comprising approximately 3.1 million gross square feet valued at more than \$1.2 billion and are used by all divisions within the agency. These facilities include maintenance stations, salt and sand sheds, vehicle bays, weigh stations, employee housing, and offices. Almost half of ODOT’s buildings are in poor or very poor condition and over a quarter of these facilities are older than 50 years; by 2039 over 60 percent will be over 50 years old. Additionally, over 40 percent of our primary maintenance station facilities are functionally obsolete and are unable to house modern equipment. In 2022 ODOT engaged Facility Engineering Associates to perform an external assessment on agency owned facilities so we could better understand the overall level of deferred maintenance and required capital investment. This review provided a list of buildings that are no longer functional, usable, inefficient, resilient or appropriate for current use, and for which a capital investment in the amount of \$517.5M was recommended. This report also recommended a minimal annual investment of \$51.4M to complete deferred maintenance such as roof repairs, HVAC, and other building maintenance and to extend the lives of other facilities.

#### Modernizing Information Systems and Technology (\$15 million annually)

There are several key programs included in our Information Systems funding request. They are as follows:

##### *Accounting, Cost Management, Asset Management and Reporting*

The Transportation Environmental Accounting Management System (TEAMS), implemented in 1985, is our consolidated financial, cost accounting, and asset (e.g. trucks and maintenance equipment) management system. This system runs on an antiquated and aging COBOL mainframe system and modifications, such as implementing new business processes, is virtually impossible. Replacement of this system has been deemed critical to our long-term success. A holistic solution that provides us with a modern, transparent, efficient, accessible, and decision-making centered data management system, and revised data governance processes will result in less manual and labor-intensive processes, a higher degree of business certainty, improved system security, and better overall reporting.

### *Crash Data Systems and Analysis*

Our [Crash Data System](#) is the primary storehouse for roadway network crash data. This data informs an understanding of which roadways and corridors in the state system require targeted project scoping and safety enhancements. Unfortunately, the system is built on aging technology that prevents the implementation of any meaningful improvements. Currently, it takes up to 18 months to analyze the data from the system due to the manual nature of the collections process. This delay results in unnecessary and unacceptable delays in project scoping and programming, and places Federal project funding and system-wide safety improvements at risk.

### *Federal Reporting Systems*

The Federal Highway Administration (FHWA) has directed state transportation agencies to report all jurisdictional (e.g. state, county, and city) roadway and network information. This information includes such items as highway characteristics and elements, the location of Americans with Disabilities Act (ADA) compliance construction elements, and the condition of assets such as bridges, culverts, and retaining walls. Unfortunately, our current system, [TransInfo](#), does not enable capture of all critical data and requires workarounds and the use of stand-alone applications. A seamlessly integrated platform will enable us to more effectively analyze and report on the conditions of all of Oregon roadways thereby improve decision making, planning, maintenance, engineering and construction activities, and will enable the delivery of solutions that are cost effective, timely, and sustainable.

### *Cybersecurity, Network Infrastructure, Cloud-Based Systems*

Investments in cybersecurity, network infrastructure, and migrating to cloud-based systems is necessary for secure agency operations and the protection of public data. “Zero-trust” is an operating model for 21<sup>st</sup> century. It provides users access to what they need, and *only* what they need. Currently all Federal agencies must implement zero-trust capabilities, and many states have already followed suit - the State of Oregon is committed to implementing a “zero-trust” operating model. The State of Oregon also has a cloud-first strategy, and many of our 350 applications can be made more efficiencies through leveraging cloud-hosted services which will better serve our needs, enable us to bring new solutions using modern applications, and provide better stewardship of taxpayer dollars.