



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

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DATE: March 5, 2024
TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: **Agenda Item O** – Project Delivery Updates and Challenges

Requested Action:

Receive an informational update on Oregon Department of Transportation's (ODOT) project delivery program, management of cost-related risks across the delivery portfolio and actions being taken to improve.

Background:

Delivery of Statewide Transportation Improvement Program (STIP) projects is foundational to ODOT, representing more than half of the agency's budget. House Bill 2017 directed ODOT to devote resources to strengthen its Project Delivery Program to better deliver quality projects on time and within budget. In 2018, ODOT created a Statewide Project Delivery Branch to improve regional support for increased efficiency, transparency, and accountability of STIP delivery. As a continuation of that work, several efforts were undertaken in 2019 to improve ODOT's project delivery processes, which included the implementation of new tools and procedures, as well as the development of additional project schedule controls.

In spite of the improvements we've made in project delivery tools and resources, our portfolio-wide cost-risk management practices continue to have considerable challenges, and we see a pattern of estimated project costs exceeding available funding. In addition, the agency has not adequately adapted our practices to address significant and historic market challenges facing the transportation industry. ODOT recognized the need for a review of our project portfolio and our delivery practices to better understand what changes are required for successful long-term delivery and accountability.

Current Status:

Over the last four months, an internal assessment revealed significant room for improvement in several areas. While the efforts in 2019 focused heavily on project management and construction cost estimating for individual projects, more work is needed to improve the management and delivery of the portfolio in its entirety. We are taking steps to improve our ownership, accountability and overall performance for on time, on budget delivery of the entire STIP portfolio, creating an opportunity to apply lessons learned.

Challenges have been identified in several areas, including:

- Fund Management
- Contract Management
- Bridge Program
- Risk Management
- Accountability

To address these challenges, we have put the following actions in motion:

- Additional accountability controls
- Elevated discussions and decision-making authority about project and portfolio risk management
- Enhanced public visibility to the ongoing STIP portfolio health
- 2024-2027 STIP adjustments to align with cash flow changes
- Establishing risk-conscious approaches to cost estimating projects for the 2027-2030 STIP

We are prioritizing our internal processes and adjustments needed to better streamline our efforts and allow for continuous improvement opportunities. ODOT recognizes that additional review, assessment, and feedback of our work by others is critical for the improvements needed to hold ourselves accountable to achieve the outcomes identified.

Next Steps:

Based on commission feedback and direction, ODOT will return to the commission in May for a status update on these improvement efforts, to present project-specific resolutions, and to recalibrate the 2024-2027 STIP to address forecasted cash flow availability.