

Transparency, Accountability, and Performance: House Bill 2017 and Beyond

Kris Strickler, Director

James Hanseling, Principal Internal Auditor

Joint Committee on Transportation

March 17, 2025



Roadmap

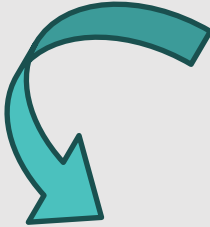
- HB 2017 Transparency, Accountability, and Performance
- ODOT Internal Audits
- Budget Audit
- Strategic Review and Continuous Improvement



HB 2017 Transparency, Accountability, and Performance

Joint Committee on Transportation Preservation and Modernization

- Highway Preservation, Maintenance, and Seismic Upgrade
- Transit/Bike/Ped/Safety
- Multimodal
- Traffic Congestion and Freight Mobility
- Accountability*



Process	
Maintenance/Preservation/Seismic: Bentz Girod Lively Winters	Congestion: Boquist Smith-Warner McLain Johnson
Transit/BikePed/SafeRoutes/Safety: Beyer Monroe Taylor	Intermodal: McKeown Olson Smith

Five workgroups.
 The Joint Committee on Transportation Preservation and Modernization split into workgroups:

Maintenance, Preservation and Seismic	Transit, Bike, Pedestrian and Safety	Multimodal	Congestion and Freight Mobility	Accountability
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Transportation Preservation and Modernization Committee – Accountability Workgroup

- Sen Betsy Johnson
- Sen Fred Girod
- Sen Kathleen Taylor
- Rep John Lively
- Rep Andy Olson

Delivered 4 categories of recommendations to full Transportation Preservation and Modernization Committee

#1

Return Appointment Authority to the Oregon Transportation Commission (OTC)

- The Director is appointed by the OTC
- Director Powers and Duties:
 1. Construct, coordinate & promote an integrated transportation system
 2. Exercise general supervisory control over the Department
 3. Organize the Department with OTC approval
 4. Ensure continuity of governance



#2

OTC Governance & Authority

- Independent budget & Staff
- **Internal Auditor**
- DAS provides Human Resources
- **Efficiency/Accountability Committee**
 - 1...member from OTC
 - 1...ODOT Director or designee
 - 7...Division Directors
 - 2...Citizen appointees
- Seeking Continuous Improvement
- Reports to OTC who reports to the Legislature



#3

Declaration of Legislative Policy

- Obtain greatest benefit from expenditures
- Provide statewide strategic planning for transportation
- Promote coordination between transportation modes
- Integrate functions to reduce costs
- Enhance prospects to obtain federal funds
- Ensure resiliency from natural disasters to the extent practicable



#4

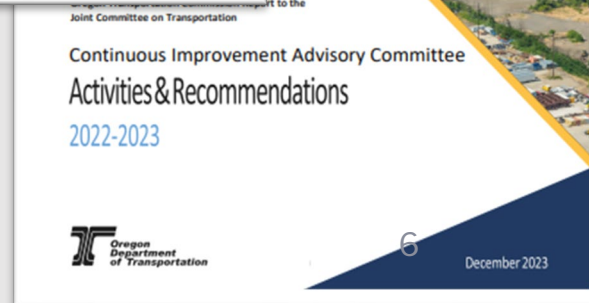
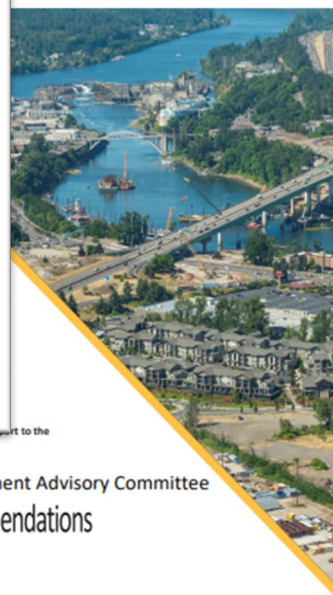
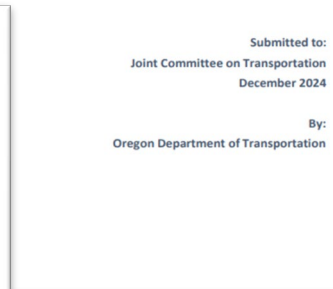
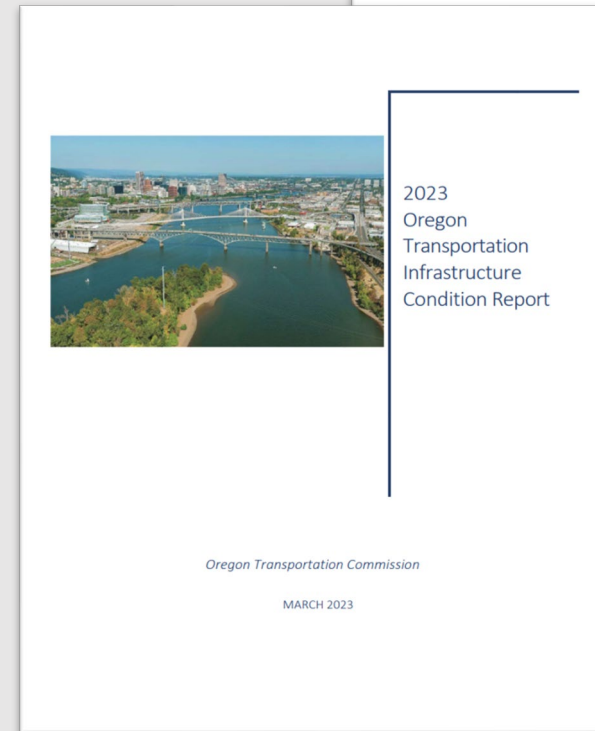
Project Information Website

- Includes all STIP projects
- Dashboard Includes:
 1. Estimated cost
 2. Estimated completion date
 3. Total cost
 4. Current spending
 5. Over/under budget and over/under completion date
- Internal & External expenditures
- Includes funds disbursed amongst local governments describing significant projects



HB 2017 Accountability

- Sections 2-6 Oregon Transportation Commission powers and duties
- Section 9 Property inventory
- Section 10 Continuous Improvement Advisory Committee
- Section 11 Bridge and pavement reporting
- Section 12 Website
- Section 13 Cost-benefit analyses
- Section 15 Internal Audits changes
- Section 45 Reporting (conditional fuels increase report)
- Section 71L Reporting (semi-annual revenue and expenditure report)





OTC Powers and Duties

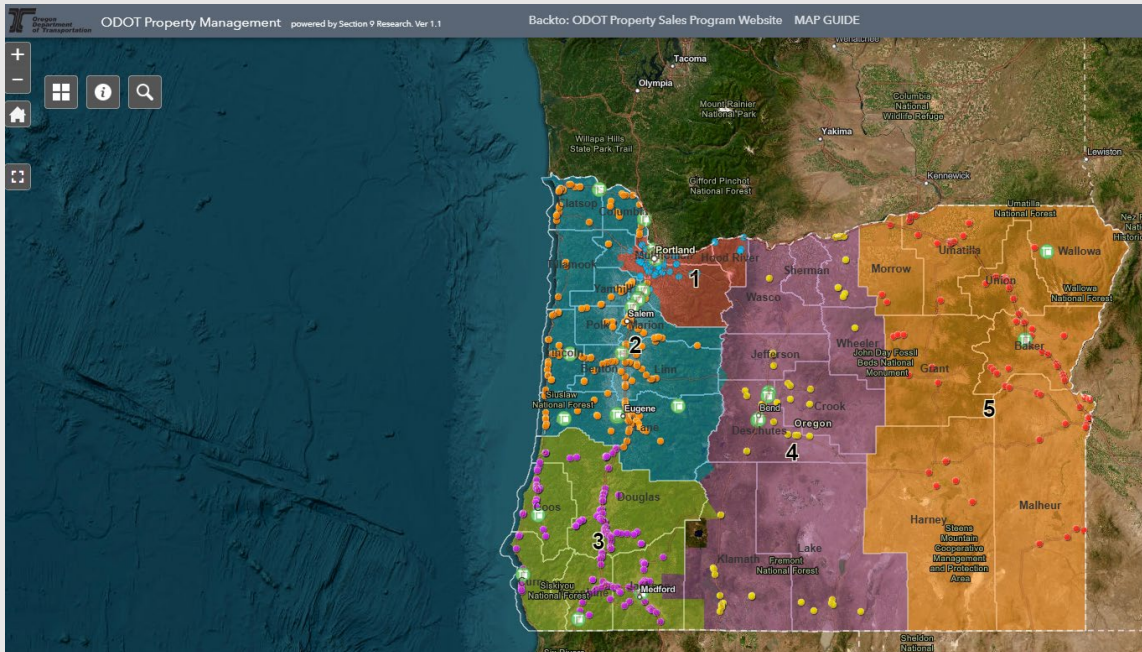
- Appoint Director
- Approve plans, projects, agency budget
- Develop long-term plans and long-term project list
- Adopt strategy to reduce greenhouse gas emissions
- Establish CIAC
- Report to Legislature on projects, activities of CIAC, audits, system conditions

Parcels by Region and Type

Region	Total Parcels	In Use	Excess	Pending Surplus Disposition	In Reserve	Sold/ Transferred
Region 1	1007	666	121	12	110	98
Region 2	1529	923	267	36	181	122
Region 3	676	324	188	8	100	56
Region 4	522	287	68	8	106	53
Region 5	745	420	103	4	138	80
TOTALS	4479	2620	747	68	635	409

Sec. 9 - Property Inventory

- HB 2017 directed compilation and maintenance of real property inventory, focusing on property in excess of operating needs.
- Directed disposition as appropriate and generation of revenue from sale and lease; sought cost savings from reducing maintenance and administrative burden of managing excess property.
- Revenue goal: \$9M/biennium
- Total revenue to date
 - 2019-2021: \$8.75M total. \$6.82M (rent/permit), \$1.93 million (land sales)
 - 2021-2023: \$9.27M total. \$7.82M (rent/permit), \$1.45M (land sales)
 - 2023-2025 (to date): \$10.25M total. \$7.18M (rent/permit), \$3.06M (land sales)



Sec. 10 - Continuous Improvement Advisory Committee

HB 2017 directed OTC appointment of Continuous Improvement Advisory Committee (CIAC) to advise the OTC on:

- Maximizing the efficiency of ODOT to allow for increased investment in state's transportation system
- Developing key performance measures to assess the impacts of ODOT investments towards achieving desired outcomes
- Increasing efficiency within both ODOT and the OTC
- Reviewing and reporting to the OTC on all completed projects costing \$50 million or more



Continuous Improvement Advisory Committee

- OTC appointees; OTC member serves as Chair
- Comprised of internal and external members
- Focused on project delivery, key performance measures, and opportunities to increase efficiency and meet ODOT's strategic goals
- HB 2017 directs regular reports to OTC and to Legislature. Reports transmitted:
 - Nov 27, 2019
 - Nov 29, 2021
 - Nov 20, 2023



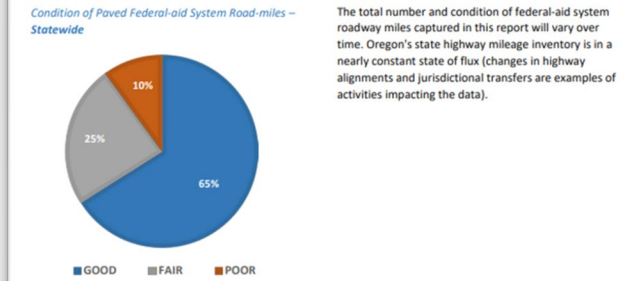
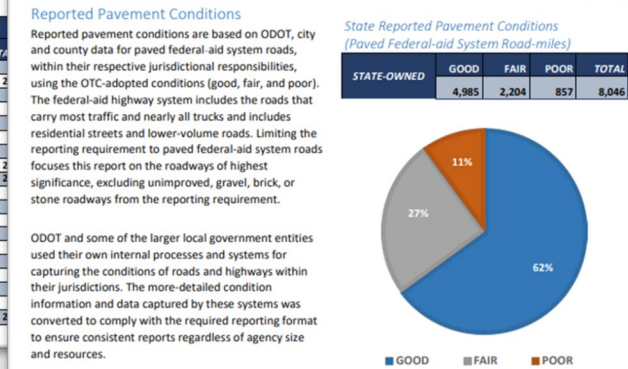
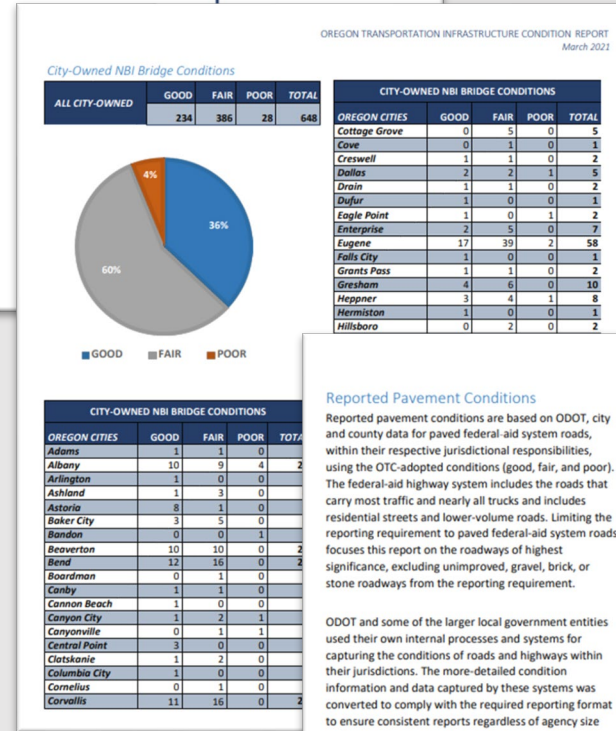
CIAC Recommendation (sampling of recommendations)	Implementation
Create project delivery dashboard to track performance metrics.	CIAC reviewed dashboard drafts and provided extensive feedback. State of the System dashboard exists as an external tool to share key outcomes, progress, and trends across many types of agency work (including but not limited to project delivery). Dashboard also serves as internal management tool; reviewed and updated regularly (cadence varies depending on data set).
Analyze alternative delivery, project bundling, third party reviews as ways to increase efficiency in project delivery.	The Alternative Delivery Program was established in 2018, works with partner agencies, continues to review and inform work. Major projects in multiple regions have used alternative delivery methods as a result. ADA program bundles projects to increase cost and delivery efficiency.
Develop more refined Key Performance Measures	<p>New DMV KPM: matrixed and weighted KPM to clearly evaluate overall DMV performance (field office wait time, call center response time, title issuance, utilization of self-serve options)</p> <p>New Bike/Ped KPM: measures bike/ped system completeness.</p>
Increase outreach to Disadvantaged Business Enterprises (DBEs); facilitate engagement between DBE and primary construction firms particularly in Eastern Oregon; expand the DBE pool by encouraging certification or evaluating barriers to certification.	Prime and sub-contractor events held throughout the state to encourage relationship building between prime and sub-contractor firms; events held throughout the state to provide information on “Doing Business with ODOT.” Record DBE participation on a project in Region 5 (18.28% DBE participation on OR86 guardrail project). Ongoing work with OBDD (certification office).
Establish a comprehensive revenue and funding strategy for ADA; consider outsourced manager model.	ADA program funding strategy developed and approved by OTC; ODOT contracted a consultant team to serve as Owner’s Representative for ADA delivery program. Existence of funding strategy and owner’s rep has led to more than doubled production rate.
Gather data on project delivery at more detailed level to evaluate risk depending on size of project; increase design + construction team feedback loop to ensure alignment in preparation for construction.	Future Capital Improvement Plan will enable more precision in budgeting and scoping, leading to better cost estimating; Quarterly Project Portfolio Reviews will increase connection between design, construction, and maintenance teams to minimize design rework, anticipate construction impacts and challenges, and improve overall project delivery.

Sec. 11 - Condition Reporting

- Every two years ODOT and local governments are required to evaluate and report bridge and pavement conditions
- All cities and counties have successfully completed and submitted an infrastructure condition report as required; local gov failure to report will result in SHF transfer delay
- As of the 2023 report, the percent of bridges and pavement in fair or better condition has remained the same since 2019. Two percent of pavements changed from good to fair condition during that time



2021
Oregon
Transportation
Infrastructure
Condition Report



Sec. 12 - Transparency, Accountability, and Performance Website

- Landing page for accountability measures of HB 2017, including project information, condition reporting, and reports
- 17,000 website visits since TAP website was created; around 2,150 visits per year

The screenshot shows the top of the website with a navigation bar containing links like OREGON.GOV, ODOT Home, Programs, Planning & Technical Guidance, Drivers & Vehicles, Doing Business, Data & Maps, Local Governments, Get Involved, and About Us. Below the navigation is a large banner image of a highway with cars and a truck, overlaid with the text "Transparency, Accountability and Performance". Underneath the banner are three main navigation buttons: "Project Information" (with a traffic cone icon), "Road & Bridge Condition" (with a bridge icon), and "Related Links" (with a clipboard icon). Each button has a short description and a "Learn more" link. At the bottom of this section, there is a note: "Please direct questions or comments about the Transparency, Accountability and Performance pages to the transparency team."

The screenshot shows the "Transportation Project Tracker" application. On the left is a sidebar menu with options: Home, All Projects, Search by keyword, Phase, Year, Type, Administrator, Performance, Location, Mapped, and Help. The main content area is titled "Find a project" and includes instructions on how to interact with the map. It lists several filters: Search by keyword, Phase, Type, Performance, Year, Administrator, Location, and Mapped. At the bottom of the main content area are two logos: "Ask ODOT" and "TripCheck". On the right side of the application is a map of Oregon with various project locations marked by blue dots and lines.

Sec. 13 - Cost-Benefit Analyses

- Applies to modernization or capacity-building projects greater than \$15M
- HB 2017 projects (71a, 71d, 71f, or Sec 120) are exempt
- Analysis includes:
 - Value of benefits
 - Present and future cost to department, including maintenance
 - Cost to users
 - Cost of environmental impacts
- Shall enable comparison of proposed projects
- Shall be available to OTC and public



Sec. 15 - Internal Audits

- Chief Internal Auditor appointed by OTC, reports to Director
- HB 2017 specifies content of audit program
- OTC required to report biennially on audits performed
- Reports transmitted:
 - Dec 7, 2018
 - Dec 16, 2020
 - Dec 29, 2022
 - Dec 26, 2024

Sec. 45 - Reports (Conditional Fuels Tax Increase)

- \$0.02 gas tax increase to take effect upon submission of report from OTC (by Dec. 1, 2019, 2021, 2023)
- HB 2017 specifies content of each report, including specific project information
- Reports transmitted:
 - Nov. 27, 2019
 - Nov. 29, 2021
 - Nov. 30, 2023

HB 2017 CONDITIONAL FUELS TAX INCREASE ACCOUNTABILITY REPORT



Culvert connecting North Fork Clackamas River to North Fork Reservoir, Linn, Oregon

Submitted to:
Interim Joint Committee on Transportation
December 1, 2021
By:
Oregon Transportation Commission

Sec. 71L - Reports (Semi-Annual Revenue and Expenditure)

HB 2017 directed semi-annual report submitted to Legislative Revenue committees and/or Officer.

Report to include:

- Actual revenues received in prior and current biennium to date
- Forecasted revenues for remainder of biennium
- Programmed revenue for HB 2017 and total funds over the current STIP
- Actual and forecasted expenditures by program area and project

Reports transmitted:

- March 1, 2019
- Dec 30, 2019
- June 29, 2020
- Dec 29, 2020
- June 30, 2021
- Dec 30, 2021
- June 30, 2022
- Dec 29, 2022
- June 16, 2023
- Dec 21, 2023
- June 28, 2024
- Dec 31, 2024



**HB 2017
Semiannual Revenue &
Expenditure Report**

Submitted to:
Joint Committee on Transportation
December 2024

By:
Oregon Department of Transportation



Joint Committee on Transportation

- **2018 session:** fix/cleanup bill (HB 4059)
- **2018-19 interim:** major projects, tolling, STIF, SRTS, revenues (LRO), EV rebate
- **2019 session:** fix/cleanup bill (HB 2592), HB 2017 progress, revenue (LRO), EV rebate, transportation electrification, carbon policy, and statewide transportation strategy
- **2019-20 interim:** major projects, dedicated Connect Oregon projects, STIF, Urban Mobility Strategy, wildfire cleanup, transportation electrification, OReGO/RUC, funding decline
- **2020 session:** I-5 Rose Quarter cost estimate, OReGO/RUC program
- **2021 session:** HB 2017 implementation, STIF, Urban Mobility Strategy financing (HB 3055), I-5 Bridge Replacement (IBR), wildfire cleanup, congestion pricing, transportation electrification, and renewable fuels
- **2021-22 interim:** major projects and programs, transportation equity, IBR, wildfire cleanup, maintenance and operations, tolling/congestion pricing
- **2022 session:** HB 2017 five-year anniversary
- **2023 session:** tolling, required reports, transportation electrification, workforce and business development, transportation funding, maintenance and operations, IBR
- **2023-24 interim:** system maintenance and preservation, major projects, highway cost allocation study
- **2024 session:** HB 2017 update, funding needs, Special Subcommittee on Transportation Planning



ODOT Internal Audits

Sec. 15 – Accountability through Internal Audits

Providing independent, objective, and transparent information about department programs

- Independent Structure
 - Report to Oregon Transportation Commission
- Independent Role
 - Final authority on audits to perform
- Transparency
 - Publicly share audit reports and follow-up information on website

HB 2017 Audit Work

- Required Audit Coverage
 - Financial integrity
 - Efficiency and effectiveness
 - Contracts
 - Federally required audits
- Project delivery emphasis
- Follow-up on corrective actions



Project Delivery Audits

- Design Quality Control/Quality Assurance
- STIP Amendments
- Construction Contract Change Orders
- Right of Way Condemnation
- Addenda
- Bid Communications
- Consultant Oversight in Project Delivery
- Project Development Improvement Initiative
- Bicycle & Pedestrian Facilities



Project Delivery Audits

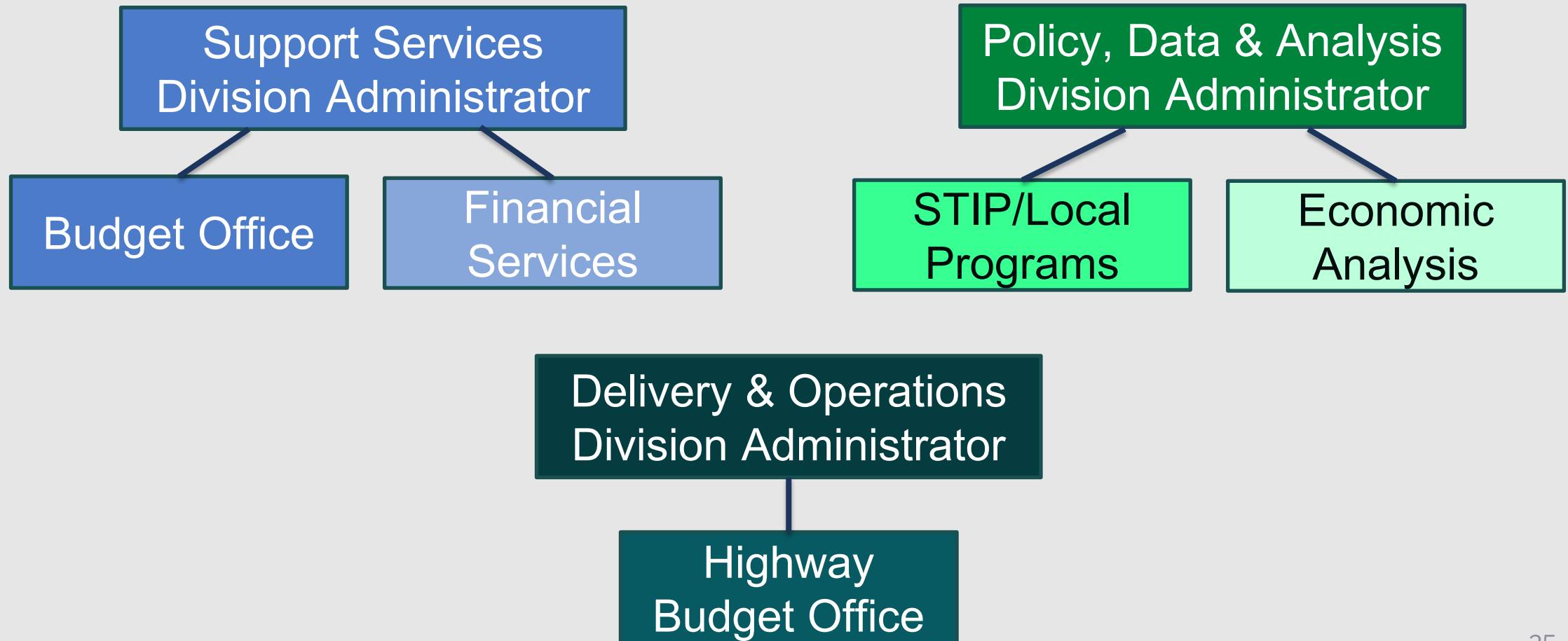
- **Recommendation:** Technical Services should ensure that region QC practices align to the QC plan and that there is statewide consistency across regions.
- **Response:** A steering team developed an overarching set of requirements for quality control of design work and applied it to each discipline's QC Plan. A peer group for each discipline will become responsible to review and monitor compliance with the new QC plan. These efforts will align region discipline QC plans for statewide consistency.



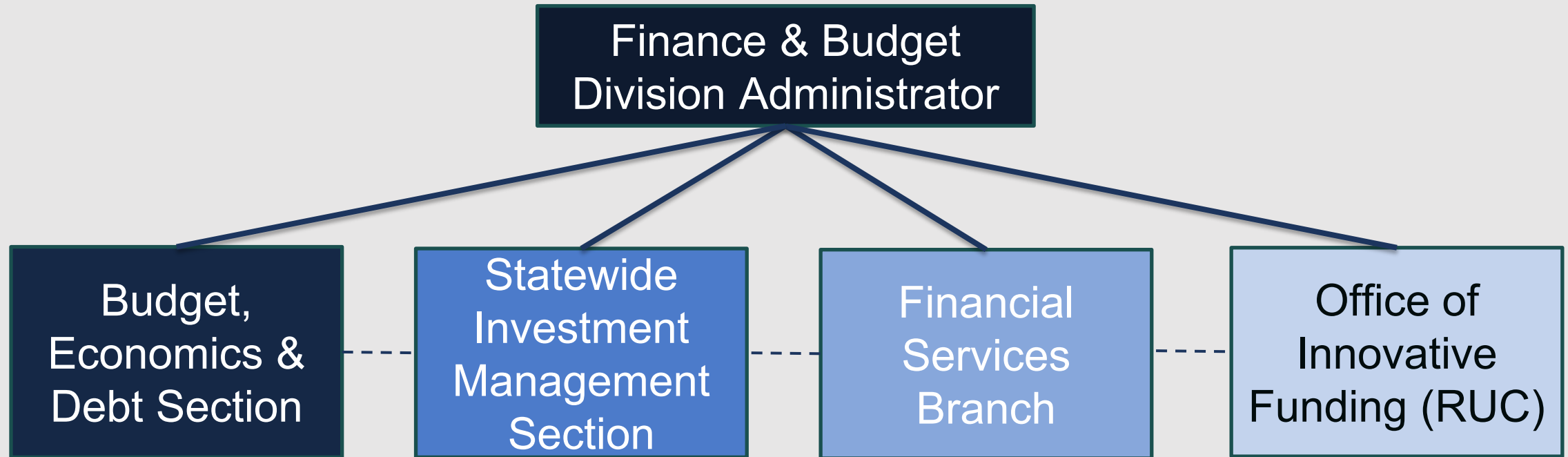


Budget Audit

Pre-Reorganization Finance Structure (2019)

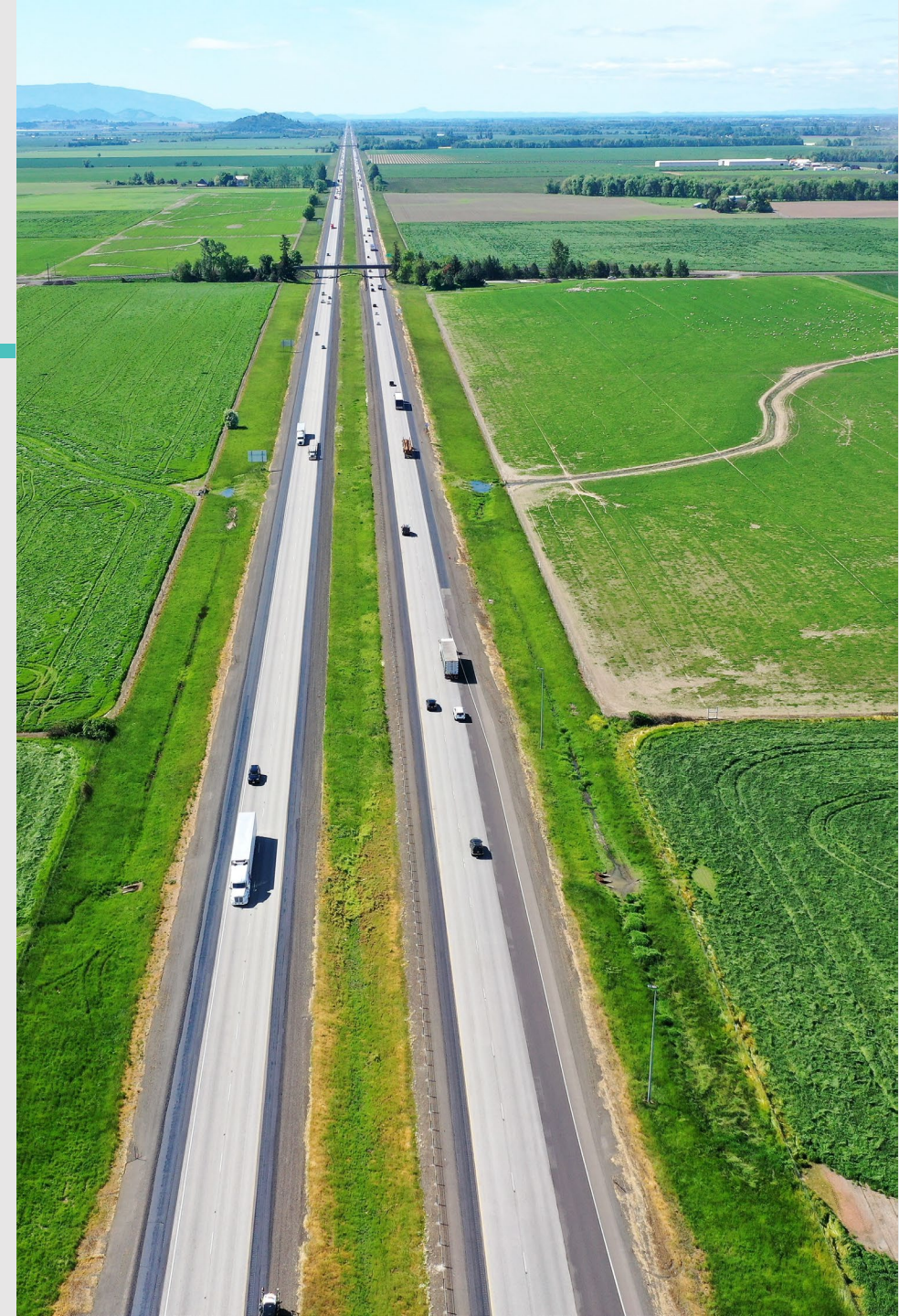


Post Reorganization Finance Structure (2021)



Timeline for Finding and Addressing Error

- Finance and Budget Division found error at end of 2023
- Disclosed error publicly and brought corrective actions, including rebalancing the STIP, to OTC in May 2024
- Director Strickler requested audit, delivered to OTC in January 2025



Steps Taken to Address Error

- Adjusted the STIP to push projects out to avoid potential of overspending at May 2024 OTC meeting
- Built 2025-2027 ARB Project Delivery and Local Government budgets using historic actual federal funding rather than cash flow model output to prevent overbudgeting
- Set in motion plan to track HB 2017 funds in separate account starting in 2025-2027 budget
- Updated budget allocation to clearly separate State Highway Fund capital revenue from O&M revenue
- Changing how we build the STIP to avoid over frontloading in the future
- Monitoring 2023-2025 expenditures against adjusted operating budget in Project Delivery and Local Government



Budget Error Audit

Audit focus:

- Reasonableness of forecasted revenue assumptions
- Correction of budget error
- Use of HB 2017 funds aligning with statute



Budget Error Audit

Identified corrective actions:

- Aligning the budget and the STIP with state highway fund revenue commitments
- Reconciling actual HB 2017 funds with program allocations
- Creating a separate fund account for HB 2017 funds
- Keeping data current and documented
- Exploring alternatives to the cash flow model



Management Response to Audit

Finance and Budget Division committed to the following steps:

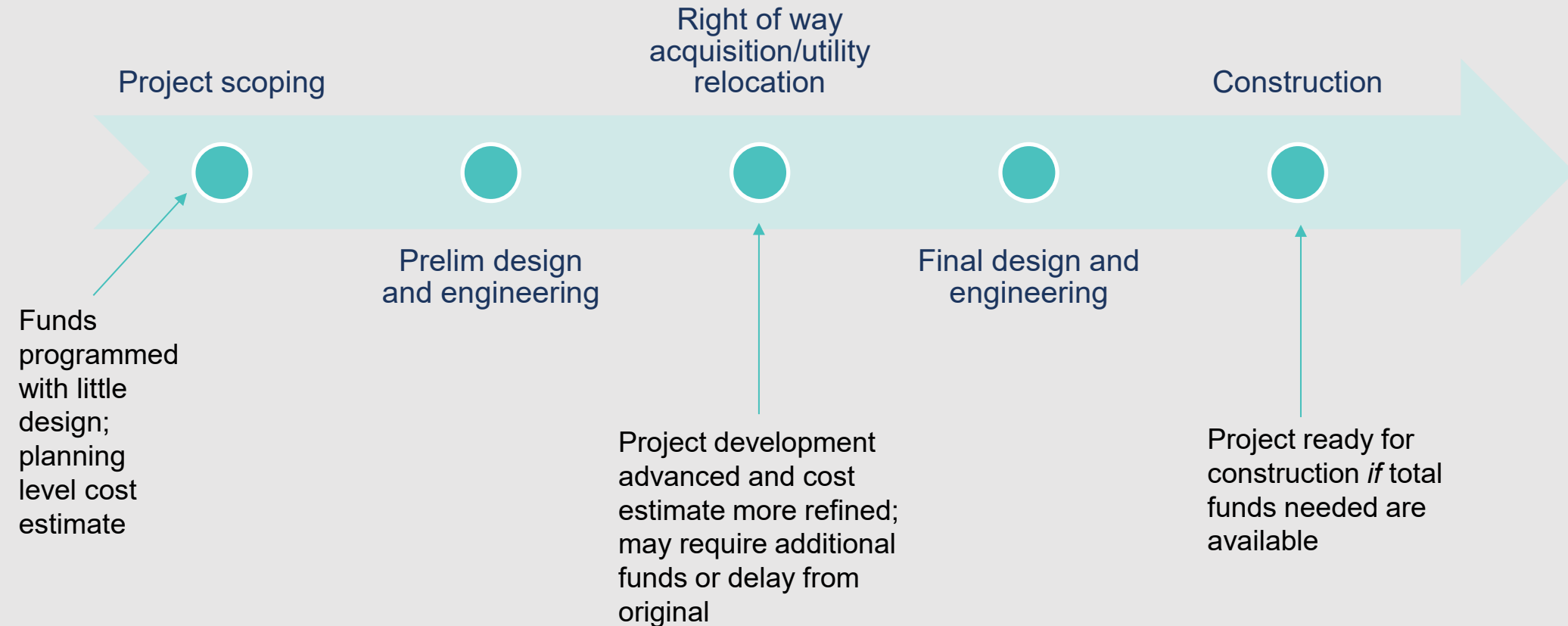
- Beginning in July in the 2025-27 biennium, create specific fund details for HB 2017 funds to be able to track expenditures
- Build future project delivery budgets based on historic actual federal reimbursements rather than the D&O cash flow model (as we did for 2025-27)
- Explore options to replace the D&O cash flow model
- Reconcile HB 2017 actual funding with allocations of funding and report to OTC
- Create regular reports to compare HB 2017 actuals with projected values used in STIP and budget and adjust as needed
- Work with Delivery & Operations to keep bid dates current





Continuous Improvement

Current Approach



Benefits of a Capital Investment Plan

- Projects are developed that advance statewide system performance goals
- Projects develop and mature at appropriate pace, building greater:
 - Accuracy in cost estimate
 - Accuracy in delivery timeline
 - Accuracy in long-term financial picture
 - Public engagement and community support



A blue bus is driving away from the viewer on a two-lane asphalt road that curves through a dry, hilly landscape. The terrain is covered in brownish-yellow grass and scattered shrubs. In the far distance, a prominent mountain with a snow-capped peak is visible under a clear, bright sky. The overall scene is captured from an elevated perspective, looking down at the road and the surrounding hills.

Questions?