

ATTENTION

This report represents the culmination of a year-long engagement with our consultant, Guidehouse, and is predicated on the recognized need to understand the current state of transportation agency operations, the identification of opportunities to leverage and share resources and the quest for an optimized, future Transportation Cabinet framework that can be implemented over time. Please be advised of the following several key points:

1. The Transportation Cabinet upper management has reviewed and fully supports the recommendations, while understanding that some will require significant time, efforts and additional approvals.
2. It is fully and completely recognized that some of the recommendations may require Board/Commission acceptance and others may require both Gubernatorial and Legislative support and even potential statutory change. We do not take these considerations lightly and will engage accordingly as we move recommendations from DRAFT into full implementation.
3. Even with the recommendations for the blending of areas, units and functions of the agencies, the unique identities, authorities and responsibilities of the ODOT and OAC Commission(s) and the OTA Board are acknowledged and understood.
4. The implementation of recommendations will develop and progress at a comfortable pace, with some concepts moving forward immediately, like Cabinet level strategic communications and audit functions. Other concepts are far more difficult and will potentially stay as DRAFT, taking years to properly consider, plan, execute and complete, such as carefully vetting District boundary definitions or consolidating other operations and/or facilities.
5. No Transportation Cabinet employee will lose their job or endure a reduction in pay as a result of Transportation Modernization. However, as discussed previously, we may require employees to accept different roles, duty assignments or modified responsibilities in some instances.

First I would like to thank the Transportation Modernization Committee, Guidehouse and the Transportation Cabinet employees for all their time and effort over the past year to bring us to the point we are currently. During that period, we have overcome the obstacles of a virtual only world not only with the Guidehouse Team but many times with our own team members within our transportation world.

The Transportation Modernization Committee along with Guidehouse presented their final recommendations to the executives based on many hours of interviews, discussions, data collection and the current state analysis. Shortly after the recommendations were shared, the executives and Change Management Leads were able to meet the Guidehouse Team in person during the executive review, allowing for an in depth look at the recommendations put forth. We appreciate Guidehouse coming to Oklahoma to have these vital in-person discussions.

Attached, you will find the management response to each recommendation, similar to the early initiatives in the Current State Analysis. As you read through the report, please take the time to review each recommendation in its entirety, as you will find detailed information within each one. Although a tremendous amount of detail is presented and covered, there are still questions to be answered and details that will be worked out as we begin working through the phases of implementation. Also, it is important to recognize that some initiatives will require changes to the Statutes or Administrative Code and can only be implemented with the support of the Governor, Boards, Commissions and Legislature, which will be solicited as determined necessary.

We as a Cabinet will work together through these recommendations and I cannot stress enough that the lines of communication must remain open and strong. Again, this report represents a new beginning for a long journey. We may not get everything just right the first time, but we will continue working to re-assess and realign according to the needs of the transportation agencies as we move through the envisioned framework.

As agencies, as co-workers and as individuals, we have tremendous opportunities to look to the future and be a part of a historic government transportation services delivery model that helps us make every day our best day! Thank you again to everyone for all their hard work and commitment to transportation in the state of Oklahoma.



Tim J. Gatz
Secretary of Transportation

Management Response to Early Initiatives as recommended in the Future State Report:

Initiative 1:

1. Cabinet-Wide Performance Management-Concur
2. Establish Cabinet-wide internal operating KPIs/SLAs to track and manage performance and inter/intra agency customer service
3. Tracking performance measures will allow for further transparency throughout the transportation agencies and establish key metrics for evaluating individual, unit and agency progress.

Initiative 2:

1. Customer Service-Concur
2. Establish Cabinet-wide customer service/call center platform as a single point of first contact for the public.
3. Enhances the transportation experience for Oklahoma transportation system users and benefits the Oklahoma citizens by providing a centralized service center for receiving questions, comments and concerns and making sure the information is disseminated to the responsible individual, unit or agency.

Initiative 3:

1. Construction Project Letting & Contract Administrative support-Concur
2. Expand ODOT platform to let OTA constructions projects, process contractor claims, and facilitate Construction Inspection activities through the use of AASHTOWare Site Manager.
3. Currently using the ODOT platform for OTA lettings and the expansion will only allow for greater collaboration regarding project delivery and construction management.

Initiative 4:

1. Audit-Concur
2. Create a Cabinet-wide Audit Office and integrate audit functions across the entire Cabinet.
3. Provides transparency along with an enhanced management tool and improved expertise among all transportation agencies with broad access to best management practices and an inclusive perspective of all operations.

Initiative 5:

1. Procurement-Concur
2. Expand ODOT's P-card program to OTA to facilitate and streamline small order purchases.
3. Allows OTA to reap the benefits and purchasing power, especially in the field, by leveraging the effectiveness and success of ODOT's p-card program.

Initiative 6:

1. Payroll-Concur
2. Leverage ODOT HR platform to manage payroll for the entire Cabinet.
3. Allows for a centralized payroll platform among the transportation agencies and solidifies support throughout the payroll process while establishing the foundation for additional Human Resource area leveraging.

Management Response to Future State Report Recommendations:

Recommendation 1:

1. Create a Cabinet-Wide Information Technology Office-Concur
2. Implement IT services Cabinet-wide creating and activating a clear roadmap of multi-year legacy-to-platform changes driving improved systems priorities, planning, and execution.
3. Essential and foundational element to modernization and is key to establishing, communicating and maintaining the appropriate agency relationship with OMES IT.

Recommendation 2:

1. Centralized Finance and Accounting Office-Concur
2. Create a harmonized shared services finance function to increase collaboration, reduce duplication of efforts, and to increase the efficiencies of the Cabinet's financial and budgetary processes and reporting.
3. Special attention will be provided to the legal constraints regarding funding for all agencies but will allow for the leveraging of all agency resources.

Recommendation 3:

1. Centralized Human Resources Office-Concur
2. Unify Human Resources servicing employee needs Cabinet-wide by standardizing and personalizing talent management and other HR needs to span the full employment life cycle.
3. Allows for enhanced consistency across all agencies. Strong emphasis on the enhancement of talent management through career progression and employee engagement.

Recommendation 4:

1. Cabinet-Wide Audit Office-Concur
2. Create Cabinet-wide audit group with established risk-based annual audit plans to programs high risk areas: ultimately creating a culture that puts an emphasis on strong internal controls and routinely tests controls to minimize operating risks.
3. Provides transparency along with an enhanced management tool and improved expertise among all transportation agencies (also see initiative 4).

Recommendation 5:

1. Centralized Procurement Office-Concur
2. Create a centralized hub with field alignment and OMES partnership for standardized procurement capabilities enabled by a unified platform, data analytics, standard contracting, and transparency.
3. Improving transparency of purchasing process and purchasing flexibility.

Recommendation 6:

1. Centralized Customer Service Office-Concur
2. Expand OTA's Customer Service Division resources to create a centralized customer service office to serve the entire Cabinet.
3. Enhances the transportation experience for Oklahoma road users and benefits the Oklahoma citizens providing a centralized service center for questions, comments and concerns (also see initiative 2).

Recommendation 7:

1. Establish a Project Delivery Office-Concur
2. Integrating and streamlining construction administration and management activities, including application support, payment and change order approvals.
3. Creates cross-training and better career path movement for personnel.
4. Credits ownership and accountability of each project through the cradle to grave process.
5. Allows the front office to align with the back office by enhancing communication and eliminating silos.

Recommendation 8:

1. Consolidate Engineering into a single Design Office-Concur
2. New structure will provide more efficiency in staffing, especially CADD technicians across functions and eliminate some of the silos within the currently highly specialized design divisions.
3. Creates the opportunity for knowledge and professional growth.
4. Breaks silos and allows for collaboration and inclusivity.
5. Allows for cost savings by balancing subject matter expertise while optimizing production activities.
6. Addressing current and future IT challenges will be critical.

Recommendation 9:

1. Unify TSMO functions under a Systems Operations Office-Concur
2. Centralizing functions will enable greater efficiency and reduce duplicative effort.
3. Efficient use of our existing systems allowing for innovation and system optimization.
4. Focuses attention on critical operation areas that can yield quick win infrastructure investments and strategies.
5. Empowering these areas along with and while providing extra accountability.
6. Allows for insight into improvement recommendations and offers visibility for outcomes.

Recommendation 10:

1. Integrate Turnpikes and establish new field operation regions-Concur
2. Support the concept or restructuring field districts and look forward to working with the Legislature and our employees to thoroughly explore and examine this opportunity as it:
 - a. Provides the opportunity for a more balanced investment strategy across all Districts, cost savings, innovation, collaboration and efficiencies
 - b. Allows for the ability to pool and share resources for greater flexibility in deployment.
3. Full support of right sizing the transportation facility footprint and now is the time to take a realistic look as the current footprint is unsustainable given replacement cost and changing nature of the management of the transportation system
 - a. Report recommendations present one potential option or proposal, and right-sizing the facility foot print will require further examination and due diligence
 - b. Cost savings may allow for increased investment in our people, technology, and equipment



State of Oklahoma Transportation Modernization

Draft Recommendations Report

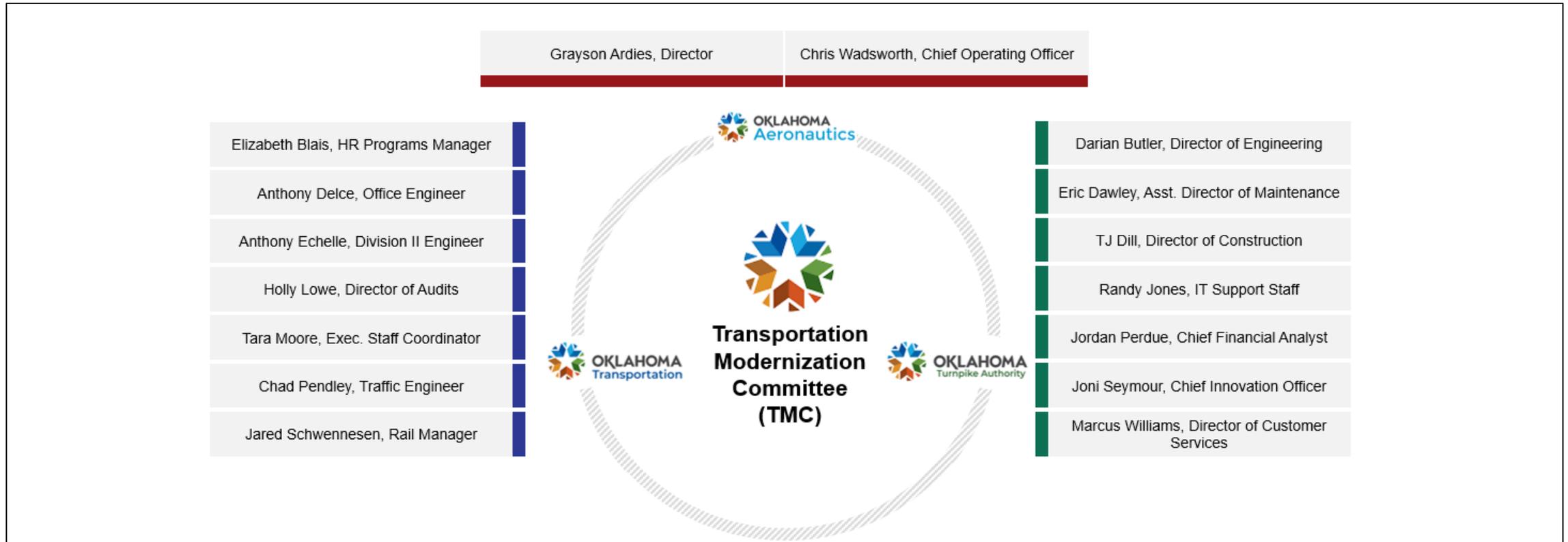


June 2021

DRAFT

Acknowledgement

Guidehouse is honored to have the opportunity to collaborate with the public servants at the Oklahoma Department of Transportation, Oklahoma Turnpike Authority, and Oklahoma Aeronautics Commission to serve the people of Oklahoma. We would like to thank these individuals, as well as numerous external stakeholders for contributing their time, insight, and thought leadership to this report. In particular, Guidehouse would like to thank the members of the Transportation Modernization Committee (below) and the additional support staff for their participation throughout this engagement. Without them, none of this would be possible.



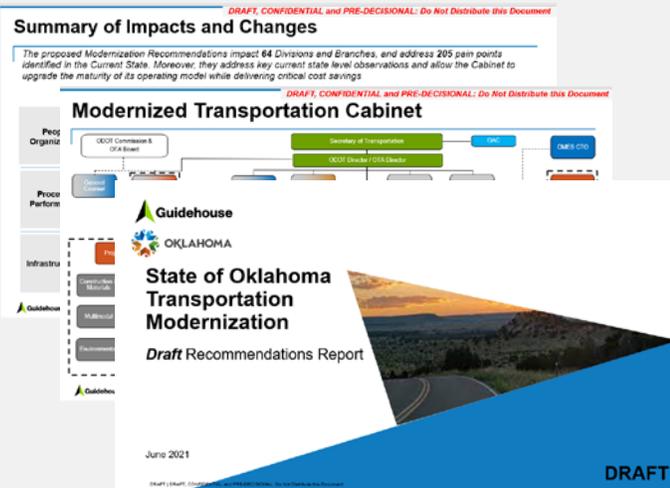
Deliverable Components

The Recommendations Report is comprised of the following components:

1

Recommendations Report

PowerPoint file that summarizes the Guidehouse approach, recommendations, and approach to implementation



2

Recommendation Supplements

- *Current to Future State Org. Chart Crosswalk;*
- *Pain Points Crosswalk;*
- *Facilities Recommendations Tableau File*



3

Future State Organizational Charts

Supporting Visio and PDF files that include the recommended future state organizational structure per the initial Modernization Blueprint

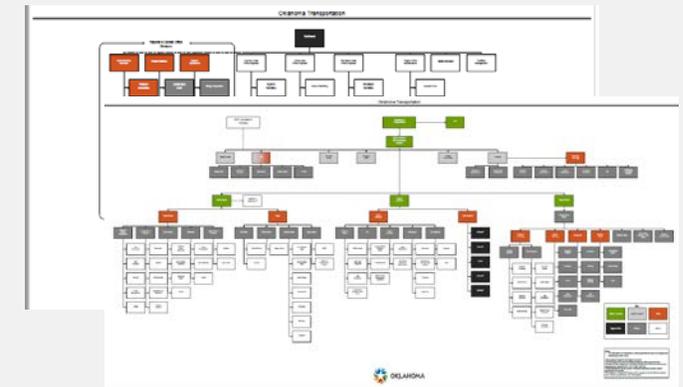


Table of Contents

01	Project Overview	4		
	<i>Project Background</i>	5		
	<i>Project Vision Blueprint</i>	6		
	<i>Modernization Framework</i>	7		
	<i>Project Approach</i>	8		
	<i>Project Inputs & Outputs</i>	9		
02	Executive Summary	10		
	<i>Recommendations Overview</i>	11		
	<i>Core Recommendations: Administrative Services</i>	12		
	<i>Core Recommendations: Engineering and Operations</i>	13		
	<i>Reimagined Regions and Facility Footprint</i>	14 - 15		
	<i>Early Initiatives</i>	16		
	<i>Summary of Impacts and Changes</i>	17		
	<i>Modernized Transportation Cabinet</i>	18		
	<i>Modernization Phased Approach</i>	20 - 24		
	<i>Implementation Roadmap and Gantt Chart</i>	25 - 26		
	<i>Building Blocks for Modernization Success</i>	27		
03	Core Recommendations	28		
	<i>Administrative Services / Front-Office</i>	33 - 58		
	<i>Engineering and Operations / Back-Office</i>	59 - 89		
04	Appendix	90		
	<i>Implementation Approach</i>	91 - 101		
	<i>Modernization Implementation and Change Management Dashboards</i>	102 - 113		
	<i>Cabinet Leadership Recommendations</i>	114 – 117		
	<i>Organizational Hierarchy Definitions</i>	118 - 119		
	<i>References</i>	120 - 121		



OKLAHOMA

01

Project Overview

02

Executive Summary

03

Core
Recommendations

04

Appendix

Project Background

Background

Executive Leadership at the Oklahoma Department of Transportation (ODOT), Oklahoma Turnpike Authority (OTA), and Oklahoma Aeronautics Commission (OAC), collectively referred to as the “Cabinet,” have recognized that there is both the opportunity and urgency to modernize the combined organizational structure and operations of the Cabinet. The goal of this effort is to integrate and optimize the combined operating models of the three Agencies and deliver enduring cost savings, while positioning the Cabinet to meet the transportation needs of the State over the next 50 years. In so doing, the integrity of the governance structure of each agency will be maintained, state statutes complied with, and contractual commitments honored in accordance with their terms including but not limited to the Trust Agreement of the Oklahoma Turnpike Authority dated February 1, 1989 as supplemented.

Guidehouse has been engaged to support the Executive Leadership and the Transportation Modernization Committee (TMC) by providing an objective analysis of the three Agencies’ operating models and facilitating the design and proposal of a set of recommendations to optimize the combined operating models of these Agencies.

Report Objectives

The purpose of the Recommendation Report is to present data-informed recommendations to modernize the Cabinet developed by the TMC, support staff, and the Guidehouse engagement team. In particular, the report presents:

1. Ten recommendations to Modernize the Transportation Cabinet, including those to right-size the facility footprint
2. Early initiatives to catalyze long-term modernization efforts, increase operational efficiencies, and improve collaboration
3. An Initial Cabinet Level Organizational Chart
4. A High-Level Implementation Roadmap

Project Vision Blueprint

For this Initiative, the **Modernization Vision and Guiding Principles** have served as the “North-Star”, shaping both the Current State assessment and development of Modernization recommendations.

Transportation Modernization Vision:

An efficient, innovative, and customer-driven organization working collaboratively to provide safe, modernized, integrated and sustainable transportation options throughout Oklahoma

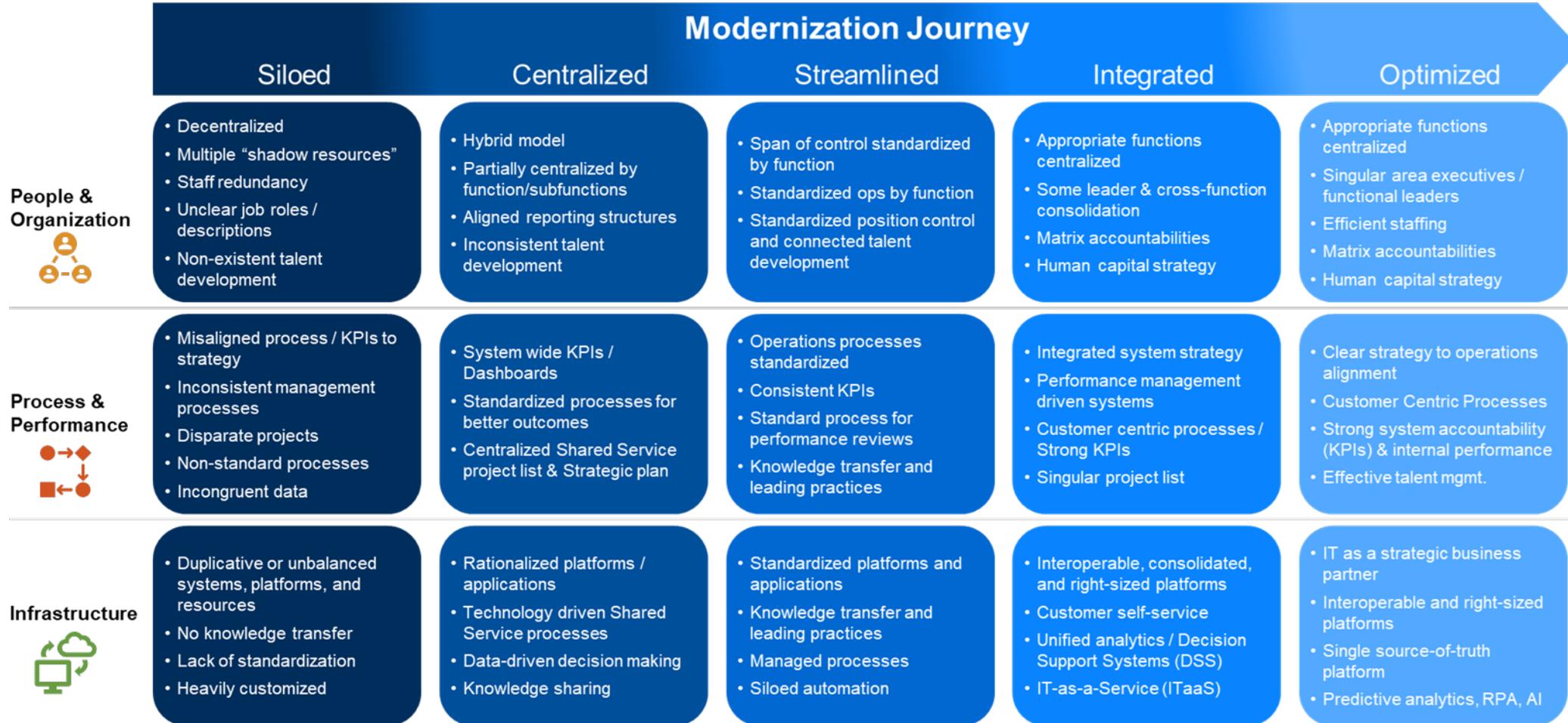
Guiding Principles for Modernization



- 1. Improved Collaboration:** Fosters integration and coordination of activities, expertise, and resources across projects and key department functions that can be better achieved together while improving transportation services for Oklahoma
- 2. Enhanced Innovation:** Promotes innovation across the organization and modernizes all business processes with data analytics and tailored technology solutions
- 3. Greater Communication:** Facilitates constructive communication that ensures participation and transparency across the organization
- 4. Exceptional Customer Service:** Prioritizes and manages internal and external customer service, and allows user needs to influence transportation planning
- 5. Increased Efficiency:** Streamlines organizational structure and functions while encouraging collective and proactive optimization of resources, delivery timelines, and results
- 6. Rapid Adaptability:** Enables the organization to rapidly address existing and emerging needs, allocate resources, and implement solutions accordingly

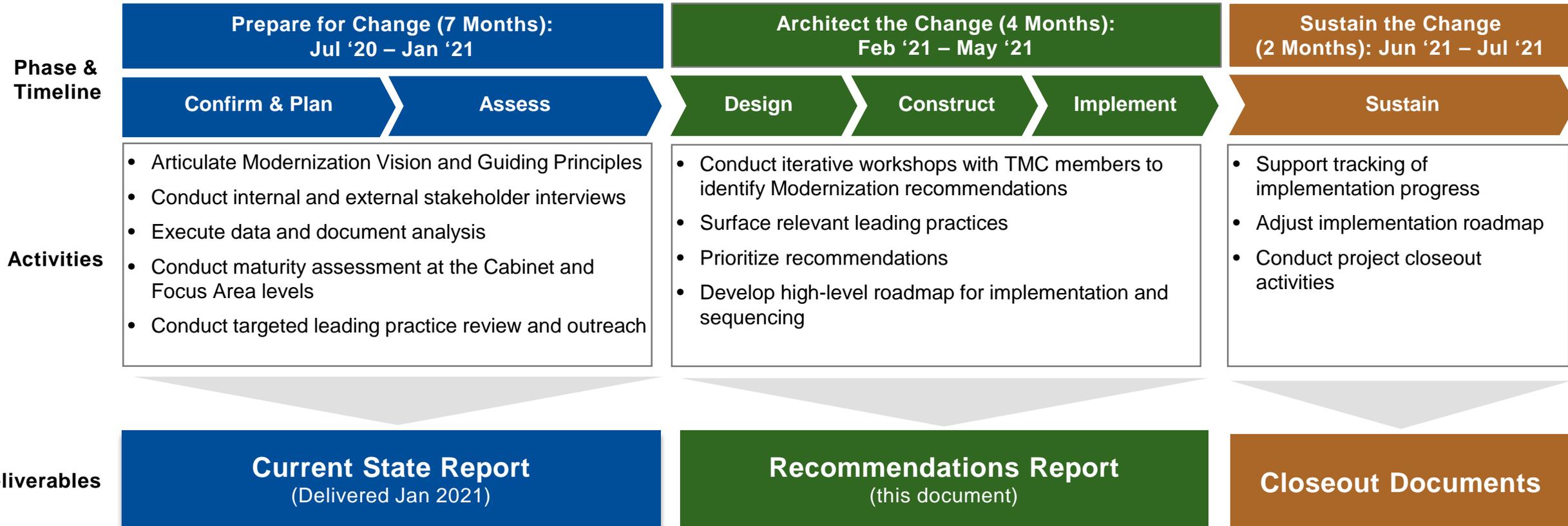
Modernization Framework

The Capability Maturity Model served as a foundational framework to the Modernization initiative. The framework, coupled with the Modernization Vision and Guiding Principles, supplied tangible long-term outcomes to guide the development of Modernization recommendations and implementation roadmap.



Project Approach

Guidehouse has worked intimately with the Transportation Modernization Committee (TMC) during the Architect the Change phase to develop Modernization recommendations.



Project Inputs & Outputs





OKLAHOMA

01

Project Overview

02

Executive Summary

03

Core
Recommendations

04

Appendix

Recommendations Overview

Recommendations are grouped across three categories: ten “Core Recommendations” that form the initial blueprint for an efficient, innovative, and customer driven Transportation Cabinet, six “Early Initiatives” to catalyze modernization efforts, and two recommendations to “Right Size the Facility Footprint” and deliver cost savings.

Early Initiatives

6 recommendations to catalyze Modernization efforts

Cabinet-wide Performance Management

Cabinet-wide Customer Service

Project Letting & Contract Admin Support

Cabinet-wide Audit group

P-card expansion to OTA

Centralized Payroll

Core Recommendations

10 Recommendations that form the Initial Modernization Blueprint

Administrative Services / Back-Office

- 1 Implement Cabinet-wide IT Services
- 2 Create a harmonized shared services Finance function
- 3 Unify HR, servicing employee needs from hire to retire
- 4 Create Cabinet-wide Audit Office with risk-based audit plans
- 5 Establish a centralized Procurement hub
- 6 Standup a centralized customer support office

Engineering and Operations / Front-Office

- 7 Establish a Project Delivery Office, integrating all planning, PM, and other delivery activities
- 8 Consolidate and unify Engineering Divisions into a single Design Office
- 9 Unify TSMO and other field system operations functions under an Operations Office
- 10 Integrate turnpikes and establish new field operation regions

Right-size Facility Footprint

2 recommendations to streamline footprint and deliver cost savings

Sunset 12 Residencies

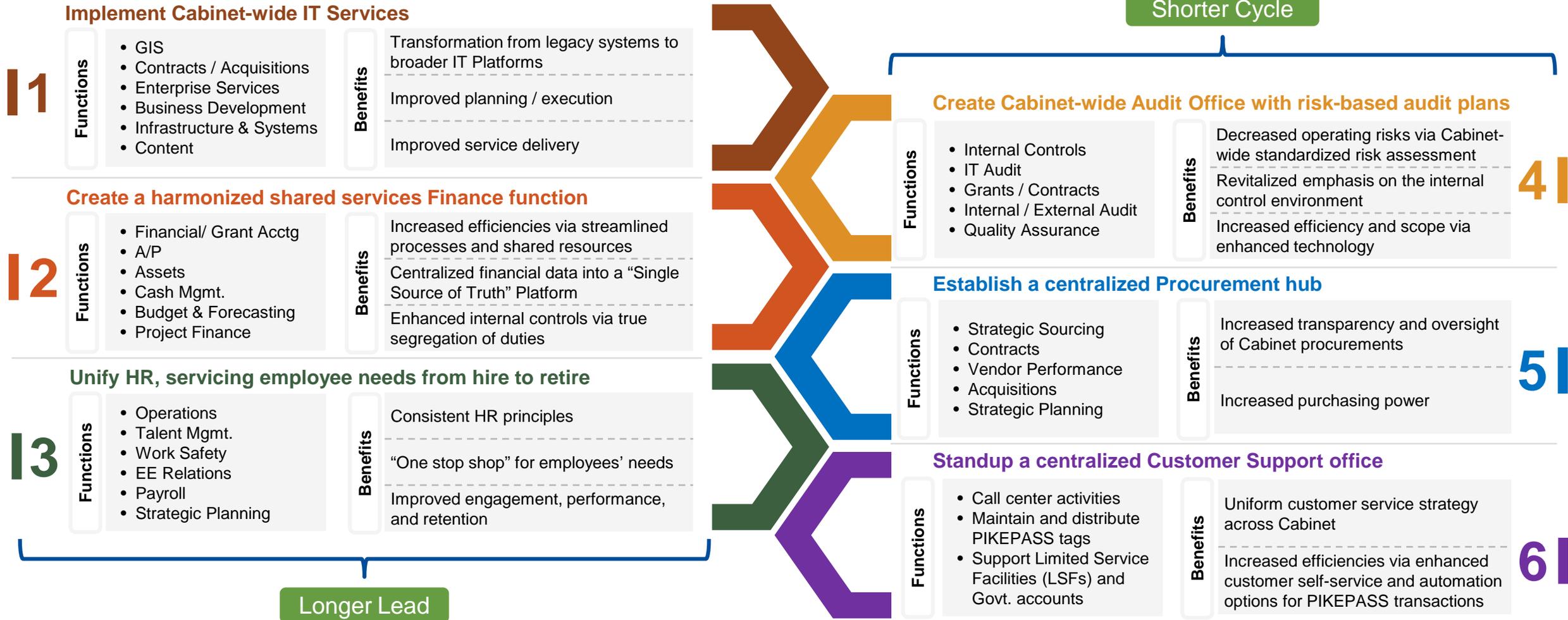
Shift the role of a Construction Residency from a facility to a function, sunset 12 Residency facilities, and repurpose the remaining 13 residencies into Regional HQ or Area Offices

Sunset 18 Maintenance Yards

With the long term goal of reducing Maintenance Yards by 30%, potentially sunset 18 Maintenance Yard Facilities that have overlapping geographies, are not sound long-term investments, or can't expand to accommodate both ODOT and OTA needs

Recommendations: Administrative Services / Back-Office

Adoption of these recommendations will enable the Transportation Cabinet to create a centralized, customer centric, and highly efficient back-office that breaks down silos, shares resources across the Cabinet, establishes or strengthens partnerships, and implements standardized platforms and processes.



Recommendations: Engineering and Operations / Front-Office

Adoption of these recommendations will enable the Transportation Cabinet to implement lifecycle project management for all projects, provide flexibility in utilizing design resources, focus on optimizing the existing system, and optimize oversight of ODOT and OTA field assets by establishing offices for Project Delivery, Design, System Operations, and Field Operations.

Establish a Project Delivery Office, integrating all planning, PM, construction admin., and other delivery activities

17

Functions	<ul style="list-style-type: none"> • Planning, management and delivery of capital and multi-modal projects • Letting, Construction Admin. and Materials QA • Administer multimodal programs, • ROW / Facilities / Utilities / NEPA 	Benefits	<ul style="list-style-type: none"> • Unified planning and PM • Greater accountability and authority for on-time / on-budget delivery • Unified land management strategy • Consistency for Contractor community
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Consolidate and unify Engineering Divisions into a single Design Office

18

Functions	<ul style="list-style-type: none"> • Survey and project scope details • Structural, geometric, hydraulic, environmental, and traffic design • QA / QC & xVE studies • Design policies, standards and manuals 	Benefits	<ul style="list-style-type: none"> • Potential to decrease design time and costs, and errors and omissions • Increased efficiency and flexibility with staffing • Project team approach allows for rapid adaptability to new types of projects
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Foundational

Longer Lead

Unify TSMO and other field system operations functions under an Operations Office

Functions

- TSMO Strategy
- TOC
- ITS Maintenance & Ops
- MQA system
- Bridge Inspections, Load Rating, and Maintenance
- Toll and Equipment maintenance

Benefits

- TSMO strategies may enable more efficient and extended use of existing transportation system
- Improved traffic safety and more reliable information for customers through better data collection and analytics

9

Integrate turnpikes and establish new field operation regions*

Functions

- Plans, builds, and maintains state highway, interstate, and turnpike transportation systems

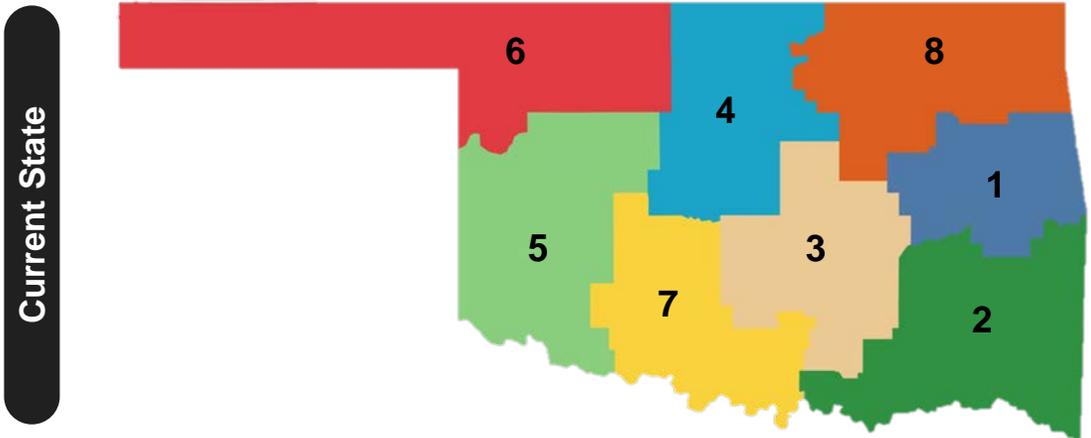
Benefits

- Greater design, construction, and maintenance process consistency
- Greater efficiency and deployment of resources
- Opportunity to consolidate and sunset facilities

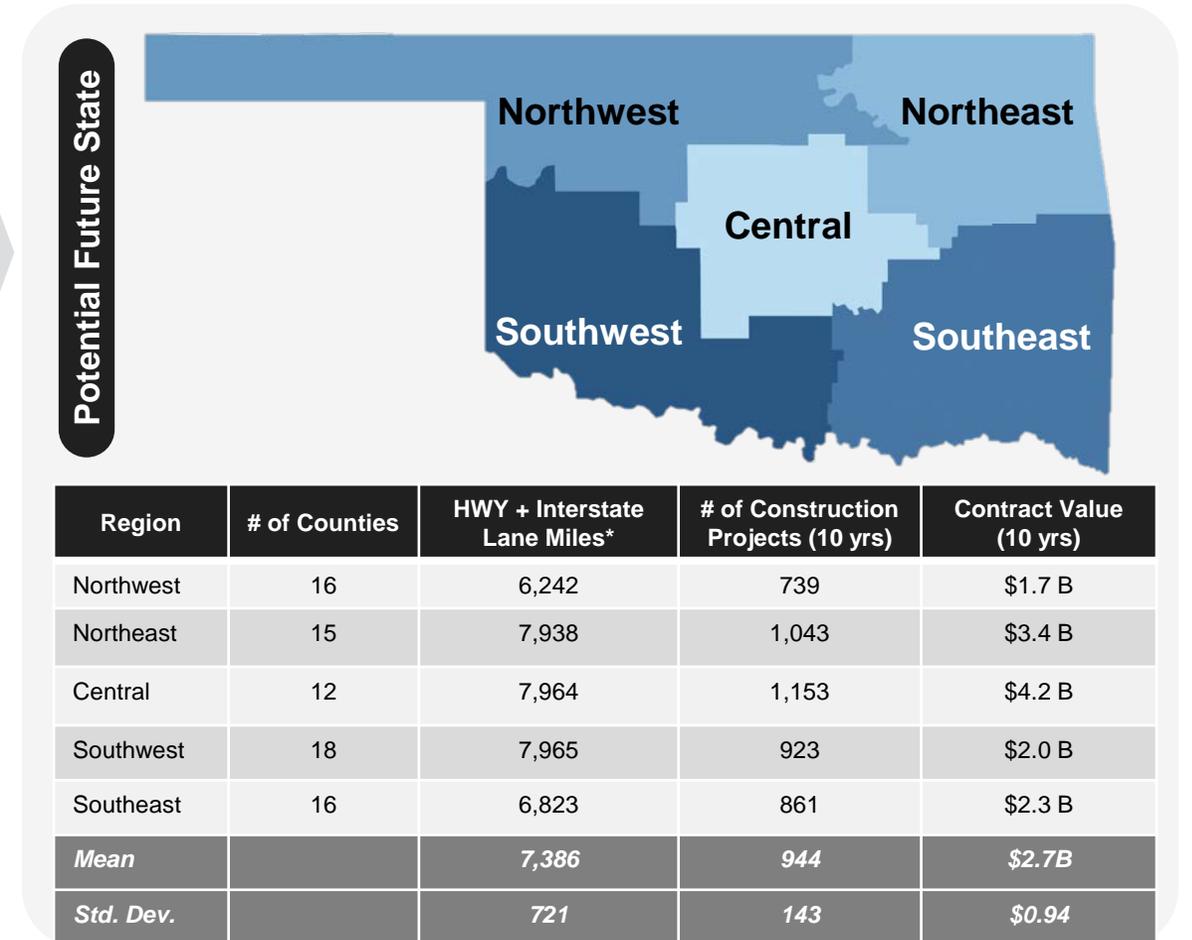
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Reimagined Regions

Integrating oversight of ODOT and OTA roadway assets (highway / interstate lane miles) can lead to imbalances in construction & maintenance obligation. A new Regional model, like the initial proposal (below), can provide greater parity while enabling resource deployment flexibility & regional consistency.



District	# of Counties	HWY + Interstate Lane Miles*	# of Construction Projects (10 yrs)	Contract Value (10 yrs)
District 1	8	3,639	486	\$1.3 B
District 2	9	4,196	504	\$1.4 B
District 3	11	5,156	715	\$1.8 B
District 4	9	5,796	850	\$3.3 B
District 5	11	4,266	455	\$1.0 B
District 6	9	3,271	366	\$0.8 B
District 7	9	4,524	548	\$1.2 B
District 8	11	6,083	795	\$2.8 B
Mean		4,616	590	\$1.7B
Std. Dev.		929	163	\$0.84B



Region	# of Counties	HWY + Interstate Lane Miles*	# of Construction Projects (10 yrs)	Contract Value (10 yrs)
Northwest	16	6,242	739	\$1.7 B
Northeast	15	7,938	1,043	\$3.4 B
Central	12	7,964	1,153	\$4.2 B
Southwest	18	7,965	923	\$2.0 B
Southeast	16	6,823	861	\$2.3 B
Mean		7,386	944	\$2.7B
Std. Dev.		721	143	\$0.94

Reimagined Facility Footprint

With a long-term goal of sunsetting or re-purposing all construction residencies and reducing the maintenance yard facility footprint by 30% while still accommodating the needs of field personnel, this sample proposal to right-size the Cabinet's facility footprint by sunsetting 30 Construction Residencies & Maintenance Yards could save \$91M in maintenance and capital improvement costs over 25 years.

Identifying Candidate Facilities to Sunset: Principles and Filters

Shift in the role of a Residency from facility to function

Residencies that are not eligible candidates for a Region / Area HQs

Maintenance Yards with overlapping geographies

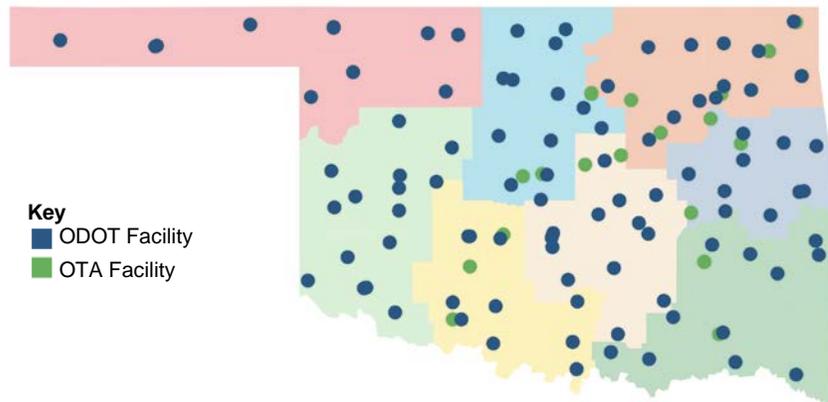
Yards that overlap within a 40-mile diameter (avg. CDL/lane mile)

Maintenance Yards that don't represent prudent financial investments or can't expand

Yards with long lifespans, poor condition, high value, or high utilization

Before

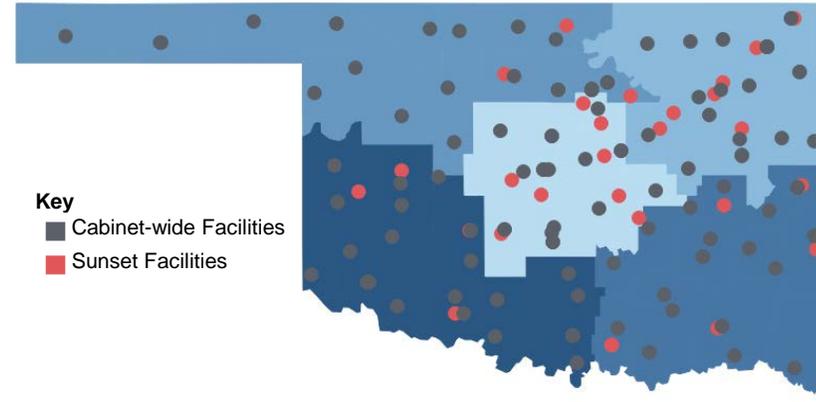
25 Residencies
115 Maintenance Yards
\$7.3M Yearly O&M Costs



Key
 ■ ODOT Facility
 ■ OTA Facility

After

13 Residencies*
97 Maintenance Yards
\$5.8M Yearly O&M Costs



Key
 ■ Cabinet-wide Facilities
 ■ Sunset Facilities

Potential Savings

12

Residencies to Sunset**
 48% Reduction

18

Maintenance Yards to Sunset**
 16% Reduction

\$39M

Maintenance Costs over 25 Years

\$52M

Defrayed Capital Improvement Costs over 25 Years

Early Initiatives

The ten identified recommendations yielded six “Early Initiatives” which can be implemented within the first year and will help catalyze and propel support of the Modernization effort.

Cabinet-wide Performance Management

Establish Cabinet-wide internal operating KPIs/SLAs to track and manage performance and inter/intra agency customer service

Customer Service

Establish Cabinet-wide customer service/call center platform as a single point of first contact for the public

Construction Project Letting & Contract Admin. Support

Expand ODOT platform to let OTA construction projects, process contractor claims, and facilitate Construction Inspection activities through use of AASHTOWare Site Manager

Audit

Create a Cabinet-wide Audit Office and Integrate Audit functions across the entire Cabinet

Procurement

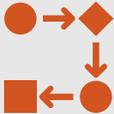
Expand ODOT’s P-card program to OTA to facilitate and streamline small order purchases

Payroll

Leverage ODOT HR platform to manage payroll for the entire Cabinet

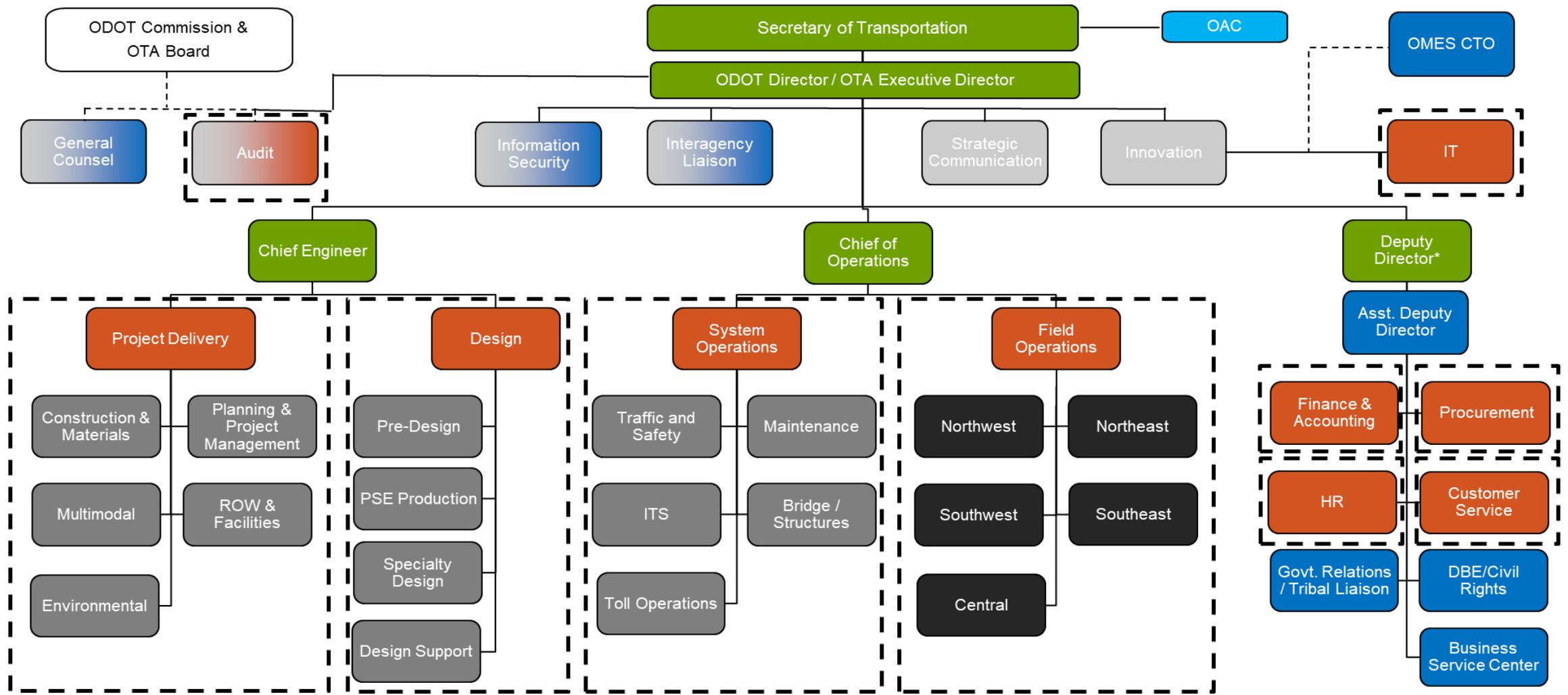
Summary of Impacts and Changes

The proposed Modernization Recommendations impact ~64 divisions and branches and address 200 of the pain points identified in the Current State Report. Moreover, they address key Current State level observations and allow the Cabinet to upgrade the maturity of its operating model while delivering critical cost savings.

	Current State Observations		Recommendation Impacts and Changes
People & Organization 	<ul style="list-style-type: none"> Functional duplication across the Cabinet Manager Span of Control is low and uneven Hybrid organization with unbalanced structural accountabilities Talent development is inconsistent 	50 ↓ 17 ↑ ✓	<ul style="list-style-type: none"> Duplicative sub-functions reduced which helps mitigate staff retirement risk* Functional Areas with strengthened matrix accountabilities Talent Development Program
Process & Performance 	<ul style="list-style-type: none"> Strong Cabinet level performance, operational effectiveness KPIs are inconsistent Strategy to operations “Line of sight” is emerging Lack of comprehensive process documentation 	✓ ✓	<ul style="list-style-type: none"> Enterprise-wide KPIs and SLAs tied to Cabinet Strategy Enterprise-wide process documentation catalog, standards, and repository
Infrastructure 	<ul style="list-style-type: none"> IT Operating Model is disconnected but developing Facility footprint outweighs Cabinet need 	✓ 12/18 ↓ \$91M	<ul style="list-style-type: none"> Enterprise-wide IT Services Candidate Residencies/Yards to repurpose Approximate facilities/Defrayed capital improvement cost savings over 25 years**

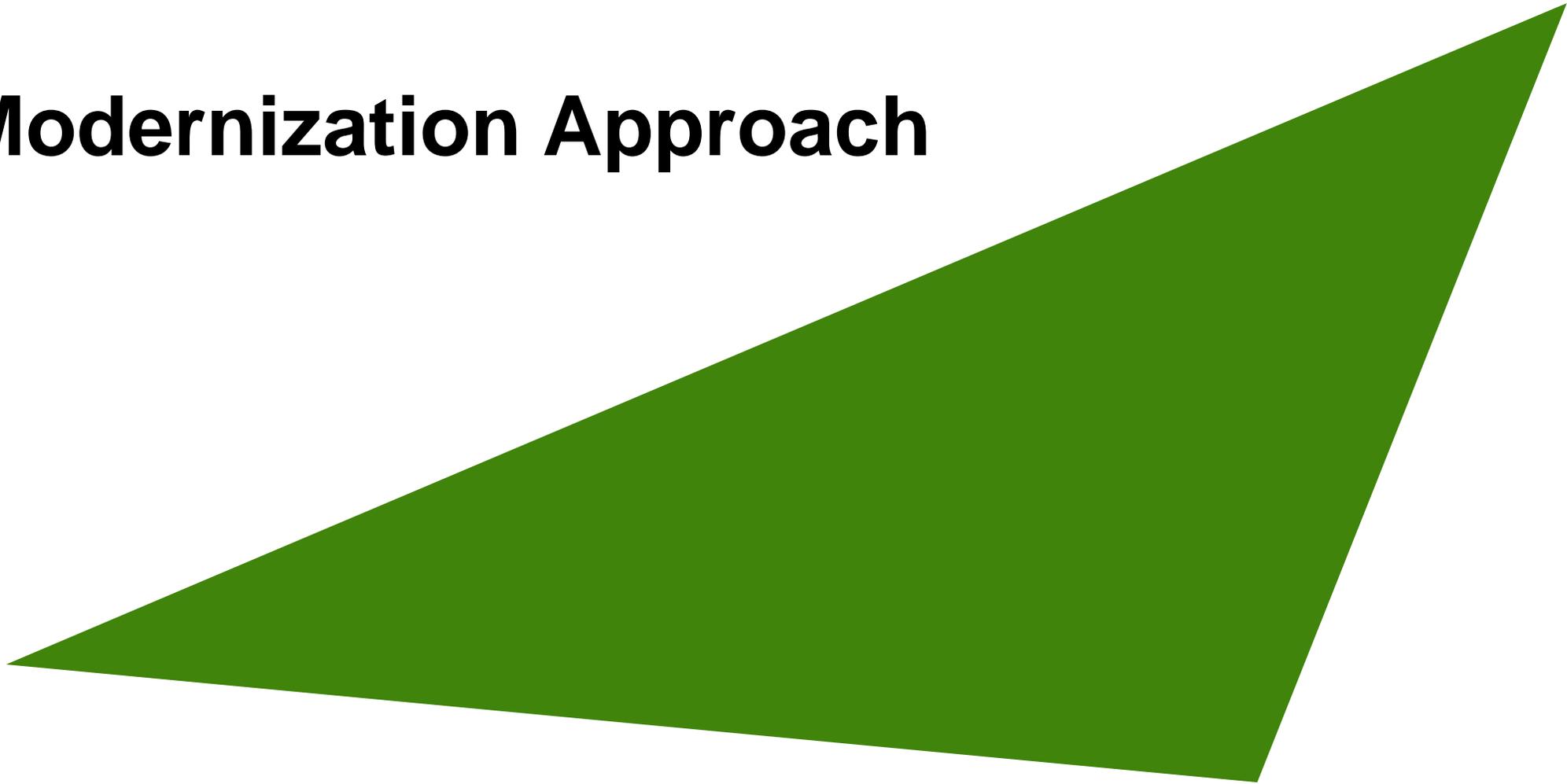
Modernized Transportation Cabinet

The organizational structure depicted below represents the composition of the Cabinet after implementation of all 10 identified recommendations and reflects a modernized Cabinet operating model consistent with the vision and guiding principles.



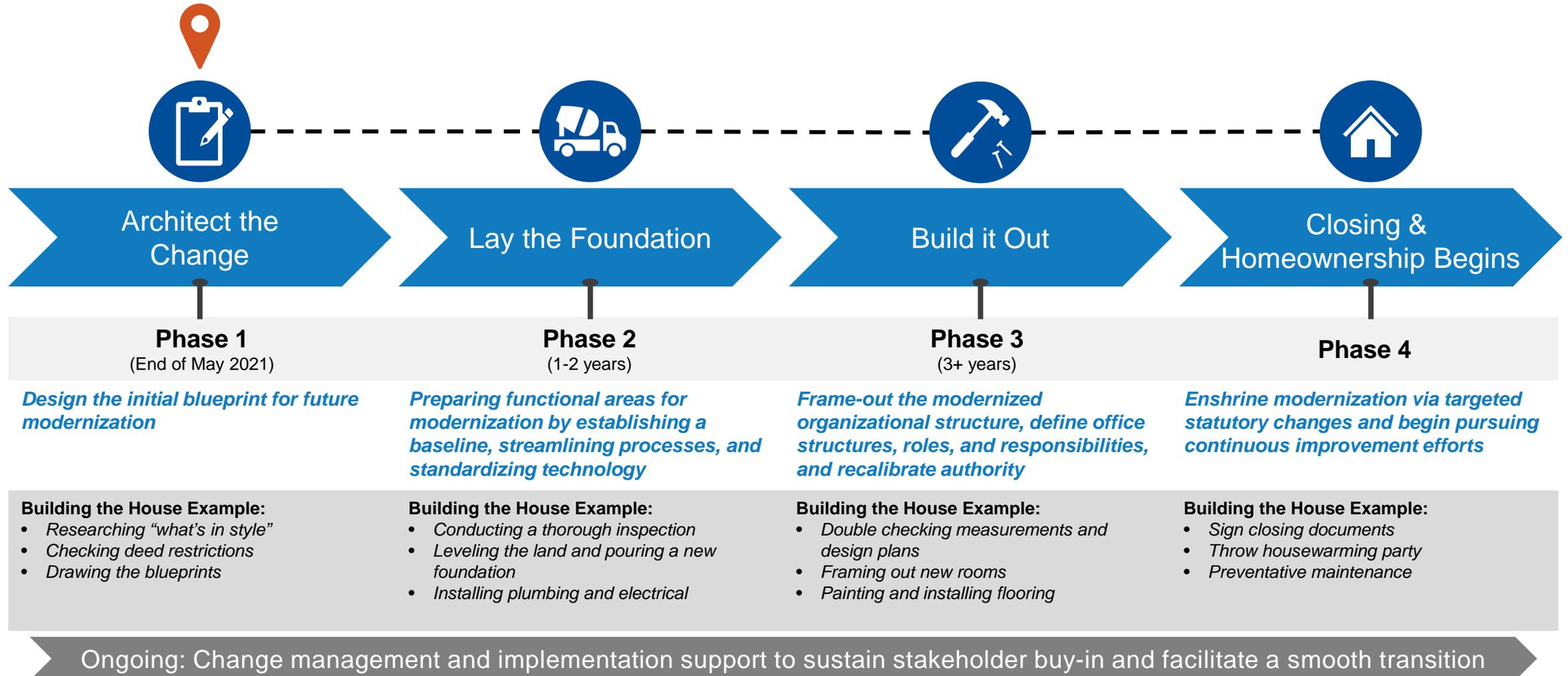
*Deputy Director Organization Structure is a summarized view

Modernization Approach



Achieving Integration through a Phased Approach

The approach to achieving modernization is inherently similar to building a house. It takes planning, preparation, revisions, and patience to make sure it's done right. A successful modernization, like building a structurally sound home, won't happen overnight.





Phase 2 Lay the Foundation: Overview

Phase 2 involves conducting the groundwork to standardize processes, performance measures, and technology across the Cabinet to enable shared services and facilitate a broader organization structure redesign anticipated in Phase 3.

Complete Baseline Inventory	Streamline Processes through Redesign	Standardize Technology																																
<p><i>The baseline inventory assessment will serve as the critical foundation required to successfully modernize the Cabinet by modernizing from the individual processes up to the organizational structure</i></p>	<p><i>Streamlining processes through redesign will create process congruency required for integration and alleviate many current pain points that exist within the different functional areas. Moreover, it will provide the Cabinet with the opportunity to adopt leading practices, improve overall efficiency, and position the Cabinet to achieve modernization successfully</i></p>	<p><i>The standardization of technology software and systems is crucial to the Cabinet's modernization effort. Establishing standardized technology to be used across the Cabinet will allow for complete integration and position the Cabinet to continue upon the modernization journey through enhanced business intelligence</i></p>																																
<p>Scope of Implementation</p>	<p>Scope of Implementation</p>	<p>Scope of Implementation</p>																																
<p>Entire Cabinet – All divisions and branches</p>	<p>All integrating functions (full and partial)</p>	<p>Entire Cabinet – All divisions and branches</p>																																
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<ul style="list-style-type: none"> Initial Modernization blueprint 	<ul style="list-style-type: none"> Initial Modernization blueprint Completion of baseline inventory activities Identification of a standardized system(s) to be used in the interim Prior to implementation of processes: Implementation of standardized interim systems must be complete 	<ul style="list-style-type: none"> Initial Modernization blueprint Completion of baseline inventory activities Prior to implementation of new technology: Completion of process redesign is necessary 																																

*For areas where interim systems may also be the long-term plan, full implementation of the standardized systems across the Cabinet may not occur until after the business requirements are validated.



Phase 3 Build it Out: Overview

Phase 3 focuses on updating the initial organization blueprint, finalizing the organizational structure and corresponding roles / responsibilities, identifying any new staffing assignments, and establishing appropriate budget / legal authority, to enable a shift to an integrated shared services model.

Create New Organizational Structure		Establish Legal and Budget Authority		Update Policies & Procedures for New Operating Model	
<p><i>This step will provide the opportunity will refine the initial Modernization blueprint based on learnings realized in Phase 2 activities and furnish the modernized Cabinet structure in greater detail. In particular, activities will include crystallizing the new org. structure; recalibrating roles and responsibilities; adjusting TOs, and making staffing assignments</i></p>		<p><i>Recalibrating legal and budget authority; and internal working relationships will enable operational congruence and effectiveness and establish appropriate accountability structures. Simply stated, this step allows the Cabinet to concretely understand who does what, when and for whom, under the newly modernized Transportation Cabinet</i></p>		<p><i>This step allows for any final revisions to policies and procedures, memorializing those updates accordingly, and then transitioning to the new operating structure and model</i></p>	
Scope of Implementation		Scope of Implementation		Scope of Implementation	
<p><i>Primary: All integrating Cabinet divisions and branches</i> <i>Secondary: All Cabinet divisions and branches indirectly impacted by integration activities</i></p>		<p><i>Primary: All integrating Cabinet divisions and branches</i> <i>Secondary: All Cabinet divisions and branches indirectly impacted by integration activities</i></p>		<p><i>Primary: All integrating Cabinet divisions and branches</i> <i>Secondary: All Cabinet divisions and branches indirectly impacted by integration activities</i></p>	
Prioritization	Level of Effort	Prioritization	Level of Effort	Prioritization	Level of Effort
High	High	High	Medium	High	Medium
Key Activities		Key Activities		Key Activities	
3.1	Identify End State Org. Structure and Org. structure transformation Journey	3.7	Understand and shift any legal/organizational authority to ensure that reporting relationships align to new org chart	3.11	Revise redesigned policies and procedures to align with finalized new org. structures
3.2	Identify functional responsibilities of each office, division, branch	3.8	Recalibrate Budgets and Budget authority	3.12	Finalize “standard work” where relevant
3.3	Define RACI Assignments and "Rules of Engagement“ and adjust approval authority	3.9	Establish Internal customer / supplier mapping with appropriate SLAs	3.13	Revise KPIs/SLAs and translate them to every level from the Cabinet level to the individual staff level
3.4	Re-write job descriptions for impacted roles	3.10	Set up Interagency work agreements to enable appropriate billing of labor / materials, and legal authority for staff to execute and represent both ODOT and OTA functions	3.14	Embed shifts to policies and procedures within Knowledge Management platform
3.5	Re-calibrate TO to meet workload demand			3.15	“Cut over” to the new Operational Structure per the Org. Structure transformation journey
3.6	Inventory and assess staff capability, performance, and career trajectory; and make Staffing assignments				
Dependencies		Dependencies		Dependencies	
<ul style="list-style-type: none"> Initial Modernization blueprint Completion of Phase 2 Activities 		<ul style="list-style-type: none"> End State Org. Structures and transformation Journey Staffing Assignments 		<ul style="list-style-type: none"> End State Org. Structures and transformation Journey Functional responsibilities of each office, division, branch Update RACI assignments and “Rules of Engagement” 	



Phase 4 Closing & Home Ownership: Overview

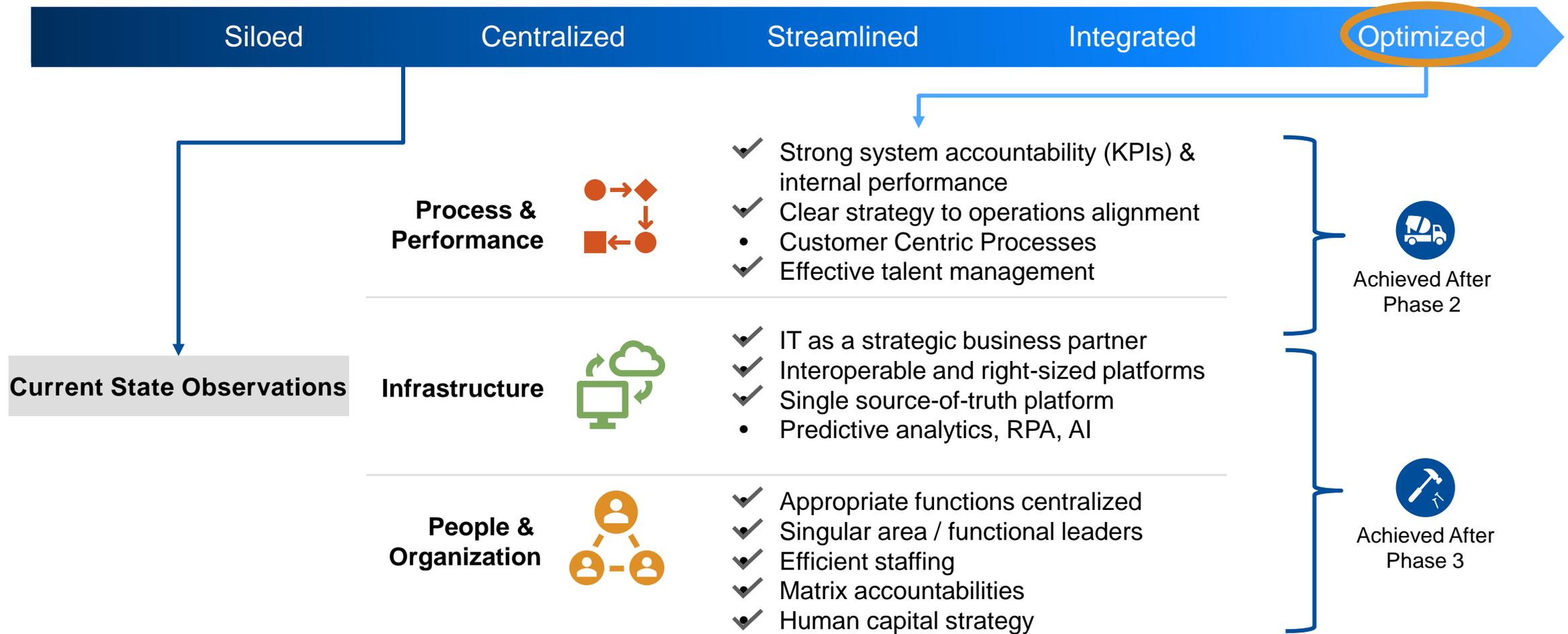
Phase 4 enshrines Modernization efforts via targeted statutory changes and sets a structure and foundation for pursuing continuous improvement efforts.

Secure Statutory Changes											
<p><i>This step will allow the Transportation Cabinet to establish a solid legal foundation and basis for the modernized transportation Cabinet organizational and operating structure. In particular, it can establish the budget authority, internal working and reporting relationships, accountability structures, and agency representation authority to enable the designed operational congruence and desired operational effectiveness</i></p>											
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<p>Dependencies</p> <ul style="list-style-type: none"> Updated organizational structure (sourced from Phase 3) Updated policies and procedures (sourced from Phase 3) 											

Continuous Improvement & Optimization													
<p><i>Moving forward, Modernization can be managed incrementally through a robust continuous improvement platform, where performance measures are defined, areas for improvement are identified, solutions are sourced from throughout the organization and piloted appropriately, and innovation is scaled across the Cabinet. Such a platform will also ensure that the Cabinet's operational maturity continues forward progress and does not slide backwards</i></p>													
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<p>Dependencies</p> <ul style="list-style-type: none"> Establishing a culture that welcomes identification of, and piloting, modernization ideas at all levels of the organization Robust Change Management platform to support staff and stakeholders through the change 													

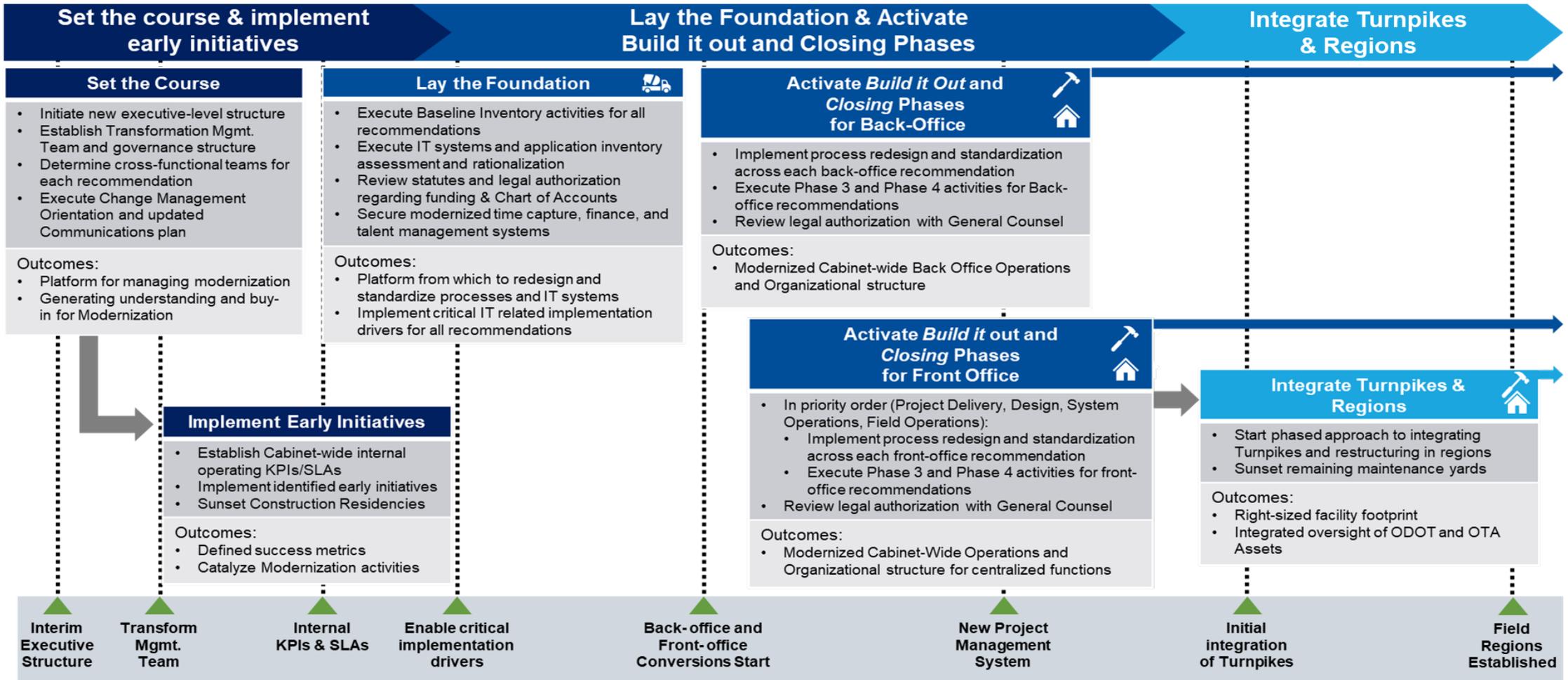
Enhancing the Operational Maturity of the Cabinet

Following the “Modernization Transportation House” phased approach will yield different levels of modernization at each phase of the process, allowing for incremental progress towards the desired modernized state.



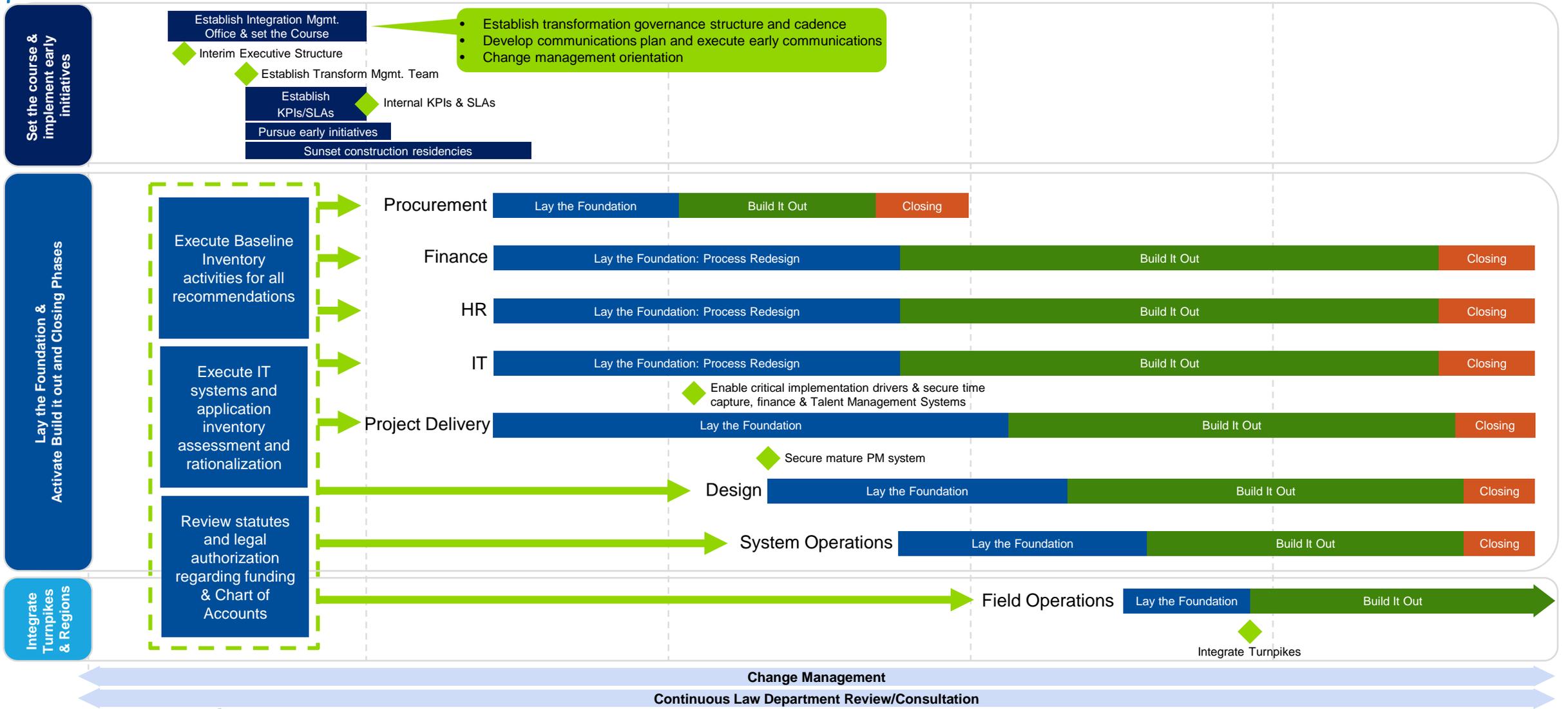
Modernization Implementation Roadmap

Modernizing the Transportation Cabinet will require a layered approach starting with building a platform to manage implementation, implementing Early Initiatives to generate momentum, and conducting a comprehensive process and IT inventory. From there, prioritizing activation of back-office modernization activities can ensure the front-office has the back-end infrastructure to execute its own modernization efforts.



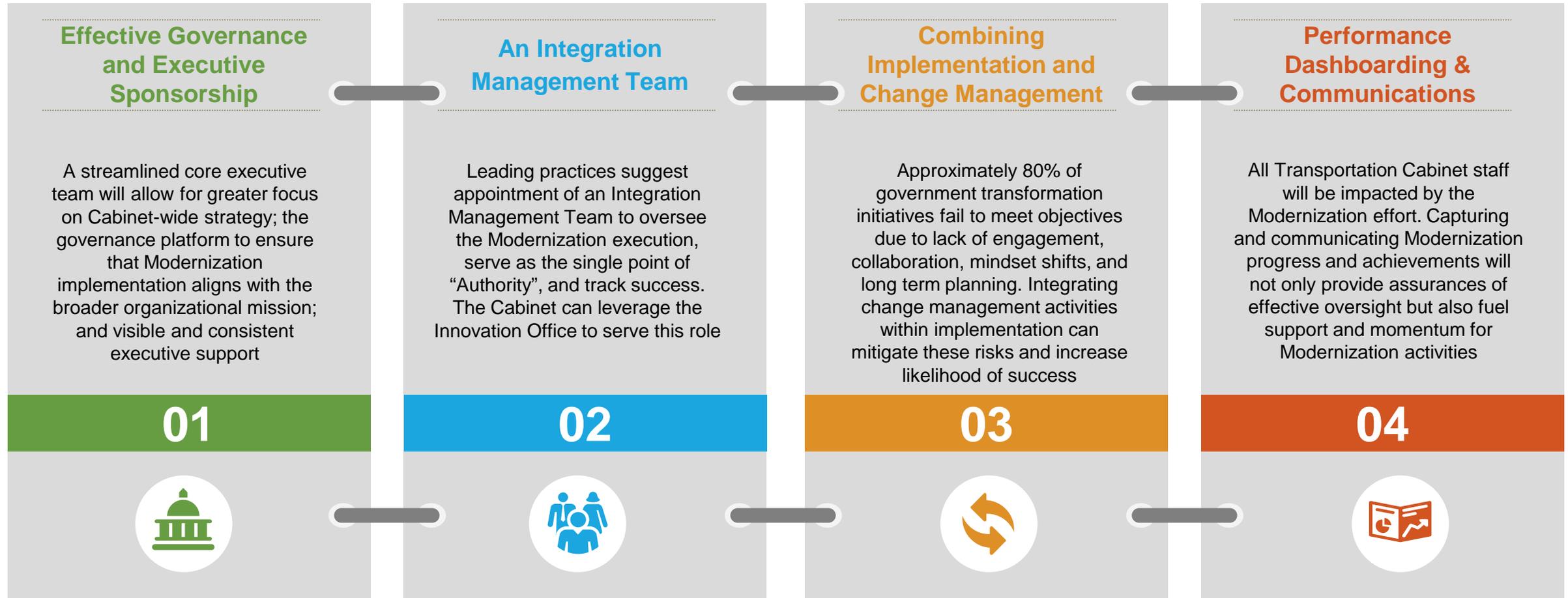
Modernization Implementation Roadmap (Gantt View)

Time & Duration



Building blocks for Modernization success

Leading practices related to integration of large organizations in both the commercial and public sector spaces suggest some critical building blocks that can mitigate risks associated with Modernization implementation and increase the likelihood of success.





OKLAHOMA

01

Project Overview

02

Executive Summary

03

Core
Recommendations

04

Appendix

Recommendation Summary User Guide – SLIDE 1

The first slide introduces the office and highlights key points that are necessary for the creation of a Cabinet-wide office, including a high-level overview of the future state organizational structure of the office.

Create a Cabinet-Wide Information Technology Office

1 Rationale and Benefits

- Increase organizational clarity on legacy-to-platform changes with improved planning and execution of core services
- Have a combination of strong processes paired with the right tools to pivot efficiently when necessary
- Effectively enable end users and lead them towards success
- Serve as the foundational backbone for the organization where cutting-edge innovation meets day-to-day IT functionality
- Drive innovation of the future while also balancing the core functions of the organization
- Stable data management and analytics can mitigate risk to business continuity

2 Leading Practices

- 4/5 of peer states have either Centralized or a hybrid ITS and Network function
- 4/5 peer states have a Centralized governance structure
- All peer states have a Cybersecurity function
- 4/5 peer states have Cybersecurity located within IT

3 Key Changes & Impacts

- Implement IT functionality at the Cabinet level
- Merge Office Services Division (OSD) personnel into new cabinet-level IT
- Create a strategic partnership with OMES
- Implement an indirect reporting structure to IT with new Innovation Team
- Move GIS functions from SAPM to Information Technology
- Create enterprise content management system for transportation

4 Future State Org Structure

Divisions / Branches Impacted	Current State Pain Points
3 Divisions	16 Addressed
6 Branches	

1 Rationale and Benefits

- Provides insight to the “why” and the advantages that can be achieved if the recommendation is implemented
 - Source: Based on working sessions, TMC meetings, or information provided by stakeholders

2 Leading Practices

- Summary depiction of the peer state leading practices for each area
 - Sources: TX, FL, GA, VA, KS, UT DOT Survey responses and research

3 Key Changes & Impacts

- Summary of key changes, impacts, functional moves, and structure changes
 - Source: Based on working sessions, TMC meetings, information provided by stakeholders, or leading practice research

4 Future State Org Structure

- Recommended future state organizational structure based on TMC recommendations and leading practice for the end of Phase 1
- Summary metrics for the number of current divisions and branches that would be impacted and the number of Current State pain points that would be addressed through the implementation of the recommendation

Recommendation Summary User Guide – SLIDE 2

Provides detail on the Back-Office divisions, branches, and their functions and a summary view of the Front-Office divisions and their branches.

1

Information Technology Office: Divisions and Functions

The Information Technology Office consists of six divisions with specialized functions and responsibilities

GIS	Contracts and Acquisitions	Business and Enterprise Services	Business Development	Infrastructure and Systems Services	Content Management
<p>The division will be responsible for functions including, but not limited to:</p> <ul style="list-style-type: none"> Roadway Inventory Management Bridge Data Management Traffic Safety Data Management Analytics and Cartography Reporting Quality Assurance 	<p>The division will be responsible for functions including, but not limited to:</p> <ul style="list-style-type: none"> Software Licensing IT Procurement Compliance and Training Up renewals OMES Reporting Budget 	<p>The division will be responsible for functions including, but not limited to:</p> <ul style="list-style-type: none"> 3rd Party Liaisons Business Liaisons Maintenance of Initiatives Initiative scorecard Enterprise analysis Business analysis Product Managers Coordinators 	<p>The division will be responsible for functions including, but not limited to:</p> <ul style="list-style-type: none"> Data Services Software Development Data Gathering Analytics Dashboards and Reporting Systems Maintenance QA Environments 	<p>The division will be responsible for functions including, but not limited to:</p> <ul style="list-style-type: none"> Network Administration Helpdesk Data Asset Management Operations EZE fiber management Mobile device management 	<p>The division will be responsible for functions including, but not limited to:</p> <ul style="list-style-type: none"> Document Repository Sharepoint Management Workflow Automation

1

Administrative Services / Back-Office – Office Divisions and Functions

- Detail on individual Office divisions, branches (if applicable), and a summary list of core functions
 - Source: Based on working sessions, TMC meetings, information provided by stakeholders, or leading practice research

2

Design Office: Division & Branches

The Design office consists of 4 distinct divisions and 11 potential branches with specialized functions and responsibilities

Pre-Design	PSE Production	Specialty Design	Design Support
<p>The division will include the following branches:</p> <ul style="list-style-type: none"> Project Planning Surveys 	<p>The division will include the following branches:</p> <ul style="list-style-type: none"> Design Teams 	<p>The division will include the following branches:</p> <ul style="list-style-type: none"> Geotechnical Hydraulics Traffic/ITS Environmental Structural Facility Design ADA Sidewalk design 	<p>The division will include the following branches:</p> <ul style="list-style-type: none"> QA/QC Resource Development/ Training

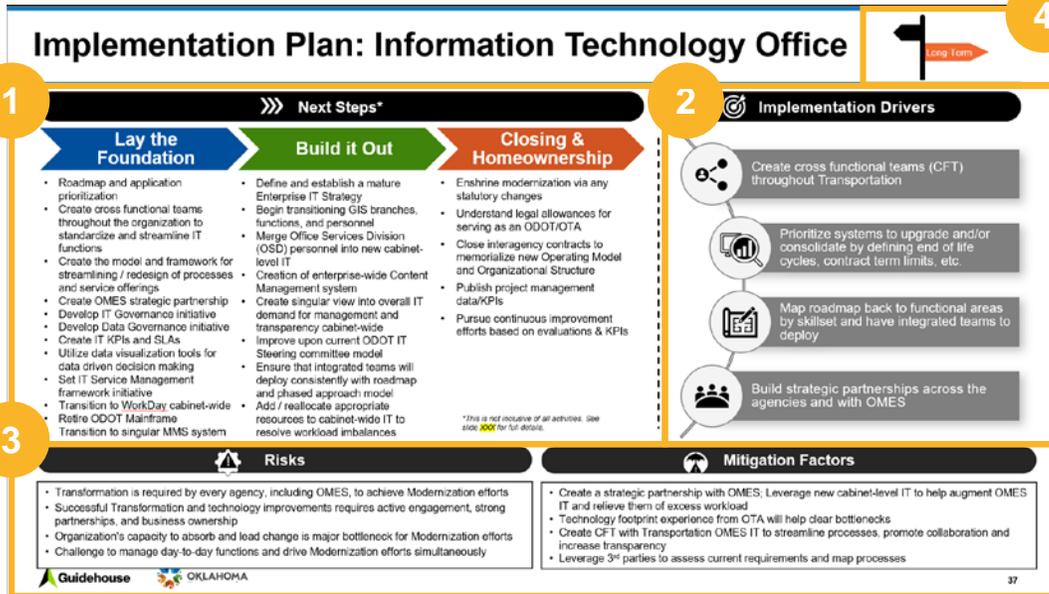
2

Engineering and Ops / Front-Office – Office Division & Branches

- Summary of individual divisions and their branches
 - Due to the complex nature of the Front-Office responsibilities, core functions are summarized in the appendix
 - Source: Based on working sessions, TMC meetings, information provided by stakeholders, or leading practice research

Recommendation Summary User Guide – SLIDE 3

Summary of the recommendation implementation plan highlighting specific next steps, drivers, and risks & mitigation factors.



1 Next Steps

- **Summary of area specific next steps based on the phases of the overarching “Build the House” framework**
 - The next steps shown here do not include the set of necessary key activities that should be completed across every area within the Transportation Cabinet (refer to “Modernization Phase Approach” slides in the Executive Summary for full details).
 - *Source: Based on working sessions, TMC meetings, or information provided by stakeholders*

2 Implementation Drivers

- **Provides the key implementation drivers necessary for implementing the recommendation**
 - *Source: Based on working sessions, TMC meetings, or information provided by stakeholders*

3 Risks & Mitigation Factors

- **Summary of implementation risks and mitigation factors that should be considered upon implementation**
 - *Source: Based on working sessions, TMC meetings, or information provided by stakeholders*

4 Estimated Time Needed to Achieve

- **Estimated time needed to fully complete the implementation and achieve the recommendation**
 - **Early Initiative:** Can be completed in less than two years with no major technology aspects
 - **Long-Term:** Two or more years needed to complete due to technology implementation/reconfiguration or high complexity

Recommendation Summary User Guide – SLIDE 4

Provides a summary view of each Back-Office current state to future state offices and their divisions and branches (if applicable) and additional detail on Front-Office divisional functions

Information Technology Office

The Information Technology Office leads all Information Technology activities for the Cabinet

Core Function

The Information Technology Office oversees the activities within the GIS, Contracts and Acquisitions, Business Enterprise Services, Business Development, Infrastructure and Systems Services, and Content Management divisions

1

Administrative Services / Back-Office Summary View

- Summary of the future state offices' core functions and/or oversight and a depiction of the transition from current state to future state

1

Administrative Services / Back-Office Summary View

- Summary of the future state offices' core functions and/or oversight and a depiction of the transition from current state to future state

Pre-Design Division

The Pre-Design Division will coordinate with various entities within the Project Delivery, System Operations, and Field Operations Offices to finalize project scope details and goals

Core Functions

The Pre-Design division will be responsible for the following activities:

- Coordinating with various entities to finalize project scope and details
- Perform surveying activities for each project

2

Engineering and Ops / Front-Office Division Summary View

- Provides additional insights to the future state Front-Office organizational structure, the core functions of each division, and a depiction of the transition from current state to future state

2

Engineering and Ops / Front-Office Division Summary View

- Provides additional insights to the future state Front-Office organizational structure, the core functions of each division, and a depiction of the transition from current state to future state

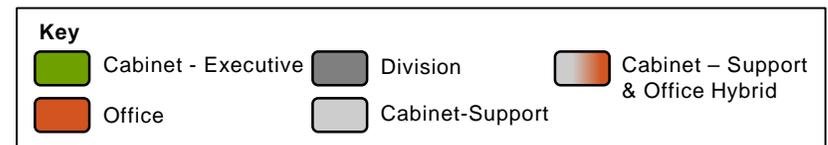
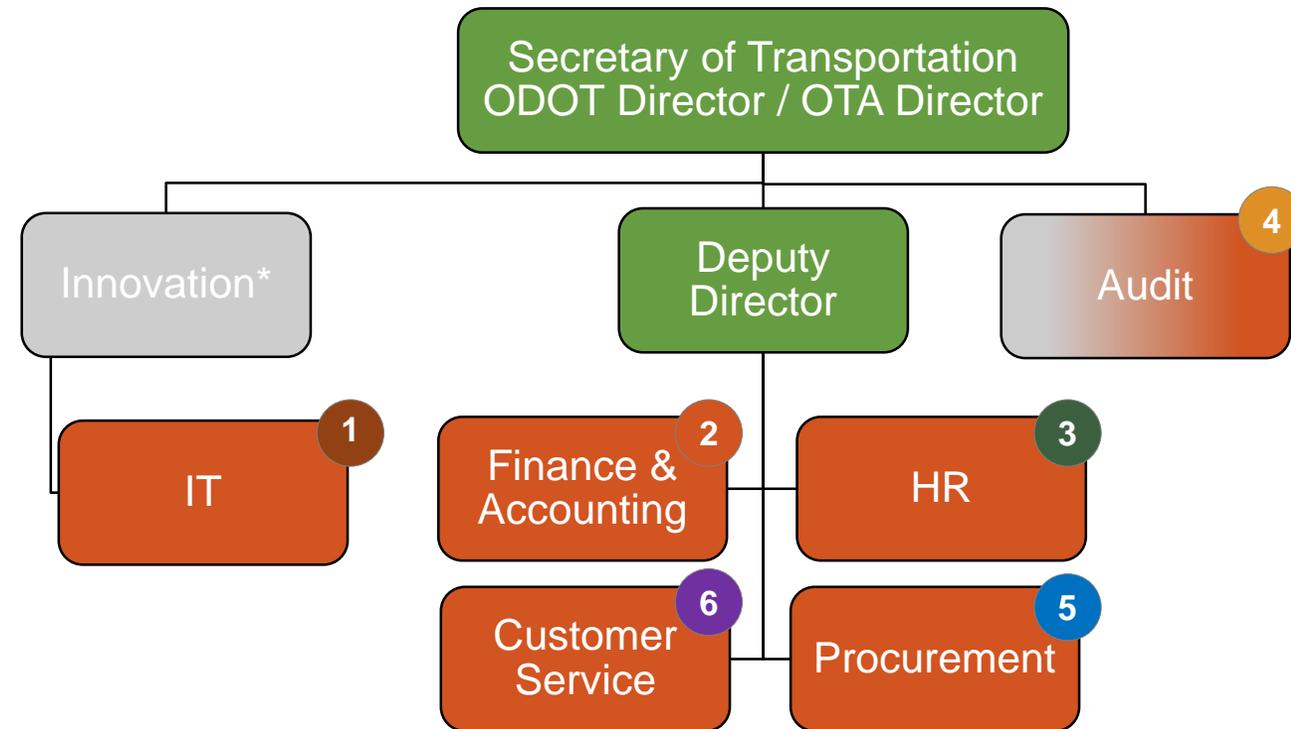
Administrative Services / Back-Office Detailed Recommendations

Note: Adoption of Modernization Recommendations will not violate the integrity of the governance structure of each agency nor applicable state statutes nor contractual commitments (per their articulated terms) including but not limited to the Trust Agreement of the Oklahoma Turnpike Authority dated February 1, 1989 as supplemented.

Recommendations: Administrative Services / Back-Office

Create a centralized, customer centric, and highly efficient back-office that breaks down silos, shares resources across the Cabinet, establishes or strengthens partnerships, and implements standardized platforms and processes

- Longer Lead**
 - 1 **Information Technology** - Implement IT services Cabinet-wide, creating and activating a clear roadmap of multi-year legacy-to-platform changes driving improved systems priorities, planning, and execution
 - 2 **Finance & Accounting** - Create a harmonized shared services finance function to increase collaboration, reduce duplication of efforts, and increase the efficiencies of the Cabinet's financial and budgetary processes and reporting
 - 3 **Human Resources** - Unify Human Resources servicing employee needs Cabinet-wide by standardizing and personalizing talent mgt. and other HR needs to span the full employment lifecycle
- Shorter Cycle**
 - 4 **Audit** - Create Cabinet-wide audit group with established risk-based annual audit plans to program high risk areas; ultimately creating a culture that puts an emphasis on strong internal controls and routinely tests controls to minimize operating risks
 - 5 **Procurement** - Create a centralized hub with field alignment and OMES partnership for standardized procurement capabilities enabled by a unified platform, data analytics, standard contracting, and transparency
 - 6 **Customer Service** - Expand OTA's Customer Service Division resources to create a centralized customer service office to serve to entire Cabinet



1. Create a Cabinet-Wide Information Technology Office



Rationale and Benefits

- **Increase organizational clarity** on legacy-to-platform changes with improved planning and execution of core services
- Have a **combination of strong processes paired with the right tools** to pivot efficiently when necessary
- **Effectively enable end users** and lead them towards success
- Serve as the **foundational backbone** for the organization where cutting-edge innovation meets day-to-day IT functionality
- **Drive innovation of the future** while also balancing the core functions of the organization
- Stable data management and analytics can **mitigate risk to business continuity**



Leading Practices

- 4/6 peer states have a Centralized IT governance structure
- All peer states have a Cybersecurity function
- 4/6 peer states have Cybersecurity located within IT
- 4/6 peer states have GIS and analytics capabilities housed within IT

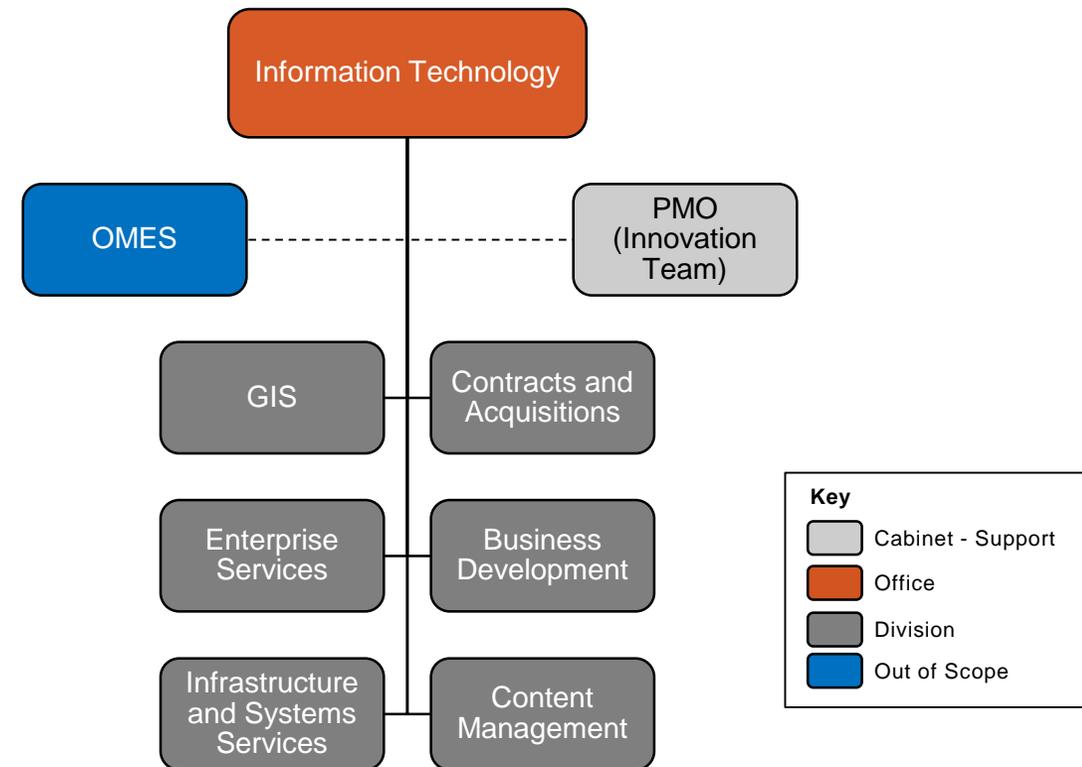


Key Changes & Impacts

- Build upon OTA's existing IT platform to implement Cabinet-wide IT functionality
- Merge Office Services Division (OSD) IT personnel into new Cabinet-level IT
- Create a strategic partnership with OMES
- Implement an indirect reporting structure to IT with new Innovation Team
- Move GIS functions from SAPM to Information Technology
- Create enterprise content management system for transportation



Future State Org Structure



Divisions / Branches Impacted		Current State Pain Points
3	6	16
Divisions	Branches	Addressed

Information Technology Office: Divisions and Functions

The Information Technology Office consists of six divisions with specialized functions and responsibilities.

GIS*

The Division will be responsible for functions including, but not limited to:

- Roadway Inventory Management
- Bridge Data Management
- Traffic Safety Data Management
- Analytics and Cartography
- State and Federal Reporting & Quality Assurance

Contracts and Acquisitions

The Division will be responsible for functions including, but not limited to:

- Software Licensing
- IT Procurement
- Compliance and Truing Up renewals
- OMES Reporting
- Budget

Enterprise Services

The Division will be responsible for functions including, but not limited to:

- 3rd Party Liaisons
- Business Liaisons
- Maintenance of initiatives
- Initiative scorecard
- Enterprise analysts
- Business analysis
- Product Managers
- Coordinators

Business Development

The Division will be responsible for functions including, but not limited to:

- Data Services
- Software Development
- Data Gathering
- Analytics
- Dashboards and Reporting
- Systems Maintenance
- QA Environments

Infrastructure and Systems Services

The Division will be responsible for functions including, but not limited to:

- Network Administration
- Helpdesk Data
- Asset Management
- Operations
- E2E fiber management
- Mobile device management

Content Management

The Division will be responsible for functions including, but not limited to:

- Document Repository
- SharePoint Management
- Workflow Automation

Implementation Plan: Information Technology Office



Next Steps*

Lay the Foundation

- Roadmap and application prioritization
- Create cross functional teams throughout the organization to standardize and streamline IT functions
- Create the model and framework for streamlining / redesign of processes and service offerings
- Create OMES strategic partnership
- Develop IT Governance initiative
- Develop Data Governance initiative
- Create IT KPIs and SLAs
- Utilize data visualization tools for data driven decision making
- Set IT Service Management framework initiative
- Transition to WorkDay Cabinet-wide
- Retire ODOT Mainframe
- Transition to singular MMS system

Build it Out

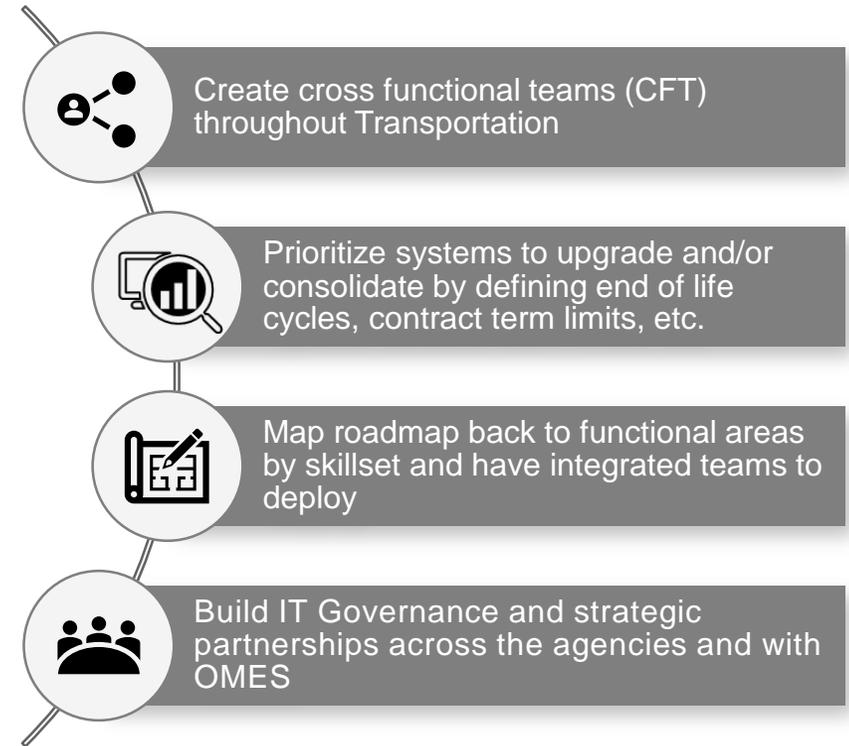
- Define and establish a mature Enterprise IT Strategy
- Begin transitioning GIS branches, functions, and personnel
- Merge Office Services Division (OSD) IT personnel into new Cabinet-level IT
- Creation of enterprise-wide Content Management system
- Create singular view into overall IT demand for management and transparency Cabinet-wide
- Improve upon current ODOT IT Steering committee model
- Ensure that integrated teams will deploy consistently with roadmap and phased approach model
- Add / reallocate appropriate resources to Cabinet-wide IT to resolve workload imbalances

Closing & Homeownership

- Enshrine Modernization via any statutory changes
- Understand legal allowances for serving as an ODOT/OTA
- Close interagency contracts to memorialize new Operating Model and Organizational Structure
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

Implementation Drivers



Risks

- Transformation is required by every agency, including OMES, to achieve Modernization efforts
- Successful Transformation and technology improvements requires active engagement, strong partnerships, and business ownership
- Organization's capacity to absorb and lead change is major bottleneck for Modernization efforts
- Challenge to manage day-to-day functions and drive Modernization efforts simultaneously

Mitigation Factors

- Create a strategic partnership with OMES; Leverage new Cabinet-level IT to help augment OMES IT and relieve them of excess workload
- Technology footprint experience from OTA will help clear bottlenecks
- Create CFT with Transportation OMES IT to streamline processes, promote collaboration and increase transparency
- Leverage 3rd parties to assess current requirements and map processes

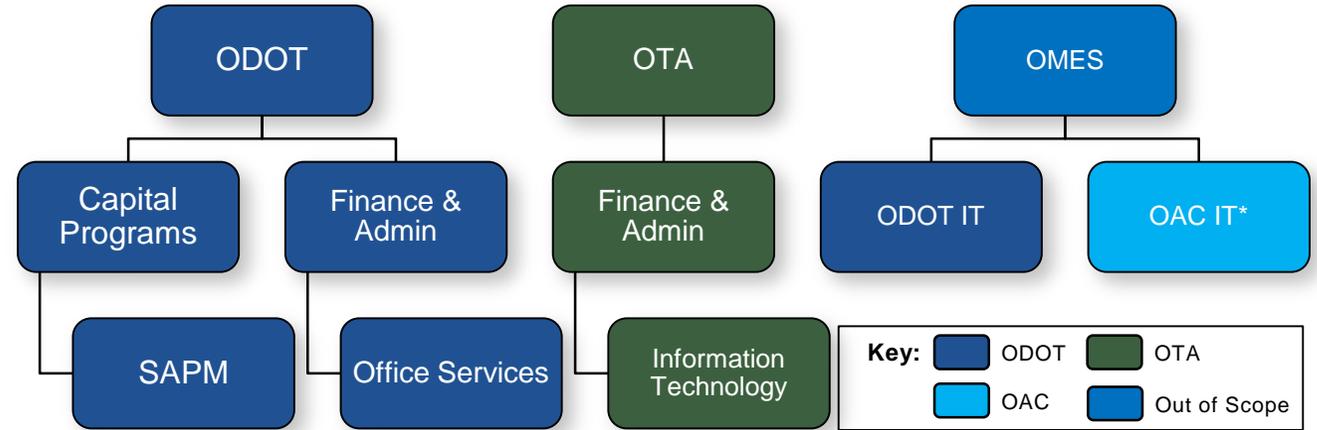
Information Technology Office

The Information Technology Office leads the Information Technology divisions and functions for the Cabinet.

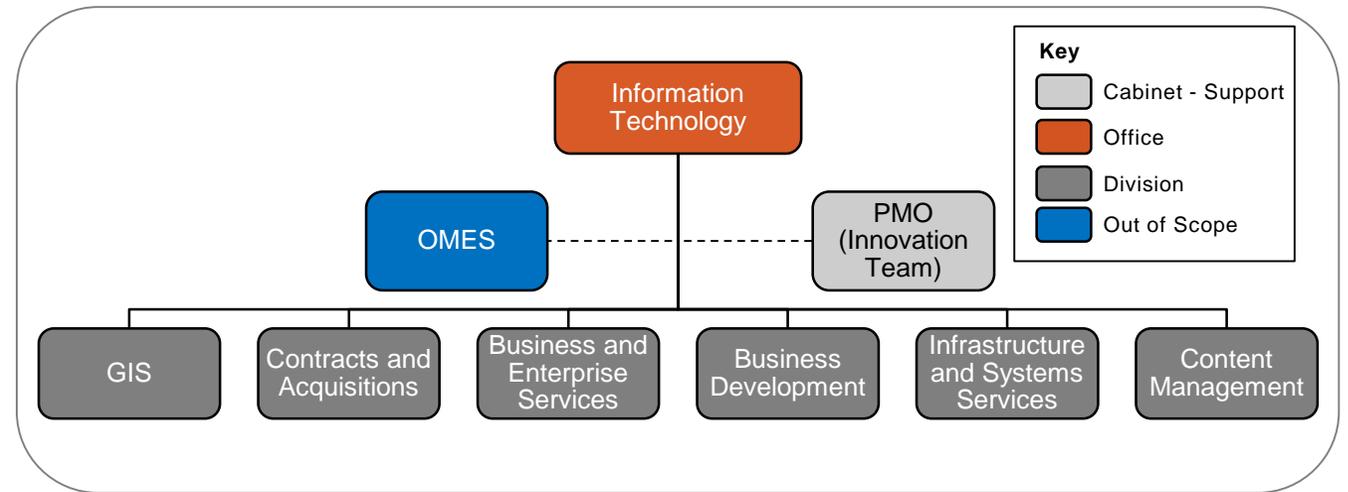
Core Function

The Information Technology Office oversees the activities within the GIS, Contracts and Acquisitions, Enterprise Services, Business Development, Infrastructure and Systems Services, and Content Management divisions

Current State



Future State



2. Create a Centralized Finance & Accounting Office



Rationale and Benefits

- **Internal and external leading practices will be identified and implemented** across the Office's processes to create a **harmonized shared services function**
- Identifying a **single set of financial technology systems/applications** will establish a "single source of truth" and **enhance transparency**
- Redesigning the organizational structure, distribution of responsibilities, and enhanced processes with proper hierarchy, segregation of duties, and strong internal polices and procedures will **strengthen internal controls and reduce the risk of fraud, waste, and abuse**
- Increased collaboration will **encourage continued synchronization** and **enhance the efficiency and effectiveness** of financial processes and reporting



Leading Practices

- 5/6 of peer states have a Single Source of Truth
- 5/6 of peer states have or will migrate to a commercial ERP system
- All peer states have a Procure-to-Pay framework
- 4/6 of peer states have a separate trust for toll funds
- 4/6 of peer states have a dedicated CFO

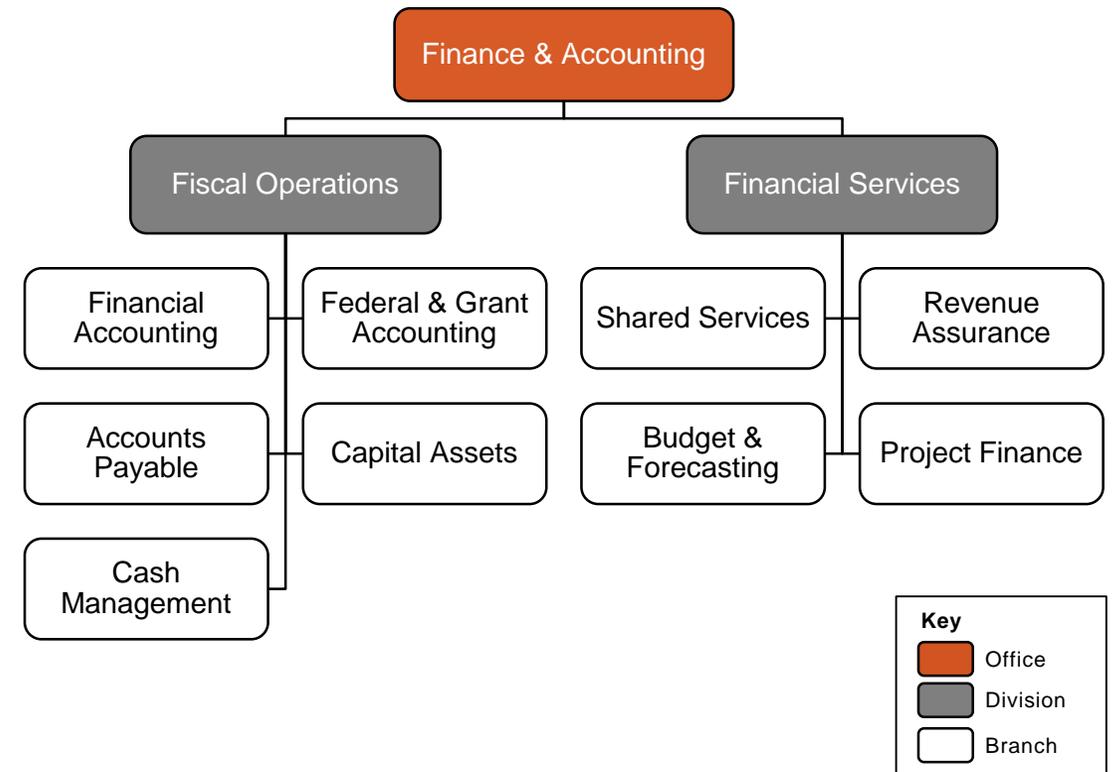


Key Changes & Impacts

- Creation of a centralized Finance and Accounting Office with two divisions; Fiscal Operations and Financial Services
- Established Shared Services branch dedicated to the managing MOU's and cost allocations
- OTA Payroll relocated to Human Resources
- OTA printing and other administrative functions will relocate to a different Division



Future State Org Structure



Divisions / Branches Impacted		Current State Pain Points
4	10	24
Divisions	Branches	Addressed

Finance and Accounting Office: Divisions and Functions

The Finance and Accounting Office leads the fiscal services and fiscal operations divisions and the related branches with specialized responsibilities.

Fiscal Operations

The Division oversees five distinct branches responsible for transactional accounting functions

Financial Accounting

Responsible for functions including, but not limited to:

- Internal and External Financial Reporting
- GASB Implementation
- Recurring Processes and Invoicing
- Debt Reporting

Federal & Grant Accounting

Responsible for functions including, but not limited to:

- Federal Funds/Grants accounting and reporting
- Funding Disbursement to Subrecipients
- Project Assignment
- Recurring processes

Accounts Payable

Responsible for functions including, but not limited to:

- Processing & Claims
- Utility Relocation/ROW Claims Processing
- 1099 and 1099S Reporting
- Problem Resolution
- Unclaimed Property

Capital Assets

Responsible for functions including, but not limited to:

- Asset Tracking
- Inactive Projects
- Project Close-Out
- Constructed Assets
- 3rd party Agreements
- Intangible Assets
- Leased Assets
- Project Cost Reporting

Cash Management*

Responsible for functions including, but not limited to:

- Cash Management
- Vendor Maintenance
- Vendor Management
- Pike Pass
- Reconciliation of Entity-Specific Subledger Processes
- Toll Account Reconciliations and Account Support Services
- Collateralization of Deposits

Fiscal Services

The Division oversees the four distinct branches responsible for strategic planning and finance functions

Shared Services

Responsible for functions including, but not limited to:

- Management of MOU Processes
- Cost Allocation Process

Revenue Assurance

Responsible for functions including, but not limited to:

- Revenue Reporting
- County Equipment Lease Program
- Revenue Trending
- Concession Revenue

Budget & Forecasting

Responsible for functions including, but not limited to:

- Fiscal Planning
- Budget Work Program
- OMES Strategic Plan
- Budget Spend Reporting & Monitoring
- Budget Request

Project Finance

Responsible for functions including, but not limited to:

- Project Finance
- Trust Indenture
- Debt Management
- Project Cash Flow

Implementation Plan: Finance & Accounting Office

Next Steps*

Lay the Foundation

- Leverage internal leading practices and implement processes across the board, i.e., leverage ODOT's AP processes across all entities
- Develop a Cabinet wide end to end Procure-to-Pay process
- Develop a cost allocation process to calculate overhead rates to be captured in the MOU process and consistently review
- Create a cross-functional team of SMEs for each entity to determine which current programs are beneficial
- Assess moving to cloud based system to improve AP functions across the Cabinet
- Ensure that systems provide proper reporting for multi year-end

Build it Out

- Perform final legislative and legal analysis, along with overall Oklahoma transportation needs to determine the length and depth of this phase
- Evaluate roles, responsibilities and skill needs; identify best resources for open positions
- Transition organizational structure with all functions under a single umbrella
- Continue to enhance Financial Reporting needs by adapting to agile ledger and reporting tools
- Maintain integrity of separate cash functions throughout transition
- Consider appointing a Debt and Budget Manager for the integrated transportation entity

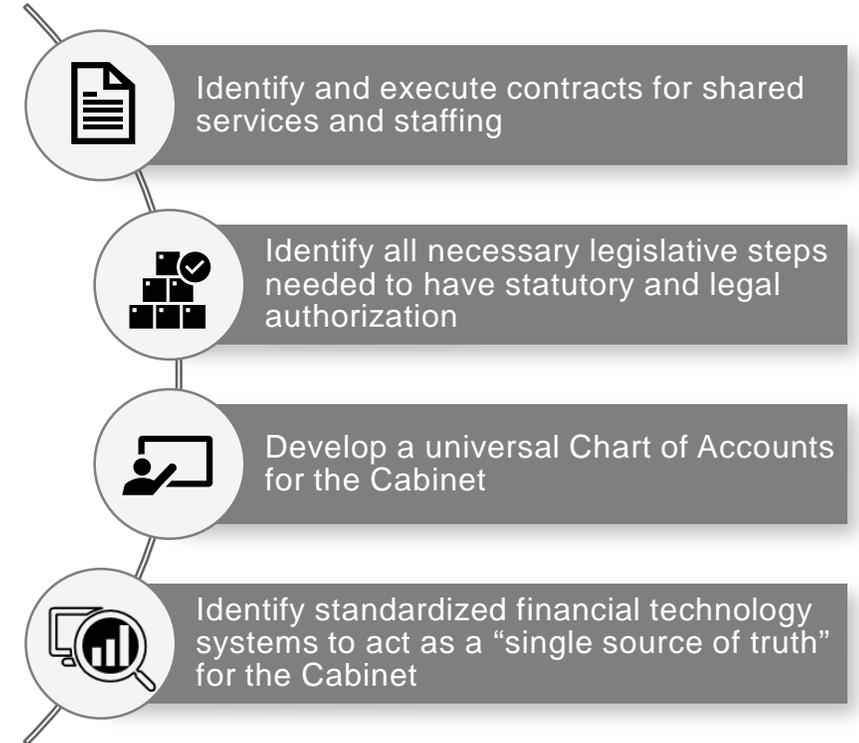
Closing & Homeownership

- Enshrine Modernization via any statutory changes**
- Understand legal allowances for serving as an ODOT/OTA
- Close interagency contracts to memorialize new Operating Model and Organizational Structure
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

***See Legal Considerations Supplement for additional details and specific statutes relative to accounting; reporting obligations; segregation and appropriate fund usage; and requirement of Comptroller's reporting obligation to the OTA Executive Director*

Implementation Drivers



Risks

- All 3 agencies are on different fiscal years which may be problematic for reporting
- There is a current lack of key personnel across finance functions within the Cabinet
- There is a challenge around stagnating accounting salaries, loss of core benefits, etc. that has made retention of resources increasingly more difficult
- Select recommendations may require oversight Commission/Board and Legislative input
- New structure and accountability needs to be validated by legal entities



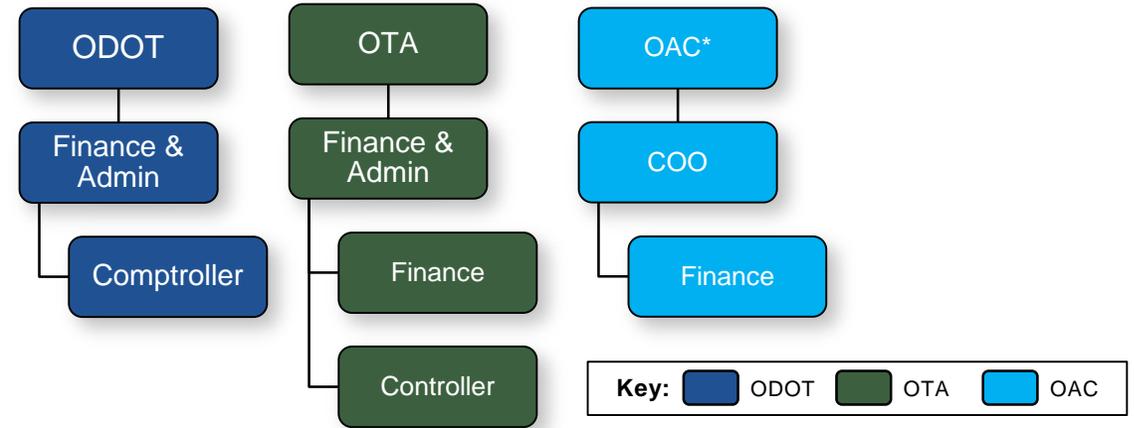
Mitigation Factors

- New financial tools create a harmonious environment to accommodate for different fiscal years
- Leveraging future Talent Management function of HR will enable the new org to offer competing packages and benefits for skilled resource retention
- Creation of a Leadership Team with defined roles/responsibilities and appropriately balanced hard/soft skills will drive recommendations implementation; strong coordination required with Innovation Team
- OTA has independent authority to issue bond and create debt to positively leverage for capital projects

Finance & Accounting Office Core Functions

The Finance & Accounting Office leads the Fiscal Operations and Fiscal Services divisions for the Cabinet.

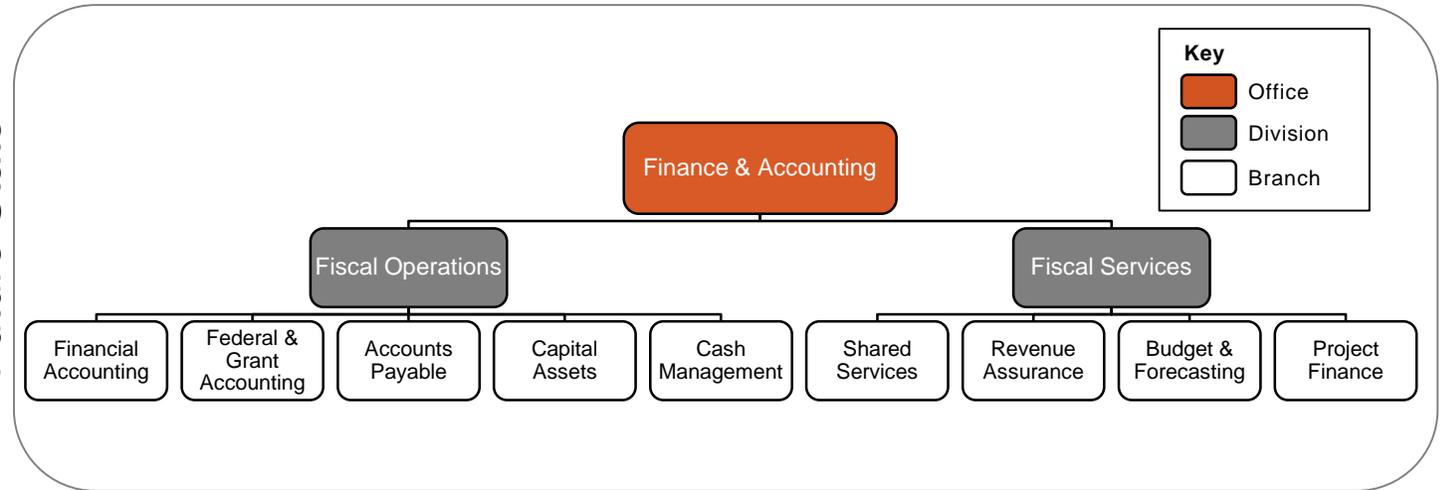
Current State



Core Function

The Finance and Accounting Office oversees the activities within the Fiscal Operations and Fiscal Services divisions and all related branches

Future State



3. Create a Centralized Human Resources Office



Rationale and Benefits

- A centralized HR function should be seen as a **“one stop shop”** for employees to have a positive experience throughout their career
- **Break down siloes with matrix reporting and cross-functional teams** across Cabinet and field districts with **standardized policies and procedures**
- Improve skill sets, employee engagement, performance, and retention of employees by **strengthening and prioritizing talent management** and other HR services needs
- Improvement upon overall **culture** within the new organization



Leading Practices

- 4/6 of peer states have a Talent Management framework in place
- 3/6 of peer states have a Safety Center of Excellence
- 5/6 of peer states have a Central Training and Development unit that works in coordinated with the resources in the field
- 4/6 of peer states have a commercial HR platform implemented



Key Changes & Impacts

- Elevate HR functions to Cabinet level, including Payroll services
- Redirecting of field district HR liaisons (ODOT) and Safety Managers to Cabinet HR; implementing matrix reporting and cross-functional teams
- Establish and prioritize a standalone Talent Management & Employee Relations Division



Future State Org Structure



Divisions / Branches Impacted		Current State Pain Points
3 Divisions	9 Branches	22 Addressed

Human Resources Office: Divisions & Functions

The Office of HR consists of five distinct divisions with specialized functions and responsibilities.

Operations

The Division will be responsible for functions including, but not limited to:

- Position Management
- Compensation
- Benefits & Administration
- Employee Transactions

Talent Management

The Division will be responsible for functions including, but not limited to:

- Recruiting & Staffing
- Training
- Succession Planning
- Career Pathing
- Performance Management
- Internship Programs, including EIT*
- Employee Engagement

Work Safety

The Division will be responsible for functions including, but not limited to:

- Risk Management
- Job Site Investigations
- Safety Standards
- Worker's Compensation
- Region/District Safety Management

Employee Relations

The Division will be responsible for functions including, but not limited to:

- Diversity & Inclusion
- FMLA / Unemployment
- Employee Conduct Investigations
- Discipline / Grievance
- Employee Wellness
- Internal Civil Rights/ Title VII/ ADA

Payroll

The Division will be responsible for functions including, but not limited to:

- Payroll Transactions
- Time and Attendance Verifications
- Payroll Reporting



Implementation Plan: Human Resources Office

Next Steps*

Lay the Foundation

- Filling key HR roles and identifying cross functional leads will be the catalyst for establishing accountability
- Plan and activate Talent Management Division
- Establish standard training and development plans for all job classifications
- Conduct Division/District assessments to identify existing training and immediate needs
- Extend OMES Succession Plan Model to entire Cabinet
- Leverage Workday for digitization of processes
- Explore rewarding employees for performance, achievements, etc.
- Assessment of hybrid model components

Build it Out

- Implementing 360-degree reviews Cabinet-wide can improve performance, employee-supervisor relationships and communication
- Mapping career paths to performance management processes
- Leverage accumulated Workday data to build succession and performance metrics for each division/district
- Use training and career path strategies to create an e-learning development platform and build online/on-demand training modules
- Utilize and analyze data from previous phase to proactively improve decision making

Closing & Homeownership

- Enshrine modernization via any statutory changes
- Understand legal allowances for serving as an ODOT/OTA
- Close interagency contracts to memorialize new Operating Model and Organizational Structure
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*



Implementation Drivers



Risks

- Varying current payroll schedules across Cabinet may lead to complications
- Double entry in ODOT mainframe is required on the finance side
- Success for years 3-4 will be highly dependent on additional resources
- Current structure emphasizes reactive role versus a proactive role with accountability
- New reporting and accountability structures may increase liability exposure for leaders



Mitigation Factors

- Implementing an inter-agency contract for ODOT to administrate payroll for all entities
- Workday and PeopleSoft Projects implementations gives an edge to modernization efforts
- Merit Reform- HB 1146 use to draft new recruiting and retention strategies
- Workday data in years 1-2 will help identify trends and highlighting strategic initiatives
- Work ongoing with legal counsel to manage within legal boundaries and address impact

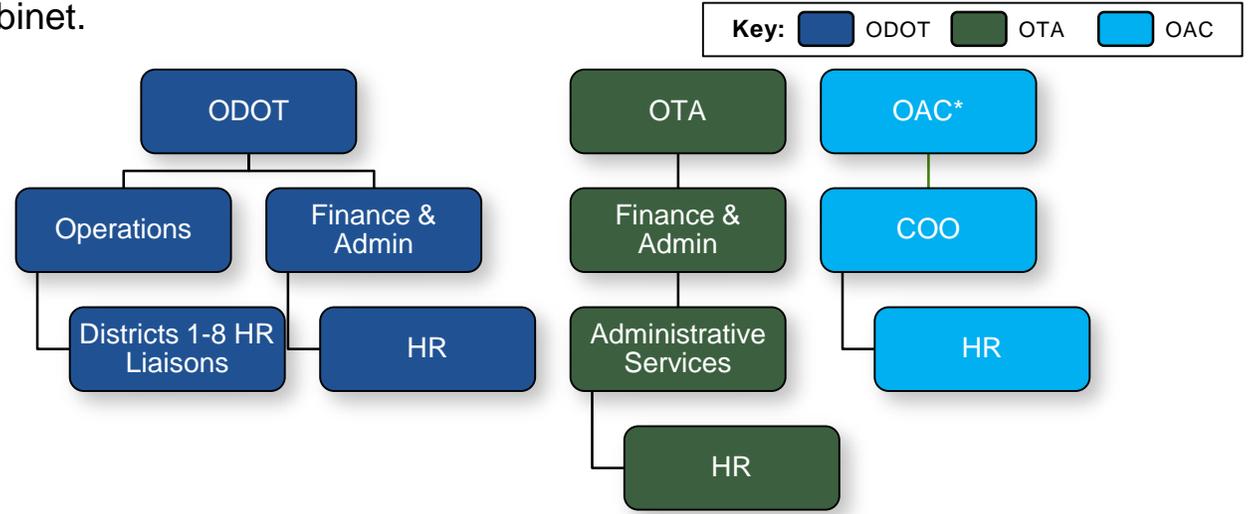
Human Resources Office

The Human Resources Office will lead all HR functions for the Cabinet.

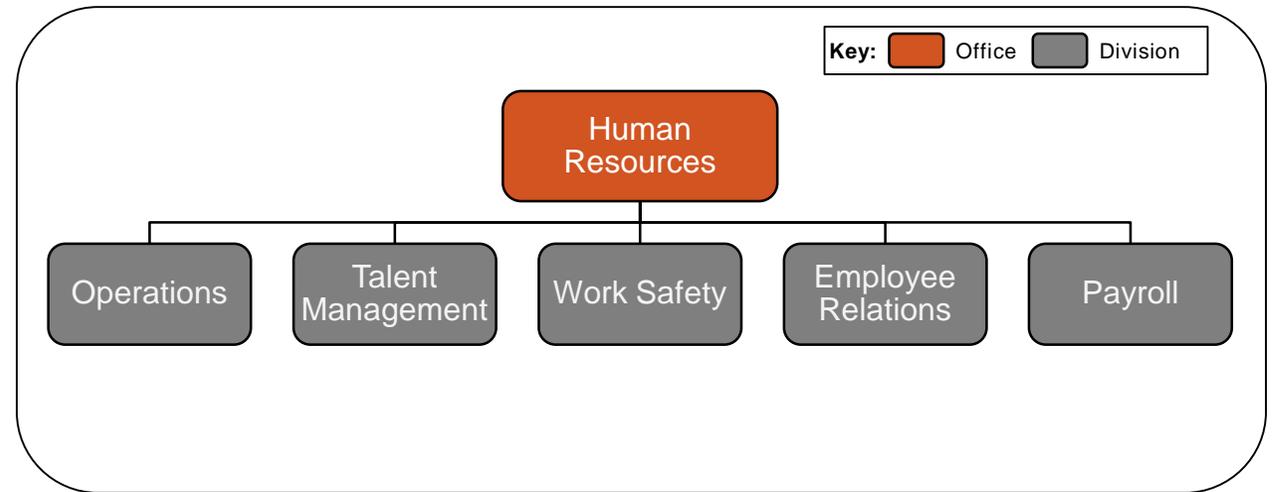
Core Functions

The Human Resources Office will oversee the end-to-end Human Resources activities across the Operations, Talent Management, Work Safety, Employee Relations, and Payroll Divisions

Current State



Future State



4. Create a Cabinet-Wide Audit Office



Rationale and Benefits

- **Consistent risk-based planning** that is utilized throughout the Cabinet
- **A systematic and structured risk management process**
- Audit to provide **meaningful contributions** to the organization's overall governance structure
- Improved **balance between Audit cost and value**
- Ability to appropriately calibrate the reporting structure between the Board and the Secretary of Transportation **to ensure an adequate separation of powers**



Leading Practices

- 5/6 peer states have independent Internal Audit reporting structures
- 4/6 peer states utilize a specialized audit software platform
- All peer states have External Audit requirements

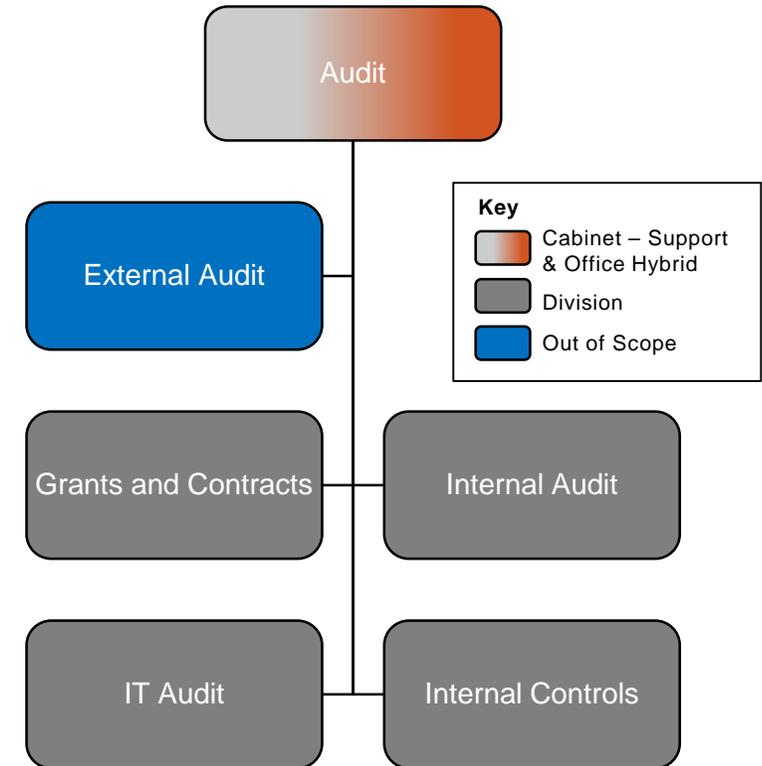


Key Changes & Impacts

- Moving Audit functions to be at the Cabinet level
- Assessing risk at the Cabinet level and addressing through shared services
- Creation of a standalone External Audit Division
- Creation of a separate Internal Controls and Testing Division



Future State Org Structure



Divisions / Branches Impacted

2
Divisions

3
Branches

Current State Pain Points

13
Addressed

Audit Office: Divisions and Functions

The Audit Office consists of five distinct divisions with specialized functions and responsibilities

External Audit

The Division will be responsible for overseeing and assisting External Auditor functions including, but not limited to:

- Government mandated audits
- Contract Management (bondholders)
- Financial Statement Audit

Grants and Contracts

The Division will be responsible for functions including, but not limited to:

- Utility and Rail Audit
- Engineering Firm Review Audit

Internal Audit

The Division will be responsible for functions including, but not limited to:

- Testing controls
- Toll Audit
- Quality Assurance

IT Audit

The Division will be responsible for functions including, but not limited to:

- PCI Compliance
- Network and Operations Audit

Internal Controls

The Division will be responsible for functions including, but not limited to:

- Internal consulting to enhance controls within the Cabinet

Implementation Plan: Audit Office

Next Steps*

Lay the Foundation

- Assess the appropriate reporting structure for Audit per state statutes and legal ramifications
- Project the needs of the AET group over the next 2-5 years and how to allocate resources
- Determine how Audit will be integrated as a new function for OAC
- Roll out standardized Audit Report and Risk Assessment formats
- Establish documentation standards
- Secure standardized Audit Software
- Perform risk assessments of all 3 agencies
- Create an Annual Audit Plan for areas of higher risk
- Begin reporting audit results to the appropriate Commission/Authority

Build it Out

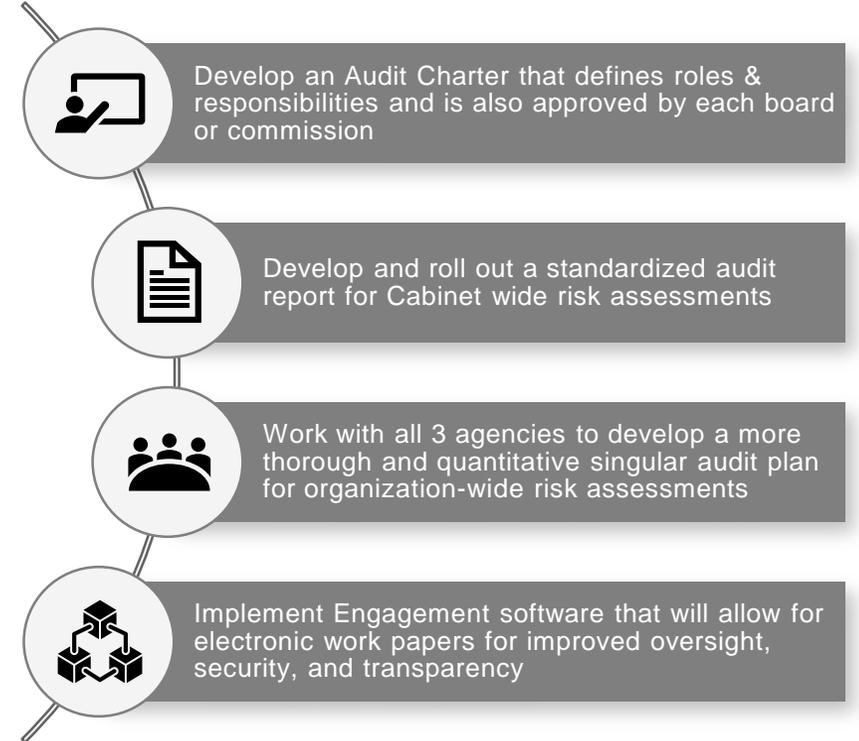
- Define RACI Assignments and "Rules of Engagement" (Direct and dotted line reporting)
- Assess staff / training in terms of capability and improvement areas
- Recalibrate Budgets and Budget authority
- Increase pathways for improved learnings to increase the depth of audit practices and overall knowledge
- Shift mindset throughout the Cabinet relative to better understanding risk and appropriate control mechanisms
- Set up Interagency work agreements to enable appropriate billing of labor and materials

Closing & Homeownership

- Enshrine modernization via any statutory changes
- Understand legal allowances for serving as an ODOT/OTA
- Close interagency contracts to memorialize new Operating Model and Organizational Structure
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

Implementation Drivers



Risks

- As is typical for many organizations, there is cultural resistance to the Internal Audit function and numerous misconceptions about its role and utility
- Cost for OAC due to limited funding available to pay for audit functions
- Within the internal merit staffing system, there is a lack of adequate skill sets amongst the current pool of candidates for future staffing needs



Mitigation Factors

- Enhance Cabinet-wide Audit education and training to transition the organization's posture towards Audit from awareness of practice to buy-in and partnership
- Cost allocation policies will need to be addressed at the Cabinet level; near term opportunities for integrated services would lessen financial burden
- New bill to do away with Merit System was just signed by Governor of Oklahoma
- Through mentoring we can increase the depth of our audit practices and knowledge

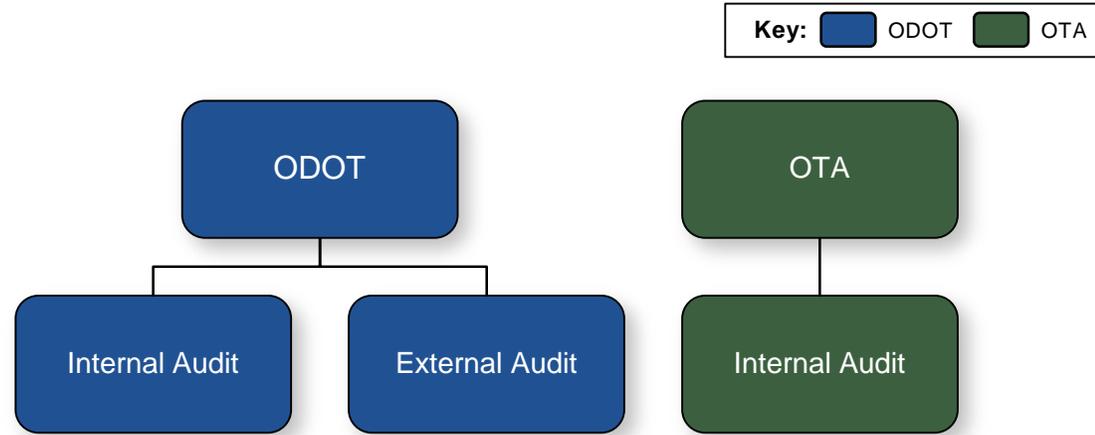
Audit Office

The Audit Office will oversee all audit functions for the Cabinet.

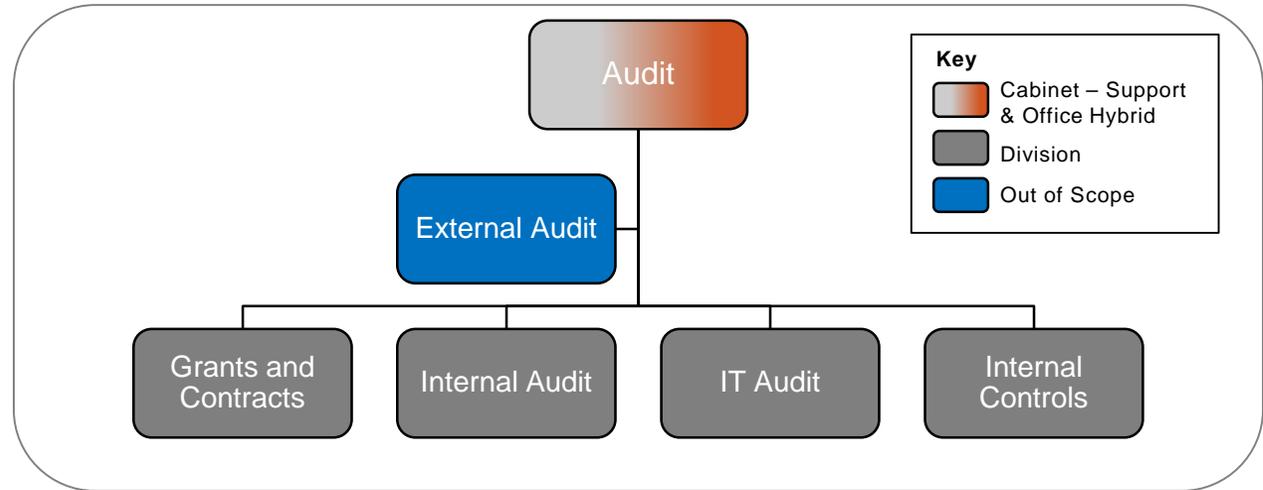
Core Function

The Division will be responsible for end-to-end Audit activities such as overseeing external auditors and the Grants and Contracts, Internal Audit, IT Audit, and Internal Controls Divisions

Current State



Future State



5. Create a Centralized Procurement Office



Rationale and Benefits

- **Matrixed reporting relationships** to employees with procurement responsibilities in the field will be established
- A “**central hub**” for employees to have **full transparency and visibility** throughout the procurement landscape
- The ability to effectively manage supplier risk by having a **full spectrum of metrics and performance monitoring** in place will be beneficial to the new organization
- Centralizing **supplier data and utilizing predictive analytics** to provide a lever to reduce costs and increase efficiencies will be critical



Leading Practices

- All peer states have policies and procedures around P-card sharing
- All peer states have a Procure-to-Pay framework in place
- 4/6 peer states have implemented a commercial procurement platform
- Only 2/6 peer states have the procurement function located under a Finance Department or Division

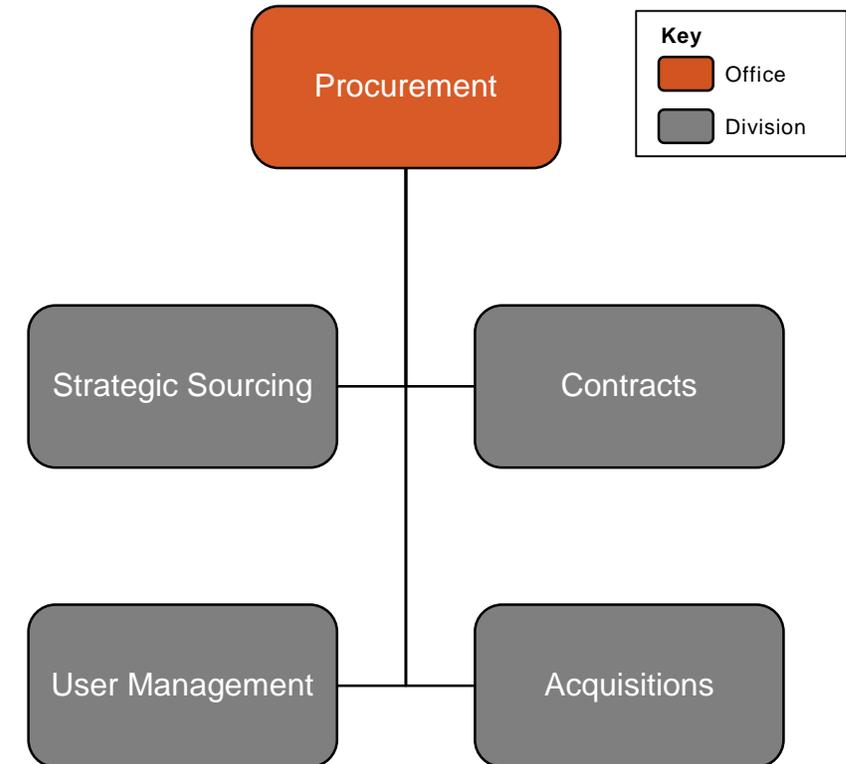


Key Changes & Impacts

- Cabinet level technology platform adoption
- Cabinet level P-card adoption
- Creation of Strategic Sourcing as a standalone division
- Delineation of roles between, and strengthened collaboration with, Project Delivery Office to improve engineering procurement cycle time



Future State Org Structure



Divisions / Branches Impacted		Current State Pain Points
3 Divisions	5 Branches	16 Addressed

Procurement Office: Divisions and Functions

The Procurement Office consists of four distinct divisions with specialized functions and responsibilities.

Strategic Sourcing

The Division will be responsible for functions including, but not limited to:

- Data Collection and Analysis
- Reporting
- Continuous Improvement

Contracts*

The Division will be responsible for functions including, but not limited to:

- Contracts Administration
- Contract Solicitation
- Solicitations Review
- Contract Management

User Management

The Division will be responsible for functions including, but not limited to:

- P-card Setup
- Procurement PeopleSoft Financials Access
- Purchase Account Setup
- Quality Control

Acquisitions

The Division will be responsible for functions including, but not limited to:

- Buyers/CPOs
- Solicitations
- Amazon Purchase Reviews
- Travel Arrangements

Implementation Plan: Procurement Office

Next Steps*

Lay the Foundation

Build it Out

Closing & Homeownership

- Create a combined P-card program and identify roles and responsibilities**
- Utilize BOA Works to allow for digital P-card process review
- Review similar contracts to identify price comparison and analysis
- Determine the best way to coordinate processes and staffing with Engineering Procurement while allowing for full transparency
- Automate the supplier evaluation process
- Identify how the new organization will utilize the state designated Procurement software platform of choice
- Identify redundant technology
- Utilize technology to implement automated workflows

- Define RACI Assignments and "Rules of Engagement" (Direct and dotted line reporting)
- Set up Interagency work agreements to enable appropriate billing of labor and materials
- Educate/train internal customers in Divisions/ regions on new processes
- Recalibrate Budgets and Budget authority
- Identify SLAs across departments/divisions and external customers

- Enshrine modernization via any statutory changes
- Understand legal allowances for serving as an ODOT/OTA
- Close interagency contracts to memorialize new Operating Model and Organizational Structure
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

***See Legal Considerations Supplement for additional details and specific statues relative to expanding ODOT's p-card program for OTA's use*

Implementation Drivers

- Combine policies and procedures across the agencies and update with standardized leading practices to then socialize throughout the organization
- Create the combined Purchase Card Program
- Identify how the 3 entities will uniformly utilize PeopleSoft or the appropriate State mandated procurement solution
- Identify redundant technology platforms for similar activities and roll out a plan to sunset where necessary

Risks

- Specific statewide contracts are mandatory at the State level for ODOT and OAC
- Agencies must partner with OMES to improve procurement infrastructure
- There currently is no unified Procurement workflow across the agencies

Mitigation Factors

- OTA is not obligated to use vendors from Central Purchasing Act; can't lose purchasing flexibility
- Partnership with OMES at the Secretary/Director level will aid in securing a working relationship
- OTA has experience in developing Procurement workflows and can share leading practices
- Leverage new Cabinet wide IT and cross functional teams to define and create unified Procurement workflow

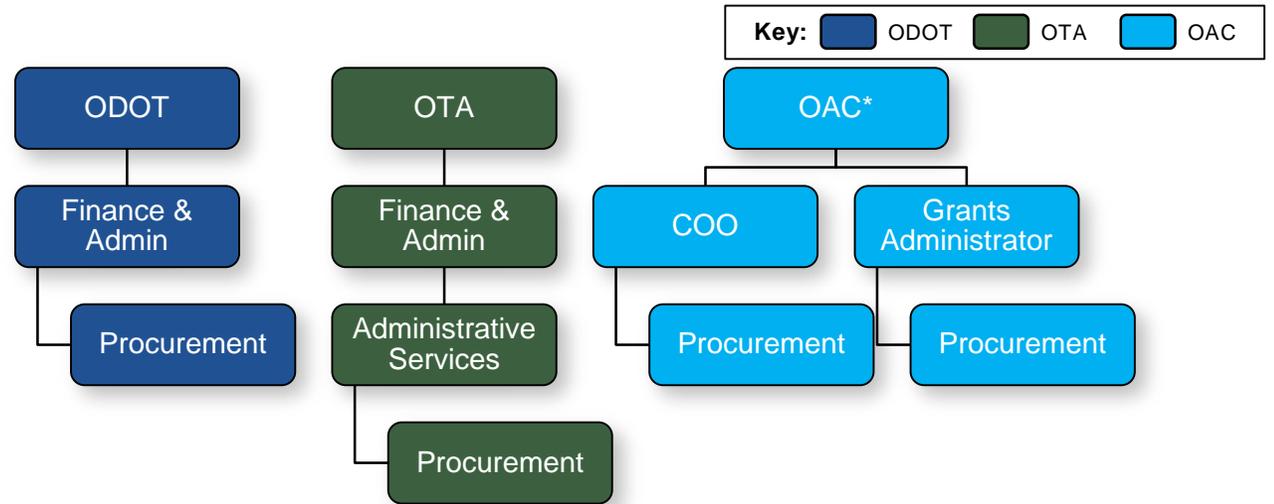
Procurement Office

The Office will oversee all Procurement activities for the Cabinet.

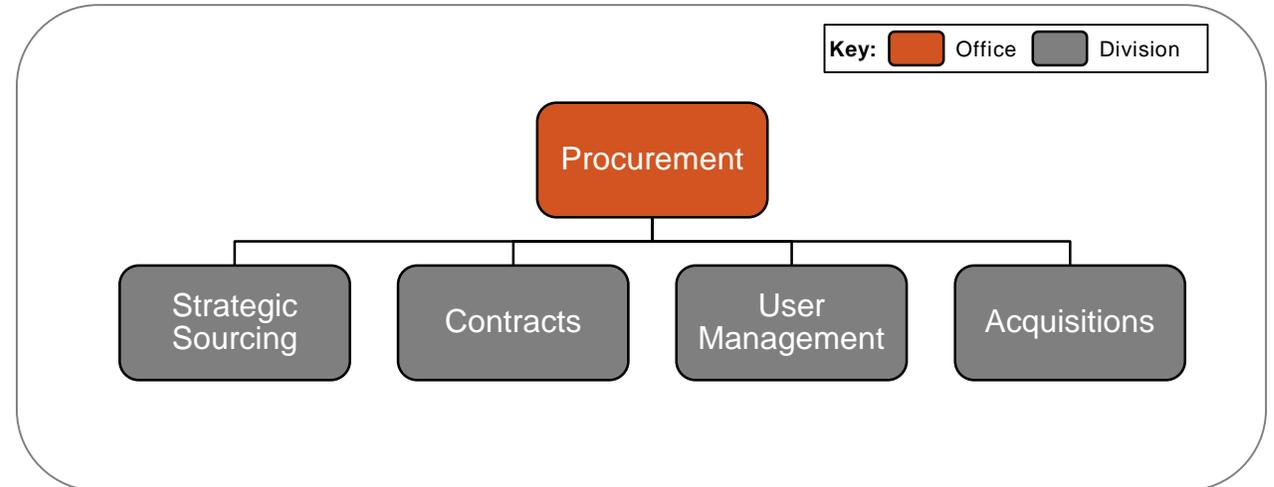
Core Function

The Procurement Office will be responsible for overseeing the procurement lifecycle activities performed by the Strategic Sourcing, Contracts, User Management, and Acquisitions divisions

Current State



Future State



6. Centralize Customer Service for Entire Cabinet



Rationale and Benefits

- Customer service activities are scattered throughout the Cabinet and there's no central customer service strategy for the Cabinet
- Leveraging existing OTA Customer Service Division resources will **provide a uniform customer service strategy across Cabinet**
- Efficiently optimize customer service processes resulting in **better customer satisfaction and quicker response times**
- Enables field work crews to focus on their work in communities
- **Greater customer self-service and automation** for PIKEPASS transactions



Leading Practices

- Virginia DOT's Customer Service Center provide citizens with a single way to contact VDOT 24/7, which includes a call center and online self-service Portal
- The Cities of Portland and Philadelphia recently implemented new 311 call-centers and their approach can serve as a model roadmap for a centralized customer service system

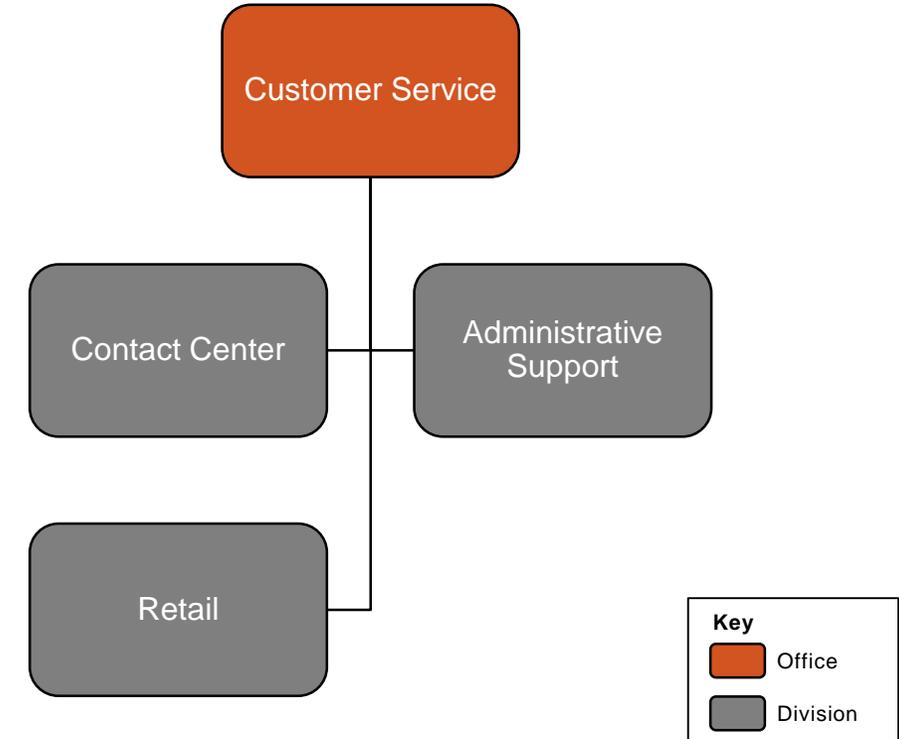


Key Changes & Impacts

- Each agency will maintain one number, which will be routed to Customer Service
- The first point of contact by Customers will be this department, who will then reroute to appropriate divisions when necessary
- Transition Limited-Service Facilities (LSFs) and Tourism Information Centers into full service PIKEPASS tag distribution facilities



Future State Org Structure



Divisions / Branches Impacted

1*
Divisions **5**
Branches

Current State Pain Points

6
Addressed

**While customer service activities takes place in multiple divisions (e.g. Media & Public Relations, Office Services, Districts, etc.) it is not those divisions' primary responsibility. No staff will be moved into the new Customer Service Division from these divisions; workload will just be reduced*

Customer Service Office: Division & Functions

The Customer Service Office will consist of three distinct divisions with specialized functions and responsibilities.

Contact Center

The Division will be responsible for functions including, but not limited to:

- Call center management and support
- Customer service support
- PIKEPASS account management

Administrative Support

The Division will be responsible for functions including, but not limited to:

- Customer Support Quality Assurance of both Customer Service and Retail Centers
- Administrative support related to AET and other customer service IT initiatives
- PIKEPASS liaison
- Training new Customer Service employees in partnership with HR

Retail

The Division will be responsible for functions including, but not limited to:

- PIKEPASS store management
- State/Local government fleet PIKEPASS account support
- Licensed Service Facilities (LSFs) support



Implementation Plan: Customer Service

Next Steps*

Lay the Foundation

- Gather data and complete discovery of call types, needs, and SLAs across the Cabinet
- Identify point person in each division and region who provides customer service and can be a point of contact
- Conduct analysis of current systems and solutions and determine best path forward
- Explore CRM solutions and potentially leverage OTA technology
- Invest in customer self-help systems (e.g. pay by phone/text)
- Set goals and critical success indicators and adjust any processes
- Remodel the HQ authority room, close the OKC PIKEPASS store, and move staff into HQ

Build it Out

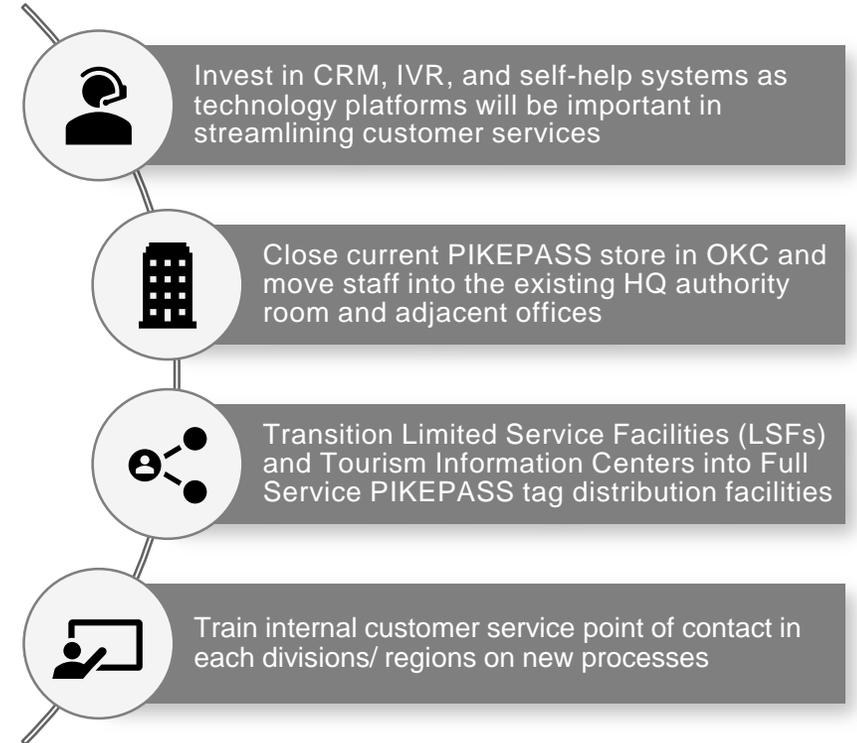
- Set up Interagency work agreements to enable appropriate billing of labor and materials
- Educate/train internal customers in divisions/ regions on new processes
- Define RACI Assignments and "Rules of Engagement" (Direct and dotted line reporting)
- Recalibrate Budgets and Budget authority
- Identify SLAs across departments/ divisions and external customers
- Transition Limited Service Facilities (LSFs) and Tourism Information Centers into Full Service PIKEPASS tag distribution Facilities

Closing & Homeownership

- Enshrine modernization via any statutory changes
- Understand legal allowances for serving as an ODOT/OTA rep
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

Implementation Drivers



Risks

- Initial technology investment could be a moderate upfront cost (CRM, call system)
- Timely response may be needed to mitigate legal risk (e.g. responding to reports of snow storms on a road)
- Maintaining brand identify amongst divisions and agencies

Mitigation Factors

- Savings from closing the OKC PIKEPASS facility could be utilized on technology investments (about ~\$150k savings in yearly building lease payments alone)
- SLAs and tiers need to be established to ensure timely response to emergency events
- When a caller dials an agency contact number, the number will be associated with that specific agency, so systems training will be crucial for staff to ensure brand consistency

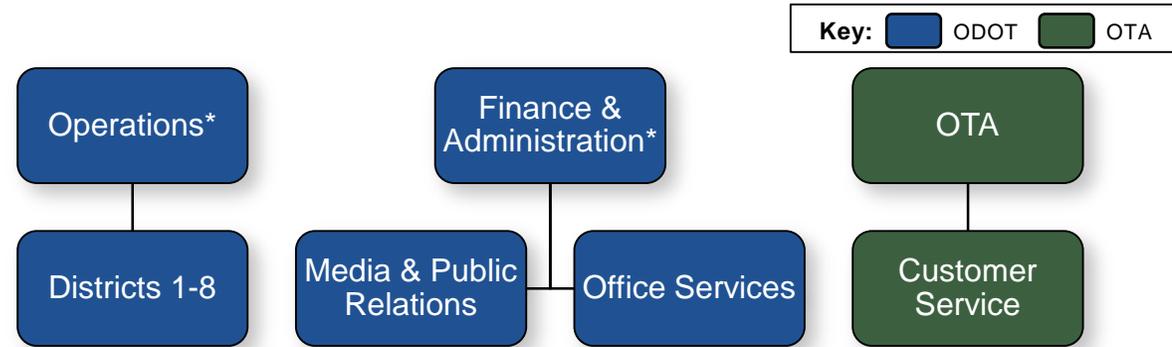
Customer Service Office

The Customer Service Office will lead customer service activities across the Cabinet, including PIKEPASS tag distribution.

Core Functions

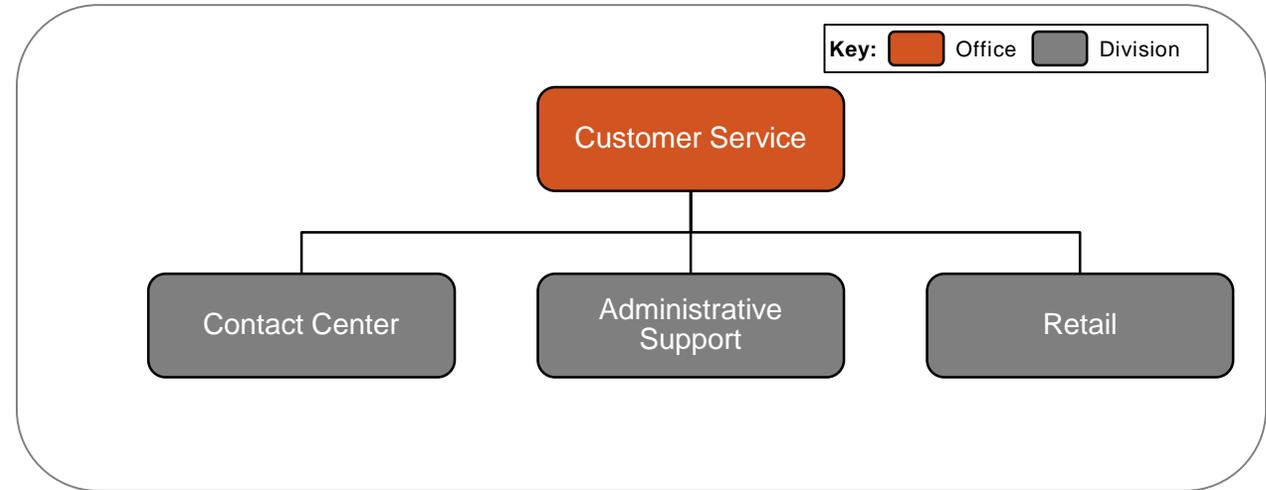
The Customer Service Office will be responsible for overseeing the customer services activities within the Contact Center, Administrative Support, and Retail Divisions

Current State



**While customer service activities take place in these divisions, it is not the divisions' primary responsibility. No staff will be moved into the new Customer Service Division from these divisions; workload will just be reduced*

Future State



Engineering & Operations / Front-Office Detailed Recommendations

Note: Adoption of Modernization Recommendations will not violate the integrity of the governance structure of each agency nor applicable state statutes nor contractual commitments (per their articulated terms) including but not limited to the Trust Agreement of the Oklahoma Turnpike Authority dated February 1, 1989 as supplemented.

Recommendations: Engineering and Operations / Front Office

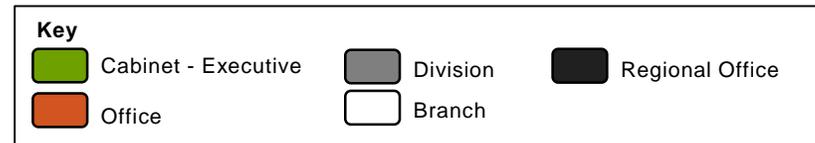
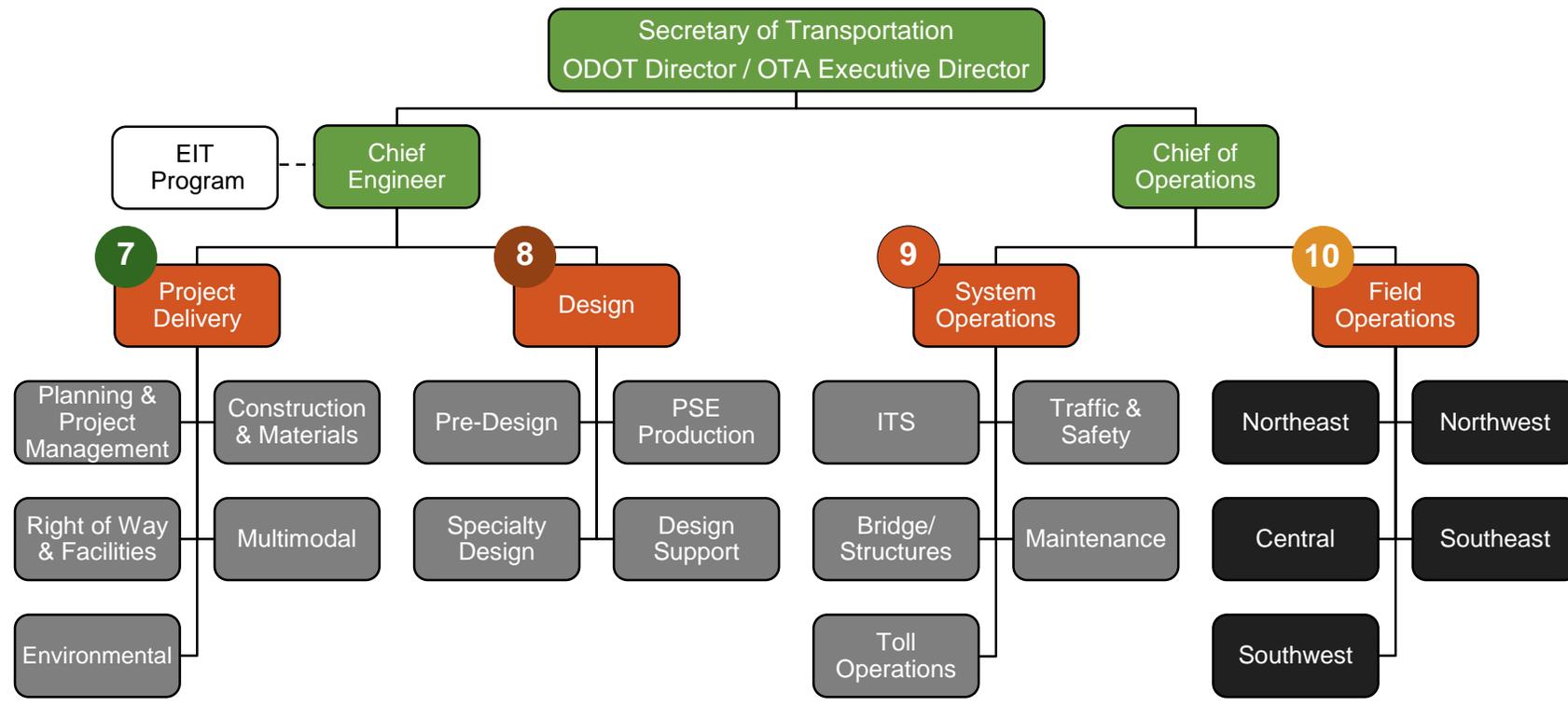
Enables cradle to grave project management for all Cabinet projects, flexibility in utilizing design resources, focus on optimizing the existing system, and oversight of ODOT and OTA field assets by establishing Offices for Project Delivery, Design, System Operations, and Field Operations

7 Establish a Project Delivery Office, integrating all Planning, PM, Construction Administration, and other delivery activities

8 Consolidate and Unify Engineering Divisions – Roadway, Bridge, Traffic, and Surveys – into a single Design Office

9 Unify TSMO and other field system operations functions under a Systems Operations Office

10 Integrate turnpikes and establish new field operation regions



7. Establish a Project Delivery Office



Rationale and Benefits

- **Consistent construction policies and processes across the Cabinet** by integrating and streamlining construction administration and management activities, including application support, payment, and change order approvals
- Unified planning and project management activities, which will support a **holistic view of all projects** and standardized execution
- **Greater accountability and authority** for on-time and on-budget project delivery



Leading Practices

- 5 of 6 states have a dedicated Project Management Office (PMO) and 3 have “Controlling” PMOs that require Design Divisions to utilize PM Frameworks, tools & project status/budget reporting protocols
- 2 states (VDOT & GDOT) support cradle to grave Project Management
- 5 states utilize a custom off the shelf or custom-built project management applications that integrate with numerous applications, include Finance systems

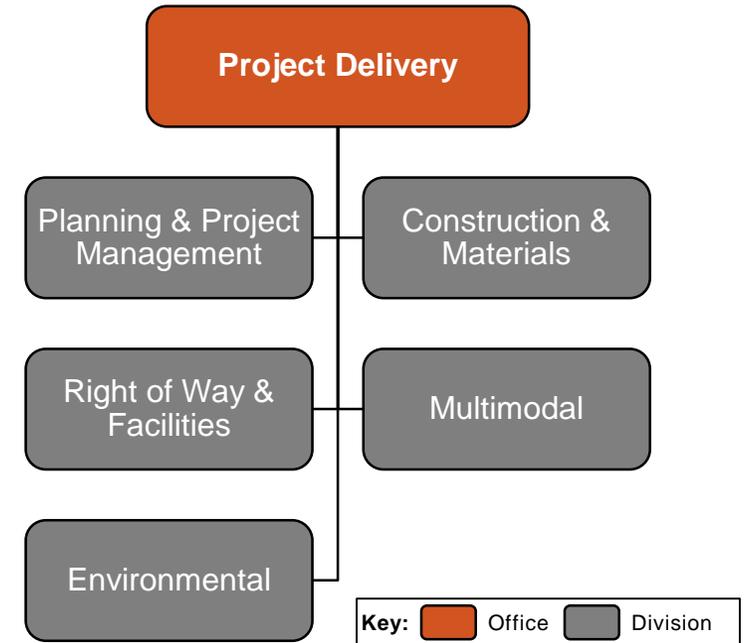


Key Changes & Impacts

- All PM activities centralized, including environmental and utility projects
- Construction and Materials Division to let all ODOT and OTA projects and manage contractor claims / Payments
- SAPM (Planning branch) to be included in this Office
- Merge ROW / Facilities Divisions
- Inclusion of Professional Engineering Services contract administration functionality



Future State Org Structure



Alternative Options:

- Given the complexity and importance of Utilities processes, Utilities could be considered as a separate division

Divisions / Branches Impacted

16
Divisions **40**
Branches

Current State Pain Points

51
Addressed

Project Delivery Office: Division & Branches

The Project Delivery office consists of 5 distinct divisions and 17 potential branches with specialized functions and responsibilities

Planning & Project Management

The Division will include the following branches:

- Planning*
- Project Management**
- Local Government
- NEPA Acquisition
- Utilities

Construction & Materials

The Division will include the following branches:

- Office Engineer
- Transport Systems
- Construction
- Specifications & Standards
- Materials

Right of Way & Facilities

The Division will include the following branches:

- Right of Way
- Facilities

Multimodal

The Division will include the following branches:

- Rail / Waterways
- Transit
- Active Transportation

Environmental

The Division will include the following branches:

- Operations
- Permits
- Cultural & Natural Resources
- Hazardous Waste

Implementation Plan: Project Delivery

Next Steps*

Lay the Foundation

Build it Out

Closing & Homeownership

Early Initiative

Early Initiative

Early Initiative

Early Initiative

- Verify/validate project letting processes and begin letting OTA projects
- Review and harmonize construction inspection and claims processes
- Determine the impact of expanding AASHTOWare/SiteManager to include OTA projects
- Review and consolidate standards & specifications manuals
- Review, streamline, and standardize project management framework across lifecycle phases (Design/ROW/Utilities/Environmental) and project type (8-year, Capital Planning, Local Gov't, etc.)
- Identify technology platforms for project management as well as multimodal grants managements
- Identify KPIs for project delivery, letting & contractor payments

- Identify new roles/responsibilities and define RACI Assignments and "Rules of Engagement" across project development lifecycle (Design / ROW / Utilities / Environmental) and project type (8-year, Capital Planning, Local Gov't, etc.)
- Re-write job descriptions and re-calibrate TO
- Recalibrate Budgets and Budget authority
- Set up Interagency work agreements to enable appropriate billing of labor and materials
- Educate/train internal and external customers around new process/tech
- Identify SLAs across offices/divisions and external customers

- Enshrine modernization via any statutory changes, including legal changes to integrate the Waterways Divisions, integration of project management, letting, contractor payments, Rail & OMPT etc.
- Understand legal allowances for serving as an ODOT/OTA rep
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*



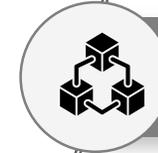
Implementation Drivers



Time Reporting Platform is necessary to enable employee project tracking



Secure common IT applications for PM, project letting, construction inspection, and construction mgmt. activities and retire outdated systems



Integration of Finance application with new PM, Letting and Contract Payment Applications



Educate/train Cabinet employees, consultants/contractors on new systems/ processes



Risks

- Risk of imposing federal regulations on OTA projects, which requires fewer requirements
- Standardize contracts and specifications to reduce risk to budget/schedule
- Professional engineering services procurement will be managed cross-functionally with the Procurement Office, which may pose a risk to project delivery timelines
- Cultural resistance to shift in accountability from Engineering to Delivery



Mitigation Factors

- Develop robust project management frameworks, calibrate all delivery processes for each project type, and ensure adequate training to understand different project requirements
- Develop communication channels / SLAs between Design and Field Operations divisions
- Strong SLAs with Procurement will be required to ensure timely procurement of engineering services

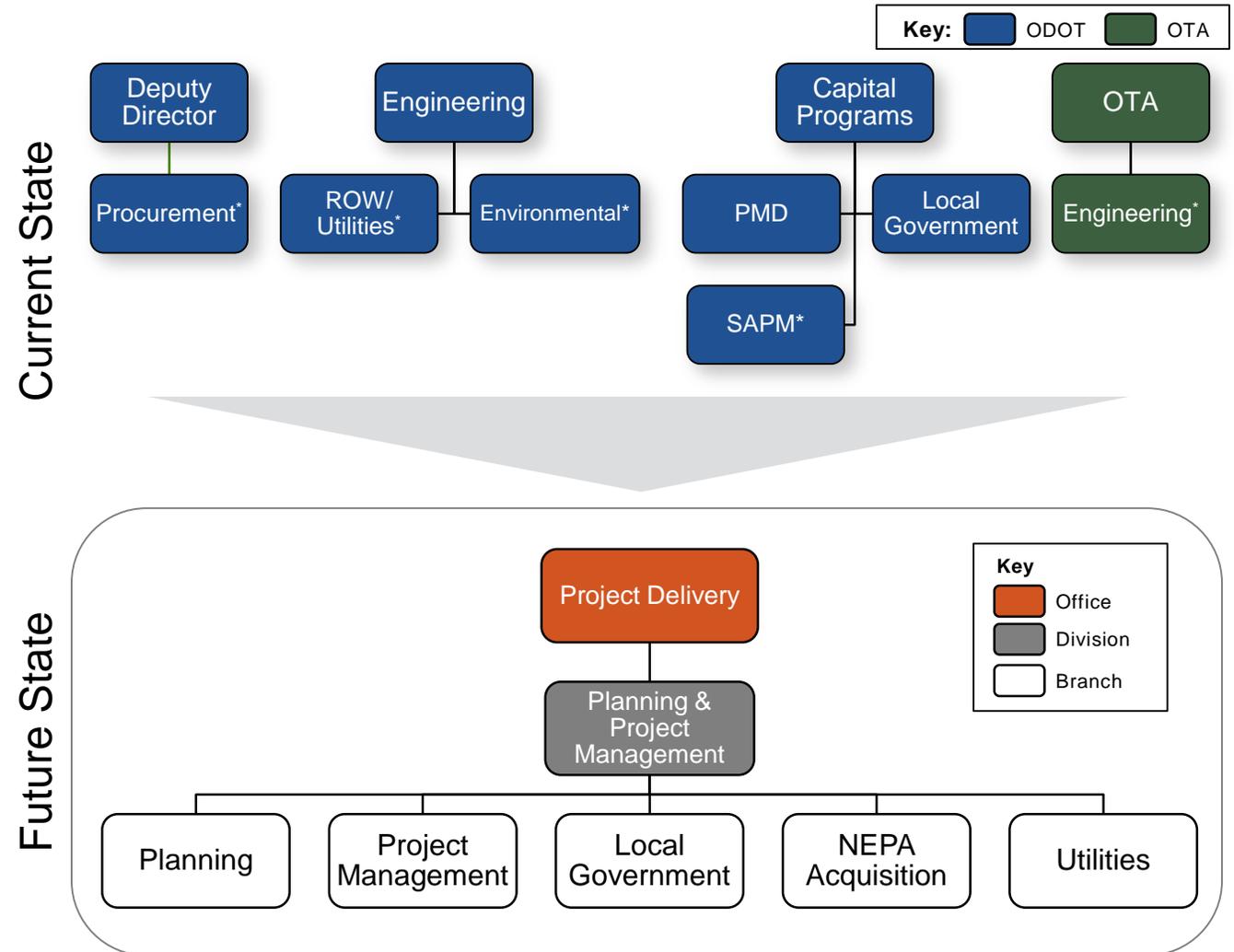
Planning & Project Management Division

Division will oversee all Planning and Project Management activities for all ODOT and OTA capital projects.

Core Functions

The Division will be responsible for:

- Managing and development of all FHWA required plans, including but not limited to LRITP, STIP, TAMP, HSIP, etc.
- Planning, management, and delivery of capital and multi-modal projects, including:
 - 8-year work plan, Local Government, Rail, Traffic, Asset Preservation, Environmental and Utility projects
 - OTA Capital Plan / Driving Forward
- Contract Administration, Negotiation and Scope Management of Engineering Contracts
- Secure NEPA approval



Construction & Materials Division

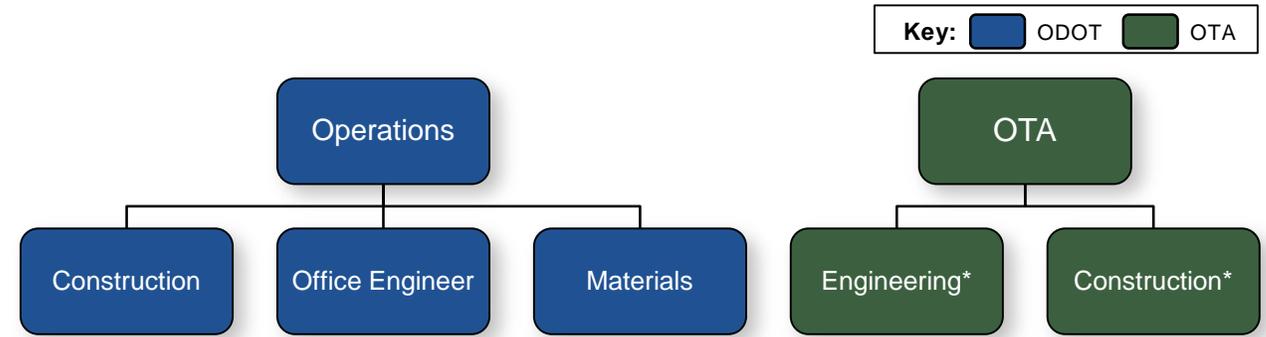
Integrated and Consolidated Construction Activities Division that will oversee Project Letting, Contract Administration and Management, Systems, and Materials for ODOT and OTA.

Core Functions

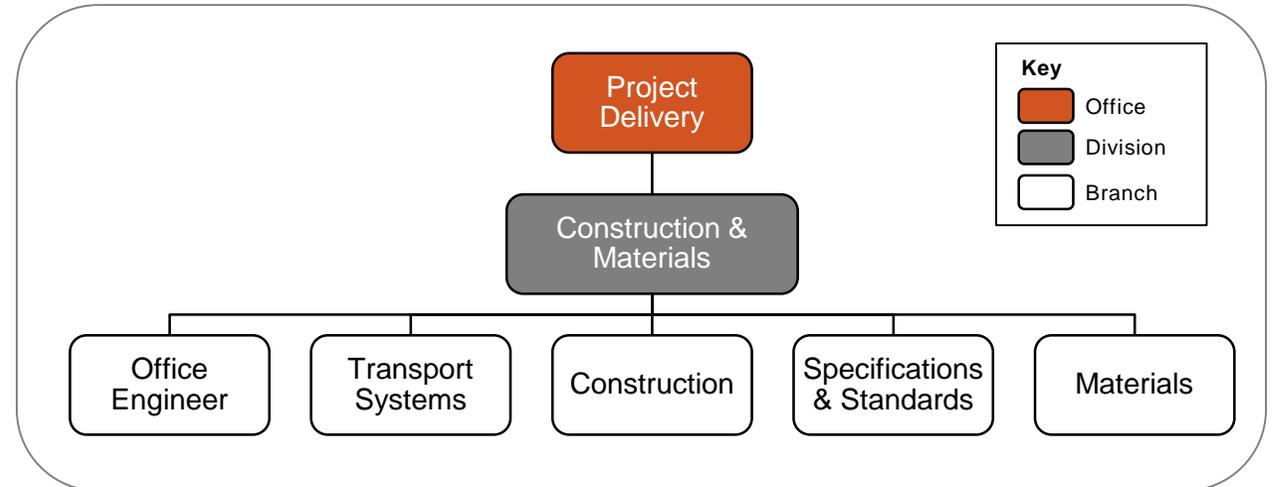
The Construction & Materials Division will be responsible for:

- Project Letting
- Contractor Prequalification
- Transportation technology systems for letting and construction activities
- Back-office Construction Contract Administration and Management
- Specifications & Standards
- Construction policies and procedures
- Materials Quality Assurance
- Qualified Product List Management

Current State



Future State



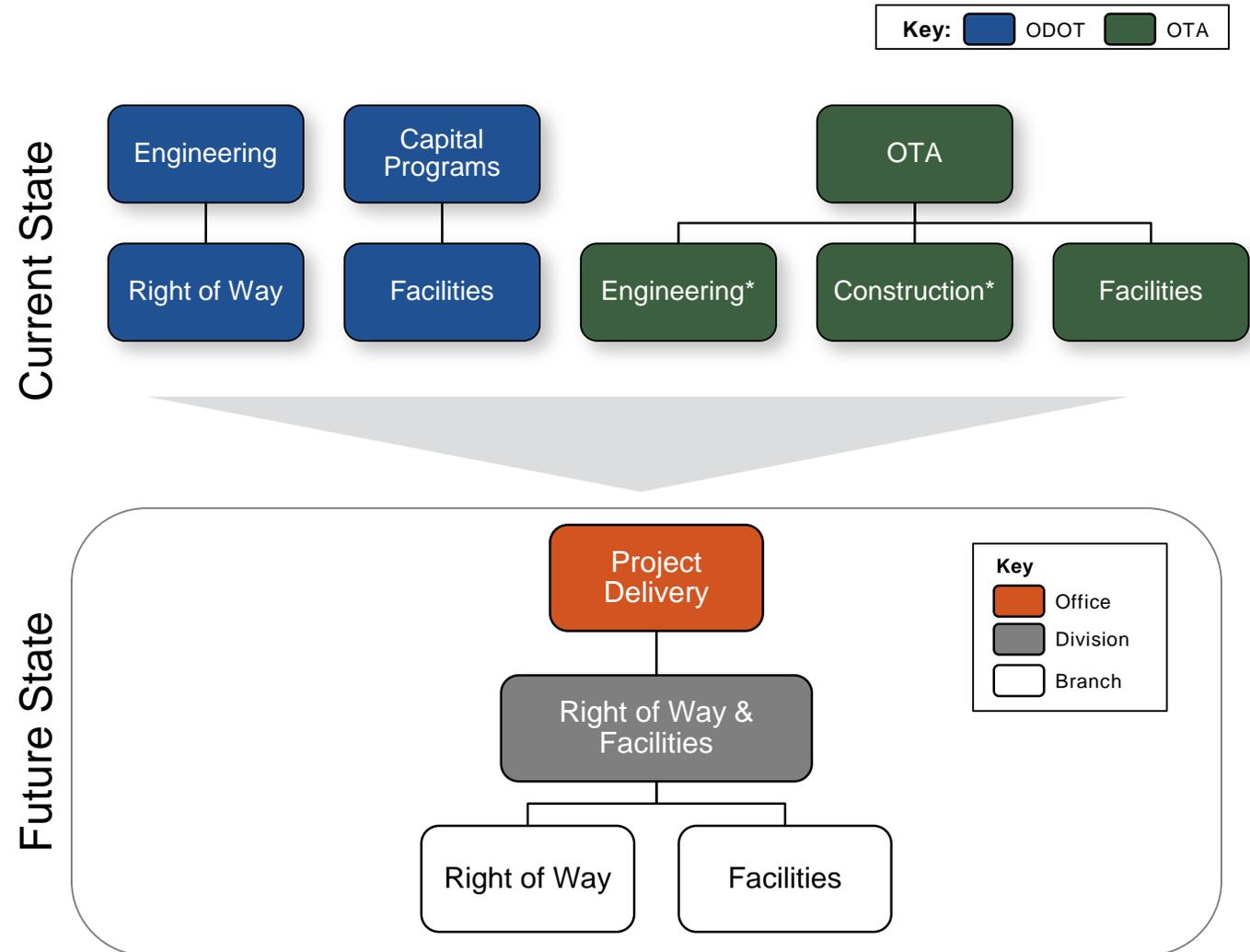
Right of Way & Facilities Division

The Division will coordinate the acquisition of land to build highways as well as manage any Cabinet owned properties.

Core Functions

The ROW & Facilities Division will be responsible for the following activities:

- Mapping
- Appraisal
- Acquisition
- Relocation Assistance
- Property and Facilities Management
- Excess/surplus property management



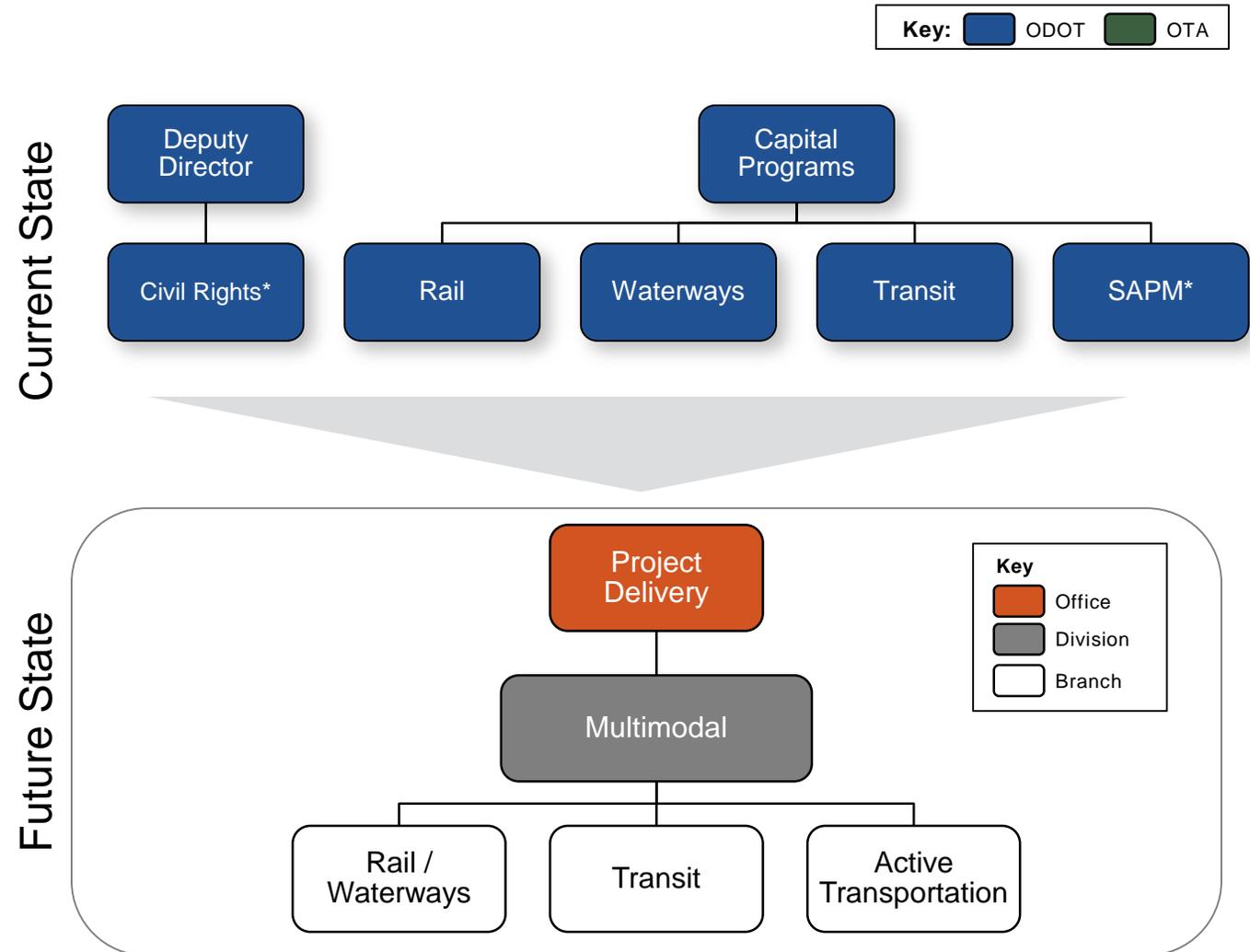
Multimodal Division

The Multimodal Division will support mobility for all multimodal activities, including rail, transit, waterways, bicycling and other forms of active transportation.

Core Functions

The Multimodal Division will be responsible for the following activities:

- Administering state/federal grants and grants management of multimodal activities
- Administering multimodal programs, including Rail, Transit, Waterways, and active transportation
- Review all projects for opportunities to expand multimodal activities
- Liaison activities between the different modes of transportation



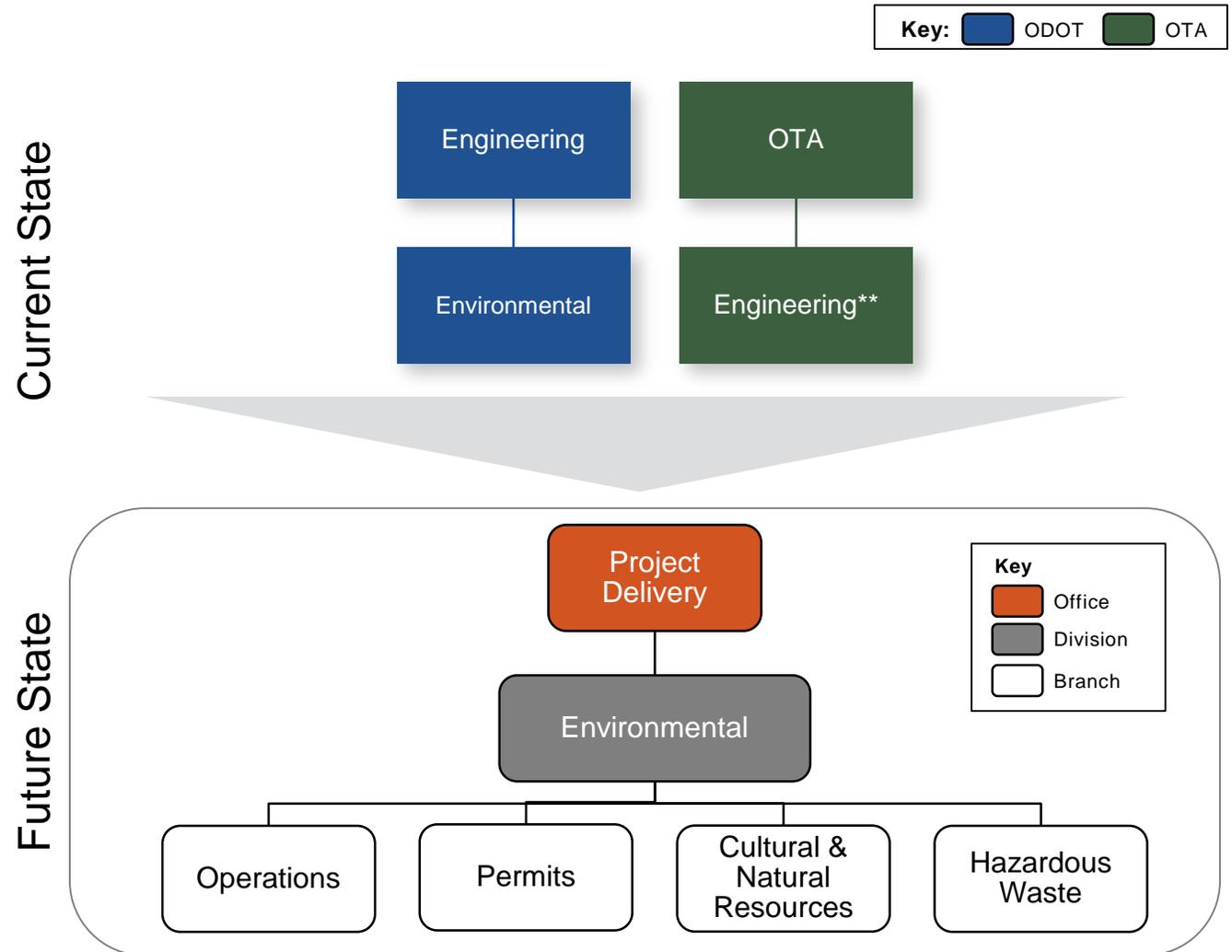
Environmental Division

The Environmental Division will ensure that all projects comply with Federal, State, or Local environmental permits, laws, and regulations.

Core Functions

The Division will be responsible for the following activities:

- Provide broad range of technical expertise related to environmental compliance requirements
- Secure environmental permitting
- Workers' safety



8. Consolidate Engineering into a single Design Office



Rationale and Benefits

- Potential to **decrease design/pre-construction time and costs, and errors and omissions**
- New organizational structure will provide **more efficiency in staffing**, especially CADD technicians across functions and **eliminate some of the silos** within the current highly specialized design divisions
- Project team approach **allows for rapid adaptability** to new types of projects
- Opportunity for the new Design Office to handle projects beyond 8-yr CWP (e.g. 5-year OTA Capital Plan, Local Gov't)



Leading Practices

- 1 peer DOT organizes Design / Engineering Staff into project teams
- 3 of 6 peer DOTs outsource ~90% of Design activities to consultants
- Alaska DOT implemented an initiative to re-organize their Design/ Construction divisions into cross-functional teams to address fiscal and talent recruitment and retention challenges. In the space of 3 years, ADOT saw significant reductions in design duration and costs

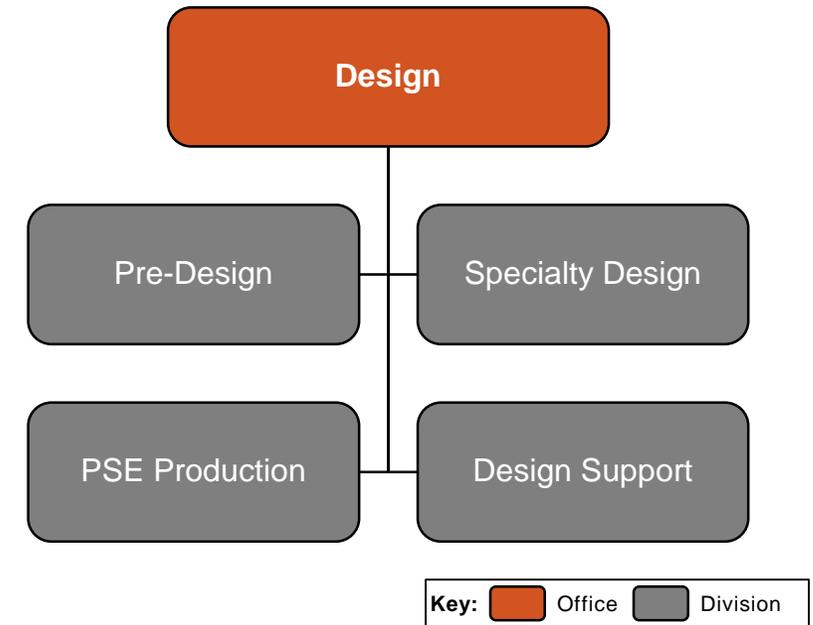


Key Changes & Impacts

- Majority of engineering staff organized into projects rather than by Discipline
- Design Office to handle projects beyond 8-yr CWP (e.g. 5-year OTA Capital Plan, Local Government)
- Design staff from across Cabinet (e.g. Bridge, ITS, etc..) will be pulled into the Specialty Design Division



Future State Org Structure



Divisions / Branches Impacted

8
Divisions **41**
Branches

Current State Pain Points

13
Addressed

Design Office: Division & Branches

The Design office consists of 4 distinct divisions and 11 potential branches with specialized functions and responsibilities.

Pre-Design

The Division will include the following branches:

- Project Planning
- Surveys

PSE Production

The Division will include the following branches:

- Design Teams

Specialty Design

The Division will include the following branches:

- Geotechnical
- Hydraulics
- Traffic/Safety/ITS
- Environmental Design
- Structural
- Facility Design
- ADA Sidewalk Design

Design Support

The Division will include the following branches:

- QA/QC
- Resource Development/ Training



Implementation Plan: Design

Next Steps*

Lay the Foundation

- Develop small pilot to test new approach
 - Identify KPIs to measure success of pilot
 - Determine which projects to pilot with
 - Identify pilot design team members
- Develop a comprehensive QA/QC process
- Standardize process of determining project resource use
- Identify resource management system to determine squad availability

Build it Out

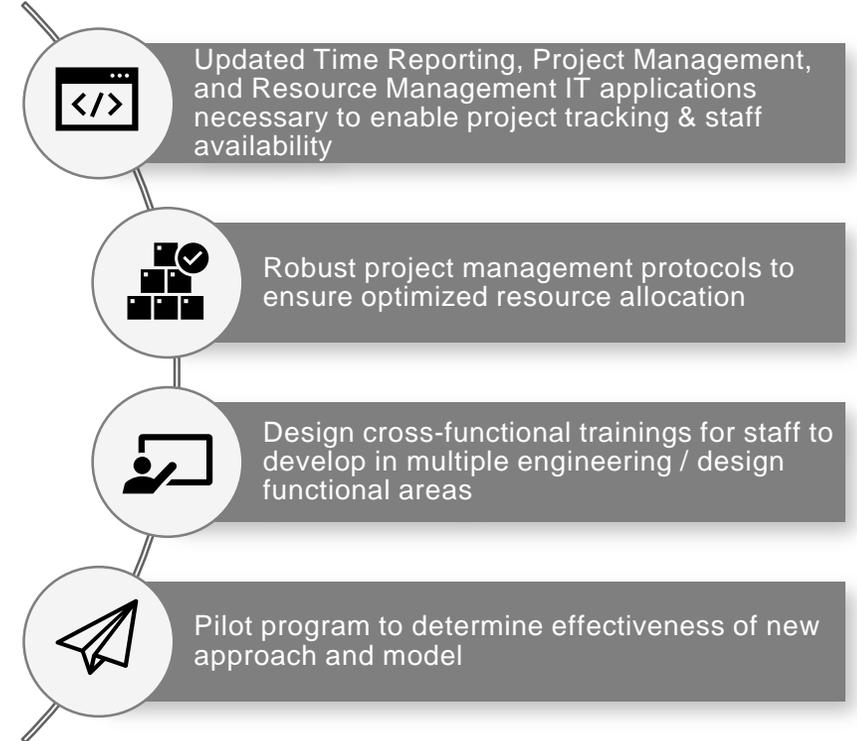
- Assess impact of pilot program and determine feasibility of expanding efforts and design squads
- Develop cross training programs to enable development in multiple engineering design areas
- Identify new roles/responsibilities across project development lifecycle
- Re-write job descriptions and re-calibrate TO
- Recalibrate Budgets and Budget authority
- Set up Interagency work agreements to enable appropriate billing of labor and materials
- Identify SLAs across offices/divisions, regions, and external customers

Closing & Homeownership

- Enshrine integrated Design office via targeted statutory changes, including
- Understand legal allowances for serving as an ODOT/OTA rep
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

Implementation Drivers



Risks

- Reallocating resources to this new model may be a pain point initially
- Staff are highly specialized in their own disciplines and there may not be enough Engineering Managers with cross-disciplinary engineering experience or certification
- Cultural shift away from District/Region staff working with designated design Engineering Managers

Mitigation Factors

- Develop extensive transition plan to ensure appropriate project resources are reallocated appropriately (especially as it relates to plan "sign-off" authority). Leveraging professional engineering consultants may help with transitioning to the new model
- Cross training will be crucial to ensure that engineers and CADD technicians be trained in more than one discipline so that they can take on more aspects of the project

Pre-Design Division

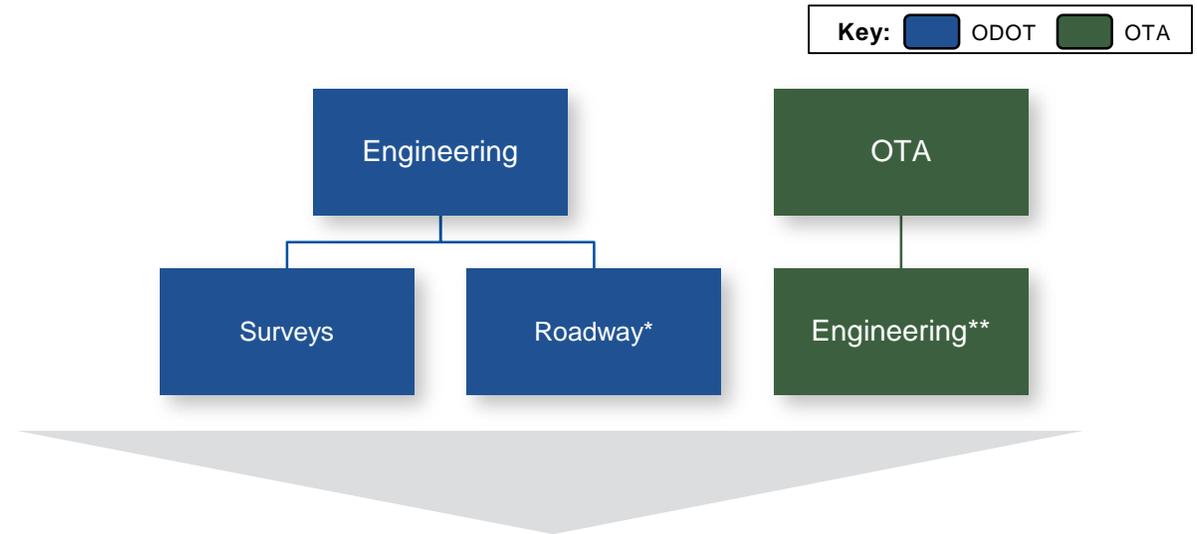
The Pre-Design Division will coordinate with various entities within the Project Delivery, System Operations, and Field Operations Offices to finalize project scope details and goals.

Core Functions

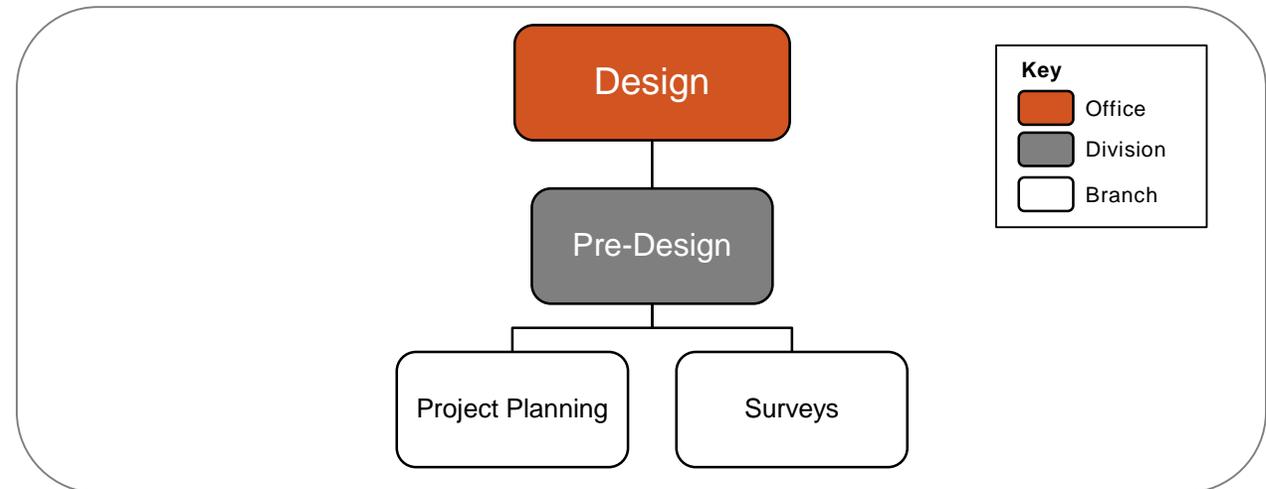
The Pre-Design Division will be responsible for the following activities:

- Coordinating with various entities to finalize project scope and details
- Perform surveying activities for each project

Current State



Future State



PSE Production Division

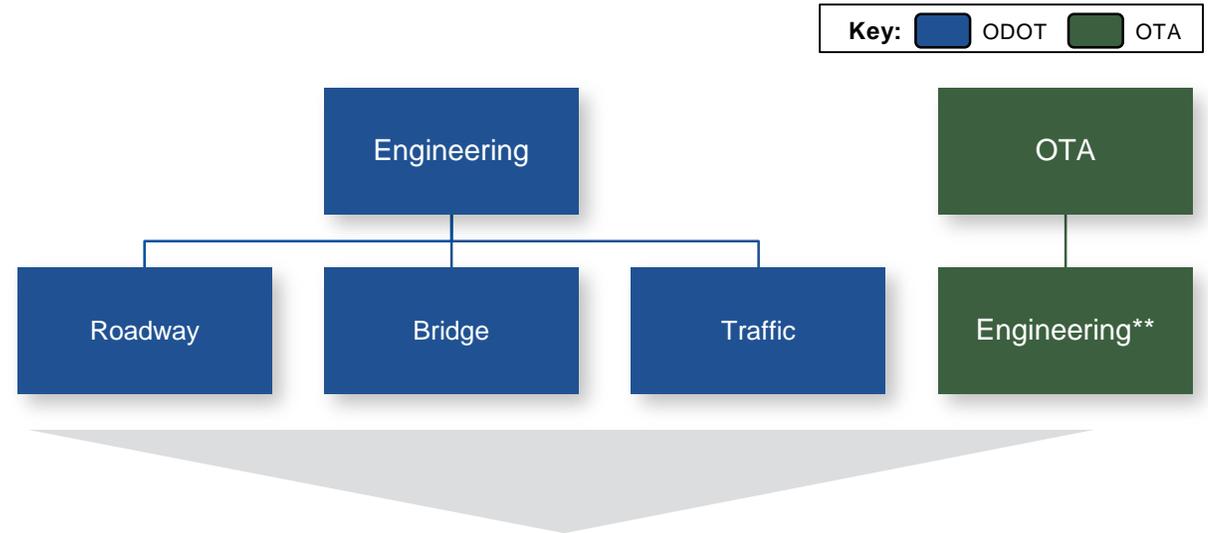
The PSE Production Division will coordinate teams of Engineers and Technicians to complete project Plans, Specifications, and Estimates.

Core Functions

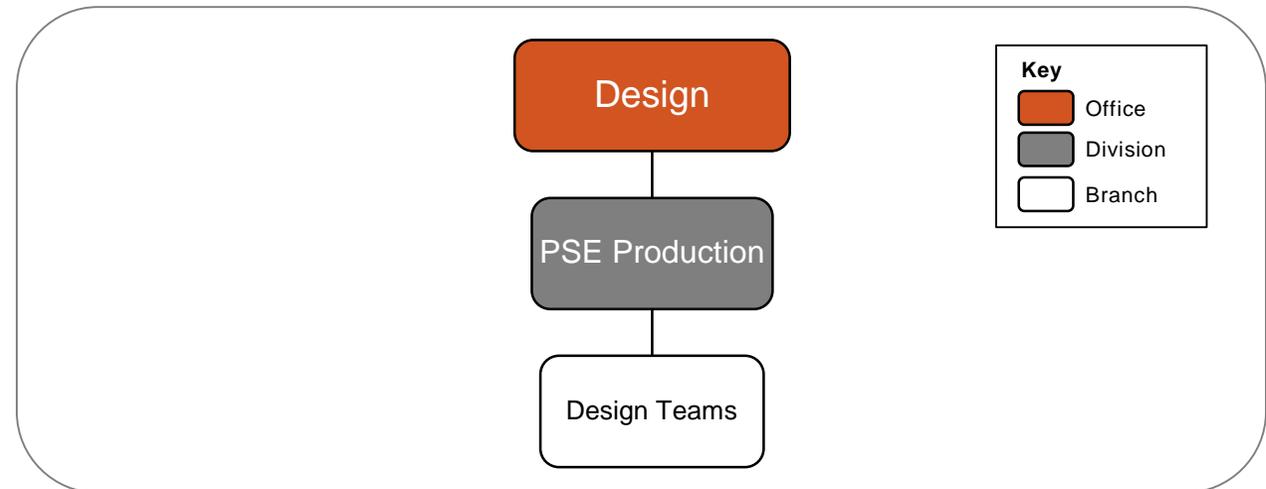
The PSE Production Division will be responsible for the following activities:

- Produce designs for typical transportation projects of various scopes
- Develop project plans, specifications, and estimates
- Coordinate with Specialty Design teams when needed

Current State



Future State



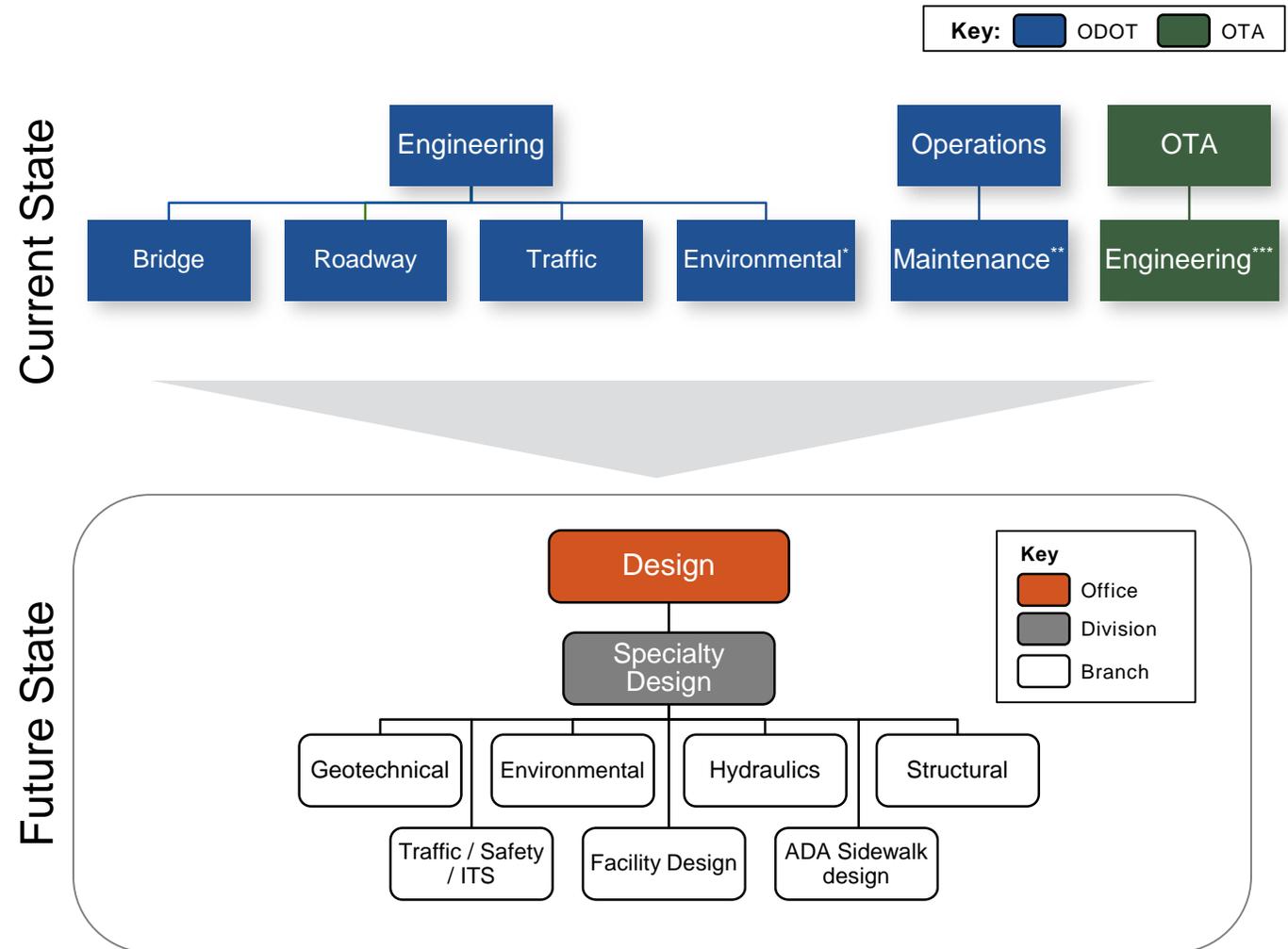
Specialty Design Division

The Specialty Design Division will be comprised of expert area engineers that will provide additional engineering / technical support to PSE Production Design teams.

Core Functions

The Specialty Design Division will be responsible for the following activities:

- Provide expert area engineering/ technical support to PSE Production Design Teams in areas such as structural, geometric, hydraulic, environmental, traffic, and safety design
- Set design policies, standards, and specifications



Design Support Division

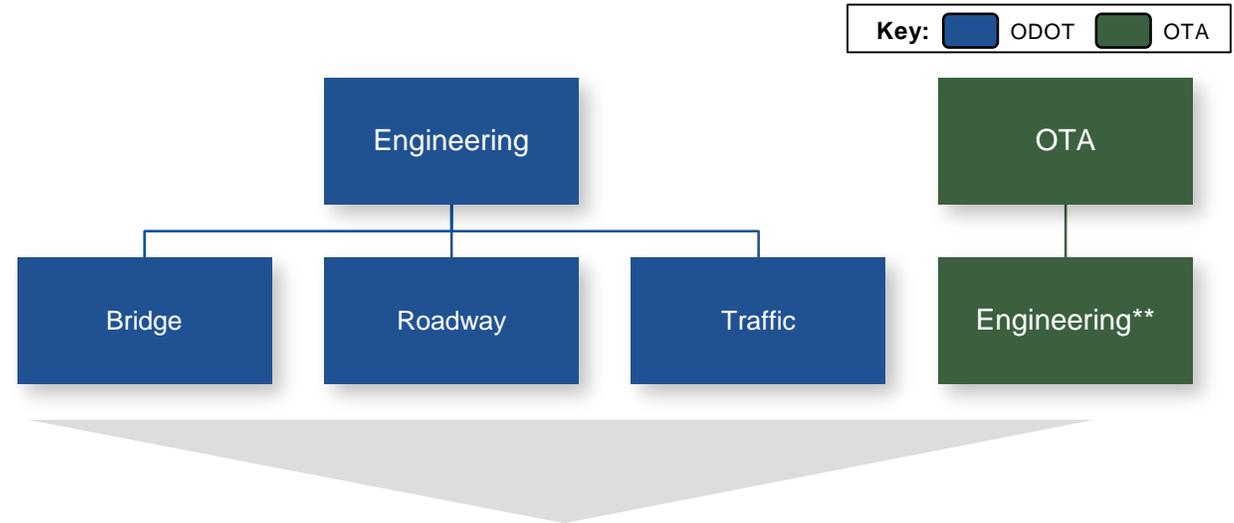
The Design Support Division provides QA/QC on all projects and training support for all other Design Divisions.

Core Functions

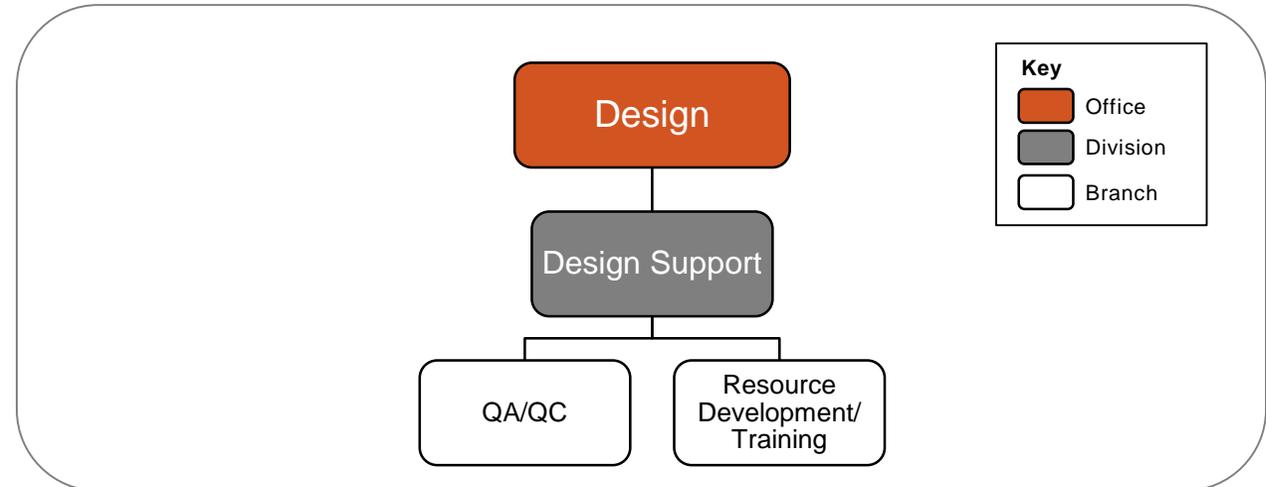
The Design Support Division will be responsible for the following activities:

- QA/QC on all design plans produced by in-house and consultant resources
- Resource development and cross training activities for design teams
- Technical support training

Current State



Future State



9. Unify TSMO functions under a Systems Operations Office



Rationale and Benefits

- Data collection, analysis, and TSMO activities are spread across the Cabinet; centralizing functions will enable **greater efficiency & reduce duplicative effort**
- Creating a TSMO strategy may enable more **efficient and extended use of existing transportation system**
- **Improved traffic safety** and more reliable information for customers through better data collection and analytics
- Unifying technology systems will provide **better real-time data access**
- Divisions will solely focus on providing support to the field regions



Leading Practices

- 5 of 6 states have an “Office” dedicated to coordinating TSMO Activities & have established cross functional TSMO teams
- 5 of 6 states have TSMO Strategies, with defined goals and initiatives. 3 of these also have defined and public TSMO KPIs
- Many DOTs have a publicly available TSMO frameworks; FDOT’s 2017 strategic plan provides a tactical plan to develop and implement their TSMO Program

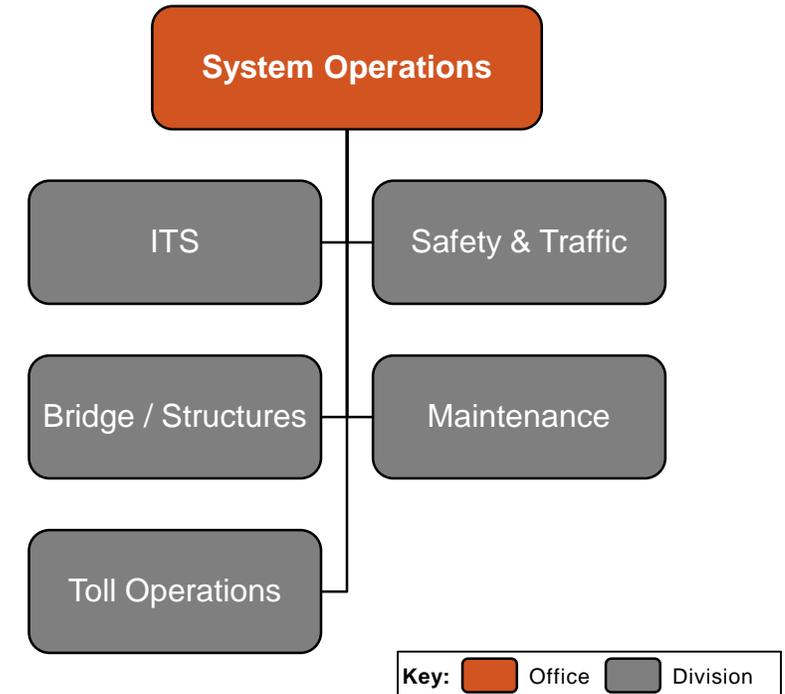


Key Changes & Impacts

- TSMO activities centralized into one office and divisions will be primarily focused on field support, instead of both design and field support
- Development of a TSMO strategy
- Centralized asset data collection and analysis
- Data and Systems Management will be located under IT
- Toll Operations will move to the System Operations Office



Future State Org Structure



Alternative Options:

- ITS may be more suited as a branch within the Traffic & Safety Division

Divisions / Branches Impacted		Current State Pain Points
7	45	12
Divisions	Branches	Addressed

System Operations Office: Division & Branches

The Design office consists of 5 distinct divisions and 15 potential branches with specialized functions and responsibilities.

ITS

The Division will include the following branches:

- Network, Fiber Maintenance & Operations
- Communications / Wireless / Radios
- ITS Maintenance

Traffic & Safety

The Division will include the following branches:

- Traffic Data Collections
- Traffic Analysis
- Traffic Operations
- Transportation Operation Center (TOC)

Bridge / Structures

The Division will include the following branches:

- Bridge Maintenance
- Load Ratings / Inspections / Data Collection

Maintenance

The Division will include the following branches:

- Programs
- Sign Shop
- Equipment
- Maintenance/ Pavement Data Collection

Toll Operations

The Division will include the following branches:

- Roadway
- Cash

Implementation Plan: System Operations

Next Steps*

Lay the Foundation

- Perform a process review around data collection and analysis efforts
- Develop a TSMO strategy, policies and procedures
- Establish a cross-functional TSMO team
- Work with IT and identify and streamline ITS and data collection applications/systems
- Develop a plan for KPI performance measures, data, and analytics
- Validate and adjust future state divisions and branches

Build it Out

- Identify core TSMO/ITS capabilities needed and develop job descriptions, classifications, career paths, staffing and training plans
- Define RACI Assignments and "Rules of Engagement" (Direct and dotted line reporting) & provide a System Operations point of contact for each region
- Recalibrate Budgets and Budget authority
- Set up Interagency work agreements to enable appropriate billing of labor and materials
- Identify SLAs across office/ divisions, specially with field operations, IT, and design groups

Closing & Homeownership

- Enshrine integrated System Operations office via targeted statutory changes
- Understand legal allowances for serving as an ODOT/OTA rep
- Pursue continuous improvement efforts based on evaluations & KPIs
- Benchmark performance and evaluate impact of efforts
- Identify areas for improvement and determine level of prioritization
- Refine any systems, tools, processes, or policies and update any SLAs/KPIs
- Continue to work with other DOTs to share innovative TSMO strategies

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

Implementation Drivers

- Develop a strategic plan, business case, and framework for TSMO
- Strong support and investment in TSMO approaches
- Centralize ITS applications and systems under the IT office
- Establish a cross-functional TSMO team



Risks

- Shift in responsibility to the newly formed IT office for all ITS data systems, applications, and data management, while data collection and analysis will be performed in System Operations
- Risk of investing in new TSMO approaches that do not generate improved service



Mitigation Factors

- Develop strong accountability systems and SLAs between the Systems Operations and IT offices will be crucial to ensure strong data integrity and system performance
- Work with other DOTs to identify any leading practices to mitigate investment risks

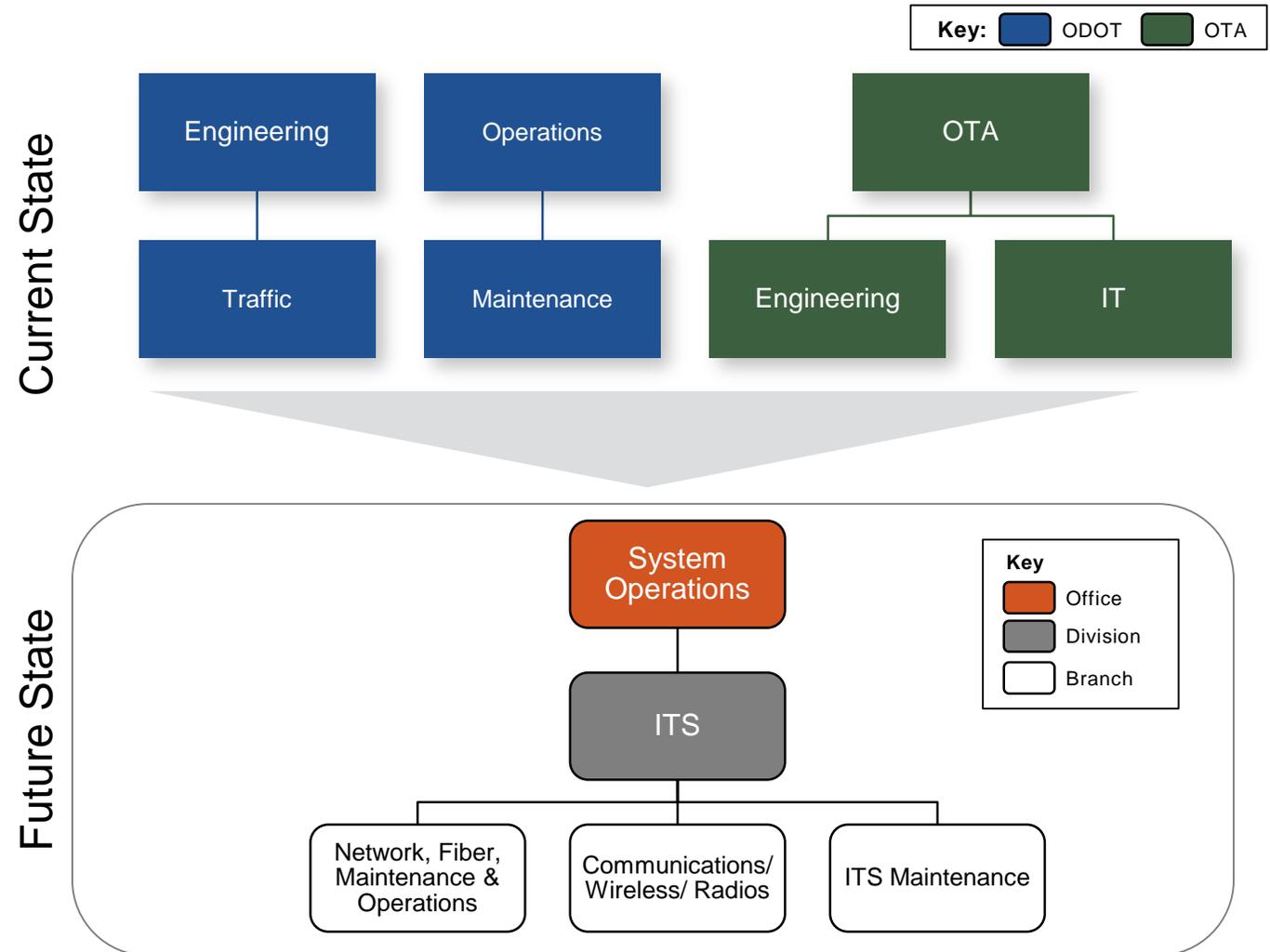
ITS Division

The ITS Division will be responsible for keeping the state's ITS assets in good working condition.

Core Functions

The ITS Division will be responsible for the following activities:

- Responsible for planning, installing, operating, maintaining, and upgrading ITS technologies
- Manage and control the state's electronic variable message signs
- Network, Fiber, Communications, Wireless, ITS Maintenance & Operations*



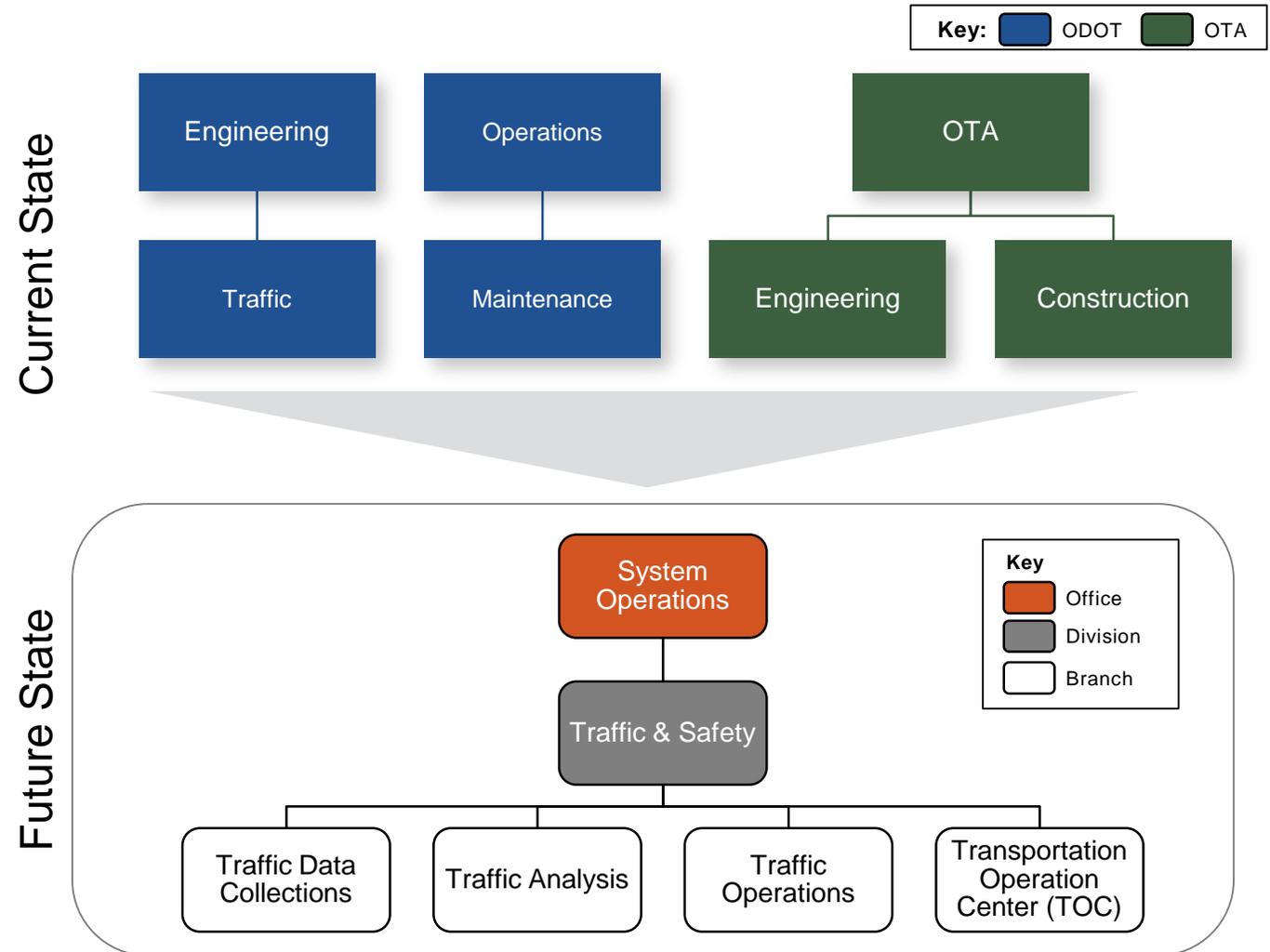
Traffic & Safety Division

The Traffic & Safety Division's will be responsible for improving road safety through traffic operations and analysis.

Core Functions

The Division will be responsible for the following activities:

- Provide support for traffic operations, signal maintenance, and traffic incident management
- Collect traffic data and provide traffic analysis, including collision and traffic volume analysis, and traffic forecasting and demand modeling
- Coordinate and manage the operations of the Transportation Operation Center (TOC)



Bridge / Structures Division

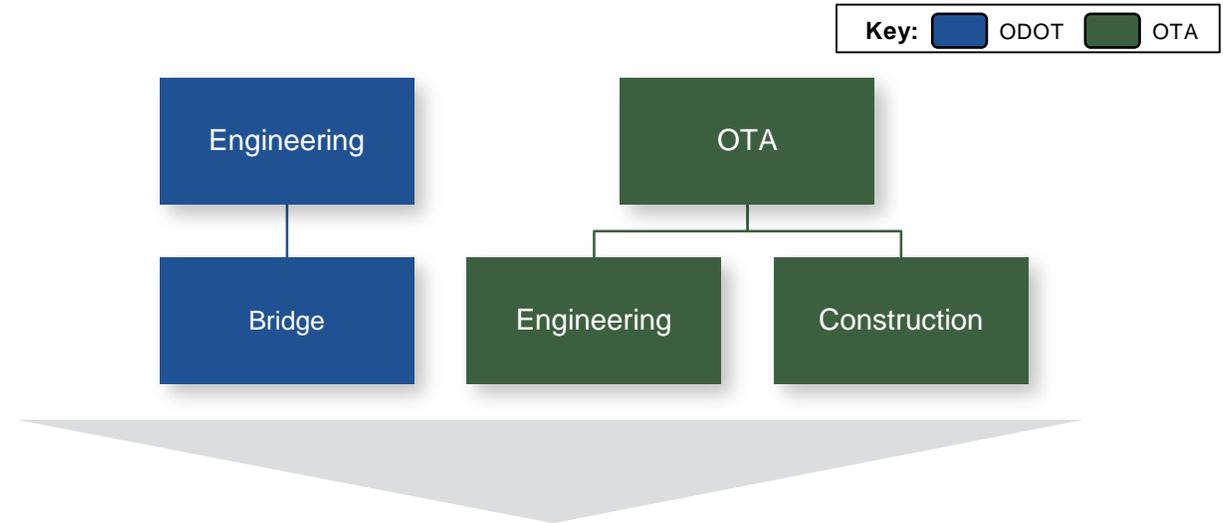
The Bridge / Structures Division will provide bridge support to all the field regions.

Core Functions

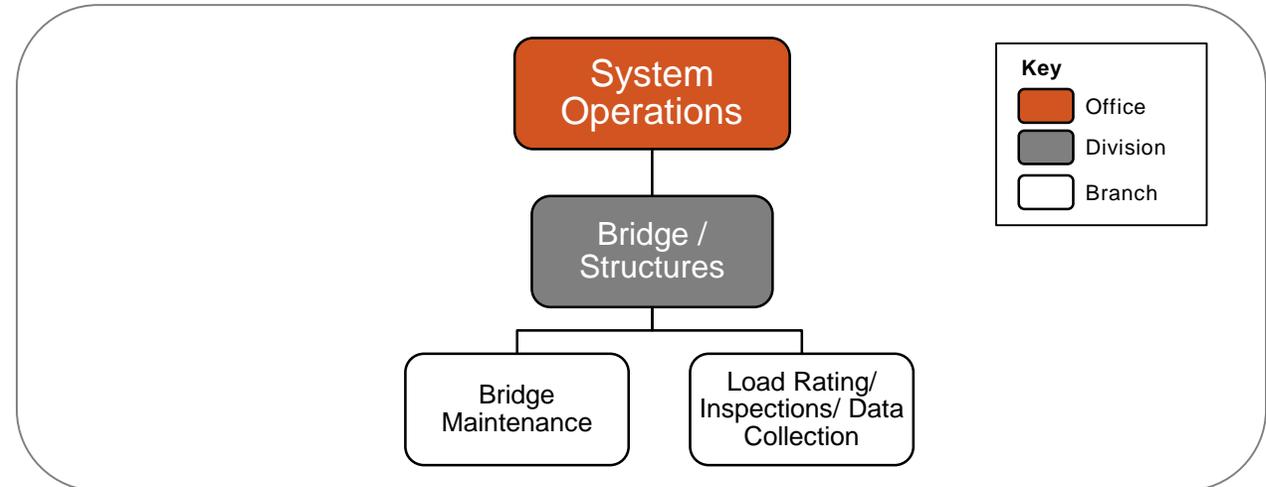
The Division will be responsible for the following activities:

- Maintaining the Cabinet’s bridges and setting bridge policies & procedures
- Perform bridge analysis, load rating, and provide oversight for bridge condition inspections

Current State



Future State



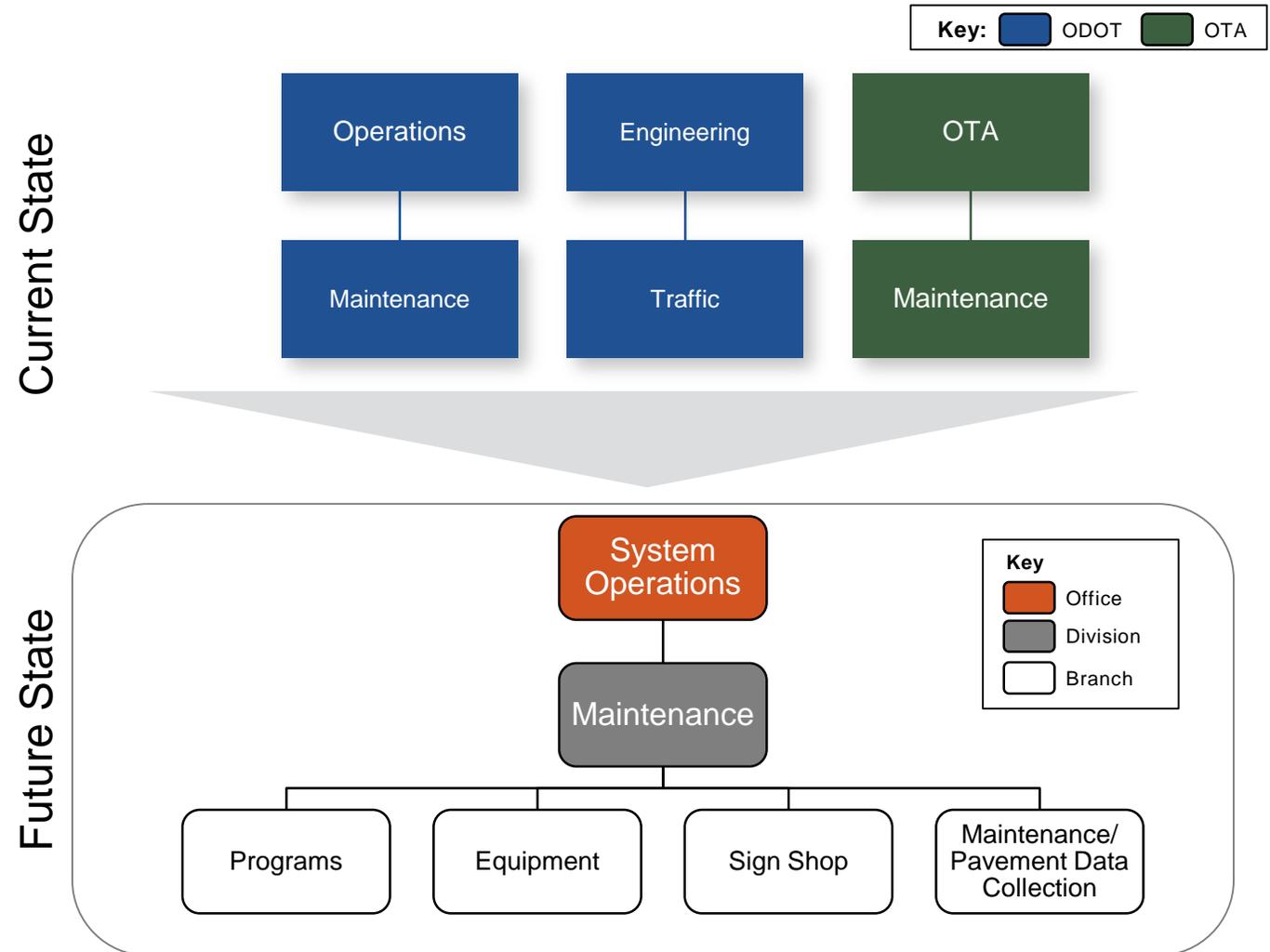
Maintenance Division

The Maintenance Division will oversee the preservation and upkeep of all Cabinet highways and turnpikes.

Core Functions

The Division will be responsible for the following activities:

- Implementation of MQA system and alignment of maintenance budgets
- Collect pavement data
- Oversee all maintenance programs (including beautification program), equipment, and sign shops



Toll Operations Division

The Toll Operations Division will oversee all turnpike toll collections and maintenance of toll equipment.

Core Functions

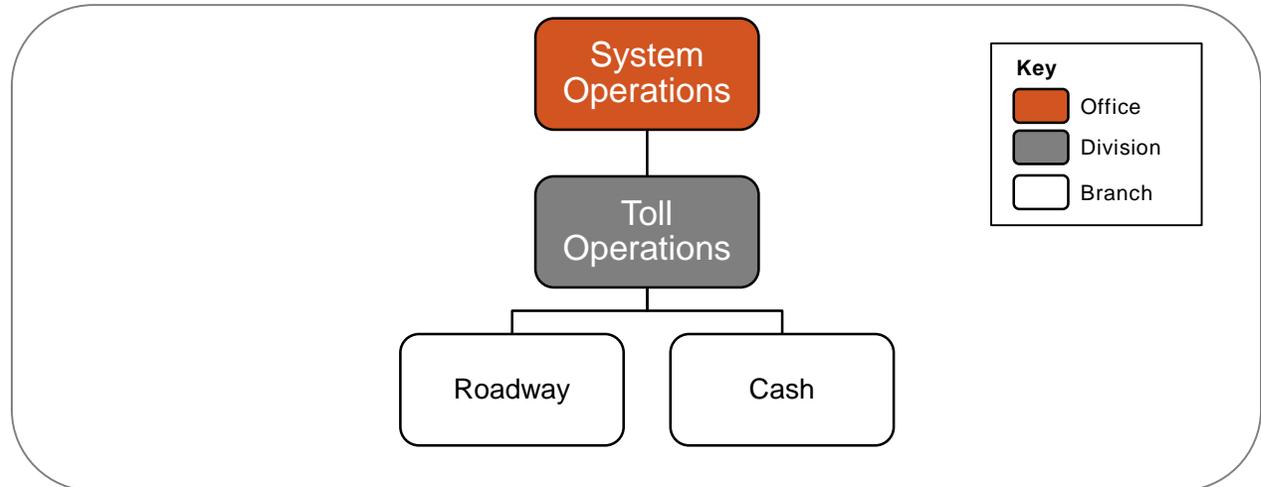
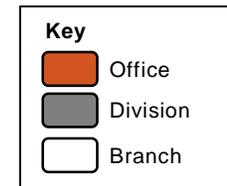
The Division will be responsible for the following activities:

- Operation and maintenance of electronic and manual toll equipment in all turnpike lanes
- Collection of all cash tolling

Current State



Future State



10. Integrate Turnpikes & establish new field operation regions



Rationale and Benefits

- Greater design, construction, and maintenance **process uniformity and consistency** throughout the state
- Ability to **pool and share resources for greater flexibility** in deployment
- Greater **parity in roadway assets**, including highway / interstate lane miles
- A more **appropriately sized facility footprint** for the Cabinet
- Each region will include a Regional Headquarters and multiple Area Offices, which will allow a **more holistic / total lifecycle view of roadway assets**



Leading Practices

- 2 Peer DOTs (UDOT and TxDOT) have Area offices within each District to oversee both construction and maintenance
- 3 Peer DOTs utilize a Maintenance Quality Assurance (MQA) framework to measure quality, inform project selection, and budgets
- VDOT dissolved their residency facilities, centralized functionality in the District & Area Engineers utilize space in any VDOT facility closest to the work site

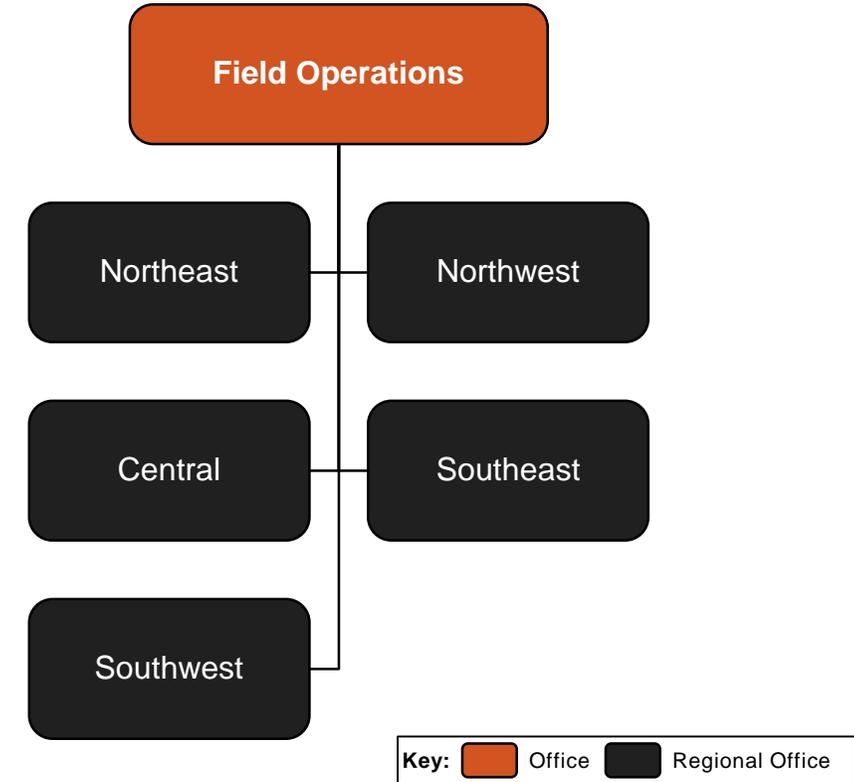


Key Changes & Impacts

- Fewer field regions
- Turnpike construction & maintenance activities fully integrated
- Conceptual change in residencies as an operational function, not as a building
- Maintenance and construction management closer to the local level rather than district



Potential Future State Org Structure



Divisions / Branches Impacted

20
Divisions **138**
Branches

Current State Pain Points

23
Addressed



Implementation Plan: Regions

Next Steps*

Lay the Foundation

- Gather feedback on potential new regions and continue to adjust blueprint boundary lines
- Adjust and recalibrate maintenance budget funding formula to reflect more regional parity
- Restructure and consolidate Residency labs and begin to sunset facilities
- Standardize key technologies: e.g., Agile Assets, VueWorks, other inspection applications
- Standardize all construction inspection and maintenance policies and procedures and ensure that construction inspection ties back to PMD protocols around project management and project controls

Build it Out

- Identify new roles/responsibilities across project development lifecycle
- Define RACI Assignments and "Rules of Engagement" (Direct and dotted line reporting)
- Re-write job descriptions and re-calibrate TO
- Recalibrate Budgets and Budget authority
- Set up Interagency work agreements to enable appropriate billing of labor and materials
- Identify SLAs across offices/divisions, regions, and external customers
- Incorporate Turnpike maintenance & construction under Field Operations as a new division

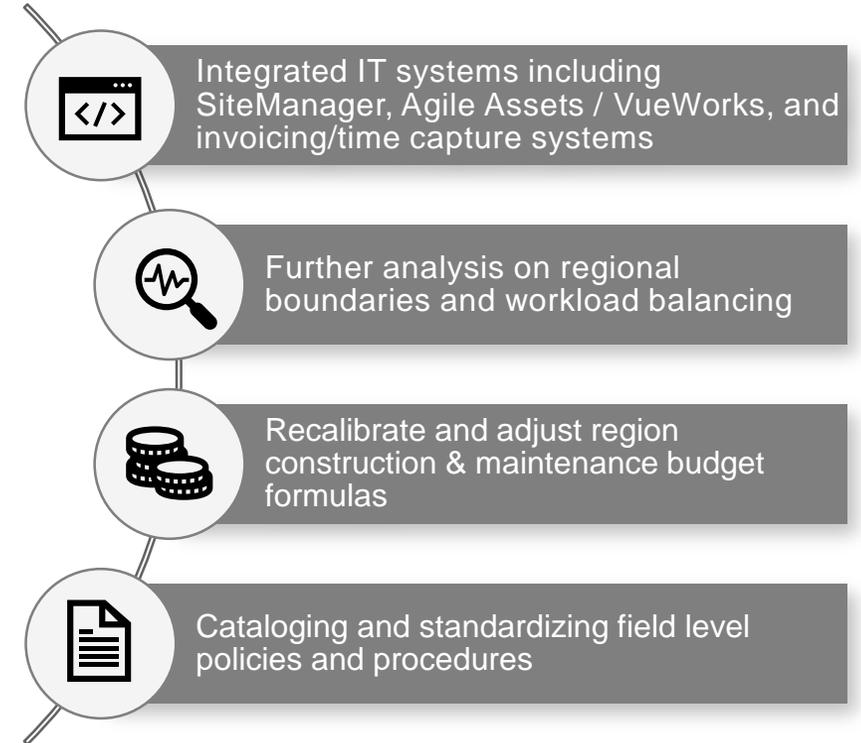
Closing & Homeownership

- Seek guidance, advice, and support from Governor and Legislature for new region boundaries
- Where appropriate secure targeted changes to statutes including, but not limited to, 69 O.S. § 302**
- Understand legal allowances for serving as an ODOT/OTA rep
- Publish project management data/KPIs
- Pursue continuous improvement efforts based on evaluations & KPIs

**This is not inclusive of all activities. See "Modernization Phase Approach" slides in the Executive Summary for full details.*

*** Changes may be necessary to other statutes. See Legal Considerations Supplement for additional details and specific statues relative to District and Regional boundaries (and impact to ODOT Commission membership) that may need to be amended to fully realize this recommendation*

Implementation Drivers



Risks

- Adapting legislation on regional boundary changes may require buy-in from external stakeholders (counties, commissioners, etc.) & will likely occur over a lengthy time frame
- Conceptual change in residencies as an operational function will inherently result in more teleworking, which may change workplace dynamics and culture
- Change in District Engineer role and fewer region, therefore fewer DE roles

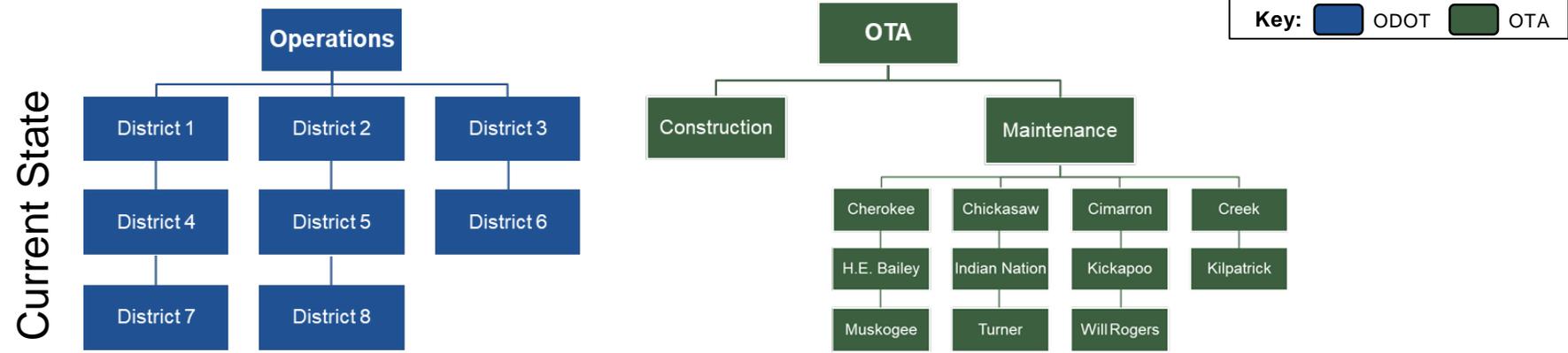


Mitigation Factors

- Further detailed analysis of costs and benefits to redrawing the region boundaries may help propel buy-in
- Some of these cultural changes could be mitigated by having residency staff meet at a Maintenance Yards

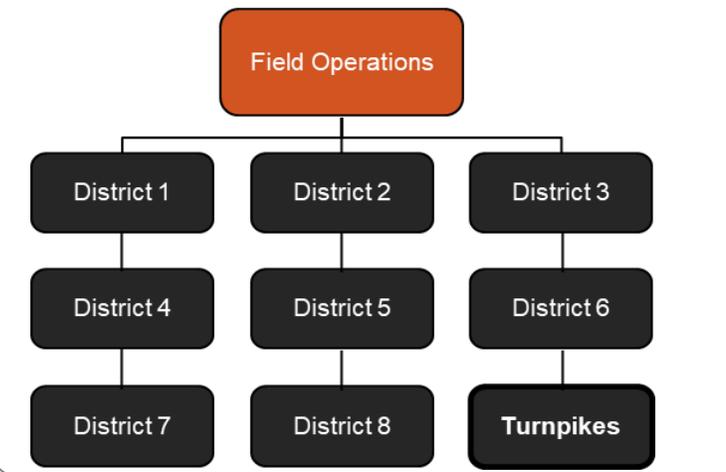
Field Operations - Evolution Overview

Phased Approach to redistricting and integrating all Cabinet construction and maintenance field operations

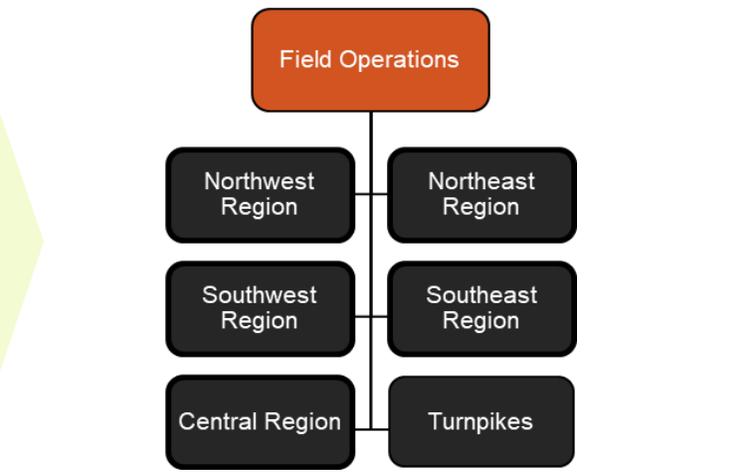


Potential Future State

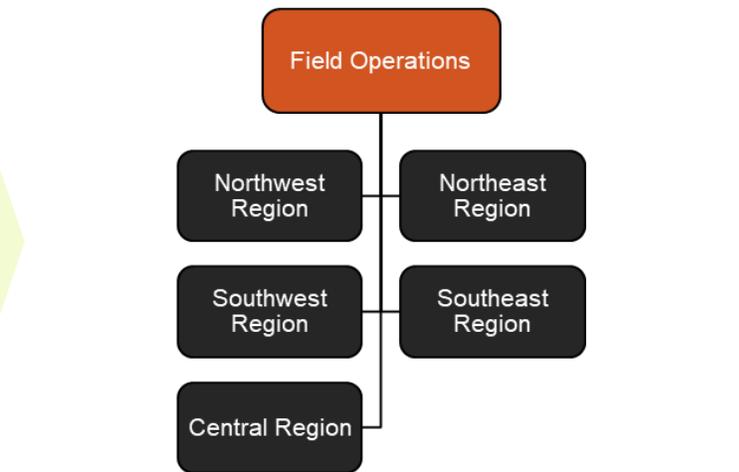
1 Add Turnpike maintenance & construction activities under Field Operations



2 Rebalance ODOT district workload into 5 new redrawn regions



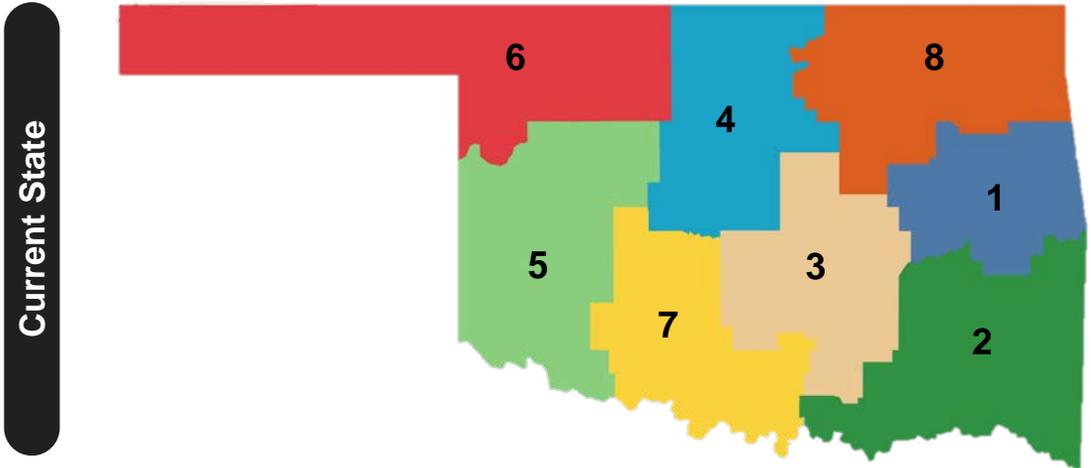
3 Integrate Turnpike activities into the new region structure



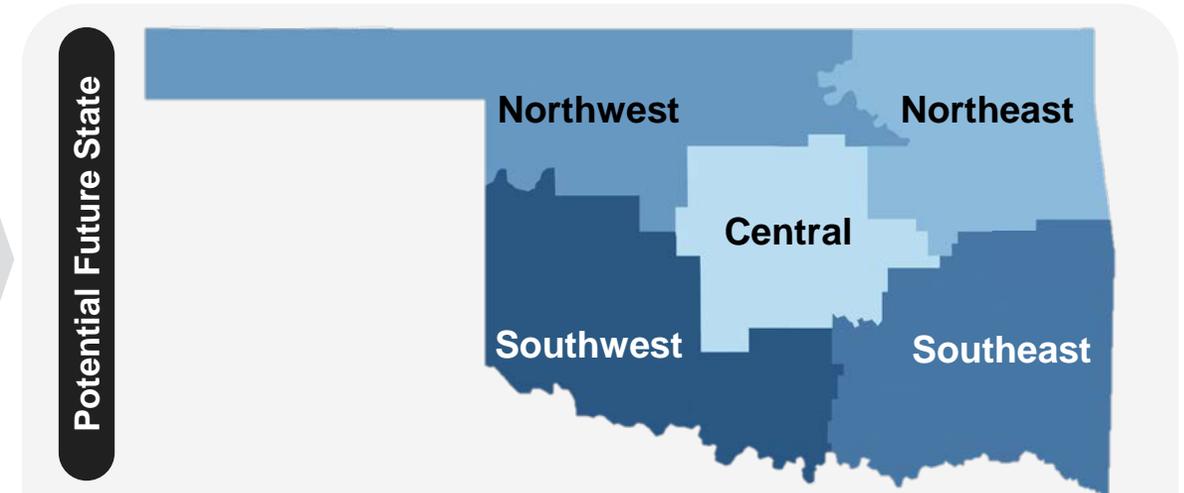
Key: [Orange Box] Office [Dark Grey Box] Regional Office

Reimagined Regions

Integrating oversight of ODOT and OTA roadway assets (highway / interstate lane miles) can lead to imbalances in work obligation. A new Regional model, like the initial proposal (below), can provide greater parity while enabling resource deployment flexibility & regional consistency.



District	# of Counties	HWY + Interstate Lane Miles*	# of Construction Projects (10 yrs)	Contract Value (10 yrs)
District 1	8	3,639	486	\$1.3 B
District 2	9	4,196	504	\$1.4 B
District 3	11	5,156	715	\$1.8 B
District 4	9	5,796	850	\$3.3 B
District 5	11	4,266	455	\$1.0 B
District 6	9	3,271	366	\$0.8 B
District 7	9	4,524	548	\$1.2 B
District 8	11	6,083	795	\$2.8 B
Mean		4,616	590	\$1.7B
Std. Dev.		929	163	\$0.84B



Region	# of Counties	HWY + Interstate Lane Miles*	# of Construction Projects (10 yrs)	Contract Value (10 yrs)
Northwest	16	6,242	739	\$1.7 B
Northeast	15	7,938	1,043	\$3.4 B
Central	12	7,964	1,153	\$4.2 B
Southwest	18	7,965	923	\$2.0 B
Southeast	16	6,823	861	\$2.3 B
Mean		7,386	944	\$2.7B
Std. Dev.		721	143	\$0.94

*Includes Turnpike lane miles

Example Region Org Structure

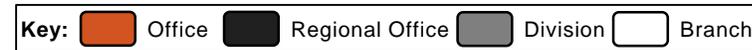
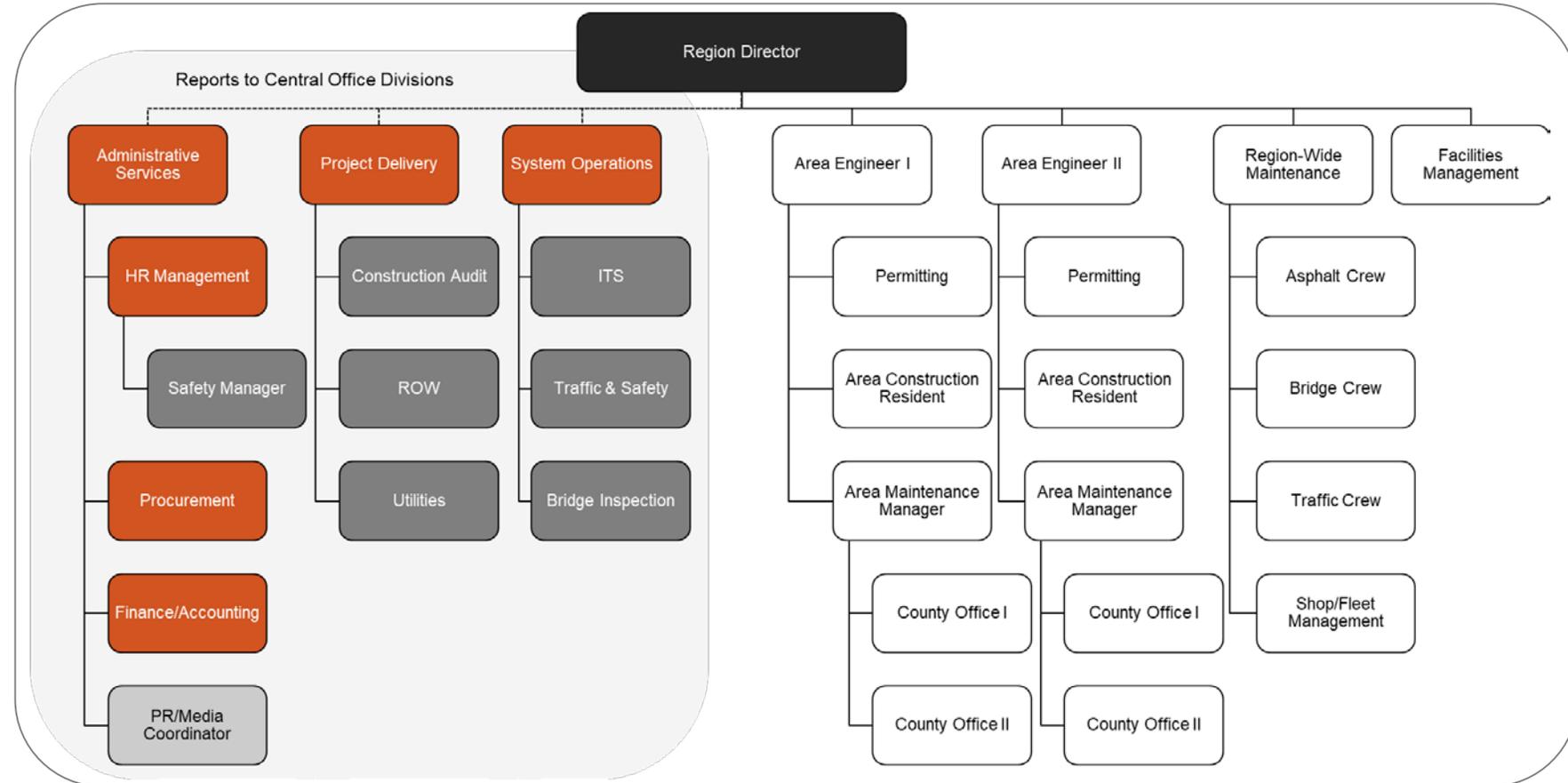
Each Region will plan, build, and maintain state highway, interstate, and turnpike transportation systems.

Core Functions

Each region will include a Regional Headquarters, Area Offices and multiple counties within each Area Office

- The Region Directors will directly oversee the following:
 - Area Engineers responsible for Construction Resident Engineers & Maintenance Managers, who will oversee all county maintenance yards
 - Region-Wide Maintenance Activities
 - Facilities Management
- The Regions will also include employees who are managed by Central Office divisions, but may reside in the Regions

Potential Future State



Example Right-sizing of the Facility Footprint

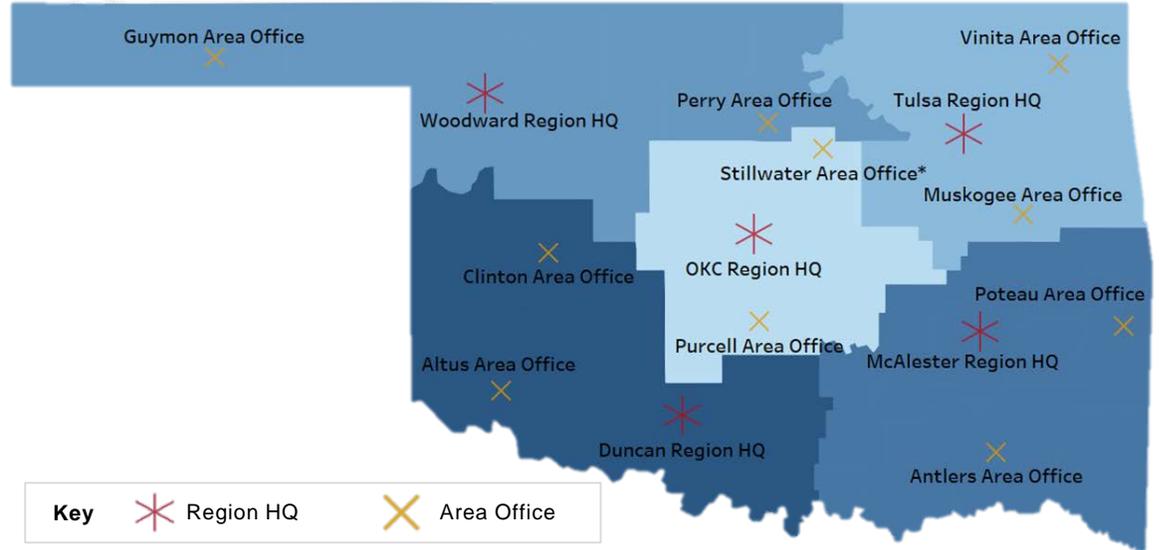
With a long-term goal of sunsetting or re-purposing all construction residencies and reducing the maintenance yard facility footprint by 30% while still accommodating the needs of field personnel, the following represents a proposal (**which should be refined over time**) to right-size the Cabinet’s facility footprint by sunsetting 30 Construction Residencies & Maintenance Yards. This proposal could save the Cabinet an estimated \$1.6M in yearly Operations & Maintenance costs and ~\$52M in defrayed capital investment costs over 25 years.

12 Potential Construction Residencies to Sunset*

- Buffalo Residency
- Claremore Residency
- Sand Springs Residency
- Wewoka/Seminole Residency
- El Reno Residency
- Stillwater Residency*
- New OKC Residency
- Anadarko Residency
- Ardmore Residency
- Sallisaw Residency
- Heavener Residency
- Madill Residency

18 Potential Maintenance Yards to Sunset**

- Kay County Maintenance
- Garfield County Maintenance
- Cimarron Turnpike – 49 Maintenance
- Wagoner County Maintenance
- Rogers County Maintenance
- Craig County Maintenance
- Turner Turnpike – Heyburn
- Will Rogers Turnpike – Miami
- Lincoln County Maintenance
- Payne County Maintenance
- Grady County Maintenance
- I-40 Interstate Office
- Custer County Maintenance
- I-40 W Maintenance
- Bailey Turnpike – Walters
- Marshall County Maintenance
- New Eufaula County Maintenance
- Indian Nation Turnpike – Antlers



Key * Region HQ X Area Office

Region	Regional HQ	Potential Area Offices	# Residencies to Sunset	# Yards to Sunset	Potential O&M Yrly Savings
Northwest	Woodward	Guymon & Perry	1	3	\$410k
Northeast	Tulsa	Vinita & Muskogee	2	5	\$448k
Central	OKC	Stillwater & Purcell	4	4	\$487k
Southwest	Duncan	Clinton & Altus	2	3	\$128k
Southeast	McAlester	Poteau & Antlers	3	3	\$100k
	5	10	12	18	\$1.6M / 21% savings

*Remaining 13 Residencies to potentially be re-purposed as a Region or Area HQ
 **Every effort should be made to maintain each salt barn on these yards

O&M = Operations and Maintenance



OKLAHOMA

01

Project Overview

02

Executive Summary

03

Core
Recommendations

04

Appendix

Implementation Approach

Note: Adoption of Modernization Recommendations will not violate the integrity of the governance structure of each agency nor applicable state statutes nor contractual commitments (per their articulated terms) including but not limited to the Trust Agreement of the Oklahoma Turnpike Authority dated February 1, 1989 as supplemented.

Implementation Approach

Choosing the right implementation approach is one of the most important steps for the Transportation Cabinet during the transformation. Oklahoma Transportation leadership must take time to evaluate the different approaches and how each approach impacts the organizations transforming into new Offices. Below are three different approaches to consider.

All at Once

This approach weighs having the various changes to occur **across the entire Cabinet at the same time**. This plan would allow for the Cabinet’s new structure to become operational at the same time and enable all the executives to manage their newly consolidated organizations at one time. This approach would **mirror a Commercial M&A approach** where there is a deal close date that requires the organizational change to happen on a particular date.

Pilots and Phases

This approach includes piloting the migration with different Offices with different levels of complexity to **learn about different challenges** before conducting the full migration. After conducting pilots, **phases for migration** would be identified based on the complexity of the integration. This approach would be similar to One Washington which utilized “waves” and phases for implementing change.

One at a Time

This approach is a **slower iteration** of the phased approach where Offices would **migrate one-by-one**, in a sequential manner. Leadership would be able to learn from each previous migration and would benefit from staging the more complex migrations, Field District re-structuring, towards the end.

Pros	Earliest migration to the fully complete, new Cabinet model	Understand and experience potential pitfalls before full implementation	Greatest support for each agency migration from the Office of Transformation
Cons	Higher degree of risk . A lot to coordinate and monitor at once	Longer time to realize full efficiencies	Slowest migration method
Example	Facebook’s acquisition of Instagram. Instagram immediately gained access to Facebook’s HR, IT, and Ad resources.	Formation of U.S. Department of Homeland Security. Component elements retained their current chain of command until the law establishing the department was enacted.	Dow and DuPont. After their merger, they are planning to separate into three distinct companies once each has its own “processes, people, assets, systems and licenses in place to operate independently.”

Recommendation: While executive leadership must evaluate what option best fits this effort the Transportation Cabinet, Guidehouse’s previous experience with Michigan’s Office of Performance and Transformation, indicates that the “**pilots and phases**” approach is the preferred option. It allows for the state to improve implementation plans based on the experience of the pilot initiatives.

Pitfalls to Avoid

Around 80% of government transformation fail to meet objectives, according to a survey of nearly 3,000 public officials across 18 countries that formed part of the study's evidence base. Transformation leadership should consider the following common pitfalls of transformation efforts when planning for and executing the transformation.

Engagement

The system and processes are not followed because of a lack of employee engagement and accountability or inadequate management support.

Collaboration

There is poor or nonexistent cross-functional collaboration and communication. This can cause duplicative efforts being completed as well as a lack of creation of new ideas.

Behavioral Change

Few leaders know how to achieve the necessary reset in mindsets and behaviors required in order to achieve widespread change.

Goal Setting

Goal setting and tracking can create a hostile environment. Organizations often set lagging goals that are measured after an activity or project is complete, unachievable stretch goals that foster fear and doubt, or ambiguous goals that are not outcomes-based.

Leadership Transition

Transfer of power can lead to less support and funding for transformation. Transformation initiatives are often tied to one leader so that program is seen as partisan and may lose steam when one person leaves office.

Lessons Learned from Maryland



In Maryland, the state attempted to develop a new way to manage state government activities. Leaders created the **StateStat program**, a **performance tracking and management tool** used to capture and monitor the progress of government service delivery using frequently updated and reviewed data. In 2015, the **program was discontinued during the transition of administration** and replaced it with the Governor's Office of Performance Improvement. While the new office seems to have a similar function, the new office's budget was cut in half, and staff was reduced by over 50%. The hollowing out of StateStat can be explained as a somewhat routine fallout in the transition of power between parties. Oklahoma **must ensure transformation efforts are structurally and culturally embedded within the normal course of state government operations to withstand the impacts of future transfers of power.**

Private Sector Lessons Learned

Similar to the Oklahoma Transportation Cabinet, many private sector companies have undergone **transformation through mergers and acquisitions**. The Cabinet can use these **lessons learned from the private sector** as they prepare to undergo vast change.

1 Integration Management Office

A leading practice from commercial merger and acquisition projects is the formation of an Integration Management Office (IMO) that is an office focused on day-to-day oversight and execution of the merger. Secretary Gatz should leverage the Innovation Office to replicate the IMO from commercial mergers. The office would manage this specific transformation, which includes serving as the “face” and single point of authority on the transformation, tracking and “dash-boarding” transformation progress and continuously searching for new efficiencies and opportunities, oversight, management, and communications of organizational, process, and systems integrations across Offices, and establishing and maintaining the legal framework for the transformation.

2 Commitment to Shared Services & Integration of IT

While establishing a Shared Services model for integration of front-office and back-office functions is a critical part of the Modernization effort, this type of model is also a big driver of long-term cost savings in commercial merger and acquisition projects. Commercial companies can realize double-digit cost savings of up to 20%. When estimating potential cost savings through integration of IT, it's important to consider the state of preexisting systems, include ODOT's existing strategic partnership with OMES to provide a contingent of back-office services.

3 Third Party Support

Hiring a third-party professional services firm can greatly assist the state going through the multiple ways of integration. By doing so, the state undergoing transformation can focus on their day-to-day operations while the consultants work on key aspects of the integration, along with the integration management office to enable long-term success.

Role of the Chief Innovation Officer in Modernization

Selecting and charging the right leader to shepherd the Modernization effort is instrumental in ensuring that the effort is prioritized, provided with appropriate resources, managed and tracked appropriately, spotlighted appropriately, and ultimately will realize the intended benefits.

The Chief Innovation Officer should:

- **Update the Secretary, Cabinet, and other executive staff on the progress**
- **Proactively manage the communication** and act as a liaison with key stakeholders. This will include **helping to set the tone and promote the transformation vision**. A **leadership development curriculum focused on continuous improvement** will help to reinforce the cultural values and design principles for the transformation to sustain over time
- Be an extension of the Transportation Cabinet, with the **mandate and authority to address and influence decisions related to the transformation**
- **Be responsible for guiding agencies, Offices, and divisions** through the integration strategy
- Identify and work to **eliminate any barriers to change**
- **Track outcomes** from the integration efforts which will involve **leading a Cabinet wide effort to define Cabinet wide internal operating KPIs and internal SLAs**
- Work with a Sunset Committee to **continuously review potential opportunities for sunset**, areas for improvement, and/or future consolidation
- **Manage risk**

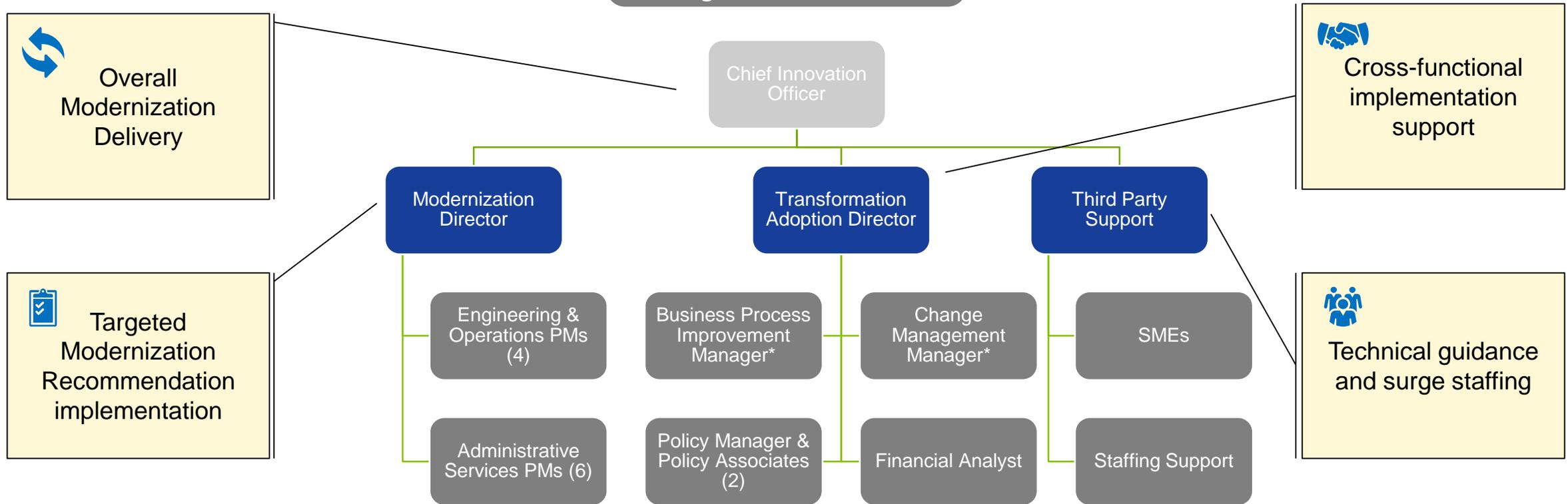


It is important to note that while the Chief Innovation Office and his/her/their team should guide and support the Modernization activities, **relevant Executives, Division Heads, and Staff will be responsible for the execution of these tasks**. Organizations that are successful in achieving change and transformation rely on the participation of staff members at all levels. Employees want to have some control over the proposed change by providing input to leadership, and more control leads to embracing change rather than resisting it. If people know and feel they are part of the change process they will create the necessary momentum to make it happen. **Connecting with employees in the organization and bringing them into the overall process increases the potential for success.**

Transformation Management Team

The proposed Modernization is analogous to a private sector mergers and acquisitions, as in both cases, several entities are being combined and consolidated. The effectiveness of the transformation effort requires a clear strategy; and skillful and timely execution and implementation: People, process, and systems must be managed effectively in order to see transformational change. By establishing a team that is responsible for the transformation that is comprised of individuals who have the relevant experience and skill set will increase the likelihood of implementation success. Below is one potential model for this team.

Organizational Chart



Transformation Management Team: Divisions and Functions

The Transformation Management Office consists of three distinct divisions with specialized functions and responsibilities.

Modernization Implementation

The Division will be responsible for functions including, but not limited to:

- Determining scope, schedule, budget, and detailed project plans for recommendation implementation
- Securing and directing resources from relevant Cabinet Offices towards implementation activities
- Reporting on implementation status and progress
- Clearing obstacles and risks that threaten implementation success
- Administer activities to secure appropriate third-party support

Transformation Adoption

The Division will be responsible for functions including, but not limited to:

- Providing targeted support to the cross-functional Modernization implementation team specific to ensure:
 - Staff are supported through the change
 - Processes are effectively streamlined
 - Policies and procedures are documented appropriately
- Tracking Cabinet-Wide KPIs and capturing modernization impacts
- Creating a platform to ensure continuous improvement

Third Party Support

The Division will be responsible for functions including, but not limited to:

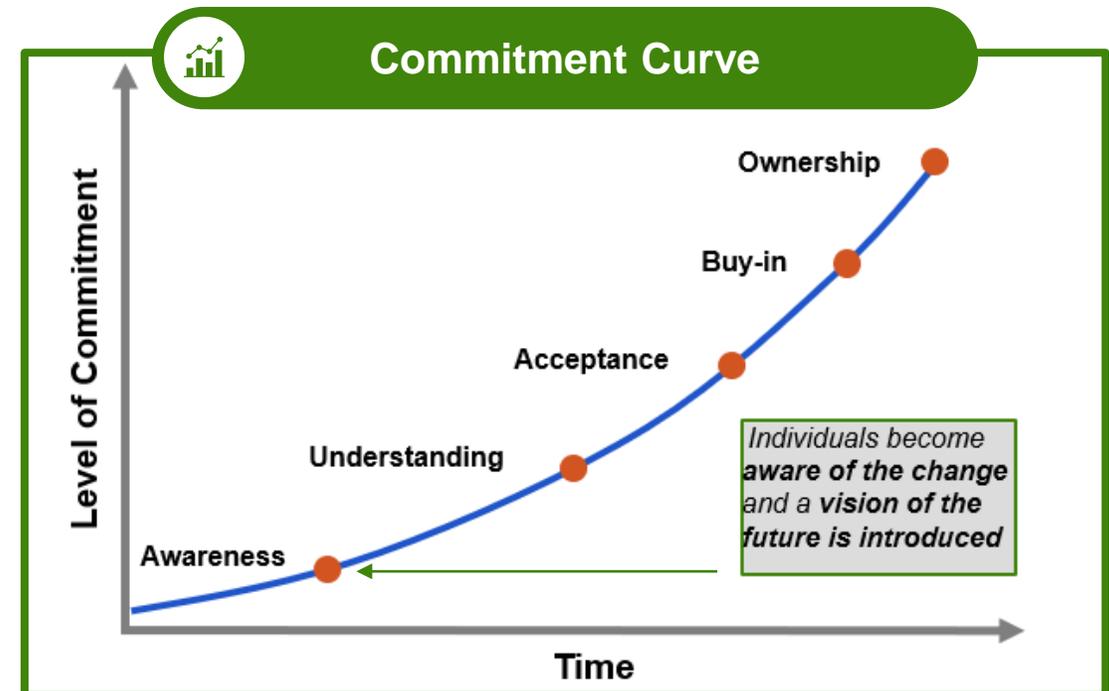
- Offering objective and leading practice guidance relative to the subsequent design and implementation of modernization recommendations
- Providing the Transformation Management Office with targeted subject matter expertise
- Supplying qualified staff members to fill implementation staffing gaps

Leveraging Change Management

When Change Management follows a detailed strategy and is executed thoughtfully, it supports people across the change commitment curve and mitigates risk associated with the implementation of large and complex initiatives. Guidehouse prepared a unique Change Management strategy as part of Phase 1, which the Transportation Cabinet will need to update as it moves to Phase 2.

The Change Management Strategy provides a set of expected outcomes:

1. **Executive Leaders feel more confident** when they know how their people feel and can proactively address issues
2. **Staff feel engaged in the change** when they see and feel the change is happening “with them” instead of “to them”
3. **Staff at all organizational levels are change advocates** and communicate "Why" the Modernization is urgent, positive and help to dispel myths and rumors with their co-workers
4. **People are listened to and understood** because two-way communication channels are set up and accessible to ALL staff



High Level Change Management Roadmap

Guidehouse supported the Transportation Cabinet in building a robust Change Management platform and mobilizing resources to execute on Cabinet-wide tactical plans. As the Cabinet enters phase 2 and beyond, it should build on the existing platform to ensure Cabinet-wide Change Management needs continue to be met and provide targeted support for impacted staff as they navigate the Modernizing the Transportation House journey.

	Guidehouse Support Jun 2020 – Dec 2020	Jan 2021 – May 2021	Jun 2021 and beyond Cabinet Initiative
	Architect the Change - Phase 1a: Building		Architect the Change - Phase 1b: Mobilizing
			Lay the Foundation onwards - Phases 2 - 4: Realizing
Overview	<i>Establish Change Management Strategy, Project structure, Governance, Working Team. Standup communications and stakeholder engagement platform</i>	<i>Activate formal and informal leaders and influencers. Communicate Modernization Findings and Recommendations. Measure change readiness effectiveness</i>	<i>Socialize and implement Modernization roadmap. Retrain Staff. Sustain Change management activities</i>
Milestones	<ul style="list-style-type: none"> Stakeholder Analysis Communications and Stakeholder Engagement Plans Change Management Working Group established and trained Baseline Change Readiness Survey Current State Assessment 	<ul style="list-style-type: none"> Communication of Current State Findings, Modernization Recommendations Rounds 2 & 3 Change Readiness Surveys Change management Dashboard Change Champion Network established Modernization Recommendations and Roadmap 	<ul style="list-style-type: none"> Modernization Leads identified Phased implementation of Modernization Roadmap Sustained implementation of communications, stakeholder engagement, and training plans Continuous monitoring of change readiness metrics
Outcome	<ul style="list-style-type: none"> Change Management Strategy Communications and Stakeholder Engagement Platform Aware on change curve 	<ul style="list-style-type: none"> Change management Metrics Tracking Transition of Change management structure Aware/Understand on change curve 	<ul style="list-style-type: none"> Mature Change Management Platform established at ODOT/OTA/ OAC Culture of “<i>maintaining readiness</i>” established Acceptance/Buy-in on change curve

Integrating Change Management with Modernization implementation

Thoughtful and structured integration of Change Management along side modernization implementations increases likelihood of modernization success.





Leader Mindset:
Influence Degree of Support



Governance / Structure:
Relevance and Decision Clarity



Conditions for Change:
P/P/T; Stagger, Incentives



Drivers / Case for Change:
Define "Why" and Outcome



Capability:
Showcase and absorb change

Breakthrough Change Readiness Dashboard – Finance & Accounting

Focus Area	Findings	Score	Recommendations
1. Leader's Mindset	A. Strongly endorsed/engaged and ownership for high engagement from all across the board. Staff have a clear understanding of the goals, team alignment to goals, recognizing areas of success. Recognition of the goals is visible in the work environment. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Green	A. Continue to foster and encourage engagement and ownership across the organization. B. Encourage Single Process/Model. Consider one set of end-state roles and responsibilities and before you roll out to accountability (ownership). Process owners with the responsibility to ensure the model is implemented. C. Clearly define the roles and responsibilities for the model. Consider the impact of the model on the organization and the impact of the model on the organization. D. Identify and track the key metrics that matter. Forward Reporting, Incentives, Staff will be an important. Staff resources will be an important. Staff resources will be an important.
2. Governance / Structure	A. Clear roles and responsibilities for the model. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Establish Effective Governance/Decision Making. Consider governance for decision making and roles of engagement along a continuum based on settings and needs. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
3. Infrastructure & Environment	A. Infrastructure/Support/Environment. Consider the process and the environment. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Establish Effective Infrastructure/Environment. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
4. Case for Change & Change Drivers (Internal & External)	A. Solid Messaging/Change Model. There is a clear goal. Communication is the key. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Continued Solid Messaging/Change Model. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
5. Capability	A. Staff Skills/Requirements for Model. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Identify Skills/Requirements and Workforce with IT and HR. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.

Breakthrough Change Readiness Dashboard – IT

Focus Area	Findings	Score	Recommendations
1. Leader's Mindset	A. Strongly endorsed/engaged and ownership for high engagement from all across the board. Staff have a clear understanding of the goals, team alignment to goals, recognizing areas of success. Recognition of the goals is visible in the work environment. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Red	A. Promote Change. Single Process/Model. Consider one set of end-state roles and responsibilities and before you roll out to accountability (ownership). Process owners with the responsibility to ensure the model is implemented. B. Encourage Single Process/Model. Consider one set of end-state roles and responsibilities and before you roll out to accountability (ownership). C. Clearly define the roles and responsibilities for the model. Consider the impact of the model on the organization and the impact of the model on the organization. D. Identify and track the key metrics that matter. Forward Reporting, Incentives, Staff will be an important. Staff resources will be an important. Staff resources will be an important.
2. Governance / Structure	A. Clear roles and responsibilities for the model. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Red	A. Establish Effective Governance/Decision Making. Consider governance for decision making and roles of engagement along a continuum based on settings and needs. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
3. Infrastructure & Environment	A. Infrastructure/Support/Environment. Consider the process and the environment. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Red	A. Establish Effective Infrastructure/Environment. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
4. Case for Change & Change Drivers (Internal & External)	A. Solid Messaging/Change Model. There is a clear goal. Communication is the key. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Continued Solid Messaging/Change Model. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
5. Capability	A. Staff Skills/Requirements for Model. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Identify Skills/Requirements and Workforce with IT and HR. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.

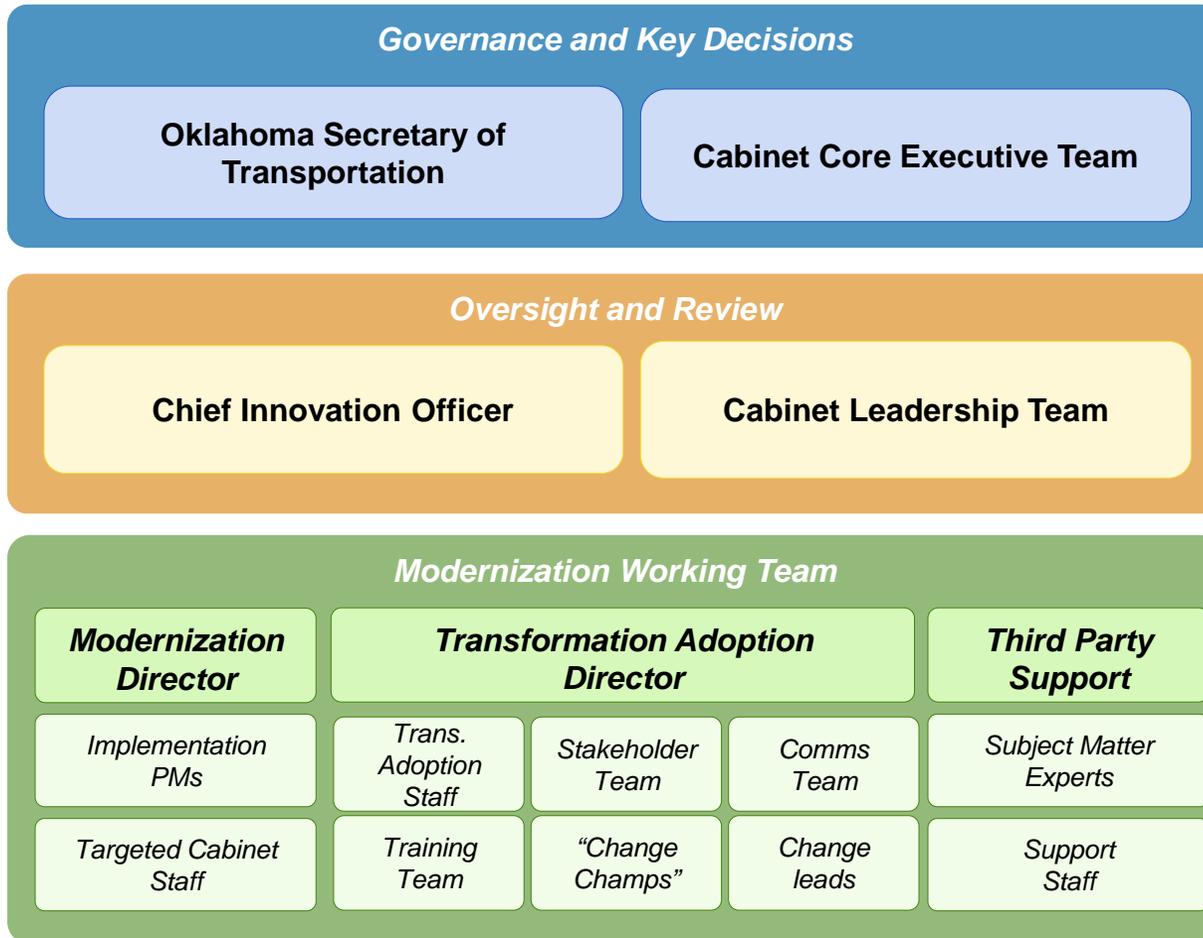
Breakthrough Change Readiness Dashboard – Project Delivery

Focus Area	Findings	Score	Recommendations
1. Leader's Mindset	A. Strongly endorsed/engaged and ownership for high engagement from all across the board. Staff have a clear understanding of the goals, team alignment to goals, recognizing areas of success. Recognition of the goals is visible in the work environment. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Promote Change. Single Process/Model. Consider one set of end-state roles and responsibilities and before you roll out to accountability (ownership). Process owners with the responsibility to ensure the model is implemented. B. Encourage Single Process/Model. Consider one set of end-state roles and responsibilities and before you roll out to accountability (ownership). C. Clearly define the roles and responsibilities for the model. Consider the impact of the model on the organization and the impact of the model on the organization. D. Identify and track the key metrics that matter. Forward Reporting, Incentives, Staff will be an important. Staff resources will be an important. Staff resources will be an important.
2. Governance / Structure	A. Clear roles and responsibilities for the model. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Establish Effective Governance/Decision Making. Consider governance for decision making and roles of engagement along a continuum based on settings and needs. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
3. Infrastructure & Environment	A. Infrastructure/Support/Environment. Consider the process and the environment. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Establish Effective Infrastructure/Environment. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
4. Case for Change & Change Drivers (Internal & External)	A. Solid Messaging/Change Model. There is a clear goal. Communication is the key. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Continued Solid Messaging/Change Model. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.
5. Capability	A. Staff Skills/Requirements for Model. Staff are aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them. Staff are also aware of the goals and are working towards them.	Yellow	A. Identify Skills/Requirements and Workforce with IT and HR. Consider the process and the environment. B. Review the model and ensure it is aligned with the organization's strategy. C. Review the model and ensure it is aligned with the organization's strategy. D. Review the model and ensure it is aligned with the organization's strategy.

Function	Phase 2: Lay the Foundation
<p>Project Management</p> <p>Leads: Jane and Jim</p>	<ul style="list-style-type: none"> Initiative Lists by Workstream w/ Owners Project Charters by Workstream Workplans by Workstream Realization Schedule Projections / Target Setting Steering Committee Kickoff Meeting Document Methodology IDWs
<p>Change Management</p> <p>Leads: Cliff and Anne</p>	<ul style="list-style-type: none"> Define Key Stakeholders (Stakeholder Register) Communicate The 'Why' Cascading communication (communication plan)
<p>Process Improvement</p> <p>Leads: Angela and Carl</p>	<ul style="list-style-type: none"> Mapping of current process and clarifying issues Reviewing the standard work

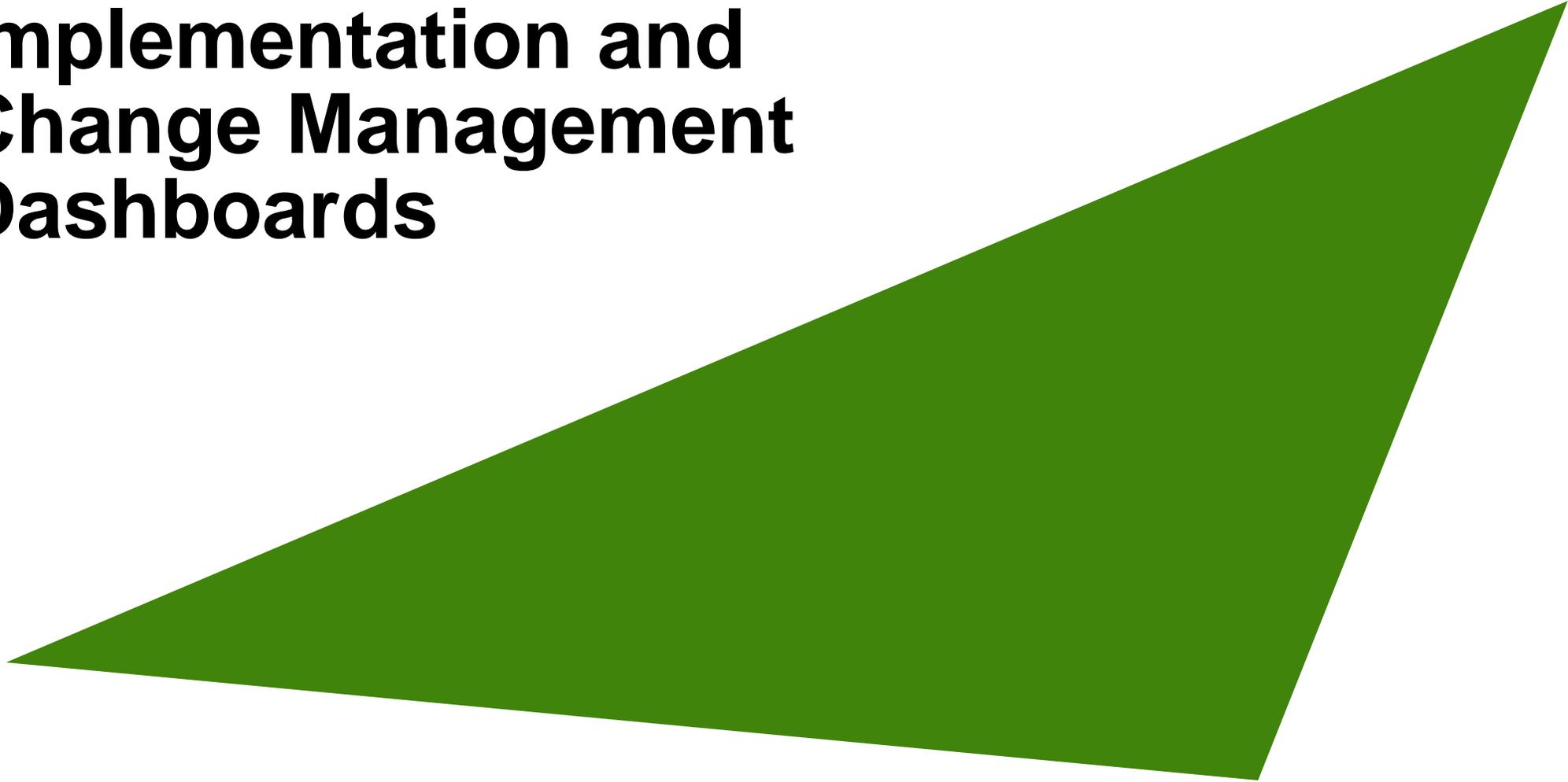
Integrated Governance and Team Structure

The Governance and Working Team should be responsible for overseeing and executing the broader Modernization initiative through Phases 2 through 4 and should be comprised of both Transformation Office staff and broader Cabinet staff / leadership.



- Approval of integrated Modernization implementation and Change Management strategy and tactical plans
 - Escalation point for key decisions and strategy/tactical plan changes
-
- Review of integrated Modernization implementation strategy Change Management strategy and tactical plans, and underlying engagement activities
 - Informed through reports provided by Working Team
-
- The Modernization Director will be responsible for the implementation of the Modernization recommendations through the Implementation Project Managers and dedicated cross-functional Cabinet staff relevant to each Recommendation
 - The Director of Transformation Adoption will be responsible for providing key business process improvement, policy and procedures, and Change Management support to the cross-functional implementation teams
 - Third party support will be engaged to provide critical and objective subject matter expertise and fill staffing gaps

Implementation and Change Management Dashboards



Dashboard – Site Navigation



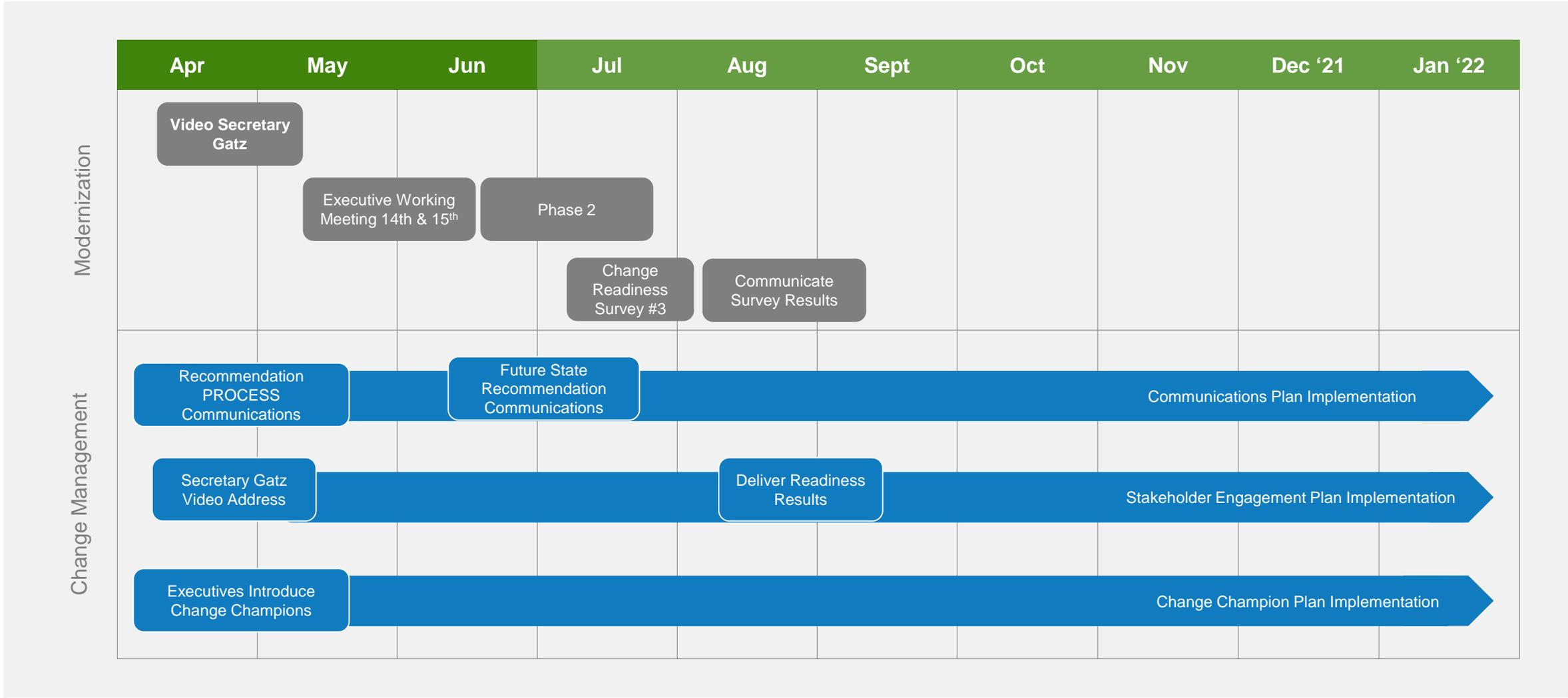
Change Management Principles



Modernization Progress



Communications Timeline



Initiatives



Upcoming Change Management Initiatives this Quarter – Understand what activities are planned

- ✓ Communicated Baseline Change Readiness Survey results to all employees
- ✓ Communicated Current State Assessment results to all employees
- ✓ Synchronized ODOT and OTA intranet sites
- ✓ Trained 600+ frontline managers and supervisors

Completed Change Management Initiatives this Quarter – Understand what activities took place

- ✓ Hosted 1200+ ODOT, OTA, and OAC employees at three Town Halls
- ✓ Answered all 150+ questions submitted by employees during the Town Halls
- ✓ Hosted onsite Town Halls at ODOT and OTA Field Districts
- ✓ Released bi-weekly informational *Guiding Principles* flyers
- ✓ Recruited and trained 100+ Change Champions

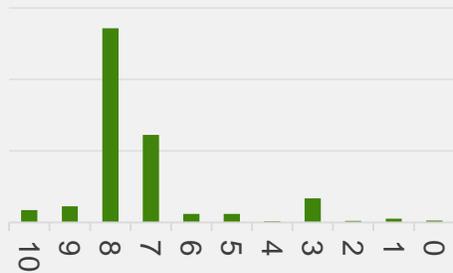
Participation



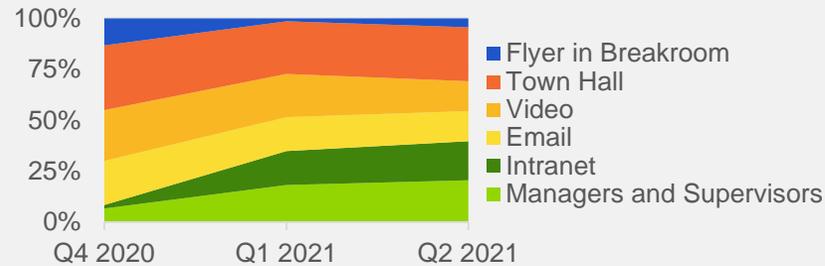
EE Engagement: Understand staff engagement and participation



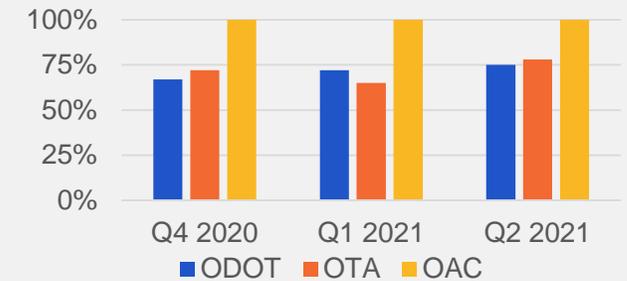
COMMS CHANNEL USEFULNESS RATING



PREFERRED COMMUNICATIONS CHANNELS



SURVEY RESPONSE RATES



INTRANET SITE VIEWS



Modernization Site Views
75% increase since Q1 2021



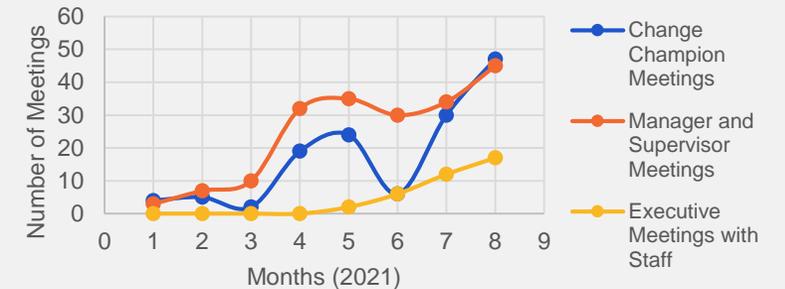
INFORMATION DISSEMINATION

73% of staff report receiving information regularly from their manager or supervisor

48% of staff report receiving information regularly from their change champion



MANAGER/CHANGE CHAMPION MEETINGS



Staff Support



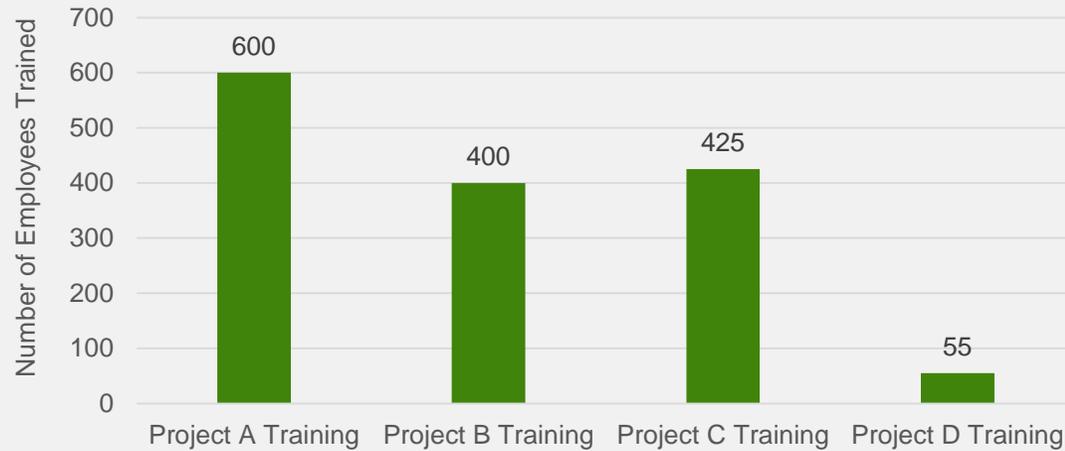
Training & Other Support

How staff is being supported and trained

COURSE COMPLETION RATES

Silo Busting	Flexible Work Strategies	Flexible Work Execution	Customer Service in a Flexible Work Environment	Cross-Agency Collaboration
25%	42%	54%	23%	40%

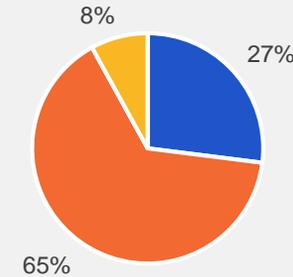
MODERNIZATION TRAININGS COMPLETED



Perception of Support

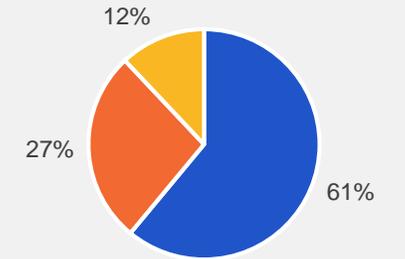
Staff perceptions of the level and adequacy of the support and training

I have been provided training to transition appropriately



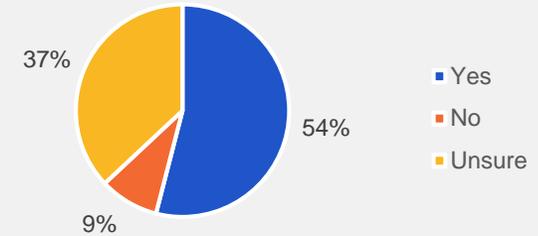
■ Yes ■ No ■ Unsure

I believe support provided is sufficient



■ Yes ■ No ■ Unsure

I would like to receive more support



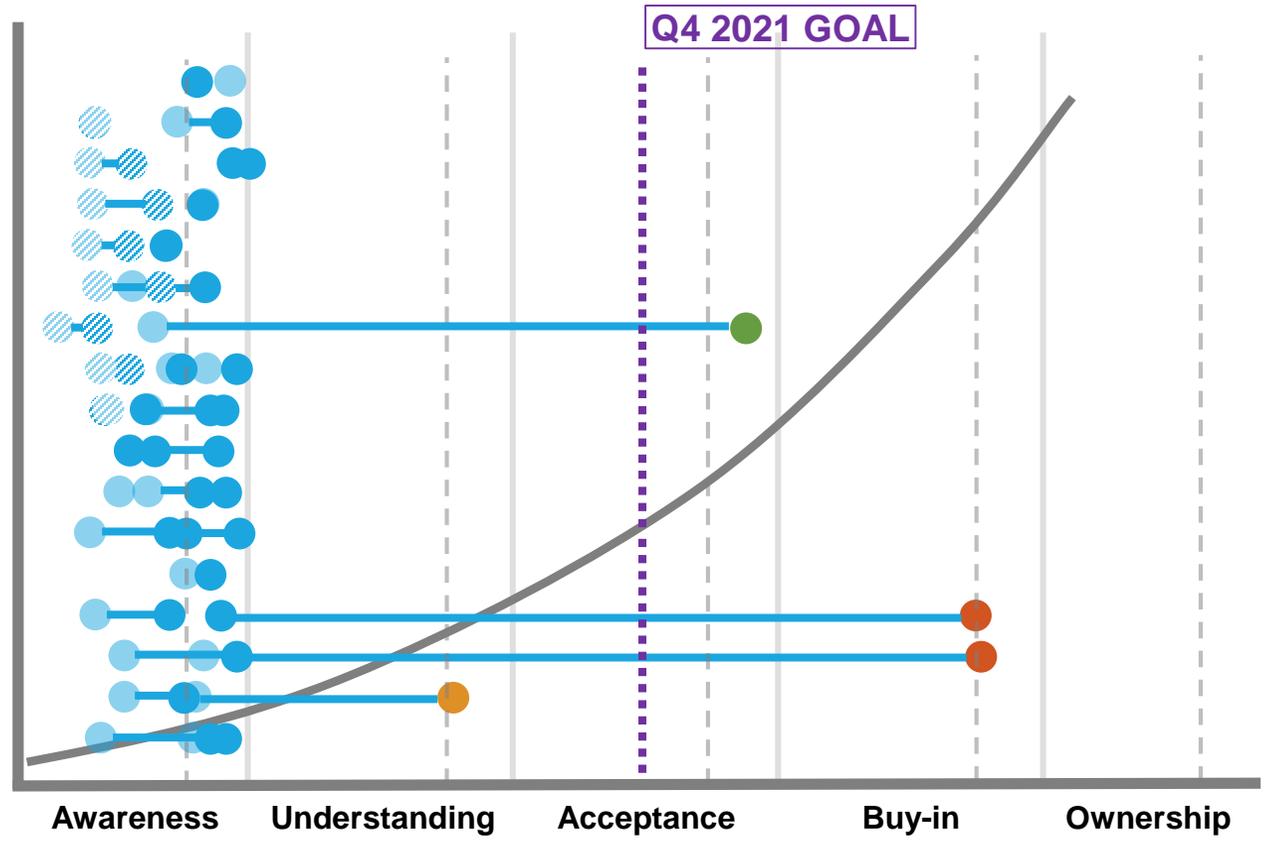
■ Yes ■ No ■ Unsure

Commitment to Change: Overall



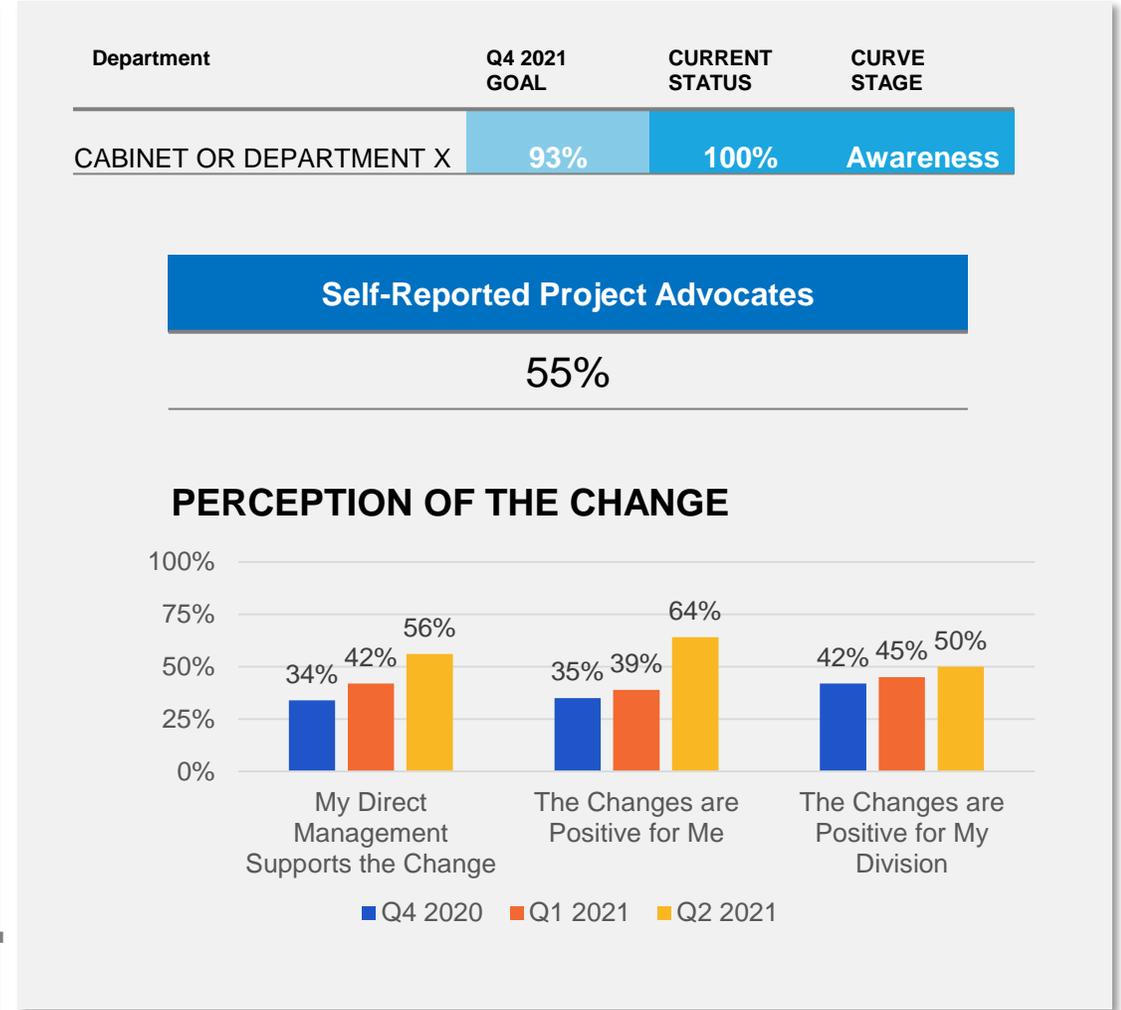
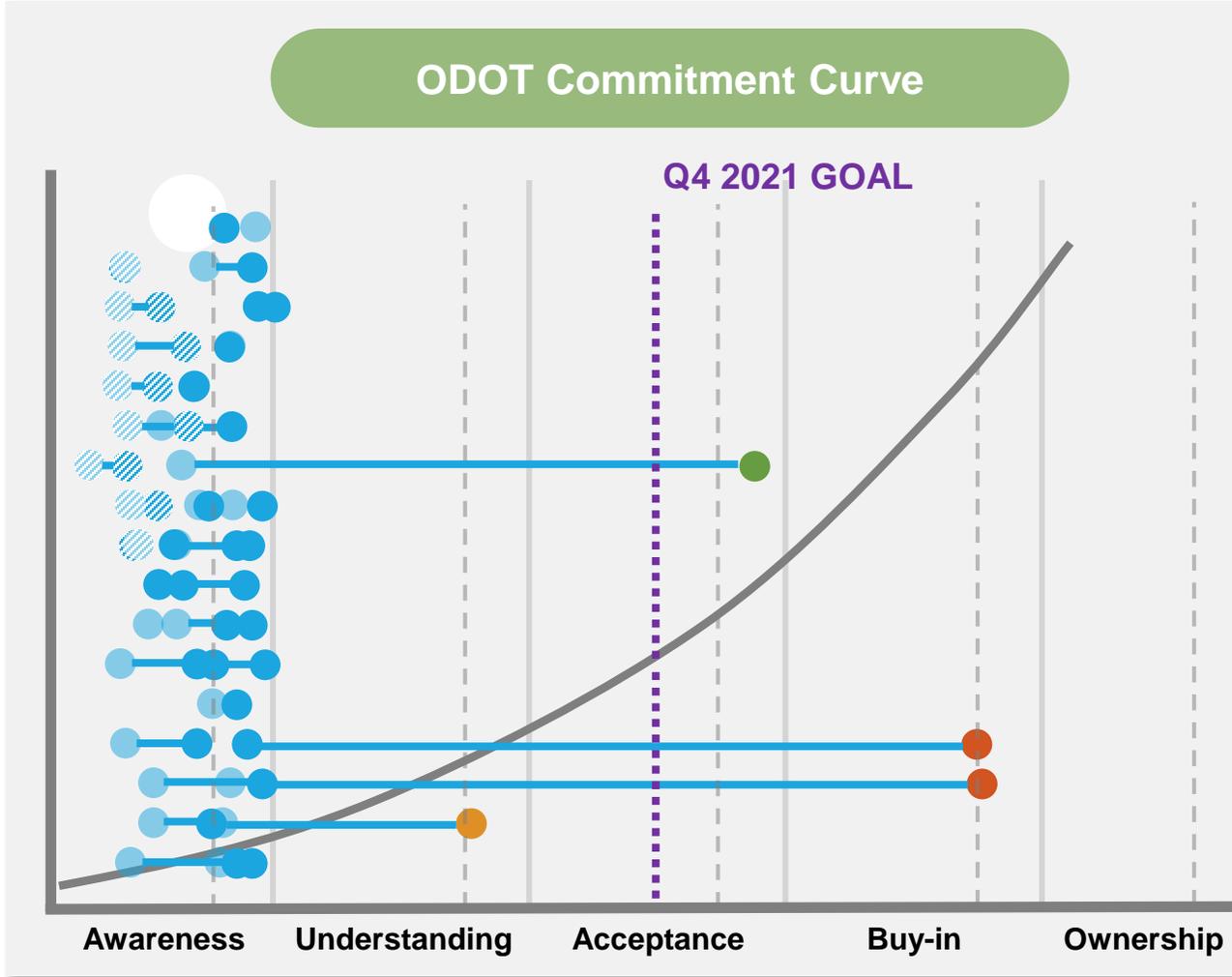
ODOT Commitment Curve

- ⚠ Directors
- ⚠ Project Management
- ⚠ Civil Rights
- ⚠ Local Government
- ⚠ Facilities Management
- ⚠ Rail Programs and Waterways
- ⚠ Media and PR
- ★ OR&E
- ⚠ Human Resources
- ⚠ Research & Implementation
- ⚠ Procurement
- ⚠ Construction
- ⚠ General Counsel's Office
- ⚠ Comptroller
- ⚠ District 1
- ⚠ District 2
- ★ District 3
- ★ District 4
- ★ District 5
- ⚠ District 6
- ⚠ District 7
- ⚠ District 8



Department	Q4 2021 GOAL	CURRENT STATS
Directors (combined)	93%	100%
Project Management	92%	80%
Civil Rights	83%	95%
Local Government	82%	82%
Facilities Mgmt.	82%	77%
Rail Programs and Waterways	79%	77%
Media and PR	78%	85%
OR&E	75%	85%
Human Resources	75%	83%
Research & Implementation	72%	91%
Procurement	70%	74%
Construction	69%	89%
General Counsel's	69%	96%
Comptroller	68%	68%
District 1	43%	54%
District 2	27%	42%
District 3	42%	66%
District 4	38%	54%
District 5	43%	54%
District 6	27%	42%
District 7	42%	66%
District 8	38%	54%

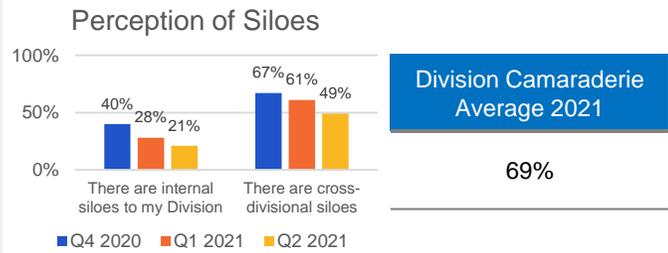
Commitment to Change: Division/District



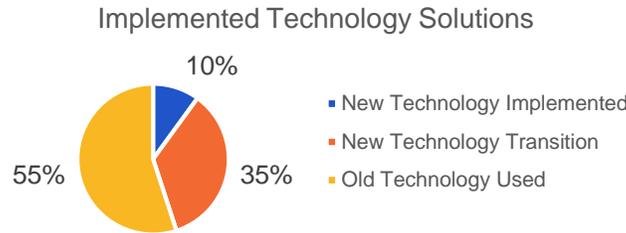
Alignment to Vision



Improved Collaboration



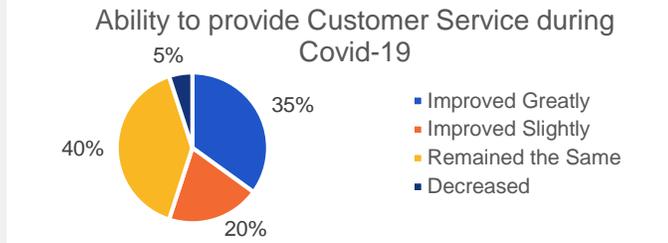
Enhanced Innovation



Greater Communication



Excellent Customer Service



Increased Efficiency



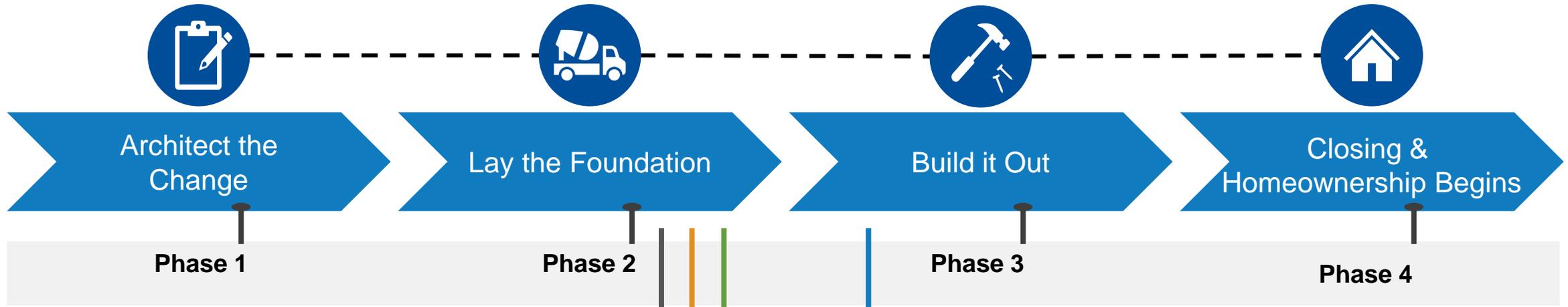
Rapid Adaptability



Modernization Implementation: Overview

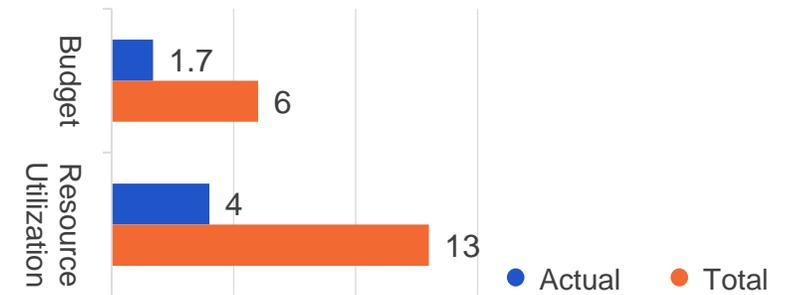


Modernization Implementation



Recommendation	Phase	Progress	Initiative Lead	Status
Unify HR, servicing employee needs from hire to retire	Lay the Foundation	75%	[INSERT NAME]	On Track
Implement Cabinet-wide IT Enterprise Services	Lay the Foundation	80%	[INSERT NAME]	At Risk
Establish a Project Delivery Department,	Lay the Foundation	90%	[INSERT NAME]	At Risk
Establish preliminary dashboard	Build it out	25%	[INSERT NAME]	Off Track

PROPOSED BUDGET AND RESOURCES



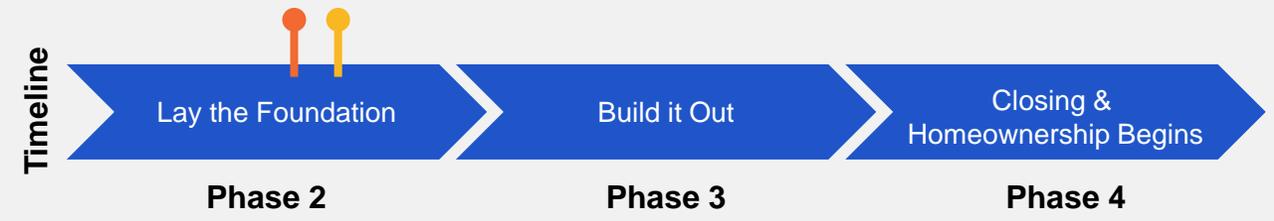
Modernization Implementation: Individual Recommendation



CREATE A HARMONIZED SHARED SERVICES FINANCE FUNCTION PROJECT PROGRESS DASHBOARD

Status

- Budget** Spent: \$5,500
Budget: \$12,000
- Schedule** Phase: **2 Lay the Foundation**
Progress: **55%**
Expected: **75%**
Lag: 20%



Activity Detail

Activity	Phase	Owner	Due Date	Status	Key Risks
Consider and execute MOUs related to P-card issuance and enhancing OTA's AP capabilities	2 Lay the Foundation	[INSERT DIVISIONS]	7/15/2021	On Track	
Develop a Cabinet wide end to end Procure-to-Pay process	2 Lay the Foundation	[INSERT DIVISIONS]	7/30/2021	At Risk	Still collecting process documentation
Develop a cost allocation process to calculate overhead rates to be captured in the MOU process and consistently review	2 Lay the Foundation	[INSERT DIVISIONS]	9/1/2021	Off Track	Have not scheduled meetings to develop a process

Modernization Outcomes: Internal Operating KPIs



HUMAN RESOURCES

INTERNAL OPERATING KPI DASHBOARD

SHARED SERVICE EFFECTIVENESS



METRICS OVERVIEW



CUSTOMER SATISFACTION OVER TIME



COST VS. BUDGET



Measure	Divisions	Current	Target	Delta	Status
Complete Annual Training	[INSERT]	98%	100%	-2%	Yellow
Timely Work Safety Incident Resolution	[INSERT]	75%	100%	-25%	Red

Cabinet Leadership Recommendations

Note: Adoption of Modernization Recommendations will not violate the integrity of the governance structure of each agency nor applicable state statutes nor contractual commitments (per their articulated terms) including but not limited to the Trust Agreement of the Oklahoma Turnpike Authority dated February 1, 1989 as supplemented.

Streamline Cabinet Executive Structure



Rationale and Benefits

- The proposed Cabinet structure **streamlines the executive branch and aligns to the broader Modernized Transportation Organizational Structure**
- The new structure will have a **positive impact**, as it will allow the **Core Executive Team to dedicate more time to mission alignment and strategic planning**, and leaders of the respective Offices a focus on functional delivery
- Phased approach to streamlining the Cabinet Executive Structure **allows for an interim central point of leadership within OTA (which is currently absent) until the future state org structure is realized**

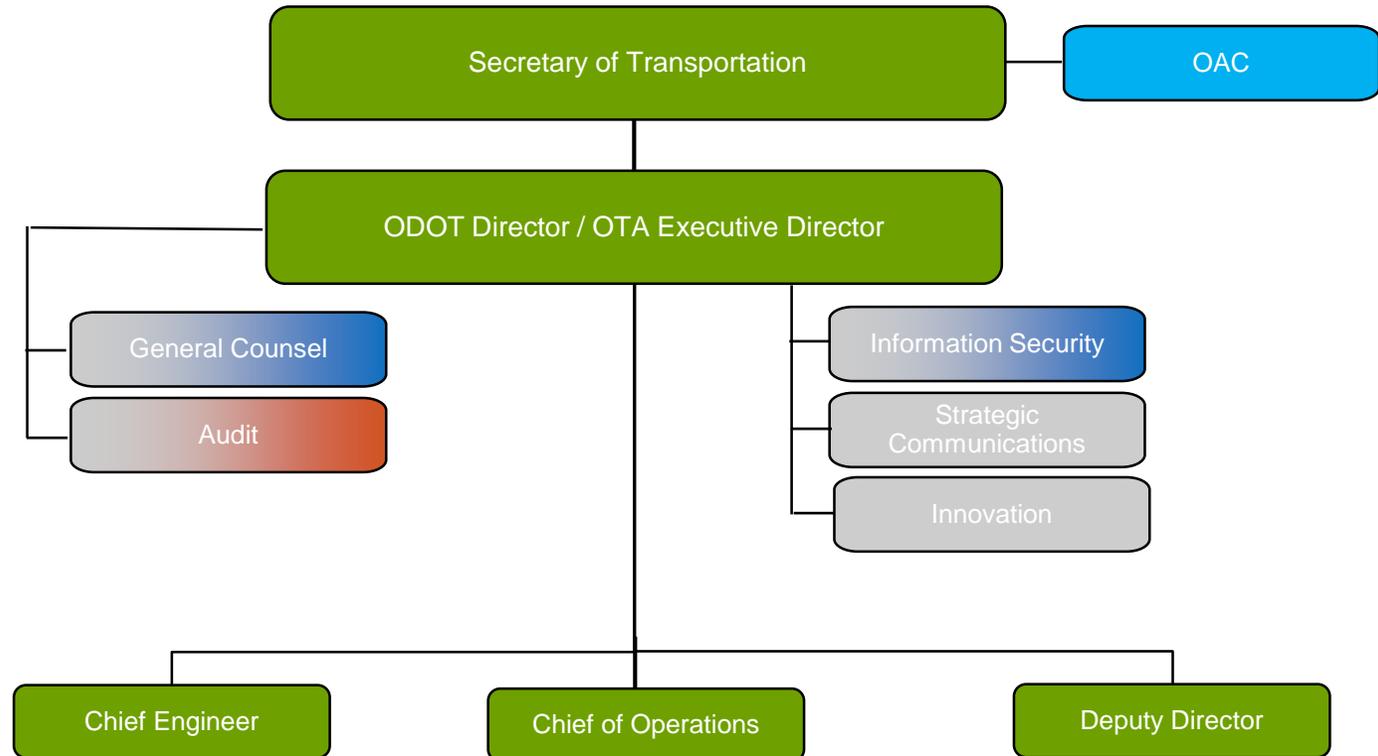


Leading Practices

- Agency Leads of small to mid size states (4 of the 6 peer states) have **fewer than 6 Direct Reports**
- Small to Mid-size peer DOTs (4 of the 6 peer states) have **fewer than 3 executives collectively focused on Front Office & Back Office Operations**
- Cabinet Secretaries typically **serve as Agency leads**
- During a **time of transformation**, it is extremely important that **Cabinet secretaries focus on strategic planning with Cabinet executives**



Future State Org Structure



Key	Color	Description
	Green	Cabinet - Core Executive
	Grey	Cabinet – Executive Support
	Blue	Reporting Agency
	Orange	Office
	Light Blue	Out of Scope

Implementation Plan: Streamline Cabinet Executive Structure

Next Steps*

Lay the Foundation

- Inventory current processes and supporting infrastructure for executive meetings, decision making, and governance groups
- Survey existing statutory and regulatory landscape to surface requirements related to executive level staff placement or direct reporting to the Transportation Secretary
- Review and redefine processes for core executive team reporting, support, decision-making, and governance to align to the Interim Cabinet* and Final Cabinet Structures*

Build it Out

- Re-define RACI Assignments and “Rules of Engagement” for core executive team and their direct reports
- Re-write job descriptions and re-calibrate TO
- Recalibrate Budgets and Budget authority
- Educate/train internal and external customers around new process/tech
- Establish inter-agency contracts to ensure that ODOT can execute on OTA functions and represent OTA, and vice versa

Closing & Homeownership

- Enshrine shifts to ODOT Director, and OTA Executive Director roles via statutory and OTA by-law changes**
- Enshrine Interim Cabinet changes via any statutory changes
- Enshrine Final Cabinet changes via any statutory changes
- Ensure appropriate internal and external communications related to changes

**Interim and Final Cabinet Structures depicted on in following slide*

***See Legal Considerations Supplement for additional details and specific statues relative to collapsing the ODOT Director and OTA Executive Director roles into one position*



Implementation Drivers



Securing statutory and by-laws shifts to combine ODOT and OTA directorships into one Position



Executive sponsorship and clear and frequent communication of the rationale for change, timing, and impacts to the Cabinet



Clearly defining roles, responsibilities, and “rules of engagement” for the newly defined core executive team and leadership teams



Risks

- Current Statutes may prevent full implementation of existing Cabinet executive structure
- Frequent shifts in Transportation Secretary appointment may leave Transportation Cabinet exposed to numerous changes to long term strategy and direction
- Cultural resistance to final Cabinet executive structure

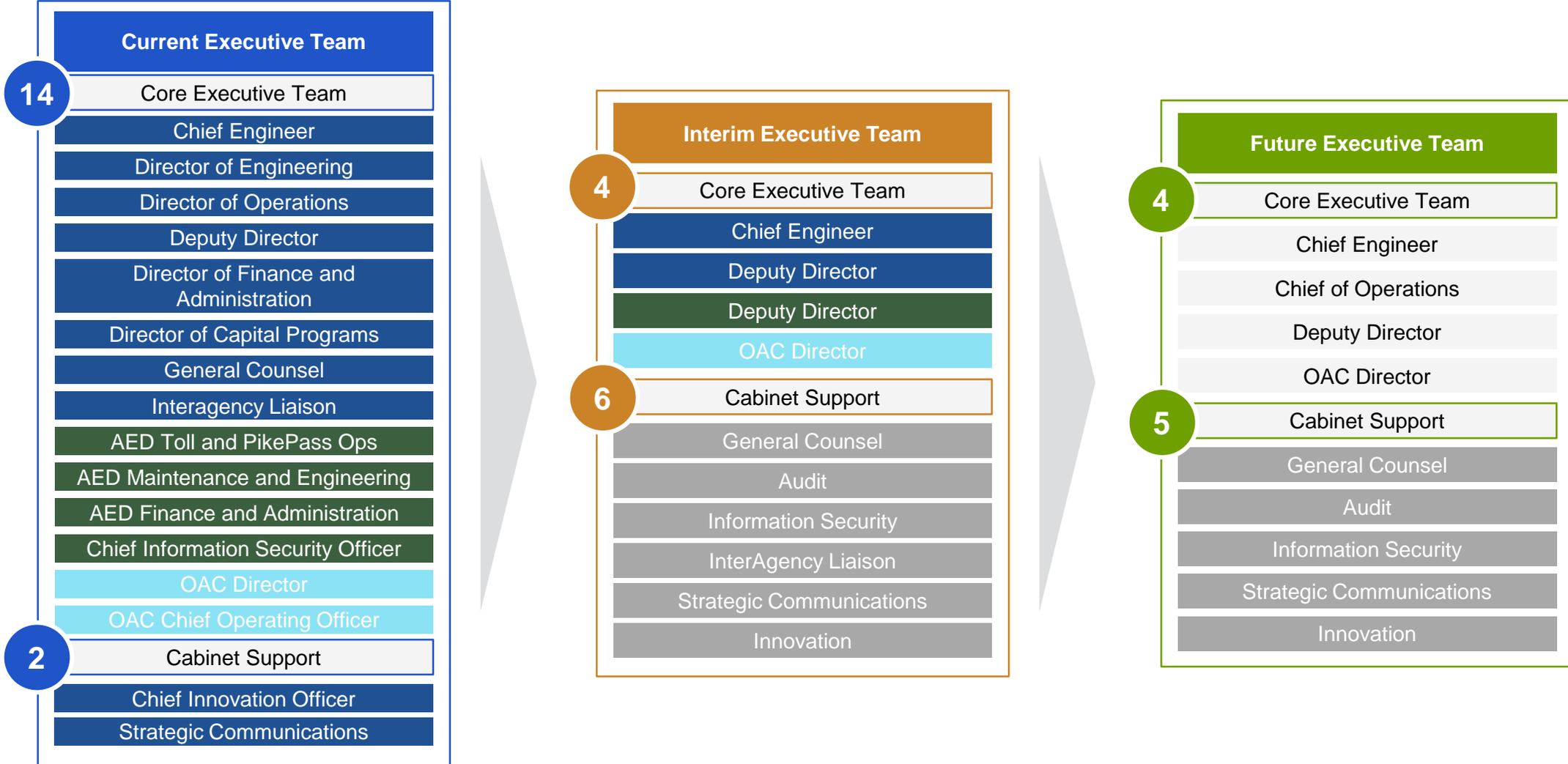


Mitigation Factors

- Close collaboration with the legislature may be necessary to ensure new Cabinet structure will receive their advice and consent
- Establish long-term plans and vision for the Transportation Cabinet to ensure continuity
- Executive sponsorship and communication will be critical to mitigate cultural resistance to shift in Cabinet structure

Cabinet Executive Structure: Phased Approach

While the recommendation presents a Cabinet structure that aligns with the broader vision of a modernized Transportation Cabinet, an interim Cabinet structure will help rapidly streamline the executive team and allow a focus on strategy / vision during a critical time of transformation.

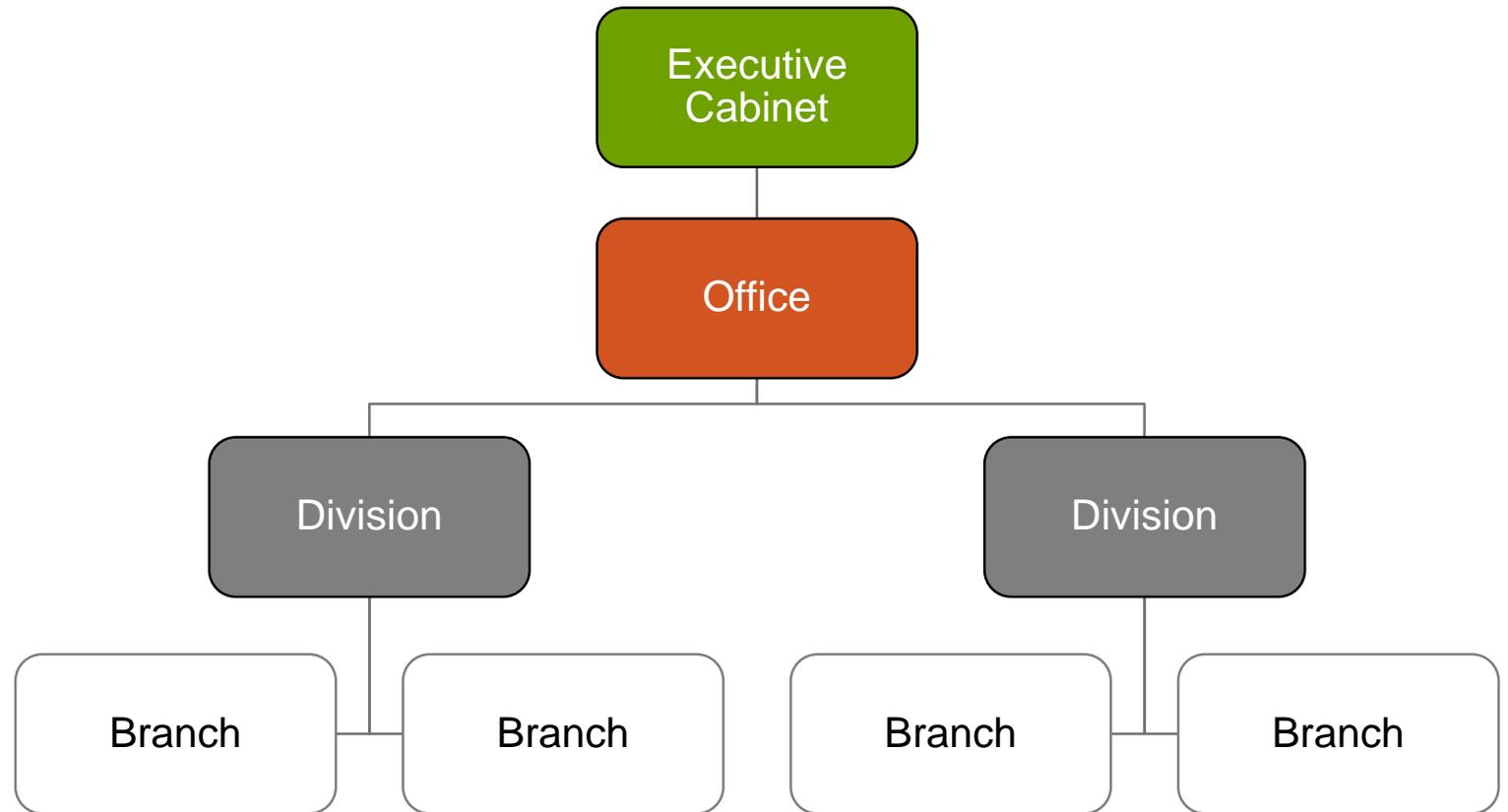
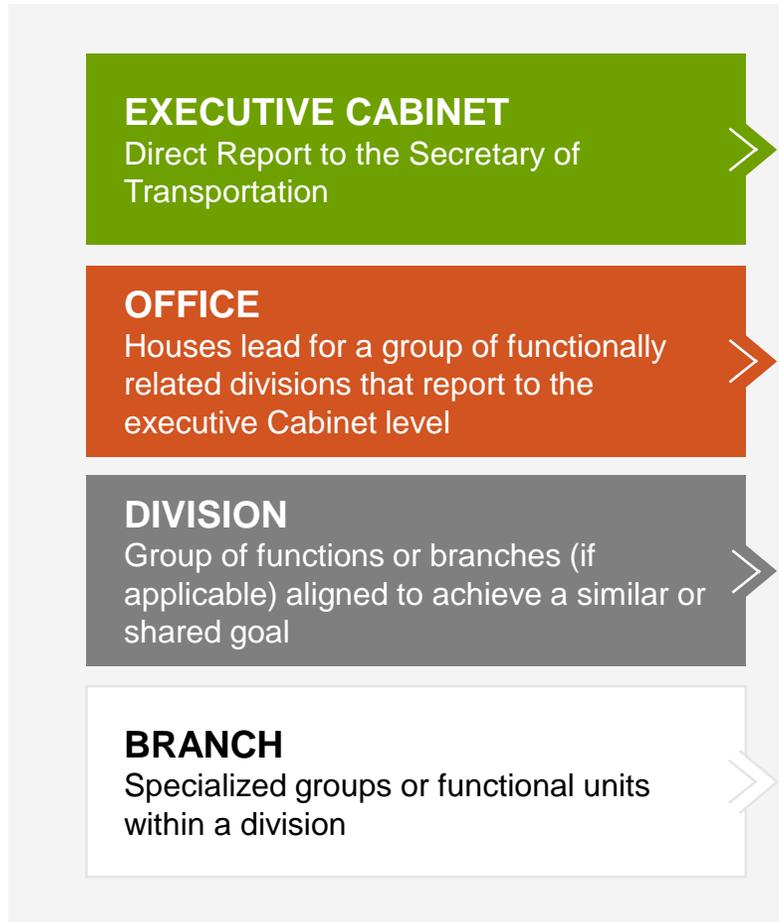


Organizational Hierarchy Definitions

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Organizational Hierarchy Structure Definitions

The recommended future state organizational structure is created around a hierarchical structure that slightly deviates from what exists at ODOT and OTA by introducing an “Office” Layer, and is depicted and defined below.



References



References

Section	Page	Citation
Implementation Approach	Implementation Approach	<ul style="list-style-type: none"> • https://ofm.wa.gov/sites/default/files/public/onewa/OneWA_OCM_Strategy.pdf • http://www.dupont.com/content/dam/dupont/corporate/news-events/news-events-landing/documents/20170901-DWDP-Day1-PressRelease.pdf
	Pitfalls to Avoid	<ul style="list-style-type: none"> • https://www.mckinsey.com/industries/public-sector/our-insights/elements-of-a-successful-government-transformation • http://www.governing.com/topics/mgmt/gov-baltimore-citistat-statestat-maryland.html
	Private Sector Lessons Learned	<ul style="list-style-type: none"> • https://www.pwc.com/us/en/deals/publications/assets/pwc-ma-integration-imo.pdf • https://www.gartner.com/en/documents/325548/real-cost-savings-through-consolidation • https://www.ssonetwork.com/business-process-outsourcing/articles/8-ways-shared-services-add-value-in-mergers-acquis
	Transformation Management Team	<ul style="list-style-type: none"> • https://www.pwc.com/us/en/deals/publications/assets/pwc-ma-integration-imo.pdf