An aerial photograph of a winding asphalt road through a mountainous, forested landscape. The road curves through a valley with dense evergreen trees. In the background, there are rugged mountains with some snow patches under a clear blue sky. The text is overlaid on the center of the image.

Efficiency & Accountability Committee

2010 Annual Report

Submitted by Russell George, Executive Director

Colorado Department of Transportation

Cover photo: U.S. Highway 40, Berthoud Pass.

The Efficiency and Accountability Committee

Committee History

In 2009, the legislature created the Standing Efficiency and Accountability Committee within section 43-1-106(17), CRS. The Committee was formed as a part of the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Act to assist CDOT in finding ways “to maximize efficiency of the Department and to allow for increased investment in the transportation system over the short, medium, and long term.”

Committee Organization

In the fall of 2009, the CDOT Executive Director appointed 16 members to the Efficiency and Accountability Committee. The appointees include private citizens interested in transportation and CDOT employees dedicated to helping improve the Department. The Committee members have diverse transportation backgrounds and interests such as highway construction, engineering, transit, and environmental. The nine citizens on the Committee are:

Maribeth Lewis-Baker, Free Ride Transit System, Breckenridge (Chair)
Debra Baskett, City and County of Broomfield, (Deputy)
Cliff Davidson, North Front Range Metropolitan Planning Organization
Jeff Keller, Asphalt Paving Company
Daniel Owens, Operating Engineers Union
Stephanie Thomas, Colorado Environmental Coalition
John C. Rich, Jackson County Commissioner
Bob Sakaguchi, Jacobs Engineering
Bill Weidenaar, Regional Transportation District

The representatives from CDOT are:

Jeanne Erickson, Transportation Commissioner
Scott Brownlee, CDOT Aeronautics
Patrick Byrne, CDOT Office of Financial Management & Budget
Dave Childs, CDOT Highway Maintenance & Operations
Solomon Haile, CDOT Engineering
Jennifer Finch, CDOT Transportation Development
Mickey Ferrell, CDOT Office of Government Relations

The CDOT Audit Division and the Division of Transportation Development provide the Committee administrative support.

Casey Tighe, Audit Director (Committee Vice-Chair, subsequently appointed)
Scott Richrath, Policy Analyst, DTD (Committee Secretary)

Committee Governance

The Committee first convened on September 17, 2009 and by November had established bylaws, and elected officers. The initial meetings of the Committee focused on understanding the statutes creating the Committee and reviewing other pertinent legislation. Committee members had to gain an understanding of CDOT operations and then develop a structure for how the Committee would study different areas of concern. Identification of processes for interacting with CDOT staff was also a priority.

Throughout the first year the Committee met once each month and the Chair filed regular reports to the Transportation Commission. The Committee developed a process for submitting recommendations to improve CDOT operations to the Executive Director. The Executive Director is responsible for implementation of the recommendations and responding to the Committee and the Legislature on the Committee's activities. This is the initial legislative report on the Committee's activities.

Risk Assessment

The Committee compiled more than 60 transportation efficiency and accountability issues for review. Those issues were grouped into eight general categories:

- Accountability,
- Budget,
- Contract Administration,
- Contract Process,
- Environment and Energy,
- Partnering,
- Staffing,
- Planning.

The Committee then identified the areas it felt had the greatest risk and impact for the Department.

The Committee found that in some of those areas, such as

Environment and Energy, CDOT is already using some industry best practices. Also identified were some areas that may not have the biggest impact but Committee members felt these issues could be studied, efficiencies identified and improvements implemented in a very short time frame.



Committee members discuss efficiency opportunities at CDOT.

High Risk Areas

Some of the areas rated by the Committee to be the highest risk were: Contracting and Procurement, Energy Use, Project Delivery and Environment, and Budget and Finance.

- Contracting and Procurement - Concerns over the timeliness and complexity of contracting were viewed by the Committee members as a major area of concern. CDOT Executive Management agreed with the Committee's identification of contracting and procurement as being high risk activities. An organizational and process consultant with expertise in government procurement was brought in to evaluate the processes for contracting at CDOT. The consultant is working with CDOT to implement changes to reduce and streamline procurement activities. The process improvements are being monitored by the Committee, and contracting at CDOT will continue to be a priority for the Committee in 2011.
- Energy – Members of the Committee felt that CDOT's use of energy was a risk on many different levels, including cost and environmental impact. The CDOT Chief Engineer provided the Committee background on many of the different energy initiatives throughout the Department. For example, the Department has completed several upgrades of equipment and lighting at the Eisenhower / Johnson Tunnels to reduce energy use and cost. LED lighting is being used for signals on state highways. Additionally, prior to establishment of the Committee, CDOT had retained an energy consultant to conduct energy audits of CDOT buildings to find ways to reduce energy consumption and save money. The Committee will receive periodic updates on the energy audit.
- Project Delivery and Environment – There are many different issues involved in project delivery and environment, and the Committee chose to focus first on implementation of a process called Context Sensitive Solutions (CSS). CSS is used to help move transportation projects forward while addressing concerns of people impacted by the project. The Committee's analysis found that CSS is a successful process that brings interested parties together to develop solutions to address project-specific concerns, but CDOT is inconsistent in its application of CSS.

Recommendations: The Committee recommended that CDOT staff draft a procedural directive in line with existing Policy Directive 13.0 "Colorado Department of Transportation Statewide Transportation Operating Principles," requiring more consistent use of CSS on CDOT projects. CDOT staff is currently drafting the procedure. The directive should include identification of key milestones where stakeholder buy-in to project decisions may be critical to project success. CDOT should also expand training to CDOT employees on how to use the CSS approach.

- Budget and Finance – The Committee is currently engaged in an analysis of the Department's fixed and variable costs related to staffing and operations. This analysis will include a comprehensive look at costs and resources required for CDOT to deliver a design and construction program while maintaining the existing system. The Committee is involved in benchmarking the resources and costs CDOT devotes to various activities to other state transportation departments' experience.

Issues for Quick Assessment and Quick Efficiencies

The CDOT Print Shop

In January 2010 CDOT's Administrative Services Director presented to the Committee on print shop operations, revenues, and costs. The Committee found that the print shop was not recovering its cost to print jobs such as bid plans. The Committee also wondered if the use of technology could produce more efficiencies related to disseminating construction bid plans.

By late January, the Committee issued its first set of recommendations to the Executive Director, calling for the Department to offer electronic copies of bid plans, to charge a price more commensurate with the cost of production for hard copies, and to have the print shop manager examine pricing annually. Specifically, the recommendations were:

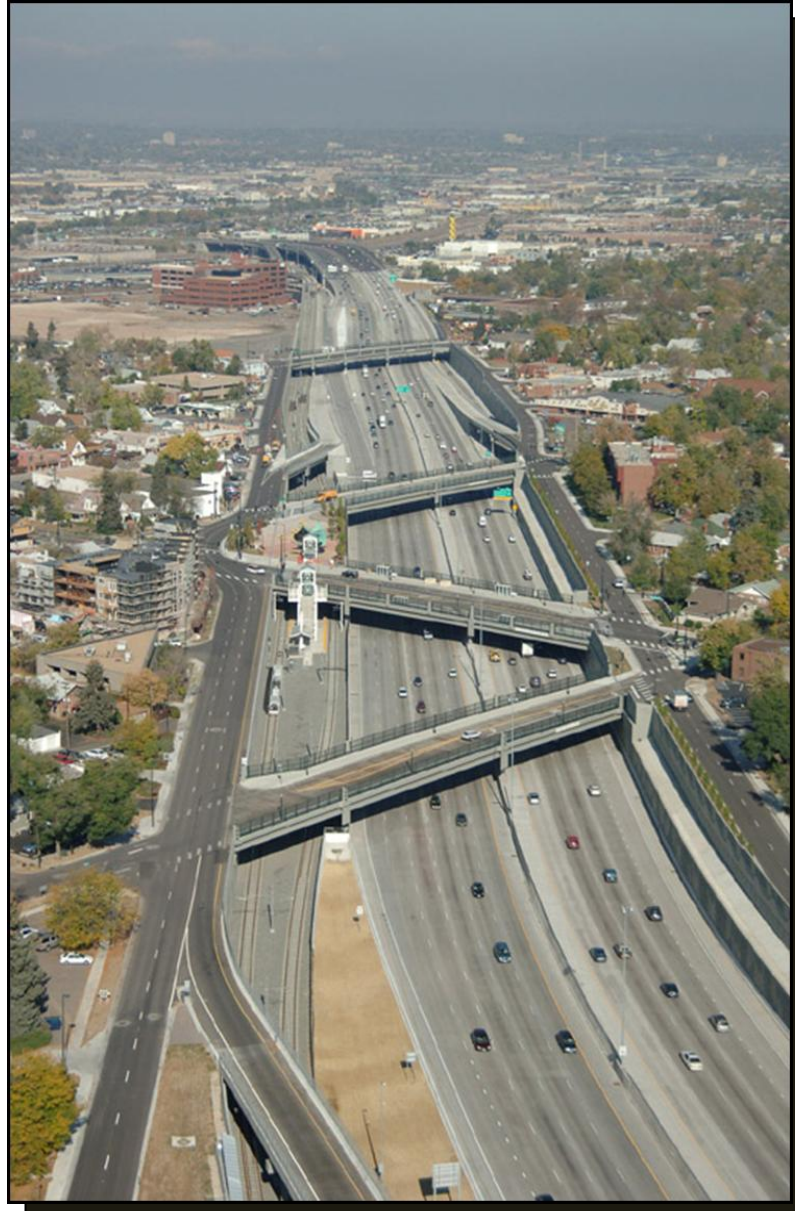
- To reduce print costs and conserve energy and natural resources, the print shop should move toward electronic distribution of bid plans. Electronic copies should be priced more favorably than hard copies to encourage electronic purchases, while still ensuring cost recovery of the electronic production.
- Charges for hard copies of bid plans should recover the full cost of production for those copies over the course of a year, thereby charging the contractor the approximate average cost on each copy. A simple, standardized pricing structure should be established by the print shop based on production costs. Findings indicate that this could generate at least an additional \$225,000 in annual cost recovery, independent of other recommendations, but could potentially achieve as much as \$650,000 in cost recovery depending upon the actual number of bid plans that are printed annually. This cost savings would go back to the indirect costs charged to all projects from the construction engineering pool, thereby allowing increased investment in the transportation system.
- The print shop should examine bid plan production costs annually, beginning with implementation of this recommendation, in order to keep pricing in line with production costs.
- The Committee also commended the Department on its move toward electronic paystub distribution. CDOT staff estimate that the move to electronic paystubs results in a cost saving for CDOT of approximately \$1,550 each month.

Results: The minimum price for bid plans has increased from \$10 to \$20. The print shop has set fixed tiers of pricing for a set of bid plans at \$20, \$30 or \$40 for a set of project plans depending on the size of the project. The new pricing structure went into effect in October 2010. CDOT will monitor revenue impact in future years and adjust pricing accordingly.

CDOT Operational Efficiencies

The Committee identified several areas to make modest improvements to the efficiency of activities within CDOT.

- Meetings and Technology – The Committee recommended that CDOT make greater use of technology such as video conferencing, and web-based meetings and training to reduce employee travel costs.
- Meeting Attendance – Concerns were expressed that CDOT was sending too many people to meetings. The challenge is to have informed staff available to make the meeting productive while not paying for numerous CDOT staff to be at the same meeting. The Committee recommended that CDOT managers should make sure each meeting has a clear purpose and agenda, and that staffing resources have been considered.



Interstate 25, T-REX

Results: CDOT staff responded that over the last year there has been a significant decrease in CDOT employee travel costs. External stakeholders shall have improved accessibility to CDOT meetings by June 30, 2011.

Ongoing Work and Future Challenges

Ongoing Work

In addition to the topics discussed above, the Committee has initiated several other projects to evaluate the efficiency and accountability of different aspects of CDOT operations. These efforts will continue in 2011 and the results of the examination will be included in next year's report. These projects include:

- The relationship between local governments and CDOT in the project planning process.
- Coordination of CDOT performance measures with various efficiency and accountability efforts at CDOT. The Committee has identified a wide range of existing programs to improve efficiency and accountability at CDOT. These programs operate both within CDOT and from outside the Department. Some of the CDOT efforts include the performance measurement program, the quality assurance review program, and the control self assessment program. Efforts from outside CDOT include FHWA's Every Day Counts project delivery initiative, and federal agency program reviews.
- Cost recovery for various goods and services provided by CDOT. The bid plan review demonstrated that CDOT may not be accurately identifying and recovering costs incurred for delivering specific goods and services. The Committee will evaluate some of these specialized areas including permits to determine if there are opportunities for CDOT to improve its efficiency and accountability in these areas.

Future Challenges

In the first year the Committee focused on looking for opportunities to improve efficiency at CDOT. In the coming year the Committee plans to address accountability and evaluate CDOT's effectiveness in being accountable to Colorado's citizens. The Committee also sees funding for Transportation in Colorado as the Department's most significant challenge, and recognizes the need for improved efficiency and effectiveness given the constraint of fiscal resources.

Conclusion

The Committee would like to thank CDOT staff for their assistance and cooperation in making the Committee's first year a success. Committee members have been told by CDOT employees that the creation of the Efficiency and Accountability Committee has increased awareness of the need to constantly look for ways to improve operations at CDOT.

The Committee believes CDOT has already benefited from managers increasing their focus on being accountable and efficient as they respond to Committee requests. The Committee has also been a catalyst to help CDOT move forward on some initiatives that were started before the Committee was formed.



Efficiency and Accountability Committee, front row left to right: Scott Richrath, Mickey Ferrell, Debra Baskett, Maribeth Lewis-Baker, Bob Sakaguchi, and Casey Tighe; back row left to right: Bill Weidenaar, Patrick Byrne, Dave Childs, Jeanne Erickson, Jeff Keller, John C. Rich, and Solomon Haile. See Committee Organization for full Committee roster and representation.

The Committee members are looking forward to a productive and challenging second year in helping CDOT assure Efficiency and Accountability in operations.