

# DISCUSSION DRAFT

## REPORT OF THE WORKING GROUP ON ORGANIZATION AND PROCEDURES

### Working Group Process

The Organization and Procedures Working Group met five times and heard presentations from various representatives of the Department of Transportation, the Office of Policy and Management, contractor organizations and interest groups.

### Background

The Connecticut Department of Transportation was created in 1969 when Public Act 768 merged the Department of Highways, the Department of Aeronautics, the Connecticut Transportation Authority, and the Commission of Steamship Terminals. At the same time two new bureaus, the Bureau of Administration and the Bureau of Planning and Research were created. That is largely the same organizational structure in place today.

At the time that the Department of Transportation was created local bus service was operated by private carriers, with the state's role limited to regulatory matters. In the 1970's as a state and local transit districts assumed responsibility for funding and, later, operating local bus service those state programs were added to the responsibilities of the Department of Transportation. During the early 1990's former bureaus of Aviation and Waterways were combined into a new Bureau of Aviation and Ports.

Under the original organizational structure the Department of Transportation was headed by a Commissioner and a principal Deputy Commissioner who are responsible for overall agency operations. In addition, a Deputy Commissioner headed each of the bureaus. Like all state agencies, the Commissioner was appointed by the Governor with the advice and consent of either house of the General Assembly. Deputy Commissioners were appointed by the Commissioner. About a dozen years ago bureau chiefs chosen from among DOT employees generally replaced Deputy Commissioners as Bureau heads.

### Current DOT Reorganization Efforts

Since his appointment the current DOT Commissioner, Ralph Carpenter, has undertaken several efforts to reorganize and redirect existing DOT operations. These include the consolidation of all financial functions in one bureau, separation of the existing Bureau of Engineering and Highways into separate engineering and highway bureaus, and enhancement and re-organization of

# DISCUSSION DRAFT

quality control efforts. The working group strongly supports all of these efforts and believes that they are essential to the department's future.

## **Organizational Issues**

As part of its charge the working group reviewed the existing organization structure of the Department of Transportation, including whether the existing structure should be maintained. While we concluded that the current model of a single consolidated Department of Transportation should be maintained, in order to provide a coordinated response to the challenges of transportation and economic development, the working group is recommending several improvements in the current organization and structure. These changes are designed to improve oversight, improve efficiency, better coordinate transportation programs and ensure the best possible use of its resources.

As currently constituted the Department of Transportation consists of three bureaus with primarily modal responsibilities and two (Policy and Planning and Finance and Administration) which play support roles. If the department is to achieve its goal of coordinating transportation policy and operations, all elements of the department must work together toward a common mission. This requires leadership, clearly established and articulated goals, performance measures and accountability. The working group is concerned that too often some or all of those attributes are missing from the Department.

## **Strategic Planning**

Strategic planning is a process of defining an organization's long-term goals and challenges and then organizing its efforts to achieve those goals. In a public agency, such as Department of Transportation, it involves not only the agency but also the Governor, the legislature, other agencies and stakeholders. However, it is generally the agency which drives the strategic planning process.

A significant part of the personnel and resources of the Department of Transportation are devoted to planning activities. Each year the department undertakes or participates in dozens of planning exercises and studies, generally through the bureau of policy and planning. However, these efforts are generally focused on specific projects, problems or corridors. Even the department's "Master Transportation Plan" is largely driven by existing and planned projects.

Early in this decade, concern about the department's strategic planning efforts and capacity, among other issues, led to the creation of the Transportation Strategy Board, which is charged with developing and adopting a transportation strategy for the state. While we believe that the board plays an important role in strategy development, we believe that it is no substitute for an effective strategic planning capacity within the department. This strategic planning effort needs to

# DISCUSSION DRAFT

go beyond project planning and take into account long-term trends and needs and how to meet them.

## Evaluation

Another organizational shortcoming which the working group noted was a lack of overall systems and metrics for measuring and evaluating the cost and effectiveness of the department and its programs and services. This is an issue which has long been of concern to the Governor and the General Assembly. Indeed, the Transportation Strategy Board is currently undertaking a study of evaluation issues and how to address them. The working group strongly recommends that the department develop and implement a robust evaluation system to measure and report on performance.

In order to address these issues the working group recommends the creation of a new Office of Strategic Planning and Evaluation reporting directly to the Commissioner of Transportation. This office should be the focal point for the department's strategic planning and evaluation efforts and to work closely with the Transportation Strategy Board and agencies and organizations involved in these issues.

## Chief Operating Officer

Currently, the Department of Transportation's senior leadership includes the Commissioner and three Deputy Commissioners. Each of the Deputy Commissioners is responsible for oversight of the one or more bureaus. Under this model the only senior official responsible for overall agency operations is the Commissioner. The working group believes that it is essential to strengthen oversight and leadership over all department activities. For that reason, the working group is proposing the creation of a new position of chief operating officer who will be responsible for the day-to-day operations and the implementation of department wide policies, as well as coordination with other state and federal agencies.

## Financial Management

As previously noted, the department is implementing a major reorganization of its finance and financial management functions, consolidating all of those responsibilities in the Bureau of finance and administration. This represents a major departure from past practice under which each bureau controlled some of its financial functions. It is intended to strengthen financial management and oversight, reduce the number of transactions requiring the involvement of more than one Bureau, and support the reorganization of financial management systems, policies and procedures. The members of the working group have unanimously expressed their strong support for this important initiative. The working group also believes that as part of the effort to improve DOT's financial

# DISCUSSION DRAFT

management system, internal and external audit functions should be enhanced while maintaining current reporting relationships.

## Engineering and Highways

The Bureau of Engineering and Highways is by far the largest within the Department of Transportation. Its mandate includes both the management of the state highway system and engineering support for highway and most other DOT programs.

The Department of Transportation is currently developing plans to separate the existing bureau into separate Engineering and Highways bureaus. Under this plan the new Bureau of Engineering which will be responsible for engineering and construction services, including construction oversight and quality assurance. The new Bureau of Highways will be responsible for highway operations, maintenance, and congestion mitigation.

This effort is designed to create new bureaus with a clear focus on engineering and the operation of the state highway system, while at the same time improving management, oversight of and accountability for those functions. The working group supports this approach and recommends that the Commissioner consider consolidating all engineering functions into the new Bureau of engineering, in much the same way that financial functions are currently being consolidated in the Bureau finance administration.

## **Policies, Practices and Procedures**

### Public Transportation

Over the last several years and there has been a major change in the state's approach to public transportation. Rail and bus services, once considered the stepchild of transportation system, have emerged as the focus of three gubernatorial and legislative initiatives. Indeed, in 2006, public transportation programs were essentially the sole focus of the Governor's transportation initiative and made up a substantial majority of the projects subsequently approved by the General Assembly. The working group strongly supports this new focus and urges the Governor and the General Assembly to continue their strong support for public transportation.

The Department of Transportation has responded to these initiatives by strengthening its public transportation functions. Earlier this year a new Deputy Commissioner was appointed to oversee the Bureau of Public Transportation as well as related issues like Transit Oriented Development. However, the Transportation Strategy Board, legislators and advocates have all expressed frustration with the slow implementation of major public transportation initiatives, including the New Haven-Springfield rail service and the New Britain-Hartford

# DISCUSSION DRAFT

busway. The working group agrees with the Transportation Strategy Board that timely implementation is essential to an effective transportation program and recommends that the Governor, agency heads and, if necessary, the General Assembly take action to address the causes of delay.

The working group is also concerned about the department's capacity to develop, implement and evaluate public transportation programs. The state remains largely dependent on its contract operators, including Metro-North, a subsidiary of New York's Metropolitan Transportation Authority. The department needs to enhance its capability of independently evaluating rail and bus policy options and operations.

As part of its review of public transportation functions, the working group considered changes in governance and funding of public transportation services including creation of a dedicated enterprise fund to support public transportation and creation of a separate Public Transportation Authority or advisory Board to oversee public transportation programs. While the working group is not, at this time, recommending the responsibility for public transportation be shifted from DOT to an independent authority it does believe that further discussion of the best way to organize, govern and evaluate public transportation services is warranted.

The working group's discussion of rail service included consideration of ways to improve and enhance rail freight services as a means of diverting highway traffic, reducing congestion and improving highway safety. While recognizing the obstacles to enhanced rail service, the working group believes that it is essential for the Department of Transportation to develop a comprehensive rail freight plan which allows the state to make the best use of its rail freight infrastructure and facilities.

No single issue generated as many comments as the need for enhanced bicycle and pedestrian services. The working group urges DOT, the Governor and the General Assembly to provide increased support for these important programs.

## Business Processes and Staffing

The working group believes that perhaps the most significant challenge confronting the Department of Transportation relates to the reform and updating of its internal business processes which, the working group believes, can in many cases be simplified, streamlined and take better advantage of new technologies.

The working group believes that business process redesign is needed and offers the department an opportunity to redefine and improve how it does business. That process should include stakeholders and agencies critical to DOT's success. For example, DOT should work closely with the Attorney General to

# DISCUSSION DRAFT

address the time required to process and review contracts and other legal documents.

Such a process will be neither quick nor inexpensive. It will require detailed evaluation of existing processes, the involvement of DOT employees at all levels, and outside assistance.

But, the opportunity for improved service, enhanced accountability and cost savings all justify the time, effort and potential disruption.

The working group also believes that the business process review should include a needs assessment and realistic estimates of the staff required to perform the required work. Those estimates should serve as the basis for agency budgets going forward.

## Contracting Process

The working group devoted a significant amount of its time and effort to a review of the Department of Transportation's contracting process for both consultants and construction contractors. The working group also had the benefit of a survey of DOT contractors conducted by the People and Culture working group.

This review took place at a time when the General Assembly was considering sweeping changes in the states contracting laws, including establishment of a Contracting Standards Board. Legislation establishing the board and making other changes in the states contracting system was subsequently enacted and signed by Governor Rell. The full impact of that legislation on DOT's contracting process remains to be seen.

The working group feels strongly that whatever contracting process is adopted must be efficient transparent and accountable.

During the working group's review of the contracting process a number of issues were identified, including the need to be more transparent; provide more information about planned procurements, especially for consulting services; use of new contracting methods, such as so-called "design-build" contracts; billing and payment issues, including the need for more timely resolution of disputes; dispute resolution procedures and similar issues.

A significant part of the working group deliberations involved the law governing DOT's selection of engineering and other professional consultants. This contracting process is governed by a DOT specific law enacted in 1982 following a procurement scandal within the Department. Under this contracting procedure consultants are invited to submit their qualifications for specific projects based on limited information about the project and the work involved. Once the contractor

# DISCUSSION DRAFT

is selected and there are sequential negotiations concerning the scope of work and the contractor's fee.

Contractors and contractor organizations who appeared before the working group and/or responded to the survey discussed above complained about the need for improved construction documents and argued that, in the absence of information concerning the projects which the department intends to bid during a given period, is difficult for them to determine which projects to submit proposals for. They requested that the department prepare a semiannual listing projects, just as it does for construction projects, in order to provide better information to potential contractors. The working group believes that this request is both reasonable and appropriate and that the information should be made available and posted on DOT's web site.

The working group is also concerned that the current system deprives the state of the benefits of cost competition since both the scope of work and the price are not discussed or negotiated until a contractor has been selected.

Finally, concern was expressed by contractors concerning the timeliness of both dispute resolution and payment. In addition, an organization representing construction contractors argued that DOT employees in the field should be given more decision-making authority in order to reduce delays. The working group recommends that, as part of the overall review of DOT business processes, the dispute resolution process be reviewed in order to ensure that decisions are made in a timely manner, consistent with the best interests of the state.

## **Interaction with other Agencies and the Public**

The Department of Transportation does not function in a vacuum. Its planning, construction and operations all involve interaction with a number of other local, state and federal agencies, including federal funding agencies, state and federal environmental agencies, the Department of Economic and Community Development and the Office of Policy and Management. The working group recommends that the department take steps to ensure that all affected agencies and stakeholders are involved as early as possible in the planning and implementation processes.

The working group also believes that it is important for the department to become more transparent and communicate and work with a wide variety of stakeholders. Toward that end, we urge the department to take steps to improve customer service and feedback, including customer satisfaction surveys, improved communications and complaint procedures and ensuring stakeholder involvement in all DOT projects and steering committees.