

## Caltrans Improvement Project

We, the California State Transportation Agency and the Department, sought an honest assessment of Caltrans from the State Smart Transportation Initiative (SSTI) because we are committed to modernizing the department and improving transportation for all Californians. The SSTI report describes significant challenges at the department that must be confronted and overcome so Caltrans may reassert its leadership as an effective transportation entity. Our goal in this regard is appropriately immodest: we want the department to be the best state Department of Transportation (DOT) in the country—one that is broadly viewed as well-performing, efficient, transparent, accountable and modern (i.e., providing leadership to meet today's transportation challenges).

The SSTI review calls for change at Caltrans to foster a culture of performance and innovation, improve communication, and build strong partnerships to provide a modern, statewide transportation system that is clean, safe, and integrated. Importantly, the SSTI review recognizes the tremendous capacity within Caltrans to embrace change and meet these objectives:

***“Within Caltrans itself there is great interest in this different mission... Caltrans staff has openly acknowledged problems, both those of the department’s own making and those created by outside entities, and has addressed some of them in its own program review of 2012. The staff’s openness to discussing these problems and possible solutions provide real hope that the department can embrace needed reforms.”***

The SSTI report generally calls for the department to modernize its mission, strengthen management and performance, match investments and resources to the state's policy goals, and communicate effectively. Now is the time to implement these recommendations for real reform at Caltrans.

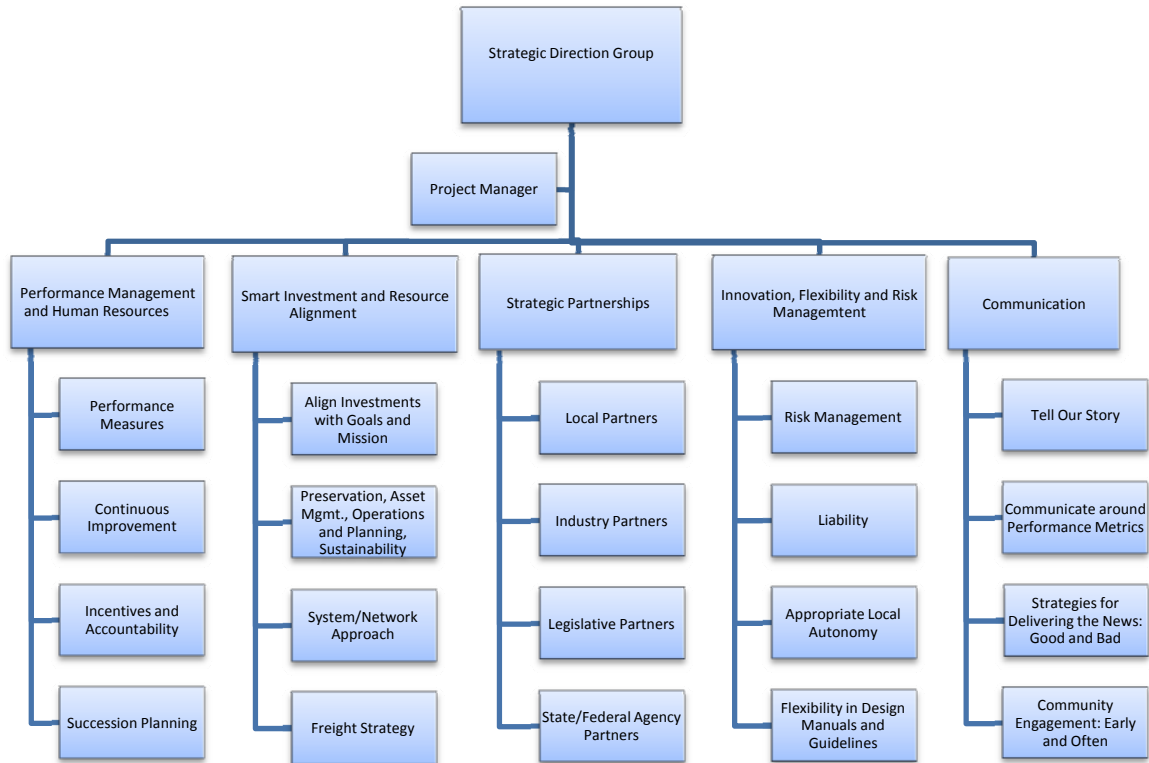
If we follow this path forward, Caltrans will improve. It is already working: The Legislature praised Caltrans' recent publication of The Mile Marker, a performance report that delivers a straightforward accounting of how Caltrans is performing and where it can improve; stakeholders appreciate the Department's bold new mission and vision to guide its statewide operations; and bike and pedestrian advocates cheered Caltrans when it endorsed innovative street design options as an important part of supporting more multimodal local streets and roads in California. By intensifying these efforts—and following the basic structure outlined in this memorandum—Caltrans will continue this streak of success as it leaps into the future, embracing modern values, confronting modern challenges, and changing the course of its organization for the better.

This document provides the structure and reporting process for the five workgroups and one oversight group that will lead the review and implementation of performance improvements at Caltrans. This memorandum includes all of the following for each workgroup:

1. Workgroup membership (external advisors to be added and identified by workgroups).

2. Assignment of SSTI recommendations to the workgroups.
3. Early Action Items for each workgroup to accomplish.
4. Process for workgroups to report tasks to the Strategic Direction Group.

The organizational structure of the Caltrans Improvement Project is indicated below:



**Timeline:** The SSTI report includes four “early action” recommendations that are targeted for completion by July 31, 2014. The remaining recommendations are targeted for determinations by October 1, 2014. A determination has four possible outcomes: (1) immediate full implementation; (2) recommended consideration for inclusion in the Governor’s 2015-16 budget to be released January 10, 2015; (3) longer-term implementation with a set implementation schedule; or (4) rejection of the recommendation with a clearly articulated rationale. For those items recommended for implementation, groups should include strategies to achieve full implementation of the recommendation. The Project Manager will develop detailed Gantt charts to include the schedule of deliverables and meetings to meet the October 2014 deadline.

**Reporting:** Each workgroup will develop a work plan with specific goals and concrete deliverables, actions to be taken to accomplish the goals, parties participating in the workgroup process, and a schedule for when tasks will be completed. The workgroups should identify goals that can be met within 90 days and provide a timeline for any longer range items.

External advisors should also be identified along with charters for any subgroups. This work plan will be due to the SDG by July 15, 2014. Each workgroup will then give the SDG written monthly progress reports on the first day of the month summarizing actions taken by the workgroup to accomplish the work plan. The SDG will review the progress reports and provide additional guidance to the workgroups as needed.

***Role of SSTI Representatives:*** The Agency is continuing the services of SSTI as it works with the department to implement recommendations from the above-referenced report. SSTI was chosen to perform the department assessment and recommendations because it is a uniquely-suited entity that calls on the expertise from some 19 Departments of Transportation (DOT's) around the country to tackle challenges shared here in California. SSTI remains an important participant in performing necessary research and conveying "best practices" from around the country on common challenges for DOT's. Moreover, because SSTI performed the assessment and forwarded the recommendations to the Agency, it is an essential partner in clarifying for the workgroups the problems they are trying to solve and possible solutions, perhaps based on how other jurisdictions addressed similar challenges. SSTI will have representation on the Strategic Direction Group and on each workgroup to fulfill this important function.

***Status of SSTI Early Action Recommendations:*** The SSTI report includes four "early action" recommendations that are targeted for completion by July 31, 2014.

1. "Caltrans and CalSTA should develop mission, vision and goal statements that are fully consistent with state planning and policy goals." Caltrans has implemented this recommendation by adopting a new mission and vision.
2. "Following the release of new mission, vision and goals, Caltrans and CalSTA should use those statements, as well as the recommendations in this report, to organize teams to develop implementation actions and performance measures." This memorandum describes how this recommendation will be implemented.
3. "Caltrans and CalSTA should work to ensure the success of CEQA reform rulemaking set up by SB 743 (2013)." CalSTA and Caltrans staff are engaged and working with OPR on the release of SB 743 guidelines due by July 1, 2014.
4. "Caltrans and CalSTA should modernize state transportation design guidance." Caltrans endorsed the NACTO guidelines in April 2014, however Workgroup 4 will be responsible for full adoption or implementation of guidelines in the Highway Design Manual and other guidance documents.

## **STRATEGIC DIRECTION GROUP**

The Strategic Direction Group (SDG) will be responsible for the overall direction of this effort to improve Caltrans. The SDG will direct the work of the five workgroups, will review and adjust as needed the determinations made by the workgroups as described above under the "Timeline" section above, and will work with the Project Manager to manage the timing and content of the recommendations from the workgroups in order to meet overall project objectives.

## **Membership**

### CalSTA

Brian Kelly, Secretary (lead)  
Brian Annis, Undersecretary

### Caltrans

Malcolm Dougherty, Director (lead)  
Dara Wheeler, Chief of Staff

### Project Manager

Christine Inouye

### SSTI Advisors

Eric Sundquist, Joel Rogers, Al Biehler, Brian Smith

## ***SSTI Recommendations to be addressed***

*1.1 Caltrans should use its visioning and strategic planning process to explain to its staff and stakeholders how it will address established state planning and policy goals around sustainability.*

*1.3 Caltrans should outline a groundbreaking approach to the delivery of transportation services—an approach that is not adequately expressed in the current “improves mobility” mission.*

*3.2 CalSTA should provide leadership and oversight in implementing the mission and vision and the recommendations of this study.*

*3.3 CalSTA should develop a “staff exchange” program.*

## ***Early action items to be addressed by SDG Workgroup***

1. Within the first 30 days: Finalize workgroup membership and tasks.
2. Within the first 30 days: Schedule monthly in-person meetings through September 2014.
3. Within the first 30 days: Develop a workgroup charter that restates the SDG objectives and prioritizes its task list. The charter should also include the process to review and approve the workgroup outcomes and the publication of master project timeline.
4. Within 45 days: Review and approve the Workgroup goals and plan for dissemination.
5. Within 30 to 60 days: Identify recommendations that could be considered for inclusion in the Governor’s 2015-16 budget or have budget impacts to system preservation and maintenance.
6. By September 1, 2014: Summarize workgroup progress to date and follow-up deliverables in a subsequent update report.

## **WORKGROUP 1: PERFORMANCE MANAGEMENT AND HUMAN RESOURCES**

This workgroup's task is to incorporate practices to achieve organizational excellence at Caltrans. It is primarily responsible for the review, consideration and implementation of the "Managing Performance" and "Foster Innovation and Continuing Evolution" recommendations in the SSTI report. This workgroup will evaluate the SSTI recommendations and propose to the Strategic Direction Group steps the department can take to: (1) further performance-based management strategies; (2) develop a culture of continuous improvement at the department; (3) implement a system of employee incentives and disincentives linked to improved performance and accountability; and (4) recommend a comprehensive succession planning program at the department.

### ***Membership***

#### CalSTA

Michael Tritz, Deputy Secretary for Audits and Performance Improvement (lead)  
Bill Davidson, Deputy Secretary for Administration and Finance (co-lead)

#### Caltrans

Chris Rojas, Deputy Director, Administration (lead)  
Jim Davis, Division Chief, Project Management  
Sharri Bender-Ehlert, Director, District 6

#### SSTI Advisors

Brian Smith

### ***SSTI Recommendations to be addressed***

*9.1 Caltrans should set enterprise-wide and team-specific goals, both short- and long-term.*

*9.2 Caltrans should devise metrics to track the organizational goals.*

*9.3 The Caltrans director should assign each of his direct reports responsibility for a subset of the goals, and an associated set of numerical metrics.*

*9.4 Measures should evolve.*

*9.5 Caltrans should provide financial incentives for manager performance.*

*9.6 Caltrans should dedicate resources to push performance-based management throughout the organization.*

*9.7 To ensure that union contracts are not violated, goals and performance metrics for non-management personnel could be set at the team level, with the union engaged in the goal-setting effort.*

*9.9 Caltrans should re-examine internal relationships and flow of authority to foster accountability and effective collaboration.*

*10.1 Caltrans management and CalSTA should insist on robust implementation of state policies and rely on staff for implementation details.*

*10.5 Caltrans should improve staff training and workforce development.*

*10.6 Caltrans should strike the right balance between the cost and benefit of national engagement for Caltrans staff.*

**Early action items to be addressed by Workgroup 1**

1. Within the first 30 days: Improve accountability policies at Caltrans with CHP and CalHR in the areas of secondary employment and conflict of interest, sick leave reporting, home storage of state vehicles, uniform application of disciplinary measures from Headquarters (not district by district), reporting knowledge of law enforcement investigations, alcohol and drug policies, and strengthening guidelines on contract awards.
2. Within 30 to 60 days: Identify the program that Caltrans will deploy to improve its effectiveness and performance going forward:
  - The program should incorporate LEAN, LEAN 6-SIGMA, or a like program, as an ongoing means of ensuring that staff activities and other resources are focused on the products, services and facilities that the public and partners value, eliminating work that does not add value. Business practices should allow and empower employees to be as productive and fulfilled in their careers as possible.
  - The program should also implement performance-based management practices to further ensure that staff and other resources are aligned with the department's and state's most important policy goals and valued services, and that managers and staff are working effectively and reinforcing a culture of continuous improvement.

**Additional action items to be addressed by Workgroup 1**

1. Develop a program to incorporate a succession planning program at Caltrans, including training program for management, revision of duty statements for management positions to assist with recruiting, and other important elements. Work with DMV to provide best practices.
2. Identify any requests for FY 2015-16 appropriations to meet the workgroup objectives.

**Cross-cutting issues with other workgroups**

Issue 9.9, "Caltrans should re-examine internal relationships and flow of authority to foster accountability and effective collaboration" will cross-over with Workgroup 2. One function of Workgroup 2 is to evaluate Caltrans' functional groups to identify those that need bolstering to

improve the department's performance against its new goals. It will also develop plans to improve deficient functions, and right-size staff and conform assignments to meet goals efficiently. There is a relationship between these two efforts, so the Human Resources workgroup will work with appropriate members of the Workgroup 2 to ensure that appropriate coordination takes place.

## **WORKGROUP 2: SMART INVESTMENT AND RESOURCE ALIGNMENT**

This workgroup's task will expedite the implementation of an asset management plan for Caltrans to improve system planning, management, operations and preservation with a "fix it first" policy. It will address recommendations #2 (better matching investments to policy goals in the mission and vision), #4 (aligning resources with goals) and #7 (focusing on freight) from the SSTI report.

The group's focus is to ensure capital and resources are being invested in ways that maximize return-on-investment for Californians and advance new department, agency and state policy goals. The group should recommend how to implement asset management, with an emphasis on preservation and operations, followed by targeted expansion.

The SSTI report found the department's current investments are too often project specific, without regard to a broader network- or system-wide perspective. The group should drill into this question and recommend a new investment plan that will improve the state's transportation *system*. The approach is particularly relevant for freight investment. The group should recommend strategies, including legislation, to enable the department to lead on freight network issues in California. The group will also recommend how to improve deficient functions and realign department resources to meet broader policy goals and objectives.

### ***Membership***

#### CalSTA

Brian Annis, Undersecretary (lead)  
Kate White, Deputy Secretary for Environmental Policy and Housing Coordination  
Ben D' Alba, Special Advisor to the Secretary on Freight Policy

#### Caltrans

Norma Ortega, Acting Chief Deputy Director (lead)  
Steve Takigawa, Deputy Director, Maintenance and Operations  
Kome Ajise, Deputy Director, Planning and Modal Programs  
Ryan Chamberlain, Director, District 12

#### SSTI Advisors

Michael Meyer, Brian Smith, Gene Conti

### ***SSTI Recommendations to be addressed***

*1.2 System preservation should be a primary message.*

*1.4 Caltrans should have a strong focus on state interconnectivity, in particular as it relates to freight movement and port connectivity.*

*2.2 CalSTA and Caltrans should use the CTC review process to impose a policy review of all proposed investments.*

*2.3. CalSTA should consider proposing legislation to allow the CTC to approve individual projects rather than entire programs.*

*4.1 Caltrans should strengthen its planning unit.*

*4.2 Caltrans should improve its ability to operate its highway system.*

*4.3 Caltrans should modernize its stewardship effort through asset management.*

*4.4 Caltrans should provide more resources, expertise, or simply a real voice in planning and prioritization to the offices dealing with rail and freight.*

*4.5 Caltrans should develop an enhanced internal capability to identify and pursue innovative finance partnerships.*

*5.6 Caltrans should implement Smart Mobility 2010.*

*7.1 CalSTA and Caltrans should create a clear focal point for freight policy and planning within the department.*

*7.2 California's Freight and Rail Plans should identify the major transport corridors, whether highway, rail, or air, that should receive significant attention from Caltrans in the next decades.*

### **Early action items to be addressed by Workgroup 2**

1. Within 30 to 60 days: Recommend strategies to improve the alignment of state and discretionary federal transportation dollars with the department's asset management plan and state policies relating to system preservation, reliability, sustainability and safety.
2. Within 30 to 60 days: Recommend, if any, FY 2015-16 budget appropriations to reflect this policy. Review and recommend changes to the 2016 ITIP to be consistent with this policy direction.
3. Within 30 to 60 days: Review work completed by Michigan DOT on their asset management plan to determine applicability to California. Report to SDG on the steps necessary for the expeditious delivery of an asset management plan for California.
4. Within 30 to 60 days: Review needs within the department to ensure resources are allocated in a manner that allows the Caltrans to effectively develop good strategic investment plans, including rail, freight, California Transportation Plan 2040, and others that will be implemented by the Caltrans.



5. Within 30 to 60 days: Review Caltrans' current planning capacity and make recommendations to improve capacity and ensure planning drives policy execution within the department.

### ***Cross-cutting issues with other workgroups***

Workgroup 2 recommendations may impact the Workgroup 3 (Strategic Partnerships) because modifying project selection would also affect partners. The California Transportation Infrastructure Priorities (CTIP) workgroup process will likely inform actions relative to recommendations 2.2, 2.3 and 4.5 noted above for this workgroup.

### **WORKGROUP 3: STRATEGIC PARTNERSHIPS**

This workgroup's task will focus primarily on a healthy collaboration with strategic partners to effectuate transportation system goals, including highway, road, transit, freight, and other transportation modes. This workgroup will address recommendation #6 from the SSTI report to "Strengthen Strategic Partnerships." Recommendations under this section of the report include policy options (e.g., relinquishing local-serving roads to local government) that this group should consider for pursuit.

The group should look beyond the specific recommendations under this section of the SSTI report and really consider how the department can improve relations with all of its strategic partners, including those from local government, industry, legislative, and other state and federal agencies. This group should broadly seek to re-establish the department as a leader in transportation, not only by its design and construction of infrastructure, but by its role as an organizer and facilitator of multiple public and private entities toward a sound transportation vision for California.

### ***Membership***

#### CalSTA

Brian Annis, Undersecretary (lead)  
Kate White, Deputy Secretary for Environmental Policy and Housing Coordination  
Gareth Lacy, Deputy Secretary for Communications and Strategic Planning

#### Caltrans

Kome Ajise, Deputy Director, Planning and Modal Programs (lead)  
Steve Takigawa, Deputy Director, Maintenance and Operations  
Laurie Berman, Director, District 11

#### SSTI Advisors

Al Biehler, Gene Conti

### ***SSTI Recommendations to be addressed***

*3.1 CalSTA and Caltrans should strengthen relationships with other state agencies that can help (or hinder) the achievement of the new vision.*

*6.1 Caltrans should assert leadership in the area of sustainable transportation in its relations with regional partners.*

*6.2 Caltrans should find ways to transfer local-serving roads to local government.*

*6.3 Caltrans and CalSTA should negotiate coverage for long-term maintenance, resurfacing, and reconstruction costs when locally controlled STIP and LTST funds are used to add capacity to state highways.*

### **Early action items to be addressed by Workgroup 3**

1. Within 30 to 60 days: Review the 10-item list of issues developed with the Self-Help Counties Coalition to improve working relations. Expedite resolutions of those issues that will improve relations between the department and local partners with focus on developing healthy collaborations.
2. Within 30 to 60 days: Review the “Best Practices” in place between San Diego Association of Governments (SANDAG) and Caltrans District 11 and recommend strategies to deploy those practices in districts throughout the state.
3. Within 30 to 60 days: Propose to the SDG a plan or program to further the relinquishment of state highways that primarily function as local “Main Streets.”
4. Within 30 to 60 days: Identify Recommended External Advisors from each partnership entity including local, legislative or industry partners, and federal or state agencies.

### **Cross-cutting issues with other workgroups**

One issue that will overlap greatly with the work of this subgroup is communication, Workgroup 5. Many partner entities have expressed frustration, confusion and even anger over how the department communicates on policy, process and proposals. Developing and maintaining strong partnerships will rely on sound communication. This workgroup will need to work closely with Workgroup 5.

### **WORKGROUP 4: INNOVATION, DESIGN FLEXIBILITY AND RISK MANAGEMENT**

This workgroup’s task will focus its efforts primarily on recommendation set #5 in the SSSTI report, “Reform critical guidance documents and standard operating procedures.” However, more than simply focusing on which design manuals or guidance documents should be revised, the workgroup should focus more broadly on issues surrounding liability, risk, design flexibility, and challenges to increased local autonomy that to date have led many to see the department as “risk averse” and having a “culture of fear.”

The workgroup — designers, lawyers, engineers, human resource experts, and others — should consider SSTI recommendations and other ideas to increase innovation, design flexibility and local or district autonomy for decision-making within the department. The workgroup should work to recommend actions that help transform the department into a more nimble,

adaptable, and responsive organization, creatively addressing new goals and policy demands, by revising its risk assessment and encouraging innovation.

On the design flexibility side, the workgroup, or elements thereof, will act as a Steering Committee over three new sub-teams as follows:

1. **State Highway System guidance and procedures** relative to metropolitan areas and town centers – Tim Craggs – lead.
2. **Traffic control devices** relative to metropolitan areas and town centers – Dennis Agar – lead.
3. **Off-system guidance and procedures** relative to metropolitan and town centers – Rhui Zhang – lead. (as advisory: local transportation departments)

The steering committee will be provided with regular briefings from the sub-teams on their proposed activities and their progress. The steering committee will establish expectations, and provide recommendations to the sub-committees on best practices around the country and other suggestions for revisions to current guidance.

### ***Workgroup Objective***

- A. Endorse and implement NACTO guidelines within Caltrans.
- B. Transform the Highway Design Manual to a more flexible document that incorporates context sensitive design and complete streets.
- C. Maximize the transfer of decision-making authority to the district level so the department can be seen more as a local partner in building community transportation priorities.

### ***Membership***

#### CalSTA

Kate White, Deputy Secretary for Environmental Policy and Housing Coordination (lead)  
Pete Southworth, General Counsel  
AJ Jimenez, Deputy General Counsel

#### Caltrans

Karla Sutliff, Chief Engineer (lead)  
Tim Craggs, Division Chief, Design  
Jeanne Scherer, Chief Deputy, Legal  
Bijan Sartipi, Director, District 4

#### SSTI Advisors

Eric Sundquist will provide a lead contact from SSTI to advise

### ***SSTI Recommendations to be addressed***

*5.1 Caltrans should update the design and traffic control device manuals, and other guidance documents as necessary, to implement the new strategic plan and vision.*

*5.2 As an initial step, Caltrans should relinquish oversight of bike facilities on locally owned streets.*

*5.3 As a second initial step, Caltrans should give designers the option of using NACTO urban design standards in metro areas.*

*5.4 Caltrans should generally rethink its approach to facilities in metro areas and town centers.*

*5.5 Caltrans should build more flexibility into its processes.*

*5.7 Caltrans and CalSTA should revisit legal guidance on the risk of innovative design and practices.*

*9.8 At the same time Caltrans must provide room for innovative actions that further state and department goals.*

*10.2 Caltrans should benchmark practice against best practices elsewhere.*

*10.4 Caltrans' effort to develop an enterprise risk management system should continue and be viewed as a critically important resource for performance-based decision-making.*

#### **Early action items to be addressed by Workgroup 4**

1. Within the first 45 days: Report to the SDG on milestone dates for achieving key workgroup objectives (e.g., implementation of NACTO guidelines, expansion of local autonomy on design issues, distinguishing state and local oversight issues, risk and liability considerations and strategies to overcome them, SSTI recommendations).
2. Within the first 30 days: Consult with outside experts on work group issues--Jennifer Toth, State Engineer, Deputy Director for Transportation, Arizona; Renee Sigel, Division Administrator FHWA; William G. Petit, Admin-District Executive, Penn DOT; Sandra L. Otto Division Administrator, FHWA; and Barbara McCann, Director, Office of Safety, Energy, and Environment, US DOT.

#### **Cross-cutting issues with other workgroups**

There is overlap with Workgroup 2. Having Chris Rojas on both workgroups would integrate efforts.

#### **WORKGROUP 5: COMMUNICATIONS**

This group will tackle the broad recommendation #8 in the SSTI report, which calls on the department to “communicate more effectively.” The group will develop and recommend strategies to improve how the department does the following:

1. Tells the Caltrans story of how it achieves safety, mobility and sustainability;

2. Communicates around newly-adopted performance metrics;
3. Delivers news—good and bad—thoroughly, honestly and timely; and
4. Engages partners early and often on department proposals, objectives and projects.

This group will consider how to reformat and improve the newly debuted *Mile Marker* to best describe for the public and strategic partners how the department is performing against its new mission, vision and goals. The group will also review the department's website and other publications and activities, such as social media and community outreach, to ensure the department's vehicles for communication are clear, user-friendly and on point. Workgroup #5 will also work with legislative representatives to review the numerous reports due to the legislature and explore the potential to eliminate non-essential reports.

### **Membership**

#### CalSTA

Gareth Lacy, Deputy Secretary for Communications and Strategic Planning (lead)  
Ronda Paschal, Deputy Secretary for Legislation

#### Caltrans

Dara Wheeler, Chief of Staff (lead)  
Tamie McGowen, Assistant Director Public Affairs  
Melanie Perron, Assistant Director Legislative Affairs  
Basem Muallen, Director, District 8

#### SSTI Advisors

Eric Sundquist

### ***SSTI Recommendations to be addressed***

*2.4 Caltrans, with CalSTA, should review legislatively mandated reports and propose discontinuing many of them.*

*8.1 Caltrans should communicate around the performance metrics that are used to monitor progress against organizational goals.*

*8.2 To effectively communicate on performance, Caltrans should develop capacity in "performance journalism."*

*8.3 Caltrans should work to ensure its communications with local stakeholders are genuine and two-way.*

### ***Early action items to be addressed by Workgroup 5***

1. Within 30 to 60 days: Develop a program for the dissemination of the new mission, visions and goals for the department.

2. Within 30 to 60 days: Ensure the “Mile Marker” or other department periodical reports on how the Caltrans Improvement Project is doing against the objectives associated with its new mission, vision and goals.
3. Within 30 to 60 days: Provide a draft one-year media plan that includes specific press releases, public events and other activities that will show how Caltrans is modernizing.

***Additional action items to be addressed by Workgroup 5***

1. Develop a “best practices” for community engagement at the district level- early and active engagement.
2. Work with legislative staff to reduce unnecessary, redundant or duplicative reporting.
3. Implement a “performance journalism” system in which Caltrans tells the department’s story and routinely publicizes examples of how the department is achieving or failing to achieve its mission and vision.

***Cross-cutting issues with other workgroups***

A key part of communications is doing it effectively, particularly with strategic partners. Some of these partners have identified communications as an area in which the department must improve in order to improve overall working relationships. There is clear crossover between the work of this group and Workgroup 4, the strategic partnership workgroup. Moreover, the accomplishments or outcomes of the other workgroups should be effectively communicated to a broader audience.

###