

Q&A

with **Jeff Sudmeier**,
Chief Financial Officer of
the Colorado Department of
Transportation (CDOT)



Jeff Sudmeier is chief financial officer of the Colorado Department of Transportation (CDOT). He is the principle financial strategist for the department, overseeing an approximately \$2 billion annual budget. Jeff leads the Division of Accounting and Finance, which includes accounting operations, finance, budget teams, and contracting and procurement teams. CDOT also works closely with its five business offices to support its operations statewide. Jeff spoke to GFOA's **Rob Roque** about skiing, the workings of CDOT, and his biggest challenges.

Was it always your plan to go into public finance?

Yes and no. I earned a Bachelor of Business Administration in Economics at the University of Iowa and moved to Colorado shortly after graduating. I was always drawn to the notion of public service, so I always pictured myself working in government or a quasi-governmental organization. As it turned out, the public sector was not where I could find work fresh out of college, so I took a job with a financial services firm instead, and then a large investment firm a year later. So I spent the first part of my career in mutual fund accounting and financial reporting—but always felt the draw to public service.

I really wanted to be involved in the public policy of government, so I left the private sector and enrolled in graduate school, where I earned a Master of Public Administration degree and a Master's in urban planning. The planning degree led me to CDOT, where I started as a transportation planner. I spent several years in planning but was slowly drawn into the financial side, particularly budgeting. About 5 years ago, our former chief financial officer left and I applied for the job. I think I was in a unique position since I had a financial and a planning background.

What brought you to Colorado?

I was born and raised in Dubuque,

Iowa, which sits along the Mississippi River. I grew up boating and water skiing on the river and, believe it or not, winter ski racing in Iowa, Illinois, and Wisconsin. I am the oldest of three. I attended the University of Iowa and moved to Colorado approximately 20 years ago to be closer to the mountains and skiing. I went to graduate school at the University of Colorado and met my wife, Molly, at a grad school party. We have been married for ten years and have an 8-year-old daughter, Eleanor, and 4-year-old-son, James. And we have worked hard to make sure that they are “average” skiers like their mom and dad, so we ski about every weekend.

So, how long did it take you to learn powder skiing?

Growing up in the Midwest, my expertise was in sheet ice, but I picked powder skiing up fairly quickly during my first few seasons in Colorado.

Can you tell us more about your role with CDOT?

CDOT is the Colorado Department of Transportation. Every state has a Department of Transportation that is responsible for administering state and federal funds. CDOT is also responsible for maintaining the state highway system and the federal transportation network. The State of Colorado has approximately 23,000



CDOT | BY THE NUMBERS

ANNUAL BUDGET:

\$2 billion

MILES OF LANE HIGHWAY:

23,000

NUMBER OF BRIDGES:

3,500

NUMBER OF EMPLOYEES:

3,300

lane miles of highway and nearly 3,500 bridges, and we are also the operator of an inter-regional bus service. We employ about 3,300 people, which includes about 1,700 maintenance staff members who are responsible for maintaining roads and plowing snow. We do this with an annual budget of approximately \$2 billion.

Do you oversee the business offices throughout the state?

We are a very decentralized organization. We have five



geographical regions, and each one has its own leadership structure, including its own director. All the functions within the regional offices report up through the regional directors, and then there is a dotted line to the respective counterparts at CDOT headquarters. For example, regional planners will report up through their directors but work very closely with the planning director at CDOT headquarters.

Is headquarters responsible for setting policies or strategic direction?

Yes. For example, Finance at headquarters sets the budget for CDOT in consultation with the executive team and the Transportation Commission, which is basically our board of directors. We also set the policies and procedures that are then carried out by the regional business offices.

What are some of your biggest challenges at CDOT?

Our biggest challenges fall into two different areas. First is the broader environment that we, as the Department of Transportation, operate in. The condition of our infrastructure is falling behind, as it is, in general, across the country. At the same time, growing states like Colorado continue to feel the pressures of population growth. The role of the Department of Transportation is also changing from maintaining roads and bridges to providing multi-modal transportation options, including bicycle and pedestrian infrastructure, transit, and increasing our role in the electrification of the transportation sector and helping to reduce greenhouse gas emissions.

Currently CDOT is busy implementing the new federal infrastructure bill, which includes new programs and new state

legislation that provides new funding streams, programs, and requirements. The Department of Transportation's business is evolving and expanding, and we are charting new territory.

The other big challenge is modernizing the infrastructure of big government. We need to ensure that business processes and systems scale as the organization changes. This requires a framework of continuous improvement, which is a very difficult framework to sustain in the resource-constrained reality of government.

Tell us a little more about electrification.

This is not brand new to CDOT. We have worked for several years in cooperation with metropolitan and regional air quality organizations. This effort has included planning the location of electric vehicle charging stations to make sure

that vehicles can travel across the state without range anxiety. We are also addressing funding of electrification infrastructure. This has typically taken the form of competitive grant programs where CDOT awards competitive grants to applicants that are willing and able to provide the electrical infrastructure. While CDOT has been doing this for several years, recent developments at the state and federal levels have provided more opportunities for these types of programs. For example, the recent federal infrastructure bill includes formula funding for all DOTs to provide direct funding for electric vehicle infrastructure. We do not want to supplant the private sector, but we do want to support the build out of a network. So, CDOT may need to be responsible for providing electric vehicle infrastructure in areas that would not be attractive for private-sector investment.

Are geographical features factored into the federal funding?

Speaking generally, I wish the federal funding formula took geography into account. In a lot of ways, the mountainous terrain increases costs for services, whether it's building a road or supplying electric vehicle charging stations. Unfortunately, the formula does not take geography into account but rather relies on traditional factors such as population.

Reporting to the federal government can be complex. How do you do it?

One of the unique challenges a Department of Transportation faces is the relationship with the Federal Highway Administration (FHWA) and the Federal Transit

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Administration (FTA). Many of our activities are eligible for FHWA or FTA reimbursement. Our budget and project accounting teams are responsible for ensuring that we match a lengthy list of funding streams to eligible activities. We need to manage how we use our funds against our various assets such as the roads and bridges. Many people don't realize that many if not most of our funding sources have restrictions on their use—for example, some sources are limited to use on assets that meet certain age and condition criteria. One of our challenges is making sure we stay within the restriction of the funding sources. Individual capital construction projects often have a mix of funding sources. So, we work closely with our regional partners to make sure we allocate funds appropriately, and maximize our federal reimbursement.

Has any of your previous training helped with your current position?

In my current role, I rely heavily on distinct parts of my background. Finance and accounting has provided me with operational

experience. The planning side has given me a good background in doing capital planning, and I often find myself crawling back to my planning experience when faced with budget challenges.

Any advice to younger generations on why they should go into the public sector?

Many employees at CDOT are passionate about their work and driven by our mission. It is exciting to see how our work translates into making life better for our constituents. Purpose and pride of service is something of great value. But be open to opportunity, follow your interest, and be willing to adapt. Opportunities will present themselves in different ways.

Let's end with two fun questions... Who (living or dead) would you like to watch the next Super Bowl with?

My answer may be surprising, but I would watch the game with my wife, Molly. She tolerates my ignorance of football and has slowly turned me into a football fan.

Fair enough. Now, to save the rest of us from our partners after hearing such a thoughtful answer, I'll ask a different way: Who—living or dead—would you have dinner with? Wife and kids not allowed!

I would have dinner with Mark Twain. He grew up on Mississippi River like me. He was an avid reader like me. And I enjoy his wit and wisdom. I think he'd be a good guy to sip a glass of bourbon with. 🍷

***Rob Roque** is the technology services manager for GFOA's Research and Consulting Center.*