

AR Highway Commission and Advisory Subcommittee – Oral Presentation

ARDOT Oversight
Consulting Services

August 1, 2019

Who you are meeting with



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STATE AND LOCAL GOVERNMENT
SOUTH REGION LEAD



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MANAGER

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ORGANIZATIONAL TRANSFORMATION



Agenda

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About Guidehouse



About Guidehouse

You know us:

- **Formerly PwC Public Sector**, with the same leadership & team
- Strategy, management, technology, and risk consulting to local, state, and federal clients country-wide with +2,000 professionals in +20 locations
- Trusted advisors on some of government's most high-profile issues

Our service offerings are extensive:

- Our teams **specialize in a range of solutions**
- Capital planning and infrastructure; Organizational strategy; operational effectiveness; business and workforce transformation; financial management; technology;

Experience in transportation:



We know you:

As a trusted partner for the State for over 2 years, we have:

- Worked with almost every executive branch State Agency
- Supported recent Statewide Transformation efforts

Previous Arkansas work includes:

- Advisory services for Governor's Statewide Transformation Initiative
- Efficiency Reviews for the following State Agencies:
 - Department of Finance and Administration (DFA)
 - Department of Information Systems (DIS)
 - Department of Education (ADE)
 - Department of Higher Education (ADHE)
 - Department of Correction (ADC)
 - Department of Community Correction (ACC)

Our Understanding



Our Understanding

We will help you identify opportunities to optimize the State's Transportation investment, and create a structure to capitalize on these opportunities and ensure the benefits are sustained

Our Understanding

- With the passage of SB 336, Arkansas has recognized the need for, and is committed to, ***investing in the State's transportation infrastructure*** that supports ~16,000 highway miles and 12,500 bridges
- ARDOT may receive increased annual funding of approximately \$300M per year, and the Legislature seeks an independent and objective review of the department's operational capabilities to help ensure that these ***dollars will be optimized***
- The Legislature is also considering a review of ARDOT's governing legislation to ensure that it continues to ***protect Arkansas taxpayers without hindering efficiency***.



How we can help

- We will bring a ***multi-disciplinary team*** with organizational and process assessment expertise and ***deep Transportation knowledge*** to conduct a holistic and ***independent review of ARDOT***. Moreover, we will benchmark our findings against leading best practices and conduct a regulatory review to identify opportunities to ***optimize the State's Transportation investment***.
- We will develop a structure to implement and maintain selected operational and regulatory recommendations to ensure the ***benefits of this review are long standing*** by developing a long-term implementation plan and support in revising governing legislation where appropriate

Our Foundation

Our experience conducting organizational assessments for other DOTs provides a strong basis for understanding ARDOT

Case Study - Current State Assessment

Focus Areas



Funding



Organizational
Structure



Major Projects



Personnel

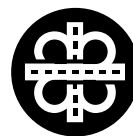


Vehicles &
Equipment



Procurement

Discovery



11 Site Visits



118 Interviews &
2 External Association
Workshops



Extensive
Document
Review

Case Study - Findings and Recommendations

Outcomes

- 30 key issues
- 59 recommendations
- 4 Business Improvement Projects (BIPs)
- 15 savings initiatives

Critical Findings

- Lack of coordinated planning and organizational transparency
- Inefficiencies and critical delays on major construction projects
- Opportunities to enhance procurement process

Key Recommendations

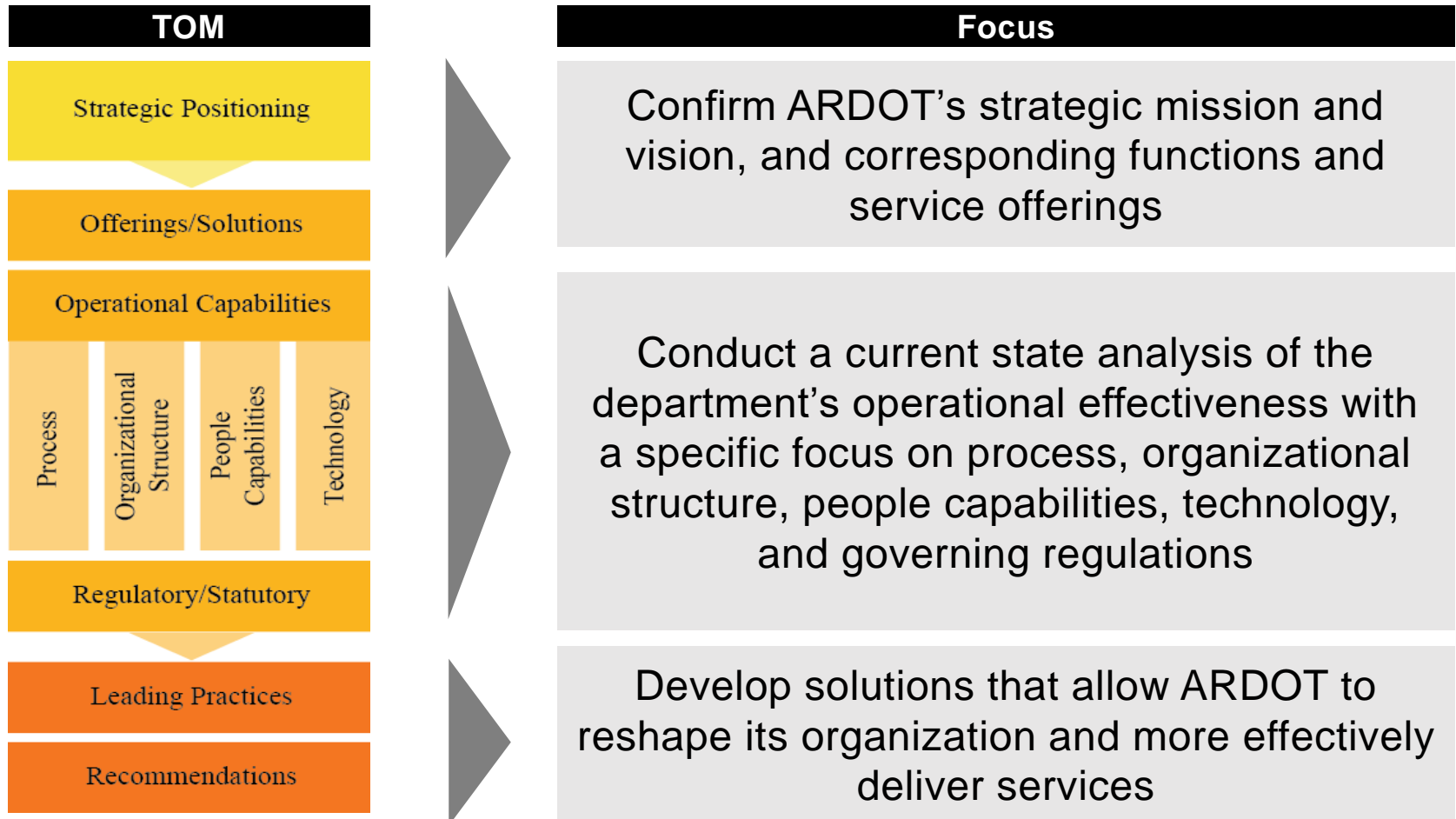
- Implement 4 BIPs to realize \$25 – 50M annual savings
- Regionalize equipment purchase and mandate lowest price to reduce lead and down time
- Enhance performance incentives to recruit/retain staff

Our Approach



Our Model

Our Target Operating Model (TOM) provides a “high level” view of how ARDOT can operate in the future and execute on its strategy, and will guide a holistic assessment and evaluation of ARDOT’s current operations



Our Team

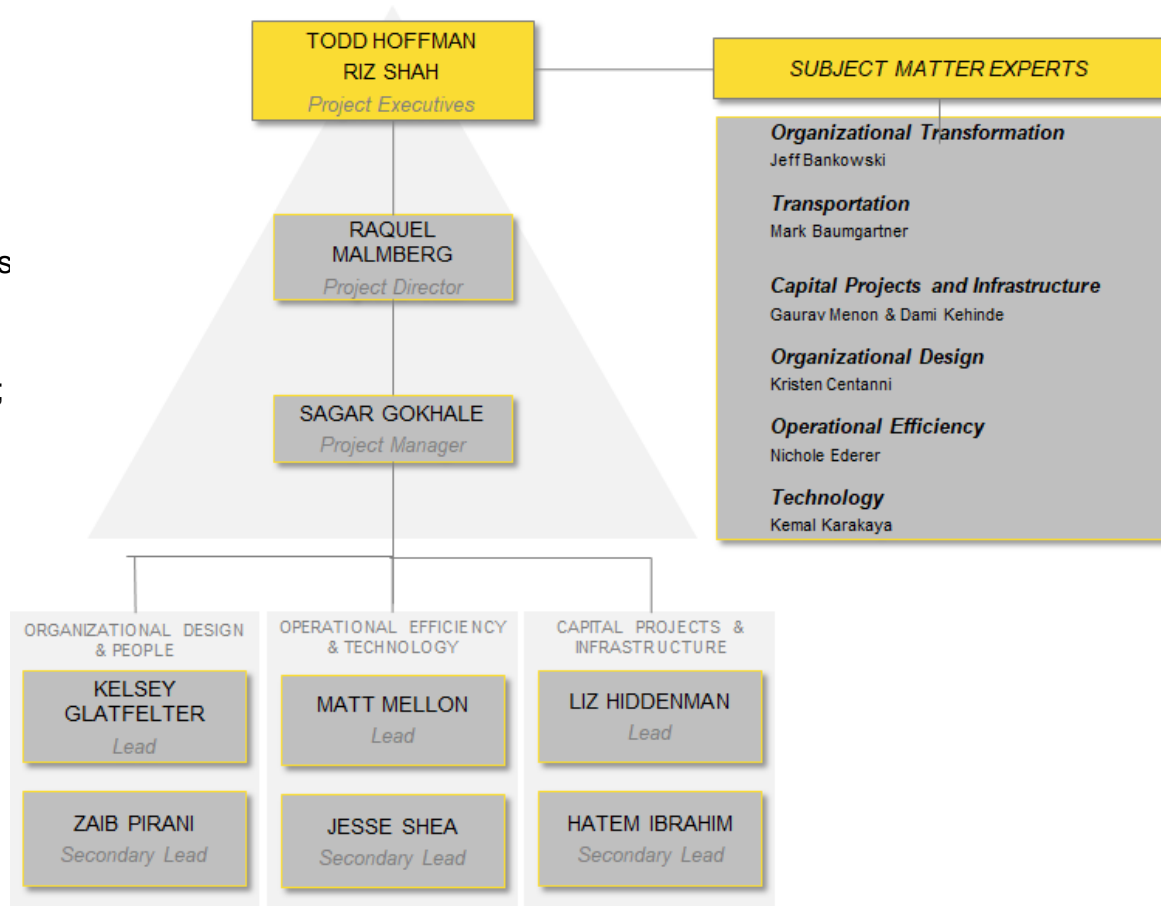
Our team has been handpicked based on experience in organizational assessment and transformation, and a strong understanding of the Transportation Industry

Oversight: Leads overall engagement strategy; responsible for and approves all deliverables

Direction: Responsible for and approves project activities & oversees project activities and development of deliverables

Management: Day-to-day project manager; manages ongoing project activities and development of deliverables; main point of contact

Execution: Project team responsible for day-to-day execution



Our Approach

Serve as a partner to the Highway Commission Review and Advisory Subcommittee to provide operational and legislative recommendations to help ARDOT optimize its funding, and deliver quality and value to Arkansas Taxpayers

Project Objectives

- Provide an objective analysis of ARDOT's processes, procedures, procurement procedures, projects, expenditures, and appeals processes
- Identify leading practices that will help ARDOT optimize its operations
- Identify operational and regulatory recommendations

Phase 0: Project Planning

Purpose

Align expectations, confirm requirements and timelines

Deliverables (30 Days)

- Project Schedule
- Project Management Plan



Phase 1: Current State Assessment

Purpose

Define ARDOT's strategic position, operational capabilities, and regulatory environment

Deliverables (120 Days)

- Current State Report: Operations and Regulatory Risk
- Initial opportunities to streamline operations



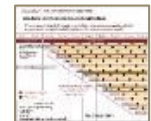
Phase 2: Recommendations and Roadmap

Purpose

Develop recommendations that address challenges identified in the current state assessment

Deliverables (180 Days)

- Recommendation Report and Roadmap
- Draft Legislation
- Testimony (where necessary)



Our Approach

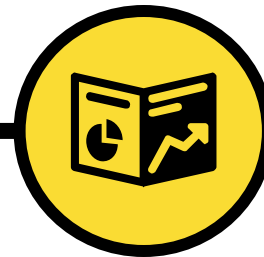
We will work with key members of the BLR, Highway Commission Review and Advisory Subcommittee, and ARDOT to define objectives and outcomes, validate our approach, and agree upon a timeline

Hold Kick-Off Meeting



- Confirm objectives and areas of focus
- Identify key Stakeholders
- Schedule interviews and working sessions
- Request critical documentation and data

Develop Project Schedule and Reporting Process



- Detail concrete tasks, durations, and responsibilities in a project plan
- Develop a status reporting protocol designed to track progress against project plan

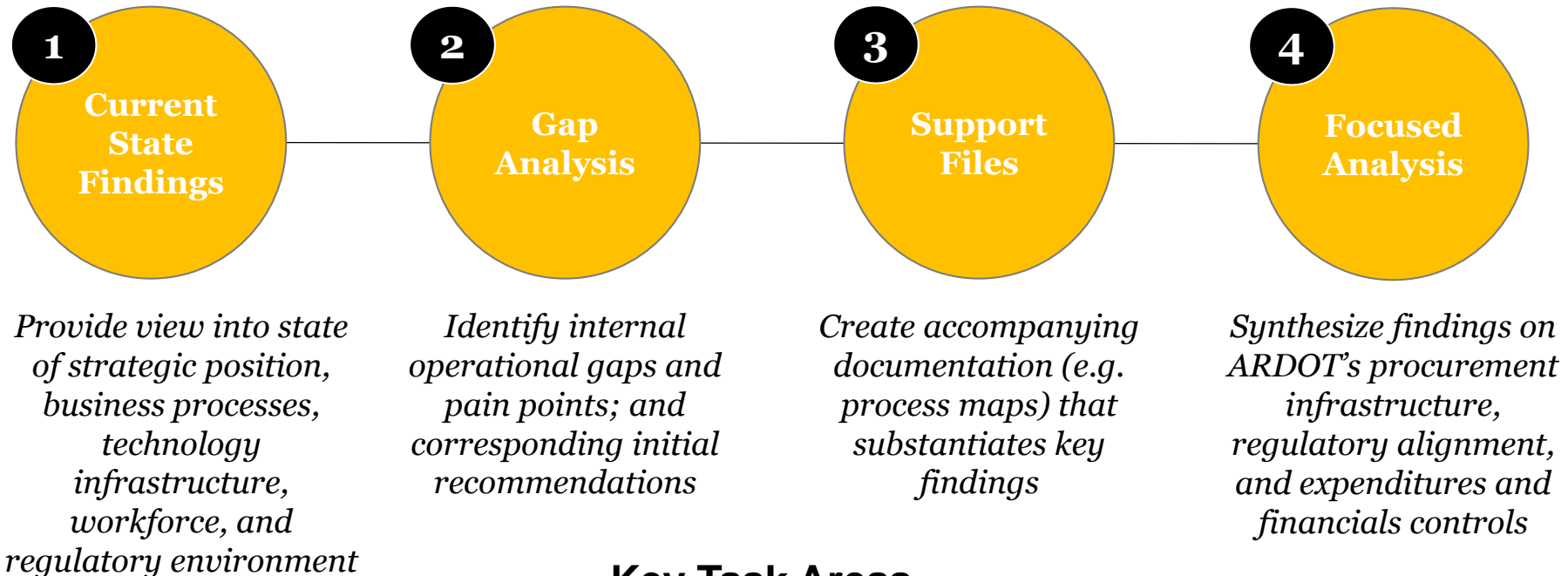
Establish Governance Structure



- Support identification of Governance team members
- Create Governance Team briefing schedule
- Conduct key Governance Team interviews and focus groups

Our Approach

We will seek to understand ARDOT's current priorities, operational capabilities, and regulatory environment to identify critical challenges and opportunities for operational effectiveness



Key Task Areas



Our Approach

Develop Recommendations Report and engage stakeholders to build consensus and buy-in around prioritized future state recommendations



**Review Current
State Challenges**



**Leading Practices
Research**



**Collaborate on
Recommendations**

Recommendation Report

- **Future State Recommendations:** Prioritized recommendations across six operational areas and identification of those that may require legislative updates
- **Key Performance Indicators:** Identification of metrics to track progress and efficacy of recommendations
- **Draft Legislation:** Where necessary support with drafting legislation and providing corresponding testimony

Why Guidehouse



Why Guidehouse

Guidehouse has the transportation industry sector expertise, as well depth of capabilities in organizational assessment, to serve as a trusted advisor and partner to the Highway Commission Review and Advisory Subcommittee

We understand Transportation Authorities

- Our team has **worked with several federal, state and city agencies** on similar projects
- We **understand how to navigate the transportation landscape** and identify leading practices that are relevant to Arkansas
- We have **tested methodologies and tools**, and will identify recommendations that keep Arkansas taxpayers in mind and help ARDOT efficiently execute on its mission and optimize transportation funding

We have organizational assessment and design experience

- Guidehouse is known for our ability to **work collaboratively with our clients** in designing their organizational strategy, operational processes, and services offerings
- Arkansas will benefit from Guidehouse's **experience in organizational assessment and design, business process optimization, and financial analysis**
- We understand how competing motivations or team dynamics may complicate projects, and we pride ourselves on **our ability to work well with the diverse groups involved**

We know Arkansas

- It will be important for you to work with **a partner who understands your State and the needs of the various stakeholders and customers** – Arkansas taxpayers, The Legislature, and the various related State Agencies
- We have **served as a trusted advisor** to the State on several projects including organizational assessments of a number of executive branch State Agencies

Questions



Thank you



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