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Arkansas Highway
Commission Review and
Advisory Subcommittee
Meeting

Guidehouse Update

Agenda



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Project Scope

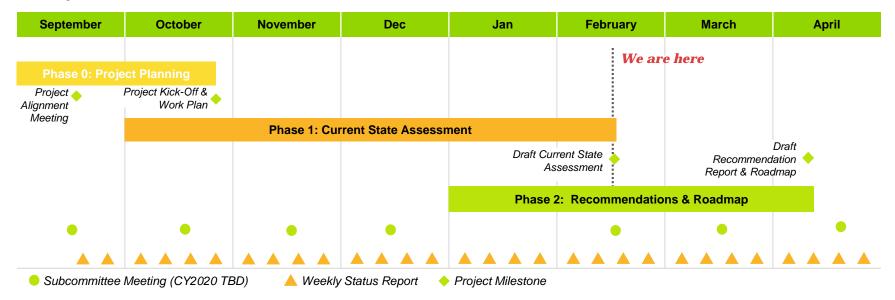
Key Objectives

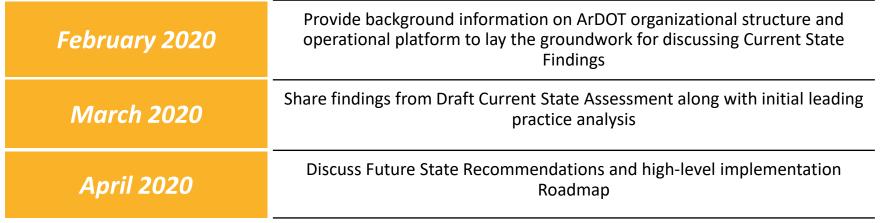
- Provide an objective analysis of ArDOT's processes and procedures with a specific focus on procurement, projects, expenditures, and appeals processes
- Identify leading practices that will help ArDOT optimize its operations
- Identify operational and regulatory recommendations

Deliverables	Description of Deliverable
Project Work Plan	 Document outlining tasks, durations, responsibilities, dependencies, and milestones
Current State Assessment & Initial Opportunities	 Analysis synthesizing current state findings, emphasizing gaps in the current state; developing documentation to substantiate key findings; and highlighting potential areas of opportunity for the recommendation report
Future State Recommendations and Roadmap as well as Ongoing Support	 Recommendations: Report identifying recommendations and related leading practices across our key focus areas and highlighting potential legislative updates Roadmap: High-level plan that details how to execute the recommendations, including metrics to track progress and efficacy of recommendations Ongoing Support: Assist with draft legislation and testimony, as needed

Project and Briefing Timeline

Project Timeline







Project Update: Approach



Project Approach



Portfolio Planning

Procurement

Expenditures

Organizational Structure & People

Capabilities

Information Technology

Conducted 64
interviews during 4
site visits with 86
people, including:
ArDOT staff across 4
branches, 18
divisions, 3 sections,
and 4 districts, as
well as FHWA staff
and utility owners

Reviewed 1,100+
documents on
policies and
procedures, and
analyzed data to
assess performance in
focus areas

Generating a *Draft*Current State
Assessment with
initial findings and
use it as a baseline for
the Final Report

Project Framework

Strategic Positioning



Key Department Functions

Procurement

Portfolio Planning

Capital Improvements, Operations and Maintenance

Operating Platform

Org. Structure & Personnel

IT Infrastructure

Rules and Regulation



Leading Practices

Recommendations

Key Department Functions



Portfolio Planning

Focuses on how ArDOT identifies statewide transportation needs and prioritized enhancement projects accordingly within long and mid-term plans



Procurement

Focuses on the mechanisms through which ArDOT secures the materials, goods, and services necessary to execute its long and mid-term plans



Capital Expenditures, Maintenance, and Operations

Focuses on the management of ArDOT's portfolio of projects to ensure effective delivery of transportation specific value to the State



Organizational Structure & Personnel

Provides a perspective on the human element of the Department with a focus on human capital structure and resources to execute on the above mentioned Functions



IT Infrastructure

Focuses on the technologies and systems that enable efficient and effective implementation of Department functions



Rules and Regulations

Identifies the authority and the requirements under which the Department operates, with a focus on how these requirements can be optimized to support ArDOT's operations

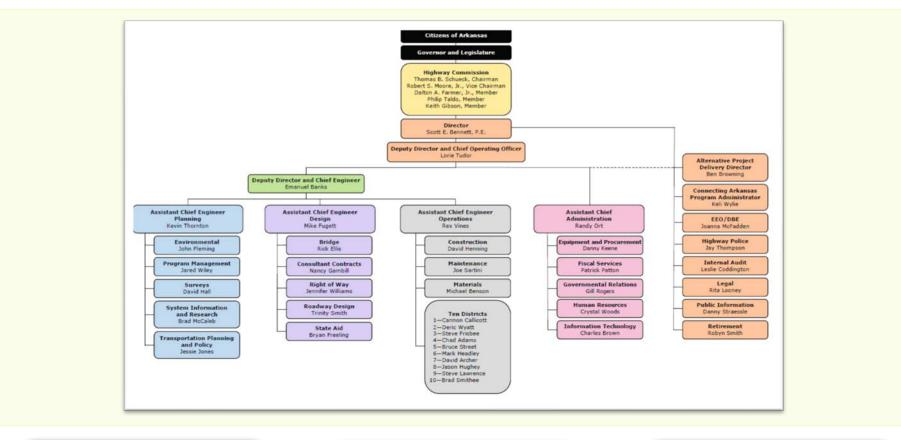
Operating Platform

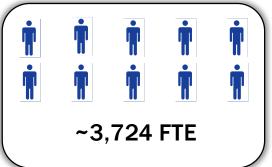


Project Update: Laying the Groundwork

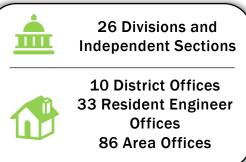


Organizational Structure and Personnel









Construction Planning and Maintenance Planning

Construction Planning

Construction Planning — Key Observations

- ArDOT has adopted a system preservation approach to the State's transportation investments
- ArDOT allocates 80% of Statewide
 Transportation Improvement Program (STIP)
 funding to System preservation and 20% to
 Capital Improvements
- STIP identifies projects that are regionally significant or utilize federal funding
- Current STIP spans 2019 2022 and identifies ~724 projects and represents ~\$2.77B in investments
- Local and statewide generic projects represent an additional \$1.12B in investments
- Currently there are ~135 active projects representing ~\$2.14B in value

Development Framework FHWA FTA Approval Public Comminput Feedback MPO SME input Pave-Capacity Safety Bridge Misc. Project Candidate Identification

2016 Needs Study

Investment Strategy

Statewide Transportation Improvement Plan (STIP)

Maintenance Planning

Historical Budget

Annual Work Program Computation

Activity Schedule



We Move Arkansas

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Projected Funding

^{*} Federal High Way Administration (FHWA), Federal Transit Administration (FTA), Subject Matter Expert (SME), Metropolitan Planning Organization (MPO)

Construction Management and Maintenance Operations





Construction Monitoring

Project Setup

Construction project plans are created by Contractors and monitored by ArDOT Resident Engineers (REs)

Ongoing Monitoring

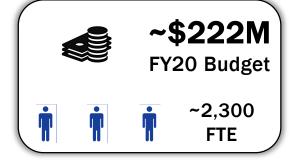
Construction sites generally inspected on a daily basis and recorded in in Daily Work Reports (DWRs).

3

Management Tools and Controls

SiteManager (SM) and DocExpress used to manage project workflow, documentation and information

Maintenance





Maintain ~ 17,000 miles

1 Maintenance Division

10 District Offices

86 Area Offices



Manage to budget and historical activity schedule

Procurement

Services Procured	Responsible Division	Governing Laws and Policies	Expenditures
Construction Projects	Program Management (Planning)	 Governing Laws – Federal and State Transportation Laws Procurement Policy - Lowest responsive (prequalified) Bidder with Bid aligned to 2014 Specifications Book Policy reviewed and approved by Federal Highway Administration 	 From 2015 – 2018, ArDOT accepted ~970 projects representing ~\$2.81B in Expenditures
Pre-Construction Engineering Services	Consultant Contracts (Design)	 Governing Law - Federal and State Transportation Law Procurement policies – Qualifications based competitive procurement Policy audited by Federal Highway Administration (last review – 2016) Requested by individual divisions 	 From 2015 – 2019, ArDOT spent ~\$100M on Professional Engineering Services From 2015 – 2019, ArDOT spent ~\$44M on Operations Support
Equipment, Supplies, Goods	Equipment and Procurement (Administration)	 Governing Law – State Transportation Law Procurement policy - Aligns to Arkansas State Procurement Law Primarily driven by Districts and Divisions 	 From 2015 – 2019, ArDOT spent ~\$122M on Small Order Purchases (under \$20K) From 2016 – 2019, ArDOT spent ~\$98M through competitive purchasing
Alternative Construction	Alternative Project Delivery	 Governing Laws – Federal and State Transportation Laws Procurement policies – Design/Build and Construction Manager General Contractor use qualifications-based procurement methods Federal High Way Administration authorizes projects, approves procurement 	 I-30 Crossing – Anticipated costs for Phase 1 are ~ \$600M



Project Update: Emerging Themes



Emerging Themes

Emerging Themes

1

Governance structure and cultural factors may limit department oversight and transparency

2

Lack of Enterprise approaches
may inhibit department's effectiveness in
portfolio planning and managing
associated project expenditures

3

Beyond measures of system condition
ArDOT lacks Key Performance Indicators
to guide strategic planning and
operational effectiveness initiatives

4

ArDOT's Human Capital and IT platforms are not sufficiently developed to meet current and future needs

Leading Practices Review

National















Regional









Next Steps

- Finalize current state findings and leading practice analysis, and identify preliminary recommendations
- **March HCRAS Meeting** Share findings from Draft Current State Assessment along with initial leading practice analysis
- Finalize recommendations and high-level implementation roadmap
- April HCRAS Meeting Discuss Future State
 Recommendations and high-level
 implementation roadmap
- May onwards Provide ongoing support as needed



Questions



Appendix



Portfolio Planning Portfolio Planning and Funding Analysis PreConstruction Project Letting Construction Activities (incl. Closure)

- Collection of necessary information to inform Project candidate identification
- Selection and prioritization of Projects along with necessary funding allocations

Program Management

Systems Information and Research

Transportation Planning and Policy

- Creation of roadway and bridge construction plans
- Acquisition of necessary environmental approvals, ROW, and utility relocations
- Selection of contractors to complete the project

Surveys

Environment

Roadway Design

Bridge

ROW

Project Management

 Monitoring of roadway construction work to ensure projects are delivered on time, on budget, and with quality

Construction

Materials

District Office Resident Engineers

Construction Monitoring – Project Changes

Project Changes – Qualifying Reasons

Actual Pay quantity items and Field measured quantities differ from Bid amounts & Item

Deductions

Incentives/Disincentives and payment adjustments accrued for timeliness of project completion and quality of work and materials

Significant changes to Project Design: Geometric or Structure Design, significant changes to Contract pay items; Environmental Impact; ROW; Traffic Control Contractor has not satisfactorily completed the project by the contract end date – Liquidated Damages (LD) are assessed to cover ArDOT's monitoring costs

Project Changes – Approval and Documentation

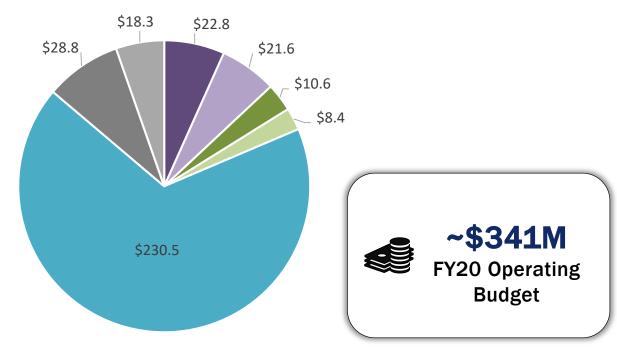
Change	Approval/Documentation
Continuation of Work	Resident Engineer (RE) approval and Change Order (CO) not required
Change < \$20k and minimal impact to Project	Not an official CO, RE approval, Documentation Required
Change <\$75K or Significant impact to Project	Official CO, District Engineer approval, Documentation Required, FHWA concurrence
Change >\$75k	Official CO, Assistance Chief Engineer approval, Documentation Required, FHWA concurrence

ArDOT FY2020 Budget

Projected FY2020 Operating Budget*

FY2020 ArDOT Operating Budget (Millions)

- Leadership and Ind. Sections
- Administration
- Planning
- Design
- Operations
- Capital Outlay
- Special Allotments



Key Observations

- ArDOT also receives ~\$58.4M in support from Federal and other sources for its operating budget
- ArDOT is projecting that it will have ~\$84.5M available for Federal matching to support projects
- Combined with projected Act 1 Revenues (between ~\$28.6M and ~\$48M), and Act 416 Revenues (~\$70.3M), ArDOT projects that it will have between ~\$183.4M and ~\$204.8M State funds available for projects
- ArDOT anticipates that the FY2020 Federal aid available for STIP projects to be ~\$502M**
- Approximately \$222M of ArDOT's Operations budget is focused on Maintenance Activities

^{*} FY2020 "Operating Budget" File data based on Operating Budget information provided by ArDOT and June 12, 2019 Highway Commission presentation

^{**} Federal Obligation Limit sourced from ArDOT's FY2020 Federal Obligation Plan