



NORTH TEXAS TOLLWAY AUTHORITY

2016 COUNTY REVIEW FINAL REPORT

July 2016





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- Procurement



PROJECT OBJECTIVES AND SCOPE

The County Judges of Collin, Dallas, Denton, and Tarrant Counties requested an updated independent financial and performance review of the North Texas Tollway Authority (NTTA). The objectives were:

- To evaluate the current business state against the recommendations from the 2011 Independent Financial and Performance Review by Alvarez & Marsal (A&M)
- To assess the current state for additional improvement opportunities

Transparency	Organization	Procurement	Finance
<ul style="list-style-type: none">• Governance (methods of Board's decision making, and Board and staff communication)• Conflicts of interest and ethics for the NTTA Board, staff, and outside vendors• Diverse composition of the NTTA Board	<ul style="list-style-type: none">• Evaluation of organizational structure and management effectiveness.• Current business model and business effectiveness	<ul style="list-style-type: none">• Authority-wide procurement policy and procedures compliance with Texas law• Departmental standard operating procedures related to procurement activities• Compliance with NTTA's Diversity Policy in awarding contracts	<ul style="list-style-type: none">• Liquidity and debt coverage compliance• Funding alternatives• Administrative fees, and collection practices and customer experience efforts

- NTTA contracted A&M to conduct the 2016 review in order to leverage prior knowledge of NTTA and its subsequent work for other government and transportation-related organizations
- The assessment was completed in 7 weeks in May and June 2016 and delivered to the County Judges and NTTA Board in July 2016

Research:

- Used the 2011 County Review and NTTA's implementation of A&M's recommendations as the foundation of the assessment
- Conducted interviews with various stakeholders, including:
 - All Board members, senior staff members and county judges
 - Toll and transportation partners (CINTRA, TxDOT, NCTCOG, Texas Transportation Commission, and county tax assessors)
- Reviewed best practices in procurement, collections, financial management, customer service, organizational effectiveness, as well as practices of other comparable toll authorities
- Reviewed NTTA documents, including financial reports, presentations, past assessments, performance review materials, policies, contracts, and Board minutes
- Attended Board and committee meetings and workshops

Approach:

- Confidential insights from individuals familiar with NTTA were used as key inputs and used to identify common issues and relevant facts, but conclusions were not based on any single interviewee's opinion
- Focus was on:
 - The current situation at NTTA and changes implemented in response to the 2011 Independent Financial and Performance Review
 - Identifying additional improvement opportunities

A&M TEAM

The A&M team is comprised of senior leadership from the 2011 assessment and consultants with expertise in finance, procurement and organizational design in both the public and private sectors

Team Member	Title	Focus Areas	Expertise
Ron Orsini**	Managing Director	Project Leader	Leader of A&M's Strategy and Corporate Transformation Services practices. Brings over 25 years of experience in transportation infrastructure, construction and engineering, and industrial products and services. Led the 2011 NTTA assessment
Kevin McMahon**	Managing Director	Organization Design and Effectiveness	Leads A&M's Human Resources and Change Management practice. Has over 20 years of management and consulting experience tackling complex business and performance issues.
John Cox**	Managing Director	Transparency and Finance	Managing Director with over 20 years of public and private sector financial management experience. He directed both public and private sector financial policy and procedure revisions across major organizations.
Melissa Glynn	Managing Director	Transparency	Leads A&M's Public Sector Services practice. She focuses on transforming public sector organizations including federal and state agencies, K-12 and higher education.
Giles Britton**	Senior Director	Customer Care and Collections	Over 20 years of consulting experience, focusing on customer experience management, collections, customer segmentation, CRM design and implementation, contact centers, and performance measurement.
Katherine Weeks	Director	Project Manager and Organization Design	Over 20 years of experience leading global, enterprise-wide change programs, redesigning business models and restructuring organizations for optimal performance.
Jefferson Howell	Director	Procurement and Collections	Over 18 years of experience in supply chain and operations optimization. He has led public and private sector procurement organization assessments and strategic sourcing and collections projects.
Spencer Hart	Consultant	Finance and Analytics	Financial analytics specialist with experience building comprehensive financial models for transportation and retail industry clients. He has a master's degree in accounting from the University of Texas, Austin.

** Denotes individuals involved in the 2011 County Review

OVERALL OBSERVATIONS

- NTTA has implemented or addressed all of A&M's 2011 recommendations
 - A&M made quarterly reviews of progress for 18 months after the initial report was delivered
 - All issues identified have been addressed in each of the 82 recommendations
 - In some cases issues were addressed differently than A&M recommended, but their remedies have been generally effective
- Significant improvements have been made in the last five years, most notably in the areas of:
 - Improved collections efforts
 - Strengthened organization
 - Improved Board-Staff communications and coordination
 - Strengthened ethics policies and practices
 - Greater contractor diversity
 - Greater employee morale and engagement
 - More transparent procurement policies
 - Enhanced analytics and management reporting
 - More active participation in the region and toll industry
- NTTA is performing in the top tier of the nation's toll authorities on all key dimensions evaluated
- NTTA has fully cooperated with A&M and has been open to additional recommendations in the spirit of continuous improvement

In the course of A&M's updated assessment, new opportunities were identified and shared with the staff. Several are already underway. Notable recommendations include the following:

Finance

- Adjust toll premium to reflect cost to collect ZipCash transactions
- Enhance vehicle registration block process via enhanced communications with customers and counties

Organization

- Improve customer service levels in the call center via enhanced staffing, processes and use of technology
- Continue bi-annual employee surveys and key issue follow up
- Execute on an IT roadmap to enhance customer service, collections and overall analytics
- Formalize succession planning for key positions
- Align strategic priorities with performance management goals

Transparency

- Build awareness of and actively manage Internal Audit priorities and results

Procurement

- Conduct a procurement process review and update procedures to improve efficiencies



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FINANCE



Finance highlights and accomplishments since 2011 include the following:

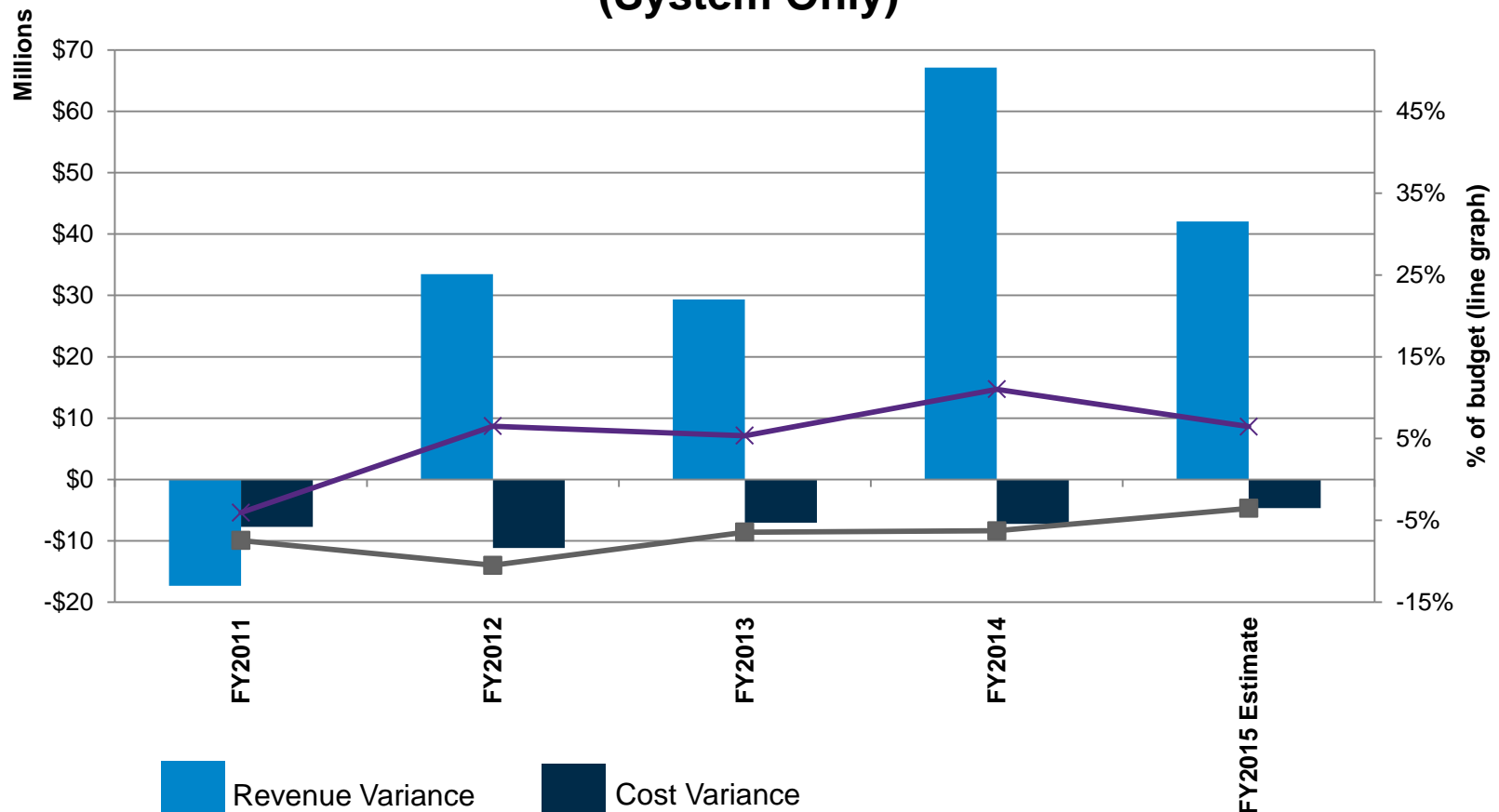
- There have been significant improvements in collections and enforcement:
 - The collections organization has been reorganized and new talent has been added
 - The collections process has been revamped to contact customers earlier and more frequently
 - Various toll enforcement remedies such as vehicle bans, impounding and vehicle registration blocks have been implemented
 - NTTA currently obtains information from 27 states to provide DMV information for out-of-state license plates, and plans to grow this to 50 states by the end of the year
- NTTA has maintained high TollTag penetration (~80%) during periods of significant growth via numerous initiatives, such as: fleet and university partnerships, marketing campaigns, new store openings, incentive programs and social media usage
- Overall transponder penetration and collection rates are in line with key benchmarks
- Organizationally the Financial Planning & Analysis department has been enlarged and empowered to support the entire organization and to improve proposals delivered to the Board of Directors
- All TSA agreements moving forward include zero collections risk for NTTA
- NTTA's free cash flow is forecasted to be sufficient for debt service obligations, but is not expected to grow significantly until after 2021

Opportunities for continued improvements in Finance include:

Focus Areas	2016 Recommendations
ZipCash Equity	<ul style="list-style-type: none"> Adjust the ZipCash premium so that NTTA is financially indifferent to how customers choose to pay
Vehicle Registration Blocks	<ul style="list-style-type: none"> Work with counties and the DMV to ensure the process is clear to customers and that relevant information is available to all parties and all participating registration locations to properly advise the customer and minimize county tax office involvement

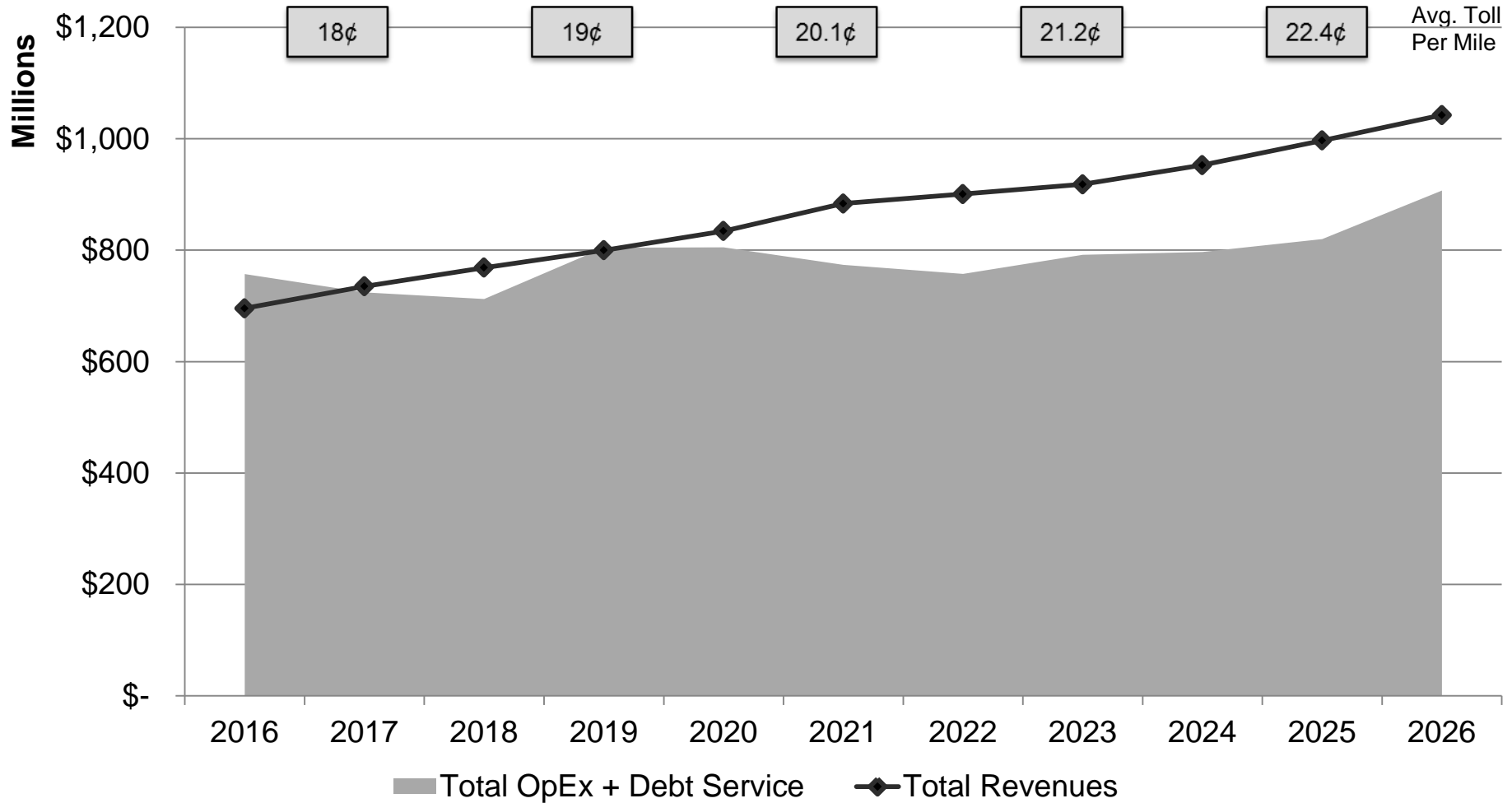
NTTA's revenue forecast is dictated by their traffic and revenue consultants report, and related variance is a product of traffic being stronger than expected. Cost budgets are conservative and serve as a cap per the trust agreement.

Variance from Budgeted Revenue and Cost (System Only)



NTTA CASH FLOW PROJECTIONS

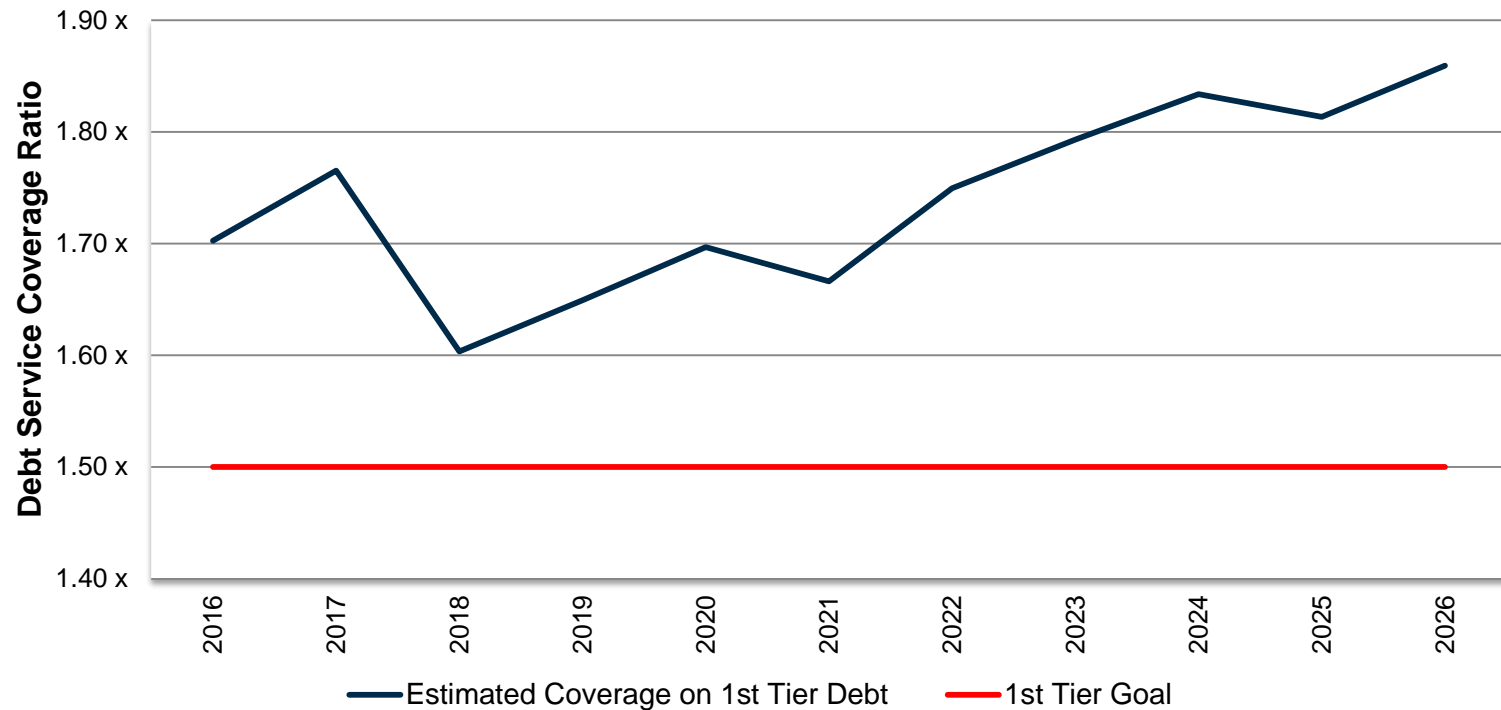
NTTA forecasts cash flow in excess of operating expenses and debt service starting to grow in 2021.



Gray boxes represent average toll per mile and are based on semiannual automatic toll increases

1ST TIER DEBT SERVICE FORECAST

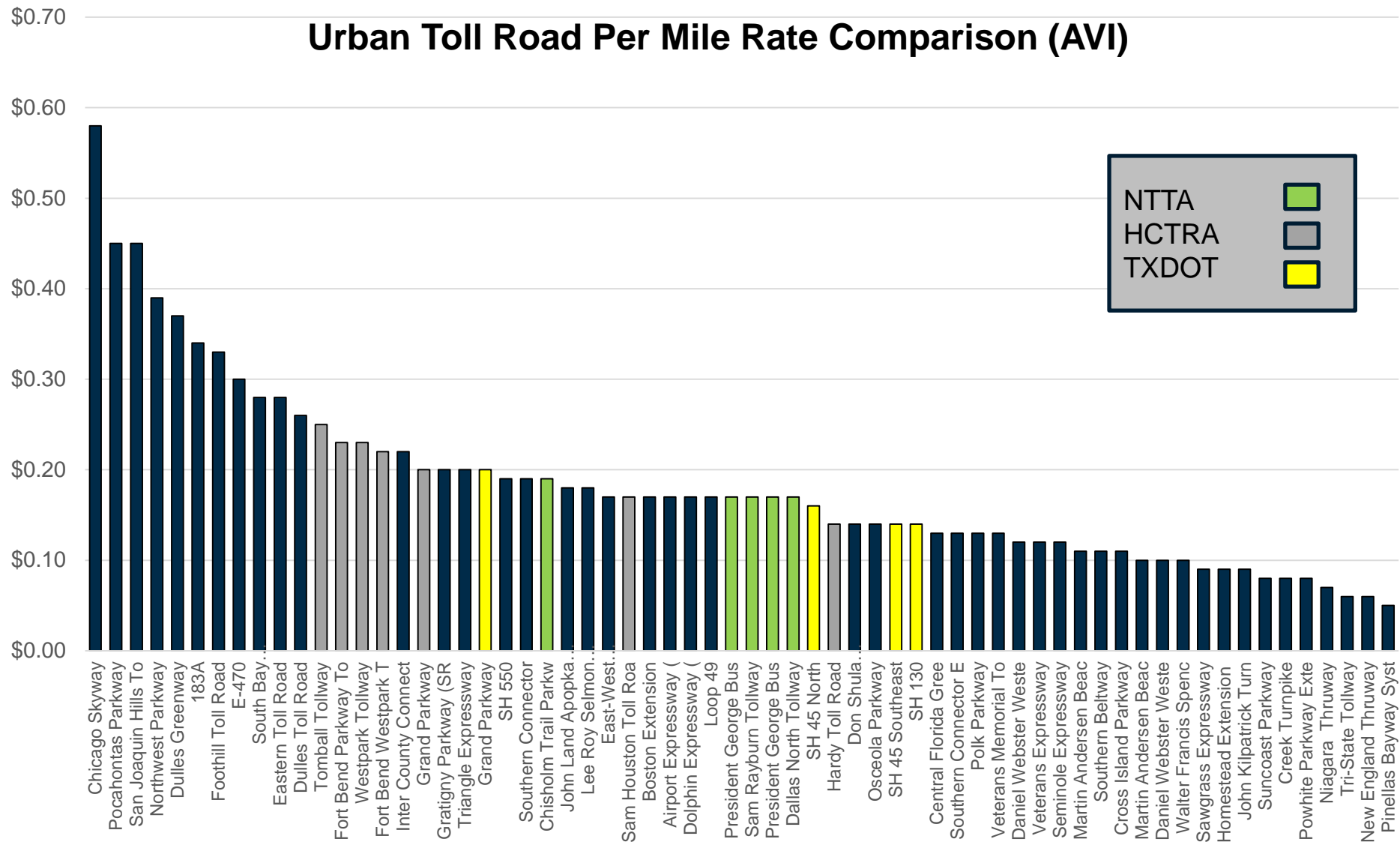
While close for the next five years, NTTA's cash flow projections indicate sufficient coverage per the bond / trust requirements.



If NTTA were to issue more debt now, it is likely that its credit rating would be downgraded, which would increase the cost to borrow.

TOLL RATE COMPARISON

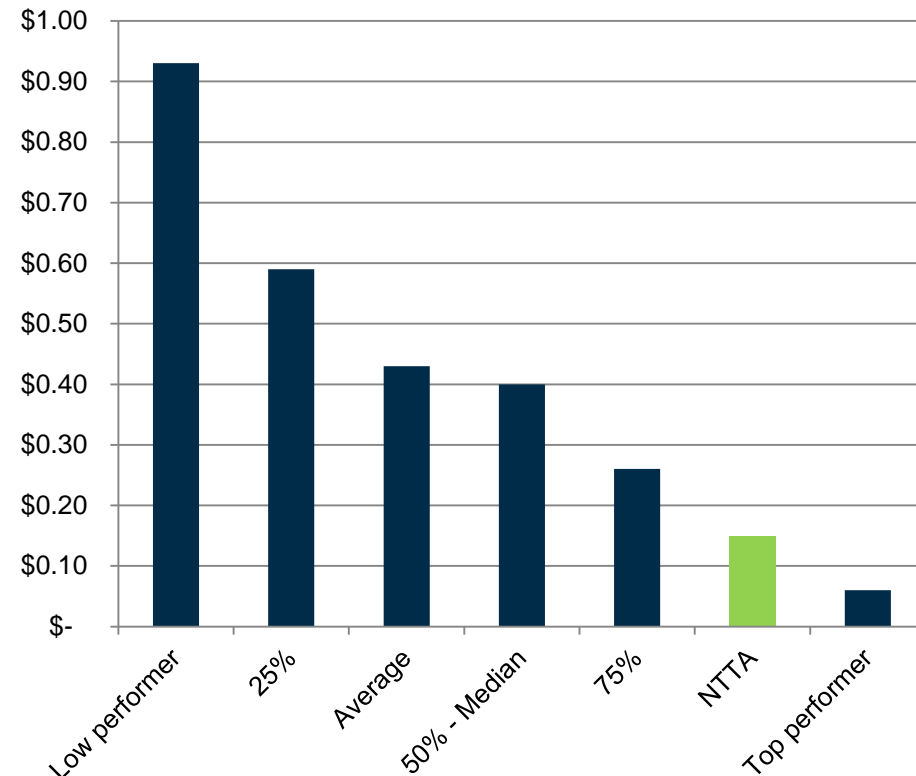
NTTA has relatively low toll rates per mile relative to many other agencies.



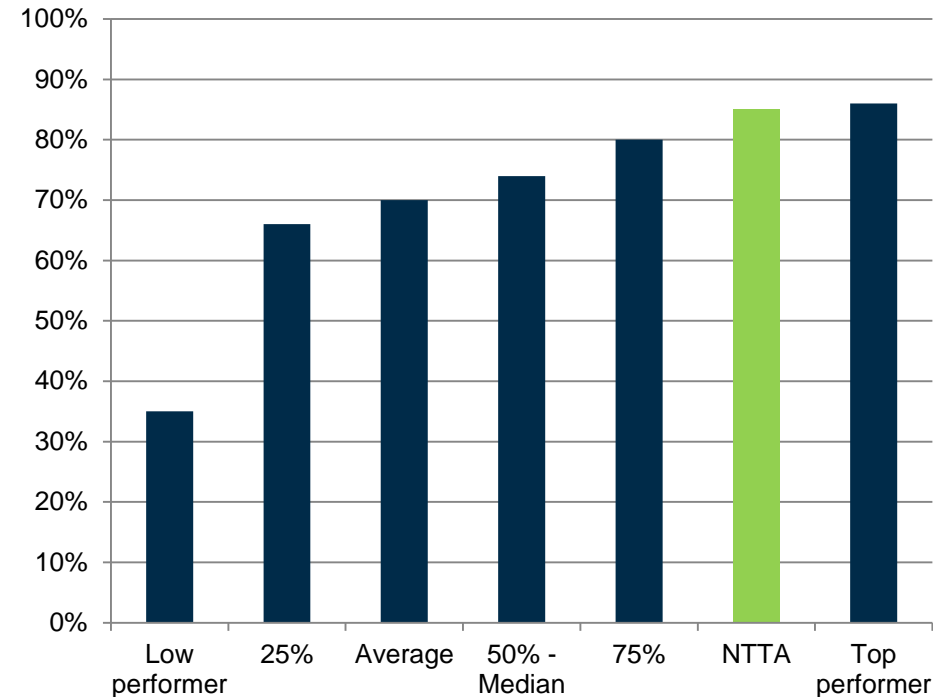
INDUSTRY COMPARISON: COST PER TRANSACTION AND OPERATING MARGIN

Based on the 2015 KPMG Toll Benchmarking Study, NTTA is an industry leader in cost per transaction and operating margin.

Total Cost Per Transaction



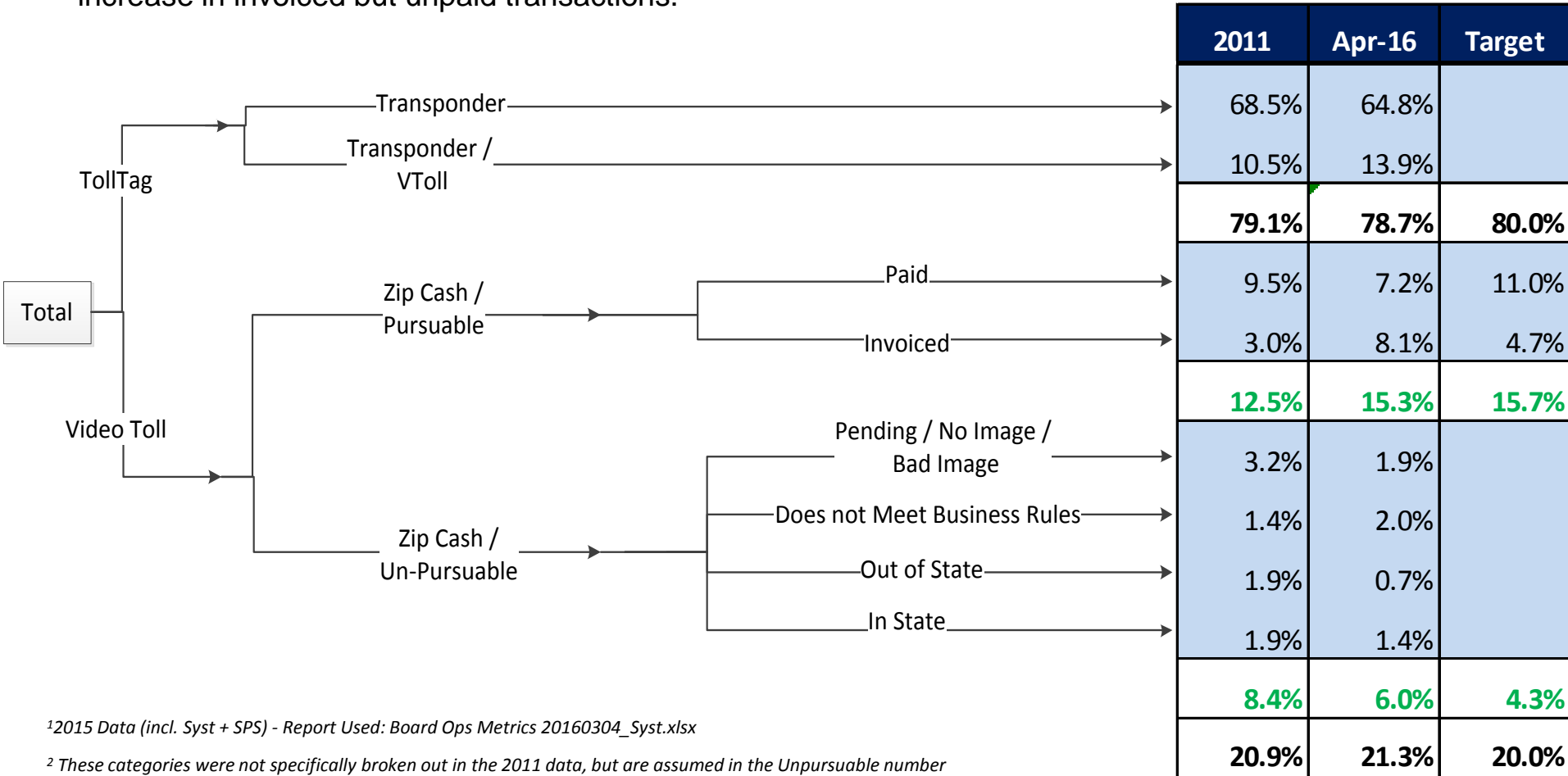
Toll Operating Margin



- Benchmarks include toll operating, customer account management costs, and administrative costs

NTTA TRANSACTIONS - 5 YEAR TREND

While total transactions have grown 50 percent since 2011 through geographic expansion, high TollTag penetration has been maintained. Reducing “unpursuables”, as well as other factors, have led to an increase in invoiced but unpaid transactions.



¹2015 Data (incl. Syst + SPS) - Report Used: Board Ops Metrics 20160304_Syst.xlsx

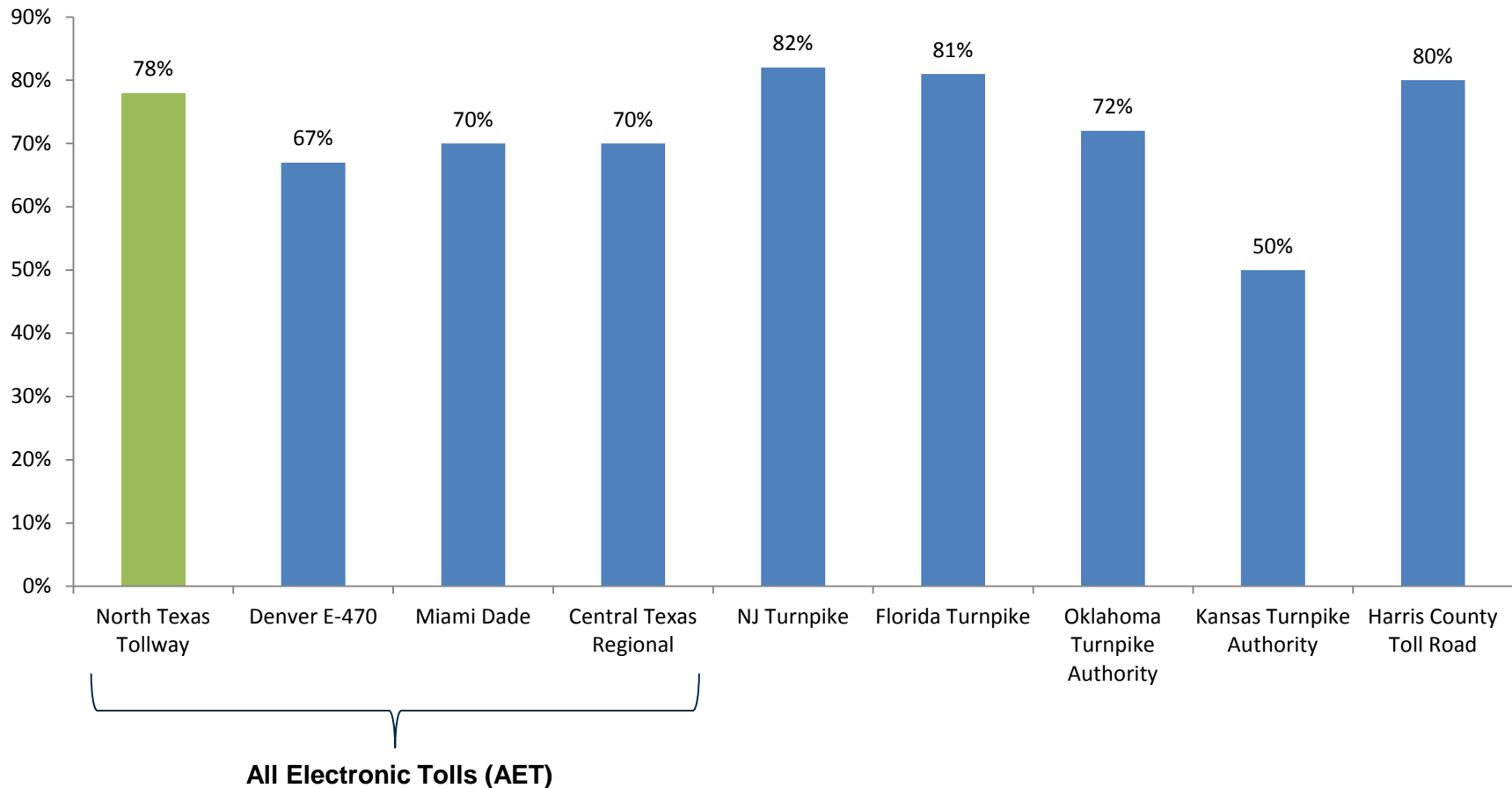
² These categories were not specifically broken out in the 2011 data, but are assumed in the Unpursuable number

³ Not Meet Business Rules: Includes Current Address but does not meet business rules (< 3 transactions or \$2.50) and No Current Address

⁴ In State: Includes LP not in DMV, Not Valid at Time of Transaction, Multiple Owners at Time of Transaction and Other

NTTA is among the leaders in the industry when it comes to the percentage of tolls being collected electronically, and may be near the upper limit of TollTag adoption.

Transponder Adoption Rates



NTTA has been actively building awareness and driving more users to TollTags.

2015 Adoption Initiatives

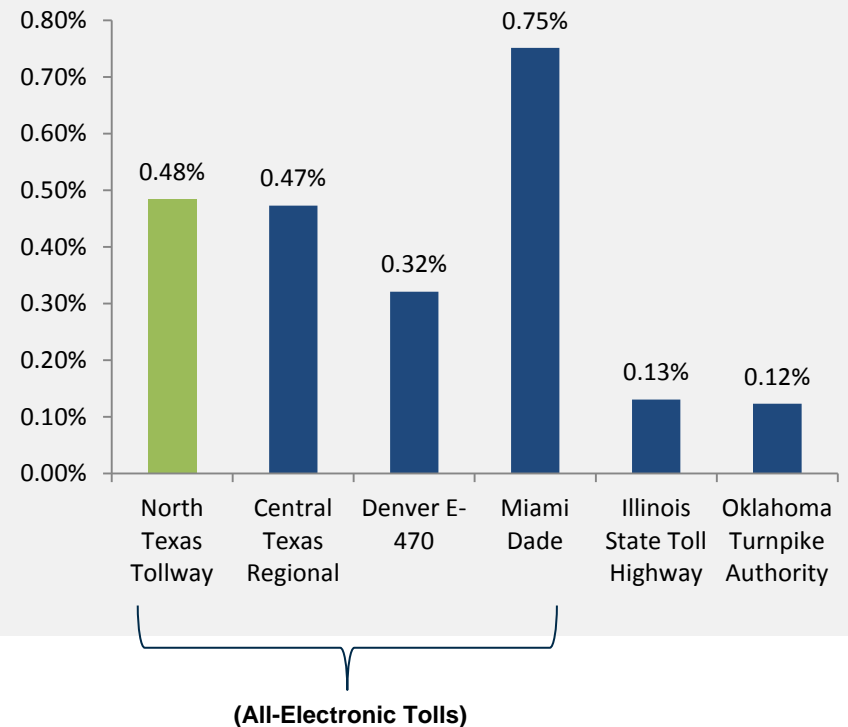
- TEXpress 2015 – encourages use of TollTags in TEXpress lanes
- PGBT-WE 2015 – awareness and \$20 TollTag focused
- Oklahoma Toll Authority Interop – awareness of joint agreement
- Specialty TollTags
- TollPerks Program
- TollTag Rate for ZipCash converters
- Text messaging to customers
- Increased TollTag access points

2015 Marketing Costs and Conversion

- Marketing Spend for Conversion - \$478,000
- ZipCash Conversions - 467,133
- \$20 Starter TollTags Issued – 176,217

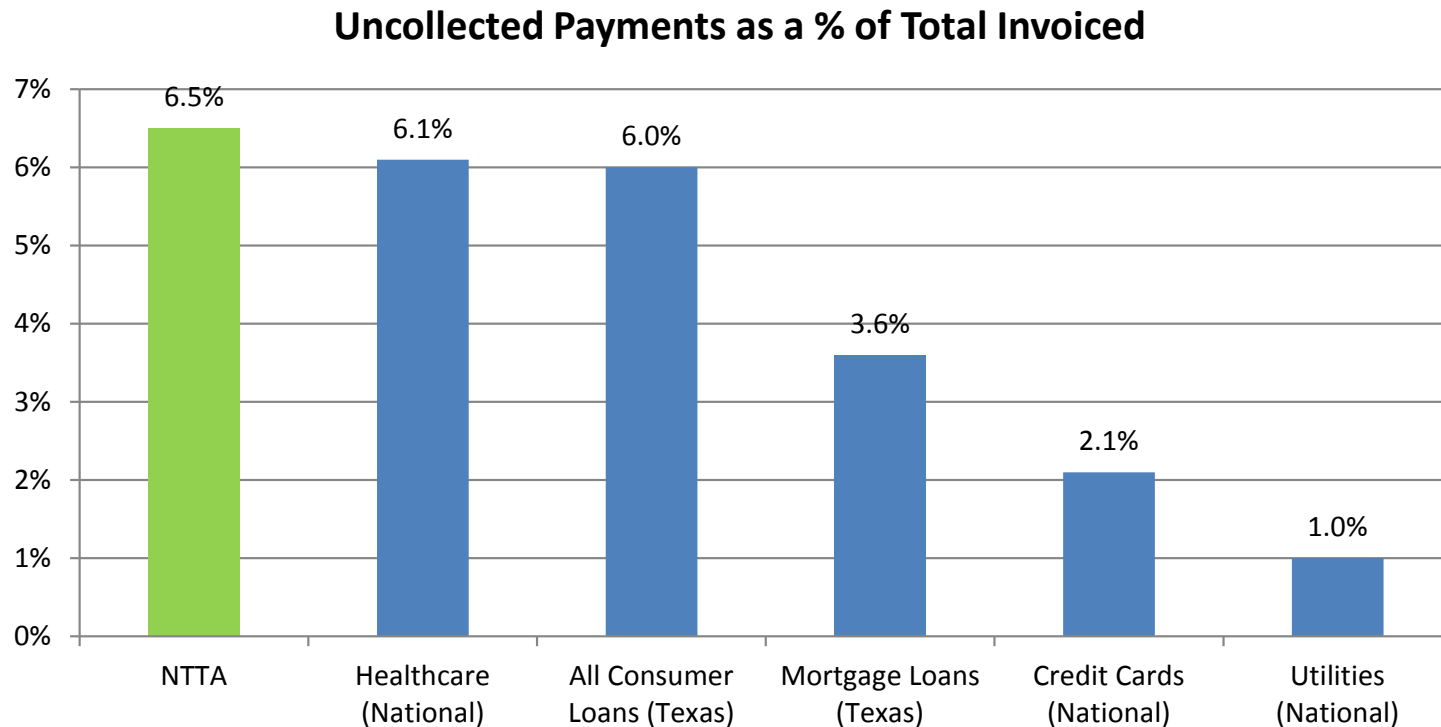
Its current marketing budget as a percentage of revenue is in line with similar AET authorities.

Marketing & Communications Budget as a % of Toll Revenue



UNCOLLECTED INVOICES - COMPARISON ACROSS INDUSTRIES

NTTA's collection rate is in line with hospitals, who also don't control who uses their services, and overall consumer loans in Texas.

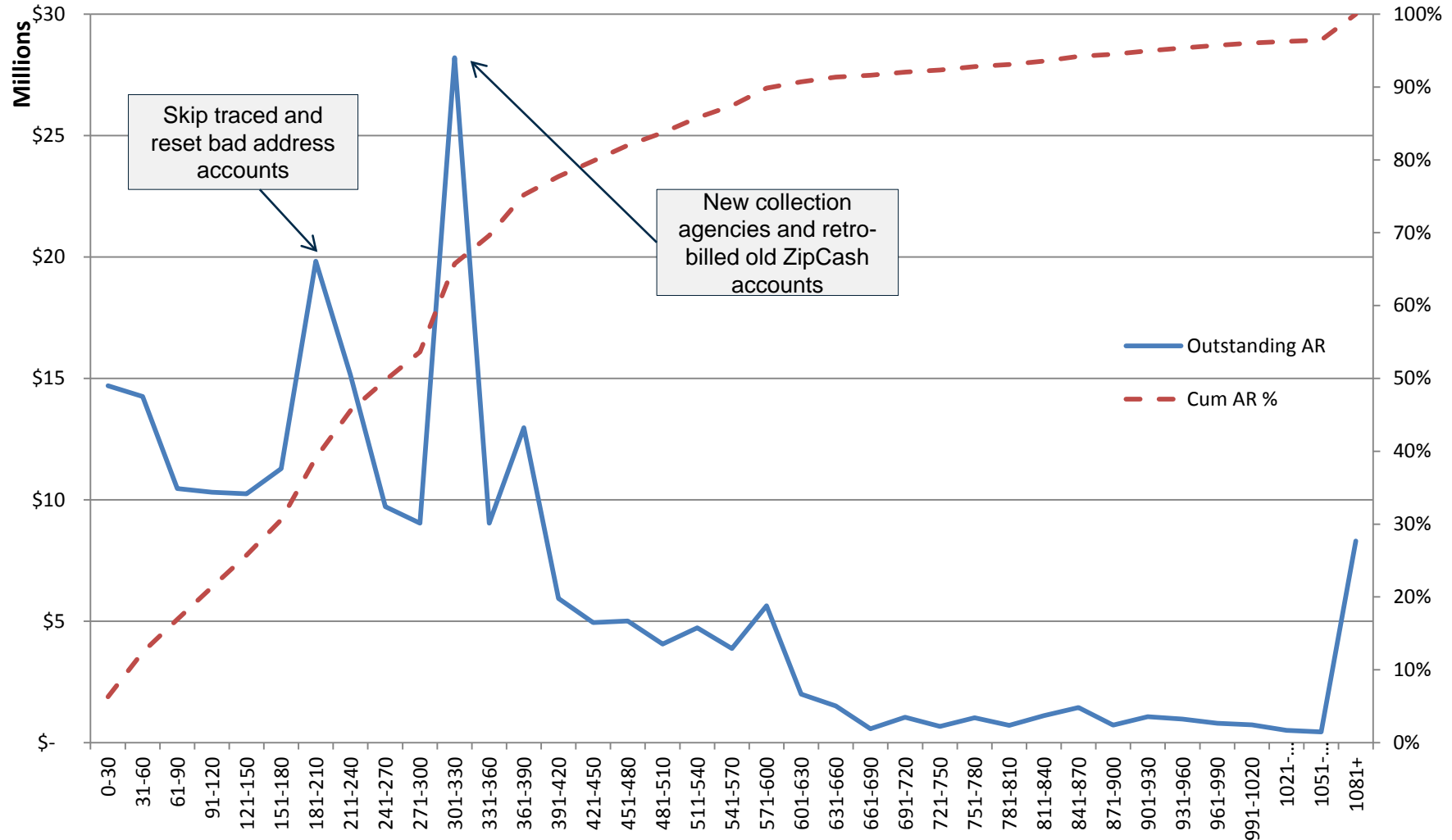


COLLECTIONS AGING

NTTA aggressively collects past due collections through all stages of receivables aging. Most of the outstanding AR is less than one year old.

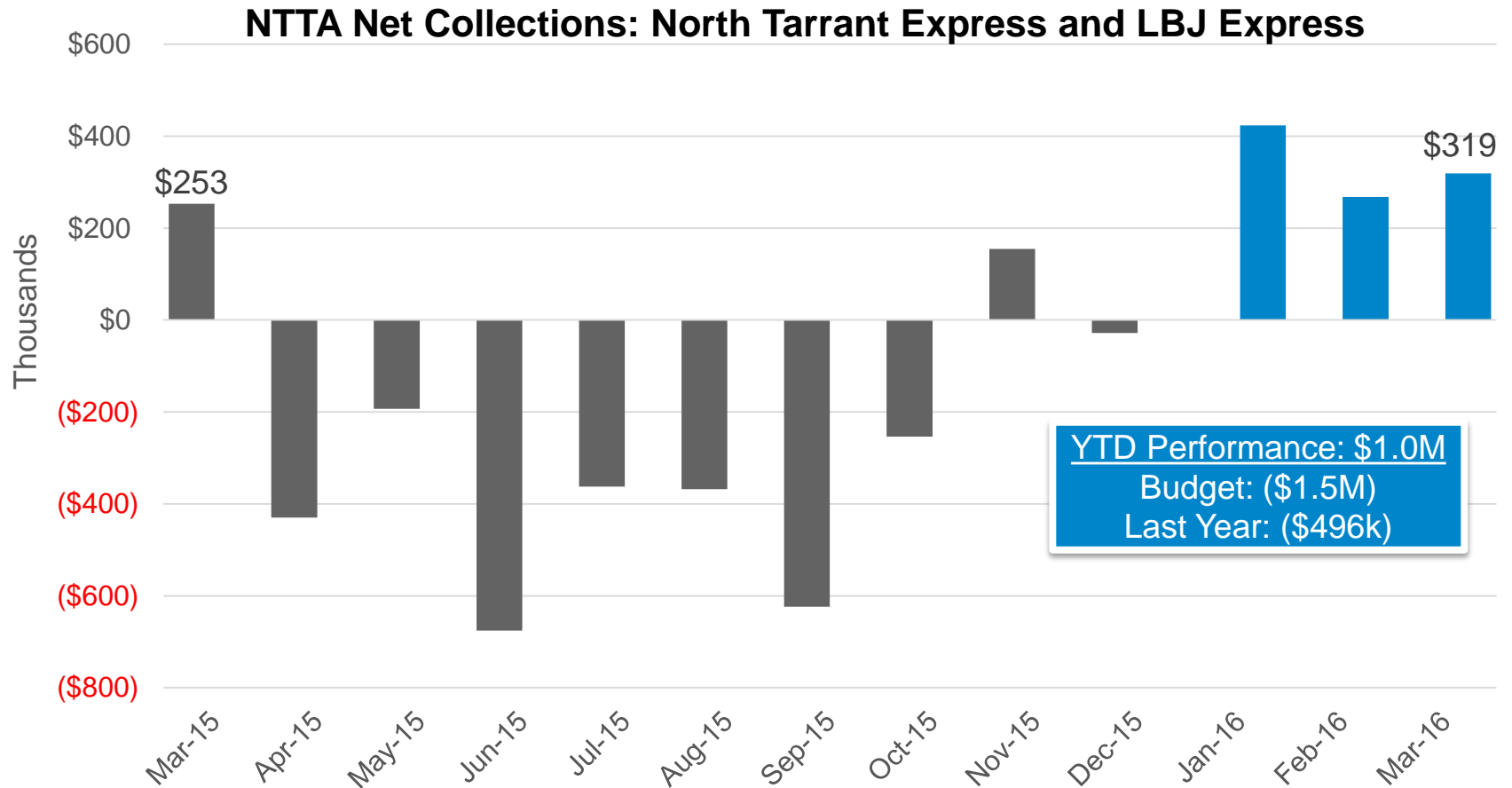
Accounts Receivable Aging Report by Month (as of 3/31/2016)

Gross outstanding
A / R: \$233 million



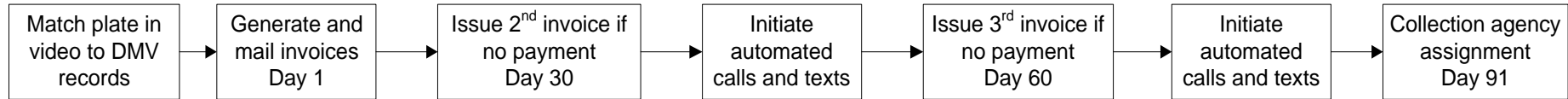
TSA NET COLLECTION PERFORMANCE

TSA collection performance has improved in 2016, and TSA agreements moving forward are structured to avoid collections risk for NTTA altogether.



Net collections= amount advanced to CINTRA - (amount collected + admin fees collected + TSA compensation)

NTTA has made a number of improvements to the collections process in recent years.



- Key Collections Efforts
 - Business rules have been adjusted to capture lower volume customers earlier (3 transactions or \$2.50)
 - Customers receive an invoice every month for 3 months
 - Overdue accounts are transferred to two collection agencies after 90 days
 - Reminder notifications are sent by phone, email and now text message
 - NTTA currently obtains information from 27 states to provide DMV information for out-of-state license plates, and plans to grow this to 50 states by the end of the year
- Toll Enforcement Remedies for Habitual Violators
 - Letters sent to habitual violators
 - Vehicle registration is blocked at earliest time eligible
 - Banned from using the Tollway
 - Citations are issued
 - Cars may be impounded

ZIPCASH EQUITY ANALYSIS

TollTag customers effectively subsidize ZipCash customers at the current ZipCash premium. By raising the ZipCash premium to approximately 90%, NTTA is indifferent to customer payment type, assuming no change in collection rate.

<i>Per Transaction</i>	TollTag	ZipCash	
	Current	Current	Equity
Rate	\$ 1.02	\$ 1.60	\$ 1.93
Collection Rate	100%	55%	55%
Tolls Collected	\$ 1.02	\$ 0.88	\$ 1.06
Admin Fees	\$ -	\$ 0.24	\$ 0.24
Total Collections	\$ 1.02	\$ 1.12	\$ 1.30
Marginal Cost to Collect	\$ (0.08)	\$ (0.36)	\$ (0.36)
Net Cash	\$ 0.94	\$ 0.76	\$ 0.94

The average ZipCash transaction yields less cash than a TollTag transaction.

Staff should analyze further to validate costs, collections rate, and any impact to future collection rate if the premium were increased.

VEHICLE REGISTRATION BLOCK (VRB) EFFORTS

The vehicle registration block program, started in the Fall of 2013 in Dallas County, has been very effective for NTTA. In some instances, VRB efforts take significant time investment from the counties. Effectiveness and satisfaction levels can be increased via better communication between NTTA and the counties.

FY15				
County	Blocks Submitted	Blocks Placed*	Blocks Removed	Tolls+ fees (MM)
Dallas	16,383	12,325	2,651	\$1.1
Collin	25,469	19,119	3,549	\$2.5
Tarrant	581	444	85	\$0.4
Denton	804	588	134	\$0.1
Others	10,620	7,797	1,921	\$0.6
Totals	53,857	40,273	8,340	\$4.7

FY16YTD			
Blocks Submitted	Blocks Placed*	Blocks Removed	Tolls+ fees (MM)
51,250	42,129	2,585	\$3.0
22,650	18,033	1,421	\$2.0
20,585	17,025	2,119	\$1.7
16,885	13,487	2,080	\$2.2
12,831	10,480	1,126	\$1.2
124,201	101,154	9,331	\$10.1

* Of the records submitted, the DMV determines which ones are eligible to be flagged.

- Currently NTTA has formal contracts with six counties (Dallas, Denton, Tarrant, Johnson, Rockwall and Grayson) to enforce the blocked registrations of scofflaws. There are agreements in development with Parker and Hunt counties
- Currently Collin County blocks are only removed when customers renew online and pay their outstanding tolls and fees
- Given the effectiveness of the program, in 2016 NTTA accelerated sending scofflaw lists to the DMV for blocking as soon as they are eligible, which has resulted in higher collections
- VRB is used as an instrument in multiple ways; for instance, counties must utilize blocks for non-payment of child support

FINANCE- COLLECTIONS

2011 Recommendations	Observation / Proof Points	Gap
NTTA should protect its margin by reducing the incremental cost of ZipCash transactions	<ul style="list-style-type: none"> • NTTA has made significant changes to improve ZipCash effectiveness • Unpursuable transactions continue to be reduced due to efforts by NTTA improving image quality and minimizing issues concerning customers with bad addresses or no addresses 	None
Renew its efforts, and invest marketing dollars to target ZipCash customers for conversion to TollTags	<ul style="list-style-type: none"> • NTTA has launched major initiatives like the \$20 Starter TollTag, specialty TollTags and increased TollTag access points in an effort to drive more adoption • Numerous customer awareness programs have been conducted that bring awareness to new extensions, rewards programs and interoperability agreements with neighbor states 	None
NTTA should continue actively brainstorming, testing, and implementing collections process improvements.	<ul style="list-style-type: none"> • NTTA has made tremendous strides in this area: <ul style="list-style-type: none"> ○ Collections has been reorganized ○ Outside vendors are used on the 1st and 3rd party models; ○ New toll enforcement tools such as vehicle bans, impounding and vehicle registration blocks have been implemented; ○ Alternate communications (i.e. email/text) are being used earlier in the collections cycle 	None

FINANCE- ANALYTICS

2011 Recommendations	Observation / Proof Points	Gap
Create a Financial Planning and Analysis Dept.	<ul style="list-style-type: none"> Department is responsible for developing the capital plan, 5 year budget, a long term financial model, and monthly performance metrics for the Board. New FP&A Director started 5/2016 Two Managers (Budgeting and Analysis) build the 5-year capital plan and produce / compile monthly performance reports 	None
Staff proposals are to contain a business case and sufficient analytical rigor	<ul style="list-style-type: none"> Departments (Marketing, for instance) leverage Finance resources to develop project budgets and business case proposals 	None
Hire an upper level Financial Analyst Manager that oversees proposals	<ul style="list-style-type: none"> This position does not exist, but this analytical support role has been taken on by one of the FP&A managers There are also strong analytical capabilities existing within Operations; there was a 2016 senior hire in the Collections department (Operations Analytics Manager) 	None
Hire resources to augment analytics capabilities	<ul style="list-style-type: none"> As mentioned above - Operations Analytics Manager hired 5/2016 A major overhaul / enhancement of reports has occurred within the last two years to include more trend information and the ability to analyze separate facilities An outside consultant is developing a cost model which will allow more in-depth analysis 	None

FINANCE- FORECASTS

2011 Recommendations	Observation / Proof Points	Gap
Actively coordinate with the T&R consultant on operational assumptions	<ul style="list-style-type: none"> NTTA uses the T&R investment grade study developed every two years, along with internal collectability assumptions, to develop the budget T&R reports serve as the basis for the annual budgets and forecasts 	None
Continue to be conservative with cost budgets	<ul style="list-style-type: none"> The process of preparing the budget is subject to heavy scrutiny and oversight In the last five years, NTTA actual expenses have been below budget 	None
Develop capability to communicate cash flow to the Board	<ul style="list-style-type: none"> Cash flow metrics are communicated to the board on a monthly basis in the Monthly Performance Report Cash flow modeling and cash collections reporting have been enhanced by Finance, and these tools are used to closely monitor the debt coverage ratio 	None
Provide in-depth forecast details to the Board	<ul style="list-style-type: none"> The Board plays a significant role in approving the five year capital plan; there are 5 touch points before completion The directors are provided with sufficient budgetary detail to enable decision making 	None

FINANCE- LONG RANGE PLANNING

2011 Recommendations	Observation / Proof Points	Gap
Stay proactive in legislative matters affecting financial outlook	<ul style="list-style-type: none"> The Legislative Director is very active in keeping track of all industry-related legislative activity The Director gives the Board a read out on activity twice a year and is in Austin often to handle regional issues / coordinate with four legislative consultants The Board is regularly involved with legislative proposal decisions 	None
Conduct long range planning discussion with key staff and Board and share plans with regional transportation leaders	<ul style="list-style-type: none"> NTTA is a highly cooperative and supportive player with regional transportation partners and is flexible in the roll it plays on a project by project basis 	None
Have T&R and engineering consultant update financial and T&R projections based on developments	<ul style="list-style-type: none"> Feasibility studies were done by internal staff directly after this recommendation was made in 2011, but are now outsourced entirely to the T&R consultancy Any time there are bonds issued, the T&R consultancy is leveraged for additional studies 	None
Explore leveraging system resources with outside parties to build roads faster	<ul style="list-style-type: none"> The use of partnerships in constructing new roadways has been the only means of expansion since the 2011 assessment NTTA has toll servicing agreements with different authorities and serves as the trusted tolling partner for the region 	None

ORGANIZATION



Organization highlights and accomplishments since 2011 include the following:

- **Relationship with Board**

- The Executive Director has strong working relationships and open communication channels with each Board member
- Board committees have been re-established (Finance and Audit, Customer Service, Policy and Operations, Administration)
- Board governance structure is clear
- AEDs have direct interaction with the Board and work together in Committee meetings

- **Business Management**

- The Consolidated Performance Metrics report is presented at each Board meeting
- Report contains 19 Financial, Operational and Infrastructure metrics including goals vs. actual performance
- Staff and Board continually refine the metrics reviewed

- **Business Model / Contractor Spend**

- Staffing models reflect “core competencies” in departments, reduced dependency on outside contractors
- Spend for the 6 “major” consultants has declined from 41% of total consultant spend to in 2010 to 16% in 2015
- Legal services reduced outside counsel spend by 15% compared to 2011

- **Performance Management**

- Board sets Executive Director goals and conducts performance reviews at annual retreats
- Standardized performance management process for staff in place and automated through PeopleSoft
- Employee performance evaluated on competencies, shift to goal-based evaluations set for 2017
- All employees receive feedback prior to any merit increases

- **Organization Structure**

- Legal Services, Customer Service, Infrastructure, IT and Public Affairs have been restructured
- Financial Planning & Analysis group was created
- Deputy Executive Director position was tried and then eliminated
- Numerous leadership roles have been filled with external hires in the past three years

- **Employee Engagement**

- Employee morale and engagement has increased significantly since 2011
- Strongest improvements include work opportunities, teamwork, clarity on job expectations, communication with management and confidence in NTTA strategic direction and progress
- Remaining areas for improvement identified include bureaucratic constraints, job satisfaction/retention and workload allocation/absenteeism

NTTA AWARDS 2012 - 2016

NTTA has received numerous awards in recent years for its road projects, financial management, operations, customer service, and vendor / community relations

Operational Performance	Year
Transportation Research Board - Don Capelle Award for leadership for TEXpress Lanes	2016
CMAA North Texas - Project Achievement Award, Transportation Greater than \$15 Million	2015
American Council of Engineering Companies - Engineering Excellence Awards (2 Awards in 2014)	2014
National Procurement Institute - Achievement of Excellence in Procurement Award	2012-2014
Regional Hispanic Contractors Association - Project of the Year	2014
Texas Public Works Association - In-House Project of the Year	2014
Texas Public Works Association - Innovation Award	2014
Texas Public Works Association - Leader of the Year	2014
Texas Public Works Association - Operations Excellence	2014
Texas Public Works Association - Project of the Year	2014
American and Road Transportation Builders Association - Workzone Safety Awareness Award	2013
Design-Build Merit Award - Phase 4 Development of the PGBT-WE	2013
Engineering News Record - Best Highway Bridge Project	2013
Roads & Bridges Magazine - No. 7 on list of Top 10 road projects	2012

Financial Performance	Year
Government Finance Officers Association - Certificate of Achievement for Excellence in Financial Reporting (6 Certificates)	2012-2016
Bond Buyer's - Southwest Deal of the Year	2015
Texas Comptroller Association - Platinum Leadership Award	2014
The Institute of Internal Auditors - Recognition of External Quality Assessment	2014
Texas Comptroller Association - Gold Leadership Award	2012-2013
Government Treasurers Association of Texas - Certificate of Distinction for the Authority's Investment Policy	2012

Customer Service	Year
International Association of Business Communicators - Dallas Quill Awards (6 Awards in 2015)	2015
Dallas Observer - NTTA's Tollmate is one of the top 10 mobile apps for Dallasites	2014
IBTTA - Toll Excellence Award, Customer Service and Marketing Outreach	2014
International Association of Business Communicators - Gold Quill Award of Excellence	2014
International Association of Business Communicators - Silver Quill Award of Excellence (2 Awards)	2014
Total Training Network - Customer Excellence Award	2013

Community Involvement	Year
RTC - Earth Day Recognition	2016
American Association for Affirmative Action - President's Award	2014
Asian American Contractors Assoc. of Texas - Mercury Award	2014

Opportunities for continued improvements in the Organization include:

Focus Areas	2016 Recommendations
Succession Plan	<ul style="list-style-type: none"> • Formalize and share a succession plan with Board
Employee Engagement	<ul style="list-style-type: none"> • Conduct employee engagement survey in 2016 and repeat every two years • Develop and implement action plans resulting from the survey by department
Recruitment and Retention	<ul style="list-style-type: none"> • Conduct “lessons learned” on management vacancies that occurred in past three years to develop stronger job descriptions/role requirements/cultural fit assessments for recruiting
Performance Management	<ul style="list-style-type: none"> • Ensure strategic goals are cascaded through all departments as part of transition to goal-based performance management in 2017

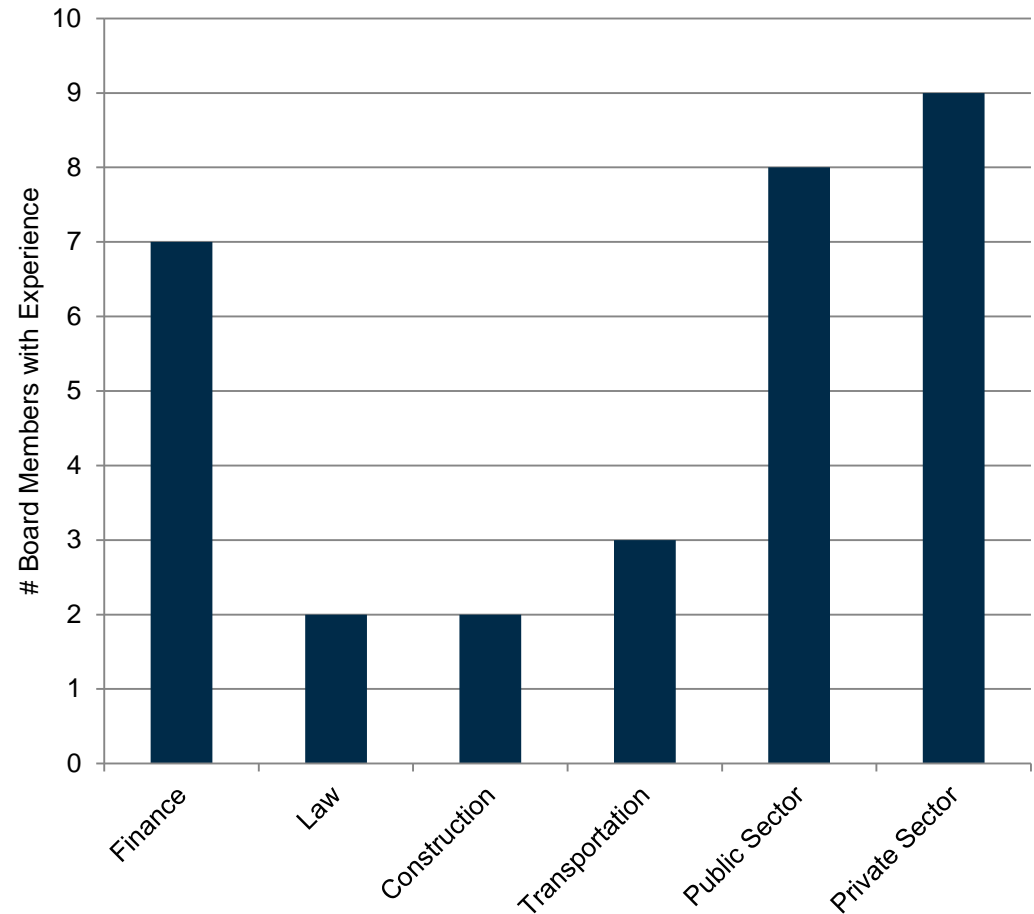
BOARD COMPOSITION

The current NTTA board, comprised of a mix of experienced and newer members, brings diverse skills in both the public and private sectors

NTTA Board Composition

Member	Tenure
Kenneth Barr Board Chairman Tarrant County	8 yrs.
Bill Moore Vice-Chairman Collin County	7 yrs.
William Elliott Governor Appointee	4 yrs.
Matrice Ellis-Kirk Dallas County	5 yrs.
Mojoy Haddad Tarrant County	3 yrs.
Michael Nowels Denton County	9 yrs.
George Quesada Dallas County	5 yrs.
Jane Willard Collin County	6 yrs.
John Mahalik Denton County	1 yr.

Board Member Background & Experience



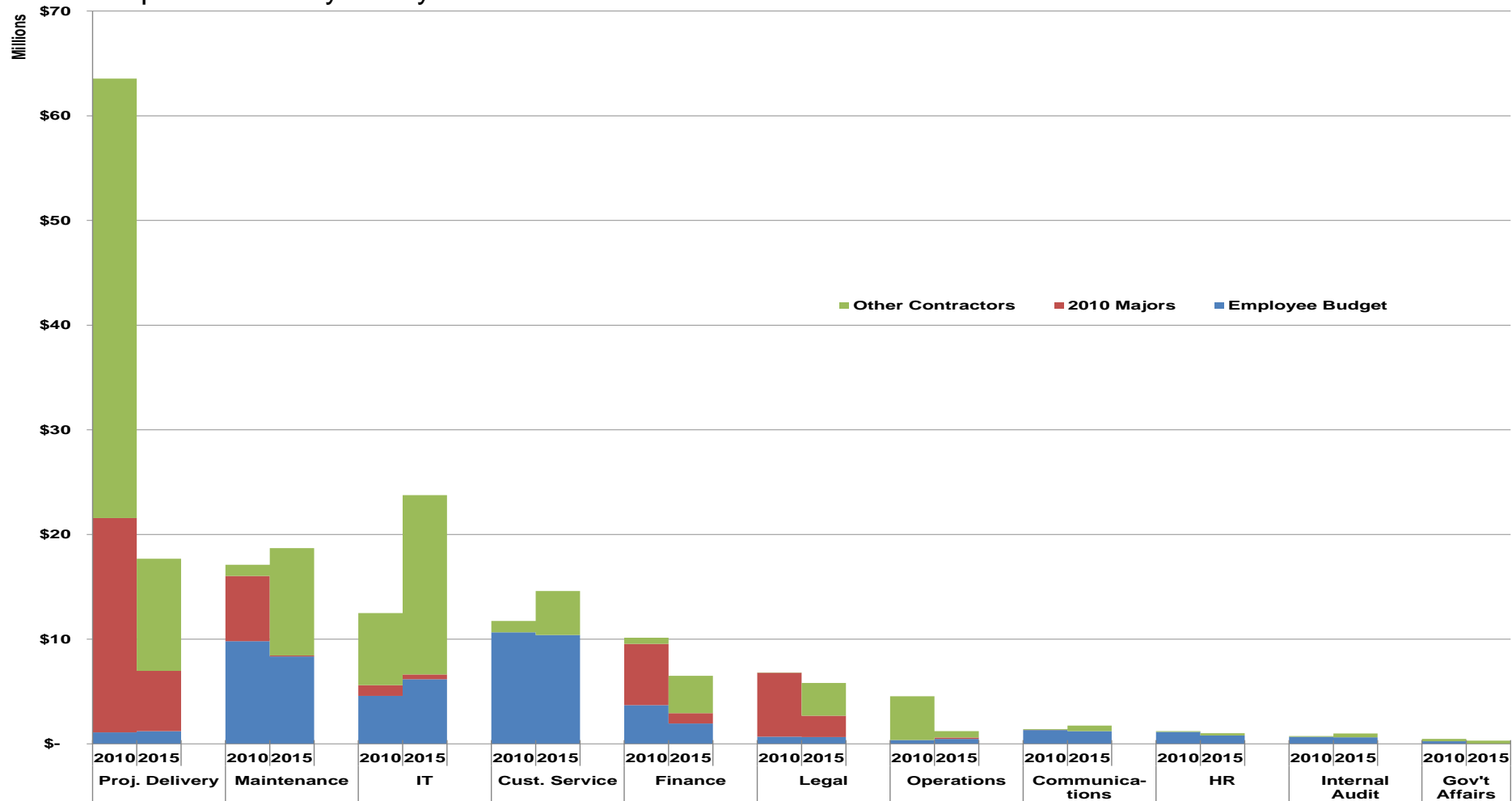
Succession planning and internal talent development is a fundamental component of risk management. Although the Executive Director discusses succession planning informally with direct staff, no formal plan currently exists.

Observations	Best Practices for NTTA
<ul style="list-style-type: none"> Executive coaches have been hired to work with Assistant Executive Director's (AED's) individually and as a leadership team AED's are expected to design and implement their own performance development plan Board chair and members would like visibility to succession plan Best practices indicate a written succession plan for the Executive Director of an organization of this size is appropriate 	<ul style="list-style-type: none"> Create a "depth chart" for each position indicating key strengths and readiness timing (e.g. immediate, 1 year, etc.) for each candidate Review depth charts and readiness timing with Board in executive session Refresh and review depth charts and readiness timing annually with Board



SPEND BY CATEGORY FOR PROFESSIONAL SERVICES

There has been a significant change in use of long-tenured, “major” consultants since 2011.
Departments vary widely in use of contractor services.



Excludes: Construction, Goods and Services spend, Non-Consultant spend, and Other spend

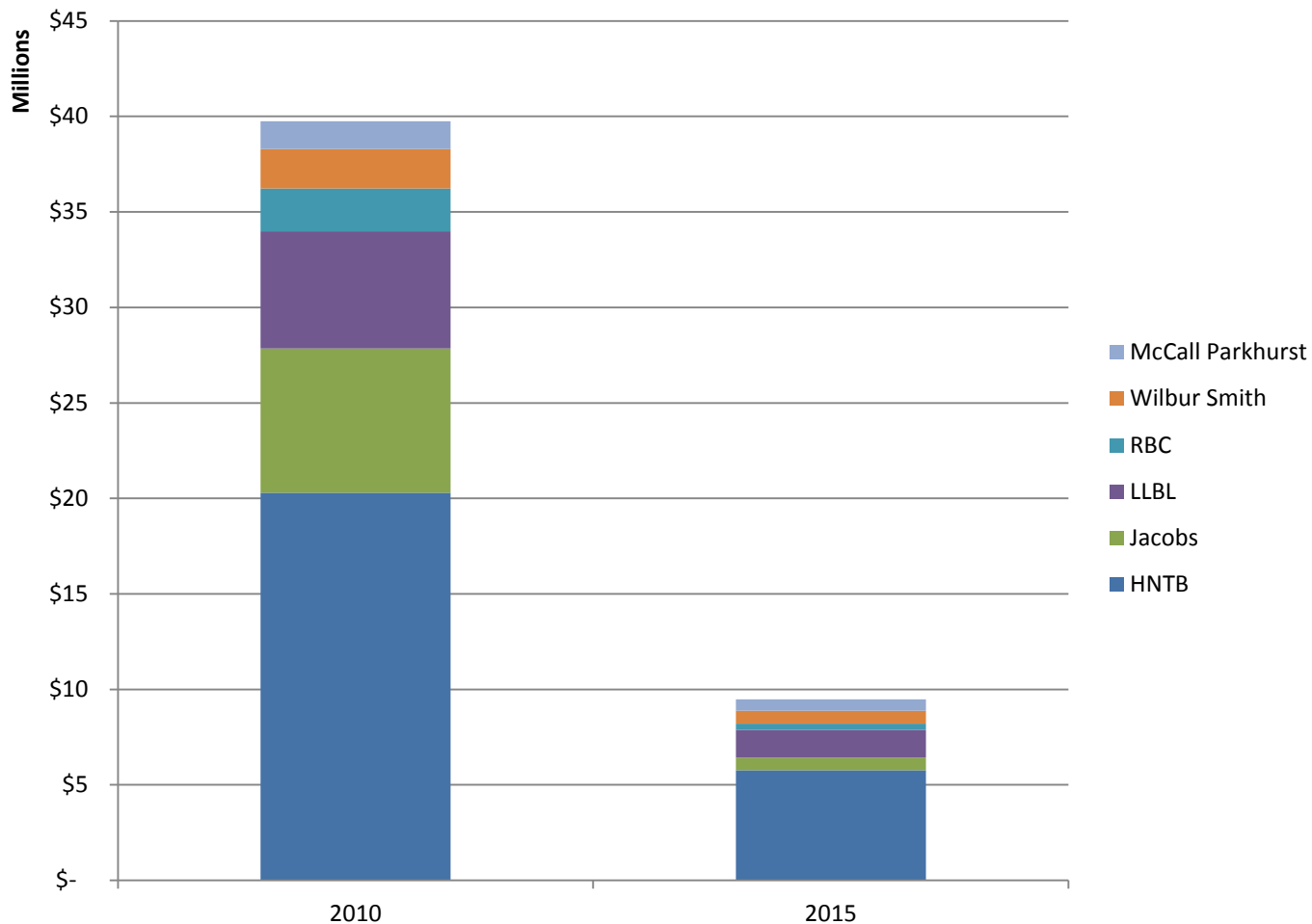
2010 Majors include: Locke Lord, Jacobs, HNTB, CDM Smith, McCall Parkhurst, Royal Bank of Canada

Cust. Service (2015) includes Collection department spend; Finance (2015) includes Cash Posting, FP&A and Cash & Debt Mgmt spend

REDUCING RELIANCE ON “MAJOR” CONSULTANTS

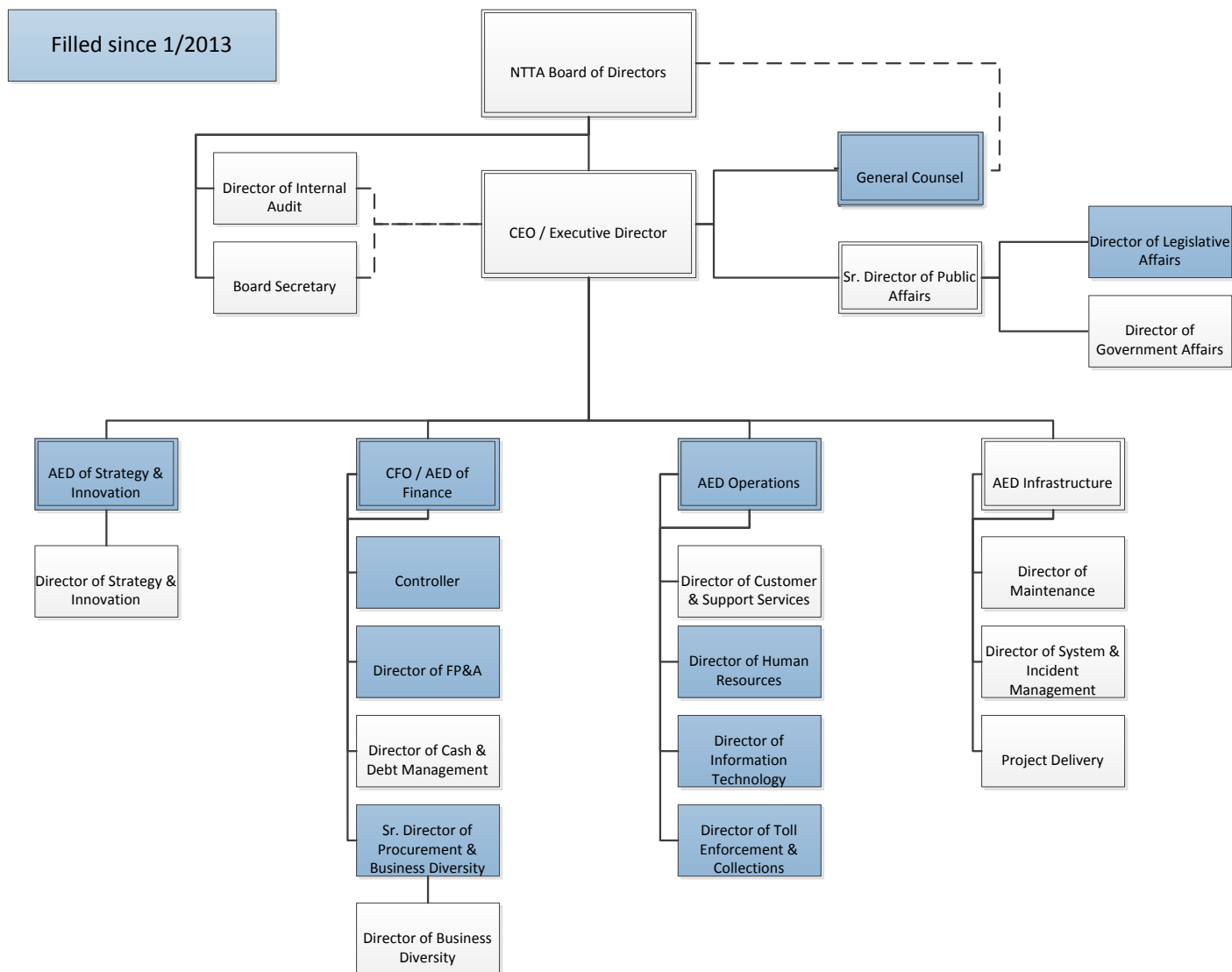
Spend with 2011 “majors” declined 76% since the last assessment, showing commitment to diversity within the contractor pool.

2011 Major Consultants



MANAGEMENT TURNOVER

Since 2013, about 40% of key management positions have been replaced.



National Service Research (NSR) conducted NTTA employee engagement surveys in 2012 and 2014

- 73% of all NTTA employees responded to 2014 survey
- Employee morale, engagement and satisfaction has improved significantly since 2011
- Biggest improvements over 2012 include opportunities to work on projects/committees, executive ethical behavior, teamwork, environment to produce quality work, NTTA progress and strategic direction
- Top 5 Rated Responses: cultural diversity, job expectations, friendly/supportive co-workers, safe work environment
- Lowest 5 Rated Responses - bureaucratic constraints, looking for a new job in other departments or outside NTTA, increased workload due to absenteeism and or co-worker effectiveness

Biggest Improvements Over 2012 Employee Survey	% "Agree" in 2011	% "Agree" in 2012	% "Agree" in 2014	Increase over 2012 (Percentage Points)
Work Opportunities	NA	64%	81%	17%
Ethical Behavior	NA	74%	90%	16%
Comfort Reporting Ethical Violations on Hotline	NA	72%	85%	13%
Work Environment Supports Teamwork	NA	72%	85%	12%
Pace/Environment Encourages Quality Work	NA	73%	82%	10%
NTTA Made Progress/Right Direction	NA	80%	88%	8%
Clear Work Expectations	77%	88%	90%	2%
Comfort to Question Management	31%	NA	80%	49% vs 2011

Engagement surveys serve a useful purpose and should be continued on a bi-annual basis

- “Engagement initiatives must be part of the ongoing business management—and surveys become leading indicators of other important business performance metrics.” *Making Engagement Happen*, Aon Hewitt
- According to the 2015 Global Employee Engagement Report by Aon Hewitt, the financial implications of an engaged workforce are significant, with statistically significant relationships existing between higher levels of employee engagement and financial performance
- After conducting engagement surveys in 2012 and 2014, no engagement survey is planned for 2016
- Recommendation: Conduct the employee engagement survey in 2016 and conduct every two years.



SAY: An engaged employee speaks positively about the company among co-workers, clients and his/her friends



STAY: An engaged employee associates his/her future with the company



STRIVE: An engaged employee feels motivated to exert extra effort for the company

The employee complaint procedure and non-harassment policy is well documented in the Human Resources Policies and Procedures Handbook. New employees are trained by the General Counsel, and supervisors maintain an “open door” policy.

- General Counsel investigates anonymous letters and complainant allegations
- Five complainant allegation letters received in 2015. All reviewed and addressed with outside counsel as necessary
- General Counsel provides ethics training to new employees every month
- Annual online ethics training is required for all employees
- Human Resources Handbook, created in 2011, is being updated by outside counsel
- Majority of employee complaints are handled by department supervisors

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Annual Business Performance Calendar - Align budgeting and planning with the annual performance management cycle for management and staff. Align the ED performance review process with the ED's contract renewal period	<ul style="list-style-type: none"> Annual performance management process has been aligned to NTTA goal setting and performance evaluation periods for staff (November - March) Board conducts ED performance review at annual retreats ED performance review coincides with contract renewal period 	None
Annual Executive Incentive Plan Design - Develop annual executive incentive plan (EIP) for the ED and ED direct reports. ED and ED direct reports should be measured against the same approved Agency Scorecard metrics to drive greater alignment	<ul style="list-style-type: none"> Executive Incentive Compensation (IC) program was implemented for the ED but not AEDs Board of Directors approves ED annual salary and performance bonus ED salary and bonus in line with peers at public transportation organizations ED sets AED performance goals to achieve strategic plan objectives and salary AEDs do not receive incentive compensation AEDs are eligible for merit increases under the same structure as staff Merit increases are approved annually by the Board. Current rate is 3.5% of base salary based on competencies and goal achievement 	None
ED personal goals - Design, develop and approve ED personal goals to be ready for release with, or prior to, the communication of the approved budget annually.	<ul style="list-style-type: none"> Board submits annual performance goals to ED at Board retreats Goals are communicated to ED prior to annual budget 	None

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Performance Management Training - Provide annual performance management training on developing goals, reviewing performance and handling difficult conversations	<ul style="list-style-type: none"> Annual Performance Management training is offered as part of the Leadership Development Services offered by HR 93 people managers attended Performance Management training in 2014-2015 (68% of all people managers) 	None
Agency Scorecard and Metrics - Leverage and build on Agency Scorecard (presented August 2011) to include core NTTA metrics (i.e., Financial, Operational Excellence, People) - metrics should be explicit, aggressive and provide detail on threshold, target and exceeding performance	<ul style="list-style-type: none"> The Consolidated Performance Metrics report is presented at each Board meeting The Report contains Financial, Operational and Infrastructure metrics including target goals and actual performance Add "how many metrics" are reported – by department Staff and Board continually refine the metrics reviewed 	None
PMC and GEC Contracts - Split PMC and GEC contracts and re-procure under new procurement process to separate engineering firms taking care to have a strong transition plan if needed	<ul style="list-style-type: none"> PMC and GEC contracts are separate and have been procured under different processes since 2012 Major Consultant Procurement Plan recommendation was approved at the December 2011 Board meeting The Major Consultant Procurement Plan was fully executed and procurements completed as of December 2012 	None
Accountability and Controls - Institute more defined roles and accountability, such as controls and monitoring of actual work expenses vs. work authorization (i.e. budget)	<ul style="list-style-type: none"> Internal Audit conducted two reviews of time and material contracts in 2011 and 2015 All open internal audit action items regarding contract management were closed as of June 30, 2015 	None

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Legal Services Protocols - Ensure new Legal Services protocols are monitored and enforced	<ul style="list-style-type: none"> • Legal services protocols were used to direct legal work to inside or outside counsel • In 2013, the legal services organization was restructured; outside Board counsel and legal protocols were eliminated • General counsel reviews all legal matters and determines appropriate resources to address (internal/external counsel) 	None
In-House Legal Services Competency - Build internal competency of legal services with new in-house General Counsel and reduce reliance on individual, third-party expertise	<ul style="list-style-type: none"> • In-house Legal services is comprised of two attorneys and five staff members • Internal team oversees contracts, procurement, diversity, ethics, conflicts of interest and operational legal matters • Outside counsel (12 firms in 2016) provide expertise in transportation industry matters and labor areas including best practices, lawsuits and litigation. • Expenditures for outside counsel are 15% lower in 2016 versus 2011. 	None
Legal Services Protocol Reviews - New in-house General Counsel to review Legal Services protocols and propose any changes to the Board within six months	<ul style="list-style-type: none"> • Allocation of work (internal/external) is directed by General Counsel and internal staff • Legal services are governed by the Administration Committee 	None

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Business Model - Retain “lean” staff business model, ensure critical core competencies exist in-house. Consider bringing a limited number of PMC and Legal resources in-house - Consider greater outsourcing of customer service and collections if it is more cost effective and flexible to varying levels of need	<ul style="list-style-type: none"> Staffing models reflect “core competencies” in departments. Legal services spend for outside counsel has decreased by 15% since 2011 The Customer Call Center currently outsources 50% of its staff and serves as an important source to address increased call volumes. 	None
Succession Planning - Board should direct ED to develop succession plans for key positions in the organization	<ul style="list-style-type: none"> The Executive Director discusses succession planning informally with direct staff Executive coaches work with AEDs individually and as a leadership team No formal succession plan exists Some Board members are interested in more visibility to the succession plan Best practices indicate a written succession plan is appropriate for an organization of this size 	No formal succession plan
Customer Service / Collection Separation - Separate customer service and collections under Director of Customer Service and Collections	<ul style="list-style-type: none"> Customer Service and Collections were separated into two different departments reporting into the AED of Operations in 2014. 	None

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Organizational Structure - Reduce the number of direct reports to the ED to include a CFO and Deputy Executive Director providing core organizational leadership, accountability for organizational decisions/direction, support cross organizational collaboration and allow ED to focus on external industry and Board relationships	<ul style="list-style-type: none"> • ED increased direct reports from 4 to 5 in 2016. • AEDs provide departmental leadership, accountability for organizational decisions/direction, support cross organizational collaboration • ED provides overall leadership and direction and is more actively involved with communities and board members • Deputy ED position was eliminated in 2013, responsibilities have been effectively distributed between ED and AEDs 	None
Deputy Executive Director - Conduct search for a candidate to fulfill a Deputy Executive Director	<ul style="list-style-type: none"> • Deputy Executive Director position was filled briefly then eliminated • Responsibilities have been adequately absorbed by Executive Director and AEDs 	None
Reporting Structure - Diversity - Embed diversity function into the CFO organization for alignment with procurement function	<ul style="list-style-type: none"> • Senior Procurement Director and Diversity Director report into Finance/CFO 	None
Financial Planning and Analysis - Create a Financial Planning and Analysis organization within CFO organization to manage the budgeting process, agency scorecard and metrics, reporting and analysis	<ul style="list-style-type: none"> • Financial Planning and Analysis department was created in 2012 • Director of Financial Planning and Analysis was hired in May 2016 	None

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Reporting Structure - HR and Communications - Embed Human Resources and Communications & Marketing	<ul style="list-style-type: none"> • HR organization reports to AED Operations • Communications and Marketing report through Public Affairs • Communications and Marketing are not in Operations to ensure consistent messaging to all stakeholders. 	None
County Review Marketing Plan - Board Chairman and ED should develop a marketing plan to communicate findings from the county review and proposed initiatives to address areas of concern	<ul style="list-style-type: none"> • County Review Marketing Plan was developed and communicated in 2011 and 2012 • Recommendations were reviewed and reported to Board quarterly through Oct 2014 • County Review Materials remain posted on NTTA.org 	None
Employee Core Focus Group - Board Chairman and ED should meet with a sampling of employees (core levels and functions) in focus groups to discuss the survey results and gain additional insight to these issues and develop improvement initiatives	<ul style="list-style-type: none"> • Board Chairman and ED conducted employee focus groups in 2012 but has since discontinued the practice • However employees can voice their opinion or share ideas in the following ways <ul style="list-style-type: none"> - Open Door Policy where employees can go to any manager regardless of department to share ideas or concerns - Employee Hotline - Employee feedback through emails to Communications or HR - Some departments have their own communication process for sharing ideas or concerns as well as formal communication meetings 	None

ORGANIZATION

2011 Recommendations	Observation / Proof Points	Gap
Engagement Survey - Administer engagement/morale survey in next year after key changes/decisions have been made to monitor progress and shape future priorities	<ul style="list-style-type: none"> • 2014 Results indicate significant improvements in ethical behavior, strategic direction, team work and support, and ability to produce quality work • Areas requiring additional improvements include retention, workload management and bureaucratic constraints • 2016 survey not planned • HR best practices indicate employee surveys should be done at least bi-annually 	Employee survey not scheduled for 2016
On-boarding Materials Focus - Strengthen operations focus of on-boarding materials for existing and new Board members	<ul style="list-style-type: none"> • On-boarding materials are current and comprehensive • New board members receive a half day onboarding orientation • New board member feedback is very positive regarding on-boarding process 	None
Improved Communication with Board - Improvements to communication, cooperation across the organization and with the Board are addressed in organizational structure and Board governance recommendations	<ul style="list-style-type: none"> • ED has strong working relationships/open communication channels with Board • ED conducts 1:1 meetings with Board prior to meetings • Board governance structure is clear • Deputy ED position eliminated, AEDs have direct interaction with Board • AEDs and Board members work together in Committee meetings 	None

ORGANIZATION

- DEPARTMENTS



Customer Service Center
Information Technology

A formal assessment of the Contact Center was not completed in 2011. However, since then a lot has been done. The current management team has developed action plans around several areas and are currently working those plans. Contact Center highlights and accomplishments since 2011 include the following:

Organization Change:

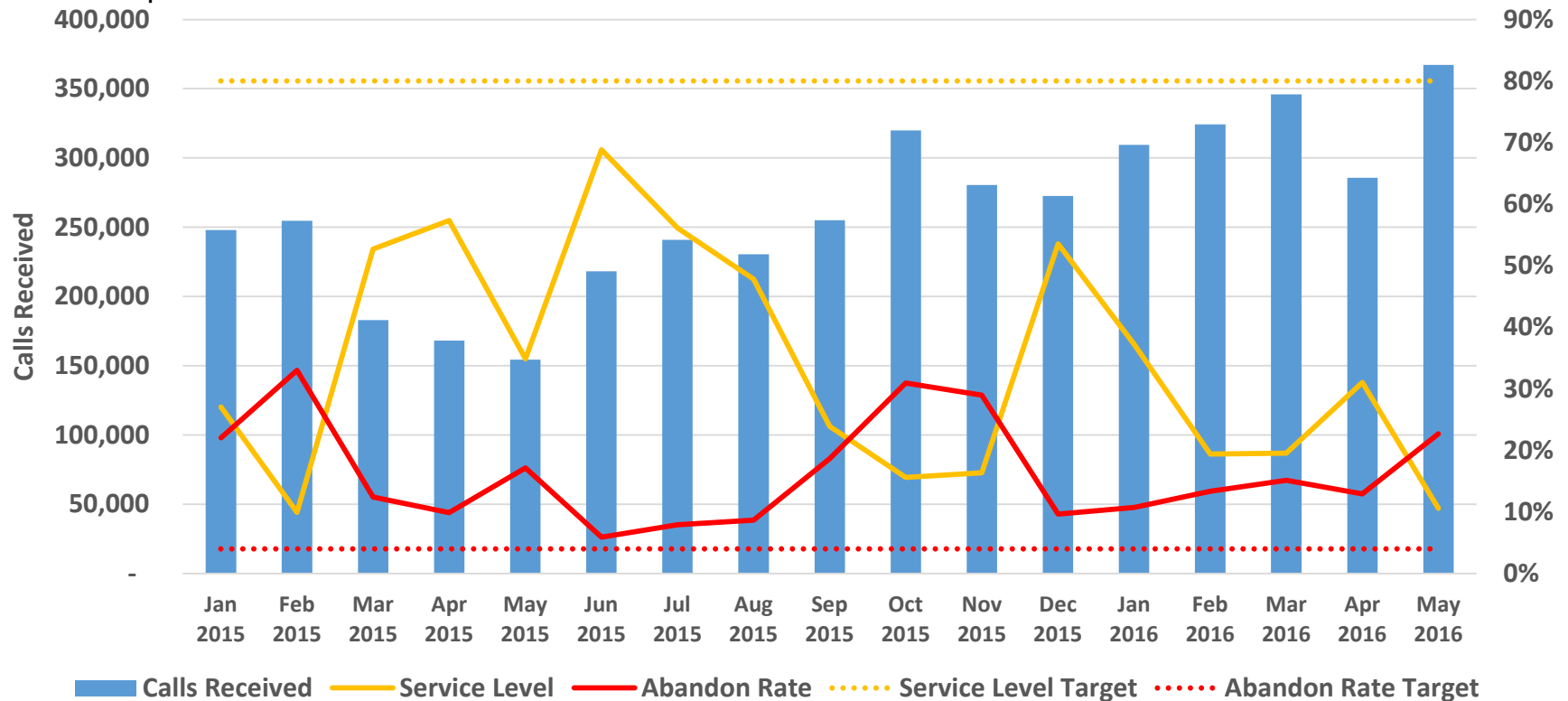
- New Director of Contact Center & Collections – August 2014
- Customer Care and Collections activities are divided but with staff cross-training
- New Workforce Force Management Manager – January 2016
- Increased outsourcing and part-time resources to better handle call volume
- Introduced new reporting and analytical capabilities
- Introduction of a call back team

Process and Technology Change:

- Redesign of call center
- New upgraded Cisco telephony – May 2016
- Introduction of the NTTA App
- Increased focus on quality monitoring
- Currently in review of Contact Center technology to address current needs plus put a roadmap together for future needs

CALL CENTER METRICS

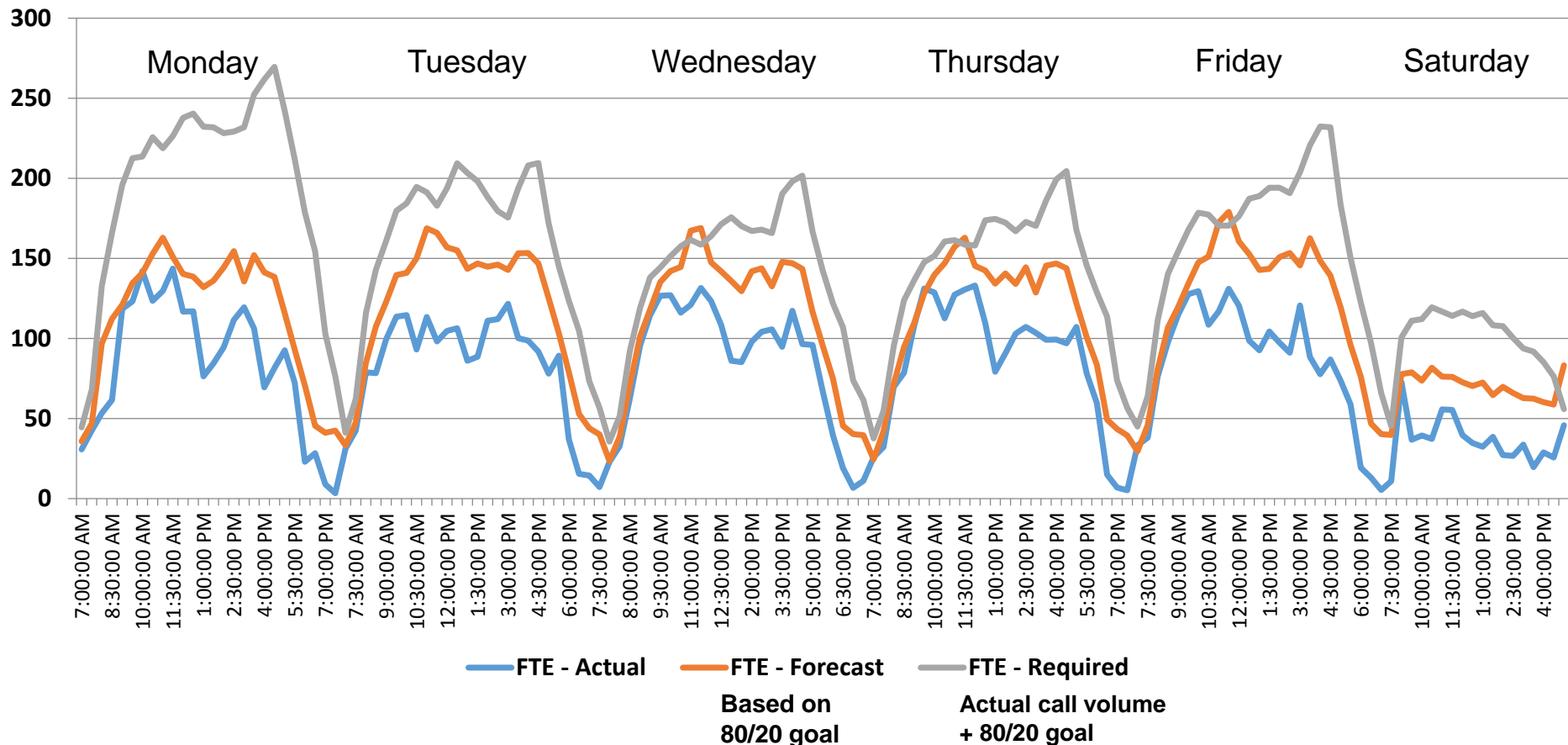
- Key performance metrics have suffered and are not usually close to target. In the first 4 months of 2016: Service level – 27% of calls answered in 20 seconds versus 80/20 goal; average speed of answer is 196 seconds versus 20 second goal
- As expected the abandon rate is also consistently above the target of 4% averaging 13% (Jan-Apr 2016)
- Planned service level improvements include:
 - Automated credit card expiration updates from merchant banks (15%)
 - Smart interactive voice response (IVR) self-service - Alpha/Numeric authentication
 - Reduced handle time by 10%
 - Part time workers for peak hours
 - Evaluating web chat
 - Virtual queuing and auto call back option



STAFFING – STAFFING ACCURACY

Call center actual staffing typically falls below the forecasted headcount need and well below staffing levels required to meet the targeted service levels. Recognized drivers of this shortfall include inflexible shift schedules (mainly full-time 8-hour shifts – need part-time schedules and ability to staff up for call spikes), an increase in call volume, space and budget/staffing constraints.

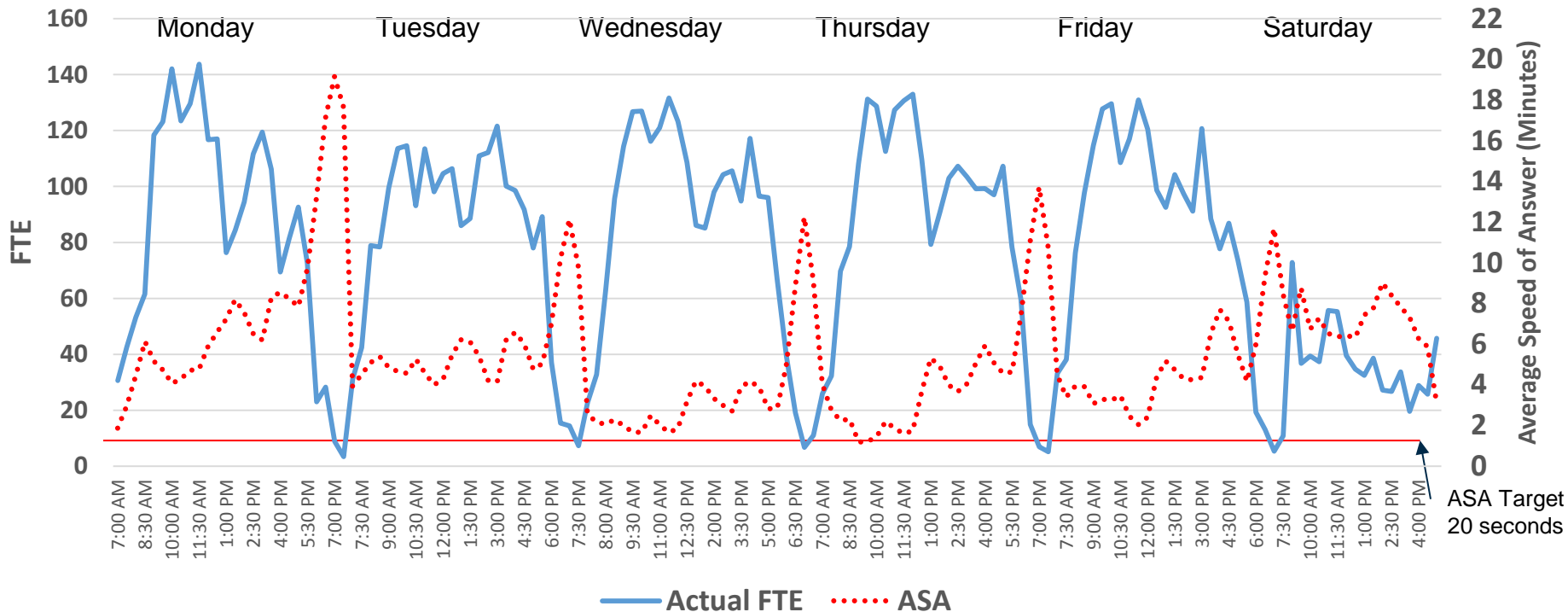
Staffing Comparisons- 3 Month Average: Monday through Saturday



AVERAGE SPEED OF ANSWER

- A new capability to track and analyze interval level data has been in place since May 2016. With this new data, the call center is moving schedules and offering overtime. In addition, the plan is to hire 40 additional contract labor to aim for a 70/30 service level, which is a common benchmark for service related companies and is better than most public sector call centers
- As a whole Average Speed of Answer (ASA) is very high – the average across all queues and intervals is over 3 minutes – on Mondays at 7 p.m. the average reaches almost 20 minutes.
- The major struggle is at the end of the day where although the call volume is dramatically less the ability to staff against the call volume is diminished – this is somewhat due to the full-time 8-hour shift scenario with the earlier hours being covered better and the overall lack of agents

FTE Actual and Required vs. ASA



ASA Target
20 seconds

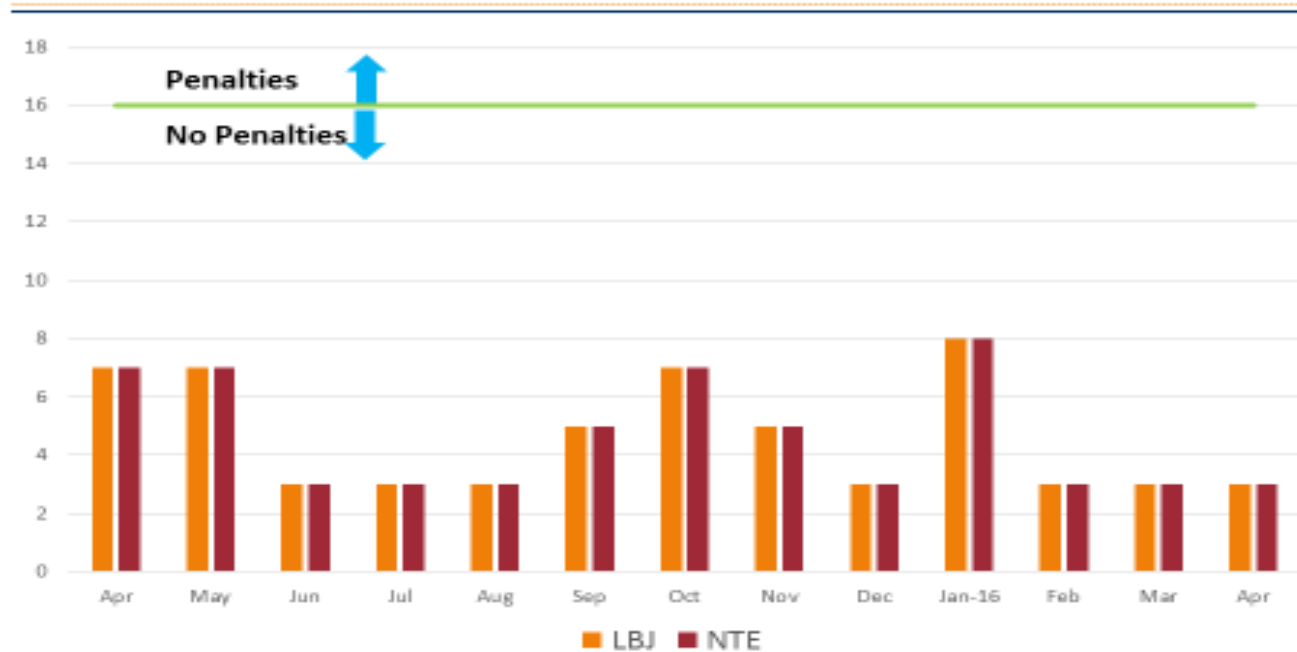
STAFFING / SERVICE LEVEL MODELING

- To attempt to move to the goals of a Service Level of 80/20 and 20 second ASA would require an increase of over 70 agents. With the additional supervisors required this would increase cost by over \$3 million per year
- Achieving a 70/30 service level would actually be a significant improvement in the customer experience and if needed could be moved back to 80/20 in the future if customer expectations dictate that need
- Reducing the hours of service would increase the agents available to handle calls in the last hour of the day lowering ASA and improving customer experience. Although the number of customers affected is small the feedback from customers needs to be monitored

Model	Total FTE Need	Notes
Current Headcount	233	<ul style="list-style-type: none"> • 27/20; ASA is over 3 minutes • TSA compliance is not met but does not incur any penalty
80/20 - Current Hours	306	<ul style="list-style-type: none"> • If no changes are made 73 FTEs would need to be hired to meet existing metric targets
70/30 - Current Hours	273	<ul style="list-style-type: none"> • If the contact center was to achieve a 70/30 service level it would be a dramatic improvement in the customer experience • Moving to 70/30 would not impact the current performance with the TSA contracts
70/30 - Reduced Hours	250-260 (TBD)	<ul style="list-style-type: none"> • By itself a reduction in hours would cause a 23 FTE lowering of the FTE need • Before committing to an FTE level further analysis has to be done taking into consideration multiple initiatives including reducing calls and reducing Average Handle Times

- Current reporting is focused around customer satisfaction and TSA Compliance. There are 24 elements to the TSA contract and penalties are not incurred until 16 penalty points have been accrued
- Although NTTA consistently misses the Service Level target it does not by itself incur a penalty
- Current metrics defined in the TSA contracts are not in line with Industry Standards. Both Service Level and Abandon Rates are not accurately defined. Due to the incorrect definition and a sampling of data the Abandon Rate has been reported lower than reality

Compliance with TSA

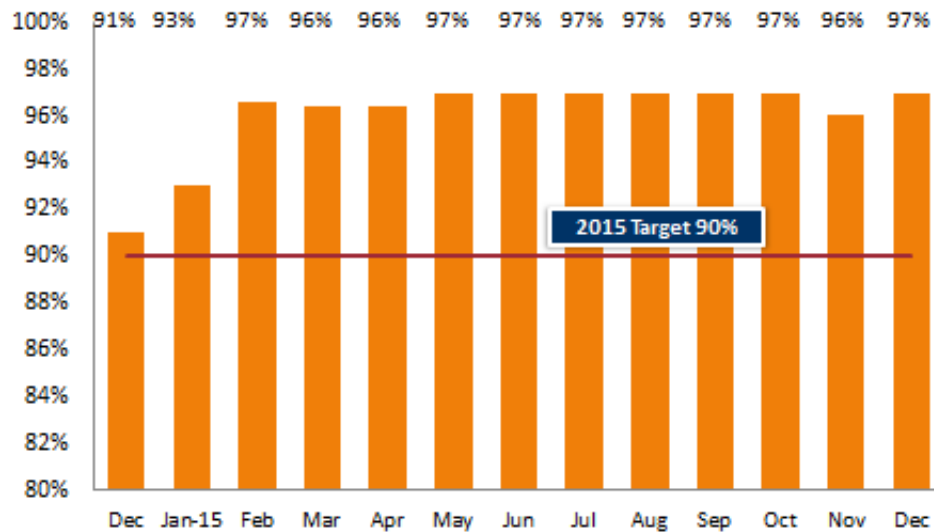


Target: LBJ/NTE – Not to exceed 16 points

CUSTOMER SATISFACTION

Customer Satisfaction scores have consistently been reported to be over the 90% target.

Customer Service Rating



Survey Notes

- Survey is sent to every customer who contacts NTTA and has an email address on file
- 22,000 survey responses were received in Jan – April 2016
- Ability to take survey online as well as by email – prompt on phone before call routed to agent

Target: 90% customer satisfaction out of 100%



• Mobility. Safety. Customers. Economy. Responsible Steward • 15

Recommendations

- Need to be able to segment responses by customer type
- Expand reach of survey - offer at the end of a call
- Potentially revamp questions to shorten survey
- Currently looking to procure a new survey tool to be more flexible in design and administration of surveys

CUSTOMER SERVICE – IMPROVEMENT OPPORTUNITIES

The management team does currently have plans or recommendations for several of the recommendations and these plans are being worked where possible. Opportunities for improvements in Customer Service include:

Focus Areas	2016 Recommendations
Staffing Efficiency/Capacity	<ul style="list-style-type: none"> Hire more agents - continue to create flexibility in the staffing capabilities – e.g. Outsourcers and increase of part time agents, home agents, etc. Reduce customer service center hours by 1 hour at the beginning and end of each shift (from 7am-8pm to 8am-7pm M-F) – link to self-service improvement Reset target service level from 80/20 to 70/30 until the call center stabilizes and then re-evaluate – this may need renegotiation with the TSA's If changes are not made to service level or hours of operation – hiring needs will be significantly higher
Self-Service	<ul style="list-style-type: none"> Reduce call volume - Enhance/promote self-service capabilities (Online and IVR). Due to the toll system replacement these are currently on hold. Enhanced voice recognition IVR is planned for 2017. Current IVR is under review – both IVR design and self-service functionality and usage are being assessed for improvement
Customer Analytics	<ul style="list-style-type: none"> Continue to build capabilities that will help redesign processes and also provide clarity into how customers interact with the entity Develop more mature, integrated forecasting models to plan for call spikes (e.g. invoicing)
Proactive Communication	<ul style="list-style-type: none"> Improve contact information with TollTag and ZipCash customers (e.g. texting) Define where the points of contact need to be to reduce calls and improve the customer experience Merchant will send new credit card expiration date to NTTA, continue to process payments
Customer Journey maps	<ul style="list-style-type: none"> Refresh Customer Journey Maps to better understand the touchpoints, systems, and processes that are used in customer interactions. Adjust processes accordingly Use focus groups of customers to validate what the expectations are for different interactions Improve the ability to better track and forecast volume in the service center – provide a holistic view of customer interactions Integrate into NTTA IT System requirements
Reporting/Metrics	<ul style="list-style-type: none"> Continue enhancement of the reporting – develop standard reports Board metrics could include Service Level, Abandon Rate, Customer Satisfaction, First Call Resolution Work closely with the BI team on customer analytics Revisit TSA metrics and change to correctly defined Service Level and Abandon Rate metrics

Since 2011, NTTA has made significant steps to improve information technology. -

- New Director of Information Technology hired in 2014.
- Business Intelligence (BI) and Project Management (PM) functions created in 2014.
 - BI has increased analytical capabilities: ZipCash Analysis by zip code, TollTag penetration by facility, habitual violator mapping, transactions by gantry, TER Remedy Report, etc.
 - Program Management manages business requirements through project completion.
- Overall IT performance: uptime for applications/internal business systems is 99.8%.
- Help Desk process modernized through ServiceNow automation and 1:1 staff support.
- Industry “best practices” for cyber security are in force.
- Significant performance and functionality limitations for back office systems (RITE) are known, plans for replacement in 2019.
- Majority of 2016 IT projects for current platforms support operations and infrastructure.
- 2017 IT Roadmap should include broader business requirements including customer service and collections that are feasible with current system limitations.

IT PROJECTS

There is an opportunity to have stronger alignment between business requirements and IT roadmap, however there are constraints within the current system.

Category	Planned Projects on Current Platforms	“Wish List” for Future Platforms
Customer Experience	<ul style="list-style-type: none"> • Call Center Expansion • Speech Analytics • Upgrade for IVR • TollTag Store Digital Displays • NTTA.org Redesign 	<ul style="list-style-type: none"> • Customer Facing Website – Agent Functionality (self service) • Remove/Return TollTags • Open TollTag Account • Link multiple vehicles for one monthly statement • True speech recognition • Vehicle images • Automatic connections to third party interfaces (payment vendors, print vendors, IVR, Telephony) • Customer relationship management (CRM) • Dynamic Tolling • Flexible Invoicing • Store and manage customer correspondence
Marketing	<ul style="list-style-type: none"> • eCommerce - Branded TollTags 	<ul style="list-style-type: none"> • Order Specialty Tags via Customer website • Proactive customer messaging – text, email, mail
Collections	<ul style="list-style-type: none"> • Image Sharing - City of Frisco • State-to-State DMV Data Share • Credit Card Updates Automation 	<ul style="list-style-type: none"> • Multi-Channel Payment Plan (w/wo TollTag) • Pay for an uninvoiced single transaction via the website • Allow customer to see invoice dates (mailed/delivered) • Barcode tracking of payments – return envelopes • Additional Payment Options (PayPal, Apple Pay, Google Wallet)
Finance		<ul style="list-style-type: none"> • True Interface to an accounting system from back office system • Better transaction reconciliation with the ability to drill to transaction details as needed • Snapshot reports • Enhanced lockbox and credit card reporting to aid in bank and credit card reconciliations • Automated write-offs and excusals (with flexible criteria)

IT PROJECTS CONTINUED

Category	Planned Projects on Current Platforms	“Wish List” for Future Platforms
Infrastructure	<ul style="list-style-type: none"> • DFW Region I30 Service Commencement • NTE 3B Service Commencement • MCLB Gantry Replacement • Rockhill Road / Panther Creek Ramp Gantries • Lane Miles Inventory Project • MLP-3 Tunnel Remodeling 	<ul style="list-style-type: none"> • Image Review System - Ability to group images to transactions and have a historical timeline • Enhanced QA/QC - e.g. Double Blind capabilities, smart detection
Risk	<ul style="list-style-type: none"> • Digital Asset Management System 	<ul style="list-style-type: none"> • Controls - NTTA employees have system-created restriction from accessing own accounts • Audit Features (Role based access, read only views, traceable navigation and updates etc.) • View the lifecycle of transactions, images, invoices and notices, correspondence, payment processing events etc. • Change management controls • Data source audit trail, timestamped transactions • One integrated system – not separate system for TollTag and ZipCash, etc. • Ability to take partial payments and write-offs at individual account level
Operations	<ul style="list-style-type: none"> • ServiceNow Call Ticket Management System • PeopleSoft HR PeopleTools 8.55 Upgrade • PeopleSoft HR Recruiting Solutions • Interface PeopleSoft to PRISM • PeopleSoft HR - Contingent Worker Deployment • Enterprise Level Document Management System • NTTA Employee Portal - New Intranet Site 	
Procurement	<ul style="list-style-type: none"> • eProcurement Project Workflow Tracker 	

Going forward Strategy and Innovation will be the responsibility of the Assistant Executive Directors

Strategy and Innovation – as a Department

- To date, Strategy and Innovation’s ideas have not generated sufficient return on investment to warrant a dedicated department

Innovation

- Innovation is consistently requested by the board
- Innovative ideas have come from staff – e.g. direct carrier billing, ZipCash service provider
- NTTA uses relationships with IBTTA, AT&T and other industry leaders for innovative ideas
- NTTA’s approach is not to focus on “cutting edge” innovation but to monitor the market and work with partners to deliver proven improvements where possible

Strategic Planning

- Board is actively engaged in annual strategic planning process
- Sr. Director of Public Affairs facilitates strategic planning at annual retreats
- Board is pleased with the strategic planning process and outcomes

TRANSPARENCY



NTTA has made significant improvements in transparency since 2011. Highlights include:

Board

- Executive Director and Board roles and responsibilities are clearly defined
- Board committees re-established (Finance and Audit, Customer Service, Project and Operations, Administration and Contiguous County Advisory Committees)
- Board meeting agenda and materials focus on critical topics, meetings run efficiently
- New Board members fulfill requirements for functional expertise and community relationships

Strategic Planning

- The 5 yr. strategic plan, near and medium term priorities are in place and refreshed each year
- Board and staff participate in annual strategic planning process

Regional and Local Relationships

- Relationships with TxDOT, CINTRA, NCTCOG/RTC remain strong
- Tax Assessors including those in Denton, Dallas and Tarrant counties support NTTA's vehicle registration block program

Ethics / Conflicts of Interest

- Board appointed the NTTA General Counsel to be the Ethics Officer in 2012
- Conflict of interest policy and training in place, administered by General Counsel

Opportunities for continued improvements in Transparency include:

Focus Areas	2016 Recommendations
Internal Audit	<ul style="list-style-type: none"> • Internal audit to provide quarterly updates on top audit topics to Board • Conduct internal audit for fuel cards • Improve past due action item tracking and resolution by department
Board Materials	<ul style="list-style-type: none"> • Provide materials for major topics to board further in advance of meetings
Ethics and Fraud Hotline	<ul style="list-style-type: none"> • Redirect fraud and ethics hotline to General Counsel/Ethics Officer

INTERNAL AUDIT

Internal Audit has a robust agenda each year. However some action items remain open from past audits

Internal Audits by Year			
2013	2014	2015	2016
<ul style="list-style-type: none"> • Reconciliation Process • Conflicts of Interest Policy • Operational Reports • Contract Compliance • Data Center • Inventory Controls • Revenue Sharing • Limited Scope-Fleet Vehicle Usage • Vender to Employee Data Analysis • Petty Cash/Change Fund • Call Center Software - Cisco Upgrade • Accounting Controls • Employee and Board Expense Review • Access Review • Limited (SCIP) Application Access Review 	<ul style="list-style-type: none"> • Employee Evaluation Process • Software License Agreement Compliance • Image Review Process • Business Diversity Department (BDD) Control and Governance Process • Agreement Compliance • Third Party Trust Compliance • Consolidated Performance Report • Toll Payments • First Responder TollTags • Performance Compliance - Collection Company • VTolls • Time and Material Charges • Transponder Policy Compliance - 2 • TSA Compliance 	<ul style="list-style-type: none"> • Disposal Process • Patch Compliance - 1 • Claims Management • Life, Accidental Death and Dismemberment (AD&D), and Disability Benefits • Prism Three-Way Match - 2 • Logging and Monitoring - 2 • Payroll Process • General Computer Controls • P-card • Contract Management 	<ul style="list-style-type: none"> • Invoicing and Payment Applications Processes • Customer Service Center and Collections Area Access • Cash posting process • Procurement process • Employee and Board expense review • Toll enforcement remedies (TER) and Application Review • Toll Services Agreement (TSA) processes • IT Secure Sockets Layer (SSL) certificates • Contract management
<p>■ Internal Audit report with unresolved action items</p> <p>■ Internal Audits planned but not started</p> <p>■ Internal Audits completed</p>			

2016 Internal Audits Projects – Internal Audit is responsible for or participates in the following projects

Fraud and Ethics	External Audit	Action Plans	Collections	Diversity	IT
<ul style="list-style-type: none"> • Fraud and Ethics Hotline • Credit card transactions 	<ul style="list-style-type: none"> • Assistance with external audit of NTTA system 	<ul style="list-style-type: none"> • Management action plans 	<ul style="list-style-type: none"> • Tolling Services Agreement (TSA) • Toll Enforcement Remedies (TER) • DMV agreement compliance monitoring 	<ul style="list-style-type: none"> • Program spend validation – A&D study • BDD attainment calculation validation 	<ul style="list-style-type: none"> • Toll system procurement

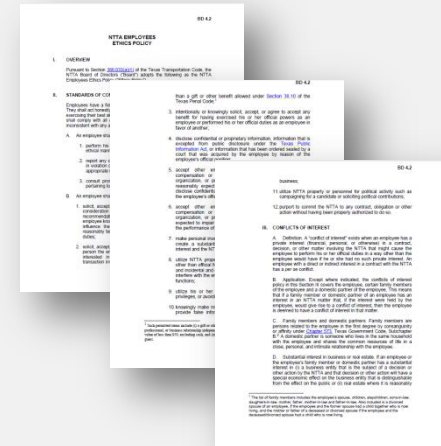
INTERNAL AUDIT BEST PRACTICES

Internal Audit Best Practices	Description	Industry Standard	NTTA
Organizational Independence	Conduct work without interference by the entity under audit	X	X
Formal Mandate	Powers and duties should be established by the public sector's constitution, charter, or other basic legal document	X	X
Unrestricted Access	Complete and unrestricted access to employees, property, and records as appropriate	X	X
Sufficient Funding	Sufficient funding relative to the size of its audit responsibilities	X	X
Competent Leadership	Independently and effectively recruit, retain, and manage highly skilled staff without undue managerial or political influence	X	X
Objective & Competent Staff	Objective individuals with the necessary qualifications and competence to conduct the full range of audits required by its mandate	X	X
Stakeholder Support	Legitimacy of the audit activity and its mission should be understood and supported by a broad range of elected and appointed public sector official	X	X
Professional Audit Standards	Establish a framework to promote quality audit work that is systematic, objective, and based on evidence	X	X
Audit Committee	Establish an Audit Committee to provide independent oversight of the audit work plans and results	X	X
Dual Reporting Relationship	Dual reporting relationship to Executive Management and the organization's most senior oversight group, typically the Audit Committee	X	X

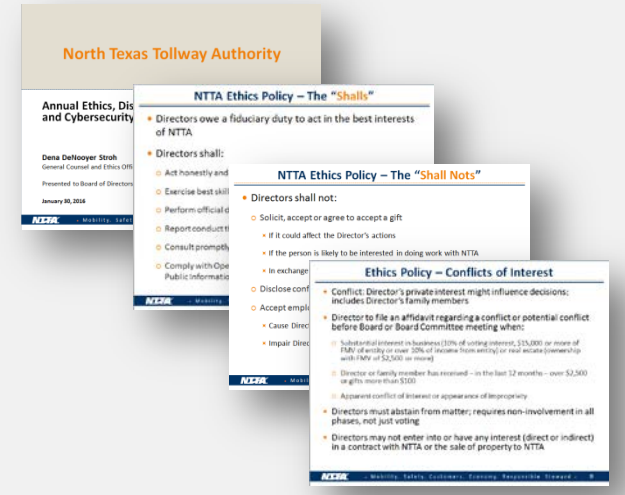
ETHICS AND CONFLICT OF INTEREST

- NTTA has an established an Ethics and Conflict of Interest Policy
- Board members receive Ethics and Conflict of Interest training at each Board retreat
 - Training is conducted by the General Counsel and Ethics Officer
 - Training material is comprised of:
 - NTTA's Ethics Policy
 - Open Government
 - Disclosure Obligations
 - Cybersecurity Training
- Board members indicate when they have potential conflict of interest for a discussion/decision

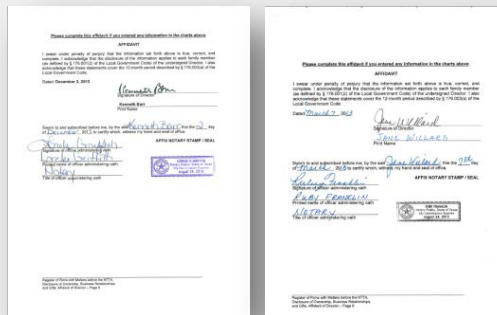
Ethics and Conflict of Interest Policy



Sample Ethics and Conflict of Interest Training



Signed Potential Conflicts of Interest



LATEST BOARD GOALS

The Board annually updates strategic goals every year, and the staff subsequently develops supporting initiatives to achieve them.

1-2 Year Goals	3-5 Year Goals
<ul style="list-style-type: none">• Maintain primacy in region• Elevate NTTA brand• Continue to relieve congestion• Develop collections breakthrough• Enhance safety• Continue to improve diversity• Improve vendor quality• Execute capital plan• Continue to bolster staff development	<ul style="list-style-type: none">• Maintain and develop long-term System primacy• Utilize non-traditional system financing• Proactively participate in Trinity Parkway and other prospective toll project planning• Solidify political positions within region / state• Find innovative and strategic solutions: technology, operations, financing, customer service and collections

TRANSPARENCY

2011 Recommendations	Observation / Proof Points	Gap
Risk Assessment - Finance and Audit Committee should actively assess risk areas and review annual Internal Audit plans	<ul style="list-style-type: none"> The annual list of internal audits are approved by the Finance and Audit Committee Internal Audit presents 4x per year to the Board Seven action items remain unresolved for audits completed in 2014-2015 Board members expressed need to better understand Internal Audit priorities and results No current audit planned for Fleet fuel cards 	<ul style="list-style-type: none"> Frequency of IA updates to Board Tracking and resolution of open action items Fuel Card Audit
Critical Board Topics - ED should engage directors within the guidelines of the Open Meetings act to ensure they are well versed on critical topics and that director's questions and concerns are considered	<ul style="list-style-type: none"> ED holds individual briefings with directors in advance of Committee/Board meetings Briefings provide directors with agenda topics. ED receives questions for Staff to address Staff are prepared to answer director's questions in Board/Committee meetings Board members requested more time to review materials prior to meetings 	None
Board Materials – Circulation, Historical Reference and Presentations	<ul style="list-style-type: none"> Board/Committee materials are circulated one week prior to meetings (Thursday/Friday) Historical references are provided for board context Some board members have requested that staff provide direction on future issues to be addressed at the board level 3-6 months in advance, and that materials related to important topics be made available earlier than that in order to be more fully prepared for discussions and decisions 	<ul style="list-style-type: none"> Adequate time for Board members to review materials

TRANSPARENCY

2011 Recommendations	Observation / Proof Points	Gap
Develop Clear Roles and Responsibilities for Board, Board Chairman and Executive Director to ensure smoother operations	Board, Board Chairman and Executive Director (ED) roles are clear. Confirmation through; <ul style="list-style-type: none"> • NTTA bylaws • Observation of Board and Committee meetings • Director on-boarding materials • Director interviews 	None
Board Committees Define Board Committee Roles - Re-establish Board Committees	<ul style="list-style-type: none"> • Each Board Committee has defined responsibilities and membership • Board committees were re-established in 2011 and meet regularly • Staff interaction with Board Committees is robust and the board is satisfied with how these meetings are working 	None
Strategic Planning - Strategic planning process should include meaningful involvement from the Board; the Board and ED should manage to the plan	<ul style="list-style-type: none"> • 5 yr. strategic plan in place and refreshed each year • Board is involved in strategic planning process • Strategic plan reviewed at semi-annual /annual Board retreats • Annual plans align initiatives and metrics with strategic plan 	None
Meeting Agendas – focus attention on most important policy decisions and updates	<ul style="list-style-type: none"> • Board Chairman and ED jointly draft and review Board agendas to manage requisite action items, policy and informational items • Board members expressed satisfaction with agenda content 	None

TRANSPARENCY

2011 Recommendations	Observation / Proof Points	Gap
Board Conflicts of Interest Policy - Board should ensure its enforcement, and Board members to agree in writing to uphold the policy	<ul style="list-style-type: none"> • Ethics Policy including conflicts of interest is in place and training sessions with the Board occur annually • Board members agree in writing at the completion of each training session • Board members recuse themselves from discussions/decisions if the slightest suggestion of a conflict exists 	None
Ethics Officer - NTTA should designate an Ethics Officer to oversee management of the process. This is commonly the in-house General Counsel	<ul style="list-style-type: none"> • The NTTA General Counsel was appointed NTTA's Ethics Officer by the Board in 2012 • The Fraud and Ethics hotline is currently managed by Internal Audit • The Fraud and Ethics hotline received 167 calls in 2015, however the vast majority are related to customer service and not ethics issues 	Ethics and Fraud hotline not reporting to Ethics Officer
Annual Conflicts and Ethics Training - The Board should participate in annual conflicts of interest and ethics training	<ul style="list-style-type: none"> • The General Counsel provides conflicts and ethics training at the annual Board retreats 	None

TRANSPARENCY

2011 Recommendations	Observation / Proof Points	Gap
Building and Strengthen Relationships - to enable future projects: - Federal and state: USDOT, TxDOT - Regional: RTC, RMAs, NCTCOG, counties - Private: CDA developers	<ul style="list-style-type: none"> • NTTA relationship with NCTCOG and RTC remains strong • NTTA 2016 Communications plan includes outreach strategies to these stakeholders • Feedback from TXDOT and CINTRA was positive and described constructive and collaborative working relationship • NCTCOG interested in more frequent discussions with ED regarding role in future transportation projects 	None
Leadership Role - NTTA leaders should present at industry events and create an ongoing dialogue with leading agencies	<ul style="list-style-type: none"> • Gerry Carrigan on IBTTA board • NTTA frequently attends and presents at industry events • NTTA hosts peer agencies for sharing best practices and addressing industry issues such as interoperability • NTTA has won 45 Industry Awards since 2012 	None
Consistent Communications from Board - communications to staff and the public should be consistent with the generally held views of the Board and its decisions	<ul style="list-style-type: none"> • Board member communications are consistent and aligned with Board positions • Public Affairs develops consistent messaging for all stakeholders 	None

TRANSPARENCY

2011 Recommendations	Observation / Proof Points	Gap
Information Flow - Chair should encourage directors to request information and ask questions of staff in working and committee sessions to facilitate fully informed decisions at Board meetings	<ul style="list-style-type: none"> • NTTA staff participate in "mock" Board meetings to prepare for director questions • Some Board members expressed concern staff controls the agenda and discussion is limited to positive points vs. all aspects of a decision 	None
Board Member Accountability - County commissioners courts should hold the Board accountable through appointments for resolving disagreements in working and committee sessions and for effectively supporting and communicating Board decisions	<ul style="list-style-type: none"> • Interviews with county Judges indicate Board is resolving disagreements and effectively communicating Board decisions to stakeholders 	None
Post Meeting Minutes - Detailed minutes from the Board meetings should be posted on NTTA's website	<ul style="list-style-type: none"> • Meeting minutes are posted on NTTA.org website after each Board meeting 	None

2011 Recommendations	Observation / Proof Points	Gap
Board Members Background - County judges and commissioners courts should consider Board members' backgrounds and functional competencies collectively when appointing new directors with a particular emphasis on finance, the toll industry and regional transportation issues	<ul style="list-style-type: none"> Board has balanced mix of skills and experience in finance, transportation, and general governance in both the public sector and private sector 	None
Board Member Demographics - Strategically recruit across all demographics by leveraging Board member recommendations, cultivate ongoing relationships with community leaders and corporate organizations, and approach organizations with greater access to desired demographic groups	<ul style="list-style-type: none"> Counties have appointed new members which represents county constituents and a broad set of skills and experiences 	None

PROCUREMENT



Procurement and Diversity highlights and accomplishments since 2011 include the following:

- The procurement policy clearly outlines the guidelines and defines the roles and responsibilities of all parties involved throughout the process
- Detailed procedures have been created that provide guidance on how the key procurement process steps are to be executed. These include:
 - Procurement Request Form
 - Request to Advertise procedure and template
 - Vendor Selection procedure
 - Request to Negotiate procedure and template
 - Approval of Contract procedure and template
- These forms outline the roles and responsibilities of all parties involved, key process steps and links to the templates used
- For exempt purchases such as sole, single or emergency purchases the reasons for the purchases are documented and provided to Procurement prior to purchase
- Technology and Software purchases are routed to a specific buyer in the Procurement department. Those purchases are then reviewed by IT prior to executing the request.
- The evaluation criteria (which includes the diversity scoring criteria) are outlined in the solicitation documents.
- Standard contract templates are used by the department to eliminate variation in contract terms
- The solicitation process has been revised to provide the Board with an appropriate level of involvement
- NTTA's Diversity Program continues to outperform. Achieving 31% attainment in 2015
- The number of registered D/M/WBE suppliers has more than tripled those registered in 2011
- The PRISM contractor compliance monitoring tool has been fully implemented and it allows the Diversity team to proactively track each contractors progress against the goal assigned.

Opportunities for continued improvements in Procurement include:

Focus Areas	2016 Recommendations
Procurement Process Efficiency	<ul style="list-style-type: none"> • Conduct a detailed process review of the procurement process (using Lean tools) to not only improve the efficiency of the operations but also identify and develop the reports and tracking documents to consistently deliver a high level of performance with a balanced workforce • Automate the contract life cycle management process to bring visibility to all contracts NTTA-wide and enable the Procurement group to better manage and schedule sourcing events
Diversity Scoring	<ul style="list-style-type: none"> • Create a new RFP/Q form to request past D/M/WBE teaming information that is used to score the responses.

PROCUREMENT PROCESS

The procurement process is well understood by all parties involved.

Requestor creates requisition (PRF1 form) and Procurement provides feedback as necessary

BDD sets diversity goal

Procurement develops procurement plan and solicitation document

Requestor prepares the request to advertise (RTA) summary and Procurement submits for Board approval

NTTA Board reviews and approves/rejects request

Procurement publishes the solicitation (newspapers, online portal, email to potential bidders)

Procurement publishes the solicitation (newspapers, online portal, email to potential bidders)

Hold pre-qualification conference

Submit responses to questions

Receive and compile responses from bidders

Complete initial review of the bidders and approve short list

Conduct oral presentation and evaluate short-listed bidders

Conduct supplier reference check, as necessary

Prepare the request to negotiate (RTN) summary for Board approval

NTTA Board reviews and approves/rejects the request to negotiate

Conduct negotiations and final contract

Prepare the contract approval executive summary for Board approval

NTTA Board reviews and approves/rejects contract approval request

Observations:

- The process is transparent and has the controls in place ensure the process is fair and competitive
- Procurement buyers and department representatives all know their respective roles in the process
- The three checkpoints with the Board provide adequate opportunity for Board members to ask questions and provide feedback

NTTA PROCUREMENT POLICY AND PROCEDURES

COMPLIANCE WITH TEXAS LAW

NTTA's Procurement Policy, procedures and templates comply with state law.

Referenced State Law	NTTA Compliance
TRANSPORTATION CODE CHAPTER 366_ REGIONAL TOLLWAY AUTHORITIES	<ul style="list-style-type: none"> The Procurement Policy as approved by the NTTA Board of Directors April 18, 2012
LOCAL GOVERNMENT CODE CHAPTER 176_ DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL GOVERNMENT OFFICERS; PROVIDING PUBLIC ACCESS TO CERTAIN INFORMATION	<ul style="list-style-type: none"> Reference section 11 of the Procurement Policy
LOCAL GOVERNMENT CODE CHAPTER 171_ REGULATION OF CONFLICTS OF INTEREST OF OFFICERS OF MUNICIPALITIES, COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS	<ul style="list-style-type: none"> Reference section 11 of the Procurement Policy
LOCAL GOVERNMENT CODE CHAPTER 271_ PURCHASING AND CONTRACTING AUTHORITY OF MUNICIPALITIES, COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS	<ul style="list-style-type: none"> Reference sections 3, 4, 5, 6, 7, 9, 10, 14 and 16 of the Procurement Policy
GOVERNMENT CODE CHAPTER 573_ DEGREES OF RELATIONSHIP, NEPOTISM PROHIBITIONS	<ul style="list-style-type: none"> Reference section 11 of the Procurement Policy
GOVERNMENT CODE CHAPTER 791_ INTERLOCAL COOPERATION CONTRACTS	<ul style="list-style-type: none"> Reference section 6 of the Procurement Policy
GOVERNMENT CODE CHAPTER 2252_ CONTRACTS WITH GOVERNMENTAL ENTITY	<ul style="list-style-type: none"> Reference section 16 of the Procurement Policy Reference solicitation templates for compliance to House Bill 1295
GOVERNMENT CODE CHAPTER 2254_ PROFESSIONAL AND CONSULTING SERVICES ("PSPA")	<ul style="list-style-type: none"> Reference section 4, 5, 6 and 11 of the Procurement Policy

STAGGERING OF MAJOR PROFESSIONAL SERVICES CONTRACTS

The RFQs for the major professional services contracts have been staggered. The use of multi-year contracts allows the departments to adequately prepare for and execute the future RFQs.



The Procurement department has done a significant amount to address the past deficiencies. Future efforts should be focused on addressing consistency, capability and efficiency.

- Procurement Team

- The Procurement organization has experienced high turnover in recent years
- Procurement is now with its third Procurement Director since 2010
 - The new Director comes with a solid background in public sector procurement
- Most of the procurement team have been in their positions for less than one year. This has contributed to inconsistencies in how the buyers execute solicitations and a lack of strong knowledge about their customer's needs

<i>Position</i>	<i>Tenure</i>
Sr. Director	2 months
Asst. Director	5.5 years
Sr. Purchasing Specialist	10 years
Purchase Order Specialist	9 years
Senior Buyer/PM	5 years
Senior Buyer	1 year
Senior Buyer	9 months
Senior Buyer	6 months
Buyer	10 months
Procurement Analyst	4 months

- Process

- The Procurement Tracker, a key document that tracks the status of all ongoing solicitations was not consistently utilized. This makes reporting difficult and workload management challenging
- Key reports to measure and track spend, workload and sourcing cycle times are now being created

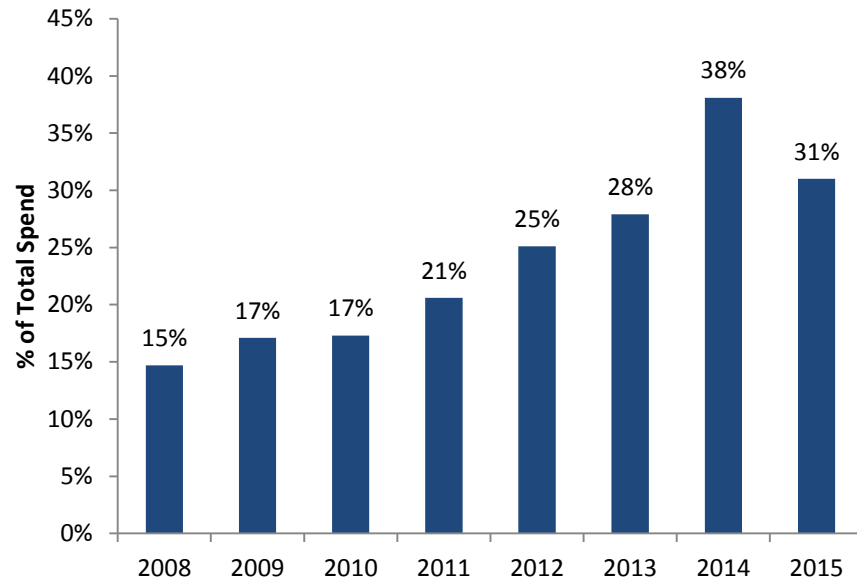
- Technology

- Contract management is being managed by Procurement and the departments concurrently
- The requisition forms, tracking of procurement statuses and final approvals are all manually processed

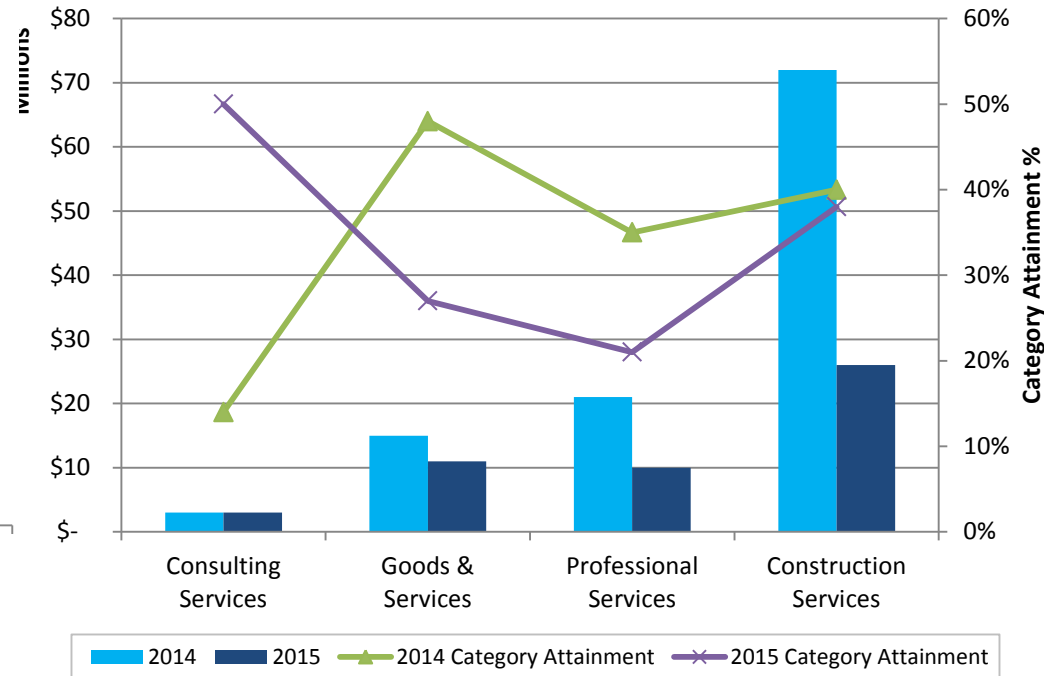
DIVERSITY ATTAINMENT

NTTA has continued to increase the use of D/M/WBE as a percentage of total spend. The attainment started from 15% in 2008 and has increased to 31% of spend in 2015

Historical Diversity Goal Attainment



Diversity Spend by Procurement Category



- The D/M/WBE participation in Construction Services has the largest contribution to the attainment goal, achieving 40% attainment in that category.
- The D/M/WBE participation in Goods & Services and Professional Services under performed by at least 15% when compared to the previous year
- Eight (8) D/M/WBE vendors represented about 80% of the diversity spend in Construction Services
- Four (4) D/M/WBE vendors represented 80% of the diversity spend in Goods & Services

DIVERSITY PROGRAM GROWTH

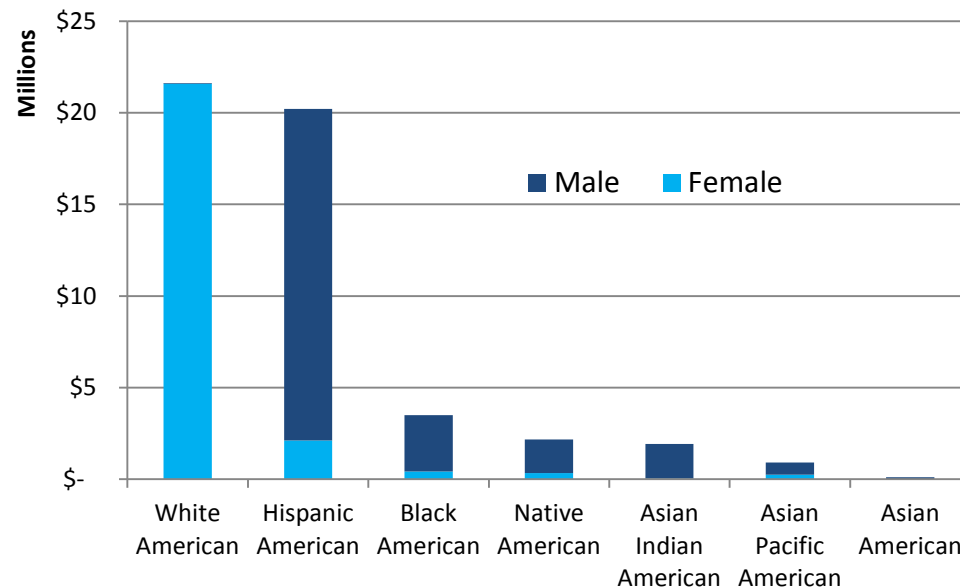
NTTA has grown the number of D/M/WBE firms registered with NTTA from 1,138 in 2011 to 3,569 in 2016.

The Business Diversity team has employed numerous programs and outreach efforts to continue the growth of the program. Below are some of those initiatives and programs:

- Relationships and Opportunities Advancing Diversity (ROAD) program – building stronger relationships and capabilities of D/M/WBE subcontractors by partnering them with experienced Prime contractors
 - Of the 14 D/M/WBE subcontractors in the 2014-16 ROAD class, 8 teamed with Prime contractors in 2015 NTTA contracts
- The Cooperative Inclusion Plan (CIP) program – brings together Primes and D/M/WBE subs in highway contracting to drive greater inclusion
- Business Diversity Advisory Council – business and community leaders appointed to assist NTTA with growing its diversity program
- Business Chat Sessions – discuss opportunities and meet NTTA staff
- Vendor Outreach Symposiums - discuss opportunities, registration and program requirements, and meet NTTA staff
- Involvement with regional industry and minority advocacy organizations

2015 DIVERSITY SPEND ALLOCATIONS BY RACE/ETHNICITY AND GENDER

Actual D/M/WBE Spend Allocations



<i>Race/Ethnicity</i>	<i>2015 D/M/WBE Spend</i>	<i>% of Total Spend</i>	<i>D/M/WBE Suppliers Utilized in 2015</i>	<i>% of Total Number</i>
White American	\$21.6 MM	42.9%	66	41.0%
Hispanic American	\$20.2 MM	40.0%	43	26.7%
Black American	\$3.5 MM	6.9%	32	19.9%
Native American	\$2.2 MM	4.3%	3	1.9%
Asian Indian American	\$1.9 MM	3.8%	10	6.2%
Asian Pacific American	\$0.9 MM	1.8%	6	3.7%
Asian American	\$0.1 MM	0.2%	1	0.6%
Total	\$50.5 MM		161	

<i>Gender</i>	<i>2015 D/M/WBE Spend</i>	<i>% of D/M/WBE Spend Allocation</i>
Female	\$24.8 MM	49%
Male	\$25.7 MM	51%
Total	\$50.5 MM	

DIVERSITY GOALS COMPARISON

NTTA's diversity goals and performance are inline with other agencies in the region.

<i>Agency/Organization</i>	<i>Goal</i>	<i>Actual</i>	<i>TYPE</i>
NTTA	None	31%	DMWBE
TXDOT	12%	12%	DBE
DFW	34%	37%	M/WBE
Dallas ISD	30%	47%	M/WBE
City of Houston	PS - 24%/GS-11%/CN-34%	23%	M/WBE
City of Dallas	PS-36%/GS-18%/CN-25%	22%	M/WBE
HISD	PS - 25%/GS-20%/CN-20%		M/WBE
DART	32%	57%	DMWBE
ISHTA		20%	DMWBE
CDOT	10%		DBE
FDOT	10%	14%	DBE
MIAMI DADE TRANSIT	18%	18%	DBE
OKDOT	10%		DBE

- TXDOT is the closest match to NTTA since it primarily provides road construction and maintenance.
- DFW and ISHTA both allow specific payments to the Prime to be counted towards the diversity goal.

PROCUREMENT - PROFESSIONAL SERVICES

2011 Recommendations	Observation / Proof Points	Gap
Limit Board involvement in professional service procurements	<ul style="list-style-type: none"> Procurement procedure documents created on 10/2015 clearly outline the roles and responsibilities of all parties involved. The Board is involved via committees presentations requesting approvals to advertise (RTA), to negotiate (RTN) and contract approval (ACT) for procurements over \$300K only 	None
Eliminate Executive Committee observers in the evaluation process	<ul style="list-style-type: none"> Observer role has been eliminated 	None
Reassess bid evaluation committee composition based on pertinent knowledge and/or skills	<ul style="list-style-type: none"> The Evaluation committee is determined by the Department head. Procurement can discuss concerns with the makeup of the committee with the Department 	None
Strengthen due diligence around vendor background and credentials	<ul style="list-style-type: none"> Client references are requested as part of the RFP/Q process Procurement contacts references when directed by the selection committee 	None
Clearly communicate diversity scoring criteria among all participants	<ul style="list-style-type: none"> Bidders can receive a maximum score of 10 points for their diversity efforts as outlined in the RFP/Q Recent RFP/Qs show the scoring criteria is provided 	No information is requested that outlines past projects where the bidder teamed with an D/S/M/WBE.

PROCUREMENT - PROFESSIONAL SERVICES

2011 Recommendations	Observation / Proof Points	Gap
Do not announce competitive procurement winners prior to Board approval	<ul style="list-style-type: none"> The new policy and procedure documents show that the winner of the bid is first made public when the Department goes before the Board to request approval to negotiate with the proposed awardee 	None
Stagger procurements as needed so each may be addressed with appropriate time and effort	<ul style="list-style-type: none"> Large contracts now have staggered contract expiration dates Both Procurement and the Departments monitor contract expirations and meet monthly to discuss upcoming solicitations 	None
Prior to procurement decisions, request analysis by appropriate Board committee	<ul style="list-style-type: none"> The Board committees provide feedback on pending solicitations during the RTA, RTN and ACT checkpoints 	None
Include stronger transition plan vetting with Board	<ul style="list-style-type: none"> The requesting department coordinates the transition to replace the incumbent Transitioning from incumbents have gone smoothly in recent years 	None
Establish and enforce clear procurement policy and procedures including strict clarification of permissible consultant, staff, and Board communications	<ul style="list-style-type: none"> The current procurement policy and procedure documents are detailed and clearly define the roles and responsibilities of all parties involved and the level of communication permitted throughout the process 	None

PROCUREMENT - GENERAL

2011 Recommendations	Observation / Proof Points	Gap
Establish and enforce clear procurement policy and procedures including references to appropriate forms	<ul style="list-style-type: none"> The last revision to the procurement policy was in April 2012 The current procurement policy and procedure documents are detailed and clearly define the roles and responsibilities of all parties involved and the level of communication permitted throughout the process 	Some of the forms created are no longer in use, are new or have been modified. These changes are not reflected in the current policy documents
For sole sourced contracts, stringently enforce the new policy	<ul style="list-style-type: none"> The sample completed procurements reviewed showed that the requesting departments provided the justification for the exemption on the proper form 	None
Increase Procurement's involvement in requisition and purchase order processing prior to solicitation	<ul style="list-style-type: none"> The Procurement department actively assists to ensure that all relevant and detailed information is provided in the requisition. Procurement and the requesting departments also meet on a monthly basis to review current and upcoming procurements 	None
Implement more robust reporting processes to allow workload and performance management	<ul style="list-style-type: none"> Reviewed the Procurement Tracker (PRO-02) reference in procedural documents and found that it was not consistently completed thus making it difficult to track performance and balance workload 	Department is in need of a mechanism to generate useful reports for the department
Identify staff skills needed, set up procurement certification plans, and train staff	<ul style="list-style-type: none"> Most of the Buyers have been with the department for less than a year The department management is working to identify the necessary training needed to advance the staff 	The training program is in development

PROCUREMENT - DIVERSITY

2011 Recommendations	Observation / Proof Points	Gap
Determine if comparable benchmark information is available	<ul style="list-style-type: none"> BDD currently looks to TxDOT primarily as a org that closely matches NTTA. They also use other organizations in the region for benchmarking The Availability and Disparity Study will be completed in 2016 	None
Define handling of potential cases of supplier diversity non-compliance, fraud, and/or abuse	<ul style="list-style-type: none"> D/M/WBE vendors are certified by external agencies partnered with NTTA A review of the list of certified businesses on the NTTA website showed all have current certifications The Business Diversity Contract Compliance Manual provides guidance on how non-compliance, fraud or abuse will be handled The Ethics and Fraud Hotline contact information is made available on the Business Diversity page 	None
Have Internal Audit schedule periodic reviews of Business Diversity	<ul style="list-style-type: none"> Internal Audit has conducted 2 audits of Business Diversity - one in 2012 and the other in 2014, as well as the Prism system 	None
Pursue direct engagement of D/S/M/WBE legal services firms	<ul style="list-style-type: none"> In 2015, a third of the firms engaged by NTTA for legal services were D/M/WBE firms Approximately 12% (excluding onetime expenses) of the Legal spend went to D/S/M/WBE firms directly NTTA, has been proactive in participating in a number of D/S/M/WBE related Bar Association 	None

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