

**DISTRIBUTED VIA EMAIL**

January 31, 2012

Dear County Judges,

I am pleased to provide you with the NTTA's 90-Day County Review Action Plan Update in response to the Independent Financial and Performance Review completed by Alvarez & Marsal in October 2011. We look forward to briefing you on the NTTA's progress on Thursday, February 2, at 1:30 p.m. at a Special Called Meeting of the NTTA Board of Directors.

This update meets our first formal milestone in communicating our progress to you, our stakeholders and our customers. We will continue to provide further updates as needed and to report out again at the six-month mark.

The NTTA has embraced the County Review report and is committed to addressing all of the action items. We hope you are pleased with our progress in the first 90 days and we look forward to your feedback.

Sincerely,

Gerry Carrigan  
Interim Executive Director



January 31, 2012

Mr. Gerald Carrigan  
Interim Executive Director  
North Texas Tollway Authority  
5900 W. Plano Parkway  
Plano, Texas 75093

Dear Gerry:

Per your request, I have reviewed in detail the list covering the status, as of January 31, 2012, of the recommendations in the County Review final report.

Upon reviewing the action plan update document, I am comfortable that the status of each recommendation is accurate based on the information provided to me by you and your team. In addition, the progress towards implementing the Review's recommendations was reinforced to me during on the discussions at the Board Retreat that I helped facilitate on January 27-28. While there is still more to do in adopting all of the recommendations, significant progress has been made in a short period of time.

Please let me know if you have any questions.

Regards,

Ronald Orsini  
Managing Director

# EXECUTIVE SUMMARY

## COUNTY REVIEW ACTION PLAN UPDATE

FEBRUARY 2, 2012

### BACKGROUND

- At the October 18, 2011, Special Called Board meeting, the NTTA Board of Directors received an Independent Financial and Performance Review (County Review) from Alvarez & Marsal.
- The County Review was commissioned by the NTTA's four member county judges to:
  - Ensure the effectiveness of the NTTA in carrying out its mission as the regional toll provider; and
  - Evaluate the NTTA's financial, operating and administrative functions and assess whether the NTTA's goals and objectives are being achieved and the stakeholder concerns or needs are being addressed.
- At the meeting, Alvarez & Marsal presented the findings and 82 recommendations to be reviewed and considered for implementation by the NTTA Board of Directors.
- The NTTA Board of Directors embraced the review and committed to taking all necessary steps to ensure that the recommendations are fully evaluated and appropriately implemented in close consultation with the member county judges.
- A County Review action plan was developed to guide and monitor the implementation process.
- The purpose of this item is to update the county judges on the progress made through the period ending January 2012 (first 90 days).
- Of the 82 recommendations, 56 percent (44) of the recommendations have been completed and implemented, 38 percent (30) are currently in progress, six percent (5) relate to the NTTA's organizational design are pending future action, and three recommendations relate to the county judges' decisions.

### GENERAL OVERVIEW

- The County Review report provided 82 recommendations focused on four areas:
  - Transparency
  - Procurement
  - Organization
  - Financial
- Specific recommendations were assigned to NTTA Board Committees for review and investigation.

- The attached County Review action plan is updated monthly and is included on each Board Committee agenda to provide ongoing progress updates.
- The Interim Executive Director and General Counsel also met with each member county judge to provide informal status reports.
- This item provides a comprehensive update on the progress made and outlines the go forward activities in the upcoming months.

## MAJOR ACCOMPLISHMENTS

Listed below are highlights of key accomplishments of each of the four focus areas. The attached action plan provides a comprehensive update of the recommendations and their status.

## TRANSPARENCY

- The NTTA Board approved its Ethics and Conflicts of Interest Policy by unanimous vote at the January 2012 Board meeting. The Board committed itself to annual conflicts of interest training and completion of state financial interest disclosure forms. The first session was held at the January 2012 Board retreat. The NTTA General Counsel was appointed the NTTA's Ethics Officer.
- The NTTA Board Committee structure has been re-established, which empowers the Committee chairs and defines the roles and responsibilities through the adopted Committee Charters to fully vet items prior to presentation to the Board.
- Two recent Dallas County appointments have diversified the expertise of the Board as recommended.
- The strategic planning process was launched at the January 2012 Board retreat. The Interim Executive Director, executive staff, and the Board of Directors will continue to review quarterly progress updates to manage to the strategic plan.
- Agenda materials are provided to Board members in advance of each meeting to ensure that pertinent information and supporting data is available to assist with decision making and deliberations.

## PROCUREMENT

- At its December 2011 Board meeting, the NTTA Board of Directors approved the Major Consultant Procurement Plan, which includes a master template for all future procurements.
- The Board approved the Maintenance Management Consultant (MMC) Request for Qualifications at its January 2012 Board meeting, which is the first major procurement under the new Major Consultant Procurement Plan. The MMC was advertised on January 19, and the pre-proposal conference was held on January 30.

- Several requirements were incorporated into the Major Consultant Procurement Plan in accordance with the County Review, including:
  - Limiting Board involvement to specific points in the procurement process;
  - Requesting Board Committee analysis prior to procurement decisions;
  - Eliminating Executive Committee observers in the evaluation process;
  - Staggering procurements to limit operational disruption;
  - Communicating diversity scoring criteria;
  - Prohibiting announcement of contract awards prior to Board approval;
  - Stronger transition plan vetting;
  - Strengthening due diligence around vendor background and credentials; and
  - Basing evaluation committee composition on pertinent knowledge and/or skills.
- The recommendation to split the Program Management Consultant and General Engineering Consultant contracts was also incorporated into the Master Consultant Procurement Plan
- Several recommendations that resulted from the County Review will be incorporated into the Procurement Policy, including the stringent enforcement of the new policy, a more thorough review of deliverables for sole sourced contracts, clarification of permissible Board, staff and consultant communications, and handling of the 30% rule Board approval (through Board consent agenda), short-list process, and non-construction contract closeout. The updated Procurement Policy is scheduled to be reviewed at the March 2012 Committee meetings.

## ORGANIZATION

- At the January 2012 Board Meeting, the General Counsel presented the Legal Services Procurement Process, which is structured to allow smaller firms to compete for work, facilitate the use of law firms throughout the member counties, maximize the chances for the NTTA to meet its diversity objectives, and secure top-quality services at a fair price.
- The General Counsel is distributing and overseeing legal work pursuant to the Legal Services Protocols established by the Board in 2011.
- Core competency positions within the NTTA have been identified and budgeted accordingly. Staffing and outsourcing will be considered in each upcoming budget cycle based upon anticipated workload forecasts and business case.
- The On-Boarding materials and process have been enhanced for more effective discussions on operations prior to On-Boarding of new appointees to the Board of Directors.
- Several organizational recommendations are yet to be implemented pending further deliberation and action by the Board, including the hiring of a deputy executive director.

## FINANCE

- In addition to the annual review of the collection process in the Revenue Assurance Program, the NTTA has engaged a third party collections expert to review and identify process improvements. The analysis is intended to differentiate between collections and deterrent activities. A briefing is scheduled for the April 2012 Committee meetings (TO BE IMPLEMENTED).
- Several initiatives have been instituted to optimize toll operations (e.g., reduce costs, enhance collections, increase transponder penetration, examine ZipCash premium) to protect the NTTA's margins. Industry experts have been engaged to assist in analysis and recommendations to further this effort. Focused briefings are scheduled to begin at the February 2012 Committee meetings, and will conclude in June 2012 (TO BE IMPLEMENTED).
- The NTTA's annual marketing plan will identify strategies, and the annual operations and maintenance budget will support initiatives targeting specific ZipCash demographics. Performance will be reported via the quarterly updates of the Revenue Assurance Program. A briefing is scheduled for the February 2012 Committee meetings (TO BE IMPLEMENTED).

# COUNTY REVIEW ACTION PLAN UPDATE

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Transparency | Procurement | Organization | Finance

*A summary of progress made in the first 90 days  
toward implementing the County Review recommendations.*

February 2, 2012

**County Review Action Plan Update  
North Texas Tollway Authority**

Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
1	Transparency Governance	Admin	<b>Clear Roles and Responsibilities</b>   Develop clear roles and responsibilities of Board, Board Chairman and Executive Director to ensure smoother operations and clarified expectations. (Detailed recommendations are in full report)	Board	Agreed. Recommendation to be implemented. Board to establish clear roles/responsibilities as discussed at the January 2012 Board retreat.	10
2	Transparency Conflicts of Interest	Admin	<b>Board Conflicts of Interest Policy</b>   Board should draft governing policies for matters that might lead to or create the appearance of conflict, ensure its enforcement, and ask each Board and executive staff member to agree in writing to uphold the policy	General Counsel	Agreed. Recommendation implemented. The NTTA Board approved its Ethics and Conflict of Interest Policy by unanimous vote at the January 18, 2012 Board meeting. This was memorialized by Resolution #12-05.	20
3	Transparency Conflicts of Interest	Admin	<b>Board Conflicts of Interest Policy</b>   At a minimum, the Board conflicts of interest policy should: - Define conflicts of interest - Specify persons who will be covered - Require regular disclosure of information related to conflicts of interest - Specify procedures for handling potential or actual conflicts when they arise	General Counsel	Agreed. Recommendation implemented. The NTTA Board approved its Ethics and Conflict of Interest Policy by unanimous vote at the January 18, 2012 Board meeting. This was memorialized by Resolution #12-05.	20
4	Transparency Conflicts of Interest	Admin	<b>Ethics Officer</b>   NTTA should designate an Ethics Officer to oversee management of the process. This is commonly the in-house General Counsel	General Counsel	Agreed. Recommendation implemented. The NTTA General Counsel was appointed the NTTA's Ethics Officer by the Board at the January 18, 2012 Board meeting.	20
5	Organization Employee Morale	Admin	<b>Performance Based Pay</b>   Re-institute performance based incentive pay increases to reward and drive performance	AED of Administrative Services	Agreed. Recommendation implemented. Committees approved and Board adopted staff recommendation to re-institute the "pay for performance" program at the December 2012 Board meeting.	32
6	Organization Employee Morale	Admin	<b>Engagement Survey</b>   Administer engagement/morale survey in next year after key changes/decisions have been made to monitor progress and shape future priorities	AED of Administrative Services	Agreed. Recommendation to be implemented. Follow-up employee engagement and morale survey will be launched March 2012.	32
7	Organization Performance Management	Admin	<b>Annual Business Performance Calendar</b>   Develop and publish annual business performance management calendar to 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	AED of Administrative Services	Agreed. Recommendation implemented. Annual business performance management calendar has been developed and aligns the annual performance management calendar to include the Executive Director, General Counsel, Internal Auditor and Board Secretary notwithstanding any interim reviews that may be scheduled. Dates have been added to the agenda forecast for FY 2012.	38



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Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
8	Organization Performance Management	Admin	<b>Develop Annual Executive Incentive Plan</b>   Design and 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	AED of Administrative Services	Agreed. Recommendation to be implemented. EIP development to be discussed with Board as an alternative to current structure, and EIP developed by end of third quarter 2012 (as part of preliminary budget process). Executive performance measures in 2012 will incorporate Agency Scorecard metrics.	38
9	Organization Performance Management	Admin	<b>Develop ED personal goals</b>   Design, develop and approve ED personal goals to be ready for release with, or prior to, the communication of the approved budget annually. Goals should be prioritized and weighted and include requirements of the role/expectations of the ED	Board	Agreed. Recommendation implemented. Executive Director goals to be established in advance of 2013 by the Board. Interim goals were developed and interim status was reviewed by the Board at the January 18, 2012 Board meeting.	38
10	Organization Performance Management	Admin	<b>Board/ ED Review Process</b>   A minimum of an interim review against performance goals between the Board and the Executive Director should be planned each year	ED	Agreed. Recommendation to be implemented. Interim review to be scheduled in June 2012 (Mid-year interim review process).	38
11	Organization Performance Management	Admin	<b>Performance Management Training</b>   Provide annual performance management training on developing goals, reviewing performance and handling difficult conversations	AED of Administrative Services	Agreed. Recommendation implemented. Annual performance management training was conducted on December 7-8, 2011.	38
12	Organization Future State	Admin	<b>Succession Planning</b>   Board should direct ED to develop succession plans for key positions in the organization	ED	Agreed. Recommendation to be implemented. Succession plans for key positions in the organization will be completed by end of third quarter 2012.	40
13	Procurement Major Consultants	Admin	<b>Procurement Policy Clarification</b>   Establish and enforce clear procurement policy and procedures including - Strict clarification of permissible consultant, staff, and Board communications with clear understanding of the beginning and the end of procurement period - Whether QMS or another procedure is in force	CFO	Agreed. Recommendation to be implemented. Clarification language has been incorporated into revised NTTA Procurement Policy (to be presented to Board in March 2012).	61
14	Procurement Major Consultants	Admin	<b>Major Consultant Procurements / Board Involvement</b>   Limit Board involvement in major consultant procurements to review and approval of final contract	CFO	Agreed. Recommendation implemented. Limits of Board involvement have been incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
15	Procurement Major Consultants	Admin	<b>Procurement Process - Executive Committee</b>   Eliminate Executive Committee observers in the evaluation process to allow for sufficient discussion	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61

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Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
16	Procurement Major Consultants	Admin	<b>Procurement Process - Bid Evaluation</b>   Reassess bid evaluation committee composition based on pertinent knowledge and/or skills	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
17	Procurement Major Consultants	Admin	<b>Procurement Process - Due Diligence</b>   Strengthen due diligence around vendor background and credentials	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
18	Procurement Major Consultants	Admin	<b>Procurement Process - Diversity Scoring</b>   Clearly communicate diversity scoring criteria among all participants	AED of Administrative Services	Agreed. Recommendation implemented. Diversity scoring criteria has been established and will be communicated to scorers and all participants. Criteria has also been incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
19	Procurement Major Consultants	Admin	<b>Procurement Process - Bid Announcements</b>   Do not announce competitive procurement winners prior to Board approval	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
20	Procurement General	Admin	<b>Procurement Policy and Procedures</b>   Establish and enforce clear procurement policy and procedures including references to appropriate forms, handling of the 30% rule Board approval (through Board consent agenda), short list process, and non-construction closeout	CFO	Agreed. Recommendation to be implemented. Recommendations to be incorporated into revised NTTA Procurement Policy (to be presented to Board in March 2012).	68
21	Procurement General	Admin	<b>Sole Source Contracts</b>   For sole sourced contracts, stringently enforce the new policy and institute a more thorough review of deliverables	CFO	Agreed. Recommendation to be implemented. Recommendations to be incorporated into revised NTTA Procurement Policy (to be presented to Board in March 2012).	68
22	Procurement Supplier Diversity	Admin	<b>Benchmarks</b>   Contact firms such as Mason Tillman, governmental entities similar to NTTA, and other organizations to determine if comparable benchmark information is available	AED of Administrative Services	Agreed. Recommendation implemented. Staff contacted other peer organizations in December 2011 and determined the NTTA metrics are consistent with peer group.	74

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Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
23	Procurement Supplier Diversity	Admin	<b>Non-Compliance Recourse</b>   To discover and define handling of potential cases of supplier diversity non-compliance, fraud, and/or abuse, include the following in the Business Diversity policy and procedures and communicate to all participants: – NTTA Ethics and Fraud Hotline or other facility to receive confidential reports of issues – Handling and escalation protocol for resolving issues	General Counsel	Agreed. Recommendation implemented. The Business Diversity Department web page was updated in December 2011 to provide the NTTA Ethics and Fraud Hotline information and clearly communicate escalation and reporting protocols.	74
24	Finance Long Range Planning	Admin	<b>Legislative Matters</b>   Stay proactive in legislative matters impacting NTTA's financial outlook	ED/Board	Agreed. Recommendation implemented. The Government Affairs Department monitors legislations and legislative initiatives impacting the Authority. The Board remains proactive and engaged in developing legislation.	93
25	Procurement Major Consultants	Admin	<b>Procurement Process - Staggering</b>   Stagger procurements as needed so each may be addressed with appropriate time and effort	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
26	Transparency Governance	Board	<b>Defined Board Committee Roles</b>   Responsibilities of Board Committees, and the support from staff and external advisors, should be defined upfront and be realistic and manageable	ED	Agreed. Recommendation implemented. Committee structure, roles and responsibilities for Board and staff advisors have been clearly defined by each adopted Committee Charter (November 2011) and are realistic and manageable.	10
27	Transparency Governance	Board	<b>Re-establish Board Committees</b>   Committees should be re-established and the purpose, scope, and roles of the committees should be defined by charter	ED	Agreed. Recommendation implemented. Committee structure has been reestablished and is functioning well. Roles and responsibilities for Board and staff were clearly defined by adopted Committee Charters in November 2011.	10
28	Organization Employee Morale	Board	<b>County Review Marketing Plan</b>   Board Chairman and ED should develop a marketing plan to communicate findings from the county review and proposed initiatives to address areas of concern	ED	Agreed. Recommendation to be implemented. Formally posted "three month update" public meeting (February 2, 2012) has been scheduled to communicate actions/initiatives relative to the County Review to the County Judges.	32
29	Organization Performance Management	Board	<b>Agency Scorecard and Metrics</b>   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	ED	Agreed. Recommendation to be implemented. Core Metrics Dashboard is in developmental stage to supplement Agency Strategic Scorecard already in place. Dashboard scheduled for completion in June 2012.	38

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30	Procurement Major Consultants	Board	<b>Procurement Process - Board Committee Analysis</b>   Prior to procurement decisions, request analysis by appropriate Board committee and have committee report conclusions to the full Board	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
31	Procurement Major Consultants	Board	<b>Procurement Process - Transition Plan Vetting</b>   Include stronger transition plan vetting with Board	CFO	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	61
32	Transparency Governance	Board	<b>Strategic Planning - Board Involvement</b>   Strategic planning process should include meaningful involvement from the Board; the Board and ED should manage to the plan	ED	Agreed. Recommendation to be implemented. Strategic plan process to be launched at the January 2012 Board retreat. ED, staff, and Board will continue to review quarterly progress updates to manage to the adopted strategic plan.	10
33	Transparency Conflicts of Interest	Board	<b>Annual Conflicts and Ethics Training</b>   The Board should participate in annual conflicts of interest and ethics training	Board Secretary	Agreed. Recommendation implemented. Per the Ethics Policy adopted at the January 18, 2012 Board meeting the Board committed itself to annual conflicts of interest training. The first session was conducted at the January 2012 Board retreat.	20
34	Transparency Communicate w/Transportation Community	Board	<b>Building and Strengthening Relationships</b>   As part of an overall strategy, NTTA's Board and ED should continue to focus on building and strengthening relationships to enable future projects: - Federal and state: USDOT, TxDOT - Regional: RTC, RMAs, NCTCOG, counties - Private: CDA developers	ED	Agreed. Recommendation to be implemented. NTTA Strategic Plan to be discussed at the January 2012 Board retreat will focus on partnership strategies to advance projects in the Region.	30
35	Finance Long Range Planning	Board	<b>Long Range Planning</b>   Include long range planning discussions with key staff and Board as part of strategic planning exercise, and share plans with regional transportation leaders so they can plan accordingly	ED	Agreed. Recommendation to be implemented. The NTTA Strategic Plan was discussed at the January 2012 Board retreat. Plans are to work with the Board and region to determine and develop longer-range strategic plan priorities that better inform regional plans.	93
36	Transparency Communicate w/Public	Board	<b>Consistent Communications from Board</b>   Board communications to staff and the public should be consistent with the generally held views of the Board and its decisions	Chairman	Agreed. Recommendation implemented. At the January Board retreat, a Board communications philosophy was established and Board members completed a communications/media seminar. The Executive Director serves as the point person for Board communications.	27

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Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
37	Transparency Communicate w/Public	Board	<b>Information Flow</b>   Chair should be accountable for encouraging all directors to continue to request information and ask questions of staff in working and committee sessions to facilitate fully informed decisions at Board meetings	Chairman	Agreed. Recommendation implemented. Board Chairman has re-established a functional Committee structure empowering the Committee chairs and informing membership. Key staff members assigned as liaisons to the Board Committees. The Executive Director convenes one-on-one sessions with Board Committee chairpersons prior to meetings.	27
38	Transparency Governance	Board	<b>Meeting Agendas</b>   Chair and ED should structure meeting agendas to focus attention on the most important policy decisions and updates	ED	Agreed. Recommendation implemented. Chair and ED jointly draft and review Board agenda to manage requisite action items, policy and informational items.	10
39	Transparency Board Make-Up	County Commissioners Court	<b>Board Members Background</b>   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	County Judges	Two recent Dallas County appointments have diversified the expertise of the Board as recommended.	22
40	Transparency Communicate w/Public	County Commissioners Court	<b>Board Member Accountability</b>   County commissioners courts should hold the Board accountable through appointments for resolving disagreements in working and committee sessions and effectively supporting and communicating Board decisions	County Judges	Member County Commissioner's court action as required.	27
41	Transparency Board Make-Up	County Commissioners Court	<b>Board Member Demographics</b>   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	County Judges	Two recent Dallas County appointments have diversified the expertise of the Board as recommended.	22
42	Organization Future State	CSPOC	<b>Customer Service / Collection Separation</b>   Separate customer service and collections under Director of Customer Service and Collections	AED of Operations	TBD - Organizational structure to be evaluated.	40
43	Organization Major Consultants	CSPOC	<b>PMC and GEC Contracts</b>   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	AED of Project Delivery	Agreed. Recommendation implemented. Recommendation incorporated in the Major Consultant Procurement Plan. Approved at the December 2011 Board meeting.	55

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Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
44	Finance Collections	F&A	<b>ZipCash Cost Reduction</b>   The NTTA should protect its margin by reducing the incremental cost of ZipCash transactions	AED of Operations	Agreed. Recommendation to be implemented. Several Revenue Assurance Program initiatives have been instituted to optimize toll operations (reduce costs, enhance collections, increase transponder penetration, examine ZipCash premium, etc.) to protect NTTA's margin. Industry experts have been engaged to assist in analysis and recommendations to further this effort. Focused briefing is scheduled for the February 2012 Committee meetings.	76
45	Finance Collections	F&A	<b>ZipCash Conversion Marketing</b>   The NTTA should renew it's efforts, and invest marketing dollars to target ZipCash customers for conversion to TollTags	AED of Administrative Services	Agreed. Recommendation to be implemented. Annual marketing plan will identify strategies, and the annual operations and maintenance budget will support initiatives targeting specific ZipCash demographics. Performance will be reported via the quarterly updates of the Revenue Assurance Program. Briefing is scheduled for the March 2012 Committee meetings.	76
46	Finance Collections	F&A	<b>Collections Process Improvements</b>   The NTTA should continue actively brainstorming, testing, and implementing collections process improvements. Consider automating and aggregating citation processing, AR factoring, separating collections from customer service personnel, outbound calls earlier in the collections process, and continue to evaluate use of the JP courts	AED of Operations	Agreed. Recommendation to be implemented. In addition to the annual review of the collection process in the Revenue Assurance Program, the NTTA has engaged a third party collection expert to review and identify process improvements. The analysis is intended to differentiate between collection and deterrent activities. Briefing scheduled for the April 2012 Committee meetings.  In addition to the third party review of the collection process improvements, which is currently underway, staff will engage a third party to perform a broader end-to-end assessment to identify credit/collection industry best practices.	76
47	Transparency Governance	F&A	<b>Risk Area Assessment</b>   Reconstituted Finance & Audit Committee to actively assess risk areas and review annual internal audit plans. Priority audits should be conducted on the key end-to-end collections process and the third-party distributors of TollTags	Internal Audit/ED	Agreed. Recommendation to be implemented. The F&A committee approved 2012 internal audit work plan in December 2011. Priority audits on "end-to-end" collections and third-party distribution have been added to Internal Audit's plan and will be conducted in 2012. Board instructed staff at the January 2012 Board retreat to initiate an enterprise risk assessment.	10

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48	Organization Major Consultants	F&A	<b>Accountability and Controls</b>   Institute more defined roles and accountability, such as controls and monitoring of actual work expenses vs. work authorization (i.e. budget)	CFO	Agreed. Recommendation implemented. Recently implemented PeopleSoft commitment control along with procedures. Appropriate staff was trained on October 25, 2011. Training of new staff will occur as needed.	55
49	Procurement Supplier Diversity	F&A	<b>Supplier Diversity - Internal Review</b>   Have Internal Audit schedule periodic reviews of Business Diversity to evaluate control and governance processes	Internal Audit	Agreed. Recommendation to be implemented. Internal Audit 2012 work plan has been updated to include Business Diversity audit to address control and governance processes. 2012 Internal Audit Workplan approved at the December 1, 2011 Finance and Audit Committee.	74
50	Finance Forecasts	F&A	<b>Coordinate Operational Assumptions</b>   Continue to monitor the segment data and actively coordinate with the T&R consultant on operational assumptions	CFO	Agreed. Recommendation implemented. Finance staff will continue to work with the T&R consultants to ensure latest data is available to inform projections.	87
51	Finance Forecasts	F&A	<b>Continue Conservative Cost Budgets</b>   Continue to be conservative with cost budgets to avoid the need for amendments	CFO	Agreed. Recommendation implemented. Appropriately conservative budgeting philosophy has guided cost budget development for 2012 budgets.	87
52	Finance Forecasts	F&A	<b>Cash flow Communication to Board</b>   Develop the capabilities to communicate cash flow to Board members	CFO	Agreed. Recommendation to be implemented. Finance will develop and include cash flow projection as a routine part of the monthly report presentation, beginning with the financial report presented at the March 2012 Committee meeting.	87
53	Finance Forecasts	F&A	<b>In-Depth Forecast Details</b>   Provide in-depth revenue, capital and operating expense forecast details to Board	CFO	Agreed. Recommendation implemented. The annual budget and the 5 year capital plan documents, taken as a whole, provide the detail forecast of capital and operating expenses planned through 2016.	87
54	Finance Long Range Planning	F&A	<b>Road Feasibility Analysis</b>   Have T&R and engineering consultant update financial and T&R projections road feasibility analysis based on anticipated development start dates	CFO	Agreed. Recommendation to be implemented. Preliminary feasibilities have been developed based on capacity of the System. Feasibilities will be updated based on priority established by the Board.	93
55	Finance Long Range Planning	F&A	<b>Leverage System Resources with Outside Parties</b>   In order to build roads faster, explore leveraging the system resources with outside parties similar to the Special Projects System for CTP and PGBT-WE	CFO	Agreed. Recommendation implemented. NTTA will continue to look for opportunities to partner with other entities to leverage resources.	93



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56	Organization Major Consultants	Legal	<b>Legal Services Protocols</b>   Ensure new Legal Services protocols are monitored and enforced, and provide clarification of what work falls under broad categories such as "General TxDOT Matters" and "under appropriate circumstances"	General Counsel	Agreed. Recommendation to be implemented. General Counsel is supervising work assigned to outside counsel pursuant to the Legal Services Protocols. The Legal Services Committee discussed this item and directed General Counsel to make recommendations with respect to modifications in the protocols, including the definitions, after all involved had several months more experience with the protocols. In addition, NTTA is proceeding with the procurement of outside legal services in seven categories of legal work.	55
57	Organization Major Consultants	Legal	<b>In-House Legal Services Competency</b>   Build internal competency of legal services with new in-house General Counsel and reduce reliance on individual, third-party expertise	General Counsel	Agreed. Recommendation implemented. Legal is proceeding with the procurement of outside legal services in seven wide-ranging areas. In January 2012, Legal implemented a law student intern program to provide supplemental internal legal research capabilities.	55
58	Organization Major Consultants	Legal	<b>Legal Services Protocol Reviews</b>   New in-house General Counsel to review Legal Services protocols and propose any changes to the Board within six months	General Counsel	Agreed. Recommendation implemented. The Legal Services Committee met and considered this item at the December 1, 2011, Committee meeting. Committee deferred this item pending further review within a six-month time frame.	55
59	Procurement Supplier Diversity	Legal	<b>D/M/WBE Legal Services Firms</b>   Pursue direct engagement of D/M/WBE legal services firms	General Counsel	Agreed. Recommendation implemented. NTTA transferred a D/M/WBE legal subcontractor (co-bond counsel) to direct contractor status on January 1, 2012. NTTA will follow direct contracting model in upcoming legal services procurements.	74
60	Transparency Governance	Staff	<b>Critical Board Topics</b>   ED should engage directors within the guidelines of the Open Meetings Act to ensure they are well versed on critical topics and that directors' questions and concerns are considered	ED	Agreed. Recommendation implemented. Interim ED has initiated "one-on-one" briefings related to issues and strategic topics with Directors in advance of Committee/Board meetings.	10
61	Transparency Communicate w/Transportation Community	Staff	<b>Industry Leadership Role</b>   NTTA should play an industry leadership role by having key members of the management team – including the ED – attend and present at industry events and create an ongoing dialogue with leading agencies like HCTRA and Florida Turnpike	ED	Agreed. Recommendation implemented. ED continues to participate and encourage/support active participation by staff. Participation includes executive level involvement in trade and industry groups and serving as panelists and moderators at trade and industry group conferences.	30



**County Review Action Plan Update  
North Texas Tollway Authority**

Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
62	Organization Future State	Staff	<b>Organizational Structure Reporting</b>   Government Affairs and General Counsel to report to the ED and recommend that the Board outside counsel report directly to the General Counsel with indirect reporting to the Board	ED	TBD - Organizational structure to be evaluated. Legal Services Committee discussed recommendation at December 1, 2011, Committee meeting. Action deferred until organizational structure review is completed for NTTA as a whole.	40
63	Organization Major Consultants	Staff	<b>Business Model</b>   Retain "lean" staff business model, but ensure critical core competencies exist in-house if there is a permanent need (Florida Turnpike model) - Based on forecasted demand through 2016, 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	ED	Agreed. Recommendation implemented. Core competency positions within the organization have been identified and budgeted accordingly. Staffing and outsourcing will be considered in each upcoming budget cycle based upon anticipated workload forecasts and business case.	55
64	Transparency Communicate w/Public	Staff	<b>Post Meeting Minutes</b>   Detailed minutes from the Board meetings should be posted on NTTA's website to be consistent with best practices	ED	Agreed. Recommendation implemented. Minutes of the October and November 2011 Board meetings have been posted on the NTTA website. All future minutes will be posted after minutes are approved by the Board.	27
65	Organization Employee Morale	Staff	<b>Employee Core Focus Group</b>   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	ED	Agreed. Recommendation to be implemented. The NTTA Employee Engagement Committee representatives will serve as the core focus group. ED & Chair will attend the February 23, 2012 meeting.	32
66	Organization Employee Morale	Staff	<b>On-boarding Materials Focus</b>   Strengthen operations focus of on-boarding materials for existing and new Board members	AED of Operations	Agreed. Recommendation implemented. On-boarding materials and process have been enhanced for more effective discussions on operations prior to on-boarding of any future new appointees as of December 9, 2011.	32
67	Organization Employee Morale	Staff	<b>Improved Communication with Board</b>   Improvements to communication, cooperation across the organization and with the Board are addressed in organizational structure and Board governance recommendations	ED	Agreed. Recommendation implemented. Several actions have been initiated. Key staff liaisons have been assigned to Board Committees for enhanced communication; re-establishment of focused weekly ED/AED/Directors meetings; weekly ED communications to all employees; re-emphasized "customer service" culture (both external & internal).	32

**County Review Action Plan Update  
North Texas Tollway Authority**

Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
68	Organization Future State	Staff	<b>Organizational Structure - ED Direct Reports</b>   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	ED	TBD - Organizational structure to be evaluated.	40
69	Organization Future State	Staff	<b>Deputy Executive Director</b>   Conduct search for a candidate to fulfill a Deputy Executive Director - preferably with operational transformation/process improvement experience within the toll industry	ED	Agreed. Recommendation to be implemented. Deputy Director position to be re-advertised following selection of permanent Executive Director.	40
70	Organization Future State	Staff	<b>Reporting Structure - Diversity</b>   Embed diversity function into the CFO organization for alignment with procurement function	ED	TBD - Organizational structure to be evaluated.	40
71	Organization Future State	Staff	<b>Financial Planning and Analysis</b>   Create a Financial Planning and Analysis organization within CFO organization to manage the budgeting process, Agency Scorecard and metrics, reporting and analysis	ED	Agreed. Recommendation to be implemented. Proposed 2012 budget includes additional analyst staffing to establish function as recommended.	40
72	Organization Future State	Staff	<b>Reporting Structure HR and Communications</b>   Embed Human Resources and Communications & Marketing into Operations to drive alignment and prioritization of functional support to Operations	ED	TBD - Organizational structure to be evaluated.	40
73	Procurement General	Staff	<b>Procurement Services Department Involvement</b>   For all procurements, increase Procurement Services Department involvement in requisition and purchase order processing prior to department's soliciting quotes, contracting, and receiving goods/services	CFO	Agreed. Recommendation implemented. Re-organization and centralization of the procurement function was completed by January 2012.	68
74	Procurement General	Staff	<b>Robust Reporting Processes</b>   Implement more robust reporting processes to allow workload and performance management	CFO	Agreed. Recommendation to be implemented. Metrics and reporting will be developed for assessing the effectiveness of the Procurement department as a part of the overall reorganization of the department.	68
75	Procurement General	Staff	<b>Procurement Skills</b>   Identify staff skills needed, set up procurement certification plans, and train staff including partnering with departments for construction business skills	CFO	Agreed. Recommendation implemented. Re-organization and centralization of the procurement function address recommendations. Reorganization was completed by January 2012.	68

**County Review Action Plan Update  
North Texas Tollway Authority**

Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
76	Finance Analytics	Staff	<b>Financial Planning and Analysis Dept.</b>   Create a Financial Planning and Analysis department within Finance that combines the resources from existing departments, serves the entire organization, and leverages all of the systems tools (e.g. RITE, PeopleSoft, Hyperion) the organization has at its disposal	CFO	Agreed. Recommendation to be implemented. New financial and analysis positions have been identified in 2012 budget to establish the function.	85
77	Finance Analytics	Staff	<b>Staff Proposals - Business Case and Analytical Rigor</b>   Executive Director should ensure staff proposals to the Board include a business case and sufficient analytical rigor	ED	Agreed. Recommendation to be implemented. New financial and analysis positions have been identified in 2012 budget to support analytics and business case development for staff proposals.	85
78	Finance Analytics	Staff	<b>Financial Analyst Manager</b>   Hire a capable upper level manager to report to the CFO, serve the operating departments, coordinate the department's efforts, and deliver business case recommendations to the Board	CFO	Agreed. Recommendation to be implemented. New financial and analysis position has been identified in 2012 budget to establish the function.	85
79	Finance Analytics	Staff	<b>Augment Analytics Capabilities</b>   Hire resources to augment the existing analytics capabilities	CFO	Agreed. Recommendation to be implemented. New financial and analysis positions have been identified in 2012 budget to establish the function.	85
80	Transparency Governance	Staff	<b>Board Materials - Circulation</b>   Board secretary should circulate Board materials in advance, clearly indicating which topics require decisions and which are for discussion/input	ED	Agreed. Recommendation implemented. Agenda materials are compiled and circulated in advance of meetings to allow review time by Board members and committees.	10
81	Transparency Governance	Staff	<b>Board Materials - Historical Reference</b>   Board secretary should include relevant sections of Board meeting minutes from past meetings in the Board's materials when topics are revisited to ensure attendees have a common historical context	Board Secretary	Agreed. Recommendation implemented. Board and Committee past actions related to a specific agenda item are recounted in the item's Executive Summary by originating staff (and coordinated with Board Secretary). Committee reports will also provide additional history.	10
82	Transparency Governance	Staff	<b>Board Materials - Presentations</b>   ED should ensure staff presentations remind Board members of prior decisions, anticipate questions, articulate recommendations, and include a business case for Board decision-making	ED	Agreed. Recommendation implemented. ED and executive staff have re-energized "mock presentation" meetings to prepare more thorough briefings and Q&A responses to the Committees and Board. Business cases will be provided as needed. Board and Committee past actions related to a specific agenda item are recounted in the item's Executive Summary by originating staff (and coordinated with Board Secretary). Committee reports will also provide additional history.	10

# COUNTY REVIEW ACTION PLAN UPDATE

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Transparency | Procurement | Organization | Finance

*A summary of progress made in the first 90 days  
toward implementing the County Review recommendations.*

Gerry Carrigan, P.E.  
Interim Executive Director  
North Texas Tollway Authority

Presented to: County Judges and NTTA Board of Directors  
February 2, 2012



# AGENDA

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- Background
- Focus Area Highlights
- Communications & Outreach
- Go Forward
- Questions

# BACKGROUND

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- On October 18, 2011, the NTTA Board received an Independent Financial and Performance Review, including 82 recommendations focused on:
  - Transparency
  - Procurement
  - Organization
  - Finance
- NTTA Board embraced the review and committed to taking necessary steps to ensure recommendations are fully evaluated and appropriately implemented
- County Review Action Plan developed to guide and monitor implementation process

# COUNTY REVIEW ACTION PLAN

Item #	Category	Committee	Recommendation	Action Owner/ Exec Level Staff Owner	Action / Resolution of item	A&M Report Page #
1	Transparency Governance	Admin	<b>Clear Roles and Responsibilities</b>   Develop clear roles and responsibilities of Board, Board Chairman and Executive Director to ensure smoother operations and clarified expectations. (Detailed recommendations are in full report)	Board	Agreed. Recommendation to be implemented. Board to establish clear roles/responsibilities as discussed at the January 2012 Board retreat.	10
2	Transparency Conflicts of Interest	Admin	<b>Board Conflicts of Interest Policy</b>   Board should draft governing policies for matters that might lead to or create the appearance of conflict, ensure its enforcement, and ask each Board and executive staff member to agree in writing to uphold the policy	General Counsel	Agreed. Recommendation implemented. The NTTA Board approved its Ethics and Conflict of Interest Policy by unanimous vote at the January 18, 2012 Board meeting. This was memorialized by Resolution #12-05.	20
3	Transparency Conflicts of Interest	Admin	<b>Board Conflicts of Interest Policy</b>   At a minimum, the Board conflicts of interest policy should: - Define conflicts of interest - Specify persons who will be covered - Require regular disclosure of information related to conflicts of interest - Specify procedures for handling potential or actual conflicts when they arise	General Counsel	Agreed. Recommendation implemented. The NTTA Board approved its Ethics and Conflict of Interest Policy by unanimous vote at the January 18, 2012 Board meeting. This was memorialized by Resolution #12-05.	20
4	Transparency Conflicts of Interest	Admin	<b>Ethics Officer</b>   NTTA should designate an Ethics Officer to oversee management of the process. This is commonly the in-house General Counsel	General Counsel	Agreed. Recommendation implemented. The NTTA General Counsel was appointed the NTTA's Ethics Officer by the Board at the January 18, 2012 Board meeting.	20
5	Organization Employee Morale	Admin	<b>Performance Based Pay</b>   Re-institute performance based incentive pay increases to reward and drive performance	AED of Administrative Services	Agreed. Recommendation implemented. Committees approved and Board adopted staff recommendation to re-institute the "pay for performance" program at the December 2012 Board meeting.	32
6	Organization Employee Morale	Admin	<b>Engagement Survey</b>   Administer engagement/morale survey in next year after key changes/decisions have been made to monitor progress and shape future priorities	AED of Administrative Services	Agreed. Recommendation to be implemented. Follow-up employee engagement and morale survey will be launched March 2012.	32
7	Organization Performance Management	Admin	<b>Annual Business Performance Calendar</b>   Develop and publish annual business performance management calendar to 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	AED of Administrative Services	Agreed. Recommendation implemented. Annual business performance management calendar has been developed and aligns the annual performance management calendar to include the Executive Director, General Counsel, Internal Auditor and Board Secretary notwithstanding any interim reviews that may be scheduled. Dates have been added to the agenda forecast for FY 2012.	38

# BACKGROUND (CONT.)

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- Specific recommendations assigned to Board committees for review and investigation
- Interim executive director, general counsel and Board members have provided preliminary a status report to individual county judges
- Communications plan developed to communicate action and progress to internal and external customers
- Continued involvement with Alvarez & Marsal team on key elements of implementation



# Progress Report Rollup | as of January 2012

Focus Area	Status
Transparency	15 implemented   4 in progress   0 pending <b>19 Total</b>
Procurement	14 implemented   5 in progress   0 pending <b>19 Total</b>
Organization	10 implemented   11 in progress   5 pending <b>26 Total</b>
Finance	5 implemented   10 in progress   0 pending <b>15 Total</b>



□ Pending    ■ In Progress    ■ Implemented    ■ County Judges

## Transparency | governance, conflicts of interest and board composition

- NTTA Board approved Ethics and Conflicts of Interest Policy by unanimous vote – January 2012
- Annual conflicts of interest training completed – January 2012 retreat
- General counsel appointed as NTTA's Ethics Officer
- Board committee structure re-established with defined roles and responsibilities through committee charters – November 2011
- Two recent Board appointments have diversified Board expertise as recommended
- Strategic planning process launched – January 2012
- Board communications improved – agenda materials provided to Board prior to meetings

## Procurement | policies and procedures including diversity policy compliance

- NTTA Board approved the Major Consultant Procurement Plan in December 2011, which includes a master Request for Qualifications template for all future procurements
  - Maintenance Management Consultant (MMC)
  - Financial Advisor (FA)
  - Traffic and Revenue (T&R)
  - Project Management Consultant (PMC)
  - General Engineering Consultant (GEC)
  - Legal Services (LS)
- Maintenance Management Consultant (MMC) is currently underway as per plan schedule
- The MMC was advertised on January 19, and the pre-proposal conference was held on January 30

# Procurement | policies and procedures including diversity policy compliance

- All recommendations incorporated into the Major Consultant Procurement Plan in accordance with the County Review, including:
  - ✓ Establish and enforce clear procurement policy and procedures including: strict clarification of permissible consultant, staff and Board communications with clear understanding of the beginning and the end of the procurement period
  - ✓ Limit Board involvement in major consultant procurements to review and approval of pre-advertisement RFQ, staff's final recommendation and final contract
  - ✓ Eliminate executive committee observers in the evaluation process to allow for sufficient discussion
  - ✓ Reassess "bid" evaluation committee composition based on pertinent knowledge and/or skills
  - ✓ Strengthen due diligence around vendor background and credentials
  - ✓ Clearly communicate diversity scoring criteria among all participants
  - ✓ Do not announce competitive procurement winners prior to Board approval
  - ✓ Prior to procurement decisions, request analysis by appropriate Board committee and have committee report conclusions to the full Board
  - ✓ Include stronger transition plan vetting with Board
  - ✓ Stagger procurements as needed so each may be addressed with appropriate time and effort

## Procurement | policies and procedures including diversity policy compliance

- Program Management Consultant and General Engineering Consultant contracts split as recommended and incorporated into plan
- County Review recommendations will be incorporated into the Procurement Policy currently under review

## Organization | performance management, current business model and consultant use

- General counsel is distributing and overseeing legal work pursuant to the Legal Services Protocols established by the Board in 2011
- Legal services procurement process presented to the Board – January 2012
- Proceeding with procurement of outside legal services in seven categories of legal work with the following benefits:
  - Structured to allow smaller firms to compete for work
  - Facilitates the use of law firms throughout the member counties
  - Maximizes the chances for the NTTA to meet its diversity objectives
  - Secures top-quality services at a fair price

## Organization | performance management, current business model and consultant use

- NTTA core competency positions have been identified and budgeted accordingly in FY '12
- Staffing and outsourcing considered in each upcoming budget cycle based upon anticipated workload forecasts and business case
- On-boarding for new Board members has been enhanced for more effective discussions on operations
- Several organizational recommendations are under Board consideration for future implementation

## Finance | liquidity, debt coverage, funding and collections

- NTTA focus to date has been on revenue capture and collections.
- Toll industry experts have been engaged to assist in developing recommendations to optimize toll technology, toll transaction processing and collection activities to protect NTTA's margin
- NTTA's annual marketing plan identifies strategies to support initiatives aimed at TollTag distribution and conversion of ZipCash patrons
- Credit card industry expert to be engaged to assess end-to-end collections process and recommend improvements based on industry best practices



# COMMUNICATIONS & OUTREACH

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- Proactive communications plan
  - Elected official stakeholders
  - Customer/public outreach
  - Media
- Website Access
  - Web pages on [www.ntta.org](http://www.ntta.org) with multiple points of access
  - Searchable Action Plan
- Social Media

# GO FORWARD

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- Continue to implement county review recommendations
- Present quarterly reports to the county judges and Board of Directors this spring
- Proactive distribution of Action Plan and launch searchable review matrix on website to inform public of progress made to date

“The NTTA is fulfilling its mission to “enhance mobility through responsible and innovative tolling solutions” *Alvarez & Marsal – October 18, 2011*

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## Summary Strengths

- The authority has been successful in building and maintaining toll roads in a timely manner despite financial constraints and change in leadership
- The authority’s high customer satisfaction and numerous awards in areas such as cashless tolling, customer service and budgeting have helped bolster NTTA’s reputation as an international leader in the tolling industry
- Relationships with key relevant government entities have improved significantly in recent years
- NTTA is financially and operationally prepared for the implementation of SB 469
- NTTA communicates key financial and operational information effectively and engages customers through innovative campaigns
- The NTTA’s two key functions, Finance and Project Delivery, are working effectively
- The authority’s consultant/staff business model allows for faster ramping up and down of operations and specialists as needed
- Solid business diversity structure in place

*Source: Independent Financial and Performance Review of the NTTA – Alvarez and Marsal*

# QUESTIONS

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# NTTA Procurement Process

Board approves major consultant procurement plan

Executive director notifies the Board prior to the advertisement of the RFQ

Procurement advertises and issues RFQ (“cone of silence” begins)

Procurement receives respondents’ qualifications and conducts respondents’ reference checks

Evaluation committee completes initial review and selects short list

Evaluation committee conducts interviews with short-listed respondents

Evaluation committee takes recommendation to the appropriate committee/Board and vets business transition plan

Board approves, rejects or modifies recommended respondent

Procurement formally announces awarded firm after Board approval

Staff negotiates final contract

Board approves, rejects or modifies final contract (“cone of silence” ends, if contract is approved)

# Timeline of Selections

ID	Task Name	2012											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	MMC												
2	FA												
3	T&R												
4	PMC												
5	GEC												
6	LS												

# Procurement Contract Structure

Contract	Staff Recommended Parameters
MMC	The MMC cannot be the PMC or GEC
Financial Advisor	Two (2) separate firms will be hired; one to do project feasibility and P3 and another to provide municipal financing and general advisory services; two (2) scopes of work will be issued
Traffic and Revenue	The T&R cannot be the GEC Two (2) separate firms will be hired; one for each system Firms will be asked to provide secondary reviews of the other system
PMC	Staff recommends that PMC/ GEC be procured as two (2) separate contracts as recommended in county review The PMC cannot be the GEC or the MMC The GEC cannot be the PMC, MMC or the T&R
GEC	

# RFQ Evaluation Committees

Category	Evaluation Committee by Title – Scoring Members
MMC	Director of Maintenance, Assistant Director of Maintenance, Maintenance Project Manager, Director of Project Delivery, Project Delivery Manager of Construction
Financial Advisor	Chief Financial Officer, Controller, Director of Cash and Debt Management
Traffic and Revenue	Chief Financial Officer, Controller, Financial Services Analyst
PMC	Director of Project Delivery, Project Delivery Technical Oversight Leader, Project Delivery Manager of Contracts, Project Delivery Manager of Design/Planning, Director of Maintenance
GEC	Director of Project Delivery, Project Delivery Technical Oversight Leader, Project Delivery Manager of Contracts, Director of Maintenance, Assistant Director of Maintenance



# RFQ Evaluation Criteria

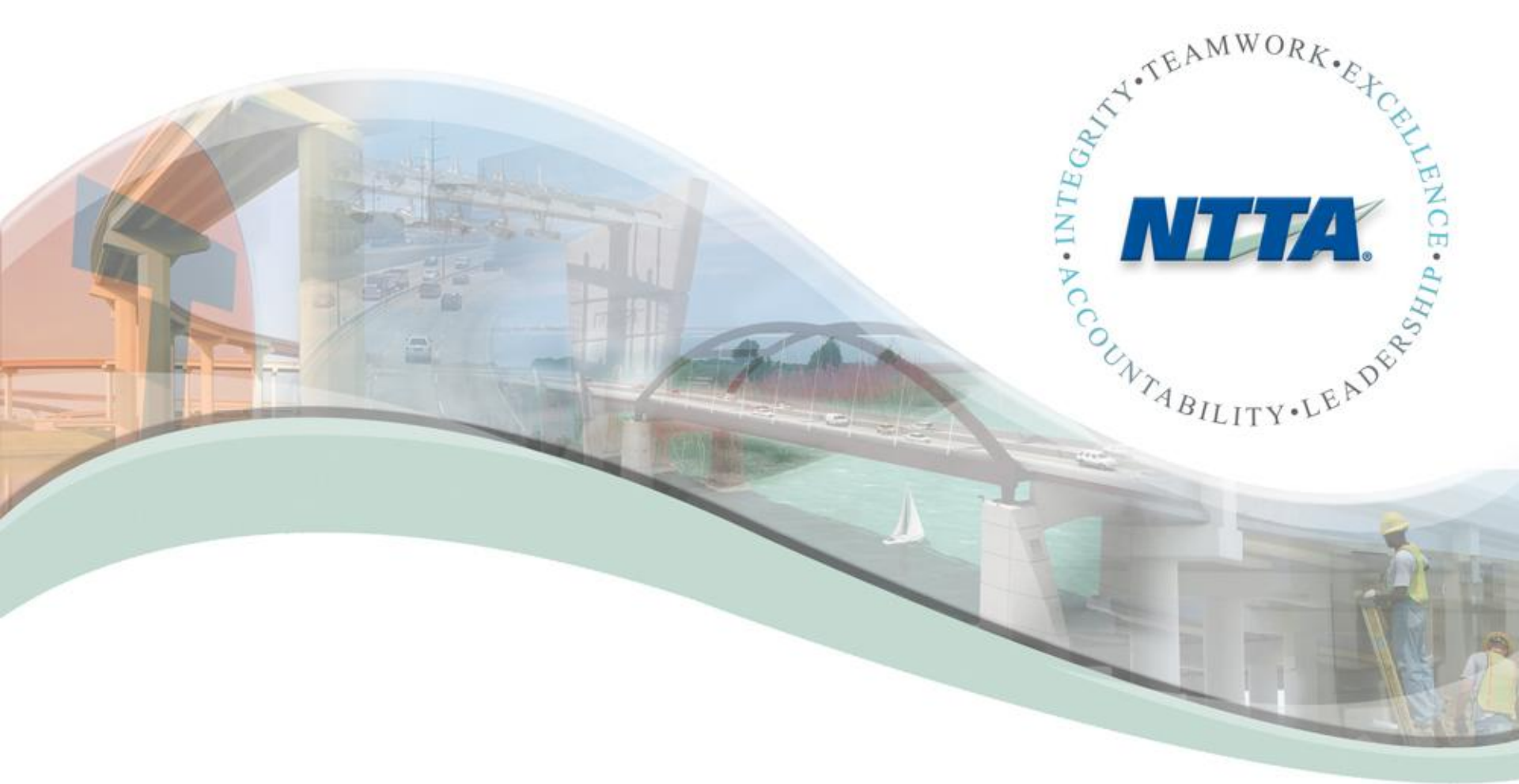
- Stage One (establish shortlist)
  - The evaluation committee will score all responsive submittals based on the following criteria and establish a shortlist of the most qualified firms:
    - Firm's qualifications (30 Points)
    - Project plan, methodology & approach (30 Points)
    - Key staff assignments (30 Points)
    - Business diversity (10 Points)

# Alvarez & Marsal County Review

1. Establish and enforce clear procurement policy and procedures including
  - Strict clarification of permissible consultant, staff and Board communications with clear understanding of the beginning and the end of the procurement period
  - Whether QMS or another procedure is in force
2. Limit Board involvement in major consultant procurements to review and approval of
  - Pre-advertisement RFQ, selection process, and scoring criteria
  - Staff's final recommendation
  - Final contract
3. Eliminate Executive Committee observers in the evaluation process to allow for sufficient discussion
4. Reassess "bid" evaluation committee composition based on pertinent knowledge and/or skills
5. Strengthen due diligence around vendor background and credentials
6. Clearly communicate diversity scoring criteria among all participants
7. Do not announce competitive procurement winners prior to Board approval
8. Prior to procurement decisions, request analysis by appropriate Board committee and have committee report conclusions to the full Board
9. Include stronger transition plan vetting with Board
10. Stagger procurements as needed so each may be addressed with appropriate time and effort
11. Split PMC and GEC contracts and re-procure under new procurement process

## Communications & Outreach | ongoing

Designate spokesperson to speak on behalf of the Authority	complete
Develop and distribute talking points (Comms.)	complete
News release with study findings (Comms.)	complete
Distribution of media release to stakeholders (GA)	complete
Quarterly briefing on county review to member counties and interested parties (All)	in progress
Report distribution to key stakeholders, media, customers (All)	complete
Web posting of all pertinent materials with multiple points of access on nttta.org (Comms.)	complete
Web updates on county review progress – ongoing (Comms.)	first update to post 2/2/2012
Briefings to DFW transportation advocacy groups and local elected officials (GA with Board/ED)	ongoing
Editorial Boards – (Comms. with Board)	as needed
Internal communications to NTTA staff (Comms.)	ongoing
Second news release on review progress (Comms.)	scheduled for 2/2/2012
eNewsletter, stakeholder newsletters, project communications eNewsletters periodic updates	ongoing



# MAJOR CONSULTANT PROCUREMENT PLAN

Presented to: NTTA Board of Directors

**Felix Alvarez**

Director of Procurement Services  
North Texas Tollway Authority

December 21, 2011

# Agenda

- Purpose
- Professional Services Procurement Act
- Alvarez & Marsal county review recommendations
- Procurement process
- Procurement contract structure
- Request for Qualifications (RFQ) evaluation committees
- RFQ evaluation criteria
- RFQ inquiries
- Timeline and schedule of procurements
- Next steps
- Recommendation

# Purpose

- Propose a procurement process that complies with state law and incorporates recommendations set forth in county review for the major consultant procurements
- Provide a fair and transparent process for major consultant procurements
- Major consultant procurements
  - Maintenance Management Consultant (MMC)
  - Financial Advisors (FA)
  - Traffic and Revenue Engineers (T&R)
  - General Engineering Consultant (GEC)/Project Management Consultant (PMC)
  - Legal Services (LS) (procured separately through Legal Services Protocols)

# Professional Services Procurement Act

- Chapter 2254 of the Government Code prohibits a governmental entity from selecting and awarding professional services contracts on the basis of competitive bids. The selection and award must be based on qualifications.

## **Professional Services Procurement Act specifies the following process:**

- First, select most qualified firm on basis of demonstrated competence and qualifications;
- Second, attempt to negotiate a contract with most qualified firm at a cost that is reasonable and fair.
- Attorney General's Office has ruled that a contract entered into in violation of Chapter 2254, is void.
- While the FA is not defined as professional services in the Act, staff proposes using this selection process for this major consultant procurement.

# RFQ Evaluation Committees

- The director of procurement services will serve as a non-scoring member on all committees
- The director of business diversity will be responsible for scoring the business diversity component in stage one and will serve as a non-scoring member in stage two
- Scoring committee members will:
  - be comprised of technical experts identified by the contract owners (end user)
  - receive a briefing from the director of procurement services on responsibilities and obligations
  - each sign a non-disclosure statement and ethics form
  - be able to discuss respondents statement of qualifications during the evaluation meetings
  - be prohibited from discussing proposals or scores outside of the evaluation meetings



# RFQ Evaluation Criteria (cont.)

- Stage Two (presentations/interviews):
  - The director of procurement services will notify and schedule shortlisted firms for presentations/interviews
  - The shortlisted firms will be required to make a formal presentation to the evaluation committee and will be interviewed orally
  - The evaluation committee will score each firms' presentation/interview utilizing the criteria listed below:
    - Firm's qualifications (30 Points)
    - Project plan, methodology & approach (40 Points)
    - Key staff assignments (30 Points)

# Alvarez & Marsal County Review Recommendations

1. Establish and enforce clear procurement policy and procedures including
  - Strict clarification of permissible consultant, staff and Board communications with clear understanding of the beginning and the end of the procurement period
  - Whether QMS or another procedure is in force
2. Limit Board involvement in major consultant procurements to review and approval of
  - Pre-advertisement RFQ, selection process, and scoring criteria
  - Staff's final recommendation
  - Final contract
3. Eliminate Executive Committee observers in the evaluation process to allow for sufficient discussion
4. Reassess "bid" evaluation committee composition based on pertinent knowledge and/or skills
5. Strengthen due diligence around vendor background and credentials



# RFQ inquiries - NTTA

- Firms must direct questions on procurements in writing to director of procurement services or designee
- Firms will be allowed to ask verbal questions during the pre-qualification conference as well as during their scheduled presentations in stage two
- Firms are prohibited from communicating with anyone within the NTTA other than the director of procurement services or designee throughout the procurement process
- Firms will be disqualified for any communication in violation or circumvention of the above provisions

# Alvarez & Marsal County Review Recommendations

6. Clearly communicate diversity scoring criteria among all participants
7. Do not announce competitive procurement winners prior to Board approval
8. Prior to procurement decisions, request analysis by appropriate Board committee and have committee report conclusions to the full Board
9. Include stronger transition plan vetting with Board
10. Stagger procurements as needed so each may be addressed with appropriate time and effort
11. Split PMC and GEC contracts and re-procure under new procurement process

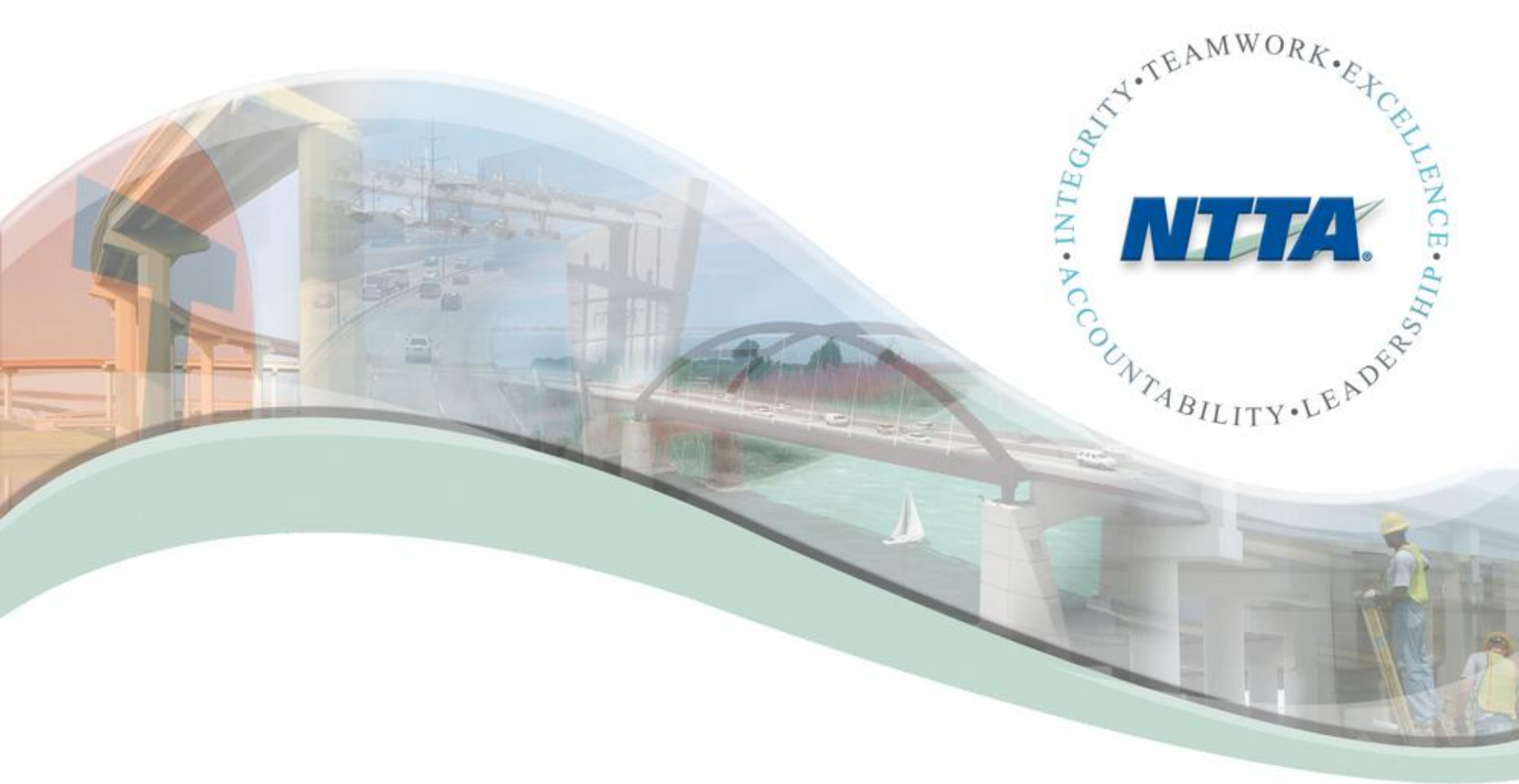


# Next Steps

- Board approves major consultant procurement plan
- Staff incorporates elements of the plan into the RFQ template and present first procurement package (MMC) at January Board meeting
- Executive director advises the Board prior to advertisement of each RFQ to commence “cone of silence”

# Recommendation

- Staff recommends that the Board approve the major consultant procurement plan and direct staff to initiate procurements



**The mission of the North Texas Tollway Authority  
is to enhance mobility through responsible  
and innovative tolling solutions.**