Current Topics

COVID 19
Reauthorization
Issue 1
Efficiency Review
# Impact of COVID-19

## COVID-19 Impacts

### State Highway Revenue - Without Act 416 Funds

<table>
<thead>
<tr>
<th>Month</th>
<th>Motor Fuel Tax</th>
<th>Registration Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>$22,634,672</td>
<td>$8,514,474</td>
<td>$31,149,146</td>
</tr>
<tr>
<td>April</td>
<td>$24,636,026</td>
<td>$9,142,662</td>
<td>$33,778,688</td>
</tr>
<tr>
<td>May</td>
<td>$24,344,595</td>
<td>$10,619,201</td>
<td>$34,963,796</td>
</tr>
<tr>
<td>June</td>
<td>$26,368,130</td>
<td>$7,831,782</td>
<td>$34,199,912</td>
</tr>
<tr>
<td>July</td>
<td>$24,879,262</td>
<td>$8,676,371</td>
<td>$33,555,633</td>
</tr>
</tbody>
</table>

### Consumption

<table>
<thead>
<tr>
<th>Month</th>
<th>Gasoline Gallons</th>
<th>Diesel Gallons</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>108,866,016</td>
<td>60,394,411</td>
<td>169,260,427</td>
</tr>
<tr>
<td>April</td>
<td>120,199,534</td>
<td>52,600,192</td>
<td>172,799,726</td>
</tr>
<tr>
<td>May</td>
<td>128,393,498</td>
<td>51,408,241</td>
<td>179,801,739</td>
</tr>
<tr>
<td>June</td>
<td>136,294,940</td>
<td>66,872,615</td>
<td>203,167,555</td>
</tr>
<tr>
<td>July</td>
<td>125,894,207</td>
<td>51,737,329</td>
<td>177,631,536</td>
</tr>
</tbody>
</table>

## Impact of COVID-19

- **Motor Fuel Tax:**
  - March: $22,634,672
  - April: $24,636,026
  - May: $24,344,595
  - June: $26,368,130
  - July: $24,879,262
  - Total: $296,190,354

- **Registration Fees:**
  - March: $8,514,474
  - April: $9,142,662
  - May: $10,619,201
  - June: $7,831,782
  - July: $8,676,371
  - Total: $96,308,259

- **Total Revenue:**
  - March: $31,149,146
  - April: $33,778,688
  - May: $34,963,796
  - June: $34,199,912
  - July: $33,555,633
  - Total: $392,498,613

- **Gasoline Consumption:**
  - March: 108,866,016
  - April: 120,199,534
  - May: 128,393,498
  - June: 136,294,940
  - July: 125,894,207
  - Total: 1,500,270,973

- **Diesel Consumption:**
  - March: 60,394,411
  - April: 52,600,192
  - May: 51,408,241
  - June: 66,872,615
  - July: 51,737,329
  - Total: 675,202,025

- **Total Consumption:**
  - March: 169,260,427
  - April: 172,799,726
  - May: 179,801,739
  - June: 203,167,555
  - July: 177,631,536
  - Total: 2,175,472,998

- **Percentage Change:**
  - Motor Fuel Tax: 7.53%
  - Registration Fees: 2.25%
  - Total: 6.09%
  - Gasoline Consumption: 7.93%
  - Diesel Consumption: 5.50%
  - Total: 7.06%
  - Gasoline Consumption: -4.08%
  - Diesel Consumption: -10.80%
  - Total: -21.67%

- **Impact of COVID-19:**
  - March: 7.53%
  - April: -6.23%
  - May: -20.16%
  - June: -11.43%
  - July: -2.80%
  - Total: 0.18%
  - March: 7.93%
  - April: -4.08%
  - May: -26.02%
  - June: -17.29%
  - July: -3.47%
  - Total: -3.06%
  - March: 7.93%
  - April: -4.08%
  - May: -26.02%
  - June: -17.29%
  - July: -3.47%
  - Total: -3.06%

- **State Highway Revenue - Without Act 416 Funds:**
  - March: $22,634,672
  - April: $24,636,026
  - May: $24,344,595
  - June: $26,368,130
  - July: $24,879,262
  - Total: $296,190,354

- **Registration Fees:**
  - March: $8,514,474
  - April: $9,142,662
  - May: $10,619,201
  - June: $7,831,782
  - July: $8,676,371
  - Total: $96,308,259

- **Total:**
  - March: $31,149,146
  - April: $33,778,688
  - May: $34,963,796
  - June: $34,199,912
  - July: $33,555,633
  - Total: $392,498,613

- **Gasoline Consumption:**
  - March: 108,866,016
  - April: 120,199,534
  - May: 128,393,498
  - June: 136,294,940
  - July: 125,894,207
  - Total: 1,500,270,973

- **Diesel Consumption:**
  - March: 60,394,411
  - April: 52,600,192
  - May: 51,408,241
  - June: 66,872,615
  - July: 51,737,329
  - Total: 675,202,025

- **Total Consumption:**
  - March: 169,260,427
  - April: 172,799,726
  - May: 179,801,739
  - June: 203,167,555
  - July: 177,631,536
  - Total: 2,175,472,998

- **Percentage Change:**
  - Motor Fuel Tax: 7.53%
  - Registration Fees: 2.25%
  - Total: 6.09%
  - Gasoline Consumption: 7.93%
  - Diesel Consumption: 5.50%
  - Total: 7.06%
  - Gasoline Consumption: -4.08%
  - Diesel Consumption: -10.80%
  - Total: -21.67%

- **Impact of COVID-19:**
  - March: 7.53%
  - April: -6.23%
  - May: -20.16%
  - June: -11.43%
  - July: -2.80%
  - Total: 0.18%
  - March: 7.93%
  - April: -4.08%
  - May: -26.02%
  - June: -17.29%
  - July: -3.47%
  - Total: -3.06%
  - March: 7.93%
  - April: -4.08%
  - May: -26.02%
  - June: -17.29%
  - July: -3.47%
  - Total: -3.06%

Impact of COVID-19

- Employees
  - High Risk
  - Working Remotely

- Contact Tracing Plan

- Department Continues to Support Essential Services

- Transportation of Additional Supplies
Reauthorization

• US House Passes the Moving Forward Act
  ✓ Provides $494 Billion Over 5 Years
  ✓ Highways – $319 Billion
  ✓ Response to COVID-19 – $83 Billion

• US Senate Previously Released the America’s Transportation Infrastructure Act
  ✓ Provides $287 Billion Over 5 Years
  ✓ Highways – $249 Billion
  ✓ Response to COVID-19 – $0 Billion

• 48 Days Remaining Before the FAST Act Expires
Next Steps to November 2020 Election

Arkansas Professional ENGINEER

What is the road to good roads?
Governor Asa Hutchinson paves the way for a highway plan to be presented to voters in 2020. But the politics ahead could be bumpy.

- The cost of the current 1/2 cent sales tax for the average family with a median income is about $8/month.
- If Issue 1 passes, the cost to the taxpayers will remain the same as it is now:
  - No Increase
  - No Decrease
- This tax does not apply to groceries and it can only be used for road improvements.
Efficiency Review

- September 24, 2019 – Review Began
- May 14, 2020 – Findings Presented by Guidehouse
- June 17, 2020 – Recommendations Presented by Guidehouse
Efficiency Review

Recommendations Review Process

- Guidehouse Will Present Recommendations
- Department Will Provide Response
- Subcommittee Options
  - Request a Bill to be Drafted
  - Request for Additional Information
  - Include Recommendation in the Draft Report
- Subcommittee Action
- Draft Report
- Final Report
Timeline For Completion

- **July 22** – Organizational Structure and People Capabilities
- **August 5** – Portfolio Planning
- **August 19** – Expenditures
- **September 16** – Procurement and Information Technology
- **November 20** – Final Report Submitted to ALC
# Efficiency Review

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Recommendation</th>
<th>Strategic</th>
<th>Efficient</th>
<th>Optimized</th>
<th>Transparent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Structure</strong></td>
<td>Finalize KPIs and implement performance management</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Strengthen knowledge management in anticipation of increased retirement</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Portfolio Planning</strong></td>
<td>Publish status of construction projects and maintenance activities</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Implement a platform that tracks all stakeholder inquiries to resolution</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Procurement</strong></td>
<td>Implement efficiencies in procurement and purchasing</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>Implement construction contractor performance measurement</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>Implement project and portfolio management frameworks</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Implement best practices in construction project design</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
<td>Build an IT Governance Structure to guide the Department's IT investments</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Implement mid-term IT initiatives that can optimize business operations</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Develop critical pillars necessary to establish IT as an effective business partner</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>People Capabilities</strong></td>
<td>Ensure staff can develop in their careers at ArDOT</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Improve staff capabilities to align with current / future organization needs</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
6. Implement construction contractor performance measurement

ArDOT lacks a comprehensive tool to screen for contractor quality during procurement. By implementing performance-based prequalification, ArDOT may improve project delivery; reward high-performing contractors; and encourage low-performers to improve.

**Anticipated Impact**

ArDOT may see similar improvements to those reported by implementing DOTs, such as:
- **Safety**
- **Timely work completion**
- **Contractor cooperation**

**Considerations**

- There may be differing impact on contractors of various sizes
- Emphasis on a quantitative approach could minimize any appearance of subjectivity in scoring
- Contractors should have a clear path to raise or appeal their scores
- In preventing contractors in L/D from bidding, a “precedent” exists

**Implementation Summary**

- Identify performance quality indicators (e.g. repeated disincentives, delays, etc.)
- Develop scoring system to quantify performance
- Track and monitor performance, using indicators and costs
- Integrate into prequalification

**Leading Practices**

- An FHWA-commissioned study provides a framework for a quantitative, performance-based prequalification system.
- The framework evaluates contractors on administrative, performance, and project-specific (i.e., technical qualifications) factors.
- Finally, the study report revealed that performance bonds provide "no guarantee against a contractor’s marginal quality of work", so long as the contractor’s failures are not large enough to trigger a default

**Percentage of surveyed DOTs (6) reporting improvement in work quality factor**

- Safety: 83%
- Timely Work Completion: 100%
- Contractor Cooperation: 83%

Source: FHWA and NCHRP