



Florida Department of Transportation

RON DESANTIS
GOVERNOR

605 Suwannee Street
Tallahassee, FL 32399-0450

JARED W. PERDUE, P.E.
SECRETARY

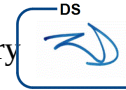
ENGINEERING & OPERATIONS MEMO 26-02

FHWA Approval: N/A

DATE: September 25, 2026

TO: District Directors of Transportation Development, District Design Engineers, District Consultant Project Management Engineers, District Program Management Engineers/Administrators, District Estimates Engineers, Work Program Managers

FROM: Will N. Watts, Chief Operating Officer/Assistant Secretary



COPIES: Will Watts, Lisa Saliba, Rudy Powell, Jennifer Marshall, Dustin Castells, John Krane, Ashley Anderson, Ryan Asmus, Will Potter, Derwood Sheppard, Stephanie Certain, Austania Moss

SUBJECT: **Project Cost Updates and Pricing**

This memo establishes a revised update frequency and estimate tolerances for all construction project costs and announces system pricing updates that will ensure alignment with current market conditions to improve cost forecast accuracy across all future-year projects.

Effective Immediately, all Phase 52 construction projects shall be updated in the appropriate project cost system [Long Range Estimates (LRE) or Design Quantities and Estimates (DQE)] every three months, replacing the current six-month update cycle. District Estimators must coordinate with District Work Program to update programming to the new estimate if an estimate changes more than 3%. This memo supersedes the allowable tolerances in Procedure 600-010-005, which will be updated to reflect this new guidance. Projects with an established IPC will follow the IPC project cost update process.

The updated algorithm in LRE and DQE revised statewide, market, county, and parameter unit prices, based on the following:

- 36 months of data (no change)
- FDOT CCI to index prices to present day
- Low 3 bids (instead of all bids)
- Excludes bids below \$0.05
- Calculates Weighted Average Bid Price
- Outliers are removed when a price deviates from the weighted average by more than the weighted standard deviation.



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IMMEDIATE IMPLEMENTATION ACTION FOR TENTATIVE WORK PROGRAM

District Estimators must review all phase 52 construction projects with lettings scheduled for FY28 through FY32 using the updated algorithm. Projects with estimates that change more than 3% should be communicated to District Work Program for update by **October 14, 2026**. As previously stated, this memo supersedes the allowable tolerances in Procedure 600-010-005. Estimate updates and related programming changes should proceed by fiscal year, starting with FY28, then moving from FY29 to FY32.

During this review, District Work Program staff shall ensure that the CEI (PH 62) programmed amount does not exceed the appropriate percentage listed in the table below:

Contract Amount (millions)	Percent	Contract Work Mix/Project Type for Standalone Projects Only	Percent
Less than \$1M	15%	Sidewalk	25%
>\$1M to \$5M	12%	Bridge Rehabilitation	20%
>\$5M to \$25M	10%	Bridge Painting	25%
>\$25M to \$100M	9%		
>\$100M to \$250M	8%		
>\$250M to \$550M	7%		
More than \$550M	5%		

All programming changes must be completed by District Work Program no later than October 23, 2026.

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