

Florida Department of Transportation Monthly Performance Review Meeting February 20, 2014

1. Acknowledgement of Visitors: No visitors were introduced.
2. Review of Minutes: The January minutes were approved.
3. Monthly Reports:

Performance Report – Freddie Simmons

This is a summary of the Performance Report for Program activities through February for FY 2014.

CONSULTANT ACQUISITION:

- Executed 106% of the plan in dollars at \$375M plus added or advanced for a \$421M total to date.
- Executed 105% of the plan in numbers at 589 plus added or advanced for a 729 total to date.
- These 23 projects @ \$16.7M have not been executed to date.
- 270 projects for \$225M remain for the FY.

RIGHT-OF-WAY:

CERTIFICATIONS:

- Certified 103% of the plan plus 13 extras for 46 total.

PROGRAM EXPENDITURES:

- Acquired 84% of the dollar value of parcel acquisitions for \$185M.

ACQUISITIONS:

- Completed 118% of the YTD number plus 124 extras for 810 total.

METHOD OF ACQUISITIONS:

- SW Negotiation rates are at 70% with the 70% target.

EMINENT DOMAIN/PARCEL INVENTORY:

- Began the year 7/1/13 with 287 parcels in the inventory and now at 390.

EXCESS PROPERTY SUMMARY REPORT:

- \$2.0M in sales and \$3.0M in lease revenue for the year.

PRODUCTION ISSUES:

ADVANCED PRODUCTION (APP) as of Feb 12, 2014:

DIST	2014	2015	2016	2017	2018	2019
D1	0.125	94.137	123.003	214.414	334.797	240.777
D2	13.353	258.766	218.449	110.283	21.760	156.303
D3	0.000	44.447	95.168	86.880	87.581	45.183
D4	15.242	93.634	66.128	0.000	27.966	0.000
D5	0.000	84.721	181.136	268.894	77.535	4.409
D6	0.000	12.614	267.838	151.425	266.050	45.535
D7	38.614	70.052	152.000	70.116	179.787	50.386
TE	17.755	185.424	180.143	189.705	5.000	4.175
SW	85.091	843.795	1283.865	1091.717	1000.476	546.769

AMENDMENTS for FY 2013:

- We had a total of \$416M in amendments through January 31.
- This includes \$242M in adds or advances and \$174M in defers or deletes.

REVISIONS AND ADDENDUMS:

- There were 120 Contract Class 1 lettings in Central Office.
- | | |
|-----------------|-----|
| Addenda | 125 |
| Addenda 15 days | 56 |
| Revisions | 111 |
| Mandatory | 74 |

CONTRACT LETTINGS:

- Let to contract 86% of the dollar plan at \$1,162M plus added or advanced for a \$1,173M total to date.
- Let to contract 95% of the adopted number for 228 plus added or advanced for a 242 total to date.
- 15 projects have not been let as planned to date for about \$64M - 9 of these are requiring a re-bid.

There is one in bid protest and one no-bid.

- 227 projects at \$1,420M remain to be let in last 5 months.

(NOTE: Last year we 233 projects at \$1,540M remaining at this time.)

- The breakdown by district is provided.

	TOTAL REMAINING	
DIST	AMT \$M	#
1	110.3	32
2	252.1	34
3	84.6	32
4	427.2	38
5	136.5	22
6	104.5	39
7	82.1	22
8	223.0	8
SW	1,420.2	227

- A list of remaining projects > \$25M is also provided.

BID ANALYSIS:

- The adopted estimate of the 242 projects let to date was \$1,307M with the low bid of \$1,173M for \$134M in savings or 10.3%.
- Last FY through January we were at \$99M in savings at 10.4%.
- The difference between official estimate and low bid was 9.0%.
- Bids for this fiscal year are shown with high or low bids highlighted.
- 51% lettings have been below adopted, 30% above, and 19% same.

CONSTRUCTION:

- YTD at 2.7% cost increase with target of $\leq 10\%$ on 139 active contracts.
- YTD at 8.0% time increase with target of $\leq 20\%$ on 139 active contracts.
- YTD with 89.9% of the contracts having final contract costs less than 110% of original, with a target of $\geq 90\%$ (contract status 6, 7 or 8).
- YTD with 83.5% of the contracts having final contract times less than 120% of original, with a target of $\geq 80\%$ (contract status 6, 7 or 8).

VALUE ENGINEERING:

VALUE ENGINEERING (VE) PROGRAMS

- Statewide 11 VE Study to date.
- \$342.7M in Cost Avoidance/Savings recommendations with \$67.4M approved.

- \$12.6M in Value Added recommendations with \$4.9M approved.
- 118 recommendations with 56 approved or 47% with a target of > 40%.
- 2.54% projects saved and 5.73% program saved.

Kurt Lieblong gave the following report:

Since the last report in January 2014, there was 1 VE study conducted and 2 Value Engineering recommendations approved worth \$3.79 million in project cost avoidance. There were 3 Cost Savings Initiative proposals approved totaling \$170,000 in project savings.

Through January 2014, there were 11 Value Engineering Studies conducted statewide. The Department has approved 56 of 118 (47%) Value Engineering recommendations worth \$67.37 million in project cost avoidance and \$4.93 million in value added. This resulted in a 2.54% project savings and a 5.73% program savings. During this same period, 17 Cost Savings Initiative proposals were approved worth \$4.58 million in project savings. This resulted in a 0.83% project savings and a 0.39% program savings.

The total combined savings of the VE & CSI programs through January 2014 is \$71.92 million and the combined % program saved is 6.11%.

COST SAVINGS INITIATIVE (CSI) PROGRAM

- 21 CSI acted upon with 17 approved.
- \$4.9 M acted upon with \$4.6 M approved.
- 0.83% projects saved and 0.39% program saved.

TOTAL PROGRAM SAVINGS VE AND CSI COMBINED

- \$71.9M in total savings and 6.11% in total program saved

CONTRACT MAINTENANCE:

- \$ Contracted statewide 104% of plan - \$326M or \$13M above plan.
- Note: During the past month the decision not to include numbers of contracts was made.

FREIGHT, LOGISTICS, AND PASSENGER OPERATIONS (FLP) and FLORIDA RAIL ENTERPRISE (FRE):

- FLP YTD at 127% of plan - \$561M or \$121M above plan.
- FRE YTD at 162% of plan - \$76M or \$29M above plan.
- Note: D5 has \$50M in March and \$192M in June.

LAP PROGRAM:

CONSULTANT LAP ACQUISITIONS

- Executed 113% dollars and 109% number to date
- 64% in \$ and 46% in # remaining.

CONTRACT LAP LETTINGS

- Let YTD 115% of dollars and 122% of number to date
- Note: D4 has \$83M project in June – Crosstown Parkway

FEDERAL AID:

- Total OA available for Federal FY 13/14 is \$1,806,527,000
- Total Obligation through December 31, 2013 for Federal FY 13/14 = \$298,125,000
- Unexpended balance is at 0.79% with target of < 2.00%.

James Jobe gave the following report:

Federal Legislation:

Since last month's report, Congress has passed and the President has signed a full year's appropriations bill for the USDOT. The funding levels included in the bill are, in fact, the levels recommended in the MAP-21 surface transportation legislation enacted in 2012. So there's no change to the federal funds or obligation authority already included in the work program for the remainder of fiscal 2014.

The appropriations bill also continued funding for the TIGER grant program and another round of requests for project applications will be announced in the very near future.

Reauthorization of the highway act and funding the Highway Trust Fund:

Both the House and Senate are currently conducting hearings and receiving input from interested parties and other subject matter experts on how to style the next transportation act and how to fund the shortfall in the Highway Trust Fund. Challenges to be addressed include how to fund the Highway Trust Fund, what provisions to include in a reauthorization bill, and how many years should the next transportation bill encompass.

Representative Shuster, chairman of the House Committee on Transportation and Infrastructure, hopes to pass a bill by August, and he would like to see a five or six year bill. But he also stated that an increase in the federal fuel tax is not an option the House will be considering at the present time.

On the Senate side, Senator Boxer, Chairman of the Senate Environment and Public Works Committee, hopes to have a new bill drafted by April, in order to give the Senate Finance Committee time to consider funding options for the bill.

It remains to be seen if the announced time table is achievable. The USDOT's latest estimate still shows the Highway Account of the Trust Fund running out of cash on a day-to-day basis before the end of September. Rationing of reimbursements to the states could begin as early as July or August.

Obligation Authority Plan:

At the end of last month, we had total obligations of \$298 million, which represents 16.5% of our total OA for the year, which includes about \$99 million in year-to-date deobligations that must be reobligated before year end.

Financially Inactive Federal Aid Projects:

As I mentioned last month, we are now operating under FHWA's new criteria for defining a financially inactive federal project. On January 28th we received the official memorandum from FHWA in which they indicated the percentage inactive in the future, for purposes of comparing to the national 2% benchmark, will include all projects which have been inactive for one year or more, thus eliminating the tier structure we've operated under in the past.

However, in the same memo they said state DOTs should prioritize the projects by identifying projects that meet two criteria:

1. Those projects with unexpended federal fund balances in excess of \$150,000 for more than one year, and
2. Those projects with unexpended federal fund balances of less than \$150,000, with certain criteria to be prioritized.

So we've elected internally to continue to stratify these inactive projects into those over \$150,000 and those under \$150,000, but we are also segregating how many of these have zero unexpended balances, in order to prioritize the workload we are placing on district staff.

I should also note that FHWA has created a "Special Category" of projects, for which the criteria apparently is subject to change from quarter to quarter. The memo we received last month indicated the Special Category for the quarter ended December 31st would be "those projects over 12 months old that have never had any expenditures billed to FHWA during the life of the project". A couple of days later we received an email indicating the Special Category for the quarter ended March 31st will be "those projects with unexpended balances between \$10,000 and \$150,000 with no expenditures for three years or more".

Best as I can tell, FHWA's approach to managing inactive projects continues to be in a state of flux. This makes it difficult to design reports and other financial tools to assist our district staff in keeping up with the changing criteria. It is also a challenge to train district staff on where to concentrate their efforts, given their limited time and resources.

Nevertheless, we will continue to strive to maintain our overall percentages as low as we can get them.

Last month, our overall inactive percentage was .79%, still well under the 2% national benchmark.

TRANSPORTATION COMMISSION MEASURES:

- One measure was not met.

For all construction contracts completed during the year, the percentage of those contracts that were completed at a cost within 10% above the original contract amount @ 89.9% with target of \geq 90%.

MEASURES SUMMARY:

- No one met or exceeded all measure targets.
- D3 met or exceeded 92% of the measures.

Construction Cost Indicators – Greg Davis

Greg Davis presented the quarterly construction cost indicators report. The construction cost performance measures were discussed and there is improvement in performance since FY2010. Cost per mile graphs were presented which represented all bidders (not just the low bidder). These graphs show the bidding trends for the construction industry as a whole and provide some insights into potential price pressures in the industry. Graphs were presented for various typical sections, but all had a similar trend. The FDOT Price Trend quarterly graph was presented showing a decrease in construction cost for the awarded low bidder. Competition bar graph was presented showing an increase in bidders per contract for the past 3 quarters. The current quarter (including January through February 5th contracts) shows 5.1 bidders per contract and 7.1% of contracts with 2 or less bidders. The national PPI for Non-Residential Construction remains flat through last quarter. Florida Residential Permits continue to fluctuate, but dropped slightly this past quarter. Permit values were higher than a year ago, but nowhere near the highs of 2005-2006 in which high bids would be expected. The national construction unemployment rate is lower than a year ago and, with increasing heavy civil construction employment, indicates labor prices are rising. The Associated General Contractors forecast for labor cost is 2% - 4% through 2017.

Oil prices dropped from \$106 per barrel in October 2013 to a low of \$94 per barrel in November 2013 then back up to \$100 per barrel in February 2014. The Energy Information Administration's forecast is just below \$100 per barrel through 2015. Diesel prices are similar with a forecast of just under \$4.00 per gallon through 2015. Bituminous asphalt prices remain stable even with

fluctuating oil prices. However, asphalt pavement prices are trending downward with a current value of \$87 per ton through the last calendar quarter of 2013. Reinforcing steel prices are slightly down and structural concrete prices are slightly up in the fourth quarter of 2013. Overall prediction for construction cost is to remain stable.

Salary Projections and Operating Budget – Pam Kuester

The Fiscal Year 2013/14 (FY14) Budget Review was presented to the attendees. Select Operating Budget categories (OPS, Expenses, OCO, Acquisition of Motor Vehicles, Consultant Fees, Contracted Services, FHP Services, HRD, OT, TME and Lease Purchase of Equipment) were featured. For these select budget categories, a column showing the amount of budget authority expended has been added to the presentation. As of 01/31/14, we were approximately 59% through the fiscal year. There was a 70.5% overall commitment level, and a 43.1% expended level for the selected categories. Potential Roll Forward by District (as of 02/06/14) was also presented which reflected an overall 54.6% level of commitment of Work Program Budget. Fixed Capital Outlay – Buildings & Grounds Budget data was included in the presentation which provided information for FY13 as well as FY14. As of 01/31/14, there was a 49.7% overall commitment of Salaries & Benefits budget.

Additional slides featured data regarding the recent Budget Office exercise to minimize reversions.

Human Resources Report – Irene Cabral gave the HR Report.

Economic Parity – Art Wright

In the January Economic Parity report for Females, the Department had 2 opportunities in the Officials and Administrators category, but was not able to hire a Hispanic female. In the Professionals category we had 22 opportunities and hired 3 Hispanic Females. We had 3 opportunities in the Office/Clerical, 1 opportunity in Skilled Craft, and 1 opportunity in Service Maintenance, but were not able to hire in a category where a need exists.

In the report for Males, the Department hired 1 Hispanic Male in the Official and Administrator category, 2 in the Professionals category and 1 Hispanic male in the Technicians category.

Thanks to Districts 4, 6, 7 and the Central Office in helping the Department in our efforts to achieve economic parity among the EEO job categories.

Disadvantaged Business Enterprise (DBE) Report – Art Wright

The DBE report through January shows 11.06% DBE participation on federally funded contracts. The report shows the DBE participation for the first 4 months by district and type of work. Some of the high percentages showing up are a reflection on some low contract dollars that have been reported this year as well as increased DBE participation on contracts that were reported last federal fiscal year. The report also shows the DBE participating on state funded contracts at 10.56% and the DBE participation on state and federal funds combined at 10.78%

Some highlights over the first 4 months include: an \$8.5 million contract in District 3 with Anderson Columbia who reported 23% DBE participation; in District 5 a DBE firm, Gosalia Concrete Constructors was awarded a \$6.1 million contract; also in District 5 Hubbard reported 9.43% DBE participation on a \$9.2 million LAP contract.

Minority Business Enterprise (MBE) Report – Art Wright

In the Minority Business Enterprise Report, the Department is 7 months or 58% through the state fiscal year and has expended 66.1% of the dollars spent last year to certified MBEs. We continue to move on a very good steady pace to achieve the MBE goal again this year.

4. Additional Comments

Secretary Prasad advised we are good with encouraging small businesses. We are a leader in the state and people are noticing. The POMT construction brought in and training people. This should be spread around big jobs (i.e., I-595, I-4).

This is the last week for committee meetings. Session starts the week of March 4. We have 115 positions to give up in our bill without giving up salarydollars. FDOT is okay; bills are moving and should be passed during session.

The Secretary reminded staff this is an election year. Our role is to govern, not campaign.

Comments and thanks were made for the employee orientation. Employees appreciate the Tallahassee leadership coming to speak. It makes a good first impression. Remember some of our PE trainees have stayed with the agency to become District Secretaries.

The new logo is getting good reviews. It will be available to the FDOT clothesline soon. ENR recognized FDOT as Owner of the Year.

Secretary Prasad mentioned Jerry Curington will be retiring in July after 38 years with the State of Florida. His service is appreciated.

The meeting adjourned at 9:57 a.m.