

Florida Department of Transportation Monthly Performance Review Meeting February 17, 2016

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

Performance Report – Stefanie Maxwell

This is the 7th performance report of FY2016 and includes program activities through the month of January. The percentage and dollar values provided are rounded.

Performance is determined by comparing work to the adopted plan and production is performance plus added or advanced work.

Statewide performance is:

CONSULTANT ACQUISITION:

- \$ - 100% of the planned dollars plus added or advanced for \$556M YTD.
- # - 106% of the plan in numbers plus added or advanced for 733 YTD.
- ALL DISTRICTS ARE AHEAD OF THEIR PLAN IN NUMBER OF ACQUISITIONS. ONLY 3 ARE BEHIND IN TARGET DOLLARS AMOUNT.

RIGHT-OF-WAY:

CERTIFICATIONS:

- 108% planned certified plus 14 extra for 53 certifications YTD.

PROGRAM EXPENDITURES:

- 146% of the plan program expenditures for \$291M. However, one district is below target.

EMINENT DOMAIN/PARCEL INVENTORY NUMBER:

- 22% are > 24 months with a target of \leq 40%. However, one district is below target.

SURPLUS PROPERTY SUMMARY REPORT:

- \$1.7M in sales and \$7.8M in lease revenue for the year for total of \$9.4M in revenue.

PRODUCTION ISSUES:

ADVANCED PRODUCTION POTENTIAL (APP) as of 2/8/16:

SWAT DASHBOARD UPDATE:

- The SWAT dashboard shows one modification since January of the current 17 projects (row 2).

AMENDMENTS for FY 2016:

- Work Program Amendments totaling \$232.08M have been sent to the Executive Office of Governor for approval.
 - ADDS or ADVANCES \$103.26M
 - DEFERS or DELETES \$128.82M
 - NET REDUCTION OF -\$25.56M

ADDENDA/REVISIONS:

- There were 97 Contract Class 1 lettings in Central Office.
 - 89 Addenda
 - 28 Addenda < 15 days
 - 66 Revisions
 - 21 Mandatory

PROJECT LETTINGS:

Statewide performance is:

- \$ - 76% of the planned plus added or advanced for total of \$951.18M. Three districts are meeting or exceeding the target, however, 6 districts are below target.
- # - 96% of number plus added or advanced for 210 let YTD. Five districts are exceeding the target, however, 4 districts are below target.
- There have been 14 projects not let as planned to date @ \$211.14M. Of these, 6 projects were related to bid rejections, 2 bid protests, and 1 no bids received.

BID ANALYSIS:

- The adopted estimate of the 210 projects was \$1.04 B with the low bid of \$951M for almost \$92M in savings or -9%.
- The difference between official estimate (\$1.05B) and low bid (\$951M) was -10%.

CONSTRUCTION:

- 5.2% cost increase with target of \leq 10% on 193 active contracts. Only 1 district not meeting target.
- 8.3% time increase with target of \leq 20% on 193 active contracts. All districts met target.
- 92.7% of the contracts having final contract costs less than 110% of original, with a target of \geq 90%. Two districts not meeting target.
- 86.5% of the contracts having final contract times less than 120% of original, with a target of \geq 80%. One district not meeting target

VALUE ENGINEERING:

VALUE ENGINEERING (VE) PROGRAMS

- Statewide: 7 VE Study to date.
- \$135.11M in Cost Avoidance/Savings recommendations with \$78.00M approved.
- \$19.58M in Value Added recommendations with \$2.12M approved.
- 43 recommendations with 26 approved or 60% with a target of > 40%.
- 18.90% projects saved and 5.52% program saved.

COST SAVINGS INITIATIVE (CSI) PROGRAM

- 21 CSI acted upon with 21 approved.
- \$8.27M acted upon with \$8.27M approved.
- 0.79% projects saved and 0.59% program saved.

TOTAL PROGRAM SAVINGS VE AND CSI COMBINED

- \$86.27M in total savings
- 6.11% in total program saved with a target of $\geq 2\%$.

Kurt Lieblong gave the following update:

Since the last report in January 2016, there was 1 VE study conducted and 2 Value Engineering recommendations approved worth \$12.7 million in project cost avoidance. There were also 4 Cost Savings Initiative proposals approved totaling \$5.5 million in project savings.

Through January 2016, there were 7 Value Engineering Studies conducted statewide. The Department has approved 26 of 43 (60%) Value Engineering recommendations worth \$78 million in project cost avoidance and \$2.12 million in value added. This resulted in an 18.90% project savings and a 5.52% program savings. During this same period, 21 Cost Savings Initiative proposals were approved worth \$8.27 million in project savings. This resulted in a 0.79% project savings and a 0.59% program savings.

The total combined savings of the VE & CSI programs through January 2016 is \$86.27 million and the combined % program saved is 6.11%.

CONTRACT MAINTENANCE: Statewide performance is:

- 101% of dollar at \$393.50M expenditures.

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

- FLP – 131% of plan for \$498.32M YTD. All districts exceeded target measure.
- FRE – 124% of plan for \$267.21M YTD. One district did not meet target.

LAP PROGRAM:

CONSULTANT LAP ACQUISITIONS

- 443% of dollars
- 106% of number

CONTRACT LAP LETTINGS

- 100% of dollars
- 100% of number

FEDERAL AID:

Total obligation authority available this year	\$1.87B
Percent obligated to date	9.3%
Unexpended balances	0.16%
Financially inactive federal projects	43

TRANSPORTATION COMMISSION MEASURES: These are now highlighted in the Summary report.

MEASURES SUMMARY:

- No one met or exceeded all measure targets.

Construction Cost Indicators – Greg Davis

Greg Davis presented the Construction Cost Indicators report covering the last quarter of calendar year 2015. Oil prices are the highlight of this quarter. Oil prices have dropped to below \$30 per barrel. In May 2014, oil prices were \$101 per barrel; in May 2015, oil prices were down

to \$60 per barrel; and the current price of oil is \$29.44 as of February 16, 2016. Oil prices are predicted to average \$38 per barrel in 2016 and \$47 per barrel in 2017. Bituminous asphalt prices have dropped consistently with oil prices. However, asphalt pavement bid prices have remained stable. The reason for stable asphalt pavement bid prices are not clear, but some reasons may be due to previous purchases of contractor's oil related supplies at higher prices or concerns of future price pressures due to major projects like I-4 Ultimate, I-395, Gateway Expressway, etc. Reinforcing steel prices have dropped due to a collapse in scrap steel prices to almost 50% of its previous peak value. There were similar impacts to structural steel, but limited data was not fully reflective of the trend. Also, there were some outliers due to bridge rehabilitation projects. Structural concrete bid prices were fairly stable with similar outliers as structural steel. There was one exception for structural concrete on a reconstruction project where the bid price was \$375 per cubic yard covering 67% of the quantity for that quarter. Competition was up in the 4th quarter of 2014 with 4.7 bids per contract and only 2.8% of the contracts with 2 bids or less. This percentage of contracts with 2 bidders or less is by far the lowest value in over 2 years. The PPI for residential construction continues to drop indicating that material prices are not increasing. Modest increases are expected from 2016-2018. Florida residential permits and permit values continues to increase, but are still well below peak values of 2005-2006 (high bid price period). These values are expected to continue trending upward. Construction employment continues modest increases and are expected to continue an upward trend through 2018. However, contractors continue to report difficulties with finding skilled workers which results in increased labor cost. The FDOT Quarterly Price Index shows a downward trend since the 3rd quarter of 2014. However, the last quarter of 2015 shows a slight upward trend and expectations are that this will continue due to more highway, residential and commercial construction contracts in the industry.

Salary Projections and Operating Budget – Greg Patterson

The data for this report represents 59% of the fiscal year complete.

Potential Roll Forward (Work Program percent committed):

- District 5 continues to lead the amount of budget committed at 72.81%. Districts 1 and 3 appear low on this measure.

Department Level Operating Budget Categories:

- We have a high percentage of commitment in Contracted Services which is also an often-requested commodity. Expenditures in this category are still low. Since we are nearing the last quarter of the year, it is worth examining encumbrances in this category of budget to ensure there is a plan to expend it. Otherwise reduce the encumbrances and let our office know if you can't use all of your budget. We may be able to find a home for it.
- HRD is tracking very low currently, as is Consultant Fees. While these don't necessarily follow a linear trend, it is unexpected to have only 38% of the budget expended at 60% through the fiscal year.

Fixed Capital Outlay

- We have submitted our FY 2014/15 remaining FCO budget for reversion and managed to reach a 96% commitment.
- The low level of commitment in the current year FCO should increase dramatically when the Coco-Brevard Operations center is under contract.

District by District Comparison

- All districts are currently in tolerance

Salaries and Benefits Data

- Salaries and Benefits budget is within tolerance.

Additional Notes

- So far, both the House and Senate have picked up our 75 position reduction as requested – with no corresponding reduction in Rate or Salary and Benefits budget. If it survives this way to the end of session, we will have filled the remaining negatives in our holding cost centers.

Human Resources Reports – Victoria Kliner

We continue to hold steady on our vacancy percentage at 9% (the same as in January), although this month we did have a net total increase of 13 vacancies. The 9% for both January and February is essentially due to rounding. January's percentage was actually 8.97% and this month it's 9.17%, so those net 13 vacancies represent a difference of less than half a percent.

As to vacancies over 180 days, we still continue to be at the same 2% marker as in January.

Equal Opportunity Office Reports – Terry Watson

Disadvantaged Business Enterprise Report

For the first 4 months of the federal fiscal year, DBE participation on federally funded contracts is at 16.63% compared to our goal of 9.91%. This is the highest we have ever been after 4 months.

The DBE participation on state funded contracts is at 12.56% and the DBE participation on state and federal funds combined is at 14.24%.

For federally funded contracts, Districts 1, 3, 4, 5, 6, and 7 are above the 9.91% goal. For state funded contracts, all of the Districts are above the 9.91% target. Overall, the DBE participation remains very strong and steady.

Thank you to David Sadler, the folks in Construction and Bob Burleson at FTBA for allowing us to provide a special DBE Joint Venture workshop tract at the FTBA Construction Conference. The goal was to try an innovative approach to address our future needs of DBE participation on current and planned "mega" design build projects throughout the state. Attendance by DBEs at the conference exceeded our expectations.

Minority Business Enterprise Report

In the Minority Business Enterprise Report, the Department is 7 months, or 58%, through the state fiscal year and has expended 59.4% of the dollars spent compared to last year with MBEs. So far this year, Districts 1, 4, 5, TP and CO are on track to spend more than they did last year.

The meeting adjourned at 9:11 a.m.