

Florida Department of Transportation Monthly Performance Review Meeting February 19, 2015

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

Performance Report – Freddie Simmons

This report includes the FY2015 program activities through the month of January. The percentage and dollar values provided are rounded.

CONSULTANT ACQUISITION:

- \$ - 100% of the planned dollars plus added or advanced for \$446M YTD.
- # - 106% of the plan in numbers plus added or advanced for 723 YTD.

RIGHT-OF-WAY:

CERTIFICATIONS:

- 139% planned certified plus 17 extra for 53 certifications YTD.

PROGRAM EXPENDITURES:

- 98% of the plan program expenditures for \$247M.

ACQUISITIONS:

- 123% of the planned number for 869 acquisitions YTD.

METHOD OF ACQUISITIONS:

- Statewide negotiation rates are at 69% just below the 70% target.

EMINENT DOMAIN/PARCEL INVENTORY:

- Began the year with 472 parcels in the inventory and now at 493.
- 19% are > 24 months with a target of ≤ 40%.

SURPLUS PROPERTY SUMMARY REPORT:

- \$755K in sales and \$3.9M in lease revenue for the year.

PRODUCTION ISSUES:

ADVANCED PRODUCTION (APP) as of 2/9/15:

- Construction only advancements:

APP AS OF 2/9/15 PHASE 52 ONLY IN \$M					
STATUS	ONLY STATUS 16-17-18-19-28	ALL STATUS	ALL STATUS	ALL STATUS	ALL STATUS
DIST	2015	2016	2017	2018	2019
1	0.0	50.7	157.6	265.2	250.3
2	0.0	166.7	128.3	66.7	260.0
3	0.0	33.4	30.7	0.0	38.7
4	1.7	480.8	294.4	97.1	1.0
5	21.6	18.5	102.6	223.5	103.5
6	0.0	38.6	216.7	114.5	90.8
7	0.0	418.7	33.2	1,281.6	84.3
8	0.0	36.9	34.0	0.0	3.6
SW	23.4	1,244.3	997.5	2,048.6	832.2

- Additional tables were provided with all phases for advancement.

AMENDMENTS for FY 2015:

- Through January 31, Amendments totaled \$340M had been sent to the EOG for approval.
 - ADDS \$225.0M
 - ADVANCES \$16.5M
 - DEFERS - \$63.0M
 - DELETES - \$35.6M

REVISIONS AND ADDENDUMS:

- There were 99 Contract Class 1 lettings in Central Office.
 - 49 Addenda
 - 25 Addenda 15 days
 - 47 Revisions
 - 14 Mandatory

CONTRACT LETTINGS:

- \$ - 82% of the planned plus \$50M added or advanced for total of \$991M
- # - 97% of number plus 14 added or advanced for 231 let YTD.

BID ANALYSIS:

- The adopted estimate of the 231 projects was \$1,039.3 M with the low bid of \$990.6 M for \$48.7 M in savings or -4.7%.
- The difference between official estimate and low bid was -4.3%.

REMAINING LETTINGS:

- With 7 months (58%) completed of the FY, we have 228 scheduled projects remaining to be let at \$1,945M. This is 51% of the number and 66% of the amount remaining. We should be at 42% or less if the program were balanced.
- Of those remaining, 19 projects are > \$25 M. These 19 of the 228 remaining while only 8% of the number equate to \$1.2B or 63% of the amount.

CONSTRUCTION:

- 4.9% cost increase with target of \leq 10% on 154 active contracts.
- 10.3% time increase with target of \leq 20% on 154 active contracts.

- 91.6% of the contracts having final contract costs less than 110% of original, with a target of $\geq 90\%$ (contract status 6, 7 or 8) - 2 districts did not meet target.
- 74.0% of the contracts having final contract times less than 120% of original, with a target of $\geq 80\%$ (contract status 6, 7 or 8) - 4 districts did not meet the target.

VALUE ENGINEERING:

VALUE ENGINEERING (VE) PROGRAMS

- Statewide: 12 VE Study to date.
- \$642 M in Cost Avoidance/Savings recommendations with \$230M approved.
- \$222M in Value Added recommendations with \$94M approved.
- 135 recommendations with 85 approved or 63% with a target of $> 40\%$.
- 8.31% projects saved and 18.32% program saved.

COST SAVINGS INITIATIVE (CSI) PROGRAM

- 21 CSI acted upon with 18 approved.
- \$3.18M acted upon with \$3.08M approved.
- 0.42% projects saved and 0.25% program saved.

TOTAL PROGRAM SAVINGS VE AND CSI COMBINED

- \$233.32M in total savings
- 18.57% in total program saved with a target of $\geq 2\%$.

Kurt Lieblong gave the following report:

Since the last report in January 2015, there were 2 VE studies conducted and 14 Value Engineering recommendations approved worth \$31.73 million in project cost avoidance.

Through January 2015, there were 12 Value Engineering Studies conducted statewide. The Department has approved 85 of 135 (63%) Value Engineering recommendations worth \$230.24 million in project cost avoidance and \$94.42 million in value added. This resulted in an 8.31% project savings and an 18.32% program savings. During this same period, 18 Cost Savings Initiative proposals were approved worth \$3.08 million in project savings. This resulted in a 0.42% project savings and a 0.25% program savings.

The total combined savings of the VE & CSI programs through December 2014 is \$233.32 million and the combined % program saved is 18.57%.

CONTRACT MAINTENANCE:

- 102% of dollar at \$351.6M expenditures.

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

- FLP – 121% of plan for \$558.4M YTD.
- FRE – 182% of plan for \$110.4M YTD.

LAP PROGRAM:

CONSULTANT LAP ACQUISITIONS

- 85% of dollars plus \$1.36M adds or advances for total of \$4.93M
- 105% of number plus 5 adds or advances for 25 total YTD.

CONTRACT LAP LETTINGS

- 109% of dollars plus \$1.85M adds or advances for total of \$47.08M

- 109% of number plus 4 adds or advances for 52 total YTD.

FEDERAL AID:

- Total OA available for this Federal FY is \$1,795,211,000
- Total Obligation through January 31, 2015 for Federal FY = \$382,251,000
- Unexpended balance is at 0.33% with target of < 2.00%.

James Jobe provided the following report:

Federal Legislation:

We are still operating under the MAP-21 extension through May which provides a continuation of the federal surface transportation program. In December, the 113th Congress passed a full year's appropriation bill for the USDOT, which provided federal budget authority for the rest of the year.

The 114th Congress is now in session and struggling with how to fund transportation needs after May, and what to do about the federal Highway Trust Fund which is due to become insolvent by the end of the summer.

On February 2, 2015, as part of the FY 2016 federal budget proposal, the President released a summary of a six-year, \$478 billion surface transportation reauthorization entitled GROW AMERICA (Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America). This updated GROW AMERICA package builds on the Administration's original proposal of the same title released in April 2014.

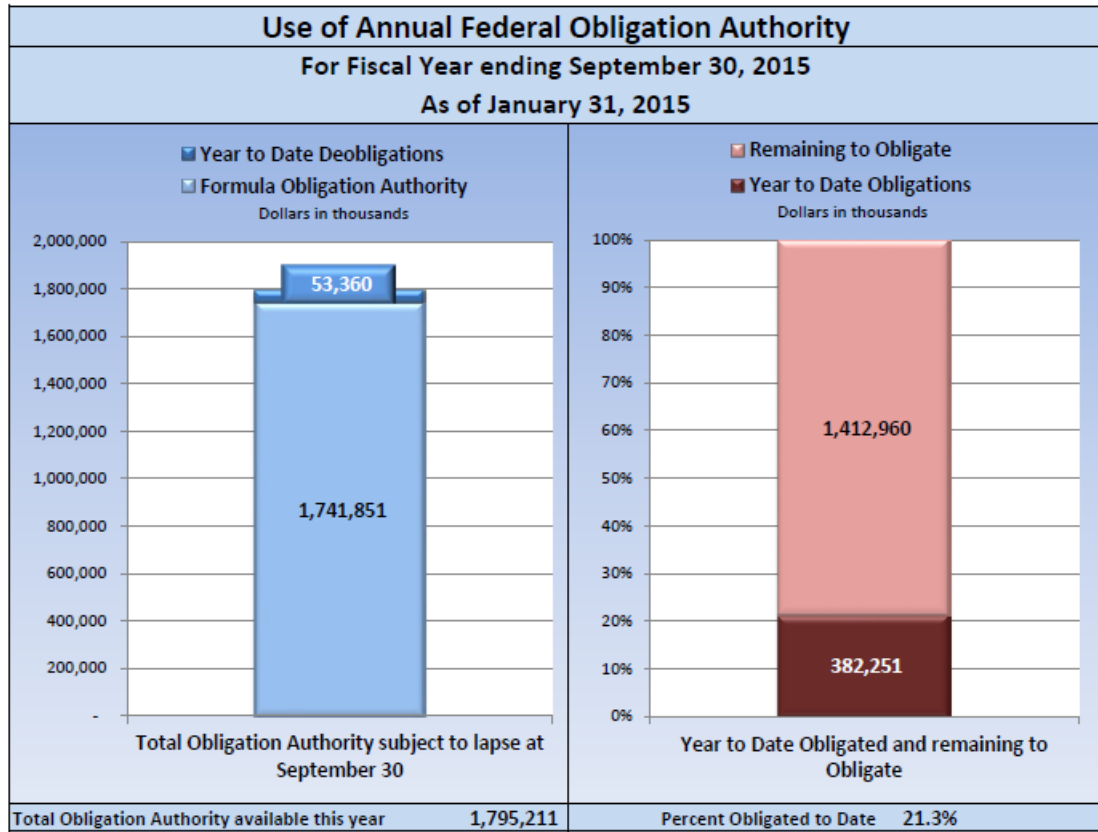
Unlike the last three times the GROW AMERICA proposal was offered, this iteration proposes a specific revenue source for funding the proposal. Namely, "a one-time transition toll charge of 14 percent on the untaxed foreign earnings that US corporations have accumulated overseas". The problem here is that, once again, this is only a temporary solution and, at the end of the last year of the six year bill the Highway Trust Fund is predicted to be in worse shape than it is now.

There are a lot of proposals being considered by Congress right now, but there's still no clear consensus on the terms, funding levels, financing sources or duration of a new transportation bill. There is still a high probability that another MAP-21 extension may be the outcome we see before the end of May when the current extension runs out.

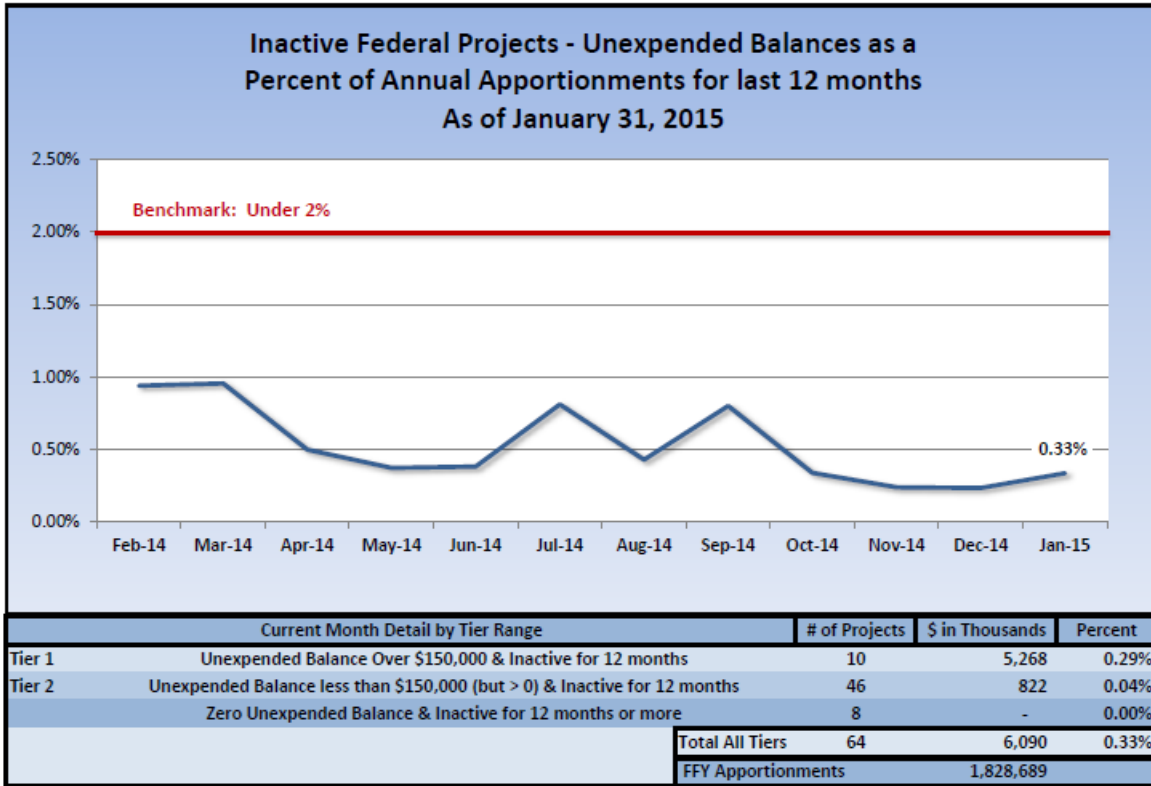
Obligation Authority Plan:

At the end of last month we had total year to date obligations of \$382 million, which represents 21.3% of our total Obligation Authority for the year, which includes \$53 million in year-to-date deobligations that must be reobligated before year end.

Inactive Federal Aid Projects:



The current official FHWA definition of a financially inactive federal aid project is one with no financial activity for one year or more. This is the criterion which is used when comparing against the national benchmark of 2% of each state’s annual federal apportionments.



We are still maintaining our inactive percentages well below the national benchmark, as shown in the chart. Last month our overall inactive percentage was .33%, consisting of just 64 inactive projects.

TRANSPORTATION COMMISSION MEASURES:

- 7 districts did not meet the \$Letting target due to low bids, or projects not let due to bid rejections or moves.
- The Construction Contract Time Adjustments at 74.0% had 4 districts not meeting the target.
- Individual measure not meeting target in the districts are highlighted.

MEASURES SUMMARY:

- Congratulations to D6 who met or exceeded all measure targets.

Construction Cost Indicators – Greg Davis

The latest construction cost indicators were presented by Greg Davis. The current wild cards with potential impacts to construction cost are oil prices and the I-4 Ultimate P3 project. Nationally, the PPI decreased this quarter, but are projected to show a modest increase in the coming years for minimal impact to contractor's costs for materials. The Florida housing market continues to grow and is projected to grow in the next 3 years, but remains well below peak values in 2005-2006 during a time of material shortages and low bidding competition. Construction employment in Florida continues on an upward trend for the third quarter in a row and is projected to continue on an upward trend. Oil and diesel fuel prices have significantly dropped over the past two quarters, but is expected to gradually return to normal levels. Low fuel

prices have led to lower bituminous asphalt liquid prices and a drop in asphalt pavement bidding prices this quarter. Structural concrete and steel prices have been fluctuating, but remain stable over time. Periodic spikes in bidding prices have been due to bridge rehabilitation cost. Bid prices are still below the estimate, but is on an upward trend. Competition dropped slightly this quarter, but remains near 4.5 bidders per contract.

In summary, material prices are expected to modestly increase; the Florida housing market remains below previous peak values; construction employment is expected to continue upward; oil prices are expected to gradually return to normal prices; bid prices are fluctuating, but remain stable overall; competition is expected to remain stable; and the I-4 Ultimate project will have limited impacts on construction cost. Recent risk assessments done on other large projects are projecting a 50% probability of 5%-10% increase in material cost (about 40% of total construction cost) due to the I-4 Ultimate contract.

Salary Projections and Operating Budget – Greg Patterson

Potential Roll Forward

- At 59% of the year completed, three districts are surpassing the average: Districts 5, 6, and 7.
- District 6 moved ahead of District 5 in percentage of funds completed, so congratulations are due to District 6.
- All districts are currently within a reasonable level of funding commitment at this point in the year, with several large lettings scheduled in the months ahead.

FCO Report

- The FY 2013-14 FCO is now complete with the remaining funding reverting. The department managed to commit/expend 99.5% of the FCO budget, which is excellent.
- FY 2014-15 FCO is ahead of the year average at 61.1%, which is commendable.

Operating Budget Categories

- Categories are all within tolerance levels for this point in the fiscal year. Those with low levels of expenditures still have high levels of encumbrance for the remainder of the fiscal year.

Salaries and Benefits Budget

- This category has a predictable linear progression for the fiscal year and is well within tolerance of 59% at 51.4%.

Human Resources Reports – Irene Cabral provided the HR report.

Equal Opportunity Office Reports – Art Wright

Disadvantaged Business Enterprise Report

For the first four months of the federal fiscal year, DBE participation on federally funded contracts is at 12.14% compared to our new goal of 9.91%. The DBE participation on state funded contracts is at 10.33% and the DBE participation on state and federal funds combined is at 11.07%. All are slightly above our percentages from last month.

For federally funded contracts, Districts 2, 3, 5, 6 and 7 remain above the 9.91% goal. For state funded contracts, Districts 1, 3, 5, and 6 are above the 9.91% goal. The chart shows the DBE participation for each month.

Over the last month, a few professional services contracts that stood out that helped to increase our DBE participation include:

- In District 1, AIM Engineering reported 16.53% on a \$6.7 million contract
- In District 5, URS reported 24.74% on a \$7.7 million contract
- For the Turnpike, Jacobs Engineering reported 23.40% on a \$3.6 million contract

A few months ago, I discussed the big increase over the last 5 years in the number of DBEs that are getting contracts as a Prime. In Professional Services so far this year, the top DBE prime consultants are:

- ICON Consultant Group
- BCC Engineering
- WBQ Design & Engineering
- Pinnacle Consulting
- A & P Consulting Transportation Engineers
- Patel Greene & Associates

Minority Business Enterprise Report

In the Minority Business Enterprise Report, the Department is 7 months or 58.3% through the state fiscal year and has expended 57.6% of the dollars spent compared to last year with MBEs. We are slightly behind schedule and will continue to monitor this very carefully. Most of the dollars we capture in this report is in our highway program where DBEs are also certified as MBEs. We will be contracting some of the DBEs that are not certified as an MBE. So far this year, Districts 1, 3, 6, and 7 are on track to spend more than they did last year.

4. Additional Comments

Assistant Secretary Brian Blanchard advised all did a great job with the work program. He was at the Construction Conference and contractors are excited about projects and that we are creating jobs.

The meeting adjourned at 9:20 a.m.