

Florida Department of Transportation Monthly Performance Review Meeting September 19, 2013

1. Acknowledgement of Visitors: No visitors were introduced.

Mark Reichert advised the Commission is looking forward to having everyone at the Transportation Commission Meeting in Panama City. There will be a review and presentation of the FDOT's work. This is the first time in history that FDOT has hit 100% of their objectives on the primary work program. There will also be a port tour at 12:30 the day before if anyone is available.

2. Review of Minutes: The July minutes were reviewed.
3. Monthly Reports:

Performance Report (Freddie Simmons)

This Performance Report is for Program activities through August for FY 2014.

- This shows some issues that you may want to have staff address.
- We are trying to get the report out earlier than last FY giving time for review and any correction or additions needed. A final copy of the Report will be posted on line after the meeting with changes included.

CONSULTANT ACQUISITION:

- Executed 106% of the plan statewide in dollars with \$156M total to date.
- Executed 116% of the plan statewide in numbers with 272 total to date.
- Note how the total to date was produced. Even though we have done 116% of the plan to date in number, 79 were advanced and 31 were added. Actually, only 77% have been done according to the monthly adopted plan. 25 scheduled acquisitions have not been done in the first 2 months.
- A chart was added showing how the performance would look if we tracked totally as planned by month instead of accumulating throughout the FY. There are 6 out of 8 districts that would have red boxes.
- Note that D6 has a gold star. I would like to commend D6. They executed 43 of 43 fully as planned plus added 15.
- The 25 acquisitions not done to date are listed.

RIGHT-OF-WAY:

CERTIFICATIONS:

- Certified 100% of the plan statewide plus 3 extras for 14 total.

PROGRAM EXPENDITURES:

- Acquired 102% of the dollar value of parcel acquisitions for \$48.7M.

- Some districts have gotten a jump on their expenditures while others are around 50% through the first two months.

ACQUISITIONS:

- Completed 140% of the YTD number plus 55 extras for 191 total.
- Additional purchase supporting data is also presented.

METHOD OF ACQUISITIONS:

- Statewide negotiation rates are at 76% with the 70% target.
- Those with higher negotiation rates typically are not meeting the $\geq 50\%$ parcel negotiation rate within 20% of initial offer target. This could be appraisal related, market related, court history, etc.

EMINENT DOMAIN/PARCEL INVENTORY:

- Began the year 7/1/13 with 287 parcels in the inventory and are now at 373.
- Note: D1, D3 and D6 have either 1 or no parcels in the > 24 months inventory.

EXCESS PROPERTY SUMMARY REPORT

SECRETARY'S EXCESS PROPERTY SUMMARY REPORT										
AUGUST 2013										
CATEGORIES	D1	D2	D3	D4	D5	D6	D7	TURNPIKE	STATEWIDE	END OF FY 2013
# of Parcels Identified as Excess	54	70	41	51	426	69	154	261	1126	946
# of Parcels Under Review for Sale	1	0	15	0	22	6	18	1	63	69
# of Parcels Available for Sale	24	129	0	20	4	71	53	13	314	299
# of Parcels with Conveyance Pending	0	1	1	11	0	2	5	0	20	32
# of Parcels Under Review for Lease	0	0	0	0	0	6	1	0	7	7
# of Parcels Available for Lease	4	0	0	18	2	50	14	3	91	95
# of Parcels Sold in FY 2013/2014	0	5	0	0	2	0	2	2	11	41
Sales Revenue for FY 2013/2014	\$	\$ 185,700	\$	\$	\$ 13,000	\$	\$ 375,900	\$ 1,010,000	\$ 1,584,600	\$ 2,606,954
# of Leases with Revenue in FY 2013/2014	11	1	11	31	20	62	37	7	180	301
Lease Revenue for FY 2013/2014	\$ 14,910	\$ 1,061	\$ 33,821	\$ 359,986	\$ 90,693	\$ 230,460	\$ 111,769	\$ 24,146	\$ 866,845	\$ 3,891,634

NOTE: This report is subject to change upon reconciliations with the Comptroller's Office.

PRODUCTION ISSUES:

ADVANCED PRODUCTION (APP) as of JULY 11, 2013

	2014	2015	2016
SW Total	488,246,897	980,699,467	1,037,841,017

AMENDMENTS for FY 2013

We have had a total of \$12.3M in deletes or defers and \$87.7M in adds or advances through August 31.

REVISIONS AND ADDENDUMS

- There were 16 Contract Class 1 projects let in Central Office in FY2014 with:
 - 22 addenda
 - 5 were within 15 days
 - 22 revisions were processed
 - 16 were mandatory.

CONTRACT LETTINGS:

- Let to contract 88% of the dollar plan for \$344M total to date.
- Let to contract 94% of the adopted number for 61 to date.
- 4 projects have not been let as planned to date for about \$45M.
- D3 had one bid rejected and D5 has moved a \$43M SR50 project to October. The other 2 are advertised.

BID ANALYSIS:

- The adopted estimate of the 61 bids to date was \$390M with the low bid of \$344M for \$46M in savings or 12%.
- Last FY after 2 months we were at \$20.1M in savings at -11%, but we had only let half of current amount.
- The difference between official estimate and low bids was -9%.
- 9 of the 61 projects let to date accounted for \$44M of the \$46M in savings to date.
- There were 34 projects of the 61 that were \leq \$1M that averaged less than 2% low bids.
- Low bids are about the same as last year to date. But there is a significant change since 2009.

CONSTRUCTION:

- YTD at 3.6% cost increase with target of \leq 10% on 112 active contracts.
- YTD at 7.8% time increase with target of \leq 20% on 112 active contracts.
- We may want to consider lowering these targets as we have been below both of them for 10+ years. Ananth mentioned this in the past.
- YTD with 90.2% 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 81.3% of the contracts having final contract times less than 120% of original, with a target of \geq 80% (contract status 6, 7 or 8).
- Contracts not meeting these targets are shown using the same target values as the primary measures.
- I included is a slide showing the history of cost and time since 2006. I highlighted those districts that have experienced noted increases in the past two years.

VALUE ENGINEERING:

VALUE ENGINEERING (VE) PROGRAMS

- Statewide 1 VE Study to date.
- \$186M in Cost Avoidance/Savings recommendations with \$19M approved.
- \$3.7M in Value Added recommendations with \$0.9M approved.
- 35 recommendations with 9 approved or 26% with a target of > 40%.
- 1.3% projects saved and 3.8% program saved.

COST SAVINGS INITIATIVE (CSI) PROGRAM

- 6 CSI acted upon with 5 approved.
- \$1.1M acted upon with \$1.0M approved.
- 1.29% projects saved and 0.19% program saved.

Kurt Lieblong advised through August 2013, there was 1 Value Engineering Study conducted statewide. The Department approved 9 of 35 (26%) Value Engineering recommendations worth \$19.13 million in project cost avoidance and \$0.93 million in value added. This resulted in a 1.29% project savings and a 3.80% program savings. During this same period, 5 Cost Savings Initiatives were approved worth \$0.97 million in project savings. This resulted in a 1.29% project savings and a 0.19% program savings.

District 3 was presented the District of the Year Award for their performance in the VE and CSI programs during fiscal year 2012/2013.

CONTRACT MAINTENANCE:

- \$ Contracted statewide 113% of YTD plan (\$244M).
- # Contracted statewide 121% of YTD plan (683).
- Included were charts of the district program expenditures. Most districts are near or ahead of their plan to date.

FREIGHT, LOGISTICS, AND PASSENGER OPERATIONS (FLP):

- FLP YTD at 144% of plan (\$182M).
- FRE YTD at 223% of plan (\$13M).
- Included are charts of the district program expenditures.

LAP PROGRAM:

CONSULTANT LAP ACQUISITIONS

- Executed 112% dollars and 133% number to date

CONTRACT LAP LETTINGS

- Let YTD 306% of dollars and 275% of number to date

FEDERAL AID

- Total Obligation available this year = \$1,982,426,000
- Obligations through August 31, 2013 = \$1,851,418,000...or...93.4%
- Unexpended balance is at 0.74% with target of < 2.00%.

James Jobe presented the Federal Aid Report.

Federal Legislation:

FFY2014 Appropriations Act

Back in July, I discussed both the House and Senate version of the USDOT FFY2014 Appropriations Act and the large difference in overall funding levels between the two versions of the bill. Since then neither bill has passed.

It is now two months later and the conversation has now turned to the larger issue of how Congress will prevent a shutdown of the entire federal government at the end of this month. Leadership of both parties in both the House and Senate are grappling with this issue and trying to find common ground for continuing to fund the federal government on a short term basis through the passage of a Continuing Resolution. The best outcome to be expected under the present circumstances is a "clean" Continuing Resolution that funds the federal government at current levels of funding for several weeks or several months.

August Redistribution of Obligation Authority

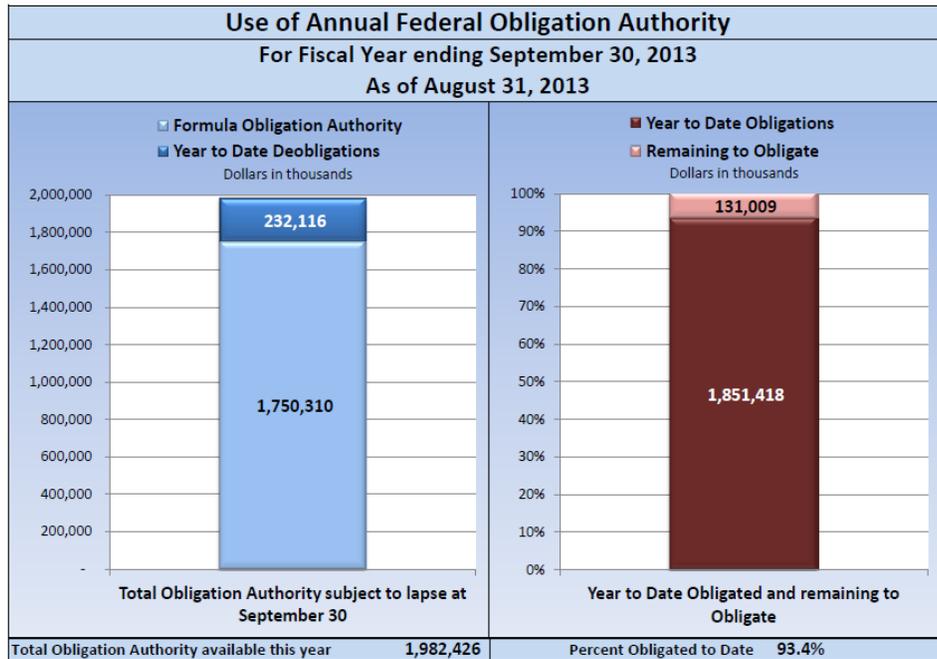
Last month FHWA requested of all the states the amount of additional Obligation Authority that each state could consume by the end of September. This is a routine request we receive annually each August. This year we requested an additional \$100 million, and last week we were notified that we received an additional \$75.4 million. This is the second highest amount of redistributed OA that Florida has ever received, topped only by the \$87 million we received in FFY2006.

This additional OA will be obligated on additional AC conversions.

Obligation Authority Plan:

At the end of last month, we had almost \$1.98 billion to obligate, which includes \$232 million in year-to-date deobligations on projects that released funds and OA arising from low bids and closing projects under budget.

Through August we obligated \$1.85 billion, which is 93.4% of the total annual plan of obligation.



This week we are processing another \$50 million in AC conversions along with the remaining federal project authorizations needed to complete our production for the rest of the federal fiscal year. Once these are approved by FHWA, we will process a final AC conversion to complete the consumption of 100% of our remaining Obligation Authority for the federal year. The final transaction will be approved by FHWA prior to the federal books closing on Thursday, September 26th.

Financially Inactive Federal Aid Projects:

The chart is the statewide summary of our financially inactive federal aid projects. It shows the current status of these obligated but unexpended balances as of month end, and also shows a trend line of the percentage obligated but still unexpended at the end of each of the last 24 months.

Also noted on the chart is the national benchmark used by FHWA, which has been recently reduced to a maximum of 2% of each state’s annual federal apportionments. The new Tier structure currently in effect is also noted on the chart.

Florida was well below the 2% benchmark at the end of August with an overall inactive rate of 0.74 percent.

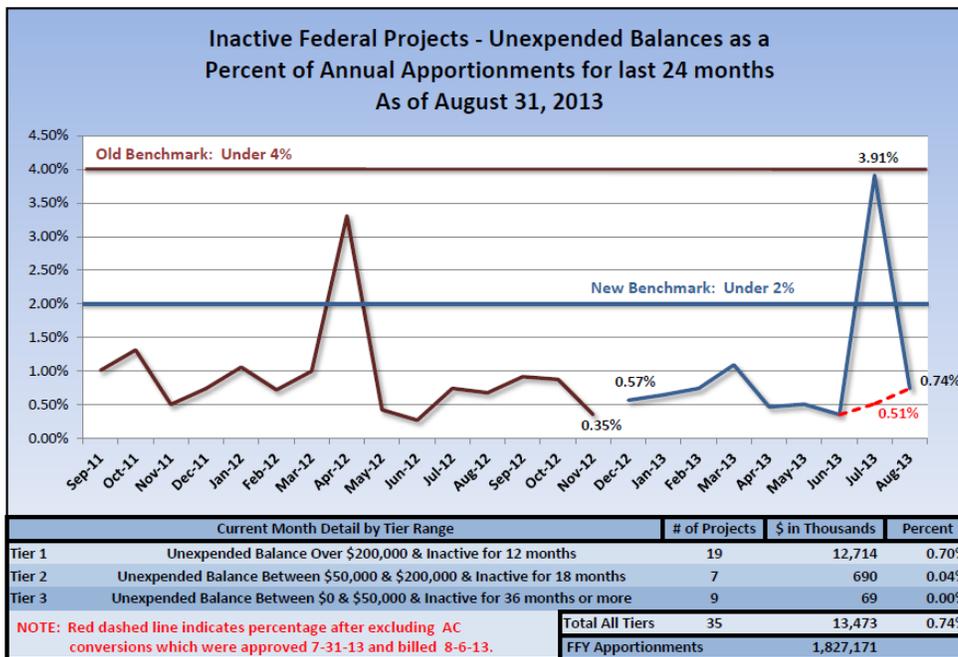
However, because there was no Performance Review meeting last month, I did not have the opportunity to present the inactivity status as of the end of July. I would like to take this opportunity to explain the anomaly which spiked our inactive percentage all the way up to 3.91% at the end of July.

The last week of July we processed a number of large AC conversions of projects for which we had never billed FHWA for the incurred expenditures. These projects had been originally authorized several years ago in AC mode and the expenditures never billed to FHWA, so when FHWA approved the AC conversions on July 31st they immediately became classified as financially inactive. They were classified as inactive until the accumulated expenditures could be billed against the federal funds to which these projects had been converted. These accumulated expenditures were billed in the next weekly bill which was on August 6th.

Technically, they were financially inactive for a period of only 6 days. Unfortunately, FHWA's official reports don't take into account this situation, and they have not modified their reports to accommodate this timing issue. This is the first time Florida has been caught in this situation and we've taken steps to ensure we time our future AC conversions to avoid this month end condition that would inaccurately inflate our inactive percentages.

In a recent AASHTO review of FHWA's monitoring and reporting on financial inactivity, a number of states reported that they had been caught in this same situation. They petitioned FHWA to revise their reporting criteria to exclude these types of projects since they cause an unfair and inaccurate portrayal of the states' inactive percentages. So far, FHWA has not agreed to change its reporting criteria to exclude converted projects in this condition at month end.

If the expenditures had billed on these projects before the end of July, they would not have appeared on the inactive list and our percentage inactive would have been 0.51 percent instead of 3.91 percent.



TRANSPORTATION COMMISSION MEASURES:

- All measures were met except Construction contract number of lettings at 94% with target of 95%.
- The 20 targets for FY 12/13 in the TC Report were all met. Excellent!!

GOVERNOR'S PERFORMANCE REPORT MEASURES:

FLORIDA DEPARTMENT OF TRANSPORTATION					
KEY PERFORMANCE STANDARDS FOR FY 2014 (THROUGH AUGUST 31, 2013)					
PERFORMANCE MEASURES	DESCRIPTION OF STANDARD	DESIRED PERFORMANCE OR STANDARD		ACTUAL PERFORMANCE FISCAL YEAR TO DATE	
CONSTRUCTION CONTRACT LETTINGS (Reported Monthly)	Monthly the Department tracks contract lettings compared to the July 1 Adopted Plan for the current fiscal year. These are for Highway and Bridge Programs only, which includes Resurfacing, Bridges, Roadway, Safety, and Traffic Operations. The desired standard is to let to contract 95% or more of the planned number and dollar amount.	Numbers of Lettings	Amount of Lettings	Numbers of Lettings	Amount of Lettings
		≥ 95%	≥ 95%	94% 65 Plan 61 Performance 61 Production	88% Plan \$391 M Performance \$344 M Production \$344 M
CONSTRUCTION CONTRACT COST AND TIME ADJUSTMENTS (Reported Monthly)	When projects reach a status of being conditionally, materially, and finally accepted (status 6, 7 or 8), the time and cost changes are determined. The desired standard is for contracts to be completed within 10% of the original contract amount and within 20% of the original contract time.	Cost	Time	Cost	Time
		< 10% Increase	< 20% Increase	3.6%	7.8%
CONSULTANT PROJECT ACQUISITIONS (Reported Monthly)	These represent the number and dollar amounts of projects included in consultant contracts secured for the performance of preliminary engineering (PE), right-of-way (R/W), or construction engineering & inspection (CEI) services for the Department. They are compared to the July 1 Adopted Plan for the current fiscal year. The desired standard is to execute to contract 95% or more of those planned number and dollar amount.	Numbers of Projects	Amount of Projects	Numbers of Projects	Amount of Projects
		≥ 95%	≥ 95%	116% 207 Plan 241 Performance 272 Production	106% Plan \$139 M Performance \$147 M Production \$156 M
HIGHWAY MAINTENANCE PROGRAM EXPENDITURES (Reported Monthly)	Highway maintenance contracts are compared to the July 1 Adopted Plan for the current fiscal year and are tracked monthly. The desired standard is to execute to contract 90% or more of the planned number and dollar amount.	Numbers of Contracts	Amount of Contracts	Numbers of Contracts	Amount of Contracts
		≥ 90%	≥ 90%	121% 566 Plan 683 Performance	113% Plan \$216M Performance \$244M
FREIGHT LOGISTICS AND PASSENGER OPERATIONS PROGRAM EXPENDITURES (Reported Monthly)	Monthly the Department tracks freight, logistics and passenger operations contracts compared to the July 1 Adopted Plan for the current fiscal year. The desired standard is to execute to contract 90% or more of the plan.	Amount of Contracts		Amount of Contracts	
		≥ 90%		144% Plan \$126 M Performance \$182 M	

MEASURES SUMMARY:

- The Turnpike met or exceeded all measure targets.

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 which indicated (as of 08/30/13) a 52% overall commitment level of the selected categories. Potential Roll Forward by District (as of 09/01/13) was also presented which reflected an overall 30.4% 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. Additional slides featured the select Operating Budget categories mentioned above by District / Unit, as well as Salaries & Benefits Budget data. As of 08/30/13, there was a 12.1% overall commitment of Salaries & Benefits budget.

Currently, we are approximately 17% through the fiscal year. At the current rate of commitment for Salaries & Benefits, we would look to have a \$21M reversion in this category.

Prior to Irene Cabral's HR presentation on FTE vacancies, there was a brief discussion regarding uniform management of allocations for all districts; development of budget issues; and, that a summary of FY13 reversions will be presented at the next meeting.

Human Resources Report (Irene Cabral)

Ms. Cabral gave the following information in her report:

- The deadline to take the CBT on establishing SMART goals is September 30.

- The Internship Program is launched and advertised. We have 55 openings for the fall term.
- Pay increase implementation effective October 1 is \$1400 for under \$40,000 and \$1000 for over \$40,000. Those with an EPS score below 3.0 are not included. They may be added later if the PIP is completed and they are re-rated at or over 3.0, but it will not be retroactive. Probationary employees are eligible for the increase.

Economic Parity (Art Wright)

The Economic Parity numbers have been updated and the process has been revised based upon your input from a previous Performance Review meeting. The report shows our current needs for females by ethnicity. The needs are based on our workforce during that month, so our needs can change from month to month. The report also shows the number of new hires during August and the number hired in a category where a need exists. The last two columns show the year-to-date information. The report also shows the same information for males. For Officials and Administrators, we have a need of 7 Hispanics. During August, we had 11 opportunities and hired 2 Hispanics. The report summarizes this information by District. For Official and Administrators, the previous chart showed we had 11 opportunities and hired 2 Hispanic males. The 11 opportunities are broken down by district and show the districts that hired the Hispanics.

Disadvantaged Business Enterprise (DBE) Report (Art Wright)

In the DBE Report through August, the Department continues to be at a very high level of DBE participation. The DBE goal for our federally funded contracts is 8.60% and the reported DBE participation 11 months through the federal fiscal year is 12.66% on federally funded contracts. The report shows the district breakdown on federally funded contracts. The report also shows our state funded contracts where we have 10.57% DBE participation and the federal and state funds combined shows 11.80% DBE participation.

Some consultants and contractors that helped make a difference in August include:

- District 2 awarded a \$1.5 million contract to Comprehensive Engineering Services who reported 30.17% DBE participation;
- American Consulting Engineers was awarded multiple contracts in Districts 6 and 3 totaling about \$3 million and they reported 24.4% DBE participation on those contracts;
- DRMP was awarded multiple contracts in Districts 1, 2 & 3 totaling about \$5.8 million and reported 20.80% DBE participation; and
- Oldcastle Southern Group was awarded multiple contracts in District 7 totaling about \$9.7 million and reported 12.42% DBE participation.

Minority Business Enterprise (MBE) Report (Art Wright)

In the Minority Business Enterprise Report, the Department is two months, or about 17%, through the state fiscal year and has expended 23.9% of the dollars spent last year. We are getting off to a very good early start this year.

Business Development Initiative (BDI) Report (Art Wright)

This is a new report to track the Department's progress on meeting our goal to reserve 10% of our contracts for small businesses under the Business Development Initiative. The report is divided into Construction/Maintenance and Professional Services contracts.

The total number of BDI contracts is based on what has been submitted to the Equal Opportunity Office for inclusion into our BDI list. The number for the total number of contracts was obtained from 3 different sources. The number of construction contracts was taken from Freddie's

performance report and added to the number of maintenance contracts that was provided by the district maintenance offices. The number for the total number professional services contracts was obtained from the district Professional Services Administrators.

The Department is very close in achieving the 10% goal in both categories with 9.14% in Construction/Maintenance and 9.51% in Professional Services contracts. The report reflects the dollars associated with those contracts that are reserved for small businesses.

The plan for this report is to get on the quarterly report schedule so the next report will be presented at the January Performance Review meeting.

4. Additional Comments - None

The meeting adjourned at 10:00 a.m.