Florida Department of Transportation
Monthly Performance Review Meeting
February 16, 2012

1. Acknowledgement of Visitors: Greg Evans, new District 2 Secretary, was recognized as well as Chris Smith, District 1 Director.

2. Review of Minutes: The January minutes were reviewed. No changes were made.

3. Monthly Reports:

A. Performance Report – Freddie Simmons presented the Performance Report covering performance activities through January 2012. The Presentation format is a narrative summary of all programs in a short, yet comprehensive review. At the end of the presentation is a link to all data represented. District staff is available for questions. A final copy of the Report will be posted on line after the meeting.

CONSULTANT ACQUISITIONS (Target 95% and 105% of Adopted)

THE NUMBERS: (*Target between 95%-105% of Adopted*)

Adopted	1,002
YTD Plan	623
YTD Performance	726 (103 ahead of plan)
YTD Production	780 (157 total ahead of plan)
YTD of Adopted	117%

All Districts are within or ahead of target in number.

THE $ AMOUNT: *(Target between 95%-105% of Adopted)*

Adopted	$762 M
YTD Plan	$409 M
YTD Performance	$404 M ($5M ahead of plan)
YTD Production	$440 M ($31M total ahead of plan)
YTD of Adopted	99%

Districts are ahead of Target except D4 @ 91%, D5 @ 62% and D7 @ 90%.

RIGHT-OF-WAY (Targets Vary)

CERTIFICATIONS: *(TARGET 90% - 110% OF ADOPTED)*

	YTD Numbers:
Adopted	39
YTD Plan	22
YTD Performance	25 (YTD at 114%, 3 ahead of plan)
YTD Production	33 (11 ahead of plan)

All districts have met or exceeded their Target.

ACQUISITIONS:(*TARGET > 98% OF ADOPTED) (TARGET 80% - 120% OF ADOPTED)*

	YTD NUMBERS:	YTD $ COMMITTED:
Adopted	1042	$309 M
YTD Plan	413	$135 M
YTD Actual	593 (YTD at 144%) (180 ahead of plan)	$120 M (YTD at 88%) ($15M behind plan)

Number: All districts are ahead of Target in number of parcels except D6 at 96%
Dollar: 3 districts are behind the Target, D1 @72%, D5 @ 76%, and D6 @ 65%.

PARCEL INVENTORY: *(TARGET < 40% OF PARCELS ON INVENTORY > 24 MONTHS)*

0-12 Months	114
12-24 Months	53
> 24 Months	57 (YTD at 25%)
Total	224

D6 (100%) and D7 (42%) exceed the 40% Target.

OTHER PARCEL ACQUISITION MEASURES:

- Negotiation rate for Acquired Parcels
  (Target ≥ 70%) YTD at 77% D5 at 65% did not meet the ≥ 70% Target.
- Order of Taking rate for Acquired Parcels
  (Target ≤ 30%) YTD at 23% D5 at 35% did not meet the ≤ 30% Target.
- Parcels negotiated within 20% of initial offer
  (Target ≥ 50%) YTD at 77%
- Parcels acquired with final judgment amounts ≤ 50% of the range of contention
  (Target ≥ 50%) YTD at 78% D1 (0 of 1) did not meet the Target.

EXCESS PARCELS:

- Excess parcels 958
- Available for sale 243
- Available for lease 86
- Parcels sold this FY 21 for $324,946
- Revenue leases this FY 222 for $4,929,678

PRODUCTION ISSUES

ADVANCED PRODUCTION (APP): (As of FEBRUARY 9, 2012)

Annual Target $717 M….50% of the average annual lettings from the first 3 years of the Adopted work program.

For 2012-2017, we show the following total for Advanced Production:

By Phase:		By Fiscal Year:	
Consultant	$94M	2012	$280M
ROW	$909M	2013	$1,194M
Construction	$4,684M	2014	$848M
CEI	$496M	2015	$773M
Miscellaneous	$56M	2016	$2,025M
Total	$6,239M	2017	$1,119M

AMENDMENTS: (As of JANUARY 25, 2012)

These are amendments processed through the Central Office and sent to the Governor's Office for approval.

July 1, 2011 through JANUARY 25, 2012, we have processed 244 amendments to EOG totaling $528 M.

The amendments were:		
	Add	$314M
	Advance	$88M
	Defer	$56M
	Delete	$70M

D1…36@ $117M	D2…26 @ $46M	D3…19 @ $67M	D4…41 @ $69M
D5…54@ $44M	D6…20 @ $38M	D7…40 @ $133M	TE…2 @ $5M
C0/MISC….6 @ $11M			

ADDENDA/REVISIONS: *JULY 2011 THROUGH JANUARY 2012 CC1 LETTINGS*

These are plan or plan package changes made to contracts being processed for letting through the Central Office.

Through January, 2012, we have let 100 contracts in Central Office.

These have resulted in: 92Addenda
54 Addenda < 15 days
87 Revisions

CONTRACT LETTINGS (Target 95% and 105% of Adopted)

THE NUMBERS: *(Target 95% -105% of Adopted)*

Adopted	421
YTD Plan	230
YTD Performance	230
YTD of Adopted	100%
YTD Production	246 (16 ahead of plan-added or advanced)

All districts are at or ahead of Target except D7 (87%).

THE $ AMOUNT*:* *(Target 95% -105% of Adopted)*

Adopted	$2,115 M
YTD Plan	$1,053 M
YTD Performance	$646 M
YTD of Adopted	61%
YTD Production	$692 M ($46M added or advanced)

D1@ 64%, D2 @ 64%, D3 @ 89%, D5 @ 39%, D6 @ 86%, and D7 @ 47% are behind Target, primarily due to low bids as all but D7 are ahead in letting numbers. Statewide is @ 61%.

REMAINING PRODUCTION DISCUSSION:

There are currently 239 projects @ $1,264M scheduled to be let from February through June. Assuming similar bid savings, this would result in actual bids of $1,071M for an additional savings of $194M for a total of $369M. This would also bring our letting total for the year to $1,763M out of a planned $2,115M. However, we also have the V21C projects that will add another $833M (estimated-without low bid savings deducted). So we could end the year in the range of $2.3-2.5B in total lettings.

ADOPTED PLAN CHANGES:

A chart showing plan changes was also presented just for information purposes. Production Management tracks all the changes from the Adopted plan on an excel spreadsheet. This is a summary of those changes whether adds, advanced, deletes, late lettings, early lettings, etc.

BID ANALYSIS

YTD TO DATE:

- We have received bids on 246 projects for $691.9M.
- The adopted/advanced/added value of these is $866.5M.
- That leaves $174.6M in low bids averaging 20.2% Statewide.

District:	% Low Bid	$ Amount	%Last Month
D1	-2.6%	-1.5M	-1.5%
D2	-27.8%	-$33.8M	-28.5%
D3	-16.8%	-$17.7M	-16.8%
D4	0.0%	$0.0M	-0.3%
D5	-19.0%	-$30.2M	-19.2%
D6	-14.3%	-$13.8M	-14.2%
D7	-36.3%	-$75.6M	-35.8%
TE	-2.4%	-$2.0M	-1.8%
SW	-20.2%	-$174.6M	-19.6%

Program:	% Low Bid	$ Amount	%Last Month
Roadway	-15%	-$56.6M	-16%

Bridge	-23%	-$22.7M	-13%
Resurfacing	-27%	-$75.4M	-25%
Safety	-14%	-$2.9M	-25%
Traffic	+8%	+$1.9M	+16%
Statewide	-20%	-$155.7M	-18%

CONSTRUCTION

CONSTRUCTION UNDERWAY:

Cost: YTD at 3.4% increase cost *(Target is < 10%)*

Time: YTD at 7.3% increase in time *(Target is < 20%)*

All districts met the Targets.

TIME AND COST INCREASE:

Cost: YTD at 91.9% projects with < 110% cost increase *(Target is > 90%)*

D1 (85.7%), D6 (85.7), and D7 (76.5%) did not meet the Cost target of > 90%.

Time: YTD at 86.8% projects with < 120% time increase *(Target is > 80%)*

D1 (71.4%) and D6 (71.4%) did not meet the time Target of > 80%.

VALUE ENGINEERING

VE:

Cost Avoidance/Savings Adopted Recs	
$M Recommended	$39.24M
$M Approved	$25.82M
Value Added Adopted Recs	
$M Recommended	$1.41M
$M Approved	$1.23M
Annual Adoption Rate	
# Recommended	58
# Approved	42
% Approved (Target 40% to 60%)	72%
Percent Project Saved	
% Projects Saved	1.73%
% Program Saved	2.07%

CSI:

CSI Acted Upon	
#Acted Upon	8
#Approved	7
CSI Approved Savings	
$M Acted Upon	$0.99M
$M Approved	$0.99M
CSI Percent Project Saved	
% Projects Saved	1.45%
% Program Saved	0.08%

Since the last report in January 2012, there were 10 Value Engineering recommendations totaling $3.69 million dollars and 4 Cost Savings Initiative proposals totaling $620,000 approved statewide.

Through January 2012, the Department has approved 42 of 58 (72%) Value Engineering recommendations worth $25.82 million in project cost avoidance and $1.23 million in value added. This resulted in a 1.73% project savings and a 2.07% program savings. During this same period, seven Cost Savings Initiatives were approved worth $994,220 in project savings. This resulted in a 1.45% project savings and a 0.08% program savings.

MAINTENANCE (Target 90% to 110%)

YTD CONTRACT DOLLARS: *(TARGET 90%-110% OF ADOPTED)*

Adopted	$385 M
YTD Plan	$287 M
YTD Actual	$304 M

YTD at 106% of Adopted

YTD CONTRACT NUMBERS: *(TARGET 90%-110% OF ADOPTED)*

Adopted	1,384
YTD Plan	922

YTD Actual 1,067
YTD at 116% of Adopted
All Districts meet or exceed their Targets in Dollars and Contract Numbers.

PUBLIC TRANSPORTATION (Target 90% to 110%)

PTO: *(TARGET 90%-110% OF ADOPTED)*

STATEWIDE CONTRACT DOLLARS:		PROGRAMS:	YTD COMPLETE
Adopted	$821 M	Aviation	120%
YTD Plan	$419 M	Intermodal	107%
YTD Actual	$741 M	Rail	5,142%
YTD at 177% of Adopted		Seaports	209%
		Transit	107%
		Total YTD	177%

All Districts and Program Areas are ahead of their overall spending Plan.

FRE: *(TARGET 90%-110% OF ADOPTED)*

Adopted	$293 M
YTD Plan	$273 M
YTD Actual	$241M

YTD at 88% of Adopted
D4 is ahead of their plan but D5 is at 85% of their plan.

LAP PROGRAM (Target 95% and 105% of Adopted)

CONSULTANT ACQUISITION: *(TARGET 95%-105% OF ADOPTED)*

THE NUMBERS:		THE $ AMOUNT:	
Adopted	85	Adopted	$35 M
YTD Plan	51	YTD Plan	$13 M
YTD Performance	62	YTD Performance	$16M
YTD Production	73	YTD Production	$21 M
YTD of Adopted	122%	YTD of Adopted	118%

Numbers: All districts are ahead of Target.
Dollars: All districts are ahead of Target.

CONTRACT LETTINGS: *(TARGET 95%-105% OF ADOPTED)*

THE NUMBERS:		THE $ AMOUNT:	
Adopted	97	Adopted	$105 M
YTD Plan	44	YTD Plan	$25 M
YTD Performance	55	YTD Performance	$54 M
YTD Production	66	YTD Production	$70 M
YTD of Adopted	125%	YTD of Adopted	215%

Numbers: All districts are at or ahead of Target, except D7 at 67%.
Dollars: All districts are at or ahead of Target, except D7 at 64%.

FEDERAL AID REPORT

Total Obligation Authority available this year =	$1,689,481,000
Obligation to date =	$235,549,000
% Obligation to date =	13.9%
Unexpended balance as % of Annual apportionments for past 24 months with Benchmark <4%=	1.06%

Federal Legislation:

It's been a busy time in Washington since last month's report. There's been activity regarding transportation legislation from the House, the Senate and the White House.

The House's transportation bill, H.R.7, is out of the various committees and on the House floor for amendments and debate this week. There are lots of amendments (296 of them, as of yesterday morning). There is still much concern about how this five year bill will be paid for, including this week's report from the Congressional Budget Office.

The Senate transportation bill, S.1813 (a.k.a. MAP-21), is also out of its various committees and the Senate has also begun debating amendments to this two year bill (actually more like a 1½ year bill, since we're almost a ½ year into FFY2012 already).

On Monday, the President's budget for FFY2013 was released, which included his proposal for a multi-year transportation bill at funding levels well above those proposed in either the House or the Senate. The White House proposal will likely not get a whole lot of attention since both the House and Senate already have their separate plans in the works. As a matter of fact, last Thursday the White House issued a short Statement of Administration Policy supporting the Senate bill, and this Tuesday the White House threatened to veto the House bill as it is currently written.

Although both the House and Senate had plans to have a floor vote on their respective bills at the end of this week, the large number of amendments in the House and procedural issues in the Senate will likely push the floor votes into next week. On Wednesday Speaker Boehner confirmed that the House bill will be delayed until after the President's Day recess next week.

Congress has until March 31 to pass some type of surface transportation legislation, and another short-term extension of SAFETEA-LU still looks like a strong possibility.

Obligation Authority Plan:

For the first four months of the new federal fiscal year, we deobligated $123.5 million of funds and obligation authority resulting from low bids and closing projects out under budget. This brings the total OA needing to be obligated this year to $1.69 billion.

So far this year, we've obligated $235.5 million, which represents almost 14% of the total available so far this year.

Financially Inactive Federal Aid Projects:

The chart is a statewide look at our financially inactive federal aid projects. It shows the current status of these obligated but unexpended balances as of January 31, and also shows a trend line of the percentage obligated but still unexpended at the end of each of the last 24 months.

These unexpended balances are expressed as a percentage of our annual federal apportionments, and are stratified into 4 levels of projects, as defined on the bottom part of this chart.

Also noted on the chart is the national benchmark used by FHWA, which is a maximum of 4% of each state's annual federal apportionments.

At the end of last month, we were at 1.06%, based on our annualized current year apportionment levels. This marks the thirteenth month in a row where we've been under the 4% benchmark level, and for the last eight months, we've been at less than 2%.

<u>COMMISSION MEASURES</u>

All commons measures exceeded to date.

<u>DISTRICT REVIEW OF PERFORMANCE:</u>

A D-5 example of how they deal with those programs with performance below targets was presented as an excellent example of how the districts deal with such issues. D5 does a report on each below measure and sends to the District Secretary and Directors.

QUESTIONS?
CONTACT:

- FREDDIE SIMMONS 850-414-4493
- DENISE STRICKLAND 850-414-4491
- CARRIE IKERD 850-414-4629

COMPLETE DATA FILES:
http://fdotsharepoint.dot.state.fl.us/fa/OWP/default.aspx
Monthly Bid Analysis
Performance Report
Performance Report Supporting Files

B. Construction Cost Indicators – Greg Davis reported on the current construction cost indicators.

The Associated General Contractors of America (AGC) conducted its annual survey of its members on the construction outlook for 2012. The full report is available on the AGC website at www.agc.org. The contractors expect some improvements to the industry this year, but believe that any significant recovery won't happen until 2013 and 2014. In Florida, 42% of the contractors expect the market to grow in 2013 compared to 36% nationally. Contractors are planning to make fewer layoffs in 2012. In 2011, 47% of the contractors laid off employees, but only 17% were planning layoffs in 2012. Nationally, the numbers are a little better at 37% and 9% respectively. Contractors are facing stagnant bid levels and increasing material prices. In 2011, 74% of the contractors experienced an increase in material prices. Most of the contractors (64%) experienced increases of 10% or less. In 2012, 87% of the contractors expect material prices to increase which is about the same nationally at 86%. Contractors are expecting bid levels to remain stagnant or decline. In 2011, all contractors in Florida adjusted profits to be lower compared to 94% nationally. In 2012, 80% of the Florida and national contractors plan to adjust their bids by lowering profits.

PPI for non-residential construction continued its slight downward trend in December, but has remained stable since May 2011. Diesel prices resumed its downward trend after a modest increase in November. However, future prices are expected to rise based on current cost trends for fuel. The Purchasing Managers Index (PMI) climbed up to 54.1% due to acceleration in the pace of new orders growth. The manufacturing sector remained in the expansion state for the 30th consecutive month. The national construction unemployment rate increased to 17.7% in January 2012. The increase is mainly due to winter weather impacting construction in northern areas. The current rate is nearly 5 percentage points less than a year ago, which means there is some improvement in this area. There was no change to heavy civil construction employment in December. However, an initial report for total construction nationally indicates 21,000 jobs in January. This is a good sign that the Florida numbers will increase in January as well. The same trend exists for Florida residential permits; permits are up, but values remain low. Home and condo sales are also up, but remains below last year's values indicating a weak market. Crude oil prices are fluctuating in the upper $90 to lower $100 range. Current prices are being impacted by escalating tensions in the Middle East, weakening demand in the US and Europe and the financial crisis in Greece. Crude oil prices are expected to stay in the lower $100 price range in 2012.

Bituminous asphalt prices are on the rise. The current price for the PG 67-22/64-22 grade is up 3.9% from last month and appears to be closing in on the peak value of $738.21/ton back in August 2008. There are similar trends for the PG 76-22/82-22 grade. The asphalt pavement bid price was averaging $108.14/ton back in August of 2008. Currently, asphalt pavement bid prices are just above $90/ton. Asphalt pavement bid prices are expected to rise as bituminous asphalt continues to rise. Structural steel average bid prices are stable. Low demand for steel is keeping prices stable. Reinforcing steel prices are up in January. Any price increases now will probably drop later this year since demand remains questionable. The peak price in December 2011 is due to a project with approach slab work which made up about 70% of the quantity. Similarly, structural concrete prices are stable. The peak price in December 2011 is due to one contract with 2.8 cy of concrete.

The 6-month average number of bidders per contract is 5.1. This is about one bidder per contract lower than a year ago, but still high enough to create good competition. Low bids are averaging about 5% below the Department's official estimates for standard low bid contracts and about 6% below the Department's official estimate including design-build contracts. The quarterly price trends report show that bids remain stable with a slight drop in the fourth quarter of 2011. Construction costs are expected to remain stable through 2012 and probably 2 years afterwards. However, contractors are hoping to increase bids in 2013 if the economy and construction industry recovers.

C. <u>Salary Projections and Operating Budget</u> – We are currently 58% through the fiscal year and are in good shape overall. There are two areas of concern: The projected salary and benefits surplus, which is up to $26.9 million currently and the expenses appropriation category, which remains on a path to overspend the appropriation. Please reduce spending in the expenses category, reduce unneeded encumbrances, or process the necessary allotment transfers into this category. Fixed capital outlay is in good shape. We only reverted $24,000 for 2010/11 all in the Environmental Site Restoration category. For 2011/12, we are currently 81% committed.

D. <u>Personnel Reports</u> – Ms. Cabral stated more discussion will be had during staff meeting on personnel appointment actions so positions can be filled more expeditiously. On the legislative front, the House has proposed in their budget bill, to give the agencies authority to give bonuses to employees who have demonstrated high performance. The Senate has not included this provision in their proposed budget bill. The House has decided to maintain employee benefits as they are now. There has not yet been any discussion on the Senate side relative to employee benefits. These items will continue to be monitored in the next week, when the Senate moves forward with their budget bill.

The Department has partnered with St. Petersburg College to provide Workforce Drug Training to Supervisors through a 2 hour on line CBT. The Personnel Office is working with Districts on a tiered system to get all supervisors through the course. The first target is the districts' maintenance supervisors and there are over 2,000 of them statewide. Lastly, Ms. Cabral reminded everyone that Jan Russo serves as the Department's Ombudsman.

E. <u>Economic Parity</u> – In the January Economic Parity Report for Females, the Department has a need for 29 in the Service/Maintenance category. During January, the Department did not have any opportunities to hire a female in this category.

For minorities, the Department has a need of 50 in the Skilled Craft category. The Department had 1 opportunity in this category and was able to fill that position with a minority; that position was in District 7. In the Service/Maintenance category where we have a need of 21, the Department did not have any opportunities in this category to hire a minority.

F. <u>Disadvantaged Business Enterprise (DBE) Report</u> – The DBE Report for the first four months of the Federal Fiscal Year continues to show very strong DBE participation. The DBE goal for our federally funded contracts is 8.60% and the reported DBE participation 11.72%. The report shows the district breakdown on federally funded contracts. The construction percentage remains very high contributing greatly to the overall federal percentage. The report shows our state funded contracts where we have 10.50% DBE participation and the federal and state funds combined shows 11.34% DBE participation. Both the federal and combined percentage is the highest it has been since we became race neutral in the year 2000.

Some contracts that made a difference during January include another contract in District 1 with Conalvias USA. They reported 12.15% on a $21.5 million widening contract. In District 4, Hubbard Construction reported 10.39% on a $76.5 million Design Build Contract. In District 5, a DBE firm, Safety Contractors was awarded a $4 million guardrail installation contract.

Over a year ago, I mentioned that the Small Business Administration was proposing an increase to some of the size standards. The increases have officially become public and will be effective on March 12. Of the ones we primarily use, Engineering Services and Surveying & Mapping will increase from $4.5 million to $14 million; Architectural Services will increase from $4.5 million to $7 million; Laboratory Testing will increase from $12 million to $14 million; and various consulting services, Other Technical Services and Public Relations services will increase from $7 million to $14 million.

G. <u>Minority Business Enterprise (MBE) Report</u> – In the Minority Business Enterprise Report for 7 months through the state fiscal year, the Department is at 58.5% of the dollars spent last year. At being 58% through the fiscal year, the Department continues to move at a good steady pace in spending more with MBEs than we did last year

H. <u>Cash Forecast Performance Report</u> – The STTF actual January 2012 ending cash balance was $270 million, as compared to the projected ending cash balance for the January 2012 Forecast of $221 million, resulting in a variance of $49 million.

The significant variance within the Receipts area was due to the timing difference of the final January 2012 Federal Highway Administration (FHWA) billing for $34 million. The reimbursement projected to be received in January 2012 was actually received on February 2, 2012. For the Specialized Cash Flows, we are currently coordinating updates with the Districts for the Sun Rail and Palmetto – Section 5 projects. The State Infrastructure Bank (SIB) Repayment variance is due to two projects that were repaid earlier than anticipated. For the National Highway Traffic Safety Grants, the variance is due to payout fluctuations between months, with a year-to-date variance of only $1 million. The CSX year-to-date variance, as well as select areas within the Public Transportation Remaining Commitments, will be reviewed this month to determine if Roll Forward and/or monthly commitment projections need to be revised. The modified assumptions will be included in the February 2012 Cash Forecast based on our February 15, 2012 snapshot.

This month the chart showing the percentage of direct payroll charges by District and Functional Area is for all pay periods within the month of January 2012. The direct percentage target remains 80%, with the majority of the areas falling below the target in December 2011 showing slight improvement for January 2012. As a reminder, please continue to review the Cost Centers assigned to the summary groups to ensure the timesheet charges are reflected properly. The Office of Comptroller is currently coordinating with the Turnpike Enterprise to reclassify several of the Cost Centers in the “Other” category as well as reviewing the use of summary overhead projects.

4. Additional Comments - None

The meeting adjourned at 9:45 a.m.