

FDOT Newsletter

July 2023
Volume 87



SUPPORTIVE SERVICES

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- Building Capacity
- Mobilization Financing
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Governor DeSantis Champions Transportation Infrastructure Through the Framework for Freedom Budget with Momentous \$14.8B Investment

Governor Ron DeSantis signed his Florida Framework for Freedom Budget for Fiscal Year 2023-2024 which prioritizes Florida's transportation infrastructure with a historic investment of \$14.8 billion for the Florida Department of Transportation (FDOT) to fund essential projects to bolster the state's transportation network, address congestion, enhance safety, ensure resiliency, and facilitate trade.

This Session, Governor DeSantis and the Florida Legislature also championed the Moving Florida Forward Infrastructure Initiative by dedicating an additional \$4 billion of General Revenue surplus to accelerate funding for major capacity projects, all aimed at reducing congestion throughout the state.

"Florida continues to attract more residents and visitors every day, and this rapid population and tourism growth increases the demand on our transportation infrastructure," said FDOT Secretary Jared W. Perdue, P.E. "Governor DeSantis' Framework for Freedom Budget focuses on important investments needed to address congestion, enhance safety, and bolster the supply chain to ensure we can keep people and goods moving safely. As Florida continues to grow at unprecedented rates, the Moving Florida Forward Infrastructure Initiative provides additional opportunity to focus on priority transportation needs to be better poised for the future, so Floridians have a better quality of life and spend less time in traffic. I am grateful to Governor DeSantis and the Florida Legislature for the opportunity to stay on pace with the unprecedented growth throughout the state."

The Framework for Freedom Budget includes \$13.9 billion for projects in FDOT's Five-Year Work Program, a collaborative statewide plan of strategic transportation projects.

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Eyes on the Prize

This has been a decade of unusual circumstances that no one could have predicted. Runaway inflation, materials shortages, supply-chain disruptions, job delays and cancellations, atypical weather events and a tight labor market have made it difficult, if not impossible, to estimate costs accurately. With profit margins lower than most contractors are comfortable with, job costs must be as accurate as possible.

Although it is common practice for estimators to pad bids to cover increases in materials, labor and operating expenses, companies may need to do more than this to turn a profit. They must also examine how to mitigate risks, reduce costs and better manage jobs.

MITIGATING RISKS

A construction company needs to conduct a detailed project analysis before getting started, including assessing resources, materials and labor costs. Then, obtain quotes from different vendors and contractors for the best prices.

Owners should create a project management and communication plan describing potential risks and mitigation strategies. Include information on the chain of command, what needs to be done in what order, who is responsible, who needs to be contacted and pertinent data about the project.

An escalation clause can help both owners and contractors manage costs by stipulating when and if a price increase or decrease can occur. Generally, an escalation clause establishes baseline, ceiling and floor prices. The baseline is the price in the contract, the ceiling is the highest price that can be charged and the floor is the lowest. Both can be stated as a percentage when a triggering event occurs. For example, if the price of a good or service increases by 5%, the contractor has the right to increase the price by no more than 10% above the consumer price index, producer price index or another objective index agreed to in the contract.

Some contractors use an escalation clause as a sales tool. For example, to win government contracts, which generally are awarded to the lowest bidder, a contractor might submit a bid with the actual price instead of the inflated price.

REDUCING COSTS

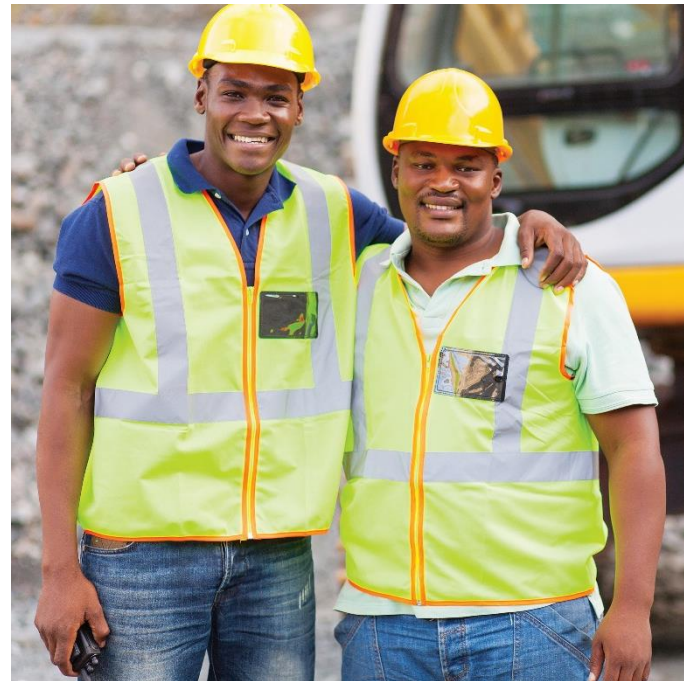
Implement lean-builder construction principles to optimize projects for efficiency and reduce waste. Both will help to reduce costs and improve performance on the job. In addition, regular cost reviews throughout the project's duration can help identify potential overruns and prevent them from getting out of hand. Consider the cost versus the benefit of purchasing materials ahead of schedule. Buying products beforehand can reduce costs, but there are risks.

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About The FDOT

The goal of the DBE Supportive Services Program is to increase the number of DBEs participating on FDOT contracts and facilitate the opportunity for DBEs to obtain contracts. The services are designed to:

- Assist established construction firms to move them from bidding as a subcontractor to bidding as a Prime Contractor to produce sound bids.
- Provide access to training increases DBE expertise in handling of daily business operations.



CEI DBE Supportive Services

(800) 423-7058

www.fdotdbesupportservices.com