



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

PAT MCCRORY
GOVERNOR

ANTHONY J. TATA
SECRETARY


September 23, 2014


TO: Senator Kathy Harrington
NC Senate
16 W. Jones St., Room 2113
Raleigh, North Carolina 27601-2808

Representative Frank Iler
NC House of Representatives
300 N. Salisbury Street, Room 637
Raleigh, North Carolina 27603-5925

Senator Bill Rabon
NC Senate
16 W. Jones Street, Room 2108
Raleigh, North Carolina 27601-2808

Representative John A. Torbett
NC House of Representatives
300 N. Salisbury Street, Room 538
Raleigh, North Carolina 27603-5925

FROM: Michael Holder, PE 
Chief Engineer

Rodger Rochelle, PE 
Technical Services Administrator

In accordance with S.L.2013-360, Sec. 34.2(d), the Department of Transportation is submitting the attached report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division regarding consultant utilization rates for Preconstruction and Technical Services. One of the reports includes consultant utilization that spans from July 1, 2013 to June 30, 2014. Please see the attached tables and charts for the current consultant usage results, as well as the usage rates for Fiscal Years 2011, 2012, and 2013. In addition, in accordance with S.L. 2013-360, Section 34.2 (b) the Department is also presenting Design-Build utilization information within the attached report.

A second report for the beginning of State Fiscal Year 2015 is also included that covers a period from July 1, 2014 to September 10, 2014. This information is in accordance with S.L.2014-100, Sec. 34.13(d). In addition, in accordance with S.L. 2014-100, Section 34.13(c) the Department is also presenting Design-Build utilization information for that same period.

Please contact Mike Holder at 919-707-2500 or Rodger Rochelle at 919-707-2900 if you have any questions.

MLH/db

Attachments

cc: w/attachments: Keith Weatherly, NCDOT Deputy Secretary
Jason Soper, NCDOT Legislative Director
Debbie Barbour, PE, NCDOT Director of Preconstruction
Amna Cameron, NCGA Fiscal Research Division

MAILING ADDRESS:
NC DEPARTMENT OF TRANSPORTATION
OFFICE OF THE CHIEF ENGINEER
1536 MAIL SERVICE CENTER
RALEIGH NC 27699-1536

TELEPHONE: 919-707-2500
FAX: 919-733-9428

WEBSITE: WWW.NCDOT.GOV

LOCATION:
TRANSPORTATION BUILDING
1 SOUTH WILMINGTON STREET
RALEIGH NC

**North Carolina Department of Transportation
State Fical Year 2015
Consultant Utilization Rates through September 10, 2014**

Note: Due to delays in the posting of expenditures and consultant payments, results are lagging and should be considered preliminary.

NCDOT Unit (as of September 10)	Eligible Expenditures	Consultant Payments	Utilization Rate
SFY 2015 Preconstruction & Technical Services	\$ 33,127,417.22	\$ 19,838,026.12	59.9%
Transportation Program Management	\$ 2,503,250.51	\$ 1,543,873.87	61.7%
Location and Surveys	\$ 3,463,102.61	\$ 1,235,730.30	35.7%
Photogrammetry	\$ 862,066.28	\$ 58,419.57	6.8%
Professional Services	\$ 5,119,522.21	\$ 4,957,107.41	96.8%
Hydraulics	\$ 2,177,164.14	\$ 1,150,050.69	52.8%
Utilities and Encroachments	\$ 1,086,035.27	\$ 399,857.66	36.8%
Geotechnical Engineering	\$ 2,501,774.40	\$ 1,023,853.08	40.9%
Roadway Design	\$ 2,527,832.18	\$ 493,730.33	19.5%
Right of Way	\$ 6,415,608.55	\$ 5,113,744.99	79.7%
Project Develop and Environ Analysis	\$ 6,471,061.07	\$ 3,861,658.22	59.7%

Other Key Outsourced Expenditures Excluded from the Utilization Rate and the Rate when including Design-Build Projects as Outsourcing Expenditures

SFY 2015 Design Build Program (YTD)	\$ 2,230,461.84	\$ 2,230,461.84	100.00%
SFY 2015 Preconstruction & Technical Services (if Design Build Outsourcing were included)	\$ 35,357,879.06	\$ 22,068,487.96	62.41%

Notes:

1. Right of Way includes all outsourcing expenditure activity (negotiations, appraisals, and property management).
2. Transportation Program Management Unit does NOT include design-build project expenditures. Project Develop and Environ Analysis does NOT include expenditures transferred to the Ecosystem Enhancement Program for consultant use.
3. Any remaining expenditures under the Professional Services Unit includes all remaining outsourced expenditures that are performed by business units not itemized as a unit within Preconstruction or Technical Services (i.e. transportation divisions, Rail Division, planning and programming, etc.).

Historical Data and Results

NCDOT UNIT	Eligible Expenditures	Consultant Payments	Utilization Rate
SFY 2014 Preconstruction & Technical Services	\$ 165,955,520.54	\$ 95,442,264.47	57.51%
Transportation Program Management Unit	\$ 10,085,435.83	\$ 5,572,468.66	55.25%
Location and Surveys Unit	\$ 26,061,827.21	\$ 13,711,362.95	52.61%
Photogrammetry Unit	\$ 4,457,274.68	\$ 145,088.98	3.26%
Professional Services Unit	\$ 34,851,653.02	\$ 33,983,659.81	97.51%
Hydraulics Unit	\$ 11,024,929.59	\$ 5,123,587.99	46.47%
Utilities and Encroachments Unit	\$ 4,802,225.34	\$ 1,073,623.95	22.36%
Geotechnical Engineering Unit	\$ 16,188,570.85	\$ 8,314,679.71	51.36%
Roadway Design Unit	\$ 15,349,357.99	\$ 4,134,050.72	26.93%
Right of Way Unit (as calculated in previous years)*	\$ 11,595,094.49	\$ 4,821,846.52	41.59%
Project Develop and Environ Analysis Unit	\$ 31,539,151.54	\$ 18,561,895.18	58.85%

* Does not include all Right of Way outsourcing

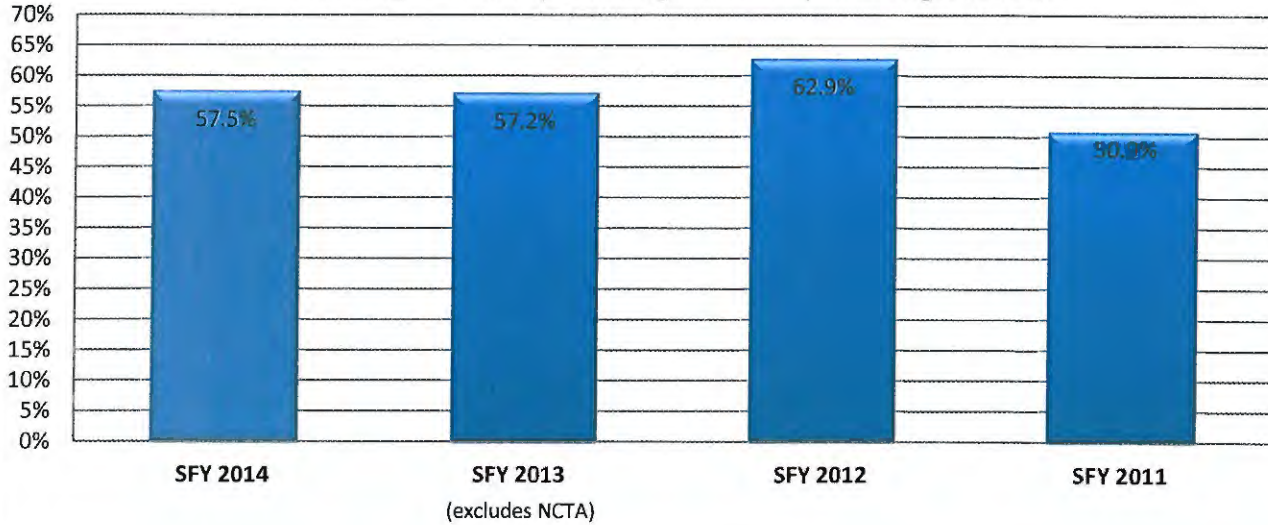
Other Key Outsourced Expenditures Excluded from the Utilization Rate

SFY 2014 Design Build Program	\$ 33,689,274.36	\$ 33,689,274.36	100.00%
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NCDOT Consultant Utilization Rates

Preconstruction and Technical Services Divisions

2014 Target was 65% | 2013 Target was 60% | 2012 Target was 50%



SUMMARY Consultant Utilization Rates

	Eligible Expenditures	Consultant Payments	Utilization Rate
SFY 2014	165,955,521	95,442,264	57.5%
SFY 2013	164,559,639	94,109,236	57.2%
SFY 2012	208,334,306	130,961,350	62.9%
SFY 2011	179,498,144	91,326,528	50.9%

Notes:

1. The utilization rate is based on comparing the total consultant payments to the total eligible expenditures. Eligible expenditures are the total operating expenditures for the defined divisions, including all payroll and non-payroll costs (indirect overhead, direct project costs and consultant payments made). Consultant payments are expenditures paid to a vendor for provided professional services and does not include any financial commitments (limited service contracts, etc.).
2. Per legislative directive in 2013, the target for SFY 2014 has been increased to 65% and excludes Turnpike Authority and Structure Management Unit expenditures. Per request in May 2014, Design Build Program expenditures and payments made to the Ecosystem Enhancement Program for consultant outsourcing are excluded from the overall utilization result. Also, Right of Way does NOT include expenses for professional appraisals or property management companies.
3. Design-build projects are excluded as eligible expenditures, which is a significant expenditure of the annual transportation program that is not factored into consultant outsourcing rates. Based on historical data, 7% of design-build contracts are used for preconstruction activities and outsourced to consultants. Other exclusions include expenditures transferred to other agencies for documented outsource purposes (i.e. Ecosystem Enhancement Program transfers paid to consultants).
4. Per legislative request, results only include specific preliminary engineering units previously identified within the Technical Services and Preconstruction Divisions that perform preconstruction and design activities and excludes the units of Contract Standards & Administration, Research & Development, and Value Management.

Design-Build Utilization

Pursuant to S. L. 2013-360, Section 34.2(b), The Department let to contract 18 Design-Build projects for a total dollar volume of \$421,220,660 in SFY13. In SFY14, the Department let to contract 12 Design-Build projects for a total volume of \$481,275,347.81.

NCDOT UNIT	Eligible Expenditures	Consultant Payments	Utilization Rate	% Change from FY13
2014 Preconstruction & Technical Services	\$ 165,955,520.54	\$ 95,442,264.47	57.51%	0.32%
Transportation Program Management Unit	\$ 10,085,435.83	\$ 5,572,468.66	55.25%	N/A
Location and Surveys Unit	\$ 26,061,827.21	\$ 13,711,362.95	52.61%	N/A
Photogrammetry Unit	\$ 4,457,274.68	\$ 145,088.98	3.26%	N/A
Professional Services Unit	\$ 34,851,653.02	\$ 33,983,659.81	97.51%	N/A
Hydraulics Unit	\$ 11,024,929.59	\$ 5,123,587.99	46.47%	N/A
Utilities and Encroachments Unit	\$ 4,802,225.34	\$ 1,073,623.95	22.36%	N/A
Geotechnical Engineering Unit	\$ 16,188,570.85	\$ 8,314,679.71	51.36%	N/A
Roadway Design Unit	\$ 15,349,357.99	\$ 4,134,050.72	26.93%	-8.67%
Right of Way Unit <i>(as calculated in previous years)</i>	\$ 11,595,094.49	\$ 4,821,846.52	41.59%	0.73%
Project Develop and Environ Analysis Unit	\$ 31,539,151.54	\$ 18,561,895.18	58.85%	4.90%

Other Key Outsourced Expenditures Excluded from the Utilization Rate and the Rate When Including all True Outsourcing Expenditures

2014 Design Build Program	\$ 33,689,274.36	\$ 33,689,274.36	100.00%	N/A
Right of Way Unit <i>(with outsourced expenditures for appraisal and property management included)</i>	\$ 28,138,692.81	\$ 21,365,444.84	75.93%	9.63%
2014 Preconstruction & Technical Services *	\$ 216,188,393.22	\$ 145,675,137.15	67.38%	10.19%

* These results more accurately reflect the usage as described in the legislation.

Notes:

1. Any remaining expenditures under the Professional Services Unit includes all remaining outsourced expenditures that are performed by business units not itemized as a unit within Preconstruction or Technical Services (i.e. transportation divisions, Rail Division, planning and programming, etc.).
2. Per legislative directive, Roadway Design, Right of Way and Project Development and Environmental Analysis are to increase 5% each using SFY 2013 as the baseline year. Note the column "% change from FY13."
3. Transportation Program Management Unit does NOT include design-build project expenditures. Project Develop and Environ Analysis does NOT include expenditures transferred to the Ecosystem Enhancement Program for consultant use. Right of Way does NOT include expenses for professional appraisals or property management companies.
4. For comparison, the additional outsourcing activities performed by the Right of Way Unit and the Design-Build Program are included separately.

Historical Data and Results

NCDOT UNIT	Eligible Expenditures	Consultant Payments	Utilization Rate
2013 Preconstruction & Technical Services	\$ 164,559,639.30	\$ 94,109,236.47	57.19%
Transportation Program Management Unit	\$ 11,012,512.38	\$ 6,323,807.27	57.42%
Location and Surveys Unit	\$ 20,534,584.75	\$ 8,003,448.13	38.98%
Photogrammetry Unit	\$ 4,680,436.68	\$ 286,413.19	6.12%
Professional Services Unit	\$ 41,129,108.12	\$ 40,253,807.37	97.87%
Hydraulics Unit	\$ 10,592,092.92	\$ 5,099,588.81	48.15%
Utilities and Encroachments Unit	\$ 4,412,329.42	\$ 621,555.01	14.09%
Geotechnical Engineering Unit	\$ 15,295,810.98	\$ 7,559,602.47	49.42%
Roadway Design Unit	\$ 17,277,124.55	\$ 6,151,911.17	35.61%
Right of Way Unit <i>(as calculated in previous years)</i>	\$ 12,000,327.77	\$ 4,903,021.43	40.86%
Project Develop and Environ Analysis Unit	\$ 27,625,311.73	\$ 14,906,081.62	53.96%

Other Key Outsourced Expenditures Excluded from the Utilization Rate

2013 Design-Build Program	\$ 29,485,446.20	\$ 29,485,446.20	100.00%
Right of Way Unit <i>(with outsourced expenditures for appraisal and property management included)</i>	\$ 21,060,020.41	\$ 13,962,714.07	66.30%

NCDOT UNIT	Eligible Expenditures	Consultant Payments	Utilization Rate
2012 Preconstruction & Technical Services	\$ 208,334,305.81	\$ 130,961,349.71	62.86%
Transportation Program Management Unit	\$ 5,074,698.11	\$ 1,471,505.44	29.00%
Location and Surveys Unit	\$ 7,726,716.78	\$ -	0.00%
Photogrammetry Unit	\$ 5,551,981.95	\$ 169,464.45	3.05%
Professional Services Unit	\$ 73,790,144.43	\$ 73,003,322.91	98.93%
Hydraulics Unit	\$ 7,386,294.21	\$ 1,599,181.62	21.65%
Utilities and Encroachments Unit	\$ 3,433,243.32	\$ -	0.00%
Geotechnical Engineering Unit	\$ 15,629,020.74	\$ 6,404,812.75	40.98%
Roadway Design Unit	\$ 14,077,283.60	\$ 1,134,364.94	8.06%
Right of Way Unit	\$ 16,559,956.81	\$ 4,226,209.31	25.52%
Project Develop and Environ Analysis Unit	\$ 20,094,712.46	\$ 7,636,716.19	38.00%
Turnpike Authority	\$ 39,010,253.40	\$ 35,315,772.10	90.53%

Other Key Outsourced Expenditures Excluded from the Utilization Rate

2012 Design-Build Program	\$ 60,589,200.00	\$ 60,589,200.00	100.00%
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NCDOT UNIT	Eligible Expenditures	Consultant Payments	Utilization Rate
2011 Preconstruction & Technical Services	\$ 179,498,144.11	\$ 91,326,528.48	50.88%
Transportation Program Management Unit	\$ 5,299,318.51	\$ 1,804,665.82	34.05%
Location and Surveys Unit	\$ 16,114,305.47	\$ 135,182.60	0.84%
Photogrammetry Unit	\$ 5,229,094.19	\$ -	0.00%
Professional Services Unit	\$ 42,772,989.48	\$ 42,212,240.07	98.69%
Hydraulics Unit	\$ 8,023,222.91	\$ 2,586,481.04	32.24%
Utilities and Encroachments Unit	\$ 3,463,744.49	\$ -	0.00%
Geotechnical Engineering Unit	\$ 10,828,961.38	\$ 1,142,683.90	10.55%
Roadway Design Unit	\$ 15,180,582.70	\$ 1,844,333.40	12.15%
Right of Way Unit	\$ 16,058,565.41	\$ 3,306,836.22	20.59%
Project Develop and Environ Analysis Unit	\$ 24,633,031.89	\$ 10,480,097.24	42.54%
Turnpike Authority	\$ 31,894,327.68	\$ 27,814,008.19	87.21%

Other Key Outsourced Expenditures Excluded from the Utilization Rate

2011 Design-Build Program	\$ 24,344,600.00	\$ 24,344,600.00	100.00%
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Unit Note: Per legislative request, results only include specific preliminary engineering units identified within the Technical Services and Preconstruction Divisions that perform these activities and excludes the units of Contract Standards & Administration, Research & Development, and Value Management. In addition, the Turnpike Authority and Structures Management Unit (within the Field Support Division) are excluded from fiscal year 2013 and fiscal year 2014 usage.