

# ICA Case Study

## Florida DOT Generates \$101 Million Total Savings With 17 Asset Management Contracts

### In the beginning

Following receipt of an unsolicited proposal promising millions of dollars in savings, FDOT began to consider turning over maintenance of a particular stretch of highway to a private company. FDOT issued a request for proposal (RFP), and in July 2000 awarded ICA a seven-year contract covering 253 miles of I-75 between Miami and Ocala. The contract gave ICA total responsibility for the roads, right-of-way, medians, bridges, rest areas and call boxes along that stretch of highway.

In six months, financial savings from the contract were tracking at 15% with a service level that exceeded FDOT's expectations. As a result, FDOT quickly accelerated its private asset management activity to include a contract for the panhandle, and now has 17 contracts worth \$484 million and resulting in a \$64 million annual savings.

### Follow the leader

Florida was one of the first states to execute asset management for its roadways, and has become the most dedicated to growing the concept. The state has helped to propel the industry, which was in its infancy when the Sunshine state sent out its 1999 RFP. There are now several companies competing for contracts, with other traditional public transportation contractors studying the industry closely.

Florida's motivation for pursuing asset management was a situation in which most states now find themselves. With fewer dollars available to fund necessary public services and with an ever-increasing deterioration of transportation infrastructure, DOTs are looking for new ways to perform more work with fewer dollars.

Transportation officials from Alaska, Texas, North Carolina, Tennessee, Maryland, New Mexico, and many other states attended an American Association of State Highway and Transportation Officials conference in Orlando and spent considerable time inspecting the Florida model.

Several states have returned from Florida to capitalize on FDOT's experience and are now in the process of developing similar asset

management business plans. Former FDOT

director of highway operations, Bill Albaugh has become the go-to man to educate states considering asset management. Just last year Albaugh was invited by both the Tennessee and Texas General Assemblies to meet with its transportation leadership, which are encouraging TDOT and TXDOT to adopt asset management.

### Road tested

ICA and Florida asset management contracts were truly tested when the state endured its worst hurricane season

in recorded history in the Fall of 2004. First, on August 13, Hurricane Charley struck Cayo Costa, a barrier island in southwest Florida. Frances then slammed into the Atlantic coast on September 5th, followed eleven days later by Ivan, which made landfall near Florida's panhandle. By the time Jeanne hit an already damaged southeast Florida on September 25, FDOT workers and private contractors were working 18-hour days to repair the damage to the state's infrastructure.

The damage brought on by these storms totaled \$42.3 billion, most of it in Florida, according to the National Weather Service. As a result, Florida was faced with repairing thousands of signs and traffic signals, clearing millions of yards of debris, repairing washed out bridge approaches, and road shoulders, and repairing the I-10 Escambia Bay Bridge.

FDOT officials said that their asset management contracts and the use of private contractors proved to be one of the keys to a successful recovery for the transportation system. "Without our ability to use the asset management contracting industry, it would have made it much more difficult to perform as we did," said Bill Albaugh, FDOT Director of Highway Operations. "If we had tried to handle it internally—with four hurricanes—it would have been overwhelming."

