




ROY COOPER
Governor

MICHAEL L. HOLDER
Acting Secretary

January 11, 2017

TO: Chairs of the House of Representatives Appropriations Subcommittee on Transportation
Chairs of the Senate Appropriations Committee on Department of Transportation

FROM: Edward L. Curran
Chairman, Board of Transportation

David L. Tyeryar 
Chief Financial Officer

RE: Department of Transportation Report Pursuant to Session Law 2014-100 Section 34.23(c)
(Senate Bill 744 – Ratified)

Pursuant to Session Law, the North Carolina Department of Transportation (NCDOT) is required to report its cash balance at the end of each month. As of December 31, 2016, the balance is \$1.8 billion.

The balance exceeded \$1 billion due to:

- State revenues exceeded the forecast through November of SFY 2017
- Construction expenditures were less than predicted as of November 30, 2016

As of the start of this state fiscal year 2017, the cash balance was predicted to go below \$1 billion in October 2017. However, due to increases in federal revenue resulting from the FAST (Fixing America's Surface Transportation) Act and schedule changes for construction expenditures, primarily Bonner Bridge and Southern Wake Freeway, the balance will not go below \$1 billion until September 2018.

In an effort to expedite other projects, 65% of the projects in the ten (10) year STIP (State Transportation Improvement Plan) will be managed directly by the Divisions. Several Divisions already use or plan to use General Engineering Consultants to assist with schedule management, plan reviews, and other project delivery functions to accelerate schedules.

The Department continues to work with highway contractors and other private sector entities to evaluate and revise expenditure forecasts, accelerate project delivery, and compress the time from project planning to contract letting.

As of December 31, 2016, NCDOT had contractual obligations of \$4.5 billion; outstanding purchase orders of \$317 million and outstanding contracts of \$4.2 billion.

If you need additional information, please contact David Tyeryar at 919-707-4320 or dtyeryar1@ncdot.gov.

Attachment: Cash Balance Update

cc: Members, Board of Transportation
Fiscal Research Division

 Nothing ComparesSM



January 4, 2017

Cash Balance Update

David Tyeryar, Chief Financial Officer



Session Law

SECTION 34.23.(c) In any month in which the Department's total cash balance on hand from the Highway Fund and the Highway Trust Fund exceeds one billion dollars (\$1,000,000,000), the Department shall report its cash balance no later than the 15th day of the following month as follows:

(1) To the Board of Transportation.

(2) If the General Assembly is in session, to the Chairs of the House of Representatives Appropriations Subcommittee on Transportation, the Chairs of the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division.

(3) If the General Assembly is not in session, to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

The report shall include an explanation from the Department of the reasons the cash balance has exceeded the amount specified in this subsection, the actions to be taken by the Department to reduce the cash balance, and the estimated amount of time it will take to bring the cash balance to the target identified in G.S. 143C-6-11(k)(1), as amended by subsection (a) of this section.

SECTION 34.23.(d) Subsection (c) of this section becomes effective July 1, 2015.



Cash Balance

The Cash Balance As of December 31, 2016 is - \$1.8 Billion

Since January 2015, the last time the cash balance was \$1 Billion:

- State revenues exceeded the forecast by \$424m
- Construction expenditures were less than predicted by \$532m

Cash Balance Forecast to go Below \$1 Billion By September 2018, previously forecasted to be below \$1 Billion By October 2017:

Extended Due To:

- Increases in Federal Revenues from FAST Act
- Schedule changes on Bonner Bridge and Southern Wake Freeway

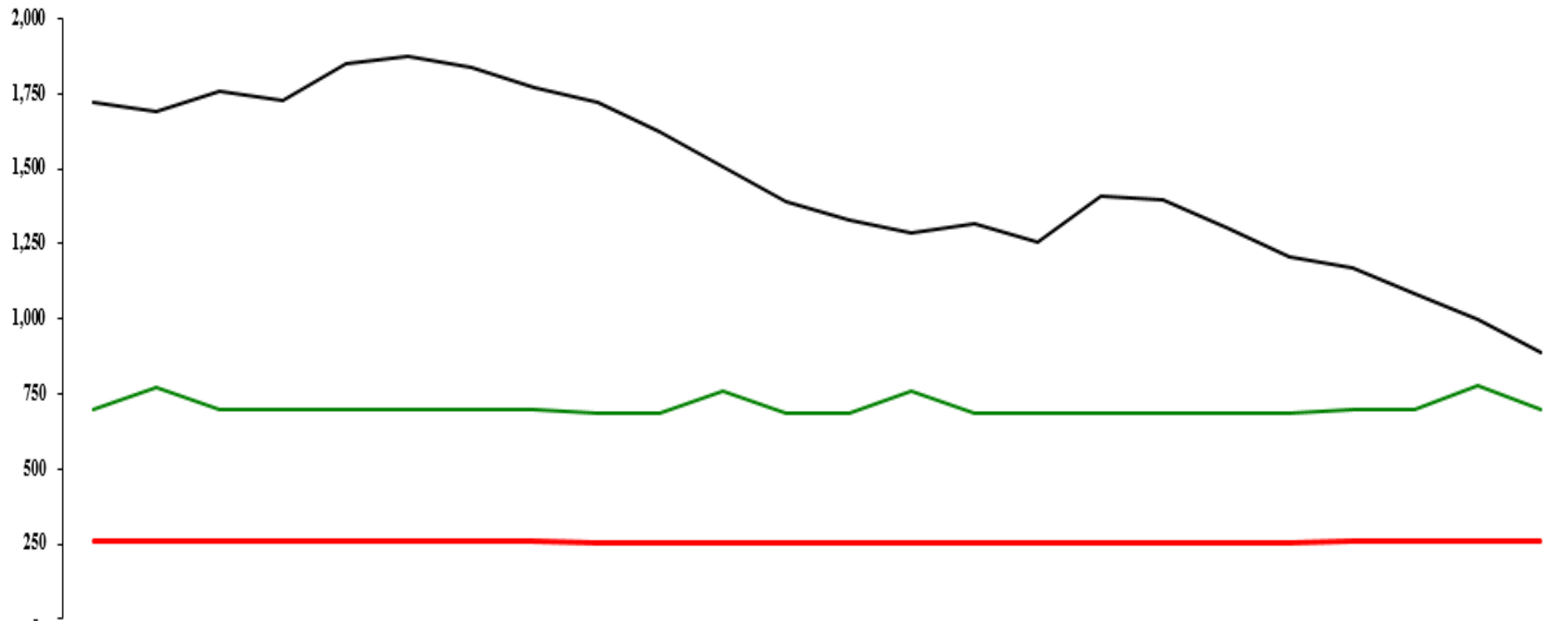


Actions Taken

- Project Delivery – 65% of the 10 year STIP will be managed directly by the Divisions.
- Several Divisions plan to use General Engineering Consultants to assist with schedule management, plan reviews, & other project delivery functions to help accelerate schedules.
- Refine cash forecasting tools
 - SAS and NCDOT continue to develop and refine new forecast models for projecting revenue and paying out traditional design-bid-build highway construction projects. DOT is working with highway contractors on Design Build projects to continuously evaluate and revise expenditure forecasts.
- Other initiatives
 - Continue to work with the private sector to accelerate project delivery
 - Compress elapsed time from project programming to contract letting
- 24 Month Letting Schedule
 - \$3 Billion in lettings over next 24 months
 - Cash Balance below \$1 Billion by September 2018



Estimated Time to Comply



	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
— Closing Cash Balance	1,722	1,689	1,759	1,727	1,853	1,877	1,839	1,770	1,722	1,623	1,508	1,390	1,332	1,285	1,320	1,255	1,407	1,395	1,308	1,208	1,172	1,086	997	889
— Cash Balance Target	698	772	698	698	698	698	698	698	684	684	757	684	684	757	684	684	684	684	684	684	700	700	775	700
— Cash Balance Floor	262	262	262	262	262	262	262	262	257	257	257	257	257	257	257	257	257	257	257	257	263	263	263	263



Cash Balance Information

As of December 31, 2016 - The Cash Balance of \$1.8 Billion Represents:

- 127 Days of Working Capital
- NCDOT has contractual obligations of \$4.5 billion
 - Outstanding Purchase Orders of \$317 million
 - Outstanding Contracts of \$4.2 billion
- The following 10 contracts are 26% of contractual obligations:
 1. Asheboro Bypass Constructors, LLC(Asheboro Southern BYP) \$201 million
 2. PCL Civil Constructors, Inc.(Bonner Bridge) \$173 million
 3. Barnhill Contracting Company(NC 11-903 Greenville BYP) \$130 million
 4. Dragados USA, Inc.(Winston-Salem Northern Beltway) \$106 million
 5. BBI/EVW JV(US 17 South of Belgrade to North of Maysville) \$100 million
 6. Blythe Construction, INC.(I-85 NC73 to Lane Street) \$93 million
 7. The Lane Construction Corporation(I-85 from Lane Street in Cabarrus Co.) \$92 million
 8. Barnhill Contracting Company(Fayetteville Outer Loop from South of 401) \$92 million
 9. Flatiron Constructors, INC.(US-421 Winston-Salem) \$90 million
 10. Dragados USA, Inc.(Durham East End Connector) \$86 million



Monthly Disbursements by Fiscal Year

