



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

March 8, 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. Currin 
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 February 28, 2017, the balance is \$2.1 billion.

The current balance exceeds \$1 billion due to:

- State revenues outperforming the forecast through January of SFY 2017
- Construction expenditures were less than predicted as of January 31, 2017

The cash balance had been 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, refunding the Monroe Expressway, and schedule changes for construction expenditures, primarily Bonner Bridge and Southern Wake Freeway, this timeline has been extended. The Department has 149 days of working capital.

NCDOT has contractual obligations of \$4.6 billion: outstanding purchase orders of \$298 million and outstanding contracts of \$4.3 billion. In an effort to expedite project delivery, 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, and
 - Accelerate project delivery

- Evaluate other initiatives that include:
 - Acquiring right of way in advance for major projects
 - Accelerating highway safety and other improvements
 - Compressing the time from project planning to contract letting

Secretary Trogon is aware of the concerns with the cash balance and is committed to reducing it by increasing project delivery.

If you need additional information, please contact David Tyeryar at 919-707-4320 or dyeryar1@ncdot.gov.

Attachment: Cash Balance Update

cc: Members, Board of Transportation
Fiscal Research Division



NORTH CAROLINA

Department of Transportation



Cash Balance Update

David Tyeryar, Chief Financial Officer

March 8, 2017

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 February 28, 2017 is - \$2.1 Billion

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

- State revenues exceeded the forecast by \$458m
- Construction expenditures were less than predicted by \$613m

**Cash Balance Forecast previously forecasted to be below \$1 Billion
By October 2017:**

Extended Due To:

- Increases in Federal Revenues from FAST Act
- Refunding of the Monroe Expressway
- Schedule changes on Bonner Bridge and Southern Wake Freeway

Actions Taken to Reduce Cash Balance

- 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
 - Acquire Right of Way (ROW) for MAP Act and major projects
 - Rehabilitate major bridges
 - Accelerate Highway Safety Improvements
 - Update Traffic Management Center Technology
 - Compress elapsed time from project programming to contract letting