



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

September 6, 2017

TO: Chairs of the Joint Legislative Transportation Oversight Committee

FROM: Michael S. Fox
Chairman, Board of Transportation

Robert W. Lewis
Chief Operating Officer

RE: Department of Transportation Cash Balance Report Pursuant to Session Law

Pursuant to Session Law, the North Carolina Department of Transportation (NCDOT) is required to report its cash balance when in excess of one billion dollars at the end of each month. As of August 31, 2017, the balance is \$2.1 billion, which is 146 days of working capital.

The balance exceeded \$1 billion due to:

- State revenues exceeded the forecast through July of SFY 2018
- Federal revenue exceeded the forecast through July of SFY 2018
- Construction expenditures were less than predicted as of July 31, 2017

The cash balance had been predicted to go below \$1 billion in October 2017. However, restructuring the debt on the Monroe Expressway, schedule changes for construction expenditures, and lack of project delivery has resulted in the buildup of cash.

NCDOT has contractual obligations of \$5.3 billion: outstanding purchase orders of \$317 million and outstanding contracts of \$5 billion.

In an effort to expedite project delivery, over 70% of the projects in the ten (10) year STIP (State Transportation Improvement Plan) will be managed directly by the Divisions. There are currently 36 firms performing General Engineering Services Consultant functions representing 66 Limited Service Contracts.

Chairs, JLTO

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The Department continues to:

- Work with highway contractors, engineering consultants, and other private sector entities to:
 - Reassess all STIP projects and establish new schedules
 - Accelerate current projects to get those projects open and in use as soon as possible
 - Shorten the time needed by the Department to get projects ready for letting

- Evaluate other initiatives that include:
 - Utilize newly delegated authority to speed up environmental assessment
 - Establish senior leadership assessment teams to monitor project delivery
 - Acquire right of way in advance for major projects
 - Improve pavement condition and quality
 - Decrease pre-construction development times
 - Reduce number of aging bridge structures

With the implementation of capital program changes, operational program changes, and increased oversight, the cash balance will be below \$1 billion by the end of the fourth calendar quarter 2018.

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