Overview

• Challenges with reactive maintenance activities
  – Storms
  – Routine Maintenance
• 2019 Planned Actions
• Division of Highway Changes
  – Process improvements with allocations
  – Tracking spending through dashboards
  – Expanding modeling to Operations and Maintenance Programs
• SFY 2020 Spend Plan
  – Plan vs Actual
• Financial Oversight
### Comparison of NCDOT spending: GM&R stands out

<table>
<thead>
<tr>
<th></th>
<th>Approp’s</th>
<th>Expenditures</th>
<th>Unexpended Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Program (STIP)</td>
<td>$34,305m</td>
<td>$33,273m</td>
<td>+ $1,031m</td>
</tr>
<tr>
<td>Ferry, Rail, Aviation, Transit</td>
<td>$ 2,896m</td>
<td>$ 2,832m</td>
<td>+ $ 64m</td>
</tr>
<tr>
<td>Programmatic Maintenance</td>
<td>$ 8,836m</td>
<td>$ 8,660m</td>
<td>+ $ 175m</td>
</tr>
<tr>
<td><strong>General Maintenance and Reserves</strong></td>
<td>$ 9,029m</td>
<td>$ 9,699m</td>
<td>- $ 669m</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$55,067m</td>
<td>$54,465m</td>
<td>+ $ 602m</td>
</tr>
<tr>
<td>less GARVEE debt service reserve</td>
<td></td>
<td></td>
<td>- $ 132m</td>
</tr>
<tr>
<td><strong>TOTAL UNEXPENDED or CASH BALANCE</strong></td>
<td></td>
<td></td>
<td>+ $ 470m</td>
</tr>
</tbody>
</table>

Note: programmatic maintenance includes contract resurfacing, pavement preservation, bridge program, bridge preservation, roadside environmental

Note: the above table doesn’t include the smaller accounts (Contingency, Spot Safety, Secondary Road, etc.)

- Storm costs were **$667M** from FY17 through FY19
Biennium GMR Appropriations vs Storm Expenditures

- **Biennium GMR Appropriation**
- **Biennium Storm Expenditure**

**FY 2004/FY 2005**

**FY 2006/FY 2007**

**FY 2008/FY 2009**

**FY 2010/FY 2011**

**FY 2012/FY 2013**

**FY 2014/FY 2015**

**FY 2016/FY 2017**

**FY 2018/FY 2019**
Storm Damage Sites Not Fully Repaired (as of 4/27/2020)
2019 Planned Actions

Jan.
- Reduced contractor-operated rental equipment by 35%
- Reduced DOT-operated rental equipment by 44%
- Routine Maintenance Activities Suspended:
  - Pipe Replacements
  - Full Depth Patching
  - Pavement Markings/Markers Replacement
  - Sign Replacements
  - Major Ditch Maintenance

Mar.
- Initially delayed April to June 2019 Lettings (most have been delayed longer)
- Delayed availability to begin work on contract resurfacing projects that were awarded between Jan. through March
- All contracts received 6-month extensions due to wet weather
- Sold $600 million in GARVEE Bonds
- Sold $300 million in BUILD NC Bonds

May
- Requested loan until federal reimbursements are received:
  - SB 608 filed on 4/3/19: $301 million
  - HB 846 filed on 4/16/19: $301 million
  - SB 605 filed on 4/3/19: $90 million ($56 million accelerated repayment from ORR and Commerce Project)

June
- Reduced contractor-operated rental equipment by additional 50%

July
- Reduced DOT-operated rental equipment by additional 60%
- Reduced DOT-temporary labor by 66%
- Reduced embedded consultant support by 58%
- Reduced hiring statewide
- Suspended 897 PE Projects
- SB 356: $36 million
- SB 475: $64 million
- Reinitiated Guidance on 473 PE Projects
- Reduced Capital Program (PE and ROW) by $300 million compared to previous year expenditures
  - 3 to 5-month suspensions of PE (900 projects)
- Suspended New Contract Resurfacing Lettings until October, (work beginning next summer)
- Reduce Operation and Maintenance Spend Plan by 10% ($225 million) compared to base budget
- Reduce Capital Program (PE and ROW) by $300 million compared to previous year expenditures
  - 3 to 5-month suspensions of PE (900 projects)
Division of Highways Changes

- Distribution of funds every 6 months instead of annually
- Divisions must stay within spend plan in each month
- Created dashboards for Divisions to track spend vs. allocations and targets
- Divisions update spend projections quarterly
- Chief Engineer’s office approve all expenditures greater than $1000
- CFO participate in monthly Division Engineer meetings
Former Maintenance Allocation Process FY19 and Prior

- **Q1 Start**: Jul 1, 2018
- **Q2 Start**: Oct 1
- **Q3 Start**: Jan 1, 2019
- **Q4 Start**: Apr 1
- **Year End**: Jun 30

**State Appropriation**
GMR, CR, PP, RE, BP, BPR

**NCDOT allocates to maintenance programs**

12-month target

**Division Allocations**

Enterprise Programs
Central Units (BP, BPR)

**Funding to Counties & Projects**

- Primarily division and unit managed
- Support from central, as needed
- Check-in at staff meetings
- Adjust for overruns annually (end of year)
- Spend target = allocation

STOP

STOP
Current Maintenance Allocation Process FY20 - Present

- State Appropriation: GMR, CR, PP, RE, BP, BPR

- NCDOT allocates to maintenance programs
  - 6-month targets

- Enterprise Programs
- Central Units (BP, BPR)

- Division Allocations
- Funding to Counties & Projects

- YIELD

- Q1 Start: Jul 1, 2019
- Q2 Start: Oct 1, 2019
- Q3 Start: Jan 1, 2020
- Q4 Start: Apr 1, 2020
- Year End: Jun 30, 2020

- Dashboard – new tool
- Cash modeling/forecast tool
- Heavy central office oversight
- Central office must approve any expenditure over $1,000, project letting, and/or expenditures
- 6-month review with adjustments as needed
- Spend target ≠ allocation
Overall Division Spend Dashboard

<table>
<thead>
<tr>
<th>% Spent</th>
<th>Plan (SM)</th>
<th>Distribution by Month</th>
</tr>
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<tbody>
<tr>
<td>92%</td>
<td>$1,272</td>
<td></td>
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<tr>
<td></td>
<td>Division Plan: $800.52</td>
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<tr>
<td>Expenditures (SM)</td>
<td>$1,170</td>
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<td></td>
<td>Remaining (SM): $101</td>
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<table>
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<tr>
<th>Maintenance</th>
<th>Other Construction</th>
<th>Distribution by Month</th>
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<tbody>
<tr>
<td>Plan (SM)</td>
<td>Division Plan (SM)</td>
<td>Expenditure (SM)</td>
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<td></td>
<td>Remaining (SM)</td>
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<tr>
<th>Bridge Pres</th>
<th>Bridge Program</th>
<th>Ditch</th>
<th>Pavement Pres</th>
<th>Resurfacing</th>
<th>Roadside Maintenances</th>
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<tbody>
<tr>
<td>Plan (SM)</td>
<td>Division Plan (SM)</td>
<td>Expenditure (SM)</td>
<td>Remaining (SM)</td>
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<tr>
<th>Month</th>
<th>Plan (SM)</th>
<th>Division Plan (SM)</th>
<th>Expenditure (SM)</th>
<th>Remaining (SM)</th>
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<td>JUL 2019</td>
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<td>DEC 2019</td>
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<td>JUN 2020</td>
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Single Division Spend Dashboard
Contract Resurfacing Forecasting

EXPENDITURE

<table>
<thead>
<tr>
<th>FY Range</th>
<th>Total Amount</th>
<th>Total Months</th>
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<tbody>
<tr>
<td>2020 - 2020</td>
<td>($525.75)M</td>
<td>12</td>
</tr>
</tbody>
</table>

### Revenue/Expenses (Hybrid)

- **Subtype**
  - CONSTRUCTION
  - MAINTENANCE
  - OTHER CHANGES IN CASH
  - OTHER EXPENDITURES
  - OTHER MGMT.

- **Name**
  - BRIDGE PROGRAM
  - BUILDING DEBT SERVICE
  - BUILDING EXPENDITURES
  - CONGESTION MITIGATION & AIR QUALITY (CMAQ)
  - CONTRACT RESURFACING
  - DEBT SERVICE

- **Project ID**
  - 2008-01: $5.47M / 3CR:10811.5 | NA
  - 2008-01: $1.44M / 3CR:20811.5 | NA
  - 2008-04: $3.32M / 3CR:10410.83 | NA
  - 2008-04: $4.71M / 3CR:20410.53 | NA
  - 2011-02: $0.13M / 4CR:10461.15 | NA
  - 2015-09: $4.77M / Current:03.10661.5 | NA-021...

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**Note:** The chart illustrates the forecasted expenditure for Contract Resurfacing from FY 2020 to 2020, with total expenditures of ($525.75)M over 12 months.
Bridge Replacement Forecasting

EXPENDITURE

FY Range: 2020 - 2020
Total Amount: ($208.52)M
Total Months: 12

Millions $

- Jul 2019
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

Forecast/Actual

Cash Flow Executive Dashboard
Executive Summary | Cash Overview (DOT) | Cash Overview (Hybrid) | Revenue/Expense (Hybrid) | Scenario: Project Delays | Historical Expenditure (SEPReg) | Maintenance Allocations (Historical Payout) | Maintenance Allocations (Scenario) | Maintenance All

Subtype
- CONSTRUCTION
- MAINTENANCE
- OTHER CHANGES IN CASH
- OTHER EXPENDITURES
- OTHER MODES

Name
- BRIDGE PRESERVATION
- BRIDGE PROGRAM
- BUILDING DEBT SERVICE
- BUILDING EXPENDITURES
- CONGESTION MITIGATION & AIR QUALITY (CMQA)
- CONTRACT RESURFACING

Project ID
- 2014-04 (55.42M | 45758.3 | 8-5684 | 1-85 FROM NORTH O...
SFY 2020 Spend Plan

Spending Reductions

• Operations and Maintenance Spend Plan for SFY 2020 capped spending at $1.9B
  – Approximately 15% reduction
  – Conference Budget appropriations is approximately $2.25B

• Capital Program Spend Plan for FY 2020 capped at $3.7B
  – PE = $375M
  – R/W = $473M
  – Construction = $2,835M

• Expended approximately $5.52B of $5.87B thru 06/12/20
Current Forecast
Total Expenditures
Actuals vs. Forecast

$ in Millions

2018-19 Actuals are through June 30.
2019-20 Forecast & Actuals are through June 12.

Actuals from May 1 through June 12 are based on financial records that have not yet closed.
Financial Oversight Changes

• Weekly meetings with NCDOT Fiscal and OSBM

• OSBM approvals on all NCDOT allotments

• Strengthen the Financial Planning Committee (FPC)
  – Deputy Chief Engineers are required to attend

• EAWG (Executive Action Work Group)
  – Act on FPC recommendations
Questions?

Bobby Lewis  
Chief Operating Officer  
rwlewis1@ncdot.gov

Tim Little  
Chief Engineer  
tmlittle@ncdot.gov