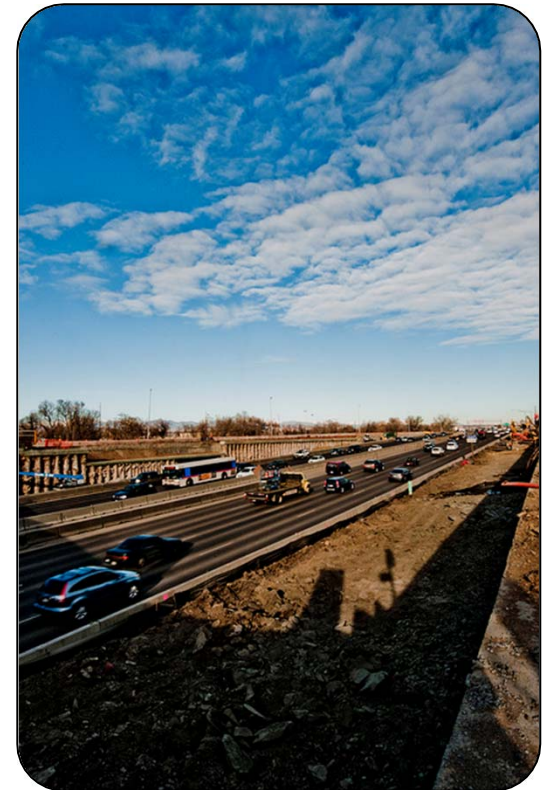




**COLORADO**

Department of  
Transportation



## **Cash Management Overview**

**Scott Richrath, CFO**

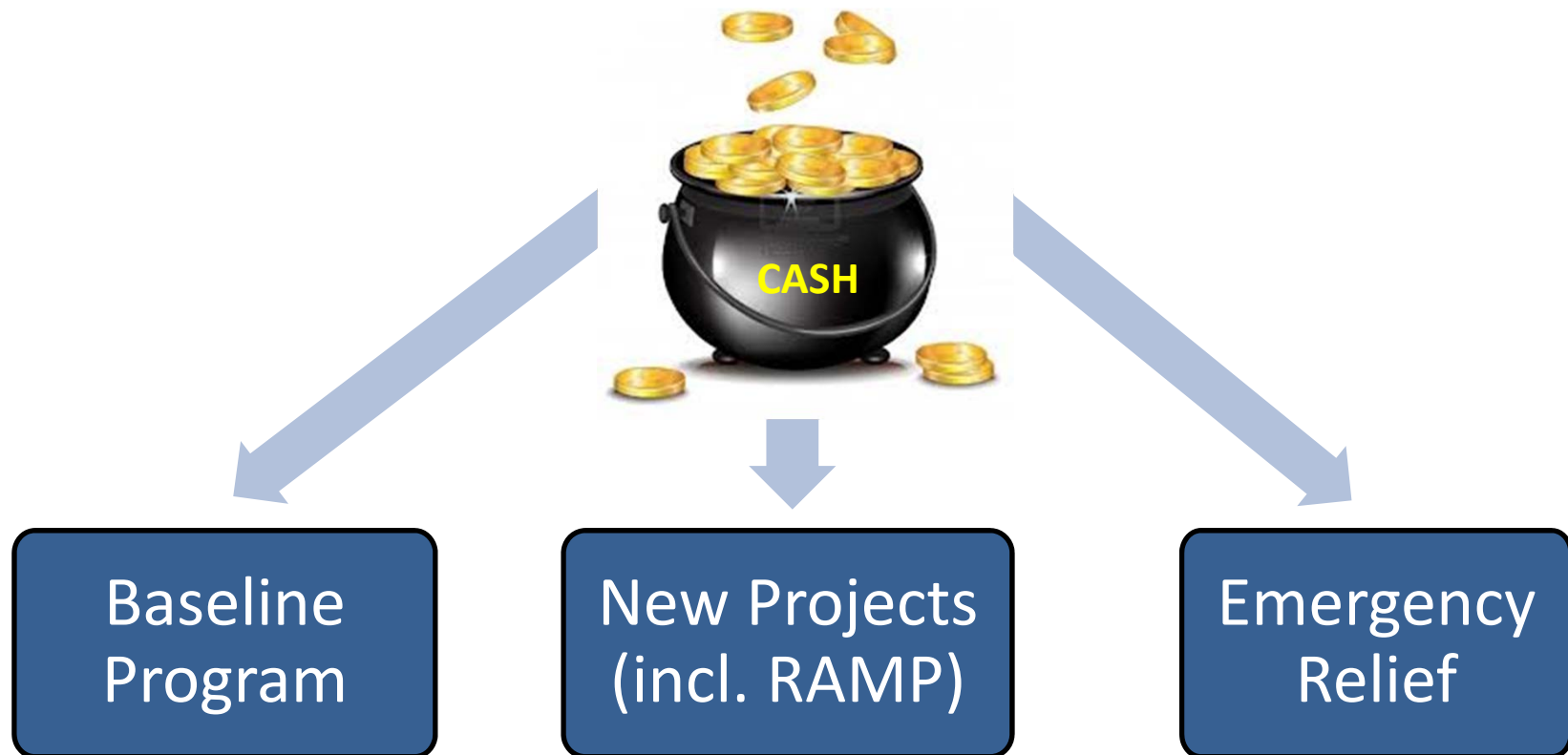
**Maria Sobota, Budget Director**



# Cash Management

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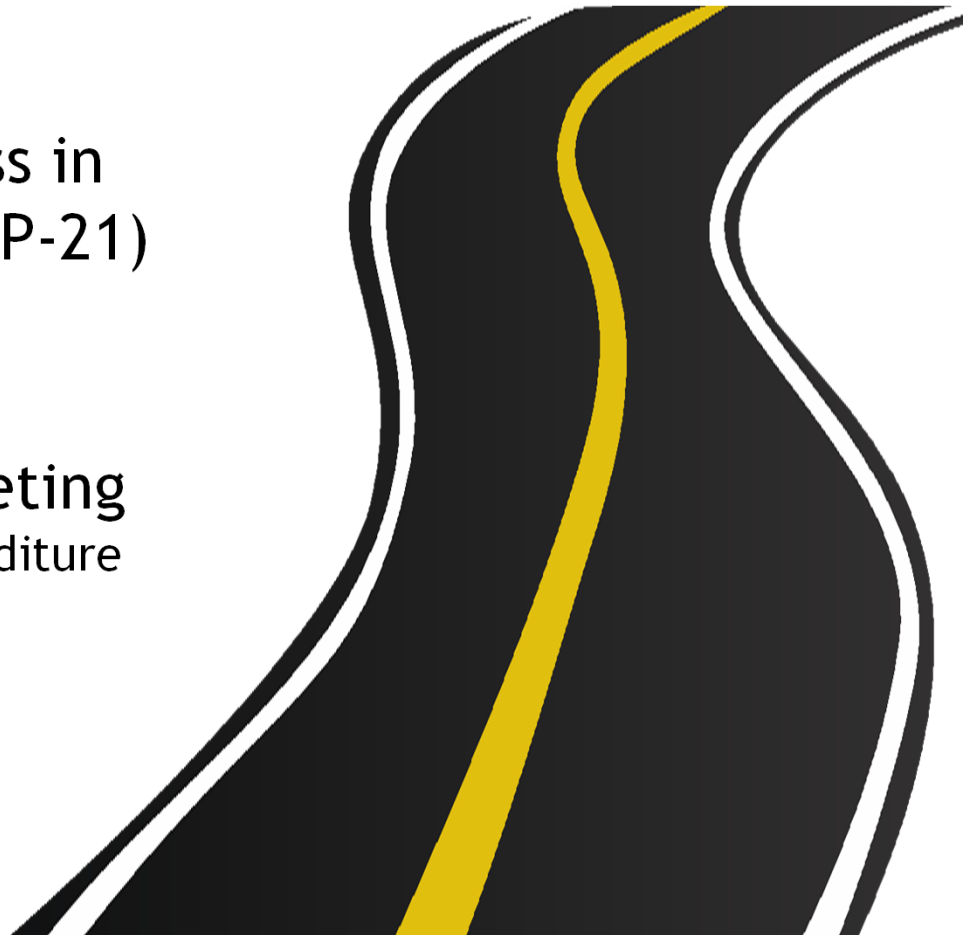
*Matching Cash Revenue to Cash Expenditures*





## Just When You Thought You Knew the Rules: *They Change*

- Moving Ahead for Progress in the 21st Century Act (MAP-21)
  - Risk-based decision making
  - Performance Goals
- Expenditure-Based Budgeting
  - Encumber funds in year of expenditure

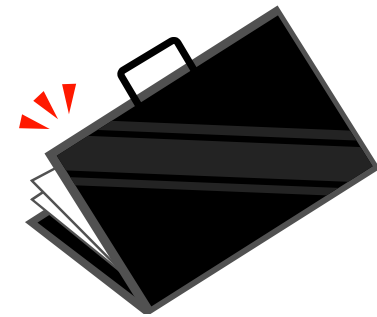




# Program Management Project

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- Project Management
- Portfolio Management
- Cash Management





## WHY FOCUS ON PROGRAM MANAGEMENT?

### WE NEED TO ENHANCE OUR CAPABILITIES TO DELIVER:

- Approximately 50% more projects annually
- More transparency in project reporting
- Better cash management

### THIS BENEFITS US:

- Process improvement
- Executing RAMP
- One integrated system with accurate, real-time information
- Efficient use of resources
- Use of performance metrics

### WHY NOW:

- RAMP
- Emergency Relief
- Asset management
- Expenditure-based budgeting
- More project delivery, same staff
- Process improvement initiative
- Governor's focus  
Effective, Efficient, Elegant



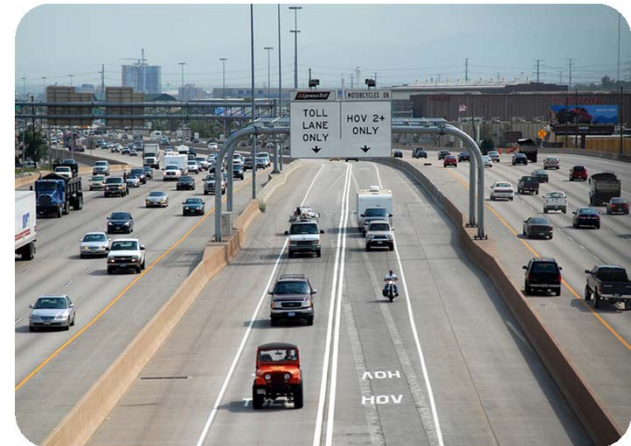


# PROJECT & PORTFOLIO MANAGEMENT

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## INTERNAL DEFINITIONS

- **Program:** Group of projects that meet a specific objective (RAMP, FASTER Safety, Asset Management)
- **Portfolio:** Group of projects that are managed in the same way based on **level of risk** and the **amount of oversight** required (i.e. grouping surface treatment, bridge, etc.)
- **Projects:** Unique endeavor undertaken to create a unique product, service or result that has a defined beginning and end; therefore, it has a defined scope and amount of resources.



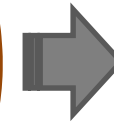
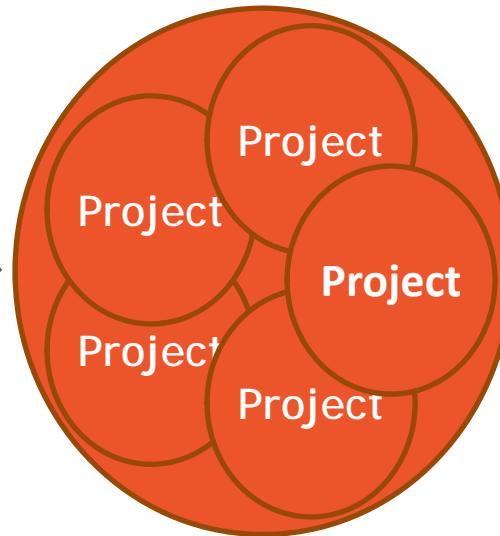
# WHAT DOES THE BIG PICTURE LOOK LIKE?

**PROGRAMS**

**PROJECTS**

**PORTFOLIOS**

**RAMP**  
**ASSET MANAGEMENT**  
Surface Treatment  
Tunnels  
Rockfall  
Etc.  
**FASTER SAFTEY**  
**BRIDGE ENTERPRISE**



**High Risk**

**Medium Risk**

**Low Risk**

Cash Management

Performance Metrics

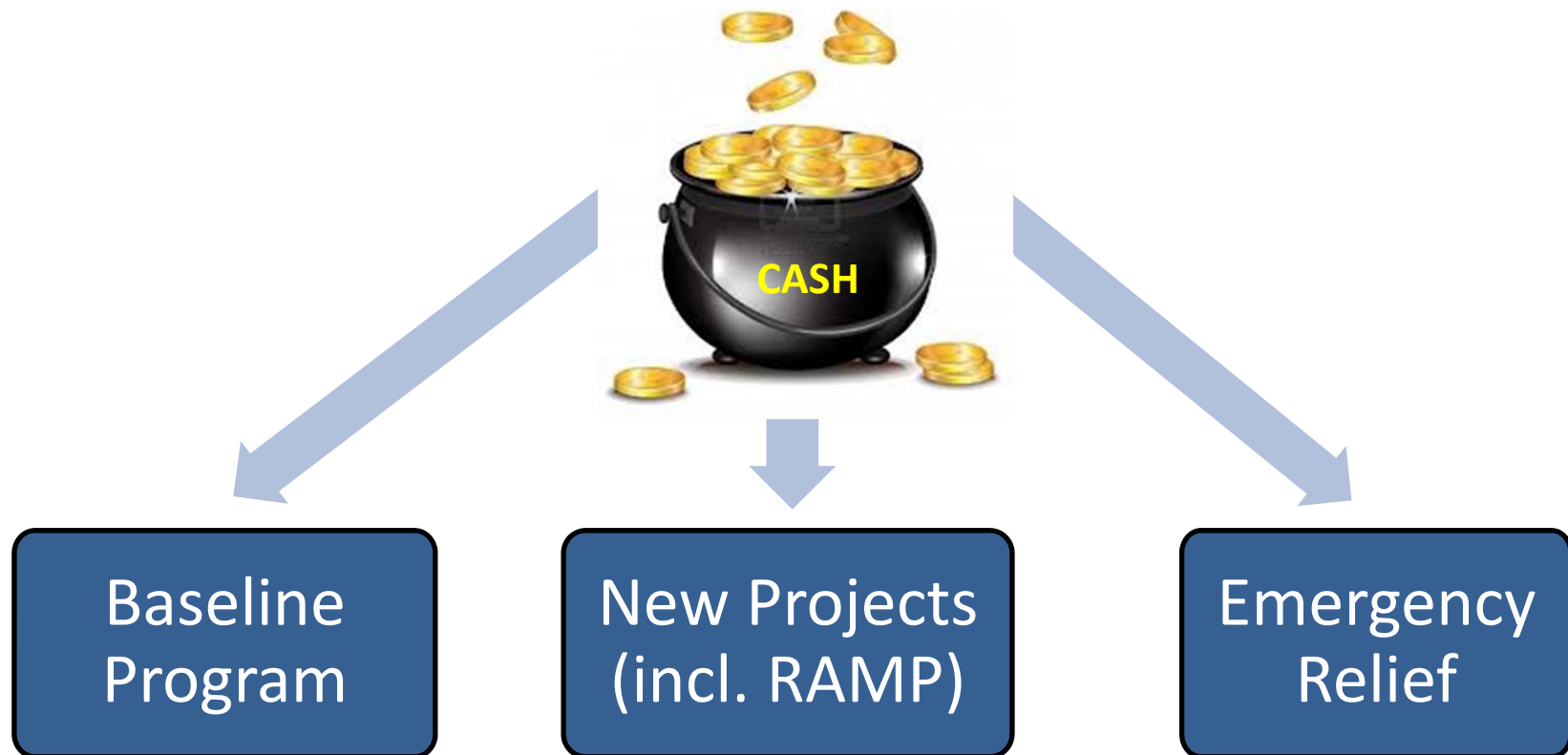
Processes, Tools and Systems



# Cash Management

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*Matching Cash Revenue to Cash Expenditures*







## What We Have Heard

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- **Key Questions**

- What makes up the cash balance and how large is it?
- What is Cash Management?
- How is RAMP funded?
- How does Cash Management affect projects within TIP and STIP?
- How is fiscal constraint maintained in TIP and STIP?



## A Word on Fiscal Constraint

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- **Fiscal constraint maintained under Cash Management through expenditure based STIP and Advanced Budgeting**
- **Tools widely used in other states and accepted by FHWA**
- **RPP control totals stay within each region**
- **Previously programmed local agency programs are not impacted (CMAQ, STP-M, TAP)**



## RAMP

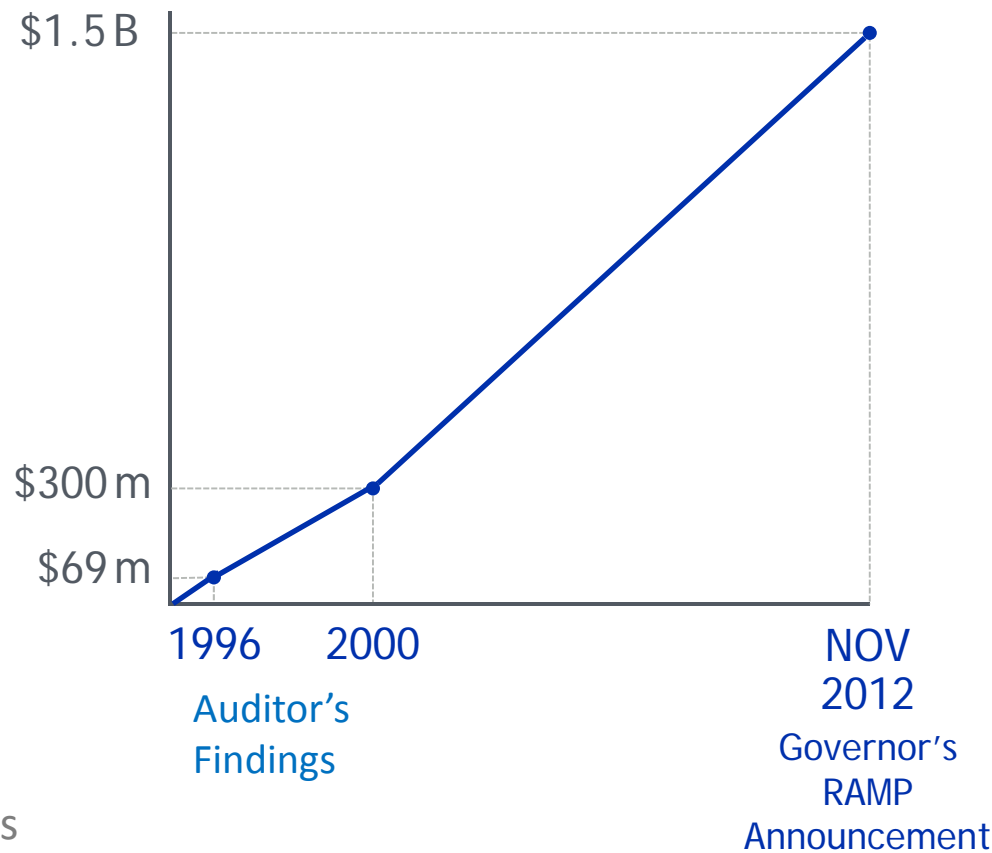
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- **\$1.5 billion (approximately \$300 million) annually for 5 years**
- **Asset Management \$750 million - \$800 million**
  - FY 2014 Asset Management projects approved by TC in April, 2013
  - FY 2015 Asset Management projects approved by TC in November, 2013
  - FY 2016 Asset Management projects in development
  - FY 2017- 2018 Asset Management projects yet to be identified
- **Partnerships up to \$675 million**
  - \$580 million in projects approved by TC in October 2013
  - Additional \$48 million (WB Twin Tunnels) approved by TC in January, 2014
  - Balance awaiting outcome of existing Partnership Projects
- **Operations - \$75 million**
  - \$66 million in projects approved by TC in October, 2013
  - \$10 million in projects approved by TC in March, 2014



# History of Cash Balance

CDOT Cash Balance<sup>(1)</sup> | 1996—March 2014

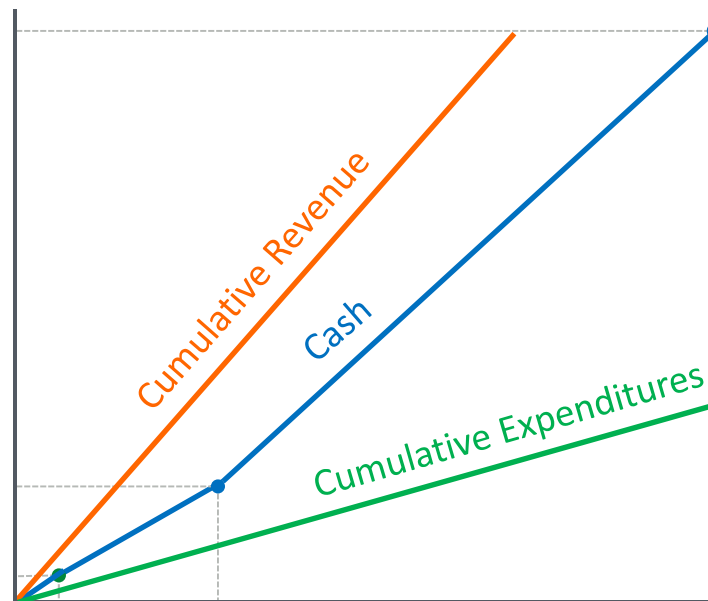


(1) Cash Balance does not include local agency funds



# History of Cash Balance

CDOT Cash Balance<sup>(1)</sup> | 1996—March 2014

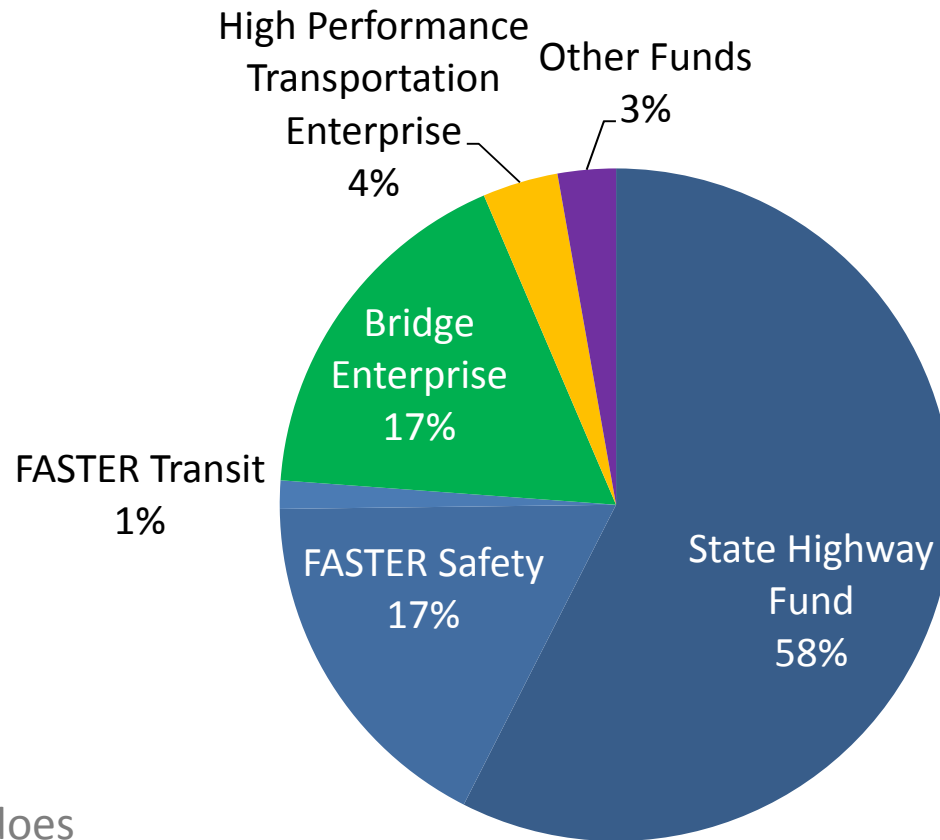


(1) Cash Balance does not include local agency funds



# Cash Balance

Current Cash as of March 2014



Cash Balance does not include local agency funds

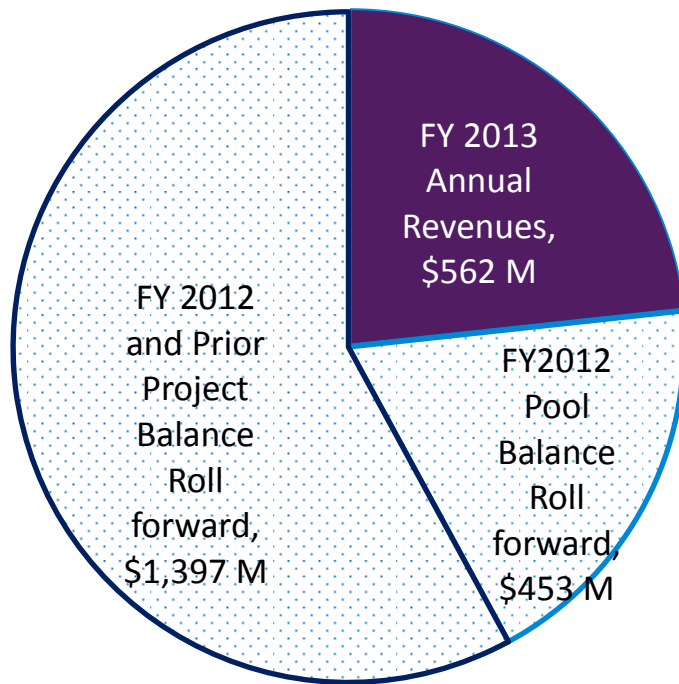




# Historical Programming vs Expenditure Performance

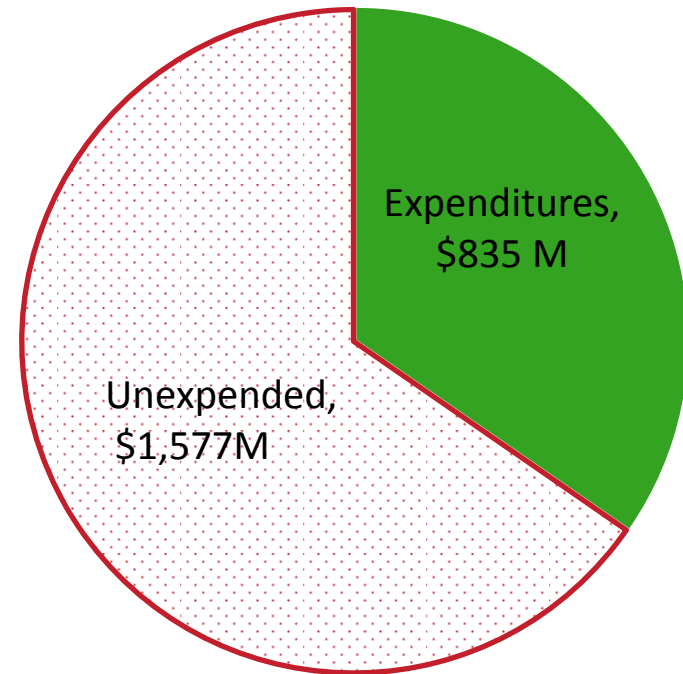
### 2013 Available Program

\$2,412 M



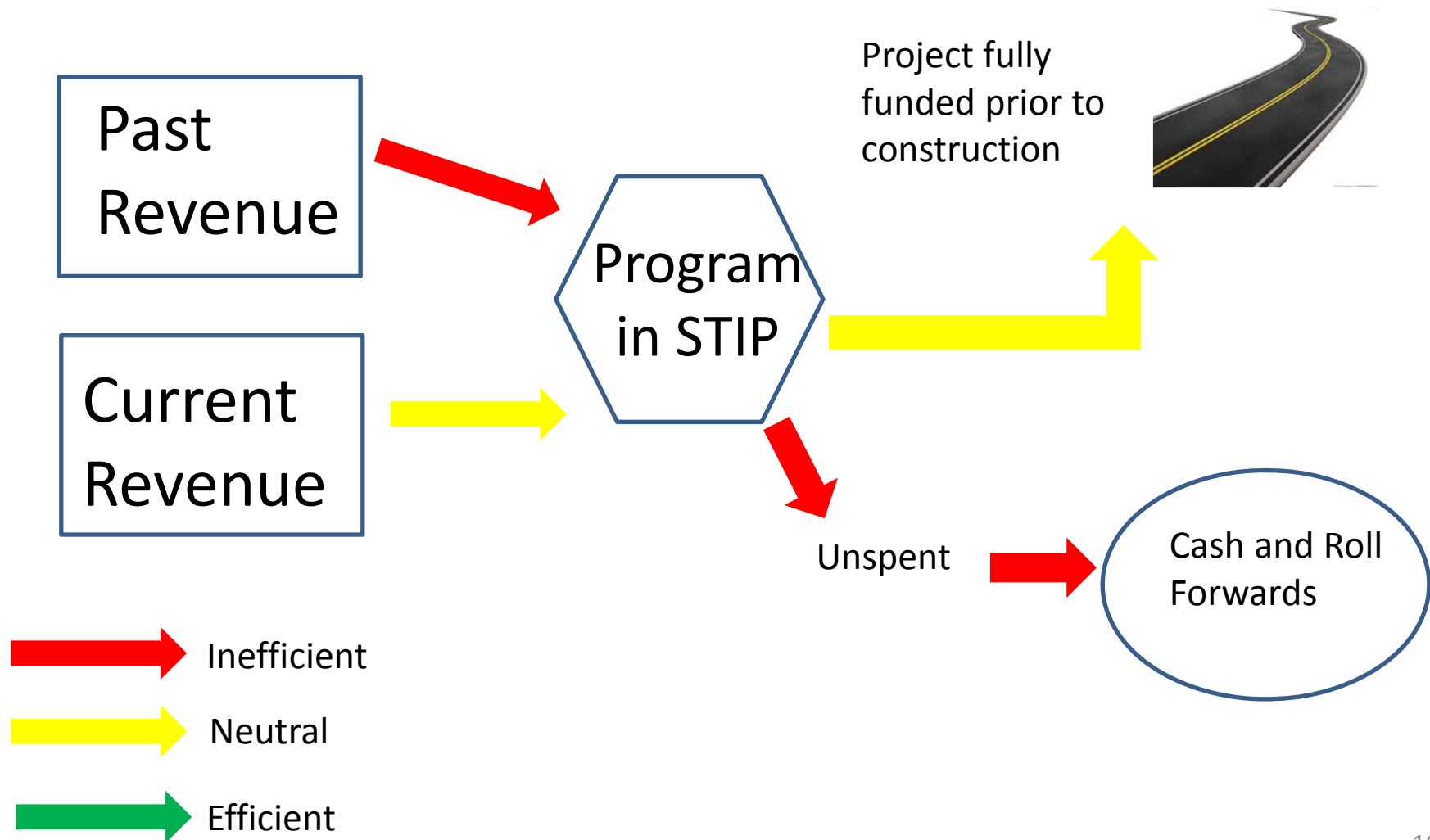
### 2013 Actual Expenditures

\$2,412 M



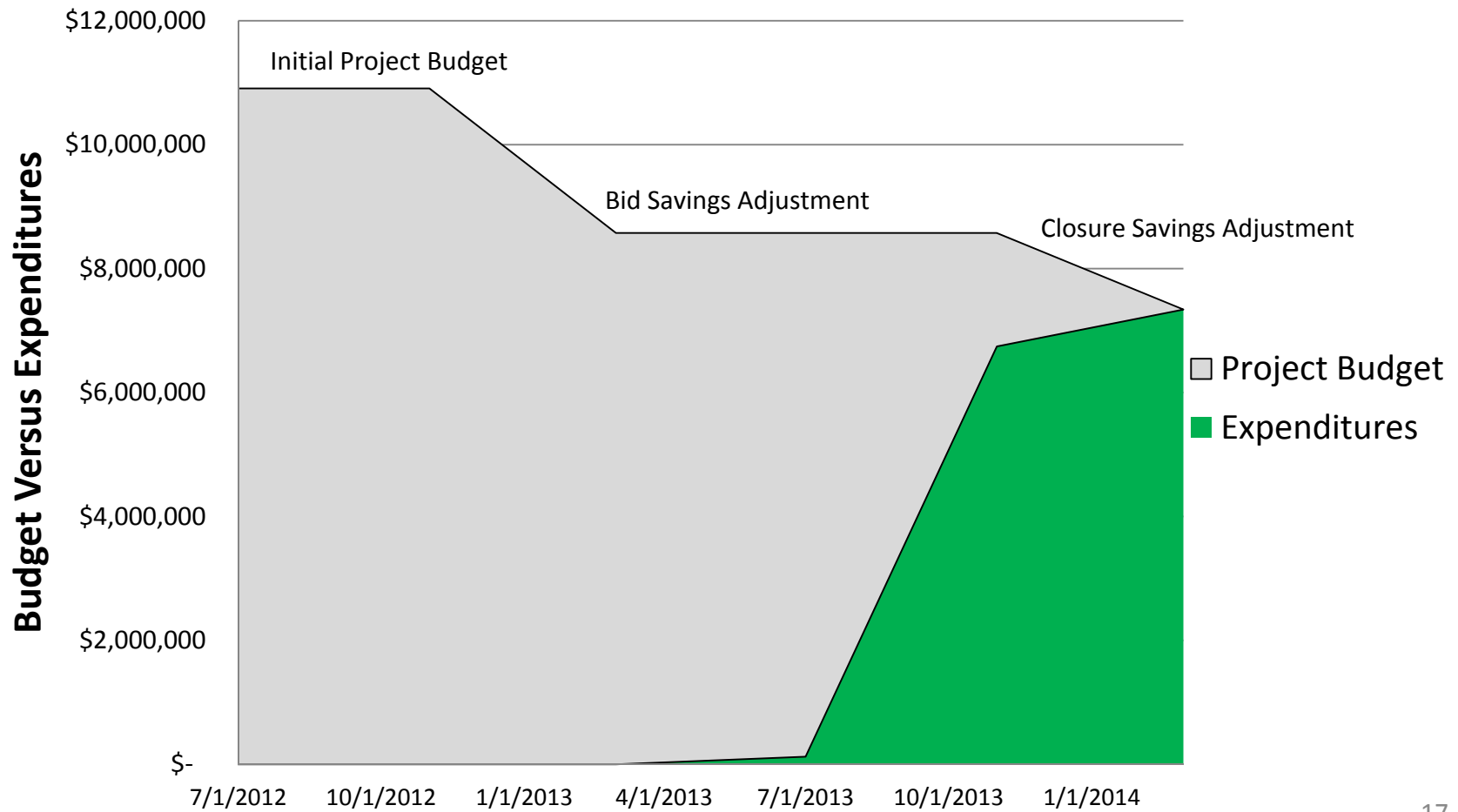


# Historical Cash Management



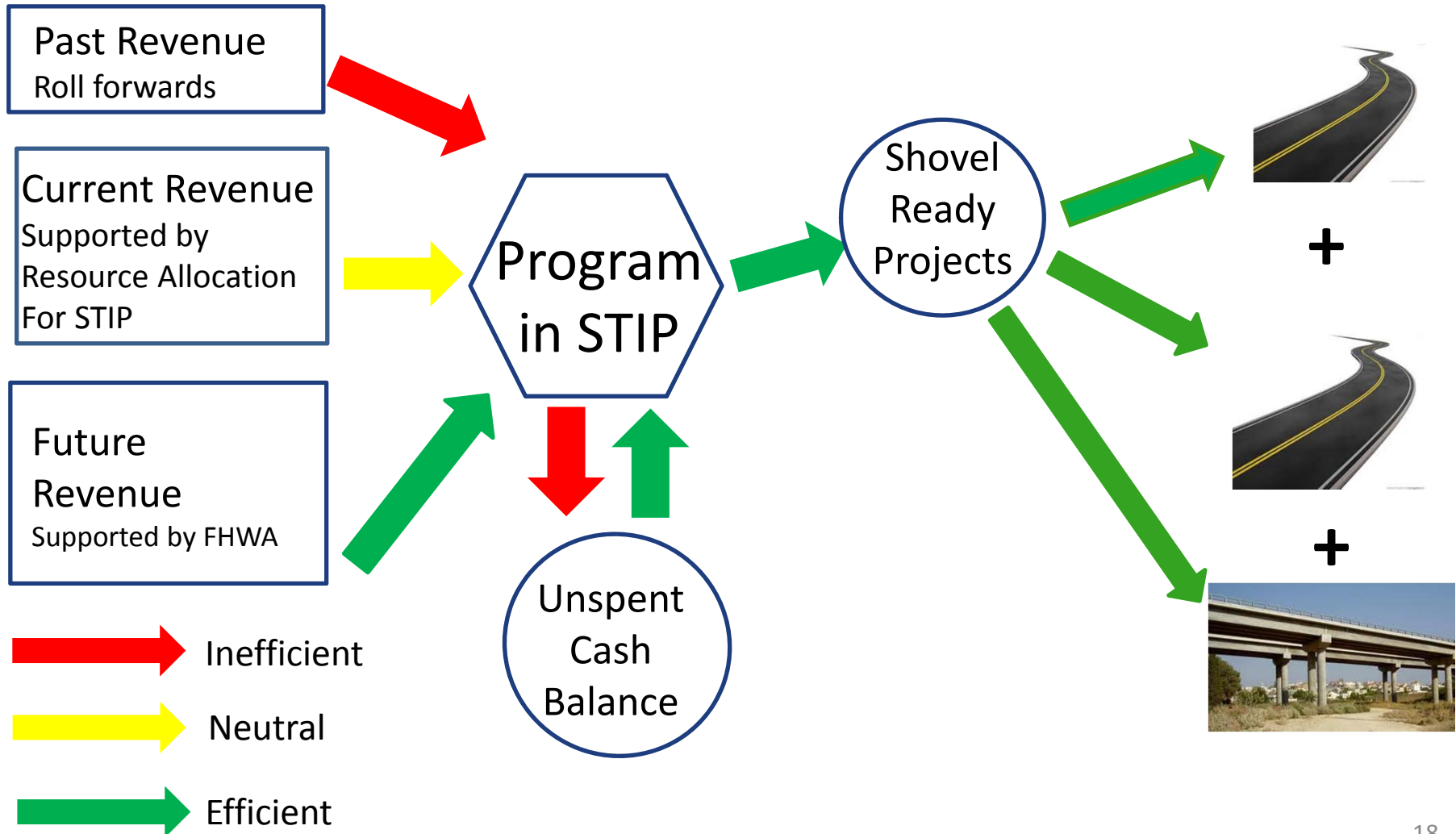


# Lost Opportunity





# Current and Future Cash Management





# Old/New STIP Multiple Projects w RAMP

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Before Cash Management (Step-by-Step Approach)	STIP A	STIP A	STIP A				
		STIP B	STIP B	STIP B			
			STIP C	STIP C	STIP C		
			Encumber A	Encumber B	Encumber C		
			Spend A	Spend A	Spend A		
				Spend B	Spend B	Spend B	
					Spend C	Spend C	Spend C
New Expenditure Based STIP (Holistic Approach)			FY16	FY17	FY18	FY19	FY20
			STIP A	STIP A	STIP A		
			Encumber A	Encumber A	Encumber A		
			Spend A	Spend A	Spend A		
	STIP Z	STIP Z	STIP Z	STIP B	STIP B	STIP B	
	Encumber Z	Encumber Z	Encumber Z	Encumber B	Encumber B	Encumber B	
	Spend Z	Spend Z	Spend Z	Spend B	Spend B	Spend B	
					STIP C	STIP C	STIP C
				Encumber C	Encumber C	Encumber C	
				Spend C	Spend C	Spend C	



# CASH MANAGEMENT

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## Enabling More \$\$ to Construction By:

- Changing from no risk of overspending to flexible movement of funds
- STIP, Budget and Encumbrances will be viewed and used differently
- More effective and efficient tracking of project scope, schedule, and budget
- Alignment of performance metrics with cash management principles

