



**COLORADO**

Department of  
Transportation

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# Overview of Incremental Encumbrance at Colorado Department of Transportation

*March 2015*

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## SPENDING AUTHORITY

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- Spending authority is comprised of forecasted:
  - Highway Users Trust Funds(HUTF) revenues,
  - Federal Apportionments, and
  - Other special revenues used to fund projects
- Determined on an annual basis
- Prevents the state from over-committing its annual revenue
- Ability to award new projects is limited by the available spending authority



# INCREMENTAL ENCUMBRANCE

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- CDOT will only encumber the cash to be spent in state fiscal year (FY) (July 1 – June 30)
- Projects that span two or more FY
- Allows CDOT to award and enter into more contracts
- Helps CDOT accelerate the construction program
- 4-year Project List



## CONTRACT TYPES

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- Used on
  - Design/Bid/Build (DBB),
  - Design Build (DB) and
  - Construction Manager General Contractor (CM/GC)
- Target value is \$10M and higher
- May change based on available spending authority



## PARTNERS

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- CDOT
  - Division of Accounting and Finance (DAF)
  - Procurement and Contracting Services
  - Program Management Office (PMO)
  - Division of Project Support
- State Attorneys General Office
- State Controller's Office
- Federal Highway Administration
- Colorado Contractor's Association



# DRAW DOWN SCHEDULES

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Project Manager (PM) Enters draw down schedules at:

- Preconstruction
  - Scoping
  - FIR
  - FOR
  - AD
- Construction
  - Preconstruction Conference
  - Monthly
- Used by DAF and PMO to make decisions on which projects to incrementally encumber
- The decision will be made at Advertisement



## ADVERTISEMENT TO AWARD

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- Awards Officer receives initial draw down schedule from contractor
- Contractor determines what they plan to spend in by FY
- If contractor refines FY amount, submit revised draw down schedule at preconstruction conference
- CDOT will then use the Option Letter Process to revise the “Encumbered Amount”



# PRECONSTRUCTION CONFERENCE AND BEYOND

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- Contractor submits monthly updates
- PM monitors FY Total
- If contractor changes the plan for the current fiscal year, PM determines cause
  - change in scope, or
  - acceleration of work
- PM communicates with contractor, DAF and PMO to determine if CDOT will accommodate additional cash need





# FISCAL YEAR ENCUMBRANCE

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- Contractor submits April 1 monthly draw down schedule
- PM will update the draw down in SAP and notify DAF and PMO of the cash need for the next FY
- Contractor will certify the draw down schedule as the amount to encumber for next FY



## OPTION LETTER PROCESS

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- Option 1 (a) Change to Encumbrance Amount
- Draw down Schedule certified by contractor (10 days)
- PM reviews and forward to DAF (10 days)
- DAF forwards to the Controller (1 day)
- Returned to Awards Officer
- Awards Officer notifies PM and Resident Engineer by email and list new encumbrance amount.



# QUESTIONS?

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