

North Carolina
Department of Transportation

Fee Structure for Services Performed by the Highway Division

Report to the Joint Legislative Transportation Oversight
Committee

January 1, 2018

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Executive Summary

Session Law 2017-57, Section 34.14.(a) states:

Study - The Board of Transportation shall study the existing fee structure for services provided by Highway Division personnel. For each type of service performed by Highway Division personnel, the Board shall identify, for each of the three fiscal years immediately preceding the effective date of this section, (i) the number of times a fee was charged for a service performed and (ii) the number of times a fee could have been charged for a service performed. The study shall identify the service performed, the amount of the fee that was or could have been charged, the cost incurred by the Department of Transportation from performing the service, and, if applicable, the reason for not charging the fee.

In addition, Section 34.14.(b) states:

Report - The Board shall submit its findings, including any legislative recommendations, to the Joint Legislative Transportation Oversight Committee by January 1, 2018.

This report documents the types of services provided by Highway Division personnel, the number of times each service was performed and any associated fees that were charged for the last three fiscal years. All services provided are included herein regardless of whether a fee is charged. Currently, fees are charged only for driveway permits, outdoor advertising and signing (including selective vegetation removal), oversize or overweight permits, and house moves. There are also a significant number of services are performed that do not entail the collection of a fee. These include reviewing various types of encroachment requests, subdivision plan and road additions as well as traffic impact analyses and providing crash analysis reports. By far, reviewing encroachment requests represents the largest service category for which no fees are collected, with approximately 5000 reviews yearly. This information is summarized in the table included on page 9.

In addition to providing the fees collected for each service, the estimated cost incurred by the Department to perform each service and, where applicable, the reason for not charging the fee is provided herein. When costs are not covered by the fee collected an estimated annual shortfall is provided for each service. In general, the Department recommends that authority be given to charge fees for these services, or that the fee be increased to a value commensurate with Department costs incurred.

The Board of Transportation approved this study and report on December 7, 2017.

Services Provided

Services provided by Highway Division personnel have been categorized into four broad areas:

- Driveways, Subdivisions, and Traffic Impact Analysis

- Encroachments
- Outdoor Advertising and Signing
- Vehicle Permits and Crash Analysis

In the following sections, a breakdown of services in each category is provided. In addition, a brief overview of each service, whether a fee is charged for the service, the actual or estimated cost to provide the service and the net fiscal impact to the Department is provided. This information is summarized in the table located on page 9.

The costs incurred by the Department of Transportation for performing services within these categories can vary significantly by task depending on the scale and complexity of the request. In some instances, these costs have been well documented for the study period. However, for some services, such as encroachment reviews, these costs have only recently been tracked and there is no historical data. In cases where no historical data exists, an estimate for the cost to the Department has been provided. Any estimate provided represents an average cost for a submittal that is not the simplest or most complex but more routine in nature.

Driveways, Subdivisions and Traffic Impact Analysis

When a commercial development connects to the State highway system or a residential development's streets are proposed to be added to the State system, the Department performs various plan reviews and inspections of as-constructed roads and grants permits and approvals.

Driveway Permit

NCDOT charges a \$50 flat fee for driveway permits for commercial or residential subdivision developments. However, the Department estimates that the actual cost to provide this service is \$125.

The total number of driveway permits processed for FYs 2015-2017 is 5,747. Although not an official policy, there were instances where the Department waived driveway permit fees for churches, schools, and cemeteries. The Department charged fees for 5,449 permits and received \$272,450 in fees for the services provided which approximates a shortfall of \$409,000 for the three year period or approximately \$136,000 per year.

Residential Driveway Pipe Installation

NCDOT waives driveway permit fees for applicants of single family dwelling driveways and absorbs the cost of installing the driveway pipe (the property owner pays for the materials to be installed). The estimated cost for the Department to provide this service is \$550 per driveway.

NCDOT performed 8,453 single family residential driveway pipe installations in FYs 2015-2017 which approximates a shortfall of \$4,650,000 for the three year period or \$1,550,000 per year.

Note that the Department self-performs residential driveway pipe installations to ensure they are both properly installed and will function properly. If property owners were to install pipes

themselves in order to save money or avoid fees, and did so incorrectly, it may lead to additional maintenance costs to correct improper installations and result in drainage related issues.

Subdivision Reviews and Inspections

When a developer requests subdivision streets to be added to the State highway system, the Department reviews the subdivision plans, and conducts on-site “built to standards” inspections. In addition, property owners may petition the Department for subdivision road additions to the State maintained secondary road system. These requests result in Department staff reviewing the petition request and inspecting the road to be added. The Department does not charge for these services. The estimated cost for the Department to provide the subdivision plan reviews and built to standards inspection services is \$450 per request. The estimated cost for the Department to provide the subdivision road addition inspections is \$150 per request.

NCDOT conducted a total of 1,315 new subdivision plan reviews and 2,196 road addition reviews in FYs 2015-2017, which approximates a shortfall of \$921,000 for the three year period or approximately \$307,000 per year.

Traffic Impact Analysis

When large commercial developments are proposed, a Traffic Impact Analysis (TIA) must be conducted and submitted for NCDOT’s review. The TIA predicts impacts that the development will have to traffic and identifies any necessary road improvements the developer must provide to mitigate the traffic concerns resulting from the development. NCDOT does not currently charge for these reviews. The estimated cost for the Department to provide these services is \$250 per request.

NCDOT reviewed a total of 952 TIA requests in FYs 2015-2017, which approximates a shortfall of \$238,000 for the three year period or approximately \$80,000 per year.

Encroachments

There are various categories of encroachment reviews performed by Department personnel. These include: Utility; Non-utility; Widening, Curb and Gutter, Storm Drainage; Interstate & Other Control Access Highways; Blanket Agreements and Authorization Letters; Three-Party Agreements (Primary and Secondary). The Department reviews encroachments for impacts to the system, repair processes and management of traffic. Of all encroachment requests received in the period of interest, approximately 65% were for utility encroachments. The Department estimates the average cost of reviewing a typical encroachment is \$100.

NCDOT reviewed a total of 23,539 encroachments in FYs 2015-2017, which approximates a shortfall of \$2,354,000 for the three year period or approximately \$785,000 per year.

Outdoor Advertising and Signing

Outdoor Advertising

NCDOT receives requests for new outdoor advertising permits as well as for annual renewals. NCDOT charges \$120 for a new outdoor advertising permit and \$60 for an annual renewal. NCDOT charges \$40 for a new directional permit and \$30 for an annual directional renewal. The total cost for the Department to review and process these permits is \$2,855,000 over FYs 2015-2017, which is an annual cost to the Department of approximately \$950,000.

NCDOT received 867 new permits and 23,665 annual renewals in FYs 2015-2017 and collected \$1,523,000 in fees, which approximates a shortfall of \$1,332,000 for the three year period or approximately \$444,000 per year.

LOGO/TODS

This program allows eligible businesses to request signage to provide road users with directional information to services and attractions. Logo signs are located primarily along freeways and advertise gas, food, lodging, camping, and attractions. Tourist-Oriented Destination Signs (TODS) are located along roads in rural or small urban areas. NCDOT charges \$300 per year for a business to appear on a logo sign, and \$200 per year to appear on a TODS. The fees charged are used to cover the Department's administrative costs, sign posts, and panel installation and maintenance. The Department's costs to provide this service is estimated as \$290.

The total number of requests processed in FYs 2015-2017 is 45,932. The Department received \$13,702,500 in fees for these services. Any additional funds received are used for sign maintenance as well as vegetation management to make sure the installations remain highly visible. In accordance with G. S. 136-89.56, the Board of Transportation may set the fees for the Logo program to cover the initial cost of signs, sign installation, and maintenance and the costs of administering the logo sign program. Similarly, in accordance with G.S. 136-140.19, the Board of Transportation may set the fees for the TODS program to cover the initial costs of signs, sign installation, and maintenance and the costs of administering the program.

Selective Vegetation Removal

In accordance with 19A NCAC 02E.0601, selective cutting, thinning, pruning or removal of vegetation within highway rights of way may be permitted for opening views to business facilities and legally erected forms of outdoor advertisements, as described in G.S. 136-93(b), that are located adjacent to State highway rights of way. Applications for selective vegetation removal require a permit fee of \$200, pursuant to G.S. 136-18.7. The actual average cost to the Department to provide this service is \$600.

The total number of requests processed in FYs 2015-2017 is 1,491. The Department received \$298,200 in fees for these services, which resulted in approximate shortfall of \$600,000 over the three fiscal years.

Vehicle Permits and Crash Reports

Oversize/Overweight Loads

Vehicles that exceed legal load or dimensional limits are required to obtain permits prior to operating on the State highway system. A range of fees are assessed for oversize dimensions and weights as well as annual and single trip movements.

NCDOT processed 552,581 requests in FYs 2015-2017, which generated \$24,335,959 in fees. The actual cost for NCDOT to administer the program during this period was approximately \$6,020,000 which resulted in approximate net revenue of \$18,300,000 for the three year period or approximately \$6,100,000 per year. In accordance with G.S. 20-119.1, excess funds that are generated by this program must be used for highway and bridge maintenance as a result of damages caused by these loads.

House Moves

NCDOT currently charges an annual fee of \$100 to house-moving entities, and a \$20 permit fee per individual move. An additional \$100 fee may be charged for applicants requiring engineering study for pavement or structures or other special considerations.

NCDOT issued 1,033 house move permits during FYs 2015-2017, and collected approximately \$20,660 in fees. The actual cost for NCDOT to administer the program during this period was approximately \$52,000, which approximates a shortfall of \$31,340 for the three year period or approximately \$10,400 per year.

Crash Analysis Reports

NCDOT's Traffic Safety Section in Transportation Mobility and Safety Section receives requests for crash analysis reports from outside entities such as law firms, media, local governments, and the general public. NCDOT does not currently charge a fee for these reports. The Department estimates the average cost of preparing a typical report is \$200.

NCDOT received a total of 3,850 crash analysis report requests in FYs 2015-2017, which approximates a shortfall of \$770,000 for the three year period or approximately \$257,000 per year.

Recommendations

It is recommended that fees be increased or allowed to cover the cost of performing the various services. An exception to this is installation of residential driveway pipes, as performing the service is a benefit to the department from a future maintenance perspective. The table on the following page indicates recommendations for fees for each service provided.

Services Performed	Current Fee	Fee Sustained	Recommended Fee
<u>Driveways, Subdivisions and Traffic Impact Analyses</u>			
Driveway Permit (Non-single family dwellings)	\$50.00	No	\$125.00
Residential Driveway Pipe Installations	*	No	\$0.00
Subdivision Plan Reviews and Built to Standard Inspections	*	No	\$450.00
Subdivision Road Addition Inspections (petition/field inspection)	*	No	\$150.00
Traffic Impact Analysis Reviews	*	No	\$250.00
<u>Encroachments</u>			
Utility	*	No	\$100.00
Non-utility	*	No	\$100.00
Widening, Curb & Gutter, Storm Drainage, etc.	*	No	\$100.00
Interstate & Other C/A Highways	*	No	\$100.00
Original Blanket Agreements	*	No	\$100.00
Blanket Encroachment Authorization Letters	*	No	\$100.00
Three-Party Agreements (Primary and Secondary Roads)	*	No	\$100.00
<u>Outdoor Advertising and Signing</u>			
Outdoor Advertising (new permits)	\$120.00	No	\$240.00
Outdoor Advertising (Standard renewals)	\$60.00	No	\$120.00
Outdoor Advertising (Directionals - new permits)	\$40.00	No	\$80.00
Outdoor Advertising (Directionals - renewals)	\$30.00	Yes	\$30.00
LOGO	\$300 per each mainline, ramp and trailblazer panel	Yes	Recommend fee increase to allow revenue generation
TODS	\$200.00	Yes	No change recommended
Selective Vegetation Removal	\$200.00	No	\$600.00
<u>Vehicle Permits and Crash Reports</u>			
Oversize / Overweight Loads (Annual Permits, per Vehicle)	\$100.00	Yes	No change recommended
Oversize / Overweight Loads (Annual Permits, Mobile Home Movers)	\$200.00		No change recommended
Oversize / Overweight Loads (Single Trip Permits)	\$12 for each dimension over lawful dimensions, incl. height, length, width and weight up to 132,000 lbs.		No change recommended
Oversize / Overweight Loads (Single Trip Permits - Weight)	\$3 per 1,000 lbs. over 132,000 lbs.		No change recommended
Oversize / Overweight permits that require an engineering study for pavement, structures or other special conditions	\$100.00		No change recommended
House Moves (annual fee)	\$100.00	Yes	No change recommended
House Moves (per move)	\$20.00		\$50.00
Crash Analysis Reports	*	No	\$200.00
* Fee Not Specified by Current Legislation			

Statutory & Regulatory References for Services

Services Performed	Current Fee	Statutory Authority	Regulatory Authority	Date Fee Enacted / Last Modified
<u>Driveways, Subdivisions and Traffic Impact Analyses</u>				
Driveway Permit (Non-single family dwellings)	\$50.00	§136-18(29)	19A NCAC 02D.0421	July 1978
Residential Driveway Pipe Installations	*	§136-18(29)	19A NCAC 02D.0421	July 1978
Subdivision Plan Reviews and Built to Standard Inspections	*	§136-102.6	19A NCAC 02C.0101	
Subdivision Road Addition Inspections (petition/field inspection)	*	§136-102.6	19A NCAC 02C.0101	
Traffic Impact Analysis Reviews	*			
<u>Encroachments</u>				
Utility	*	§136-18(10)	19A NCAC 02E.0420	
Non-utility	*	§136-18(10)	19A NCAC 02E.0420	
Widening, Curb & Gutter, Storm Drainage, etc.	*	§136-18(10)	19A NCAC 02E.0420	
Interstate & Other C/A Highways	*	§136-18(10)	19A NCAC 02E.0420	
Original Blanket Agreements	*	§136-18(10)	19A NCAC 02E.0420	
Blanket Encroachment Authorization Letters	*	§136-18(10)	19A NCAC 02E.0420	
Three-Party Agreements (Primary and Secondary Roads)	*	§136-18(10)	19A NCAC 02E.0420	
<u>Outdoor Advertising and Signing</u>				
Outdoor Advertising (new permits)	\$120.00	§136-133 (a)	19A NCAC 02E.0207	August 1999
Outdoor Advertising (Standard renewals)	\$60.00	§136-133 (a)	19A NCAC 02E.0207	August 1999
Outdoor Advertising (Directionals - new permits)	\$40.00	§136-133 (a)	19A NCAC 02E.0207	August 1999
Outdoor Advertising (Directionals - renewals)	\$30.00	§136-133 (a)	19A NCAC 02E.0207	August 1999
LOGO (Fee covers the initial cost of sign, installation of sign, maintenance and cost to administer program)	\$300 per each mainline, ramp and trailblazer panel	§136-89.56	19A NCAC 02E.0221	October 2003
TODS	\$200.00	§136-140.19	19A NCAC 02E.1106	2001
Selective Vegetation Removal	\$200.00	§136-18.7	19A NCAC 02E.0608	1999
<u>Vehicle Permits and Crash Reports</u>				
Oversize / Overweight Loads (Annual Permits, per Vehicle)	\$100.00	§20-119	19A NCAC 02D.0600	July 2009
Oversize / Overweight Loads (Annual Permits, Mobile Home)	\$200.00	§20-119	19A NCAC 02D.0600	July 2009
Oversize / Overweight Loads (Single Trip Permits)	\$12 for each dimension over lawful dimensions, incl. height, length, width and weight up to 132,000 lbs.	§20-119	19A NCAC 02D.0600	July 2009
Oversize / Overweight Loads (Single Trip Permits - Weight)	\$3 per 1,000 lbs. over 132,000 lbs.	§20-119	19A NCAC 02D.0600	July 2009
Oversize / Overweight permits that require an engineering study for pavement, structures or other special conditions	\$100.00	§20-119	19A NCAC 02D.0600	July 2009
House Moves (annual fee)	\$100.00	§20-119	19A NCAC 02D.0612	July 2009
House Moves (per move)	\$20.00	§20-119	19A NCAC 02D.0612	July 2009
House Moves that require engineering studies of pavement, structures or other special considerations	\$100.00	§20-119	19A NCAC 02D.0612	July 2009
Crash Analysis Reports	*	§132-6.2€		
* Fee Not Specified by Current Legislation				

Summary Table of Services Provided and Associated Fees

Services Performed	(i) the number of times a fee was charged for a service performed								
	# Of Times Service Performed			# of Times Fee was Charged			Total \$- Amount of Fee Received		
	FY 15	FY 16	FY 17	FY 15	FY 16	FY 17	FY 15	FY 16	FY 17
FY's 2014-15, 2015-16, 2016-17									
Driveways, Subdivisions and Traffic Impact Analyses									
Driveway Permit (Non-Single Family Dwellings)	1777	2008	1962	1690	1904	1855	84,500	95,200	92,750
Residential Driveway pipe installations	2584	2874	2995	0	0	0	0	0	0
Subdivision Plan Review and Built to standards Inspections	411	463	441	0	0	0	0	0	0
Subdivision Road Addition Inspections (petition/field inspections)	692	836	668	0	0	0	0	0	0
Traffic Impact Analysis Reviews (Dist data + Central Reviews)	327	308	317	0	0	0	0	0	0
Encroachments									
16.1 - Utility	4309	5244	5217	0	0	0	0	0	0
16.1A - Non-Utility	558	465	472	0	0	0	0	0	0
16.1 B - Widening, Curb & Gutter, Storm Drainage, etc.	304	330	320	0	0	0	0	0	0
16.2 - Interstate & Other C/A Highways	291	251	257	0	0	0	0	0	0
16.3, 16.4, 16.5 - Original Blanket Agreements	571	506	409	0	0	0	0	0	0
Blanket Encroachment Authorization Letters	781	847	440	0	0	0	0	0	0
16.6 & 16.6A- Three-Party Agreements	609	663	681	0	0	0	0	0	0
16.7 - Grading on R/W in Interstates & Other C/A Highways	5	2	7	0	1	2	0	500	1,000
Outdoor Advertising and Signing									
Outdoor Advertising Total	8166	8011	8355	8166	8011	8355	512,820	490,140	520,080
New permits	386	163	318	386	163	318	46,320	19,560	38,160
Standard Renewals	7770	7838	8027	7770	7838	8027	466,200	470,280	481,620
Directionals Renewals	10	10	10	10	10	10	300	300	300
LOGO Program (panels)	14,484	14,833	15,844	14,484	14,833	15,844	4,345,200	4,449,900	4,753,200
TODS Program	262	254	255	262	254	255	52,400	50,800	51,000
Selective Vegetation Removal	401	494	596	401	494	596	80,200	98,800	119,200
Vehicle Permits and Crash Reports									
Oversize/Overweight Loads	173,452	185,728	193,401	173,452	185,728	193,401	7,333,112	8,176,304	8,826,543
House Moves	315	380	338	315	380	338	6,300	7,600	6,760
Crash Analysis Report	1200	1300	1350	0	0	0	0	0	0