21st Century Transportation Committee

Presented by
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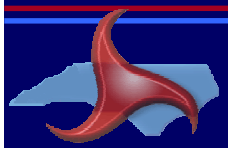
Charlotte, NC
January 16, 2008

AGENDA

- NCDOT Transformation Update
- State Transportation Priorities
  - NCTA Gap Funding
- Alternative Funding Options
  - Debt Capacity
  - Industry Capacity



NCDOT Transformation

NCDOT's Transformation Includes:

- Vision - 21st Century DOT focused on State's transportation network connectivity and performance
- Prioritization - Realization of the need for a better prioritization of the State's resources to address congestion, safety, and infrastructure needs, and
- A better performing DOT

Solving NC Transportation Problems

- Not Simple Matter of Revenue
- Requires a 3 Step Approach
  1) Improve NCDOT Organization & Process to become more efficient and impact focused
  2) Establish Statewide Prioritization Process
  3) Determine Incremental Resources/Revenues to achieve desired outcomes
     - Dependent on 1 and 2

Transformation Beginnings

21st Century NCDOT Vision

- Focus on Network Connectivity & Function, not just Projects
- Enhance Systems Operations, to leverage existing infrastructure
- Establish Network Performance Standards
- Greater Internal Efficiency, Ownership and Accountability
- Prioritized, Outcome-Based Budgets
- Link Infrastructure Delivery and Statewide Commerce Goals
- Culture Shift, become true Service Provider

Transformation Diagnostic Highlights

Development Areas

- Conflicting Vision and Goals
- Non-Strategic Portfolio of Project and Services
- Core Processes Lack Prioritization, Accountability, Coordination
  - –Project Design & Delivery
  - –Strategic Planning (ad-hoc)
  - –Operational Processes (not linked to metrics)
  - –Funding Flexibility
- Shortcomings
  - –Organization Structure (Silo and non-collaborative)
  - –Failing Talent System (Recruit/Motivate/Develop)
  - –Communication (Not pro-active)
  - –Employee Mindsets

Five Key Transformation Initiatives

Strategic Direction

- Define common **Mission** and **Goals** for the NCDOT
- Determine the appropriate **scope of activities** for NCDOT
- Identify potential opportunities for new sources of **funds**
- Evaluate possible **organizational changes** to reach strategic goals

Planning and Prioritization

- Establish a **Strategic Planning Office**
- Develop **strategic plan** that aligns with Mission and Goals
- Establish a new **prioritization approach** based on strategic priorities

Program and Project Delivery

- Develop and implement enhanced **program and project delivery** models and processes

Performance and Accountability

- Implement a public facing **Executive Dashboard** that is aligned with the mission and goals
- Introduction of a **performance based culture** that cascades performance metrics throughout the organization

Improved Human Resource Management

- Design a **rigorous performance review** process tied to performance metrics
- Design a process for **leadership planning**
- Make high level recommendations on **employee recruitment, development and retention**

Strategic Direction

Alignment of Strategic Direction with New Mission and Goals

Accomplishments to Date:

- ✓ New Mission and Goals
- ✓ Strategic Leadership Roles Identified
- ✓ Organization Assessment Approach Identified and Plan Developed
- ✓ Alternative Funding Recommendations Developed
- ✓ Streamlined Project and Programs Delivery Models Identified

Key Deliverables - Within Next 12 Months:

- Establish Appropriate Strategic Leadership Roles / Positions
- Complete a Comprehensive Organizational Assessment of All Business Units:
  - Mission
  - End Products
  - Activities
  - Efficiencies
- Recommend Strategic Organizational Changes
- Actively Participate in Development of Statewide Logistics Plan

Strategic Direction

Organizational Assessment

Accomplishments to Date:

- **Efficiency-based Organization Design**
  - Addressing Repetitive Functions
  - Improving Cost Effectiveness By, E.G., Outsourcing or Devolving Activities
  - De-layering the Organization (Vertically and Horizontally)
  - Tightening Spans of Control Within Organization
  - Aligning Resource Levels With Levels of Work
- **Effectiveness-based Organization Design**
  - Map Major Functions of Organization
  - Identify Interdependencies, Coordination Points, and Mutual Accountabilities to the Branch Level
  - Review Other Organization Structures to Develop a Set of Organization Design Choices to Accommodate Linkages

Key Deliverables - Within Next 12 Months:

- Assess Results
- Make Long Term Organizational Changes

Program and Project Delivery

Streamlined Program and Project Delivery

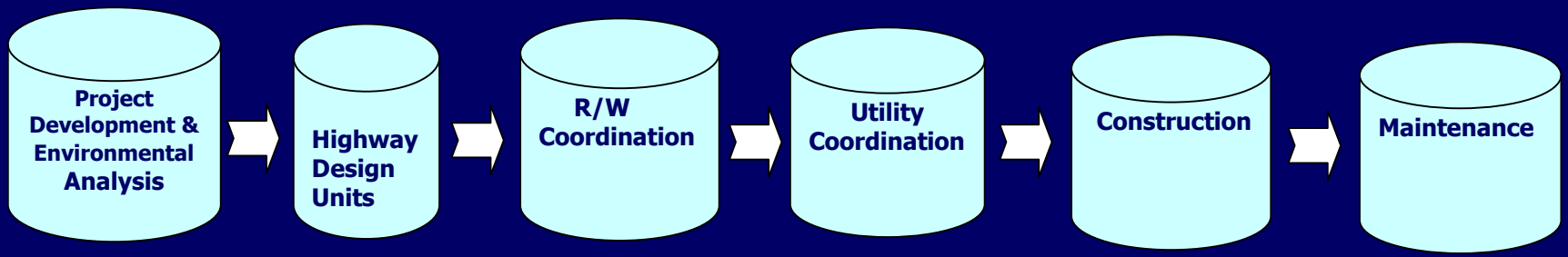
Accomplishments to Date:

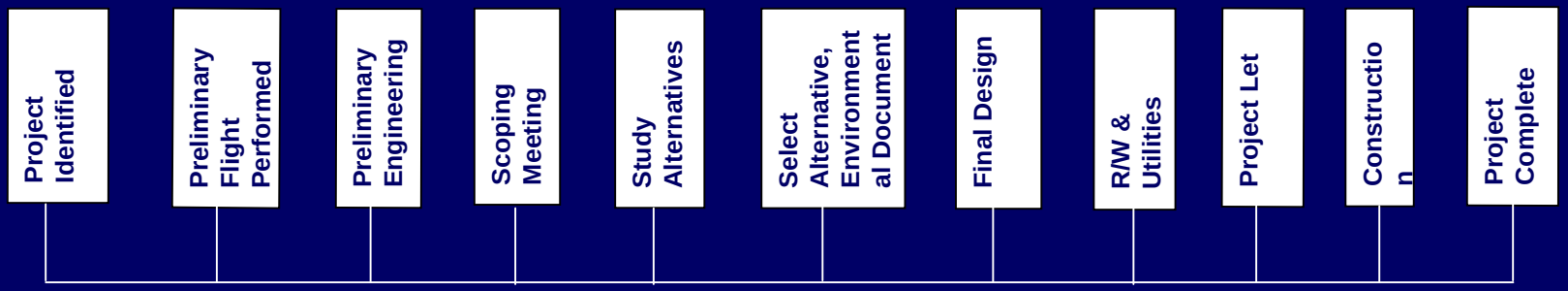
- **NCDOT Bridge Program**
  - Twenty Year Assessment of Statewide Bridge Needs
  - Developed Processes to Address Gaps in Bridge Program Needs
- **TIP Projects**
  - Test Streamlined Project Delivery Models on Select TIP Projects
  - Demonstrate Ability to Deliver Projects Efficiently Particularly When Clear Priorities Are Set
  - PBS&J Study
- **Mobility Program**
  - Establish Standard Measures of Congestion to Allow Prioritization of Solutions
  - Identify Alternative Approaches to Manage Congestion
  - Assess Efficiency and Effectiveness of Resources Currently Allocated to Mobility Management

Key Deliverables - Within Next 12 Months

- Implement Processes
- Implement “Pilots”
- Assess Results and Make Long Term Changes Based on Lessons Learned

Historic Bridge Program - Silo Effect





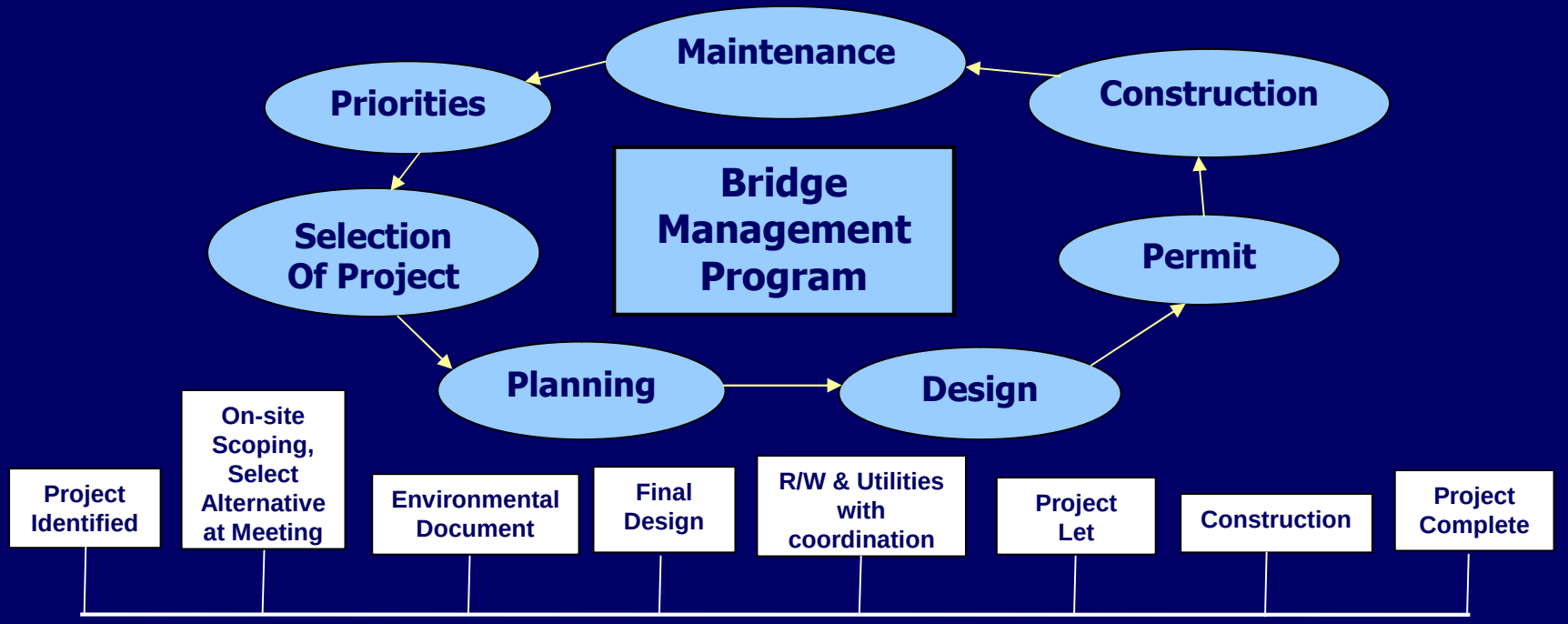
1-5 Year Process

Projects are selected based on Central list with minimal Division Input.

- The same design standards are applied to all bridges
- Design and Construction performed without budget constraints

- No team approach, Multiple hand-offs occur within units
- No Full accountability
- Inefficient Process

New Bridge Program
One Owner with Regional/Division Coordination



1-3 Year Process

Projects are selected based on need and available funds with significant Division input.

- Convert Bridge Maintenance to Bridge Management - accountable for entire bridge program
- Division Managers are accountable for bridges in the Division
- Regional Team Approach - better efficiency and accountability
- R/W and Utility Coordination will provide more focus on R/W and Utility Relocation

- On-site scoping minimizes alternatives, saving time and money
- Tiered Design Standards - right size bridge for route (est. 25% savings)
- Budget Based Design and Construction - spending awareness and accountability

TIP Projects - New Delivery Models

- Pilot Management Models
  - Project Executive
  - Project Executive with Formal Team
  - Tri-Technical Managers - This will be the standard operating practice
- Regionalization of NCDOT - Alignment of Planning, Design and Operations to create regional teams
- Creation of an informal two-tier TIP with one part Development and one part Delivery

TIP Projects - Impact: New Delivery Models

- Pilot Management Models
  - provide high level accountability
  - single point of responsibility
  - reduction in cost and delivery time
- Regionalization of NCDOT
  - creates teams in regions that will continuously work with each other to prevent silos and promotes collaboration among business units
  - increase efficiency
  - provide project accountability from scope to construction completion
- Informal two tier TIP with one part Development and one part Delivery
  - provides a measurable TIP with realistic delivery dates
  - establishes delivery expectations and budget constraints
  - sets achievable project expectations

System Operations & Management

- 3 Transportation Mgmt Centers
- 150 Dynamic Message Signs
- 200 Traffic Cameras
- TIMS Website & 511
- 500 Miles of IMAP
- 139 CL Traffic Signal Systems

System Operations & Management

- Freeway Management
- Arterial Management
- Traveler Information*
- Incident Management*
- Emergency Management
- Work Zone Management

- Ramp Metering
- Commercial Vehicle Operations
- Transit Management
- Road Weather Management
- Electronic Payment Systems (Tolls)
- Crash Prevention & Safety

Improved System Operations & Mgmt Benefit /Cost Estimates

- Tucson, AZ: $6.3 benefit /$1 invested
- Cincinnati, OH: $11.80 benefit / $1 invested
- Seattle, WA: $12.20 benefit / $1 invested

Planning and Prioritization

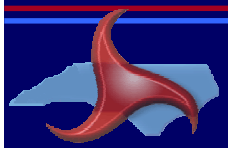
Alignment of Strategic Direction with New Mission and Goals

Accomplishments to Date

- ✓ Identified the Need for a Strategic Planning Office
- ✓ Hired a Strategic Planning Director
- ✓ Developed a Conceptual Strategic Planning and Prioritization Process
  - Strategic "Direction Setting" Cycle
    - Frequency 8 Years
    - Outlook 20 - 25 Years
  - Strategic Prioritization Cycle
    - Frequency 2 Years
    - Outlook 2 - 7 Years
  - Annual Action Planning Cycle
    - Frequency Every Year
    - Outlook 1 - 2 Years
- ✓ Trained Departmental Leaders and Stakeholders on the New Conceptual Strategic Prioritization Process

Key Deliverables - Within Next 12 Months

- Establish Strategic Planning Office
- Continue to Communicate Conceptual Strategic Planning and Prioritization Processes to Key Stakeholders
- Pilot Annual Action Planning Process



Performance and Accountability

Implementation of Performance Based Culture

Accomplishments to Date

- ✓ Developed NCDOT's **Value Tree** Based on Department's New Mission and Goals
- ✓ Developed **Key Performance Indicators** That Align With New Mission and Goals
- ✓ Developed Performance **Metrics** for Department Leaders That Align With New Mission and Goals
- ✓ Implemented Performance Based Management **Targets** for NCDOT Maintenance and Operations Across the 14 Divisions
- ✓ Developed a Preliminary **Executive Dashboard** and Published on NCDOT Web Site

Key Deliverables - Within Next 12 Months

- Complete Development of Performance Targets for All Goals
- Develop Performance Metrics for All NCDOT Employees
- Educate All Employees on New Performance Culture
- Develop a Robust Executive Dashboard That Will Show Progress Towards Accomplishing Performance Outcomes

Improved Human Resource Management

Improved Human Resource Management

Accomplishments to Date

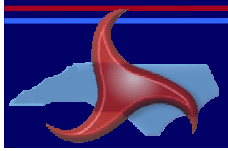
- ✓ Completed Assessment of Current Personnel Practices and Developed Recommendations
- ✓ Developed Leadership Development System
- ✓ Developed Listing of "Core Values" for NCDOT
- ✓ Developed Performance Management System in Conjunction With Office of State Personnel
  - Includes Quantifiable Performance Metrics Assessment
  - Includes "Value Statement" Assessment
  - Includes Leadership Development Assessment
  - Includes Consequence Management Guidance
- ✓ Identified Need for Succession Planning
- ✓ Trained Senior Leadership on new Performance Management System

Key Deliverables - Within Next 12 Months

- Continue Training and Pilot the Implementation of New Performance Management System for All NCDOT Employees
- Complete an Employee "Value Proposition" That Can Be Used to Recruit Top Talent
- Develop and Implement a Mentoring Program Throughout the Organization
- Develop Career Planning System for All Employees (Technical, Functional, Managerial)
- Evaluate the Training and Development Needs of NCDOT Employees

Other NCDOT Transformation Accomplishments

- ✓ EEP Budget Reduction - $43 Million
  - – Collaboration with DENR, COE, DWQ
- ✓ I-95 Corridors of the Future - $21 Million
  - – VA, NC, SC, GA & FL: one of 6 National selections
  - – Future Opportunity for Significant Federal Assistance
- ✓ Traffic Management Federal Grant - ≈$1 Million
  - – All Interstates
- ✓ Statewide Traffic Operations Center
  - – Partnership with SHP/NCNG/EOC/NCDOT/NCTA
- ✓ GARVEE Bonds - $300 Million
  - – 30 Projects on Strategic Highway Corridors



Asset Management

- **Policy Driven -** Decisions based on well defined policy
- **Performance Based -** Policy decisions drive the outcomes
- **Analytical Analysis -** Resource allocation based on modern investment analysis and best value concepts

- **Decisions based on Quality Information -** Investment decision based on accurate and timely data
- **Monitoring for Accountability -** Performance results are monitored for accountability and efficiency improvement

Allows better communication with stakeholders, legislature and public

Better able to allocate resources to most needed work

Mission & Goals

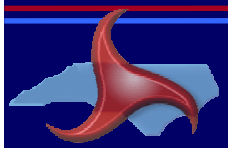
NCDOT

OUR MISSION

"Connecting people and places in North Carolina – safely and efficiently, with accountability and environmental sensitivity"

OUR GOALS

- Make our transportation network **safer**
- Make our transportation network move people and goods more **efficiently**
- Make our infrastructure **last longer**
- Make our organization a place that **works well**
- Make our organization **a great place** to work



Where are we Today?

Strain of external trends

Growing Demand on System
- *Doubling of VMT by 2030*
- *NC population projected to grow by 50% between 2000 and 2030, "7th most populous state by 2030"*

Increasing Cost of Supplies
- *80% construction supplies inflation since 2002*
- *Spike in global asphalt, cement, and steel prices expected to continue*

Declining Funding
- *State gas tax purchasing power has declined (inflation and mpg)*
- *Federal Highway Trust Fund program projected to run out of funding by 2009*
- *Transportation funding flat/declining for FY2008/09**

ASCE Report Card

NC current state:
Bridges C-, Roads D

Airports	**D+**
Bridges	**C-**
Dams	**D**
Drinking Water	**C+**
Rail	**B-**
Roads	**D**
Schools	**C-**
Storm Water	**C-**
Waste Water	**C-**
NC GPA	**C-**

On current course, overall grade will drop to a D in 6 years

* Gas tax cap and increased other agency support

Source: ASCE Report Card; NCDOT internal data

Where are we Going?
21st Century DOT

Current scorecard

C-

Improving NC Infrastructure

- A statewide logistics plan
- A transformed DOT
  - Clear strategic direction
  - Efficient execution
  - Accountability for performance
- Adequate and sustained funding

Desired scorecard

B

Where are we Going?
TIERED GOALS - EXAMPLE

Category	Tier	Current Condition	Current LOS	Target condition	Target LOS
Bridges	**Overall**	– **31% deficient**	**D**	– **22-23% deficient**	**B**
	Statewide (14%)	– 23% deficient	C	– 20% deficient*	B
	Regional (8%)	– 30% deficient	F	– 23% deficient*	B
	Subregional (78%)	– 33% deficient	C	– 33% deficient*	C
Pavements	**Overall**	– **66% Good/13% Poor**	**D**	– **80% Good/7% Poor**	**B**
	Statewide (11%)	– 71% Good/13% Poor	D	– 85% Good/5% Poor	B
	Regional (14%)	– 65% Good/16% Poor	D	– 80% Good/7% Poor	C
	Subregional (75%)	– 68% Good/13% Poor	D	– 75% Good/10% Poor	C
Signals	**Overall**	– **Poor traffic progression**	**C**	– **Good traffic progression**	**A**
	Statewide	– Poor traffic progression	C	– Good traffic progression	A
	Regional	– Poor traffic progression	C	– Good traffic progression	A
	Subregional	– Poor traffic progression	C	– Good traffic progression	A
Network Condition	**Overall**	– **79 Infrastructure Rating**	D	– **87 Infrastructure Rating**	**B**
	Statewide	– 80 Infrastructure Rating	C	– 87 Infrastructure Rating	B
	Regional	– 79 Infrastructure Rating	D	– 85 Infrastructure Rating	C
	Subregional	– 79 Infrastructure Rating	D	– 83 Infrastructure Rating	C
System Operations	**Overall**	– **Closures <4hrs; info <2 hrs**	D	– **Closures <1hrs; info <20 min**	**A**
	Statewide	– Closures <4hrs; info <2 hrs	D	– Closures <30 min; info <15 min	A
	Regional	– Closures <4hrs; info <2 hrs	D	– Closures <90 min; info <30 min	A
	Subregional	– N/A	N/A	– N/A	N/A
Total System			C-		B

* Same as national standard

LEVEL OF SERVICE BY TIER, CATEGORY, AND MODE - Example

NCMIN Tier	Statewide																	
Target LOS*	A																	
Category	Mobility						Infrastructure Health						Safety					
Target LOS*	A						A						A					
Mode	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.
Target LOS*	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A

*Note:
LOS shown is for illustrative purposes only

NCMIN Tier	Regional																	
Target LOS*	B																	
Category	Mobility						Infrastructure Health						Safety					
Target LOS*	B						B						B					
Mode	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.
Target LOS*	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B

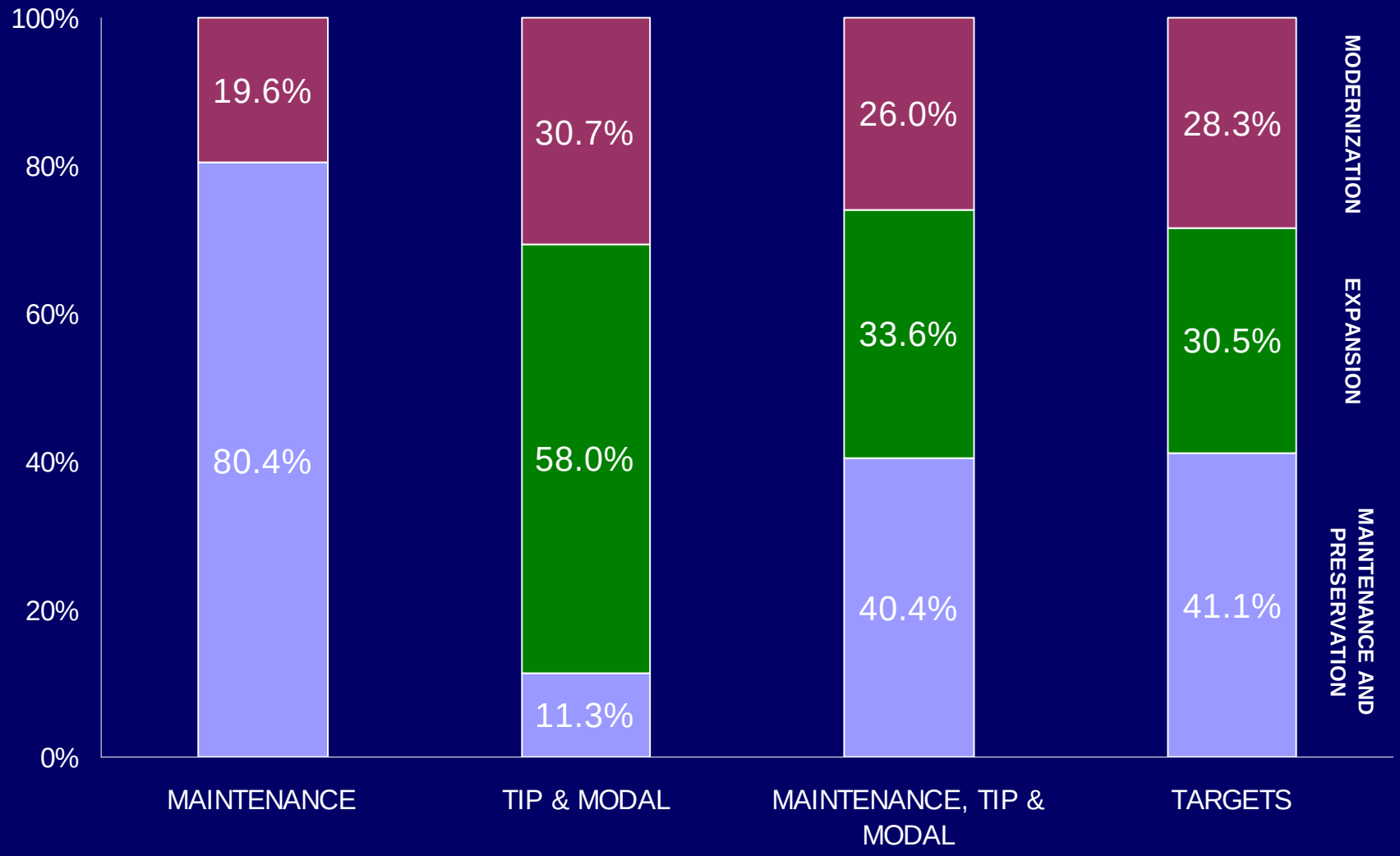
*Note:
LOS shown is for illustrative purposes only

NCMIN Tier	Subregional																	
Target LOS*	C																	
Category	Mobility						Infrastructure Health						Safety					
Target LOS*	C						C						C					
Mode	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.	Highways	Rail	Public Trans.	Ferry	Aviation	Bike & Ped.
Target LOS*	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C

2004 Statewide Transportation Plan

		Investment Category			
		Modernization	Expansion	Maintenance & Preservation	GOAL
TIER	Statewide				?
	Regional				?
	Sub-regional				?
	GOAL	28.3%	30.5%	41.1%	

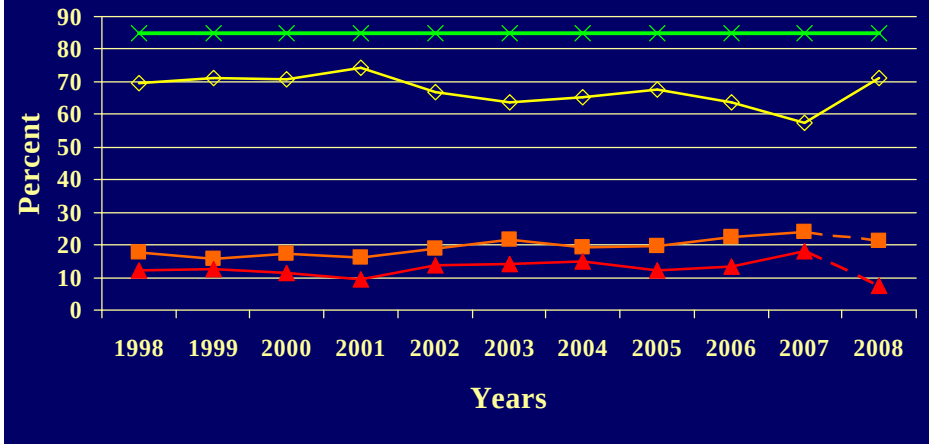
2008-2015 Annual Spend Plan



2004 Statewide Transportation Plan

		Investment Category			
		Modernization	Expansion	Maintenance & Preservation	ACTUAL
TIER	Statewide				37.2%
	Regional				19.3%
	Sub-regional				43.5%
	GOAL	28.3%	30.5%	41.1%	

Interstate Pavement Condition



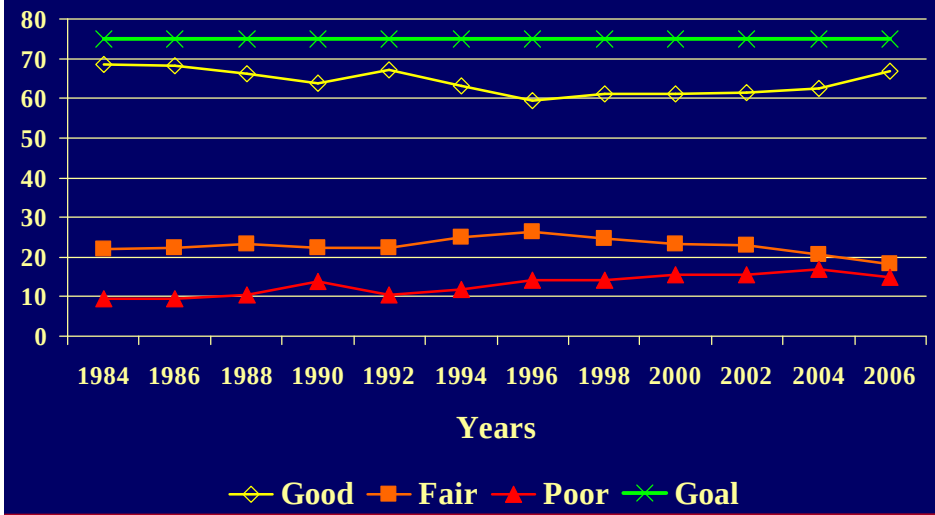
Year 2008 results are estimated based on GARVEE projects

Level of Service

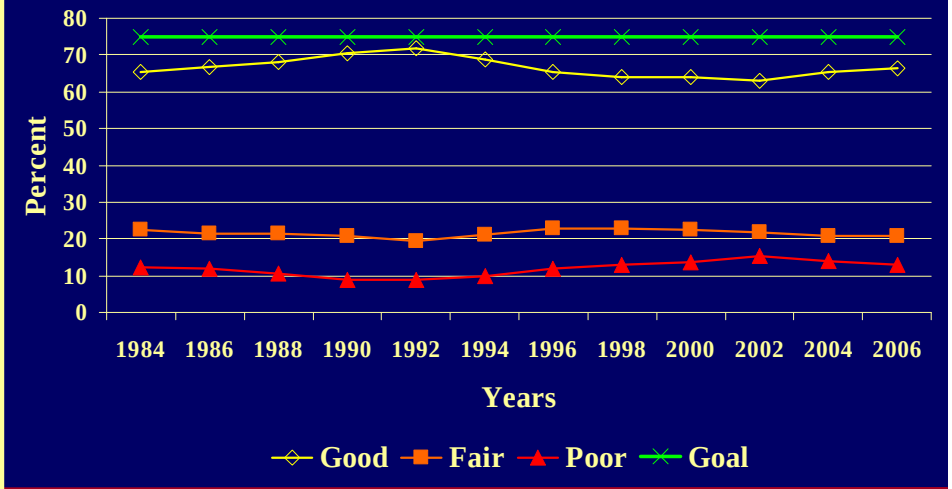
System	Target	Existing	W/GB*
Interstate	B	F	D
Primary	C	D	D
Secondary	C	D	D

***Projected LOS with GARVEE bond project completion on the Interstate**

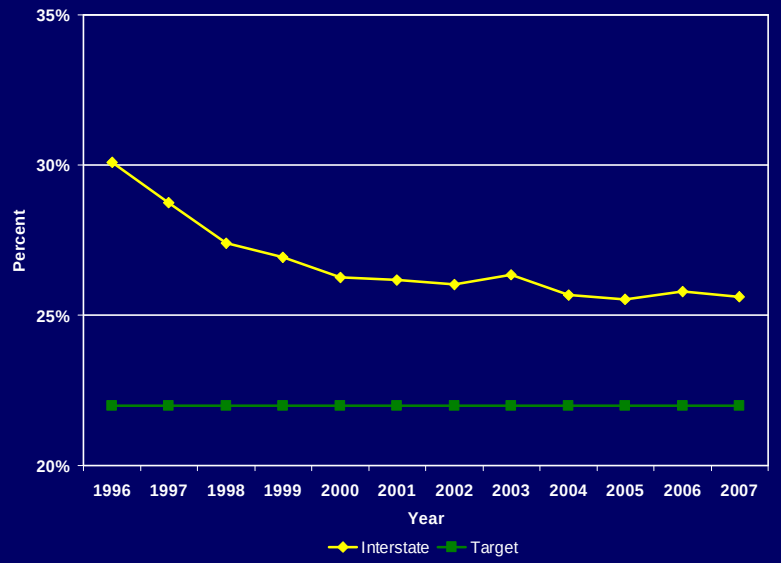
Primary Pavement Condition



Secondary Pavement Condition



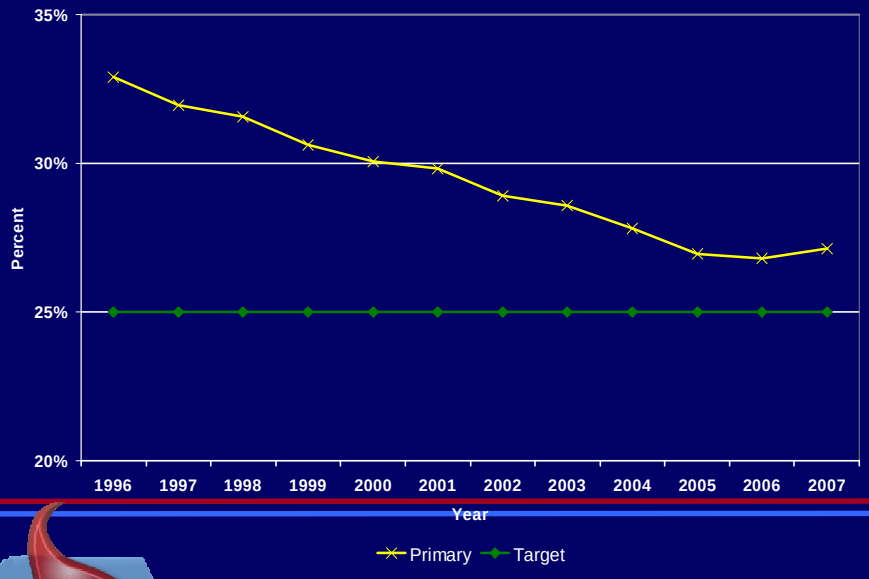
Percent Deficient Bridges - Interstate



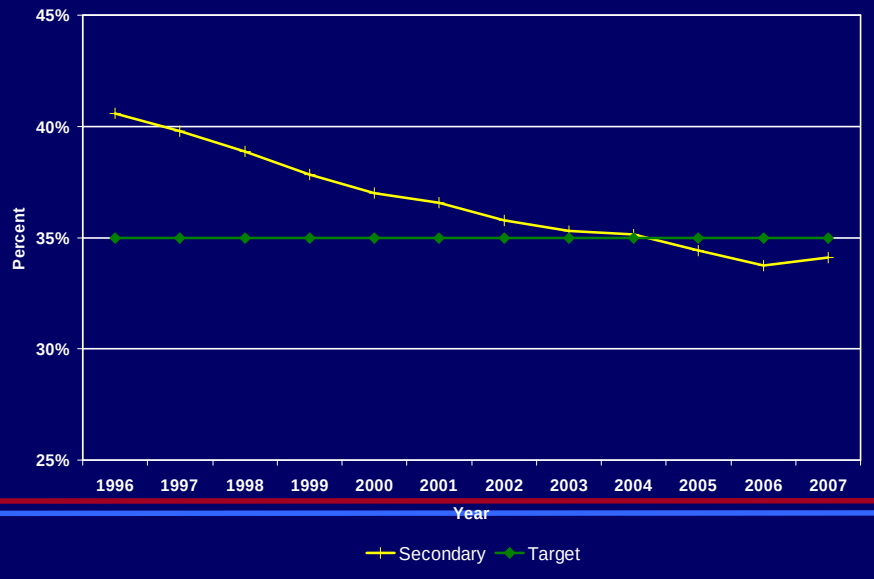
Level of Service

System	Target	Existing
Interstate	B	D
Primary	C	D
Secondary	C	C

Percent Deficient Bridges - Primary

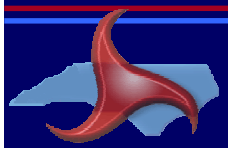


Percent Deficient Bridges - Secondary



Goal: Get to Network Standards Quickly and Maintain in Cost a Efficient Manner

- Target Key Projects
  - Bottlenecks (I-85 Yadkin River Bridge)
  - Congestion Relief (Strategic Highway Corridor & Feeder Routes)
  - Safety / Economic Development (Bonner Bridge)
- Accelerate Project Delivery
  - Prioritization Based on Objective Criteria
  - Internal Delivery Efficiencies (recover diminished purchasing power of flat revenue)
  - Innovative Finance (Tolls)
- Better Leverage of Existing Infrastructure
  - Asset / Operations Management
  - Network Connectivity (All Transportation Modes)



NCTA Gap Funding

	Cost	Gap	Annual Gap	Bonds as Pct of Cost
Triangle Expressway (a)	$967.6	$265.0	$19.0	73%
Monroe Connector/Bypass	583.3	180.0	12.5	69%
Mid Currituck Bridge	460.9	198.9	15.6	57%
Cape Fear Skyway	971.6	439.0	39.0	55%
Gaston Parkway A	409.8	187.8	12.5	54%
Gaston Parkway B	765.4	418.1	26.0	45%
Gaston Parkway C	1,255.2	834.5	54.0	34%
Total w/ Gaston A	**$3,393.2**	**$1,270.7**	**$98.6**	
Yadkin River Bridge	478.8	35.7	2.0	
TOTAL w/ Gaston A	**$3,872.0**	**$1,306.4**	**$100.6**	
TOTAL w/ Gaston B	$4,227.6	$1,536.7	$114.1	
TOTAL w/ Gaston C	$4,717.4	$1,953.1	$142.1	

(a) Excludes cost of 540P at $108 million

Target Investment

($ In Millions)

MILEAGE (lanes miles)	NETWORK TIER	LEVEL OF SERVICE (LOS) CURRENT	LEVEL OF SERVICE (LOS) TARGET	1-TIME COST	INCREMENTAL ANNUAL COST	SIX YEAR TOTAL
17,600 (11%)	STATEWIDE	C	A	$ 3,759	$ 341	$ 5,805
22,500 (14%)	REGIONAL	C-	B	1,181	12	1,254
122,000 (75%)	SUBREGIONAL	D	C	2,536	286	4,252
162,000	TOTAL	C-	B	$ 7,476	$ 639	$ 11,310

DO NOTHING	C-	D	$ -	$ -	$ -
MAINTAIN CURRENT LOS	C-	C-	1,100	122	1,666
TARGET 1/2 INVESTMENT	C-	C+	3,300	424	5,841
TARGET INVESTMENT	C-	B	7,476	639	11,310

Target 1/2 Investment

($ in Millions)

MILEAGE (lanes miles)	NETWORK TIER	LEVEL OF SERVICE (LOS) CURRENT	LEVEL OF SERVICE (LOS) TARGET	1-TIME COST	INCREMENTAL COST	SIX YEAR TOTAL
17,600 (11%)	STATEWIDE	C	A-	$ 2,200	$ 341	$ 4,246
22,500 (14%)	REGIONAL	C-	B-	990	12	1,063
122,000 (75%)	SUBREGIONAL	D	D	110	70	532
162,000	TOTAL	D+	C+	$ 3,300	$ 424	$ 5,841

DO NOTHING	C-	D	$ -	$ -	$ -
MAINTAIN CURRENT LOS	C-	C-	1,100	122	1,666
TARGET 1/2 INVESTMENT	C-	C+	3,300	424	5,841
TARGET INVESTMENT	C-	B	7,476	639	11,310

Debt Availability

($ in Millions)

	BORROWING CAPACITY	
State General Obligation Bonds	Current 4%	**Treasurer's Office Report on DOT borrowing capacity due February 2008**
State Revenue Base	$ 2,930	
Max Annual Debt Service	117	
Less: FY 2008 Actual Debt Service	90	
Annual Debt Service Availability	27	
Borrowing Capacity (25 Year Bond / 5% Interest)	$ 381	

GARVEE Bonds	Current 15%
Federal Revenue Base	$ 900
Max Annual Debt Service	135
FY 2009 Actual Debt Service	32
Annual Debt Service Availability*	68
Borrowing Capacity (12 Year Bond / 5% Interest)*	$ 600

* Total GARVEE debt outstanding can not exceed prior years' federal allocation

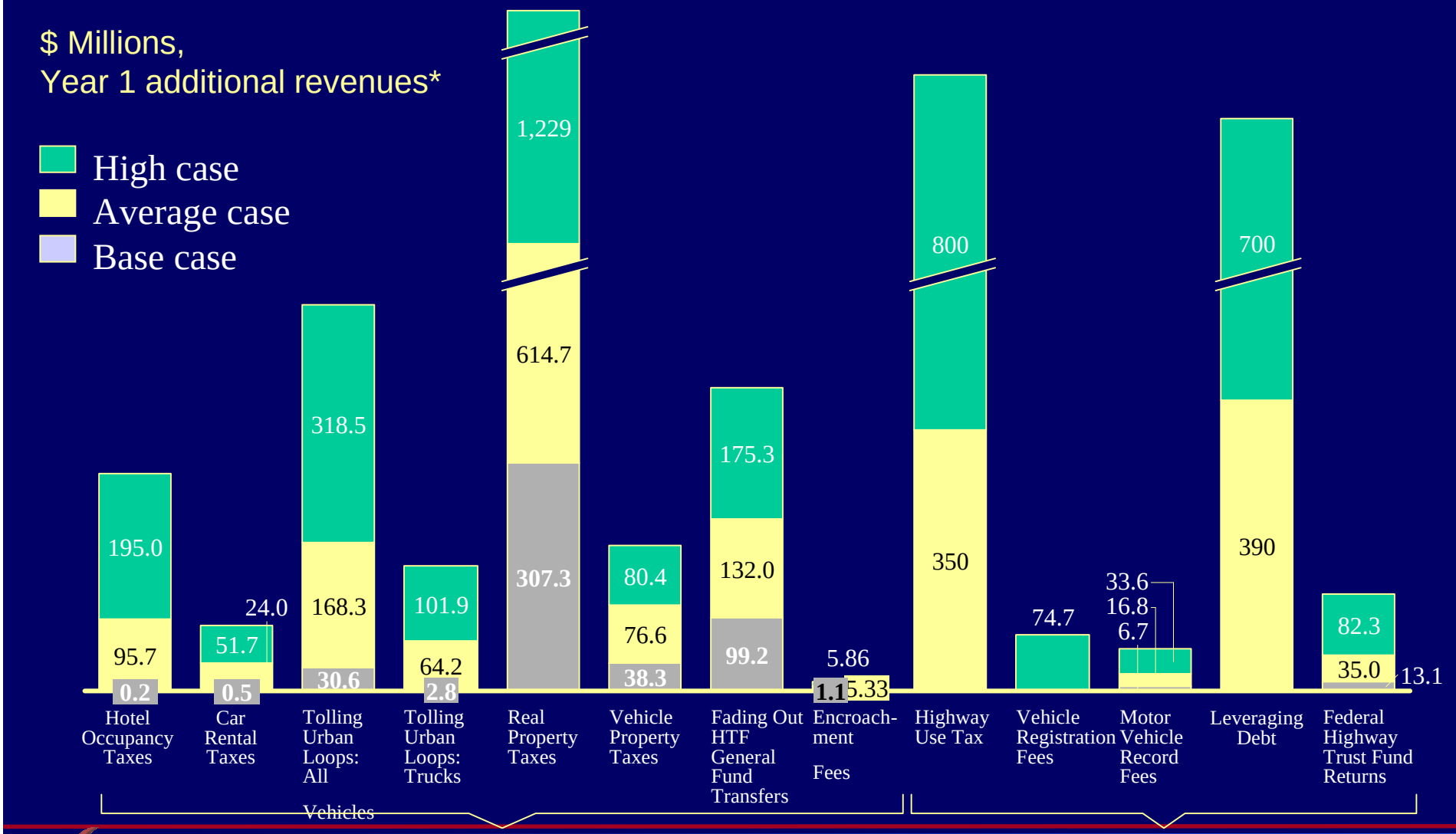
Ad Hoc Committee Recommendations

Accomplish the Following during 2007-08

- Eliminate the HUT Trade-In Component/Increase HUT Rate
- Eliminate Cap on Gas Tax
- Reduce/Eliminate HTF and HF Transfers
- Enact a Menu of Local Options to Finance Transportation Projects
- Expand Statutory Authority to Leverage (Toll) Urban Loops
- Establish Surcharge on Vehicle Property Tax
- Develop a Logistics Needs Plan
- Study the Implementation of a VMT user Fee

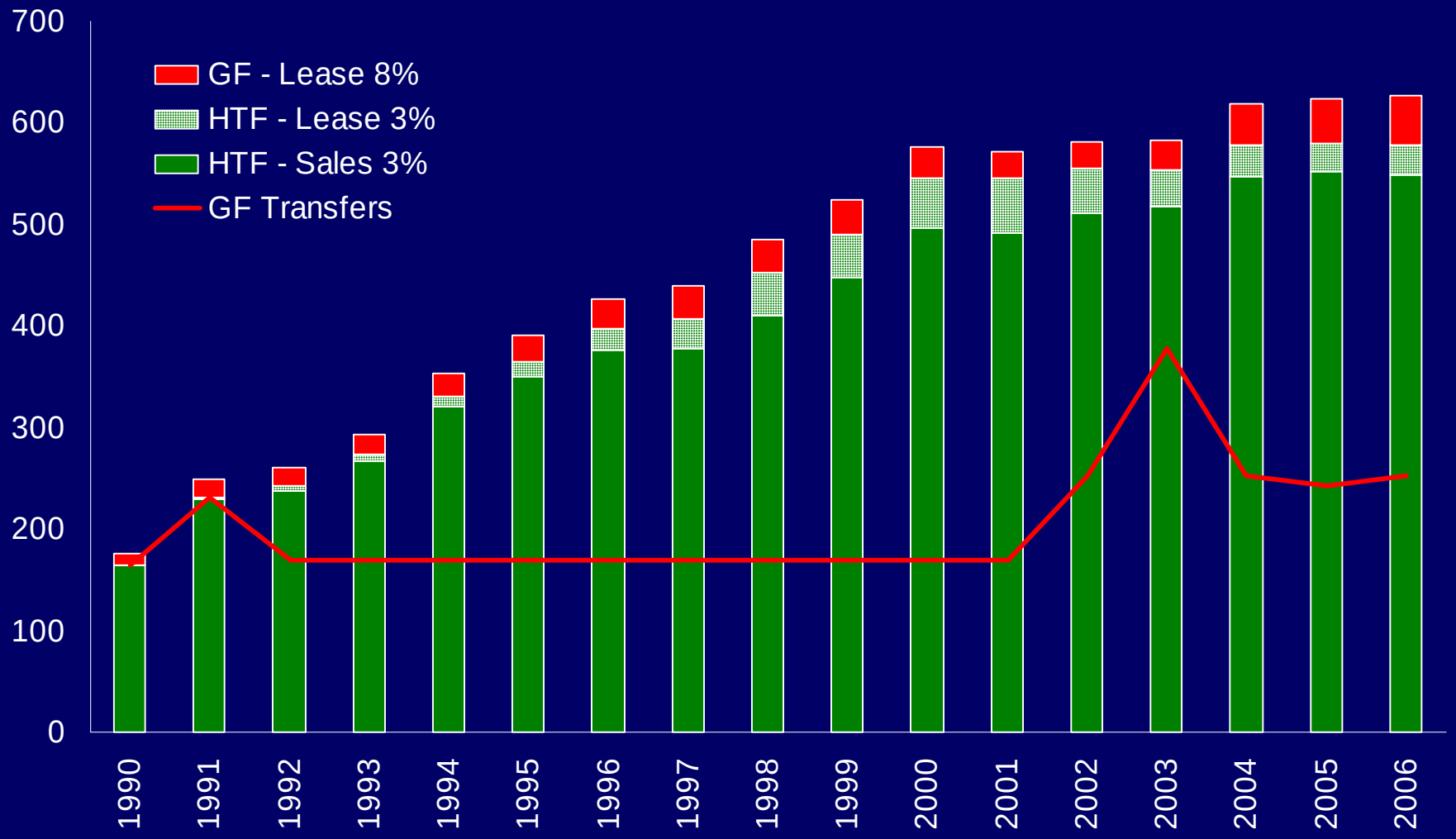
REVENUE POSSIBILITIES FOR NCDOT

(McKinsey & Co. Report)



Highway Use Tax Revenue Distribution

($ in Millions)



Funding Impacts

Funding Scenario	Rate	Potential Revenue ($M/Year)	Additional Taxpayer Cost $/Yr
HUT - Rate Increase (%)	1	200.0	44.0
HUT- Trade-in Elimination		110.0	36.0
HUT- CV Cap Elimination [1]		20.0	307.7
MFT - Rate (¢)	1	55.0	7.50
HTF Transfer		172.6	
HF Transfer		265.8	
Vehicle Registration Fee	20	134.0	20.00
Property Tax (¢/100)	10	615.0	108.30
Vehicle Property Tax (¢/100)	5	38.3	5.90

[1] 13,000 Transactions Annually

Revenue Options - Target 1/2 Investment

($ in Millions)

	Total	Highway Trust Fund			Highway Fund	NCTA
		Equity Formula	Strategic Leverage	Total	IS Maint	Gap Funding
General Fund Transfer	$ 192	$ 72	$ -	$ 72	$ 20	$ 100
HUT Cap Elimination	110	110		110		
HUT: +1%	200		2,819	2,819		
DMV Reg. Fees: + $20	134			-	134	
Gas Tax: Restore Index	200		700	700	150	
Total	$ 836	$ 182	$ 3,519	$ 3,701	$ 304	$ 100

Incremental Debt Service	$ 250
Potential Debt Service (10%) [1]	$ 269

[1] Treasurer's Office Report on DOT borrowing capacity due February 2008

Revenue Options - 2007 Discussion

Revenue Scenario	Rate	HF	HTF
HUT - Rate Increase (%)	1	-	200.0
HUT- CV Cap Elimination		-	20.0
HUT- Automobile Trade Elimination			115.0
MFT - Diesel Rate Increase (¢)	3	22.5	7.5
MFT - Rate Cap		(75.0)	(25.0)
Sub-Total		(52.5)	317.5
HTF Statutory %[1]	17		(54.0)
Net Funding (Reduction)/Addition		(52.5)	263.5

[1] Powell Bill/Sec. Roads/Admin

Distribution	%	HF	HTF
Outside Equity			
TPA GAP (Recurring for 40 to 50 Years)			31.5
Transit	10		23.2
SHC Congestion	45		
Construction (%)	80		83.5
Maintenance (%)	20		20.9
Equity	45		
Construction (%)	80		83.5
Maintenance (%)	20		20.9
Total - Funding Distribution		(52.5)	263.5

HUT, Highway Use Tax MFT, Motor Fuel Tax HF, Highway Fund HTF, Highway Trust Fund

Revenue Options - '07 Draft Legislative Language

($ in Millions)

Proposal (in Millions):	FY08	FY09	FY10
Highway Use Tax: +1% (phased 1/2% over 2 yrs)	$ 100	$ 200	$ 200
Registration Fees: +$5/Year (for 3 yrs) - to TF	33	67	100
	$ 133	$ 267	$ 300

Allocation (in Millions):			
TF Statutes (PB / SR / Adm.)	$ -	$ -	$ -
TPA Gap Funding	30	30	30
Maintenance Funding	30	30	30
Strategic Highway Corridor (Non-Equity)	37	104	120
Remaining TF Allocation (IS / Loops)	36	103	120
	$ 133	$ 267	$ 300

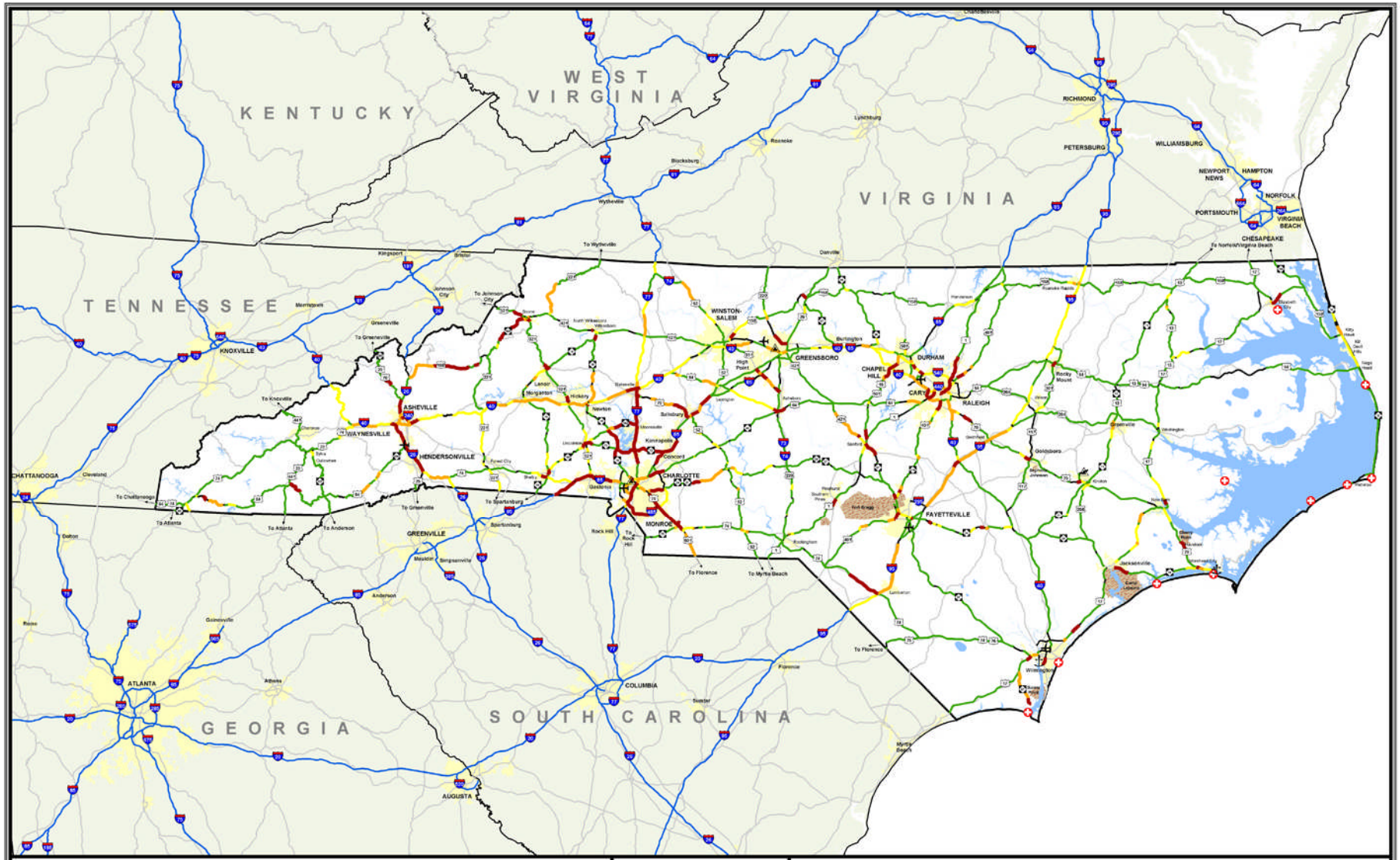
Registration Fees:	Current:	FY08	FY09	FY10
NC (Proposal)	$ 28.00	$ 33.00	$ 38.00	$ 43.00
VA (range $39.5 - $44.5)	39.50	39.50	39.50	39.50
TN (range $36 - $55)	47.00	47.00	47.00	47.00
SC	24.00	24.00	24.00	24.00
FL (range $28 - $46)	43.00	43.00	43.00	43.00

Revenue Options - Target Investment

($ in Millions)

	Annual Total	Allocation					Remainder 6 Year Total
		Admin	Second. Roads	Powell Bill	Annual Remainder		
Eliminate HUT Trade-in	$ 110	$ 4	$ 7	$ 7	$ 92		$ 552
Raise HUT from 3% to 4%	200	8	13	13	167		1,004
Eliminate GF Transfer	172	7	11	11	144		864
Subtotal	482	18	30	30	403		2,420
Raise TF DMV Fees (Title/Other - 112)	78	3	39	5	(65)		(390)
Leverage Opportunity	920				920	1x	920
Raise Registration Fee (6.7 Million Vehicles)							
VA Proposal: +$20	134						
Leverage Opportunity	1,900				1,900	1x	1,900
Raise HUT from 3% to 5%	200	8	13	13	167		
Leverage Opportunity (1% HUT)	2,360				2,360	1x	2,360
Total 6 Year Collection							$ 7,210
Memo:							
One Time leverage					5,180		5,180
Incremental Annual Funding Per Year					338		2,030

Congestion



Strategic Highway Corridors
north carolina department of transportation

Areas of Congestion

Based on 2005 Traffic Counts

Map Date: January 8, 2008

N
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0 5 10 20 30 40 50 Miles

Prepared By:
The North Carolina Department of Transportation
Transportation Planning Branch

Base Map Date: March 29, 2004

Legend

- Always Congested
- Almost Always Congested
- Sometimes Congested
- Never to Rarely Congested
- No Data
- Interstate
- US/Other Route
- State Port
- Major Airport
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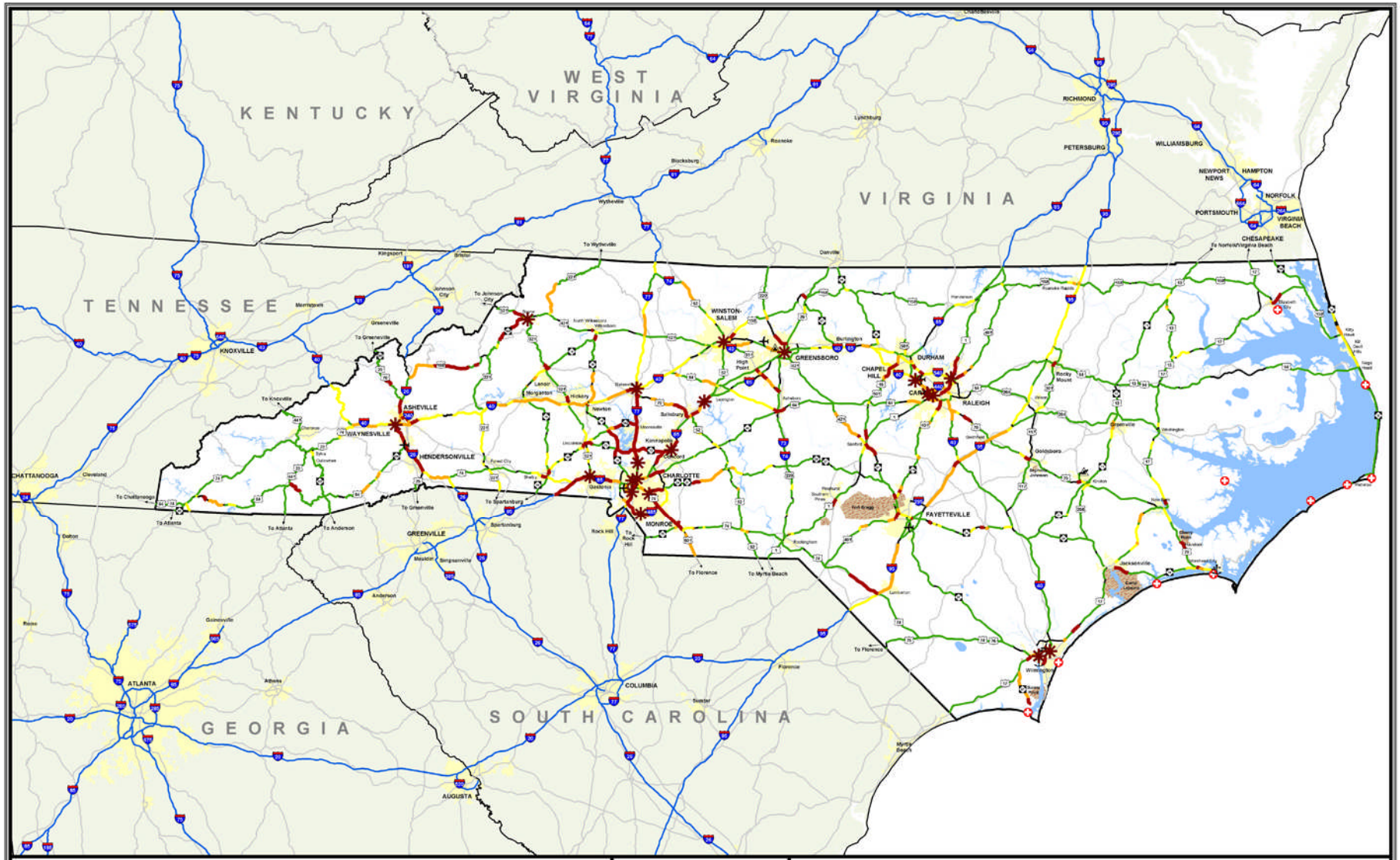
- Major Military Base
- Urban Area
- Water Features



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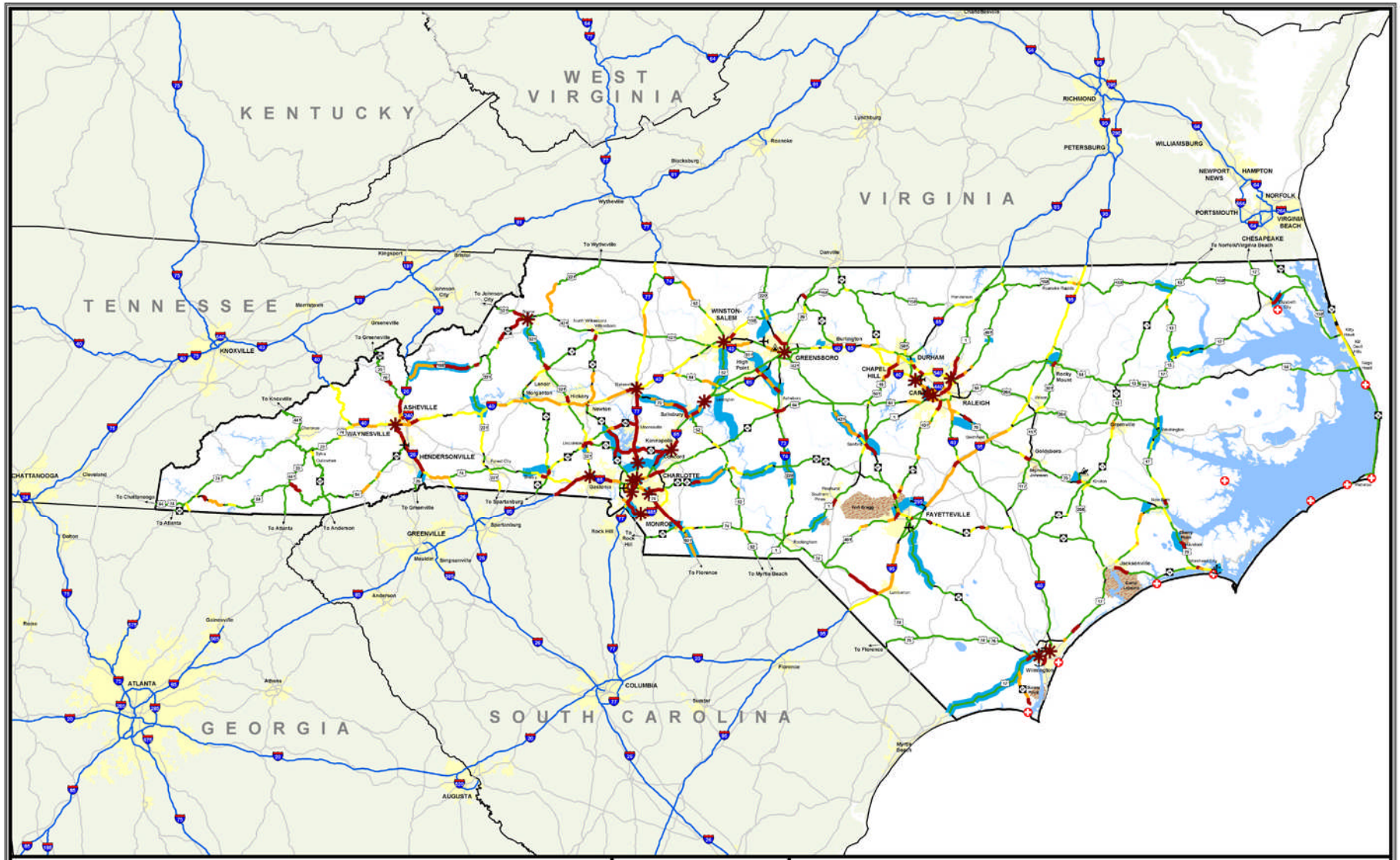

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2009-2015 DRAFT TIP Projects

- Fully Funded Project

- Interstate
- US/Other Route
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- Coast Guard Station
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- Urban Area
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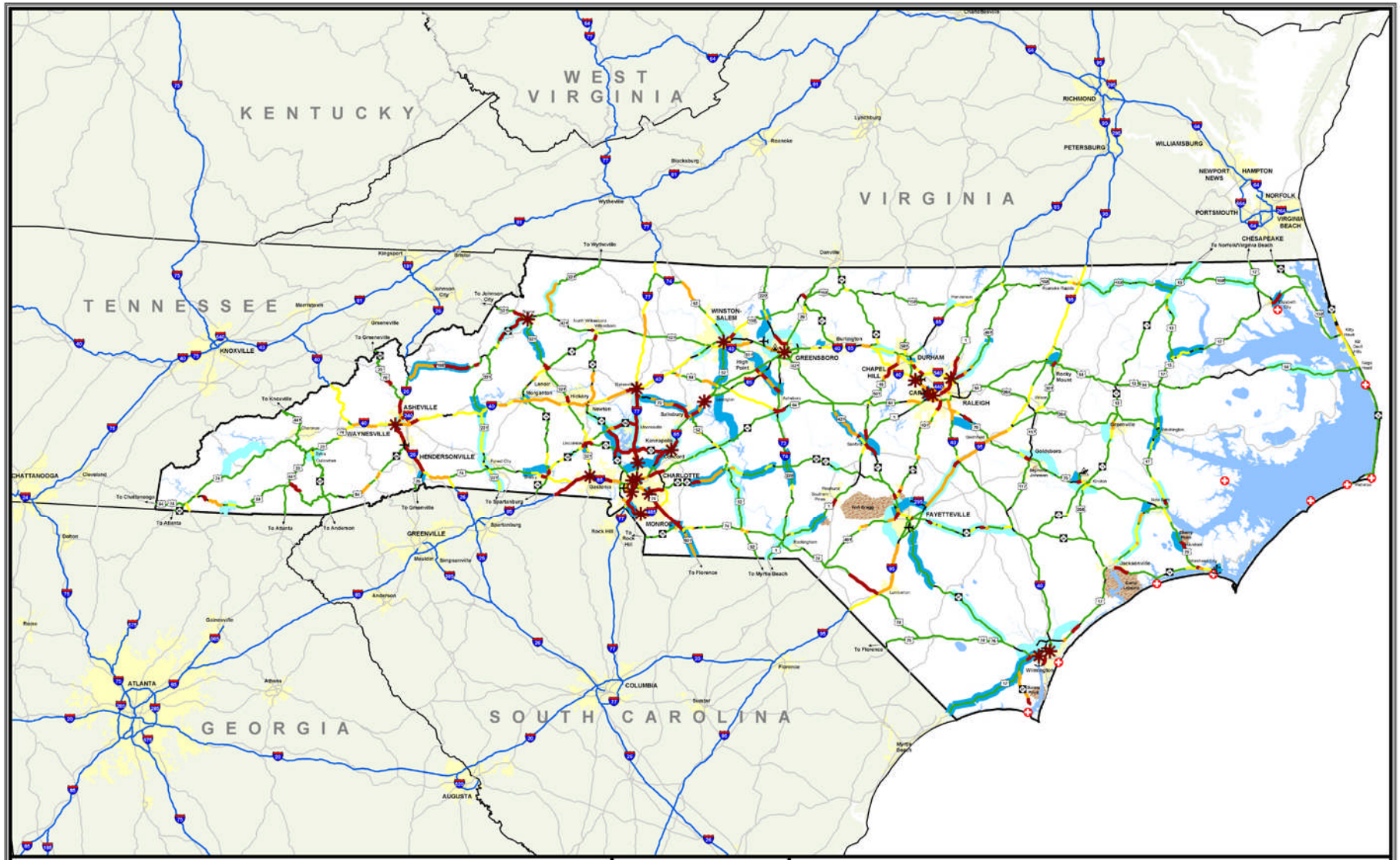

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2009-2015 DRAFT TIP Projects

- Fully Funded Project
- Partially Funded Project

- Interstate
- US/Other Route
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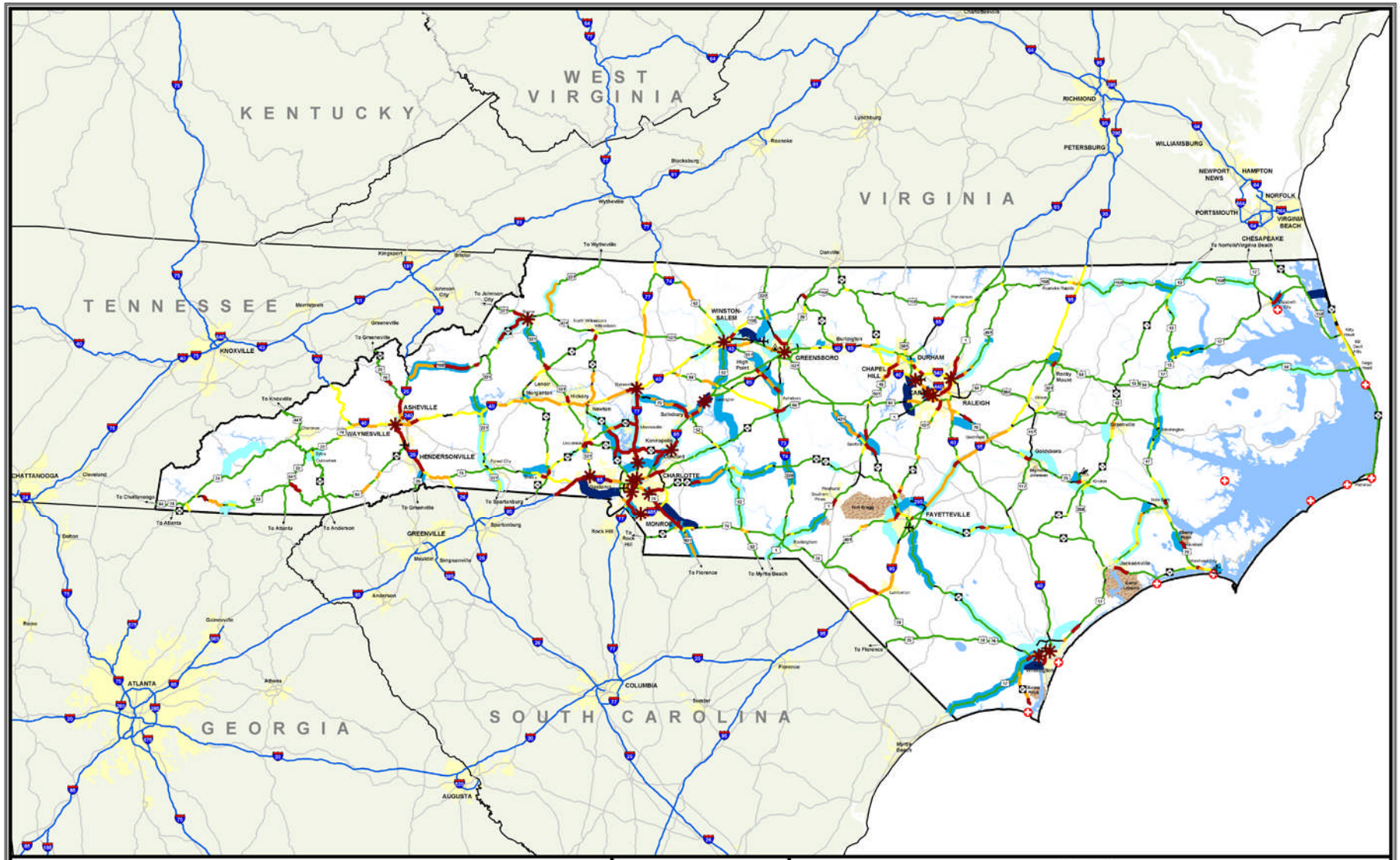

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2009-2015 DRAFT TIP Projects

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- Partially Funded Project
- NC Turnpike Authority Project

- Interstate
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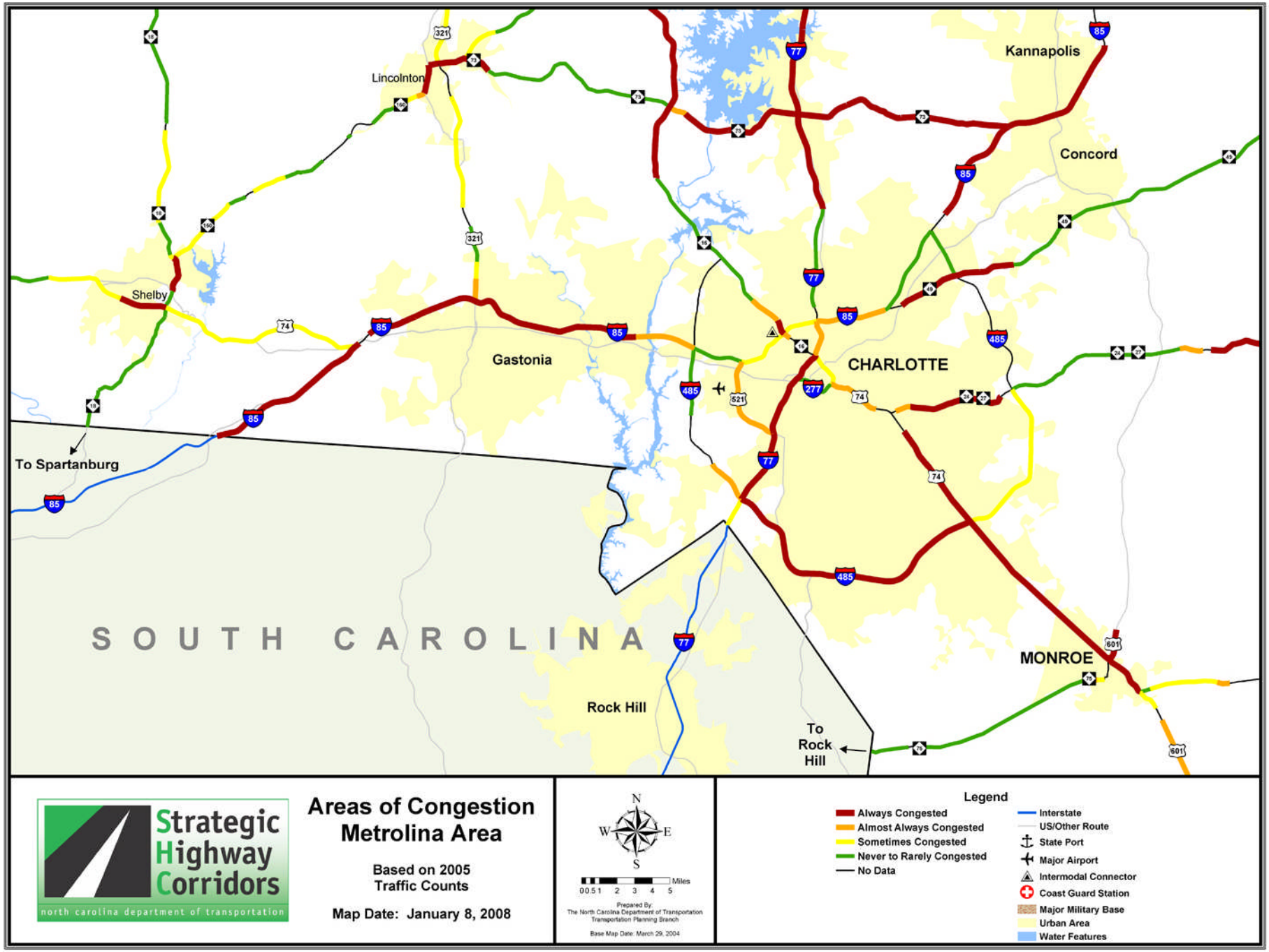
Kannapolis
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To Spartanburg
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MONROE
Rock Hill
To Rock Hill
Areas of Congestion
Metrolina Area
Based on 2005
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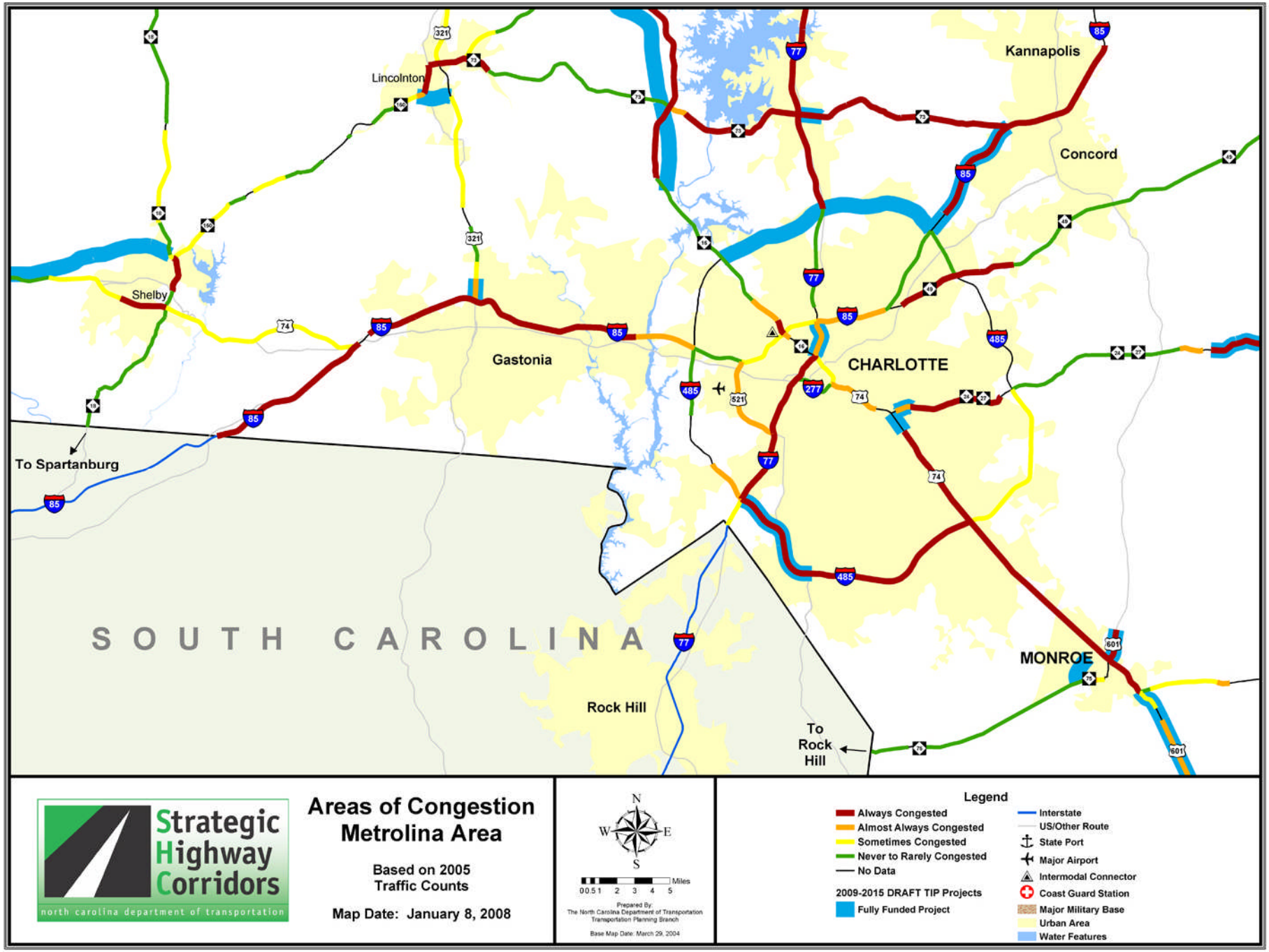
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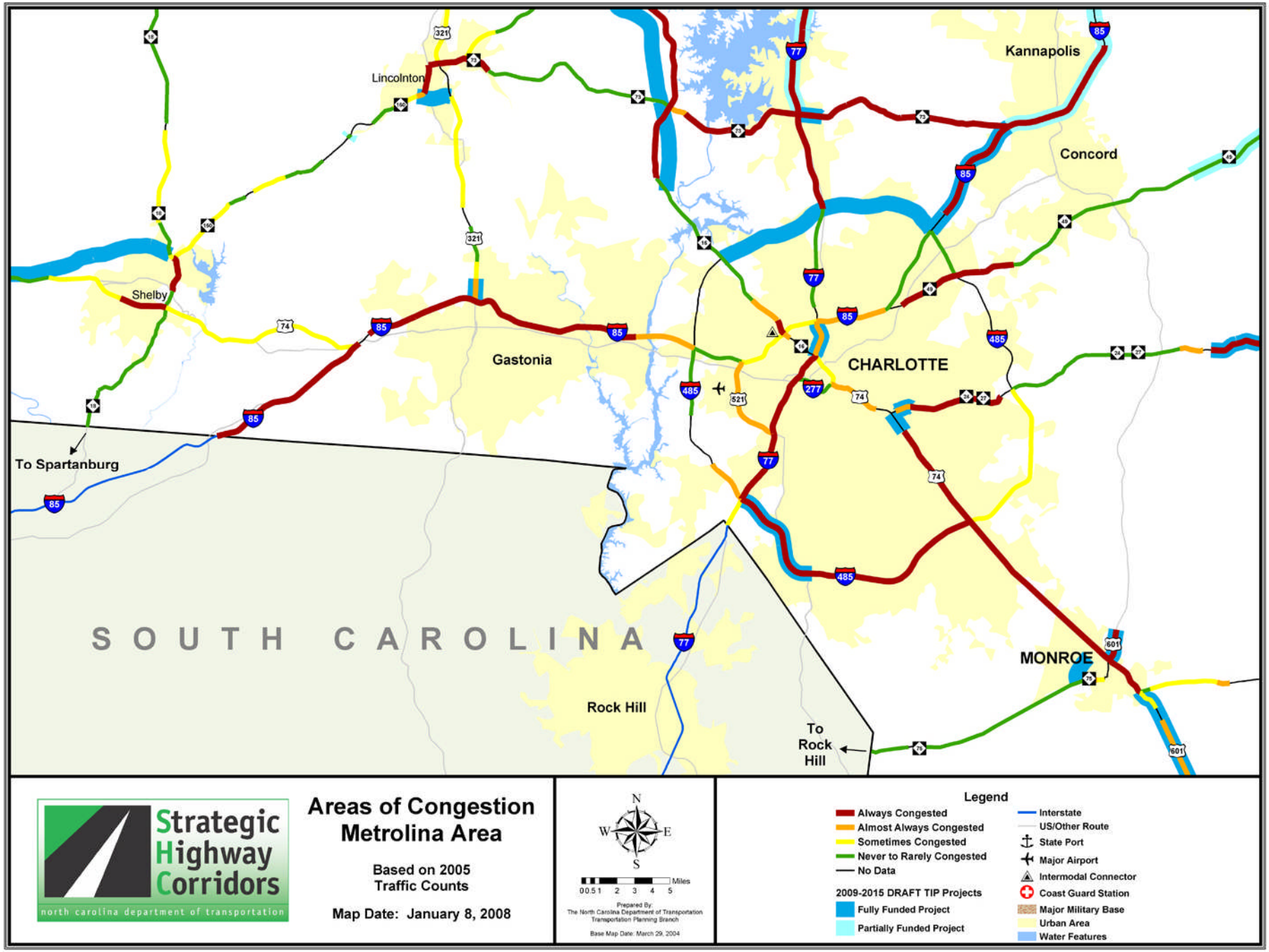
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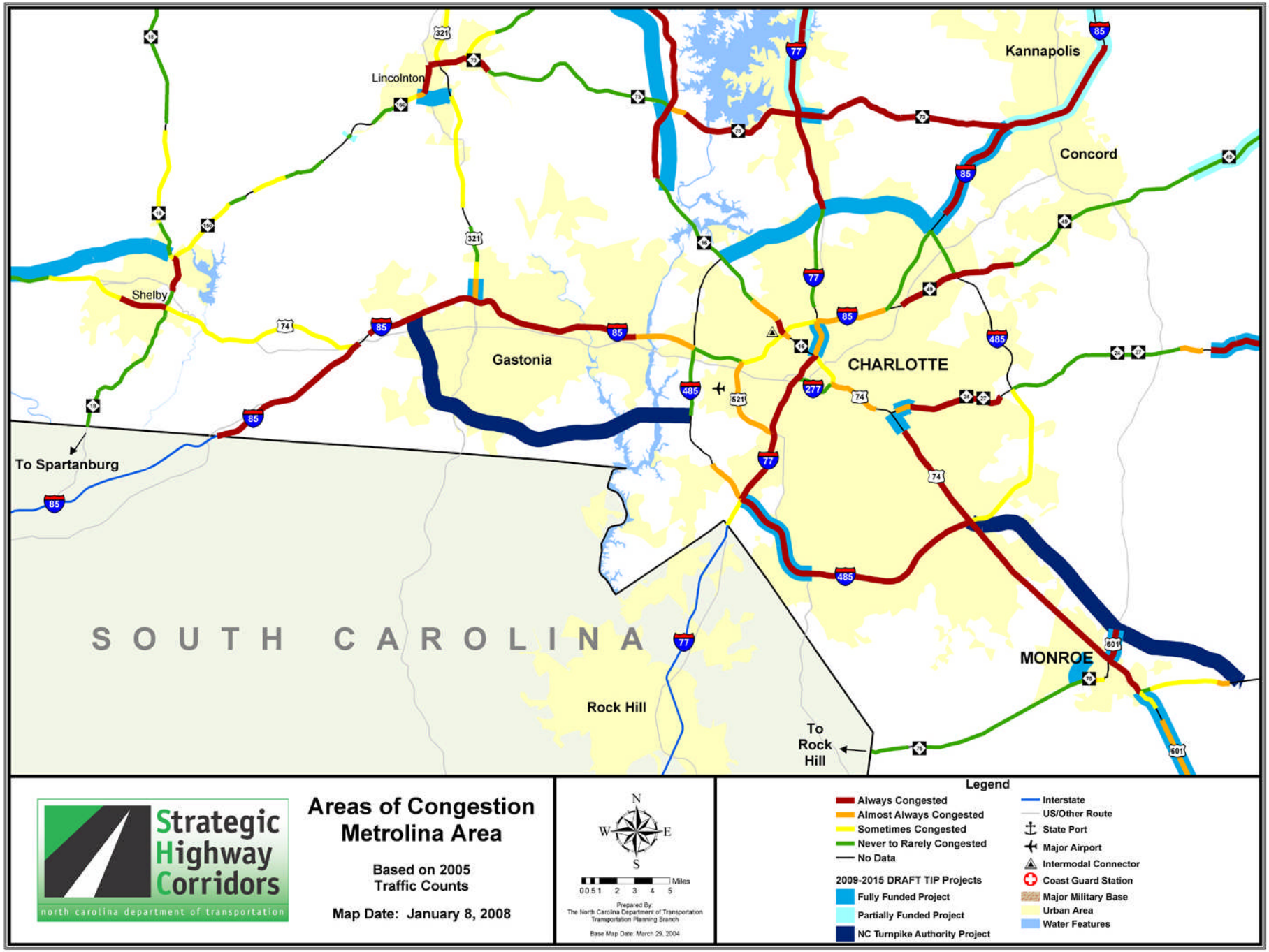
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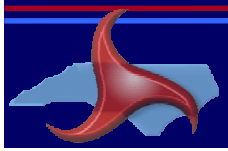
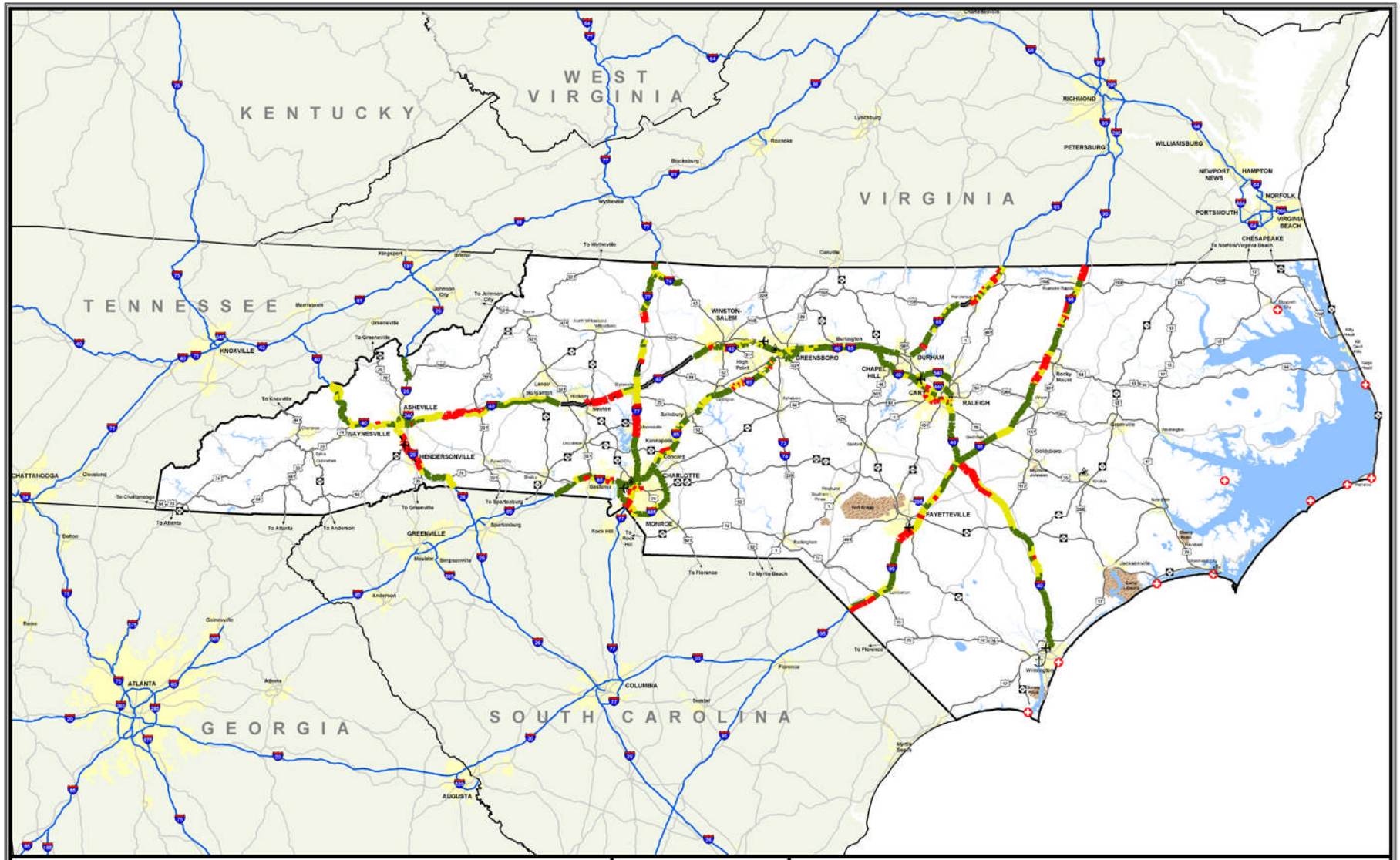
System

Condition





Strategic Highway Corridors
north carolina department of transportation

Interstate Pavement Conditions

Based on 2007 FHWA Pavement Condition Survey

Map Date: January 8, 2008

N
W E
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0 5 10 20 30 40 50 Miles

Prepared By:
The North Carolina Department of Transportation
Transportation Planning Branch

Base Map Date: March 29, 2004

Pavement Conditions
- No Data
- Poor Condition
- Fair Condition
- Good Condition

Legend
- Other Strategic Highway Corridor
- Interstate
- US/Other Route
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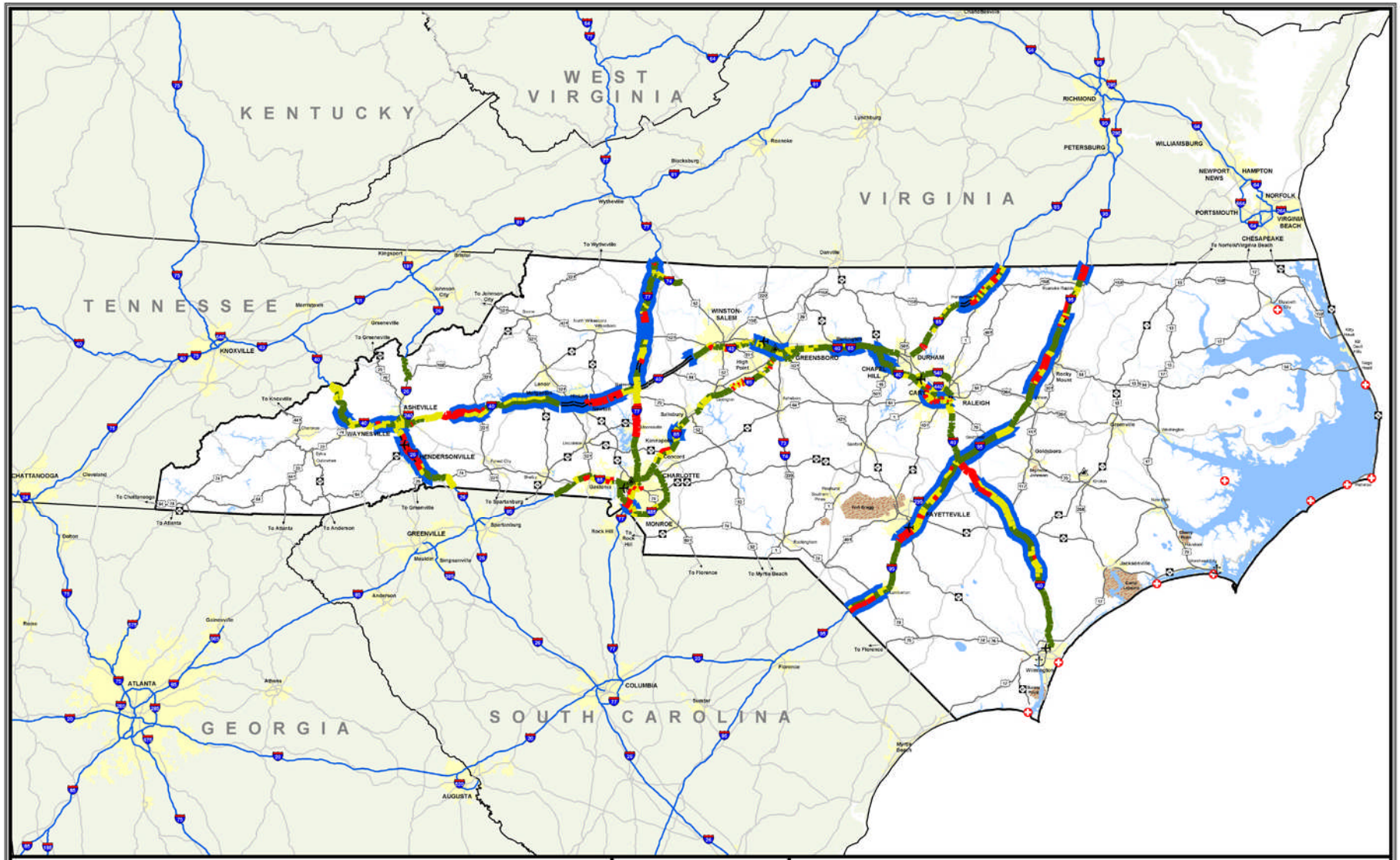

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Pavement Conditions
- No Data
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2009-2015 Draft TIP Health Projects

- Other Strategic Highway Corridor
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GUIDE FOR DASHBOARD SCORECARD

FOR USE IN PERFORMANCE REVIEW MEETINGS

Metric	Metric Data	Target	Wt (%)
Crash Rates	*Fatalities per 100 million vehicle miles; i.e. 1.58…this will be compared against a baseline TBD*	TBD	
Level of Congestion on Strategic Highway Corridor System (SHC)	*Miles of SHC at V/C ratio of 1.2 & above compared to total miles of SHC expresses as percentage*	TBD	
Delivery of Bridge Replacement Program	*# of major milestones planned for year divided by # actual met = % success rate (CE, R/W, Let, Const Completed)*	TBD	
Projects/Programs/Services on Schedule and on Budget	*# of major milestones planned for year divided by # actual met = % success rate (CP's, EA, FONSI, EIS, PH's, R/W, Let, Const Completed)*	TBD	
Project Scope	Once Cost Estimate Flow Chart and Scope Change Request processes are implemented, a metric needs to be developed to evaluate the performance	TBD	
Business Development & Outreach	*% Contract dollars awarded to DBEs, MBEs, WBEs, SBEs, & HUBs*	TBD	
Customer Service	*Customer satisfaction surveys*	TBD	
Fiscal Management	*% improvement of existing Admin Budget*	TBD	
Employee Safety	*# of reported incidents that cause lost work days and / or worker's comp claims compared to baseline, i.e previous year(s) reported incidents*	TBD	
Employee Satisfaction	*Employee Survey*	TBD	
Recruiting, developing and retaining employees	*- % retention of employees that continuously meet or exceed expectations on their PDA's* *- Overall % of employees retained at the end of cycle vs. # of employees at beginning of cycle. (Retirement or positive movement within the Dept. does not negatively affect rating)*	TBD	