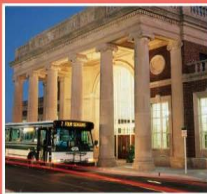
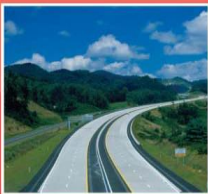


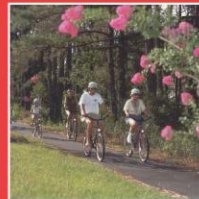
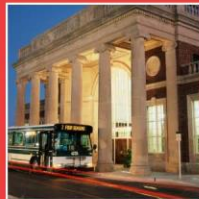
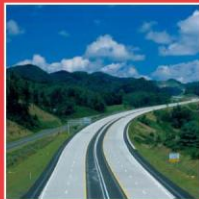


Presentation to Joint Transportation Appropriations Subcommittee

Jim Westmoreland, Deputy Secretary for Transit
March 8, 2011



Aviation



NCDOT – Division of Aviation

Aviation Administration

8 EMPLOYEES

**Airport System Development
and
Safety / Education Program**

7 EMPLOYEES
1 TEMPORARY
1 INTERN

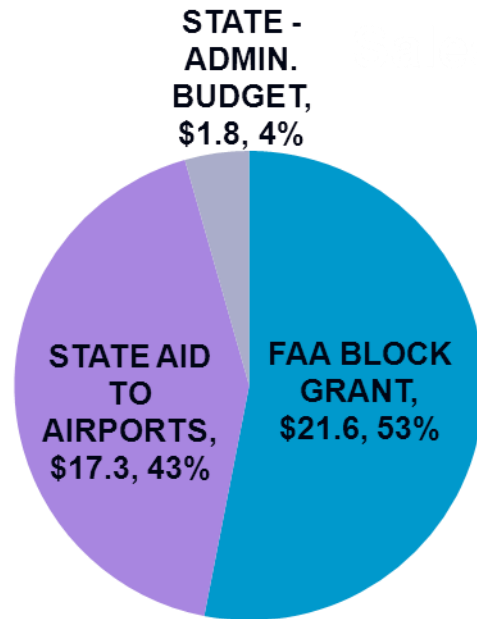
**NCDOT Flight Department
Passenger and
Photogrammetry**

7 PILOTS
3 MECHANICS
1 SCHEDULER





Overall Aviation Division Revenue



- FAA BLOCK GRANT*
- STATE AID TO AIRPORTS
- STATE - ADMIN. BUDGET

* FAA Block Grant Funding is administered by the Division. However, the state does not have the authority to direct a majority of the funds to specific projects.

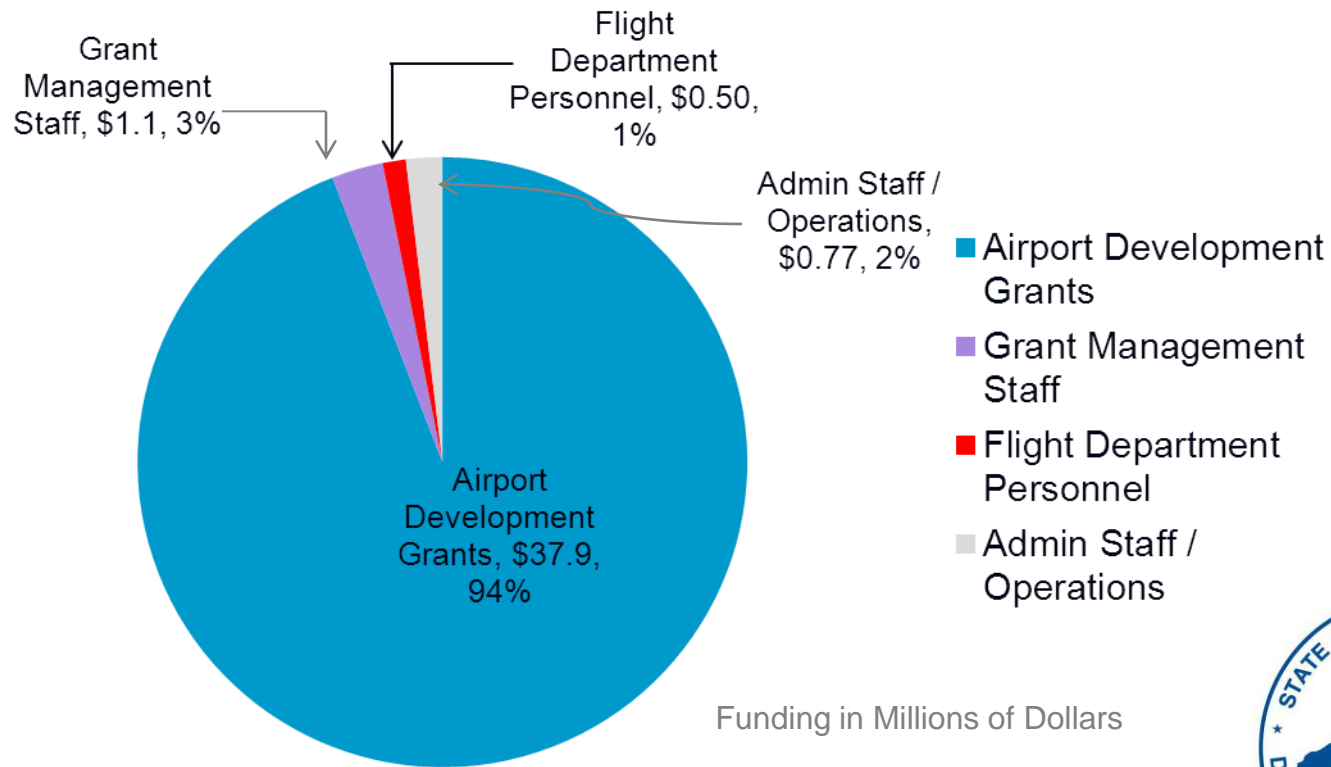
Funding in Millions of Dollars

Total Funding \$40.7M





Overall Aviation Division Expenditures

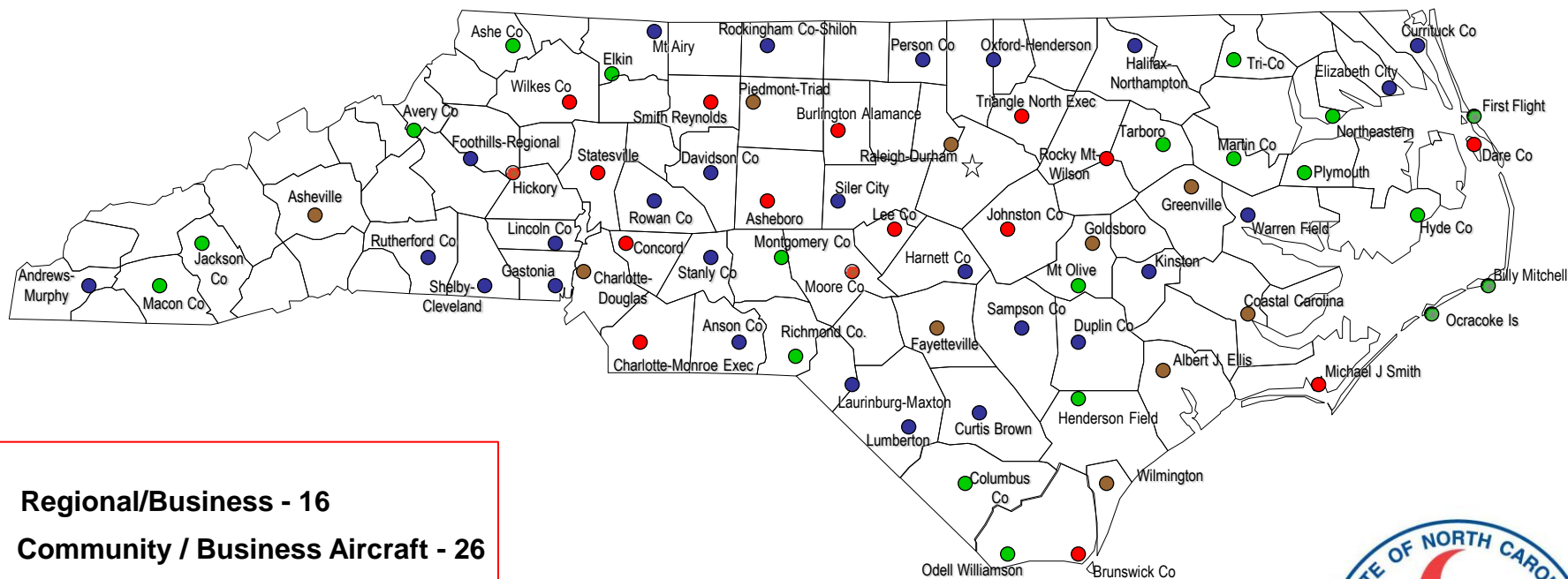


Total Expenditures \$40.2M





North Carolina Aviation System



- **Regional/Business - 16**
- **Community / Business Aircraft - 26**
- **Rural - 17**
- **Commercial Service - 10**
- **National Parks Service - 3**

72 Airports





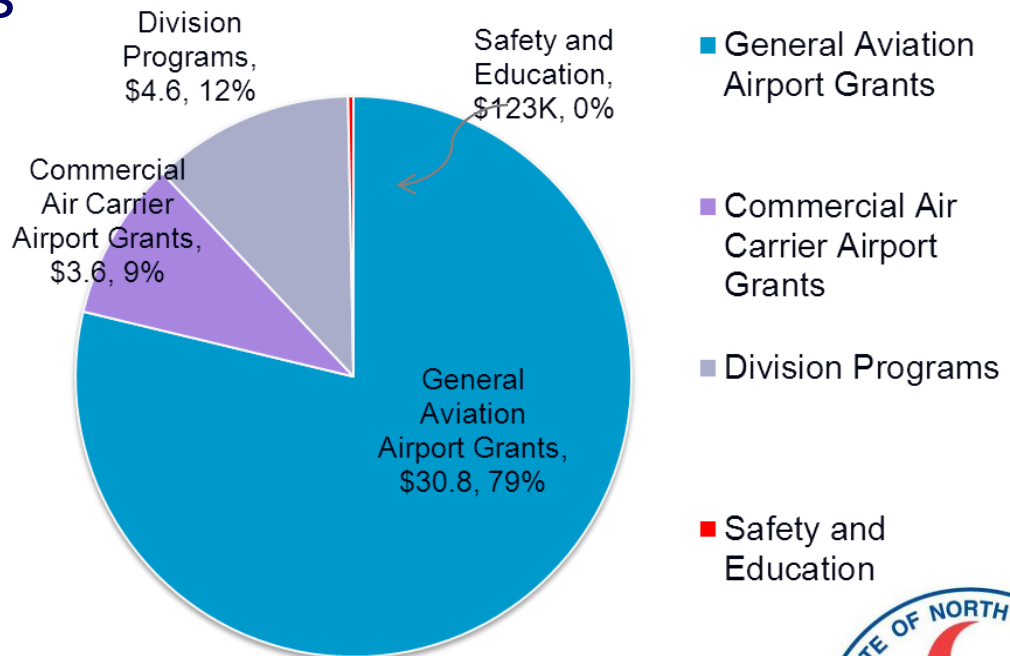
Airport Development Budget

Recipients – 115+ Grants

- General Aviation Airports
- Commercial Air Carrier Airports
- About 100 Grants annually

Type of Projects

- Design / Construction
- Runways / Taxiways
- Terminal Buildings
- NAVAIDS



Total Funding \$39.1M





Administration Expenditures

Primary Use

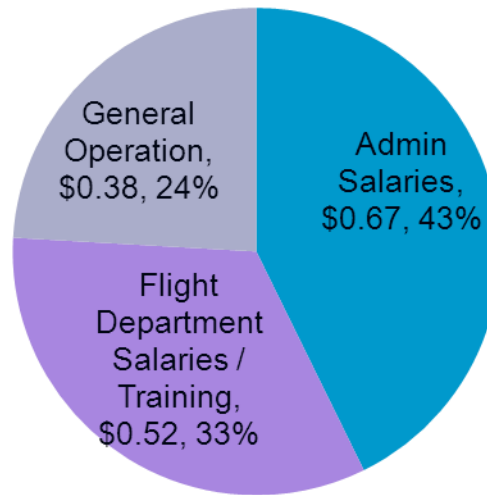
- Staff Salary
 - Administration
 - Flight Department

Other Uses

- Training
- General Operations
 - Building
 - Utilities

Total Funding \$1.8M

Total Actuals \$1.5M



■ Admin Salaries

■ Flight Department Salaries / Training

■ General Operation





NCDOT Flight Department

Mission

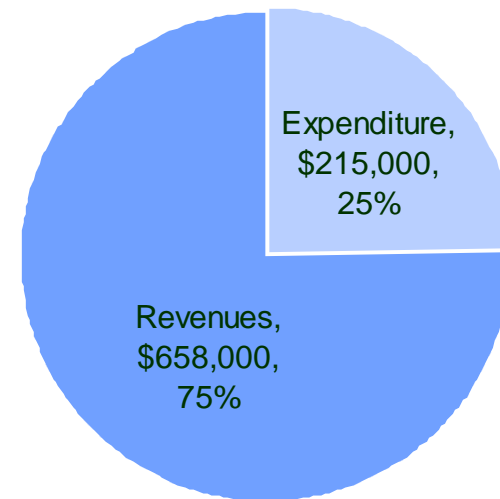
- Photogrammetry Aircraft - King Air C90
- Passenger Aircraft – King Air B200

Operated Business-Type model

- Aircraft Appropriations- \$0 (revolving budget)
- Aircraft Rate - \$1,800 per Flight Hour
- Sold One Passenger Aircraft – EBAY \$742K

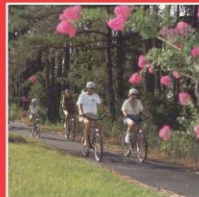
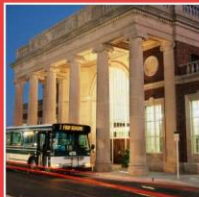
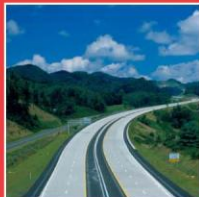
Recent Changes:

- Collateral Duties for Flight Department
- Consolidation of Commerce Aircraft into DOT
 - 2 Positions Eliminated
 - 2 Aircraft Transferred to the DOT



Expenditures Excludes Pilot /
Mechanic Salaries
(Additional \$520K)





Airport Grant Program

Proposed Aviation Grant Cuts FY2011-12 - \$3.1M

| Program | Amount Cut (millions) | Short Term Effect | Long Term Effect |
|---------------------------------|--------------------------|--------------------------------------|--|
| Commercial Air Carrier Airports | \$1.2 | Minimal | Moderate for mid-size Airports |
| Miscellaneous Programs | \$1.1 | Minimal effect | Increases long-term cost due to diminished pavement preservation program |
| General Aviation Airports | \$0.75 | Reduction in Airport Safety Projects | Significant Reduction in Airport Safety Projects |

Governor's Proposed Budget Recommendation

| Fiscal Year | Recommended Appropriation | 15% cut | New total |
|-------------|---------------------------|-------------|--------------|
| 2011 - 12 | \$20,454,763 | \$3,068,214 | \$17,386,549 |
| 2012 - 13 | \$24,363,381 | \$3,654,507 | \$20,708,874 |



Enhanced Efficiencies

Airport Development Program

- Recoup Administration Cost from FAA – Estimated - \$627K Annually
- Move Weather System Upgrades to FAA Funding - \$404K Annually
- Require Airports to carry Insurance on Weather Systems - \$50K

Flight Department

- Co-lateral Duties for Pilots / Mechanics
 - Subject Matter Experts to Support Airport Development Staff
 - Supplement Safety and Education Program



Safety and Education Outreach

- Web-Based Pilot and Mechanic Seminars
- Share Seminar cost with FAA, AOPA





Inter-Agency Consolidation

Flight Department

→ Consolidate Passenger Aircraft under DOT

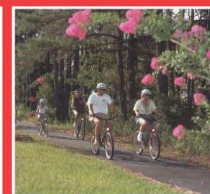
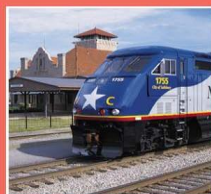
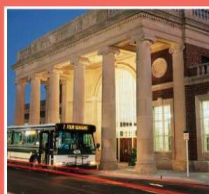
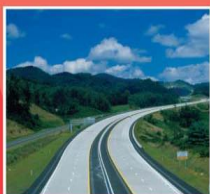
- Fleet Mix Study – Reduce Number of Aircraft
- Reduction in Force
- Centralized Location
- Standardized Maintenance



→ Expand Service for Photogrammetry Aircraft

- Support Drug Eradication Mission
- Locate “Hot Spots” during Fire Season





Ferry Division



North Carolina Ferry Division

N.C. Ferry System is the second largest in the United States

- **Serves as an extension of the highway system**
- **Operates seven ferry routes in 8 counties (Currituck, Dare, Hyde, Pamlico, Carteret, Beaufort, New Hanover, Brunswick)**
- **Operate 20 ferries, a dredge, a crane barge and multiple support vessels**
- **Operates a full service shipyard in conjunction with field maintenance operations**
- **Transports 1 million+ vehicles and 2 million+ passengers annually**
- **Provides primary source of transportation to and from Ocracoke Island**
- **Provides critical access to barrier islands when traditional routes are damaged**





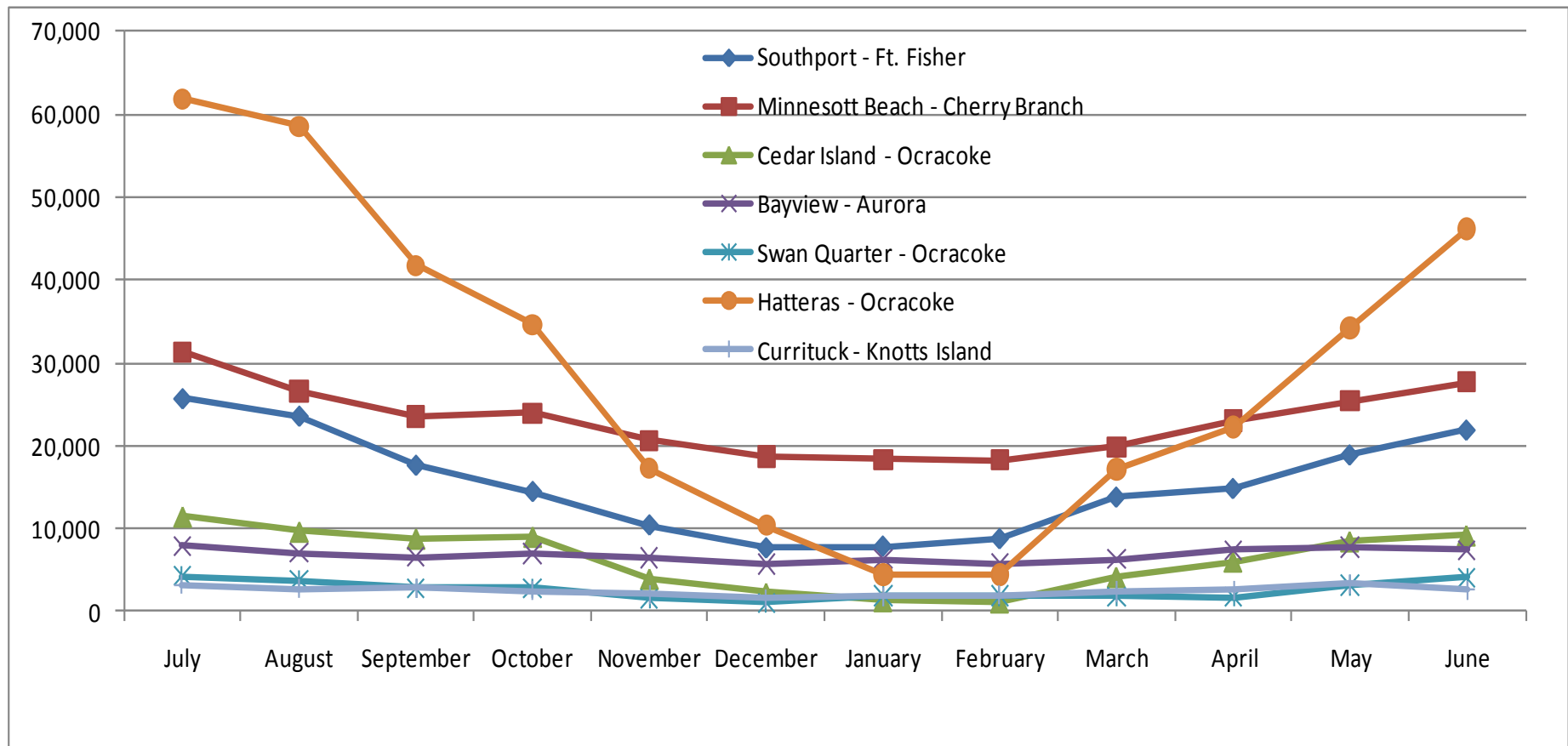
Current Challenges

- Aging fleet
- Number of ferry vessels subject to USCG credit dry dock inspections increased from 9 to 21 (twice every 5 years)
- No stand-by vessels during peak summer months
- Lack of certified shipyard skilled trades workers, difficulty meeting increased vessel maintenance demands
- Support vessels are in poor shape
- Lack of certified crew to meet USCG vessel crew requirement





Monthly Vehicle Count by Route





GOVERNOR'S RECOMMENDED BUDGET 2011 - 13

Administration - \$1,309,136 (Recurring)

Operations - \$41,589,218 (\$2,097,950) = \$39,491,268 (Recurring)

Total: \$40,800,404

- Eight Operation Centers
- 22 vessels – 20 On-hand, 2 Currently being built
- Homeland Security
- NC State Shipyard
- Field Maintenance
- Dredge
- Facility Management
- Employees – FTE – 470 (Filled), FTE – 72 (Vacant), Temporary – 52

Recurring Reductions (\$2,097, 950) :

- Reduced unscheduled overtime
- Reduced seasonal temporaries
- Improved hull maintenance
- Reduced vessel rpms



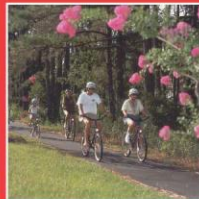
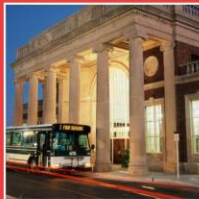
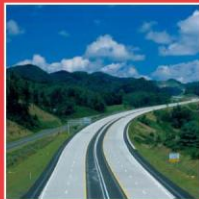


GOVERNOR'S RECOMMENDED BUDGET 2011 - 13

Expansion Requests – Nonrecurring: \$32,200,000.00

- | | |
|-----------------------------|--------------|
| ➤ New Vessel: | \$12,000,000 |
| ➤ Dredge: | \$10,000,000 |
| ➤ Tug: | \$ 7,000,000 |
| ➤ Steering Systems Upgrade | \$ 750,000 |
| ➤ Spare (4) Main Engines | \$ 750,000 |
| ➤ Water Tower Refurbishment | \$ 300,000 |
| ➤ Ramp repair/replacements | \$ 1,400,000 |





Tolling Options

Tolling Potential (ITRE Study Concept)

| | Current | One-way fare and \$100 per month commuter pass |
|---------------------------------|----------------|--|
| Cherry Branch – Minnesott Beach | \$0 | \$10 |
| Bayview – Aurora | \$0 | \$10 |
| Currituck – Knotts Island | \$0 | \$10 |
| Hatteras – Ocracoke | \$0 | \$10 |
| Southport – Ft Fisher | \$5 | \$10 |
| Cedar Island – Ocracoke | \$15 | \$30 |
| Swan Quarter – Ocracoke | \$15 | \$30 |
| Total Revenue: | \$2.2 M | \$10.4 M |

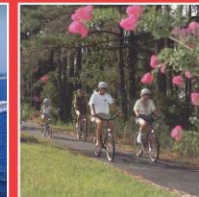
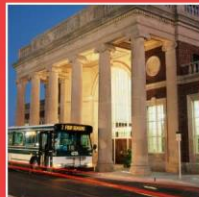
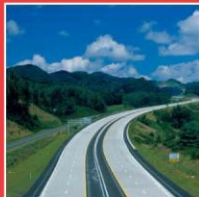
▪ *\$100/month commuter pass = \$5/day = \$2.5/trip*

▪ *Commuter pass holders receive 100% fare discount*

▪ *Actual toll revenue is \$8.45 million (considering elasticity) or approximately 25% of the system cost*

▪ *Projected total revenue would be somewhat less due to a loss of some riders when tolls are increased*





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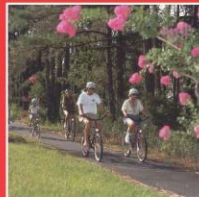
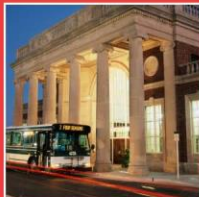
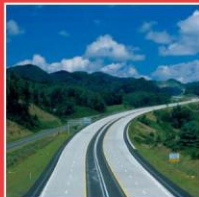
Toll Rates (without Elasticity)

Projected Revenue - \$10M

| | Pass/Single (\$) | Pass/Single (\$) | Pass/Single (\$) |
|--|---------------------|---------------------|---------------------|
| Short Crossing Cherry Branch to Minnesott Beach Bayview to Aurora Currituck to Knotts Island | 75/10 | 10/12 | |
| Short Crossing Hatters to Ocracoke Southport to Fort Fisher | 75/10 | 10/12 | 300/12 |
| Long Crossing Cedar Island to Ocracoke Swan Quarter to Ocracoke | 75/10 | 10/30 | 300/35 |

Pass refers to
monthly





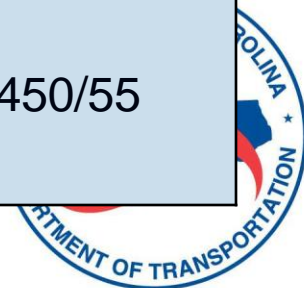
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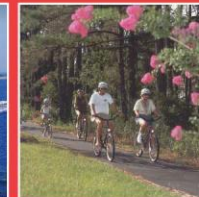
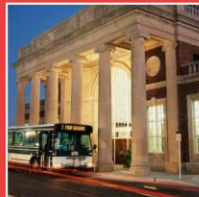
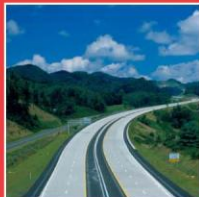
Toll Rates (without Elasticity)

Projected Revenue - \$15M

| | Pass/Single (\$) | Pass/Single (\$) | Pass/Single (\$) |
|--|---------------------|---------------------|---------------------|
| Short Crossing Cherry Branch to Minnesott Beach Bayview to Aurora Currituck to Knotts Island | 125/15 | 15/18 | |
| Short Crossing Hatters to Ocracoke Southport to Fort Fisher | 125/15 | 15/18 | 450/18 |
| Long Crossing Cedar Island to Ocracoke Swan Quarter to Ocracoke | 125/45 | 15/45 | 450/55 |

Pass refers to
monthly





Your Presentation Title Here

Toll Rates (with Elasticity)

Projected Revenue - \$10M

| | Pass/Single (\$) | Pass/Single (\$) | Pass/Single (\$) |
|--|---------------------|---------------------|---------------------|
| Short Crossing Cherry Branch to Minnesott Beach Bayview to Aurora Currituck to Knotts Island | 225/15 | _ ¹ | |
| Short Crossing Hatters to Ocracoke Southport to Fort Fisher | 225/15 | _ ¹ | 750/15 |
| Long Crossing Cedar Island to Ocracoke Swan Quarter to Ocracoke | 225/45 | _ ¹ | 750/30 |

Pass refers to monthly

_¹ Cannot be estimated with current model





Issues/costs to toll new routes (10/1/11)

Issues:

- Determine toll rate and tolling application for each route and location to minimize ridership impacts
- Time to properly outreach with communities/local officials
- Implementation of tolling needs (train employees, install equipment, etc.)

Costs:

- Purchase kiosk equipment and gates (6) - \$75,000
- Purchase computer equipment - \$10,000
- Build/Update facilities for toll collection - \$100,000
- Total - \$185,000





Annual Commuter Passes

- Pricing - \$150 (vehicle up to 20 feet), \$200 (vehicle between 20 feet and 40 feet), \$250 (vehicle between 40 feet and 65 feet)
- Annual passes are good for one year from date of purchase, unlimited trips for one year
- Passes can be used and purchased at all toll locations





Annual Commuter Passes

- Pricing - \$150 (vehicle up to 20 feet), \$200 (vehicle between 20 feet and 40 feet), \$250 (vehicle between 40 feet and 65 feet)
- Commuter passes are good for one year from date of purchase, unlimited trips for one year
- Passes can be used and purchased at all toll locations
- No significant implementation costs or issues envisioned to expand program to non-tolled locations





NCDOT Tolling Study / Considerations

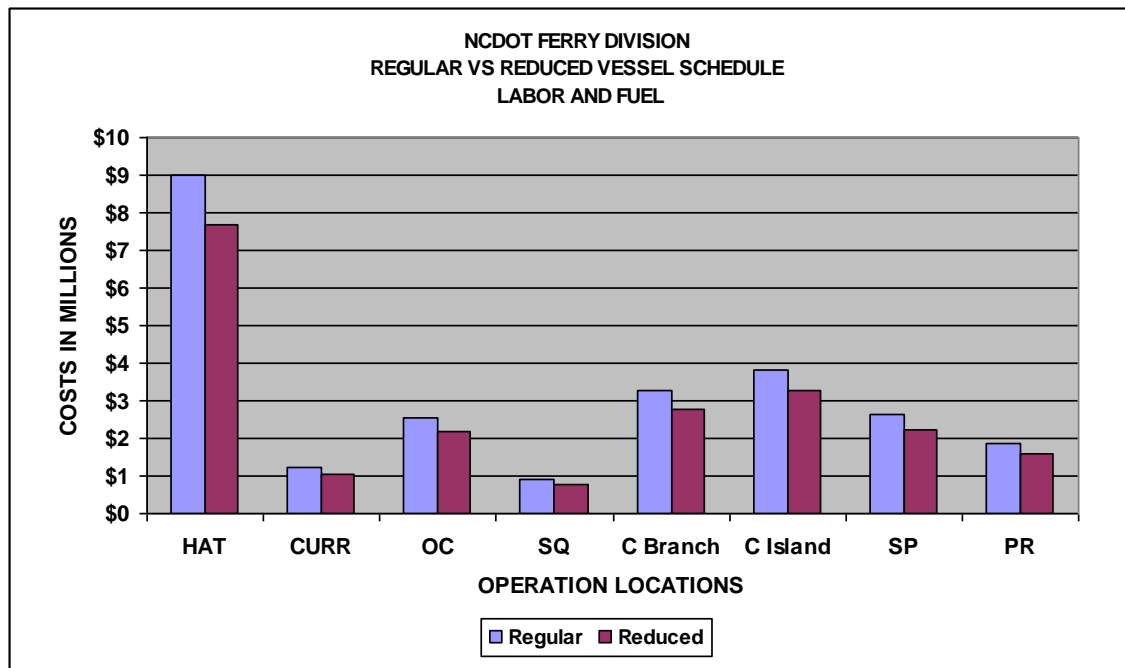
- Determine users willingness to pay
- Evaluate impacts to citizens and businesses
- Develop tolling strategy to recover up to 25% of system costs
- Develop tolling implementation plan
 - Provide toll rate and pricing strategy
 - Provide community outreach strategy
 - Provide tolling needs for each location (equipment and labor)
- Timeline – Complete by end of April, 2011





Reduced Schedules

Option 1 - 15% reduction to all operations (+/- \$4.5 Million)



Impacts:

- *Total number of daily runs reduced for all locations*
- *Overall level of service reduced*
- *Ferry re-deployment is limited*





Reduced Schedules

Option 2 – Return to 2009 schedules (+/- \$1.5 Million)

- Total operational cost reduction approximately \$1.5 Million
- Cuts daily runs on Sound Class, Pamlico River, and Cherry Branch operations
- Minor impacts to full-time staffing
- Received several complaints from local citizens, tourists, and businesses due to reduced service levels
- Ferry re-deployment limited





Reduced Schedules

Option 3 – Run Elimination / Sound Class Schedule Reduction (+/- 2,800,000)

➤ Discontinue Currituck/Knotts Island Operation

- Cost Savings: +/- \$1,400,000
- Crews: Early Retirement, Option to Transfer
- School Kids: School System incurs costs associated with transporting children
- Land: Sale-Net Income to State unknown
- Impacts: 26k vehicles (3 school buses, 15 school vehicles, 80k passengers (primarily school children)
- Ferry Re-Deployment: M/V Hunt to other River Operations





Reduced Schedules

Option 3 – Run Elimination / Sound Class Schedule Reduction (+/- 2,800,000)

➤ **Swan Quarter**

Run a reduced summer schedule - 3 departures

Cost Savings: \$12,000 Annual Crew Quarters Lease

125 - 150 gallons fuel per trip

Elimination of two crews per shift per week

➤ **Cedar Island**

Run a reduced summer schedule – 5 departures

Cost Savings: 125 - 150 gallons fuel per trip

Elimination of two crew per shift per week

➤ **Annual Savings** - \$1,400,000 per year





Morehead City Office Closing

Morehead Office Closure Examination

Seven-year lease - August 1, 2008 through July 1, 2015

| | |
|---------------------|-----------------|
| Annual Lease: | \$30,840 |
| Annual Electric: | 5,000 |
| Janitorial: | 7,721 |
| Storage: | 3,000 |
| Copier Lease: | 4,068 |
| Annual Cost: | \$50,629 |





Morehead City Office Closing

Option 1:

Remain at Current Location. Explore renegotiation lease agreement.

Option 2:

Relocate to another State-Owned Facility. (NC State Port – Maritime Bldg)

Cost Savings: \$12,000

Option 3:

Transfer staff personnel to other Operation locations at Cedar Island or Cherry Branch. Utilize NCDOT Mobile Units as office space

Cost Savings: Unknown





Reservation System Consolidation

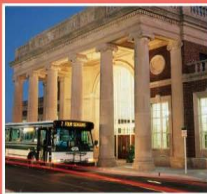
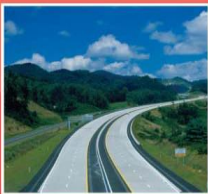
Reservations Function

- **Transfer to Turnpike**
 - Recommend implementation in 2012
 - Requires supplemental contract with vendor
 - Could cost more than we currently pay

Current Staffing

| | |
|--|------------------|
| • Four (4) FTE reservationists | \$180,000 |
| • Two (4) FT temporary reservationists | 76,850 |
| Total Costs: | \$256,850 |





Rail Division

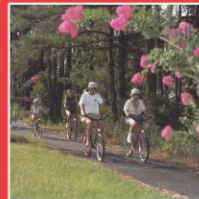
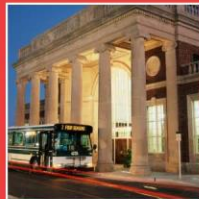
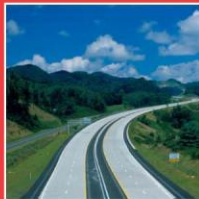


Rail Division

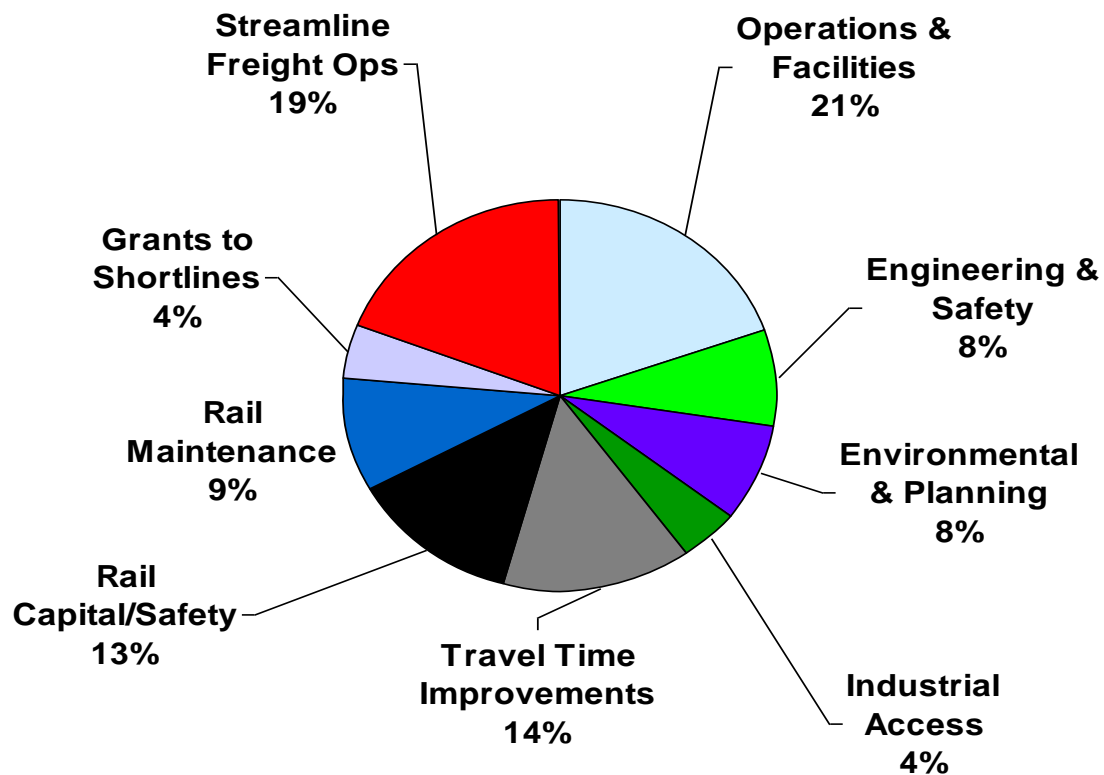
Division and Budget Overview

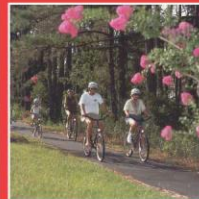
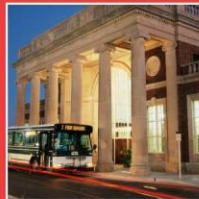
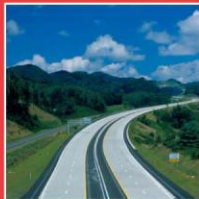
- 23 freight railroads in 86 counties, 3,500 miles of track
- Highway-railroad crossing safety and scoping, monitor industry safety, expand economic development, develop intercity passenger rail services, and preserve rail corridors for future transportation uses
- Total current budget is \$23.4 million in state funds. Proposed budget for FY 2012-2013 is \$17.1 state and \$211.8 federal for a total of \$220.7 million.
- 62 positions, including 11 vacancies. 9 staffers are state funded, the remaining are grant funded.



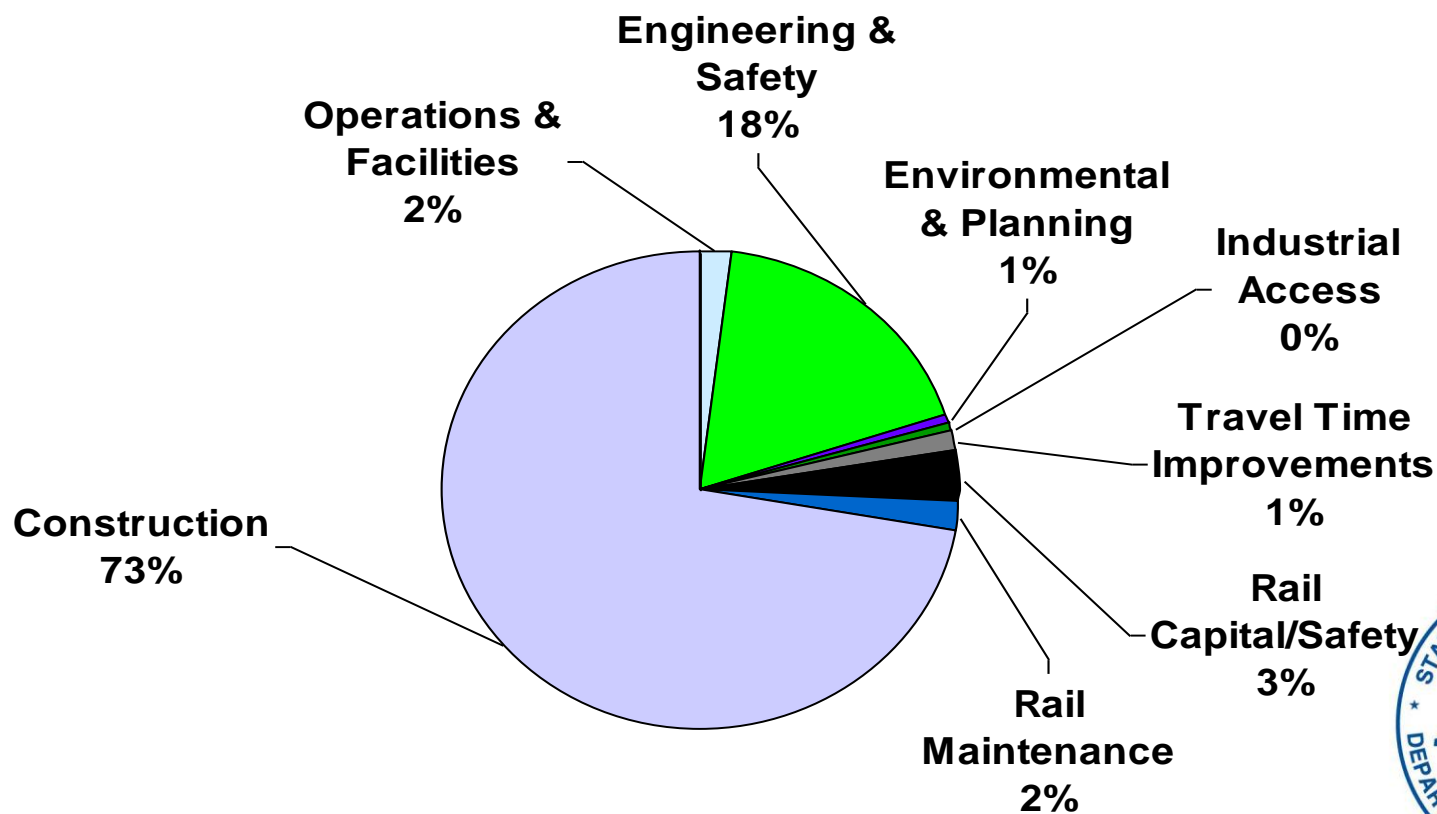


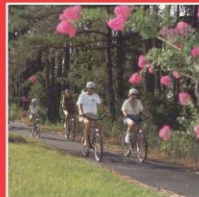
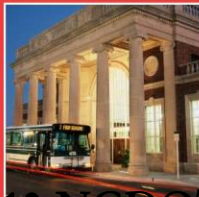
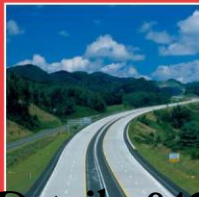
Rail Budget Overview





Rail Budget Overview for 2012





Fund Detail - 84210 NCDOT, Highway Fund, and 7829 Railroad Program

| Code | Description | 2010/2011 Certified | Increase/Decrease | 2011/2012 Total |
|--------------|---------------------------------|------------------------|----------------------|----------------------|
| 53 6401 | Passenger Train Operation | 4,445,000 | 0 | 4,445,000 |
| 53 6402 | Industrial Access | 1,000,000 | 0 | 1,000,000 |
| 53 6403 | Sealed Corridor | 1,750,000 | 41,230,026 | 42,980,026 |
| 53 6404 | Environmental Studies | 1,750,000 | 1,750,000 | 1,750,000 |
| 53 6407 | Improvement Travel Time | 3,200,000 | 0 | 3,200,000 |
| 53 6409 | Rail Infrastructure Maintenance | 2,100,000 | -2,000,000 | 100,000 |
| 53 6410 | Rail Capital & Safety | 2,856,153 | 5,123,940 | 7,980,093 |
| 53 6411 | Streamlining | 4,325,000 | -4,325,000 | 0 |
| 53 6412 | ARRA – Rail | 0 | 171,859,442 | 171,859,442 |
| 53 9910 | Construction-Maintenance | 4,500,000 | 0 | 4,500,000 |
| Total | | \$25,926,153 | \$211,888,408 | \$237,814,561 |





SFY 2011 - 2012 Rail Budget

Rail Division

American Recovery and Reinvestment Act

- \$545 million in grants
- 100% federal, 30+ projects, 11 counties
- Freight, passenger and public benefits
- \$260M million in safety improvements – bridges and crossings
- \$225 million in railroad capacity — double-track, sidings
- \$60 million in improved stations and facilities, and equipment





Rail Program

Proposed Highway Fund Cuts FY2011-12 - \$2.6M

| Program | Amount Cut (millions) | Short Term Effect | Long Term Effect |
|-----------------------------|--------------------------|-------------------|---|
| Travel Time Improvements | \$2.6M | Moderate | Reduce ability to compete for up to \$12M in Federal Funds |

An example of how this line item has been previously used was to construct 8 miles of double-track between High Point and Greensboro, state funds leveraged federal funding to enable the project.

