

1998

**SENATE
APPROPRIATIONS-
TRANSPORTATION
COMMITTEE**

MINUTES

APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION

Joint Meetings

May 12, 1998
May 13, 1998
May 14, 1998
May 19, 1998
May 20, 1998
May 21, 1998
June 3, 1998
June 4, 1998

A record of these meetings can be found in the Joint Appropriations Subcommittee on Transportation, 1998 Session, filed in the Legislative Library.

**SENATE APPROPRIATIONS SUBCOMMITTEE
ON
TRANSPORTATION**

Membership

Senator Luther Jordan	Chairman
Senator Charles Albertson	Vice Chairman
Senator Robert Carpenter	Ranking Minority Member
Senator Eric Reeves	Senator Robert Rucho

Fiscal Research

Evan Rodewald
Bob Weis

Staff Attorney

Kenneth Levenbook

Senate Clerk

Gloria Haywood

AGENDA

Senate Appropriations Subcommittee on Transportation

**June 11, 1998
Room 1027
9:00 A.M.**

Chair: Senator Luther Jordan

Overview of Draft Expansion Budget Proposal

**Evan Rodewald
Fiscal Research Division**

**SENATE APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION**

Minutes

June 11, 1998

Room 1027 LB

9:00A.M.

The Senate Appropriations Subcommittee on Transportation met June 11, 1998 at 9:00A.M. in room 1027 of the Legislative Building. **Senator Luther Jordan** chaired the meeting. The full Senate committee was present.

Mr. Evan Rodewald, staff, was introduced. Mr. Rodewald hand out a *Draft FY 1998-99 Expansion Budget for Senate Transportation Subcommittee - Highway Fund*, from which he spoke. The draft is based on the Governor's recommendations. Lines 1 through 7 total the funds that are available. Attention was called to line 3, \$6,840,630 was taken out in keeping with Senate Bill 1193. The amount available for expansion is \$6,383,633.

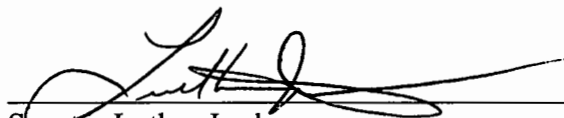
Lines 9 through 17 are reductions. Lines 21 through 42 are expansion items. Line 22 should read \$13.4 million for Public Transit on a recurring basis instead of \$12,400,000. Lines 27 and 28 show an additional \$500,000. Line 30 increases postage. Line 35 shows an additional \$1 million over the Governor's recommendation. Line 39 corrects an error.

In response to Senator Rucho's question regarding the Criminal Justice Information Network, they are in the 3rd of four phases. Phase 4 would be funded by a \$2.5 million federal grant per Major George Ake of the Highway Patrol.

In response to a question by Senator Carpenter, Mr. Joe Stewart (Highway Safety) said that the requested increase in Highway Troopers would be the first increase since 1994. Their distribution is based on a formula, the costs of services, number of miles and number of accidents. The goal is 100 new troopers over the next several years. There is a projected need of 250 new troopers due to the increase in the state's population. In response to Senator Albertson, Trooper services demand is increasing for special events and will increase further if the state gets another professional team.

Senator Reeves was concerned about the TIP projects in Wake County. Mr. Rodewald said the formula for TIP funding is based on 50% for population, 25% for uncompleted miles, and 25% is equally distributed. Mr. Rodewald also said that the 50% based on population is an advantage for Wake county. The growth of revenue is the final factor. The gas tax revenue is increasing but at a lower rate than projected because of fuel efficiency and the price of gas.

As there were no further questions or comments, Senator Jordan adjourned the meeting at 9:50A.M.



Senator Luther Jordan
Chairperson

Gloria Haywood
Committee Clerk

Draft FY 1998-99 Expansion Budget for Senate Transportation Subcommittee - Highway Fund

<u>Line #</u>		<u>Recurring</u>	<u>Non-recurring</u>	<u>Total</u>
1	State Highway Revenue	1,145,850,000	-	1,145,850,000
2	Surplus from 1997-98	468,248	11,531,752	12,000,000
3	Less Funds Transferred to Year 2000 Reserve (SB 1193)		(6,840,630)	(6,840,630)
4	Total Funds Available	1,146,318,248	4,691,122	1,151,009,370
5	Certified Continuation Budget	1,134,103,250	10,522,487	1,144,625,737
6				
7	Funds Available for Expansion	12,214,998	(5,831,365)	6,383,633
8				
9	Continuation Budget Technical Adjustments:			
10	State Aid to Municipalities	(2,050,000)		(2,050,000)
11	Secondary Roads	(2,050,000)		(2,050,000)
12	LUST Cleanup Fund	(189,000)		(189,000)
13				
14	Budget Reductions			
15	Transfer to General Fund in Lieu of Sales Tax		(13,400,000)	(13,400,000)
16	Transfer to Highway Trust Fund		(38,000,000)	(38,000,000)
17	Federal Aid Match	(33,153,153)		(33,153,153)
18				
19	Expansion Items			
20				
21	Contract Resurfacing		31,159,370	31,159,370
22	Highway Fund Salary Increase	16,000,000	4,000,000	20,000,000
23	Public Transportation Funding		12,400,000	12,400,000
24	SIPS Charges	6,000,000	4,000,000	10,000,000
25	Telephone Line Charges	1,300,000		1,300,000
26	MIS - Contracted Services	1,000,000		1,000,000
27	Liability Insurance Tracking and Enforcement System		500,000	500,000
28	Hardware and Software for MIS Division	500,000		500,000
29	DOT Facility Improvements		4,070,348	4,070,348
30	Increased Postage	710,785		710,785
31	Security Services	33,778		33,778
32	Contract Security for Raney Building	65,000		65,000
33	Maintenance for Raney Building	109,751		109,751
34	Stormwater Discharge Permit Compliance	500,000		500,000
35	Equity Pay for Enforcement Officers	2,000,000		2,000,000
36	License Plates and Stickers	227,044		227,044
37	Hardware and Software for Liability Insurance System	5,000	197,596	202,596
38	Equipment and Operating Expenses for Crash Reporting	66,500	385,000	451,500
39	Error in Highway Patrol Salary Increases	2,787,596		2,787,596
40	Criminal Justice Information Network		2,406,611	2,406,611
41	Additional Highway Patrolmen	968,300	1,583,295	2,551,595
42	Mobile Data Computers for Highway Patrol		2,249,812	2,249,812
43				
44	Total	(5,168,399)	11,552,032	6,383,633
45				
46	Surplus (Deficit)	17,383,397	(17,383,397)	-

VISITOR REGISTRATION SHEET

Appropriations on Transportation Subcommittee

June 11, 1998

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Joe Stewart

CCPS

Ming Go Ake

SHF

Robert Watson

Office of Governor

Ruth Sappie

NC DOT

Wayne Stallings

DOT

Carol Simon

DMV

Mitch ACP

OSBM-

Carol Howard

DMV

Lisa Dice

DMV

Dan Devane

NC DOT

W M McBride

~~NC DOT~~

VISITOR REGISTRATION SHEET

Appropriations on Transportation Subcommittee

Name of Committee

June 11, 1998

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

EL PETERS

NCTrucking Assn.

Col. D.C. Richards

DMV ENFORCEMENT

Hope Mazeriso

DMV Enforcement

Lee Hines

Senator Jordon (Intern)

AGENDA

Senate Appropriations Subcommittee on Transportation

**June 25, 1998
Room 1027
9:00 A.M.**

Chair: Senator Luther Jordan

Overview of Special Provisions

Evan Rodewald
Fiscal Research Division

Financing of New Department of Transportation Financial System

Evan Rodewald
Fiscal Research Division

SENATE APPROPRIATIONS COMMITTEE ON TRANSPORTATION

Minutes

June 25, 1998

Room 1027LB

9:00A.M.

The Senate Appropriations Committee on Transportation met on June 25, 1998 at 9:00A.M. in room 1027 of the Legislative Building. Senator Luther Jordan chaired the meeting. Senator Jordan introduced Mr. Evan Rodewald, staff.

Mr. Rodewald passed distributed *Special Provisions*. Briefly, page 2 allows DOT to anticipate revenues. Page 2 clarifies allowance of \$10,000,000 of federal highway funds. Page 4 compensates tag agents for collecting emission control civil penalties etc. Page 7 allows DOT to award up to three contracts for design, which should speed construction. Page 8 extends the sunset on compensation for outdoor ads. Page 9 Titles and registration cards to be branded. The provision on Page 12 allows DOT to use available funds to reopen S.R.1109 in Bertie County. The final provision allows Durham to use their available funds for bikeways.

Mr. Ken Levenbrook, atty., responded to Senator Reeves that the special provision regarding branded titles would eliminate inspections of vehicles over six years old. The provision is to correct a 1997 one. See line four which changes shall to may. Again, in response to Senator Reeves, Diane Johnson of the Division of Motor Vehicles said that if a vehicle was coming out of Florida with a clean title, the state of North Carolina would accept a clean title. If the vehicle had been damaged up to 25%, the owner is required to disclose. Mr. Levenbrook said that if a vehicle was rebuilt in North Carolina it must be inspected to be retitled and it must be branded.

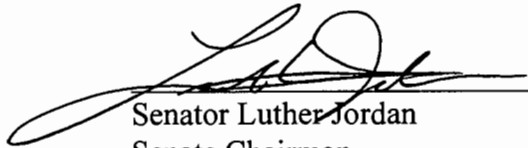
It was moved and seconded by Senator Jordan and Senator Albertson that all provisions be accepted with a favorable report.

In response to a question from Senator Rucho, if after four months, a vehicle does not meet emission standards, a penalty of \$250 is issued. That will be linked to the tag agent and DMV will freeze tag removal. The tag agent will be compensated.

Mr. Rodewald distributed a memorandum which is the cover for a lengthy report regarding the accounting system which will cost in excess of \$30 million. This is absent from any budget discussions. DOT will allocate this cost to maintenance. Legislative authority is not required for this. The state comptroller's office has approved of this. Mr. Wayne Stallings of DOT was introduced. Mr. Stallings said that DOT tried to use the state accounting system but could not due to the amount of data captured by DOT and because of federal participation with DOT. Additionally, in the agency, a person may work on different projects which are funded from different sources further complicating the accounting. There was further discussion regarding the accounting systemj. The life of the system is expected to be 25 years. A Request for Proposals (more than 1000 pages

long) will be issued on CD Rom for the accounting system. DOT has operated its own accounting structure but with the new system they will be able to use the same accounting codes as the state.

As there were no other comments or questions, Senator Jordan adjourned the meeting at 10:30A.M.



Senator Luther Jordan
Senate Chairman

Gloria Haywood
Senate Committee Clerk

CODE NO. 98TRANS-S002B

Requested by: Senator Jordan

DISCONTINUE BOND RETIREMENT TRANSFER FROM HIGHWAY FUND TO HIGHWAY
TRUST FUND FOR ONE YEAR

- 1 Section @. (a) The following statutes are repealed:
- 2 (1) G.S. 136-176(a)(4)
- 3 (2) G.S. 136-183
- 4 (b) This section becomes effective July 1, 1998 and expires
- 5 June 30, 1999.

Requested by: Senator Jordan

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

1 Section @. Section 32.13 of S.L. 1997-443 reads as
2 rewritten:

3 "Section 32.13. The General Assembly authorizes and certifies
4 anticipated revenues of the Highway Fund as follows:

5 FY 1999-2000	\$1,182.2	<u>\$1,190.8</u>	million
6 FY 2000-2001	\$1,211.2	<u>\$1,225.7</u>	million
7 FY 2001-2002	\$1,241.2	<u>\$1,265.4</u>	million
8 FY 2002-2003	\$1,271.9	<u>\$1,301.0</u>	million

9 The General Assembly authorizes and certifies
10 anticipated revenues of the Highway Trust Fund as follows:

11 FY 1999-2000	\$861.7	<u>\$871.4</u>	million
12 FY 2000-2001	\$891.0	<u>\$901.8</u>	million
13 FY 2001-2002	\$921.6	<u>\$934.7</u>	million
14 FY 2002-2003	\$953.3	<u>\$967.2</u>	million

CODE NO. 98TRANS-S001

Requested by: Senator Jordan

FEDERAL FUNDS FOR PUBLIC TRANSPORTATION IMPROVEMENTS

1 Section @. Section 32.18 of S.L. 1997-443 reads as
2 rewritten:

3 "Section 32.18. To the extent allowable by federal law,
4 the Department of Transportation shall use ten million dollars
5 (\$10,000,000) of federal highway funds during each year of the
6 1997-99 biennium for improvements to public transportation."
7

Requested by: Senator Jordan

PAYMENTS TO CONTRACT AGENTS FOR COLLECTING EMISSION CONTROL CIVIL PENALTIES AND FOR MAKING SALES OF INSPECTION STICKERS TO LICENSED INSPECTION STATIONS, AND A TECHNICAL CHANGE TO A RELATED STATUTE.

1 Section @. (a) G.S. 20-63(h) reads as rewritten:

2 (h) Commission Contracts for Issuance of Plates and
3 Certificates. -- All registration plates, registration
4 certificates and certificates of title issued by the Division,
5 outside of those issued from the Raleigh offices of the said
6 Division and those issued and handled through the United States
7 mail, shall be issued insofar as practicable and possible through
8 commission contracts entered into by the Division for the
9 issuance of such plates and certificates in localities throughout
10 North Carolina with persons, firms, corporations or governmental
11 subdivisions of the State of North Carolina and the Division
12 shall make a reasonable effort in every locality, except as
13 hereinbefore noted, to enter into a commission contract for the
14 issuance of such plates and certificates and a record of these
15 efforts shall be maintained in the Division. In the event the
16 Division is unsuccessful in making commission contracts as
17 hereinbefore set out it shall then issue said plates and
18 certificates through the regular employees of the Division.
19 Whenever registration plates, registration certificates and
20 certificates of title are issued by the Division through
21 commission contract arrangements, the Division shall provide
22 proper supervision of such distribution. Commission contracts
23 entered under this subsection shall provide for the payment of
24 compensation for all transactions as set forth below. Nothing
25 contained in this subsection will allow or permit the operation
26 of fewer outlets in any county in this State than are now being
27 operated.

28 A transaction is any of the following activities:

- 29 (1) Issuance of a registration plate, a registration
30 card, a registration renewal sticker, or a
31 certificate of title.
32 (2) Issuance of a handicapped placard or handicapped
33 identification card.
34 (3) Acceptance of an application for a personalized
35 registration plate.
36 (4) Acceptance of a surrendered registration plate,
37 registration card, or registration renewal sticker,

- 1 or acceptance of an affidavit stating why a person
2 cannot surrender a registration plate, registration
3 card, or registration renewal sticker.
- 4 (5) Cancellation of a title because the vehicle has
5 been junked.
- 6 (6) Acceptance of an application for, or issuance of, a
7 refund for a fee or a tax, other than the highway
8 use tax.
- 9 (7) Receipt of the civil penalty imposed by G.S. 20-309
10 for a lapse in financial responsibility or receipt
11 of the restoration fee imposed by that statute.
- 12 (8) Acceptance of a notice of failure to maintain
13 financial responsibility for a motor vehicle.
- 14 (8a) Collection of civil penalties imposed for
15 violations of G.S. 20-183.8A.
- 16 (8b) Sale of one or more inspection stickers in a single
17 transaction to a licensed inspection station.
- 18 (9) Collection of the highway use tax.
- 19

20 Performance at the same time of any combination of the items
21 that are listed within each subdivision or are listed within
22 subdivisions (1) through ~~(8)~~ (8b) of this section is a single
23 transaction for which a dollar and thirty-five cent (\$1.35)
24 compensation shall be paid. Performance of the item listed in
25 subdivision (9) of this subsection in combination with any other
26 items listed in this subsection is a separate transaction for
27 which a one dollar and twenty cent (\$1.20) compensation shall be
28 paid."

29 (b) G.S. 20-183.8A reads as rewritten:

30 "§ 20-183.8A. Civil penalties against motorists for emissions
31 violations.

32 The Division ~~must~~ shall assess a civil penalty against a person
33 who owns or leases a vehicle that is subject to an emissions
34 inspection and who does any of the following:

- 35 (1) Fails to have the vehicle inspected within four
36 months after it is required to be inspected under
37 this Part.
- 38 (2) Instructs or allows a person to tamper with an
39 emission control device of the vehicle so as to
40 make the device inoperative or fail to work
41 properly.
- 42 (3) Incorrectly states the county of registration of
43 the vehicle to avoid having an emissions inspection
44 of the vehicle.

1 The amount of penalty is one hundred dollars (\$100.00) if the
2 vehicle is a pre-1981 vehicle and two hundred fifty dollars
3 (\$250.00) if the vehicle is a 1981 or newer model vehicle. As
4 provided in G.S. 20-54, the registration of a vehicle may not be
5 renewed until a penalty imposed under this ~~subsection~~ section has
6 been paid."

CODE NO. 98TRANS-S007A

Requested by: Senator Jordan

DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS AUTHORIZED

1 Section @. Notwithstanding any other provision of law,
2 the Board of Transportation may award up to three contracts
3 annually for construction of transportation projects on a design-
4 build basis. These contracts may be awarded after a
5 determination by the Department of Transportation that delivery
6 of the projects must be expedited and that it is not in the
7 public interest to comply with normal design and construction
8 contracting procedures. Prior to the award of a design-build
9 contract, the Secretary of Transportation shall report to the
10 Joint Legislative Transportation Oversight Committee on the
11 nature and scope of the project and the reasons an award on a
12 design-build basis will best serve the public interest.

CODE NO. 98TRANS-S006A

Requested by: Senator Jordan

OUTDOOR ADVERTISING JUST COMPENSATION SUNSET EXTENDED

1 Section @. Section 2 of Chapter 1147 of the 1981
2 Session Laws, as amended by all of the following:
3 Chapter 318 of the 1983 Session Laws
4 Chapter 1024 of the 1987 Session Laws
5 Section 1 of Chapter 166 of the 1989 Session Laws
6 Section 1 of Chapter 725 of the 1993 Session Laws
7 reads as rewritten:
8 "Sec. 2. This act is effective upon ratification, but shall
9 expire ~~June 30, 1998,~~ June 30, 2004 and shall have no force or
10 effect after that date."

Requested by: Senator Plyler

BRANDED TITLE CLARIFICATION

1 Section 6. G.S. 20-71.3 reads as rewritten:

2 "§ 20-71.3. Titles and registration cards to be branded.

3 (a) Motor Vehicle certificates of title and registration cards
4 issued pursuant to G.S. 20-57 ~~shall~~ may be branded.

5 As used ~~herein~~ in this section, "branded" means that the title
6 and registration card shall contain a designation that discloses
7 if the vehicle is classified as any of the following:

8 (1) ~~(a) Flood Vehicle, Vehicle.~~

9 (2) ~~(b) Non-U.S.A. Vehicle, Vehicle.~~

10 (3) ~~(c) Reconstructed Vehicle, Vehicle.~~

11 (4) ~~(d) Salvage Motor Vehicle, or Vehicle.~~

12 (5) ~~(e) Salvage Rebuilt Vehicle or Vehicle.~~

13 (6) Any other classification authorized by law.

14 (b) Any motor vehicle up to six to, and including, five model
15 years old damaged by collision or other occurrence occ
16 urrence, which requires a disclosure pursuant to G.S. 20-71.4,
17 and which which, as a result of such damage, is to be retitled in
18 this State shall be subject to preliminary and final inspections
19 by the Enforcement Section of the Division, and Division. the
20 The Division shall refuse to not issue a title to retitle a
21 vehicle up to six model years old described in the first sentence
22 of this subsection which has not undergone a preliminary
23 inspection- inspection required by this subsection.

24 These inspections serve as antitheft measures and do not
25 certify the safety or roadworthiness of a vehicle.

26 (c) Any motor vehicle more than five model years old damaged
27 by collision or other occurrence which requires a disclosure
28 pursuant to G.S. 20-71.4 and which, as a result of such damage,
29 is to be retitled by the state shall, without inspection, be
30 retitled with an unbranded or branded title, as appropriate,
31 based upon a title application by the rebuilder with a supporting
32 affidavit disclosing all of the following:

33 (1) The parts used or replaced.

34 (2) The major components replaced.

35 (3) The total cost of repair, including labor costs.

36 The Division shall maintain these affidavits and make them
37 available for review and copying by persons researching the
38 salvage and repair history of the vehicle.

1 ~~These inspections serve as an antitheft measure and do not~~
2 ~~certify the safety or roadworthiness of a vehicle.~~

3 (d) Any motor vehicle which has been branded in another state
4 shall be branded with the nearest applicable brand specified in
5 this section, except that no junk vehicle or vehicle that has
6 been branded junk in another state shall be titled or registered.

7 (e) A motor vehicle titled in another state and damaged by
8 collision or other occurrence may be repaired and an unbranded
9 title issued in North Carolina only if the cost of repairs,
10 including parts and labor, does not exceed seventy-five percent
11 (75%) of its fair market retail value.

12 (f) Once a branded title has been issued for a motor vehicle,
13 subsequent titles shall continue to reflect the branding until
14 the title for that motor vehicle is either surrendered to the
15 Division or cancelled by the Division.

16 (g) The Commissioner Division shall prepare necessary forms
17 and may adopt regulations rules required to carry out the
18 provisions of this Part 3A. Part. The title shall reflect the
19 branding until surrendered to or cancelled by the Commissioner.

20 All title and title application forms shall contain a notice
21 that indicates that the complete repair or salvage history of the
22 vehicle might not be disclosed on the face of the title."

23

CODE NO. 98TRANS-S003A

Requested by: Senator Jordan

DISCONTINUE DEPARTMENT OF TRANSPORTATION SALES TAX REIMBURSEMENT
FROM HIGHWAY FUND TO GENERAL FUND FOR ONE YEAR

- 1 Section @. (a) G.S. 105-164.44D is repealed.
- 2 (b) This section becomes effective July 1, 1998 and expires
- 3 June 30, 1999.

CODE NO. 98TRANS-S011

Requested by: Senator Ballance

REOPEN STATE HIGHWAY IN BERTIE COUNTY

1 Section @. (a) The Department of Transportation may use
2 available funds to reopen S.R. 1109 in Bertie County.
3 (b) If a court determines that reopening the road requires
4 compensation, then the Department of Transportation may expend
5 funds from the Highway Fund in fiscal year 1998-99 for that
6 purpose.

CODE NO. 98TRANS-S010

Requested by: Senator Jordan

DURHAM COUNTY BIKEWAY FUNDS

1 Section @. (a) G.S. 136-71.12 reads as rewritten:

2 "§ 136-71.12. Funds.

3 The General Assembly hereby authorizes the Department to
4 include needed funds for the program in its annual budgets for
5 fiscal years after June 30, 1975, subject to the approval of the
6 General Assembly.

7 The Department is authorized to spend any federal, State, local
8 or private funds available to the Department and designated for
9 the accomplishment of this Article. ~~Cities and towns~~ Cities,
10 towns, and counties may use any funds available."

11 (b) This Section applies to the County of Durham only.

CODE NO. 98TRANS-S011

Requested by: Senator Ballance

REOPEN STATE HIGHWAY IN BERTIE COUNTY

- 1 Section @. (a) The Department of Transportation may use
- 2 available funds to reopen S.R. 1109 in Bertie County.
- 3 (b) If a court determines that reopening the road requires
- 4 compensation, then the Department of Transportation may expend
- 5 funds from the Highway Fund in fiscal year 1998-99 for that
- 6 purpose.



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

JAMES B. HUNT JR.
GOVERNOR

P.O. BOX 25201, RALEIGH, N.C. 27611-5201

E. NORRIS TOLSON
SECRETARY

June 16, 1998

Honorable Luther H. Jordan, Jr. Chair
Honorable Joanne W. Bowie, Co-Chair
Honorable Jerry C. Dockham, Co-Chair
Honorable William E. McMahan, Co-Chair
Joint Appropriations Subcommittee on Transportation
North Carolina General Assembly
Raleigh, North Carolina 27601

Dear Senator Jordan, Representative Bowie, Representative Dockham
and Representative McMahan:

Section 18.23 of House Bill 229 enacted in the 1995 Session of the General Assembly required the Department of Transportation and the Office of State Controller to jointly prepare a complete plan for replacing the financial accounting and reporting systems of the Department of Transportation. The bill further provided for a report to be made back to the General Assembly describing that plan. An interim report was made in the 1996 "Short" Session. Enclosed is the final report describing what needs to be done to replace our existing DOT financial systems.

The report describes how important it is for the Department to proceed immediately to replace our existing systems because they are technically deficient, difficult and expensive to maintain, and in danger of failure. In addition, they do not support efficient business processing nor provide the reporting flexibility needed to support managerial and strategic decision making in the current business environment. We simply must replace these old systems in the near future to survive financially.

The report recommends that the Department acquire commercially available computer software and hardware to form the basic building block for the new financial information system. It further recommends that we contract with a private firm to develop those additions to the basic software that would be needed to meet the unique needs of the Department and to manage implementation of the system. The Department, with oversight from the Office of State Controller, the Information Resources Management Commission, and the State Division of Purchase and Contract, has



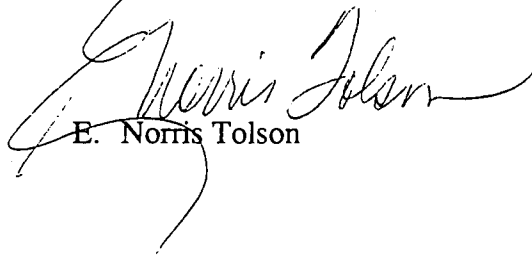
developed a detailed request for proposal to procure the software and services needed to develop and implement this new system. We intend to issue this request for proposal in the month of July.

We anticipate this new financial information system, including software, hardware and implementation services to cost in excess of \$30 million and require approximately four years to complete. Of course, exact costs and time frames cannot be determined until a base system and implementation contractor have been selected. We intend to allocate the cost of this new system to our highway construction and maintenance projects and activities.

We have several reasons for choosing to allocate the cost of the system rather than providing for it from a single budgeted source. First, the extensive, highly specialized system we are acquiring would not be needed except for the complexity of highway budgeting and financing. Without this complexity the Department would have been able to use the accounting software currently in use by other state agencies. Second, this allocation method provides the only way we are able to obtain financial participation from the Federal Highway Administration in the system. Third, it assures an equitable participation of both construction and maintenance funds in the cost of the system.

All of us who rely on financial information about transportation funding, commitments and expenditures to make key investment decisions for our citizens will benefit from this new system. I hope I can count on your support as we commit ourselves to a successful implementation of this very important piece of management infrastructure for our State.

Sincerely,



E. Norris Tolson

Enclosure

VISITOR REGISTRATION SHEET

Joint Appropriations Transportation Subcommittee

Name of Committee

Date

June 25-98

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Ruth Sappie	NCDOT
Don Morton	"
Wayne Stallings	
Carol Simon	"
Brenda Grady	"
David King	"
LT B. M. CROSS	DMV ENF.
Diane Johnson	DMV/Veh Registration
Milton Alfred	OSBM
Kim Smith	NCLM
Lee Hines	Sen. Jordan intern