2013-2014

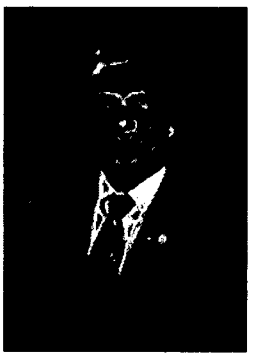
SENATE APPROPRIATIONS – TRANSPORTATION

MINUTES

North Carolina General Assembly

Appropriations Subcommittee on Transportation

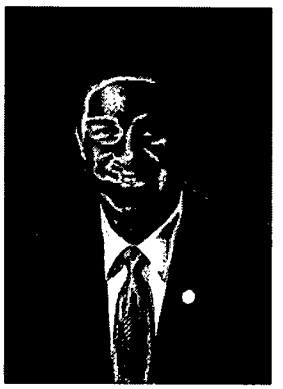
2012-2013 Session



Senator Rabon
Co-Chair



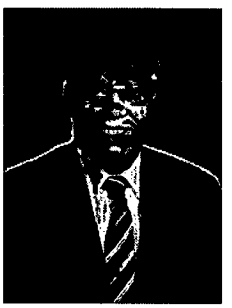
Senator Harrington
Co-Chair



Senator Daniel
Vice-Chair



enator Meredith



Senator Blue



Senator Davis



Senator Ford



Senator Gunn

MEMBERSHIP

SENATE APPROPRIATIONS ON TRANSPORTATION
2013-2014

Senator Kathy Harrington, Co-Chair
Room 2113, LB 733-5734
David Larson

Senator Warren Daniel, Co-Chair
Room 1127, LB 715-7823
Andy Perrigo

Senator Rick Gunn
Room 312, LOB 301-1446
Karen Johns

Senator Don Davis
Room 518, LOB 715-8363
Blinda Edwards

Senator Bill Rabon, Co-Chair
Room 2108, LB 733-5963
Paula Covington Fields

Senator Wesley Meredith
Room 314, LOB 733-5776
Debbie Lown

Senator Daniel Blue
Room 1117, LB 733-5752
Bonnie McNeil

Senator Joel D. M. Ford
Room 1119, LB 733-5955
Jackie Ray

ATTENDANCE

Committee: **Senate Appropriations on Department of Transportation**

NAMES / DATES	2/12/2013	2/13/2013	2/14/2013	2/19/2013	2/20/2013	2/21/2013	2/26/2013	2/27/2013	2/28/2013	3/5/2013	3/6/2013	3/13/2013	3/19/2013	3/20/2013	3/26/2013	3/27/2013	3/28/2013
SENATE																	
Senator Kathy Harrington, Co-Chair	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Senator Bill Rabon, Co- Chair	X	X	X	X	X	X	X	X	X	X	X		X		X		X
Senator Warren Daniel, Vice Chair		X		X	X	X			X		X		X	X			X
Senator Dan Blue	X			X	X	X		X			X	X	X			X	
Senator Don Davis	X		X	X			X		X	X			X				X
Senator Joel Ford	X		X	X	X	X	X	X	X	X	X	X		X	X	X	X
Senator Rick Gunn	X	X	X	X	X	X	X	X	X	X	X	X		X			
Senator Wesley Meredith		X			X	X							X				
STAFF																	
David Larson, Committee Clerk	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
Bryce Ball	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
nna Cameron	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X
Karlyn O'Shaughnessy	X	X	X		X		X	X	X	X	X	X	X	X			
Jeff Cherry	X	X	X	X	X	X	X	X	X		X	X	X	X		X	X
HOUSE																	
Representative Torbett				X	X		X		X		X	X		X		X	
Representative Shepard				X	X		X		X		X	X		X		X	
Representative Iler				X	X		X		X		X	X		X		X	
Representative Jeter				X	X		X		X		X					X	
Representative Arp				X	X		X		X		X	X		X			
Representative Adams					X		X		X		X	X		X		X	
Representative Baskerville				X	X				X		X			X		X	
Representative Dockham				X	X							X		X		X	
Representative Hall				X	X		X					X					
Representative Terry				X	X		X		X		X	X				X	
Representative Hastings				X	X		X		X		X	X		X		X	
Representative Ramsey				X	X		X		X		X	X		X		X	

Joint Appropriations Subcommittee on Transportation

February 12, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington, Chairing
	Representative John Torbett	Senator Bill Rabon

- Call to Order

- Subcommittee Member Introductions

- DOT Secretary Remarks and DOT Management Introductions

  Tony Tata, Secretary

- Subcommittee Calendar and Protocol

  Bryce Ball, Fiscal Research Staff

- Budget Process and Role of Staff

  Bryce Ball, Fiscal Research Staff

Next meeting: DOT Primer - Wednesday, February 13, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Tuesday, February 12, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on February 12, 2013 in Room 1228/1327. Senators Kathy Harrington and Bill Rabon, co-chairs; Senators Dan Blue, Don Davis, Joel Ford, Rick Gunn, members; were present.

Senator Kathy Harrington presided.

Senator Harrington recognized the Pages: Lucas Krenitsky, Mary Catherine Boylin, Hardin Councill, and Ashton Craft. The Senator then recognized House Sergeant-at-arms Carlton Adams, Jesse Hayes, Martha Parrish, and Senate Sergeant-at-arms Charles Harper and Anderson Meadows.

Senator Harrington welcomed everyone and asked the members to introduce themselves. Senator Harrington recognized Senator Rabon, who also welcomed everyone. Senator Harrington then recognized Secretary of Transportation Tony Tata for some introductory remarks. Senator Harrington recognized Bryce Ball from fiscal research to discuss the sub-committee calendar and protocol.

The meeting adjourned at 9:00 am

Senator Kathy Harrington
Presiding

David Larson, Committee Clerk

Glossary of Transportation Related Terms

Acceleration Lane – A paved auxiliary lane, including tapered areas, allowing vehicles to accelerate when entering the through-traffic lane of the roadway.

Access – The ability to reach or connect to a transportation facility (e.g. from an individual property or another mode).

Access Management – The planning, design, and implementation of land use and transportation strategies that maintain a safe flow of traffic while accommodating the access needs of adjacent development. The goal of Access Management is to balance the need to provide efficient, safe, and timely travel with the desired ability to allow access to the individual destination.

Access Point – An intersection, driveway, or opening on the right-hand side of a roadway. An entry on the opposite side of a roadway or a median opening also can be considered as an access point if it is expected to influence traffic flow significantly in the direction of interest.

Alternative – One of a number of specific transportation improvement proposals, alignments, options, design choices, etc., in a defined study area. For a transportation project, alternatives to be studied normally include the no-action alternative, an upgrading of the existing roadway alternative, new transportation routes and locations, transportation systems management strategies, multimodal alternatives, if warranted, and any combinations of the above.

Alternative Access – The ability of any vehicle to enter a roadway indirectly through a roadway of lower classification.

Alternatives Analysis – Comparative analysis of the social, economic and environmental impacts and benefits for alternatives on a proposed action.

Annual Average Daily Traffic (AADT) – The total volume of traffic on a highway segment for one year, divided by the number of days in the year.

Arterial – A class of roads serving major traffic movements (high-speed, high volume) for travel between major points.

Auxiliary Lane – An additional lane on a freeway to connect an on-ramp and an off-ramp.

Average Daily Traffic (ADT) – Total volume during a given time period (in whole days), greater than one day and less than one year, divided by the number of days in that time period.

Avoidance Alternative – general term used to refer to any alignment proposal which has been either developed, modified, shifted, or downsized to specifically avoid impacting one or more resources.

Boulevard – A facility with a functional purpose of moderate mobility and low to moderate access. The facility has limited or partial control of access, traffic signals, and a minimum of two travel lanes with a median. Connections are provided primarily at at-grade intersections for major and minor cross streets.

Capacity – A transportation facility's ability to accommodate a moving stream of people or vehicles in a given time period.

Clean Air Act (CAA) – Purpose is to "protect and enhance the quality of the Nation's air resources." Its primary programs regulate the release of contaminants to air from new and existing polluting facilities.

Clean Air Act Amendments of 1990 (CAAA) – Federal legislation passed in 1990 that amended the Clean Air Act. It strengthened ability of EPA to set and enforce pollution control programs aimed at protecting human health and the environment; included provisions for acid rain program.

Clean Water Act (CWA) – Objective is to "restore and maintain the chemical, physical, and biological integrity of the Nation's waters." One of the act's major enforcement tools is the National Pollutant Discharge Elimination System permit.

Collector – In rural areas, routes that serve intracounty rather than statewide travel. In urban areas, streets that provide direct access to neighborhoods and arterials.

Collector/Distributor – A roadway parallel to a freeway that carries one-way traffic to and from ramps, which would otherwise exit or enter the freeway directly.

Comment Period – Duration of time during which written comments or responses may be submitted to an agency that has distributed a document for review and comment. It can be applicable to all types of documents that are circulated, as well as to formal presentations such as those, which may be given by transportation department officials at a public hearing.

Comprehensive Transportation Plan (CTP) – A mutually adopted, multimodal transportation planning set of vision maps (highway, public transportation & rail, bicycle, and pedestrian) that serves present and anticipated travel demand in a safe and effective manner.

Connectivity – The ability to travel to desired destinations.

Control of Access – The regulation of public access rights to and from properties abutting and public streets crossing highway facilities. Also see Full Control of Access, Limited Control of Access, Partial Control of Access, and No Control of Access.

Corridor – A broad geographical land area that is linear, connects major sources of trips, and may contain a number of streets, highways, transit lines, and routes; generally follows an interstate, greenway, or major roadway.

Cross-section – A basic description of type of roadway. Includes at a minimum the number of lanes and whether the roadway has a median or two-way left turn lane.

Deceleration Lane – A paved auxiliary lane, including tapered areas, allowing vehicles leaving the through-traffic lane of the roadway to decelerate.

Design Speed – A selected speed used to determine the various geometric design features of the roadway. The assumed design speed should be a logical one with respect to topography, the adjacent lane use, the classification of the highway, and the anticipated operating speed (usually 5 mph less than design speed).

Direct Effects – Effects caused by a given action and occurring at the same time and place. Changes in noise levels, fill discharges in wetlands, and changes in visual conditions are examples of direct effects.

Directional Crossover – Also known as a "left-over", is an intersection which eliminates full-movement intersections. Traffic on the primary route is not affected; however, traffic on the secondary route must turn right onto the primary route and make a U-turn either at a median opening or the next full-movement intersection.

Directional Median Opening – An opening in a restrictive median that provides for specific movements and physically restricts other movements.

Diverge – A movement in which traffic separates from the primary roadway onto an exit ramp.

Ecosystem Enhancement Program (EEP) – NCDOT and NCDENR partnered to create the Ecosystem Enhancement Program, in order to deal with a rapidly expanding transportation program that would impact acres of wetlands and streams. The EEP protects the state's natural resources through the assessment, restoration, enhancement, and preservation of ecosystem functions, and through identifying and implementing compensatory mitigation programmatically, at the watershed level.

Environmental Impact Statement (EIS) – Report developed as part of the National Environmental Policy Act (NEPA) requirements, which details any adverse economic, social, and environmental effects of a proposed transportation project for which federal funding is being sought. Adverse effects could include air, water, or noise pollution; destruction or disruption of natural resources; adverse employment effects; injurious displacement of people or businesses; or disruption of desirable community or regional growth. A Draft (DEIS) and Final (FEIS) document are prepared. The FEIS must address comments received on the DEIS, making any appropriate revisions or decisions and,

identify (if not identified in the DEIS) and describe the preferred alternative and the basis for the decision.

Environmental Impacts – Direct effects of socio-economic activities and natural events on the components of the environment.

Environmental Justice Populations – Historically ethnic and low-income groups who do not typically participate in the planning process and have been under-represented and/or underserved by the transportation system.

Erosion – Wearing away of the land by running water, rainfall, wind, ice or other geological agents, including such processes as detachment, entrainment, suspension, transportation and mass movement. Geologically, erosion is defined as the process that slowly shapes hillsides, allowing the formation of soil cover from the weathering of rocks and from alluvial and colluvial deposits. Erosion is often intensified by land-clearing human activities related to farming, resident and industrial development and it has as effect increasing run-offs, decline of arable layers, siltation in lakes, lagoons and oceans.

Expansion – Activities focused on adding capacity of new facilities/services.

Expressway – A facility with a functional purpose of high mobility and low to moderate access. The facility has limited or partial control of access, no traffic signals, and a minimum of 4 travel lanes with a median. Connections are provided only at interchanges for major cross streets and at-grade intersections for minor cross streets.

Facility Type – A classification for highways in terms of the character of service that individual facilities are providing or are intended to provide, including the level of access, ranging from travel mobility to land access. Facility Types include Freeways, Expressways, Boulevards, and Thoroughfares.

Freeway – A facility with a functional purpose of high mobility and low access. The facility has full control of access, no traffic signals, no driveways, and a minimum of 4 travel lanes with a median. Connections are provided only at interchanges for major cross streets. All cross streets are grade-separated.

Frontage Road – A public or private drive that generally parallels a public roadway between the right-of-way and the front building setback line. The frontage road provides access to private properties while separating them from the arterial roadway. Also see Service Road.

Full Control of Access – Connections to a facility provided only via ramps at interchanges. All cross-streets are grade-separated. No private driveway connections allowed. A control of access fence is placed along the entire length of the facility and at a minimum of 1000 feet beyond the ramp intersections on the Y lines (minor facility) at interchanges (if possible).

Functional Design – A general design that includes horizontal and vertical alignments, edge of pavements, slope stakes, and right of way limits. No turn lanes are added at this stage. This type of design is usually performed using orthophotographs.

Gore Area – The triangular area located immediately between the left edge of a ramp pavement and the right edge of the major roadway pavement at either a merge or diverge area.

Grade-Separation – The use of a bridge structure and its approaches to confine portions of traffic to different elevations, thus dividing or separating the crossing movement.

High-Occupancy Toll (HOT) – HOV facilities that allow lower occupancy vehicles, such as solo drivers, to use HOV lanes in return for toll payments.

High-Occupancy Vehicle (HOV) – A vehicle with a defined minimum number of occupants (>1); HOVs often include buses, taxis, and carpools, when a lane is reserved for their use.

Hurricane Evacuation Route – Major facilities that shall be used to evacuate people from coastal areas in the event of a hurricane; developed by the North Carolina Division of Emergency Management.

Indirect and Cumulative Impacts (ICI) – Impacts on the environment which result from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (federal or non-federal) or person undertakes such other actions. Indirect impacts may include growth inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, and related effects on air and water and other natural systems, including ecosystems. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time.

Intelligent Transportation Systems (ITS) – Advanced traffic operations and communications technologies that increase traffic flow on existing facilities, improve safety, and provide better and more accurate traveler information.

Interagency Leadership Team (ILT) – Their purpose is to address Goal #1 of the FHWA/NCDOT Joint Work Plan for Timely Program Delivery with Environmental Excellence. The goal is to: "develop and implement an action plan that demonstrates NCDOT, FHWA, and resource agency commitment to deliver NC's transportation program in a timely manner with environmental excellence." The mission of the ILT is "to develop an interagency plan for North Carolina to balance successfully mobility, natural and cultural resource protection, community values, and economic vitality at the confluence of our missions". Partners include: FHWA, USACE, USEPA, USFWS, NOAA, NCDOT, NCDOC, NCDENR, NCDCR, and the NCWRC.

Interchange – A system of interconnecting roadways in conjunction with one or more grade separations that provides for the movement of traffic between two or more roadways or highways on different levels (with ramps).

Intermodal – Interconnectivity between various types (modes) of transportation.

Intermodal Surface Transportation Efficiency Act (ISTEA) – Landmark federal legislation signed into law in 1991. It made broad changes in the way transportation decisions are made by emphasizing diversity and balance of modes as well as the preservation of existing systems and construction of new facilities. The law expired in 1997, but much of the program were carried forward by the Transportation Equity Act for the 21st Century (TEA-21).

Intersection – The general area where two of more highways join or cross, including the roadway and roadside facilities for traffic movements within the area. The three general types of highway crossings are at-grade intersections, grade separations without ramps, and interchanges.

Interstate – A full control of access Freeway of at least four lanes designated by USDOT as part of the Interstate System. Interstates are the highest form of Freeways and have uniform geometric and construction standards, which include a minimum of four 12-foot wide travel lanes, a minimum shoulder width, full control of access, and design speeds of 50 to 70 miles per hour.

Interstate System – Formally known as the Dwight D. Eisenhower National System of Interstate and Defense Highways, it is the system of highways that connects the principal metropolitan areas, cities, and industrial centers of the United States. Also connects the United States to internationally significant routes in Canada and Mexico.

Interstate Loops and Spurs – Interstate connectors or full or partial circumferential beltways around an urban area. These highways carry a three-digit number.

Land Use Plan – A plan that establishes strategies for the use of land to meet identified community needs.

Land Use – Refers to the manner in which portions of land or the structures on them are used, i.e. commercial, residential, retail, industrial, etc.

Land-use Classification – Classification providing information on land cover, and the types of human activity involved in land use. It may also facilitate the assessment of environmental impacts on, and potential or alternative uses of, land.

Left-over – Also known as a "Directional Crossover", is an intersection which eliminates full-movement intersections. Traffic on the primary route is not affected; however, traffic on the secondary route must turn right onto the primary route and make a U-turn either at a median opening or the next full-movement intersection.

Level of Service (LOS) – 1) A qualitative assessment of a road's operating conditions. For local government comprehensive planning purposes, LOS means an indicator of the extent or degree of service provided by, or proposed to be provided by, a facility based on and related to the operational characteristics of the facility. LOS indicates the capacity per unit of demand for each public facility. 2) This term refers to a standard measurement used by transportation officials which reflects the relative ease of traffic flow on a scale of A to F, with free-flow being rated LOS-A and congested conditions rated as LOS-F.

Limited Control of Access – Connections to a facility provided only via ramps at interchanges (major crossings) and at-grade intersections (minor crossings and service roads). No private driveway connections allowed. A control of access fence is placed along the entire length of the facility, except at intersections, and at a minimum of 1000 feet beyond the ramp intersections on the Y lines (minor facility) at interchanges (if possible).

Long Range Transportation Plan (LRTP) – A document resulting from regional or statewide collaboration and consensus on a region or state's transportation system, and serving as the defining vision for the region's or state's transportation systems and services. In metropolitan areas, the plan indicates all of the transportation improvements scheduled for funding over the next 20 years.

Median – The portion of a highway physically separating opposing directions of travel, not including two-way left-turn lanes; can be non-traversable (a physical barrier, such as a concrete barrier or landscaped island) or traversable (grass median or monolithic island), but not painted or striped.

Merge – A movement in which traffic combines from the primary roadway and an entrance ramp.

Merger 01 – The melding together of 404 regulations and NEPA for current projects. One of the goals of the Merger 01 process is to incorporate regulatory requirements into the NEPA decision-making process. The Merger 01 process is also designed to improve interagency coordination and it is an effort to streamline the project development and permitting processes.

Metropolitan Planning Organization (MPO) – A federally mandated transportation policymaking entity made up of representatives from local government and transportation authorities for urban areas with populations greater than 50,000. MPOs are responsible for developing long-range transportation plans and Transportation Improvement Plans (TIP) for their respective regions, while ensuring transportation projects and programs are based on a comprehensive, cooperative, and continuing (3-C) planning process.

Mitigation – The process of moderating the impact(s) a project has on the environment.

Mobility – The ability to move unimpeded, safely, and efficiently using a reliable transportation system.

Multimodal – The availability of multiple transportation options, especially within a system or corridor.

Multiple Land Use – Use of land for more than one purpose, for example, grazing of livestock, recreation and timber production. The term may also apply to the use of associated bodies of water for recreational purposes, fishing and water supply.

National Ambient Air Quality Standards (NAAQS) – Federal standards that set allowable concentrations and exposure limits for various pollutants. The USEPA developed the standards in response to a requirement of the Clean Air Act of 1990. Air quality standards have been established for the following six criteria pollutants: ozone (or smog), carbon monoxide, particulate matter, nitrogen dioxide, lead, and sulfur dioxide.

National Environmental Policy Act of 1969 (NEPA) – An act to establish a national policy for the environment, to provide for the establishment of a Council on Environmental Quality (CEQ) to administer NEPA, and to provide for other purposes. NEPA requires that any project using federal funding or requiring federal approval, including transportation projects, examine the effects of proposed and alternative choices on the environment before a federal decision is made. The NEPA process consists of a set of fundamental objectives that include interagency coordination and cooperation, and public participation in planning and project development decision-making. Environmental reviews involve an interdisciplinary and interagency process. This coordinated review process includes input from the public, as well as from other agencies, to guarantee that all environmental protections, as well as other issues are addressed.

National Highway System (NHS) – The Interstate System as well as other roads important to the nation's economy, defense, and mobility; developed by the United States Department of Transportation in cooperation with the states, local officials, and metropolitan planning organizations.

Natural Resources – Natural assets (raw materials) occurring in nature that can be used for economic production or consumption. See also renewable natural resources and non-renewable natural resources.

No Control of Access – Connections to a facility provided via ramps at interchanges, at-grade intersections, and private driveways. No physical restrictions, i.e., a control of access fence, exist. Normally, private driveway connections are defined as one connection per parcel. Additional connections may be considered if they are justified and if such connections do not negatively impact traffic operations and public safety.

North Carolina Intrastate System – A 3,600 mile system of highways designated by the North Carolina General Assembly in 1989 to be improved to at least four lanes in

order to encourage economic development and growth, and connect the population areas to outlying areas of the state.

Notice of Intent (NOI) – An announcement to the public and to interested agencies that a project is being developed and that an EIS will be prepared. It briefly describes the study area, the proposed action, its proposed purpose and need, the agency's proposed public scoping process, and identifies the agency contact person (name and address).

Operations – The day to day tasks associated with maintaining and constructing highways. Includes evaluating driveway permits, traffic signal installations, overseeing constructing projects, and patching potholes. The 14 NCDOT Highway Division Offices are the primary groups responsible for handling the daily operations.

Partial Control of Access – Connections to a facility provided via ramps at interchanges, at-grade intersections, and private driveways. Private driveway connections are normally defined as a maximum of one connection per parcel. One connection is defined as one ingress and one egress point. The use of shared or consolidated connections is highly encouraged. Connections may be restricted or prohibited if alternate access is available through other adjacent public facilities. A control of access fence is placed along the entire length of the facility, except at intersections and driveways, and at a minimum of 1000 feet beyond the ramp terminals on the minor facility at interchanges (if possible).

Permit – Written permission given by a governmental agency with "permitting" authority to take certain action during specific steps of a project development process. Example: permits may include permission for any construction, excavation, depositing of material, or other work in navigable waters (USACE), permission required for the discharge of dredged or fill material into waters of the United States (USACE). A permit may also refer certain other clearances or certifications such as a clearance from the FAA for proposed highway construction in the vicinity of public use and military airports, and water quality certifications for the licensing of an action that would result in a discharge into regulated waters. These approvals, plus certain others relating to solid waste management, underground storage tanks, coastal zone areas, etc., involve approvals and documentation commonly referred to as permits.

Preferred Alternative – The recommended alternative put forth no later than the FEIS. A recommended Preferred Alternative can be identified in the DEIS.

Public Hearing – A meeting designed to afford the public the fullest opportunity to express opinions on a transportation project. A verbatim record (transcript) of the proceedings is made part of the project record.

Public Involvement – The process through which government communicates with its stakeholders using a series of products, tools, documents and outreach opportunities.

Public Meeting – An announced meeting conducted by the convening agency designed to facilitate participation in the decision-making process and to assist the public in

gaining an informed view of a proposed project at any level. Can be referred to as a public information meeting or workshop.

Purpose and Need Statement – Establishes why the project is proposed and is the foundation to determine if alternatives meet the needs in the area. The Purpose and Need Statement is developed in consultation with local, state and federal agencies as well as the public. It is the first concurrence point of the 404/Merger process.

Quadrant Interchange – Also known as "square loops", is an interchange which consists of converting a full movement intersection into a grade separation and provides a quadrant roadway connecting the two streets, thus creating two new intersections. By dividing the movements of a single full movement intersection into two full movement intersections the overall efficiency is improved.

Queue – A line of vehicles waiting to be served by the roadway network or intersection control.

Ramp Junction – A short segment of highway along which vehicles transfer from an entrance ramp to the main roadway or from the main rain roadway to an exit ramp.

Ramp Meter – A traffic signal that controls the entry of vehicles from a ramp onto a limited access facility; the signal allows one or two vehicles to enter on each green or green flash.

Ramp Terminal – The roadway segment over which an entrance or an exit ramp joins with a surface street.

Right-in/Right-out – A roadway intersection where vehicles are restricted to entering and exiting an intersection by right-turn movement only.

Right of Way – The land (usually a strip) acquired for or devoted to highway transportation purposes.

Roundabout – An unsignalized intersection with a circulatory roadway around a central island with all entering vehicles yielding to the circulating traffic.

Rural Planning Organization (RPO) – Planning entities for rural (non-MPO) areas of three to 15 counties (establishment is voluntary). Core roles include: 1) development and prioritization of transportation projects for input into the State Transportation Improvement Program (TIP); (2) coordination of local and regional multimodal transportation plans; (3) providing an information clearinghouse (information resource center); and, (4) providing a mechanism for meaningful public participation.

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) – Congressional act authorizing federal surface transportation

programs for highways, highway safety, and transit for the five-year period from 2005-2009.

Scoping – The process of establishing the principal issues to be addressed in an environmental impact assessment.

Secondary and Cumulative Effects – See Indirect and Cumulative Impacts.

Service Interchange – A junction between a freeway and a secondary roadway.

Service Road – A public or private road, auxiliary to and normally located parallel to a controlled access facility or arterial that maintains local road continuity and provides access to parcels adjacent to the controlled access facility or arterial.

Shared Access – A single access connection serving two or more adjoining lots or parcels.

Shoulder – The portion of the roadway contiguous to the traveled way for accommodation of stopped vehicles, for emergency use, and for lateral support of the roadway.

Square Loops – Also known as "quadrant interchange", is an interchange which consists of converting a full movement intersection into a grade separation and provides a quadrant roadway connecting the two streets, thus creating two new intersections. By dividing the movements of a single full movement intersection into two full movement intersections the overall efficiency is improved.

Stakeholder – Individuals, communities, government agencies, private organizations, nongovernmental organizations or others having a legitimate interest or "stake" in both the process and outcomes of a project.

Statewide Transportation Plan – Formally known as North Carolina's Long-Range Multimodal Transportation Plan, it is the state's plan which identifies and evaluates a full spectrum of future transportation needs and potential solutions by mode and by function. The overriding purpose of this Statewide Transportation Plan is to establish a long-range blueprint for transportation investment in North Carolina. The Statewide Transportation Plan also provides a balanced picture of the state's transportation challenges and opportunities based on anticipated resources, projected passenger and freight movement needs, and estimated improvement costs. The end result is a preferred North Carolina transportation investment strategy for the next 25 years.

STRAHNET – The Department of Defense's Strategic Highway Network for moving military personnel and equipment.

Strategic Highway Corridors (SHC) – A set of primarily existing highway corridors that exemplify the long-term potential to serve passenger and freight movement in a high-

speed manner. These facilities, upon some level of improvement, will substantially increase the mobility and connectivity of travel to destinations within and just outside North Carolina, while helping foster economic prosperity and promoting environmental stewardship. The Board of Transportation adopted the SHC concept as a part of the Statewide Transportation Plan in September 2004.

Superfund – The common name used for the trust fund or process established under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) to clean up hazardous waste sites across the country. Also used to in the context of a cleanup site that has been place on the National Priorities List (e.g. a Superfund site).

Superstreet – The common name for an intersection design on a divided highway in an urban area in which a right turn, followed by a u-turn, replaces a prohibited left turn or through movement. Motorists using the major highway have the ability to turn right and (usually) left onto the minor street. Motorists on the side street can only to turn right onto the major highway, then must proceed to median crossover at least 800 feet downstream, make a u-turn on the major highway followed by a right onto the minor street to continue on "through" the intersection (if applicable). The intersections and median crossovers may be signalized. A similar design with directional crossovers, median u-turns, and no traffic signals is used in rural areas.

System Interchange – A junction between two intersecting freeways.

Thoroughfare – A facility with a functional purpose of moderate to low mobility and high access. The facility has no control of access, traffic signals, driveways with full movements, and a minimum of 2 travel lanes without a median. Connections are provided primarily at at-grade intersections.

Transportation Equity Act for the 21st Century (TEA-21) – Congressional act authorizing federal surface transportation programs for highways, highway safety, and transit for the six-year period from 1998-2003.

Transportation Improvement Program (TIP) – Federally-mandated, fiscally constrained schedule that prioritizes transportation projects and studies of regional or statewide significance that covers a minimum period of three years. (7 years in North Carolina.) A short-term, fiscally constrained program of multimodal transportation projects for metropolitan areas. It documents the anticipated timing, cost, and rationale for transportation improvements to be made in the region. It translates recommendations from the long-range transportation plan into a short-term program of improvements. The MPO generally prepares and updates the TIP every year (but is only required to do so every 2 years) in cooperation with the state transportation and public transit operators. MPOs, federal transportation agencies, and the Governor must approve the program.

Travel Demand – A measure of transportation activity. Specifically for highways, the number of vehicles desiring to use a particular facility.

Travel Demand Management (TDM) – A system of actions whose purpose is to alleviate traffic problems through improved management of vehicle trip demand. These actions, which are primarily directed at commuter travel, are structured to either reduce the dependence on and use of single-occupant vehicles, or to alter the timing of travel to other, less congested time periods. Simply stated, the purpose of travel demand management is to maximize the movement of "people," not vehicles, within the transportation system.

Truck Traffic Percentages – The percentage of trucks of the total number vehicles using a highway.

Vehicle Miles Traveled (VMT) – A measure of highway use; measures the total miles traveled by all vehicles in the area for a specified time period (one vehicle traveling one mile is one vehicle-mile).

Weaving – The crossing of two or more traffic streams traveling in the same direction along a significant length of highway, without the aid of traffic control devices (except for guide signs).

Wetlands – Areas that are inundated or saturated by surface water or groundwater at a frequency and duration sufficient to support, and under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions.

Zoning – Process in physical planning, or the results thereof, in which specific functions or uses are assigned to certain areas (for example, industrial zones, residential areas).

Sources:

NCDOT Strategic Highway Corridors. *Glossary of Terms.* http://www.ncdot.org/doh/preconstruct/tpb/SHC/pdf/shc_glossary.pdf. Website accessed January 27, 2010.

Transportation Research Board, *Highway Capacity Manual*. Washington, D.C. 2000.

American Association of State Highway and Transportation Officials – *A Policy on Geometric Design of Highways and Streets*, Fifth Edition. Washington, D.C. 2004.

2013 Legislative Session - Joint Appropriations Committee on Transportation - Agency Contacts

Agency	Contact Name	Title	Email	Phone
Department of Transportation	Tony Tata	Secretary	ajtata@ncdot.gov	919-707-2800
	Jim Trogdon	Chief Operating Officer	jtrogdon@ncdot.gov	919-707-2825
	Bobby Lewis	Chief of Staff	bobbylewis@ncdot.gov	919-707-2816
	La Nica Allison	Deputy Secretary of Intergovernmental Affairs and Budget	ltallison@ncdot.gov	919-707-2818
	Mark Foster	Chief Financial Officer	mfoster@ncdot.gov	919-707-4320
	Vacant	Deputy Secretary of Administration and Business Development		919-707-2819
	Paul Morris	Deputy Secretary for Transit	pfmorris@ncdot.gov	919-707-2817
	Vacant	Deputy Secretary of Communications		919-707-2660
	Katherine White	General Counsel	katherinewhite@ncdot.gov	919-707-2833
	Jason Soper	Legislative Director	jdsoper@ncdot.gov	919-707-2830
				919-268-0040 (CELL)
	Andrew Bell	Legislative Liaison	ambell1@ncdot.gov	919-707-2824
				919-268-1274 (CELL)
	Terry Gibson	Chief Engineer	tgibson@ncdot.gov	919-707-2500
	Randy Barnes	Chief Information Officer	rbarnes@ncdot.gov	919-707-2200
Division of Motor Vehicles	James Forte	Commissioner of Motor Vehicles	jlforte@ncdot.gov	919-861-3015
NCAMVRC, Inc. (License Tag Agents)	Patti Smithson	Legislative Chairperson	pdsmithson@bizec.rr.com	910-262-7166
Global TransPark	Roberto Canales	Secretary's Coordinator of Strategic Initiatives	rcanales@ncdot.gov	919-707-2800
	Trina Warren	Controller	twarren@ncgtp.com	252-522-4929, ext. 712
	Alanna King	Marketing & Communications Manager	aking@ncgtp.com	252-522-4929, ext.719
Ports Authority	Jeff Miles	Interim Executive Director	jeff.miles@ncports.com	910-343-6430

February 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4	5 **FRD Briefings**	6 **FRD Briefings**	7 **Jt. Chairs Mtg w/Sub Chairs**	8	9
10	11 **Joint Subcommittees Begin Meeting**	12	13	14	15	16
17	18 **State of the State** **Joint Subcommittee Meetings**	19 House study bills to Bill Drafting deadline	20	21	22	23
24	25 **Joint Subcommittee Meetings**	26	27 House study bills filing deadline	28		

Joint Budget Development
Fiscal Research Division

Draft as of February 6, 2013

March 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4 **Joint Subcommittee Meetings** →	5 Senate local bills to Bill Drafting deadline	6	7	8	9
10	11 **Joint Subcommittee Meetings** →	12 House agency bills to Bill Drafting deadline	13 Senate local bills filing deadline	14	15 Senate public bills to Bill Drafting deadline	16
17	18 **Gov.'s Budget?** **Joint Subcommittee Meetings** →	19	20 House agency bills filing deadline; House local bills to Bill Drafting deadline	21	22	23
24	25 **Joint Subcommittee Meetings** →	26	27	28 Senate public bills filing deadline; House public bills to Bill Drafting	29 HOLIDAY	30
31 EASTER						

April 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 **Joint Subcommittee Meetings** →	2	3 House local bills filing deadline	4	5	6
7	8 **Joint Subcommittee Meetings** →	9	10 House public bills filing deadline	11	12	13
14	15 **Senate Budget Process** →	16	17	18	19	20
21	22 **Senate Budget Process** →	23	24 House approps & finance bills to Bill Drafting deadline	25	26	27
28	29 **Senate Budget Process** →	30				

May 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 New Revenue Numbers?	2	3	4
5	6	7 **Senate Approps. Meeting; First Reading**	8 **Senate Second Reading** House approps and finance filing deadline	9 **Senate Third Reading**	10	11
12	13 **House Budget Process**	14	15	16 **CROSSOVER**	17	18
19	20 **House Budget Process**	21	22	23	24	25
26	27 MEMORIAL DAY	28 **House Approps Meeting; First Reading**	29 **House Second Reading**	30 **House Third Reading**	31	

Joint Budget Development
Fiscal Research Division

Draft as of February 6, 2013

June 2013

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3 **Conference Process**	4	5	6	7	8
9	10 **Conference Process**	11	12	13 **Pass Conference Report**	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Budget Process

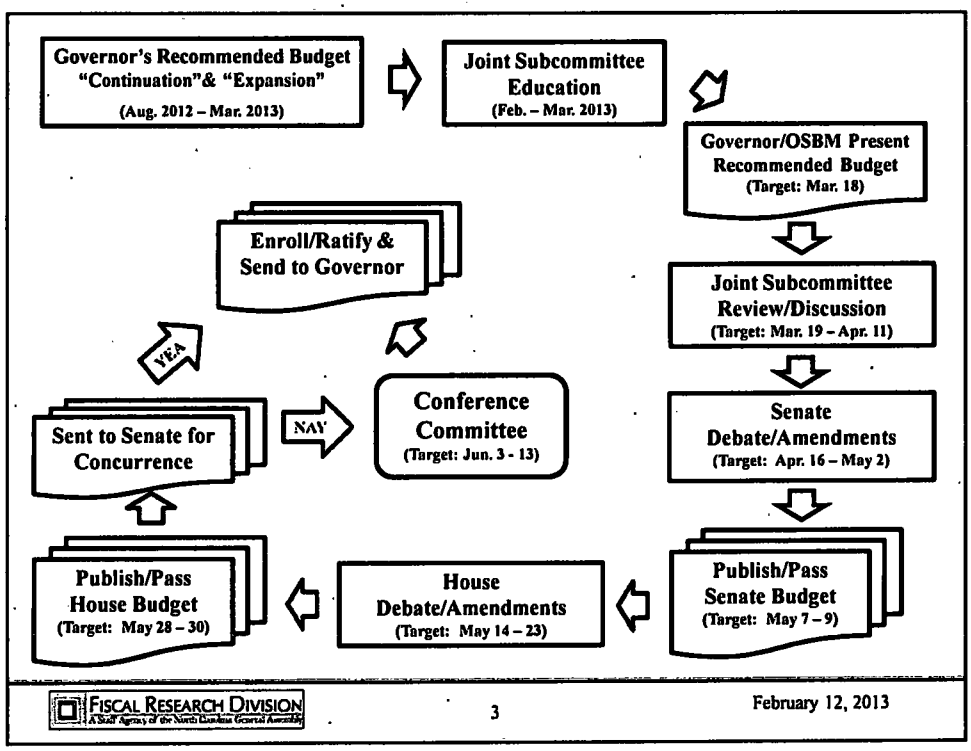
Joint Appropriations Subcommittee on Transportation

February 12, 2013



Presentation Outline

- Budget/Subcommittee Process
- Roles of Staff & Agencies
- Next Steps/Calendar



Subcommittee Process

- Joint process streamlines education and facilitates collaboration.
- Presentations have been reframed to be more focused and issue-driven.
- Transparency continues to be the goal…
  - Subcommittee documents and reference materials are posted online: **http://www.ncleg.net/gascripts/documentsites/browsedocsite.asp?nid=131**

Roles of Fiscal Research Staff

- Fiscal Research (FRD) staff are non-partisan, professional analysts who serve <u>all members</u>
- Staff responsibilities (Chapter 120, Article 7A) include:
  - ❖ Budget & Policy Analysis
    - Analyzing and producing the budget
    - Fiscal Notes & Fiscal Memoranda
    - Answering confidential member requests
    - Conducting special studies ("Continuation Reviews" and interim studies)
  - ❖ Guidance & Coordination
    - *Appropriations Committees*
    - Joint Legislative Transportation Oversight Committee
    - Joint Legislative Commission on Governmental Operations

FRD Transportation/IT Team

<u>Amna Cameron:</u>

- Highway Construction & Maintenance
- Equity Formula
- Secondary Road Construction
- Motor Fuel and Highway Use Revenues
- Turnpike Authority
- DOT Central Administration
- Governor's Highway Safety Program

FRD Transportation/IT Team

Bryce Ball:

- Division of Motor Vehicles (DMV)
- Modal Divisions:
  - Public Transportation, Ferry, Aviation, Rail, Bicycle/Pedestrian
- Logistics:
  - State Ports Authority, Global TransPark, North Carolina Railroad Company
- Driver Education
- Visitor Centers

Karlynn O'Shaughnessy:

- Information Technology
- Sponsorship

Roles of Other NCGA Staff

Bill Drafting & Research Divisions:

- Draft legislation and budget provisions (aka "Special Provisions")
- Conduct legal research and policy analysis, focusing on legal and regulatory issues:
  - Constitutionality, statutory impacts, policies, and regulations
- Staff Standing, Interim, and Oversight Committees

Roles of Other NCGA Staff

Program Evaluation Division:

- Conducts formal, longer-term studies of programs
- Evaluation components include:
  - Assessing program performance
  - Developing performance metrics, including activity-based costing
  - Recommending actions by the General Assembly

Roles of Agency Staff

OSBM and Agency Staff:

- Prepare and present the Governor's Recommended Budget
  - Justify proposed budgetary actions
- Provide presentations on agency programs
- Assist Fiscal staff in obtaining program data
- Assist in answering specific member questions

Next Steps

Tentative Schedule:

- 2/13/13: Transportation 101
- 2/14/13 – 2/20/13: DOT Highways
- 2/21/13 – 2/27/13: Innovative Finance
- 2/28/13 – 3/06/13: Intermodal
- 3/07/13 – 03/12/13: Logistics
- 3/13/13 – 03/14/13: Division of Motor Vehicles
- 3/19/13: Governor's Transportation Budget

✓ Begin issue discussions following Governor's Budget.

QUESTIONS?

Fiscal Research Division
919-733-4910

Amna Cameron – Amna.Cameron@ncleg.net
Bryce Ball – Bryce.Ball@ncleg.net
Karlynn O'Shaughnessy – Karlynn.O'Shaughnessy@ncleg.net

VISITOR REGISTRATION SHEET

Senate Appropriations Department of Transportation

February 12, 2013

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Trogdon	NCDOT - jhtrogdon@ncdot.gov
Bobby Lewis	NCDOT - bobbylewis@ncdot.gov
Mandi Foster	NCDOT - MLFOSTER@NCDOT.GOV
Jason Soper	NCDOT - jdsoper@ncdot.gov
James L. Forte	NCDOT-DMV jlforte@ncdot.gov
Lanica Allison	NCDOT lhallison@ncdot.gov
Ashley Goodsby	NCDOT - angoodsby@ncdot.gov
Terry Williams	Misc.
Berry Jenkins	Carolinas AGC
Terry Gibson	NCDOT -
Jon Nance	NCDOT
Greer Beaty	NCDOT gbeaty@ncdot.gov
Paul Morris	NCDOT pfmorris@ncdot.gov

VISITOR REGISTRATION SHEET

Senate Appropriations Department of Transportation

February 12, 2013

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Nathan Sink	T.U.F.F. nsink@clarkstowingandtire.com
CS Wells	TSS
Thomas Mc	FWA
Jake Cashion	NC Chamber
Crystal Collins	NC Trucking Assoc.
John Hardt	MFS
John Marth	MWC
C Bow	CAPA
Damien Graham	TTA
Desmond Swarbrigham	NS

VISITOR REGISTRATION SHEET

Senate Appropriations Department of Transportation

February 12, 2013

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ed Shuler	Brooks Pierce
Chris Nida	NCLM
Deck Graham	DPI
Reggie Flythe	DPI
Mark Dawson	NCRA
Jonathan Hill	Vantage South Bank
Jimmy Broughton	Womble Carlyle
Kym Hunter	SELC
Books Rainey Pearson	SELC
Mike Krannitz	Stewart
Dana Fenton	CLT
Julie White	NCMMC
Roger Henderson	Moffatt & Nichol / NCATA
Eric Boyette	NCDOT
Victor Barbour	NCDOT
Randy Barnes	NCDOT
Dwight L. Sink	Clark's Towing & Tire, LLC

Joint Appropriations Subcommittee on Transportation

February 13, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett, Chairing	Senator Bill Rabon

- Call to Order

- Transportation Primer

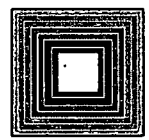
  Amna Cameron, Fiscal Research Staff

Next meeting: DOT 101 - Thursday, February 14, 8:30 a.m.

Transportation Primer

Joint Appropriations Subcommittee on Transportation
February 13, 2013

Amna Cameron
Fiscal Research Division



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

- Background
- Transportation Revenues
  - Items for Consideration
- Transportation Spending
  - Highway Fund
  - Highway Trust Fund
  - Items for Consideration
- Summary

Background

North Carolina's State-Owned Highway System is:

- Large – 79,000 miles, second largest in the country
  - Texas is number one, by a few hundred miles
  - North Carolina secondary roads are state-owned

- Centralized – All dollars flow to Raleigh
  - Transportation project decisions made in Raleigh by Board of Transportation (G.S. 143B-350) and Secretary (S.L. 2012-84) subject to:
    - Statutory formulas
    - Local Input

Background, continued
State Owned Roads

State	Road Miles Owned by State Agency	Total Road Miles	Percent Owned by State Agency
Florida	12084	121703	10%
Georgia	17,984	122,917	15%
North Carolina	**79,466**	**105,653**	**75%**
South Carolina	41,422	66,024	63%
Tennessee	13,871	94,207	15%
Texas	80,067	311,249	26%
Virginia	58,103	74,378	78%
U.S. Total	784,588	4,107,691	19%
Source: FHWA, Highway Statistics 2009 and 2010			

- Greater share than Florida, Georgia, or the nation as a whole.
- Local roads usually owned and controlled by local jurisdictions.

Background, continued

1915

- First full fledged State Highway Commission established
  - Provided road building assistance to counties

1921-1929

- NCGA authorizes takeover of 5500 miles of county roads.
- Motor Fuel Tax raised to 5 cents per gallon (equivalent to 63 cents per gallon today)
- $115 million in highway bonds issued
- North Carolina is the "Good Roads State"

Background, continued

1931

- During the Depression the state assumes responsibility for county roads, giving state responsibility for all roads except city streets.

1951

- Powell Bill
  - State takes over city streets which are part of the state highway system
  - Provided ½ cent per gallon from the motor fuel tax to cities for other city streets; allocated based on statutory formula.

Background, continued

1980's

- Transportation infrastructure and funding mechanisms prove inadequate for the state's growth.
- Highway Study Commission recommends a multibillion dollar highway construction program.

1989

Creation of Highway Trust Fund (HTF)

- Goals are
  - Completion of the Intrastate Highway System, a 3600 mile network of four-lane highways.
  - Construction of seven urban loops.
  - Pave 10,000 miles of state-maintained dirt roads.
  - Increase Powell Bill funding.

Background, continued

2002

- North Carolina Turnpike Authority created as an independent agency to examine the feasibility of tolling roads. The original projects were defined in Statute in 2005.

2003 and 2004

- Project lists for Intrastate System and Urban Loops are amended

2007

- S.L. 2007-428 (SB 1513) Counties authorized to participate in the cost of rights-of-way, construction, reconstruction, improvement, or maintenance of roads on the State Highway System under agreement with the Department of Transportation.

Background, continued

2008

Gap Funding for Turnpike Authority

- S.L. 2008-107 begins gap funding for four North Carolina Turnpike Authority toll projects, decreasing the transfer from the Highway Trust Fund to the General Fund.

2010

North Carolina Mobility Fund

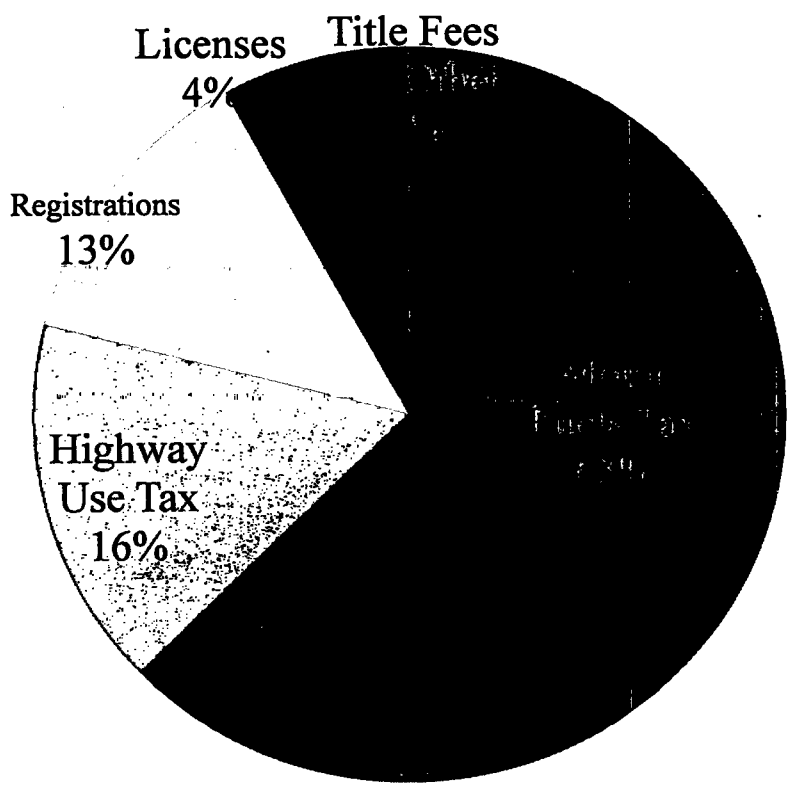
- S.L. 2010-31 (SB 897) established Mobility Fund.

FY2011-13 Session Recap

- Major bridge and contract resurfacing programs
- Prioritization codified
- Intrastate and Urban Loops funding increased
- Urban Loop projects removed from statute
- Mobility Fund redefined
- Privatization and outsourcing increased
- Key IT projects advanced

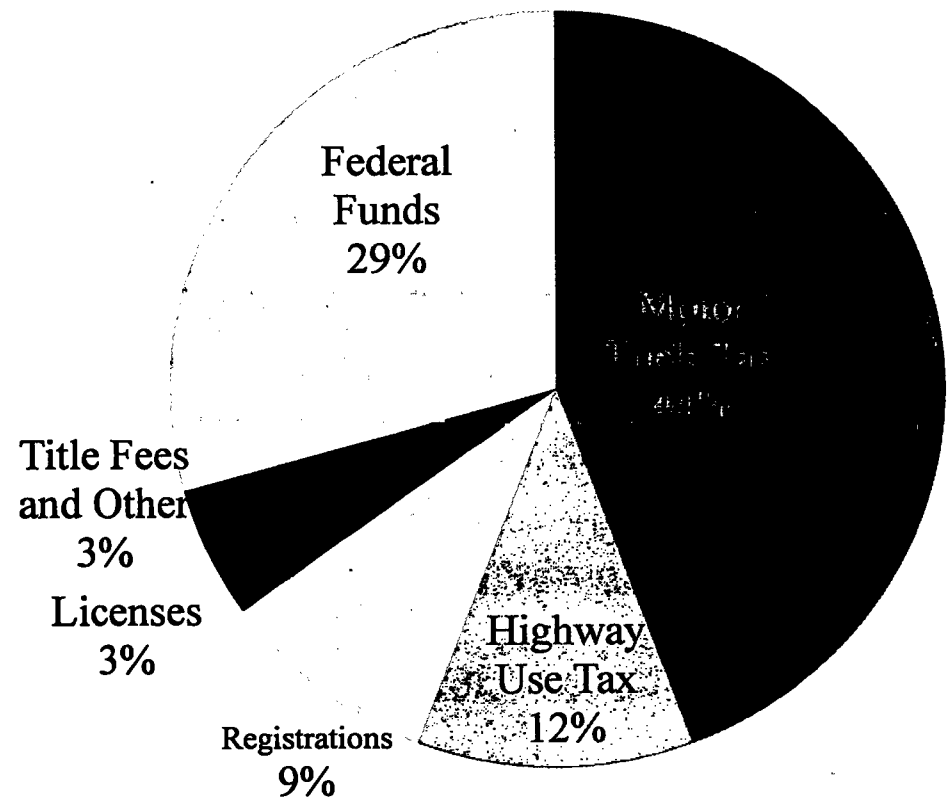
Transportation Revenues
FY 2013

State Revenues



$3.0 billion

Total Revenues



$4.2 billion

Transportation Revenues
Current vs Forecasted

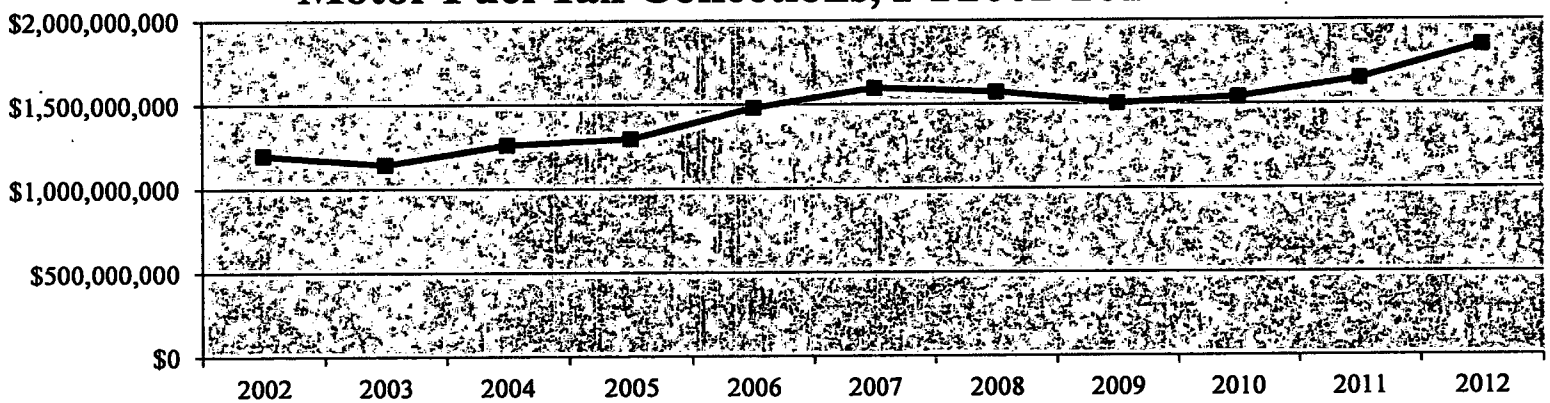
- This is a volatile forecast and represents a consensus between DOT and OSBM, and then Fiscal Research.
- Forecast will be redone in April 2013 and any necessary changes will be incorporated in the Final Budget.
- Assumes Motor Fuels Tax rate is not capped.

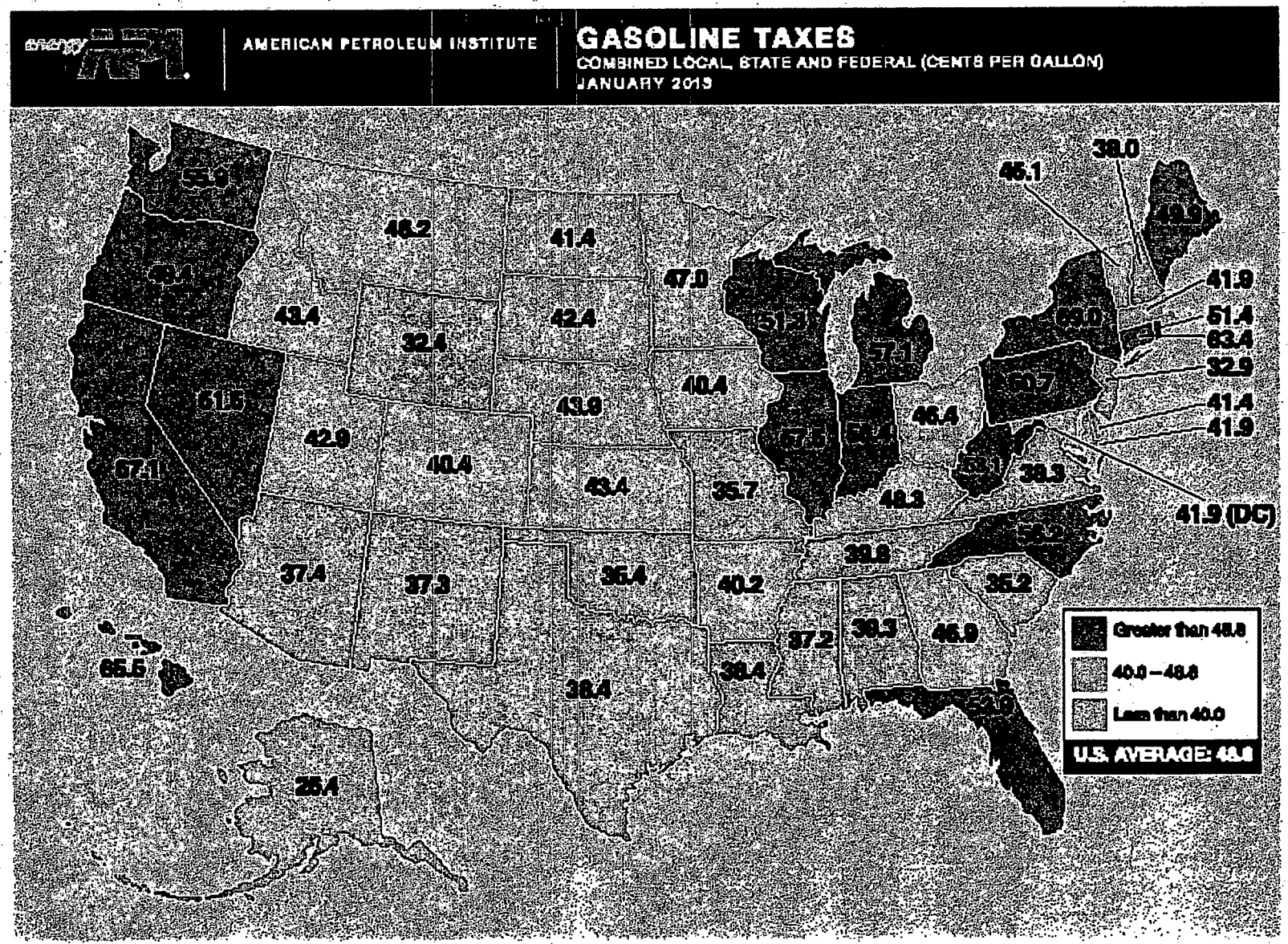
	Certified FY 2013	Forecasted FY 2014	Forecasted FY 2015
Highway Fund	$2,021,030,000	$1,937,200,000	$1,892,400,000
Highway Trust Fund	$1,070,320,000	$1,105,700,000	$1,105,400,000
Average Motor Fuels Tax Rate	37.5 cents per gallon	37.4 cents per gallon	36.5 cents per gallon

Transportation Revenues
Motor Fuel Taxes

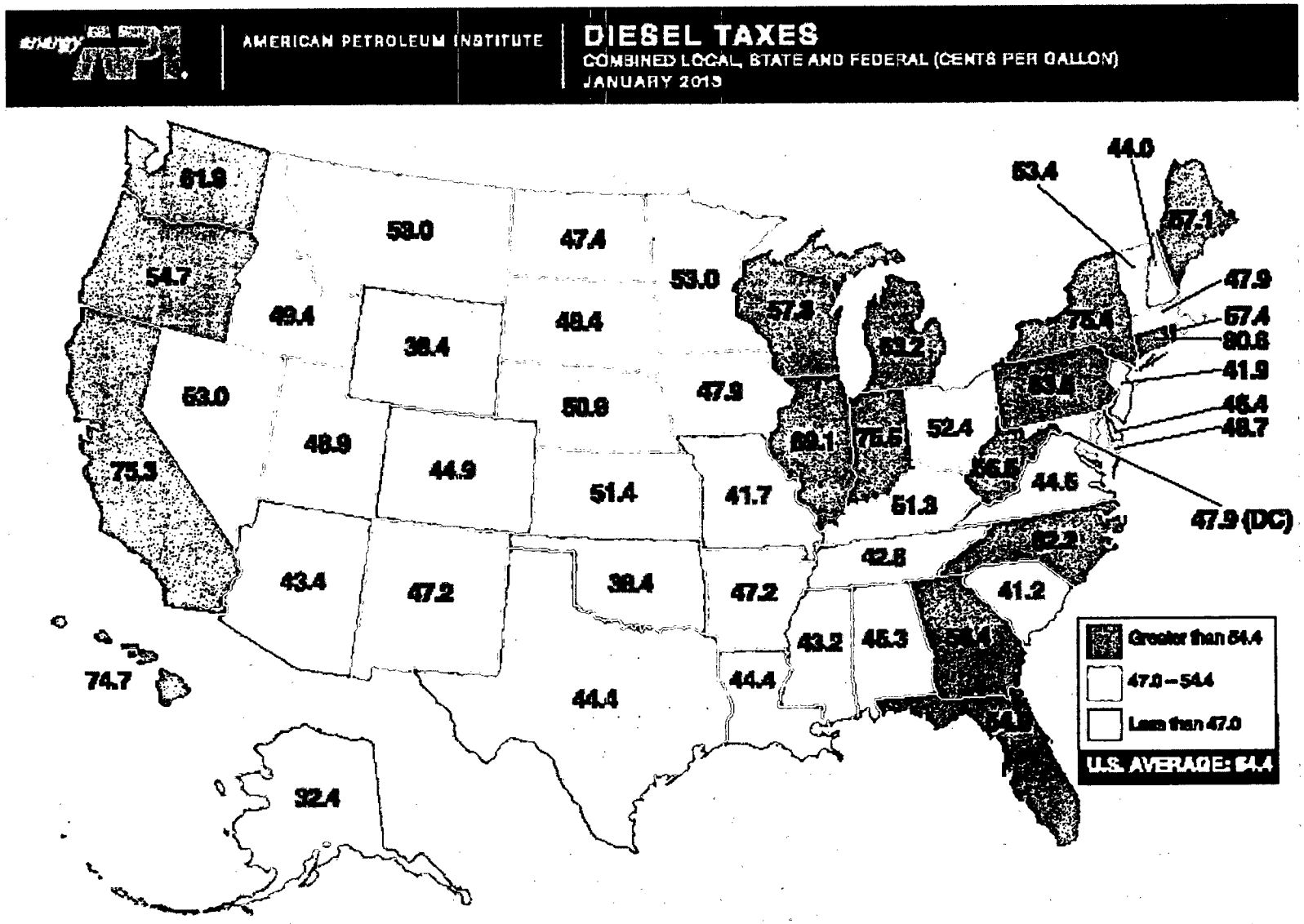
- Rate is 37.5 cents per gallon (cpg) through June 30, 2013.
- 17.5 cpg fixed + variable rate based on wholesale price history.
- One cent equals ≈ $50 million in tax revenues.
- Consumption down due to recession, greater fuel efficient vehicles, and higher fuel prices.

Motor Fuel Tax Collections, FY2002-2012





Disclaimer: This report is posted for informational purposes only and should not be relied upon or used for compliance purposes.

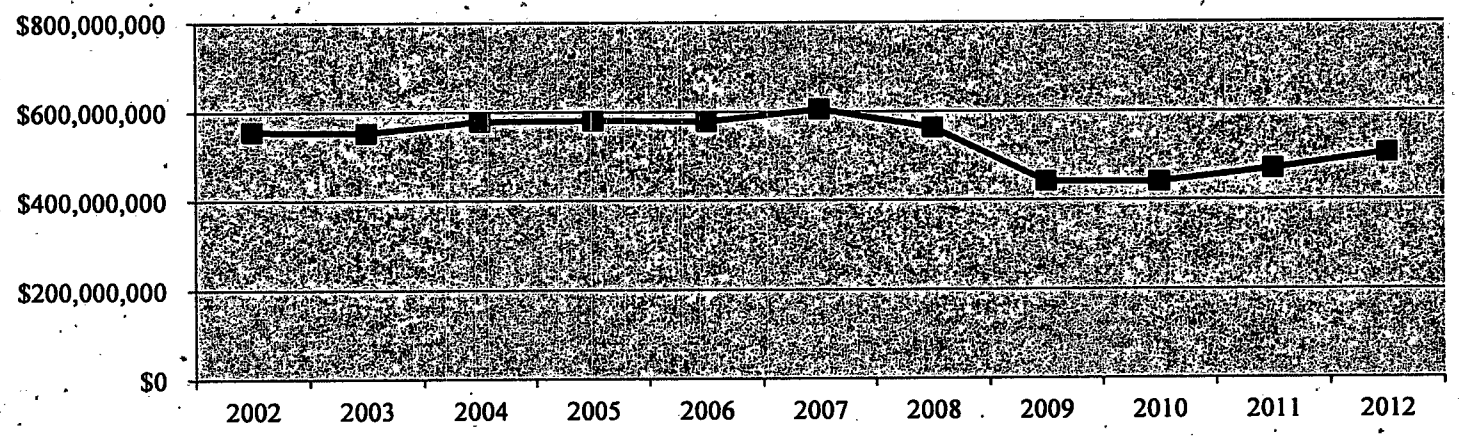


Disclaimer: This report is posted for informational purposes only and should not be relied upon or used for compliance purposes.

Transportation Revenues
Highway Use Tax

- Highway Use Tax is 3% of value of vehicle net of trade.
- North Carolina tax is lower than Georgia, Virginia, and South Carolina.
- Revenues projected to be slightly higher but still far below 2002-2008 revenue collections.

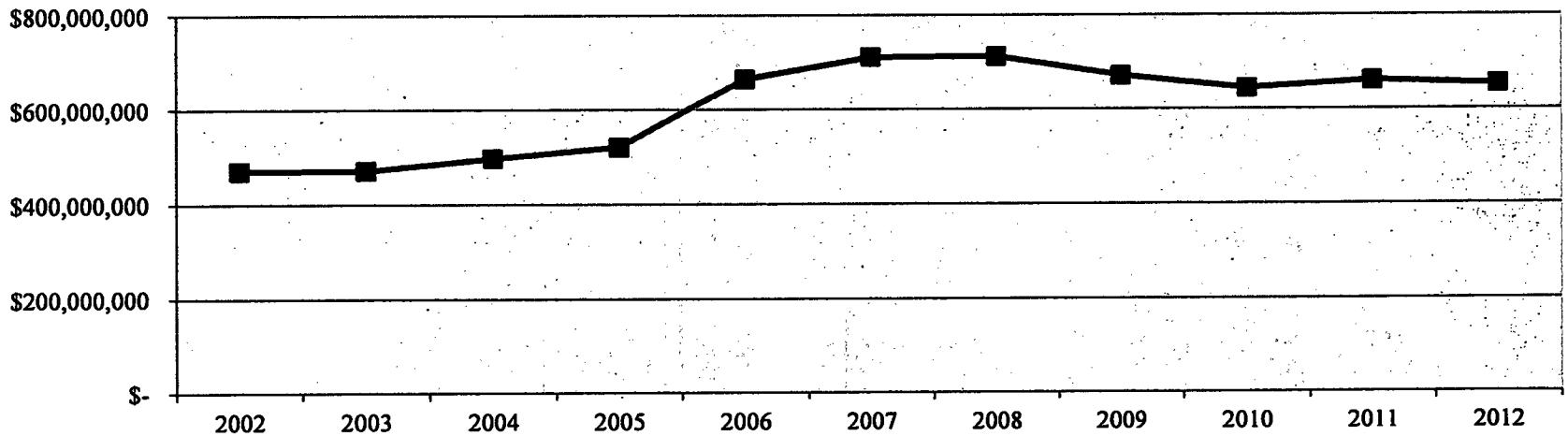
Highway Use Tax Collections , FY2002-2012



Transportation Revenues
Licenses and Fees

- Driver licenses, vehicle registration fees, truck licenses, titles…
- Generally driven by demographics.
- General Assembly increased these fees by about 20% in 2005 to account for inflation in the years since they had been set.
- Overall, these fees are similar to surrounding states.

Licenses and Fees Collections, FY2002-2012

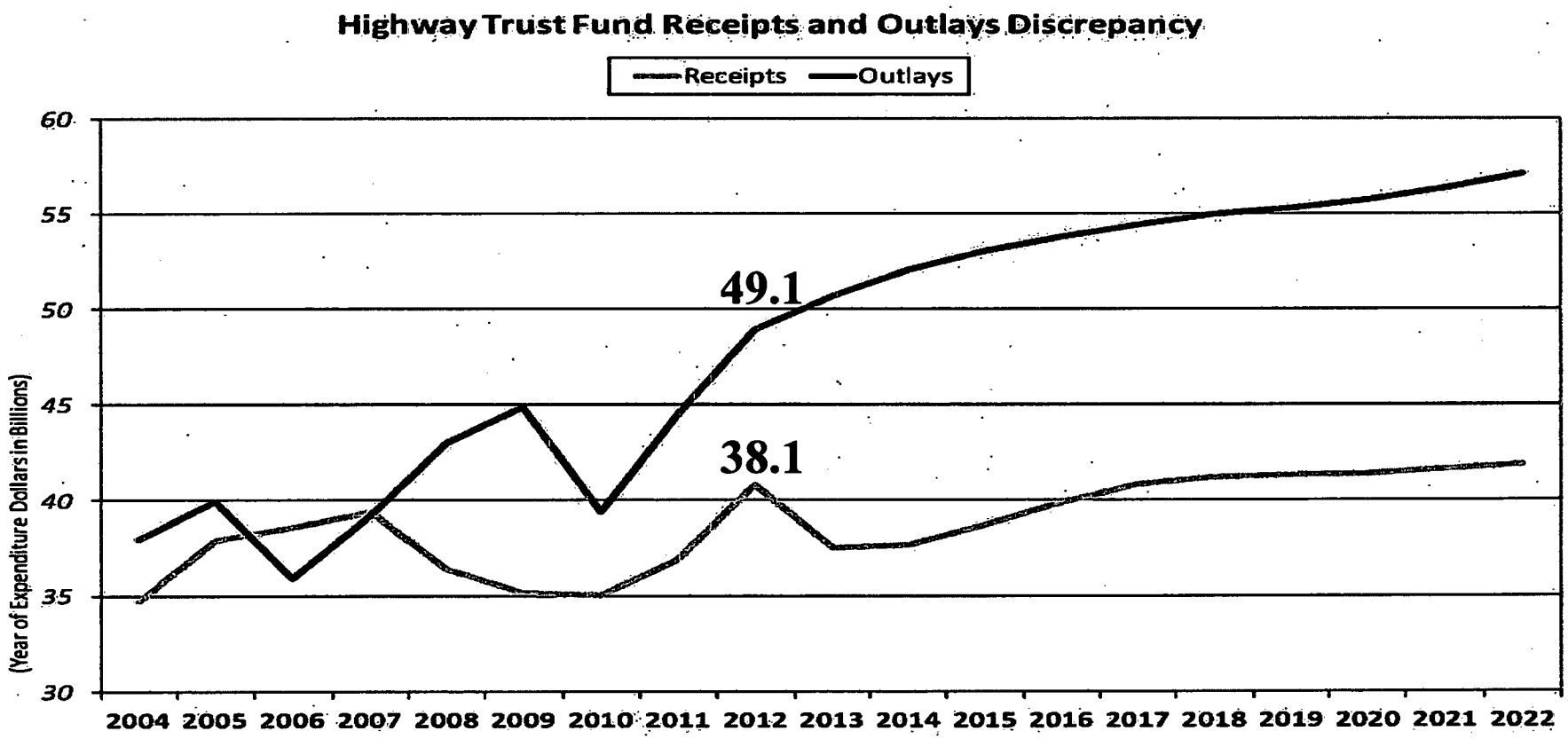


Transportation Revenues
Federal Aid

- In recent years federal aid has averaged about $1 billion.
- MAP-21 in effect through October 1, 2014
  - Similar Funding Level
  - Significant Program Consolidations
  - Additional tolling authority (if road capacity increased)
  - Increased TIFIA loan program

- Potential to lose federal Highway Trust Fund monies in the future. Federal Highway Trust Fund bailouts may not be sustainable.

Transportation Revenues
Federal Aid



Excludes General Fund liquidity transfers of $8.017 billion in September 2008; $7 billion in August 2009; $19.5 billion in March 2010; $2.4 billion in June 2012 (from LUST); $6.2 billion in October 2012; and $7.8 billion in October 2013.
Does not include Transit General Fund outlays.

Source: AASHTO

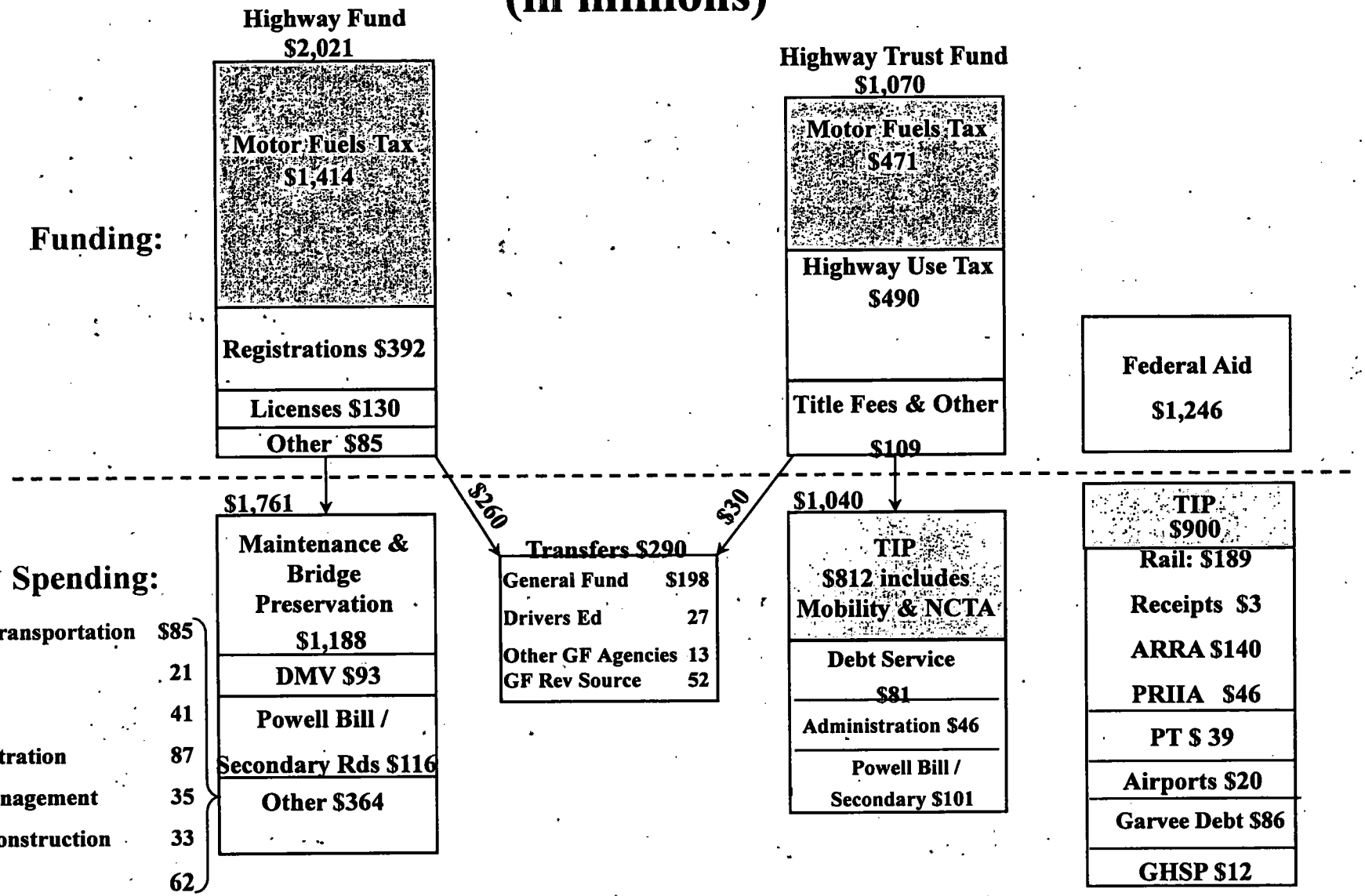
Transportation Revenues - Tolls
North Carolina Turnpike Authority

Name	Total Cost	Years Tolled	Annual Gap Funding	Issues
Triangle Expressway	$1 billion	29	$25 million (FY 2009)	Project Complete. First year toll collections = $4 million
Monroe Connector	$725 million	30	$24 million (FY 2011)	Debt issued. Construction postponed. Record of Decision pulled. Interest Paid to Date = $40.8m
Mid-Currituck Bridge (with P3)	$651 million	50	$28 million (FY 2014)	Commercial close delayed until costs agreed upon. No Record of Decision issued.
Garden Parkway	$898 million	30	$35 million (FY 2014)	Water quality permit applications pulled. Lawsuit in progress.

Transportation Revenues
Potential Items to Consider

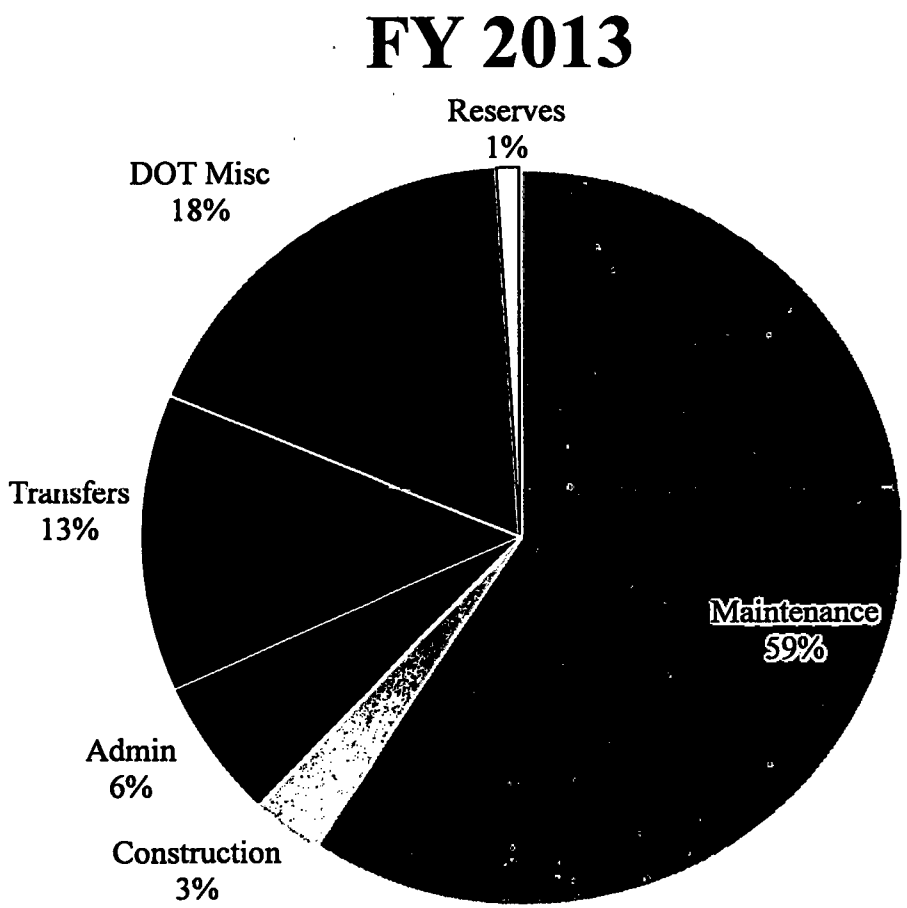
- Should the motor fuels tax be modernized to reflect changes in consumer behavior and technological advancements?
- Should other revenue options be considered?
  - Virginia's path?
  - Increased tolling
  - Vehicle miles travelled
  - Public private partnerships
- Should exemptions in the Highway Use Tax continue?
- Should fees be indexed for inflation?
- Others?

FY 2013 Flow of Funds
(in millions)



Transportation Spending
Highway Fund

- Maintenance and Operations
- DOT Misc. includes intermodal operations and DMV
- Transfers made to General Fund, Departments of Agriculture, Revenue, Public Instruction, Public Safety, Enviro. and Natural Resources, Agriculture, and Health and Human Services



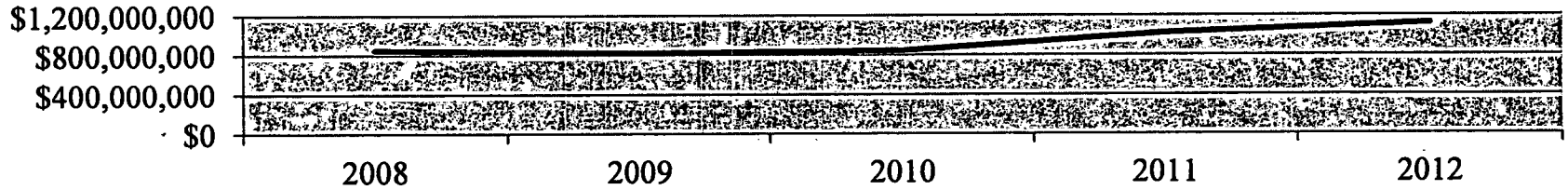
Transportation Spending
HF: Maintenance

- **2012 Maintenance Condition Assessment Report Projections:**

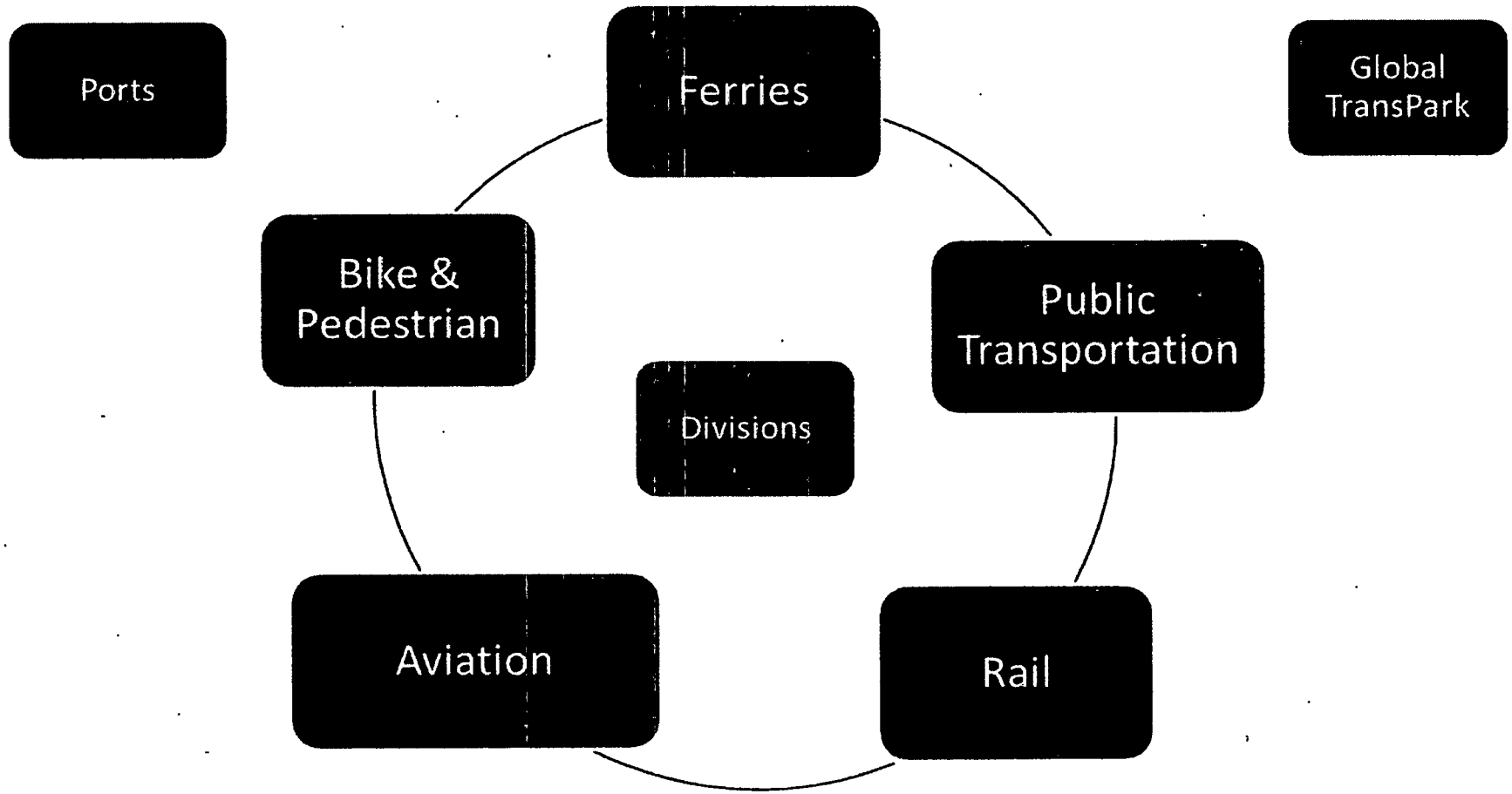
Projected Shortfall FY 2014	Projected Shortfall FY 2015	Projected Shortfall FY 2016	Projected Shortfall FY 2017	Projected Shortfall FY 2018
$64 m	$49 m	$37 m	$79 m	$35 m

- **Five Maintenance Categories**
  - Primary System ($138m)
  - Secondary System ($246m)
  - System Preservation ($427m)
  - Contract Resurfacing ($235m)
  - General Reserve ($140m)

Actual Expenditures, FY 2008 - 2012

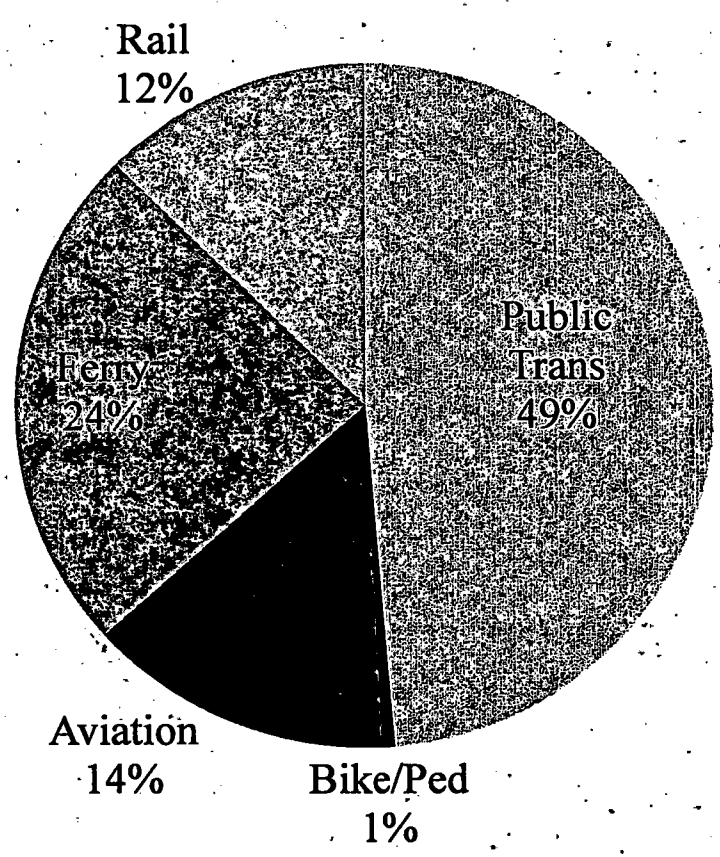


Transportation Spending
HF: Intermodal



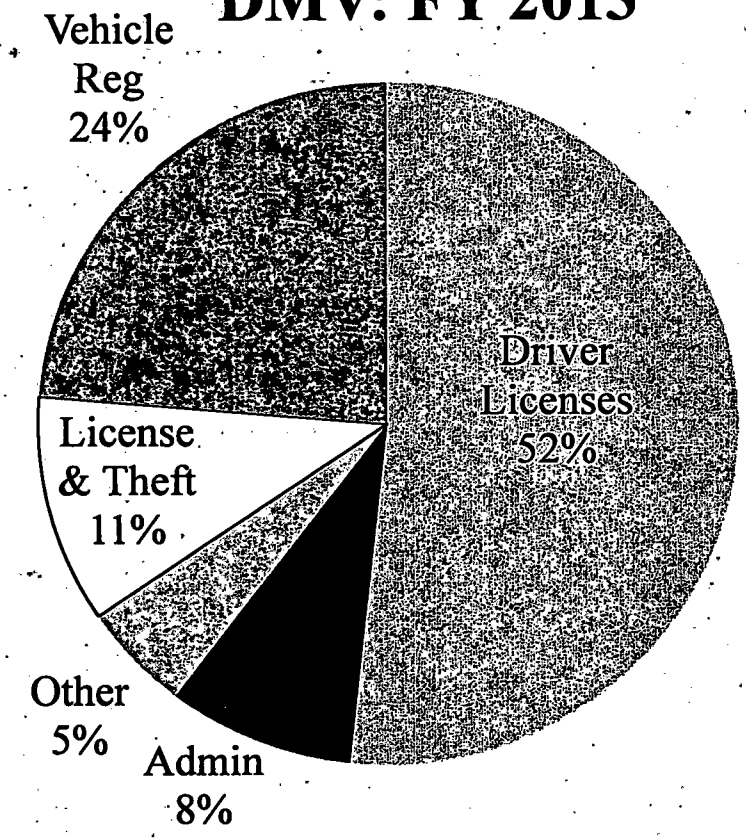
Transportation Spending
HF: Intermodal and DMV

Intermodal: FY 2013



$175 million

DMV: FY 2013

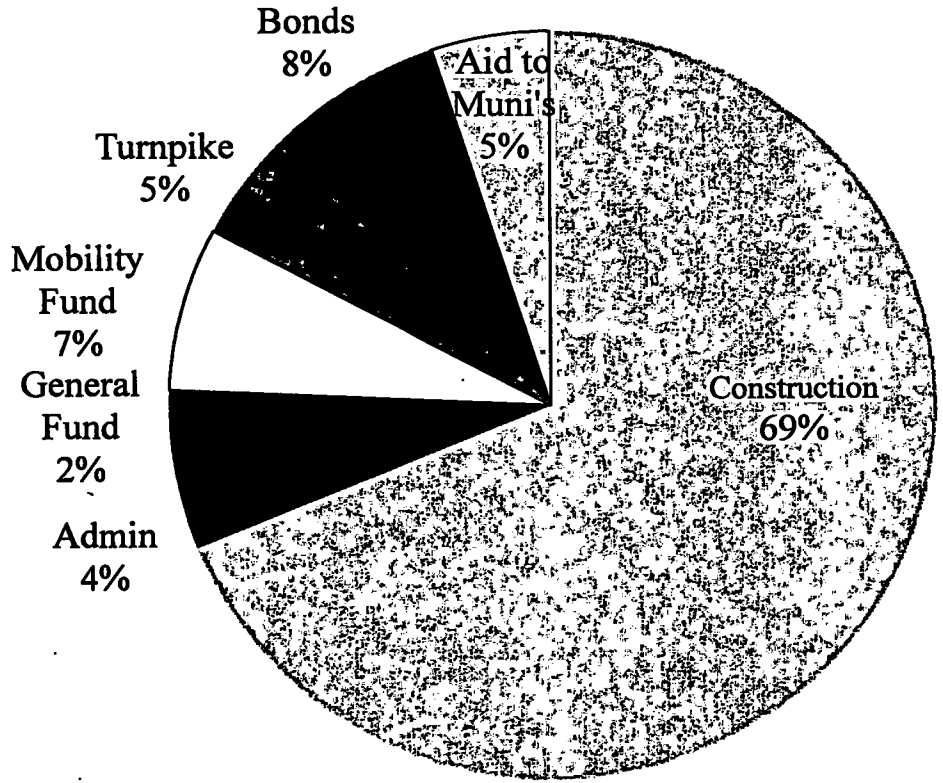


$92 million

Transportation Spending
Highway Trust Fund

- State Construction Fund
- Construction includes:
  - Intrastate System (61.95%)
  - Urban Loops (25.05%)
  - Secondary Rds (6.5%)
  - Aid to Muni's (6.5%)
- Turnpike represents $49 million in gap funding
- Transfer to General Fund *scheduled to be eliminated* in FY 2014

FY 2013



$1.07 billion

Transportation Spending
Highway Trust Fund Status at June 30, 2012

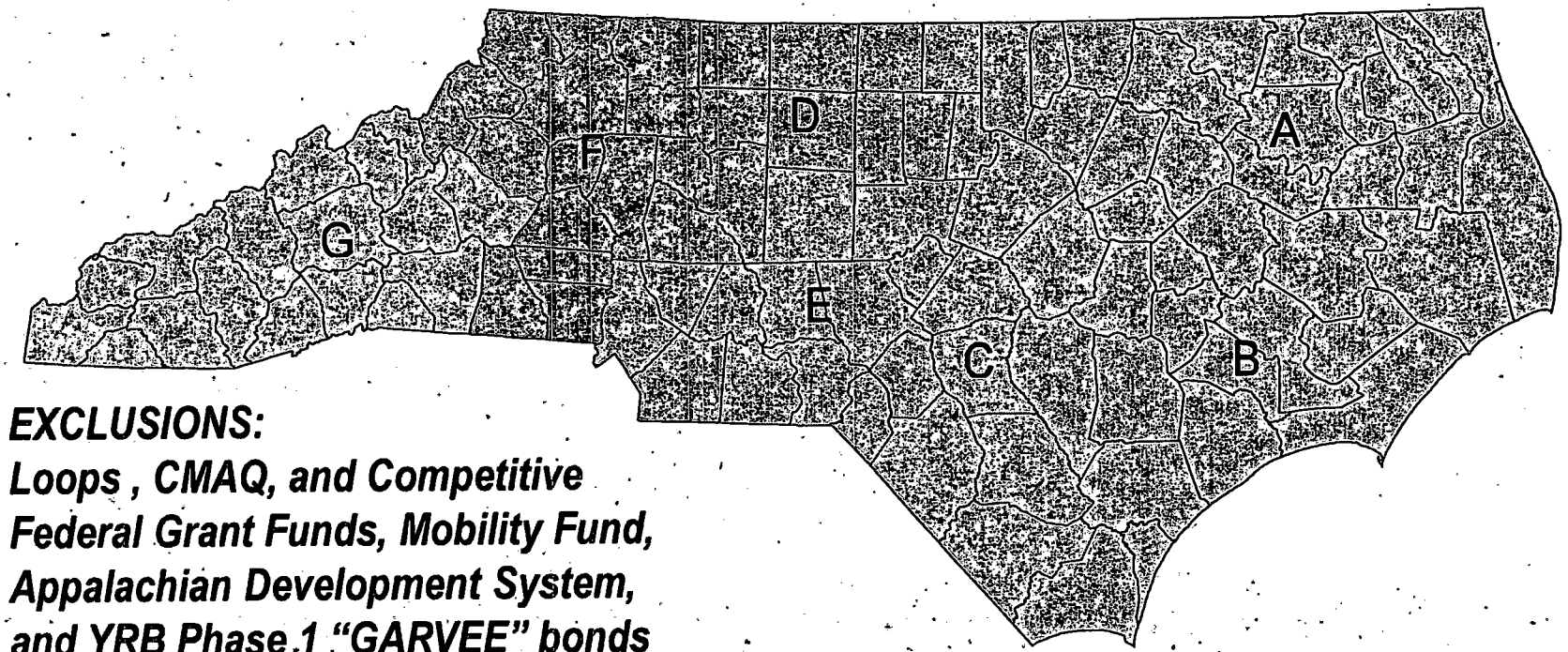
	Intrastate System	Loops
Total miles complete	2878	156
Remaining center-line miles to complete	802	203
Percent complete	(78%)	(43%)
Estimated remaining costs	$8.7 billion	$7.4 billion
Projected cost per center-line mile	$10.9 million	$36.3 million

Transportation Spending
HTF: Transportation Improvement Plan (TIP)

- Required by federal law
- Includes regionally-agreed upon list of priority transportation projects
- Lists all projects that intend to use federal funds, plus all non-federally funded projects that are regionally significant. Includes other State funded capital projects.
- FY 2012 TIP Completion Rate: 71% in 2012
- Prioritization ≠ Programming
- FY 2012 Prioritized Funding: 29.4% of total budget

Transportation Spending
1989 Equity Formula

50% POPULATION OF REGION AS PERCENT OF STATE	25% REMAINING INTRASTATE SYSTEM MILES	25% EQUAL SHARE



EXCLUSIONS:
Loops , CMAQ, and Competitive Federal Grant Funds, Mobility Fund, Appalachian Development System, and YRB Phase 1 "GARVEE" bonds

Transportation Spending
HTF: Mobility Fund

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
$39 million	$31 million	$75.5 million	$58 million	$58 million

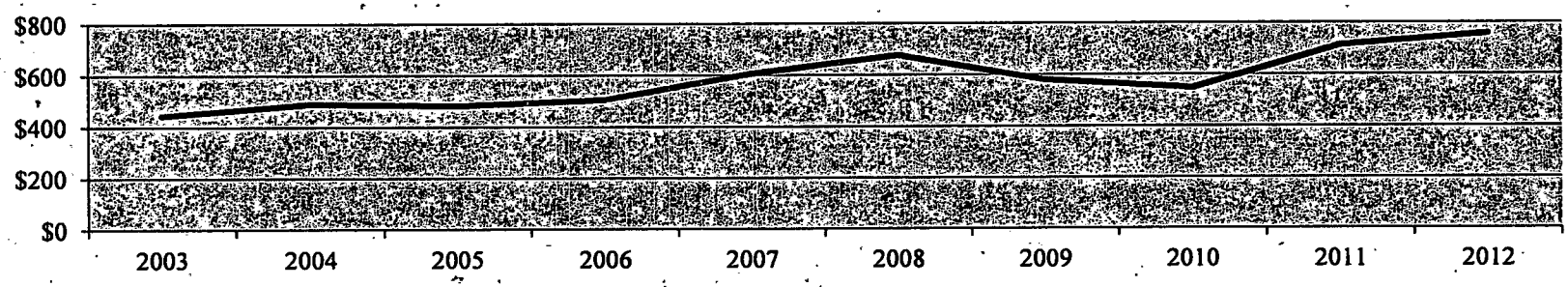
- First project in named in statute: Yadkin River Bridge Phase 2
- All other projects selected based on PRIORITIZATION

Criteria	Weight
Mobility Benefit-Cost – measured by the estimated travel time savings the project will provide divided by the cost to the Mobility Fund	80%
Multimodal /Intermodal – measured by whether the project provides an improvement to more than one mode of transportation and thus improves the efficiency of the overall transportation system.	20%

Transportation Spending
HF + HTF: Secondary Roads

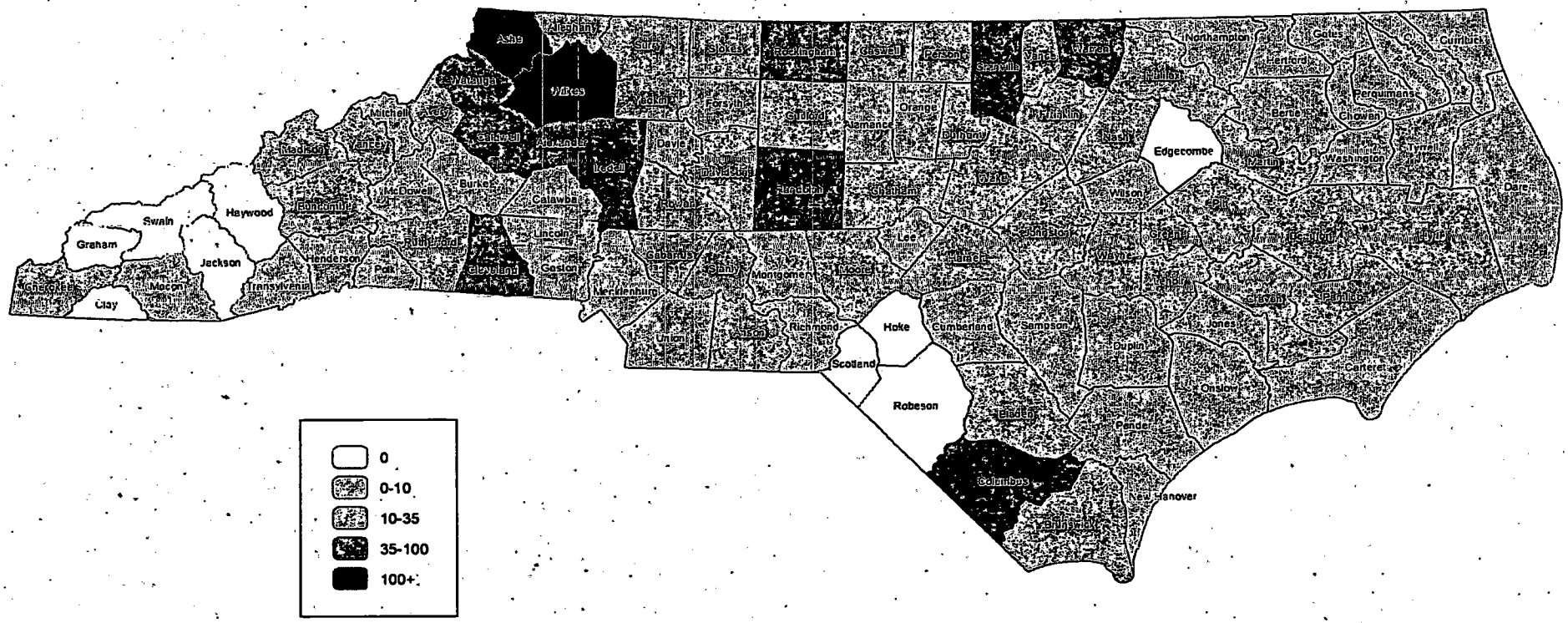
- Three funds:
  - HF Maintenance ($247m)
  - HF Construction ($27m)
  - HTF Construction ($48m)
- S.L. 2005-404 conformed uses of two construction funds purposes.
- 89% complete
- 64,411 total miles
- 3,689 miles unpaved:
  - 1625 eligible
  - 2064 on hold

10-Year Expenditures (in millions)



Transportation Spending
HF + HTF: Secondary Roads

Remaining Mileage of Eligible Unpaved Roads

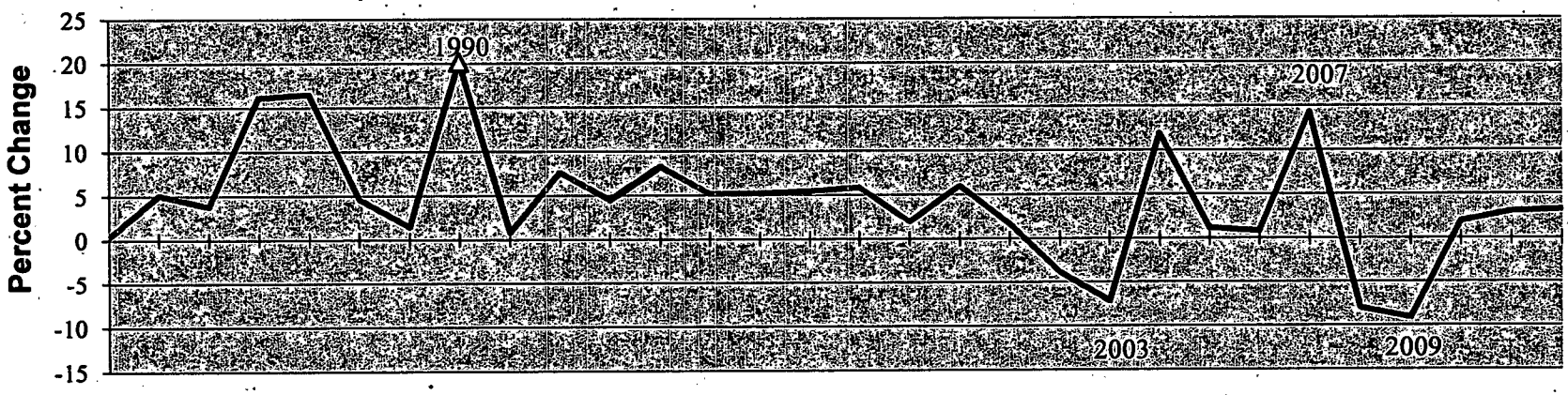


Transportation Spending
HF + HTF: Aid to Municipalities

- History and Formula
- Comparative Allocations
- Funding Constraints
  - Economic/Growth Patterns/Legislative

% Change 1985 to 2012	
Municipalities	9%
Population	91%
Mileage	67%

Total Amount Distributed: Annual % Change, 1983-2012



Transportation Spending
Potential Items for Consideration

- What are your transportation funding priorities?
- Is it time to rethink the Highway Fund and Highway Trust Fund? Do the original purposes continue to exist?
- Is spending flowing to the areas with the greatest needs?
- Is it time to revisit the Equity Formula?

Transportation Spending
Potential Items for Consideration

- Should changes to the unpaved secondary road be made?
- Should existing Turnpike Projects be re-examined?
- Should tolls be used outside of existing Turnpike projects?
- Others?

Summary

- North Carolina has a large, centralized highway system with state, not county, responsibility for secondary roads.
- The Highway Trust Fund was established in 1989 and, with federal aid, is the state's construction fund.
- The condition of the state's roads will deteriorate without additional funding for maintenance and preservation.
- Revenues will grow slowly under the current transportation tax structure while construction costs will rise.
- Expected population growth will put additional demands on new construction.

Questions?

Joint Appropriations Subcommittee on Transportation

February 14, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon, Chairing

- Call to Order

- Department Of Transportation 101

  Jim Trogdon, Chief Operating Officer
  Department of Transportation

Next meeting: DOT Work Program and Prioritization Process - Tuesday, February 19, 8:30 a.m.

Nathan Honaker (Sen. Kathy Harrington)

m:	David Larson (Sen. Kathy Harrington)
ɔent:	Tuesday, May 21, 2013 4:48 PM
To:	Nathan Honaker (Sen. Kathy Harrington)
Subject:	Minutes%202-14[1].docx

Joint Committee on Appropriations on Department of Transportation
Tuesday, February 14, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on February 14, 2013 in Room 1228/1327. Senators Kathy Harrington and Bill Rabon, co-chairs, and Senators Don Davis, Joel Ford, and Rick Gunn, members, were present.

Senator Bill Rabon presided.

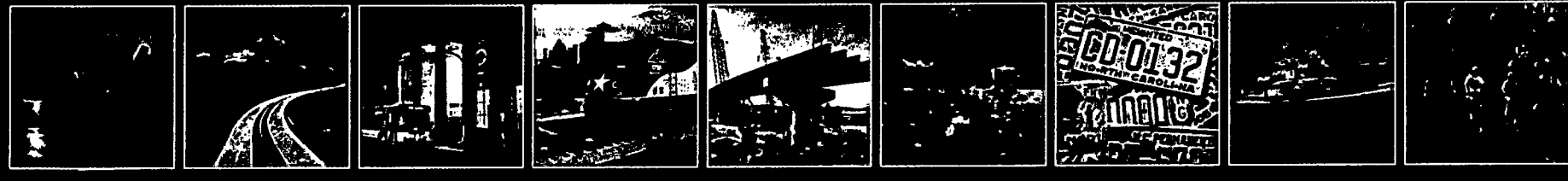
Senator Rabon recognized the Pages: Ashton Craft, Alec Johnson, and Hardin Councill. The Senator then recognized House Sergeant-at-Arms Carlton Adams, Jesse Hayes, and Senate Sergeant-at-arms Charles Harper and Anderson Meadows.

ıator Rabon welcomed everyone and introduced all the members and asked if they had comments to make ⌣arding the committee. He then introduced General Jim Trogdon and turned the meeting over to him for a general overview of the Department of Transportation and its operation.

The meeting adjourned at 9:30 a.m.

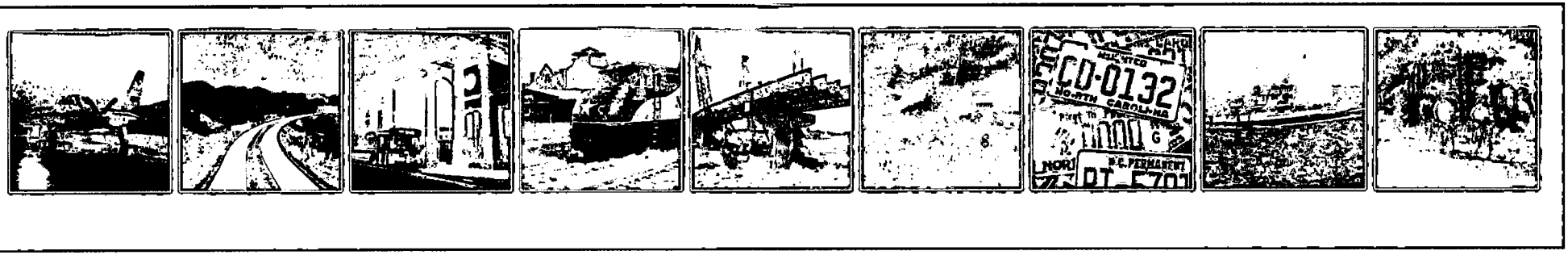
Senator Kathy Harrington
Presiding

David Larson, Committee Clerk



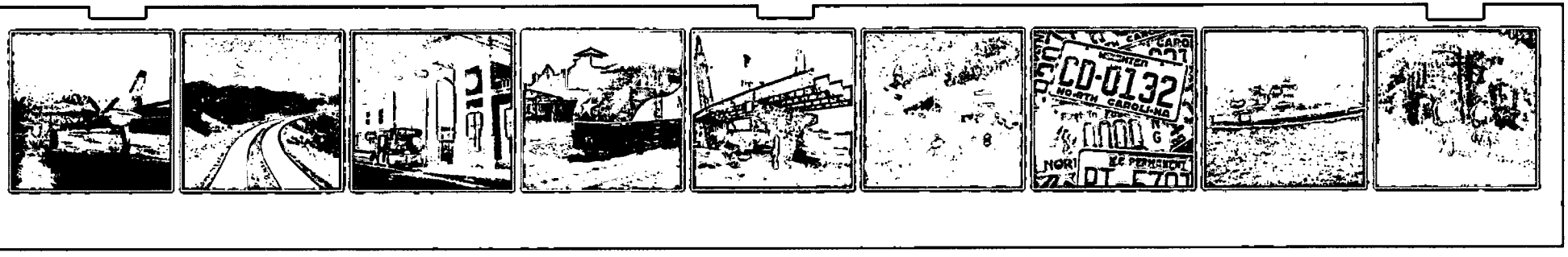
Transportation in North Carolina

Jim Trogdon, Chief Operating Officer
February 14, 2013



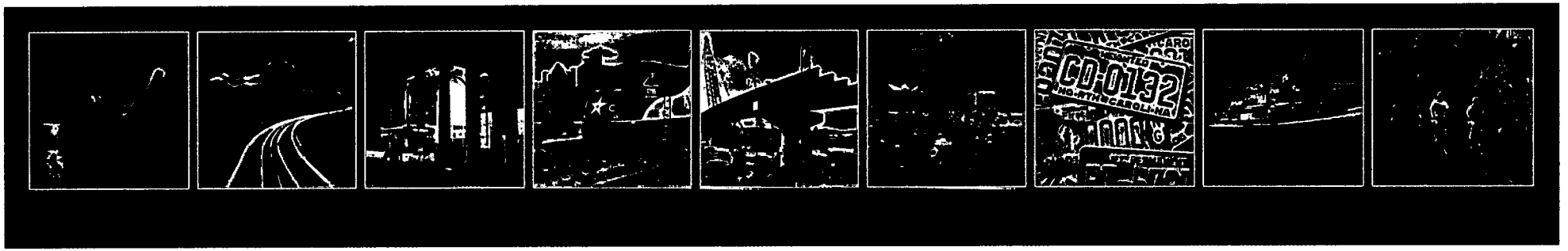
NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

- Employs more than 12,000 people in a variety of positions, which range from transportation workers and engineers to archaeologists and ferry captains
  - Oversee all modes of transportation in North Carolina, including
    - ◊ Highways
    - ◊ Rail
    - ◊ Aviation
    - ◊ Ferries
    - ◊ Public Transit
    - ◊ Bicycle and Pedestrian Transportation
    - ◊ Division of Motor Vehicles
- Operations are led by the Secretary of Transportation, a member of the Governor's cabinet 222
- Nineteen men and women from across the state make up the N.C. Board of Transportation
  - Appointed by the governor to represent a specific Transportation Division or at-large area of interest
  - Work with NCDOT staff members to make decisions about transportation priorities and fund allocation



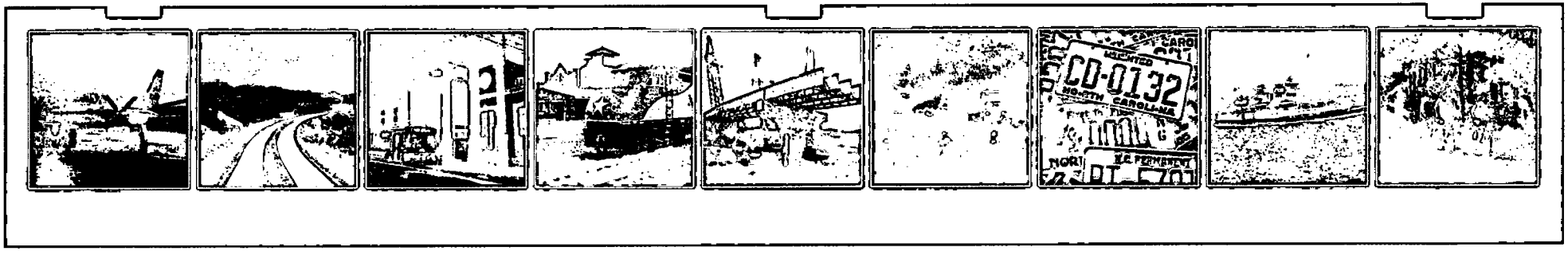
North Carolina Board of Transportation

- At least three members must be registered voters of a political party other than the political party of the Governor
- No more than two members may reside in the same highway division
- The Governor must submit proposed appointees to the Joint Legislative Transportation Oversight Committee for a 30 day review/comment period

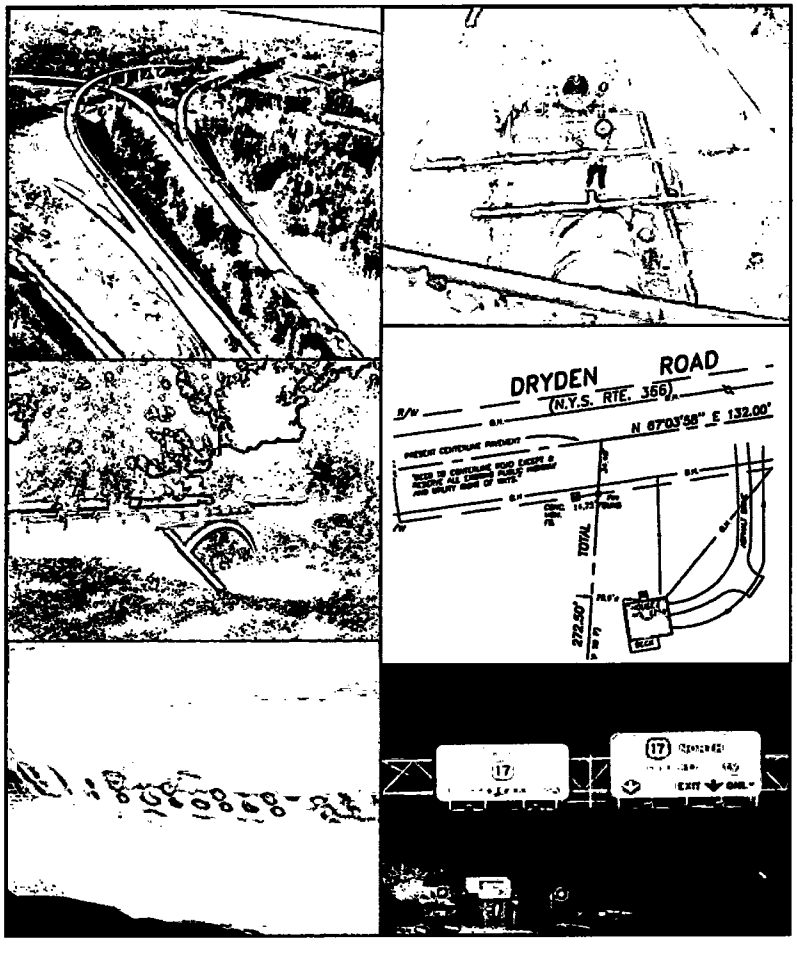


North Carolina Board of Transportation

- 19 members all appointed by the Governor
- Each division has one representative
- Five at large members
  - State Ports and Aviation Issues
  - Rural Transportation Issues
  - Environmental Issues
  - Government-Related Finance & Accounting Issues
  - Mass Transit

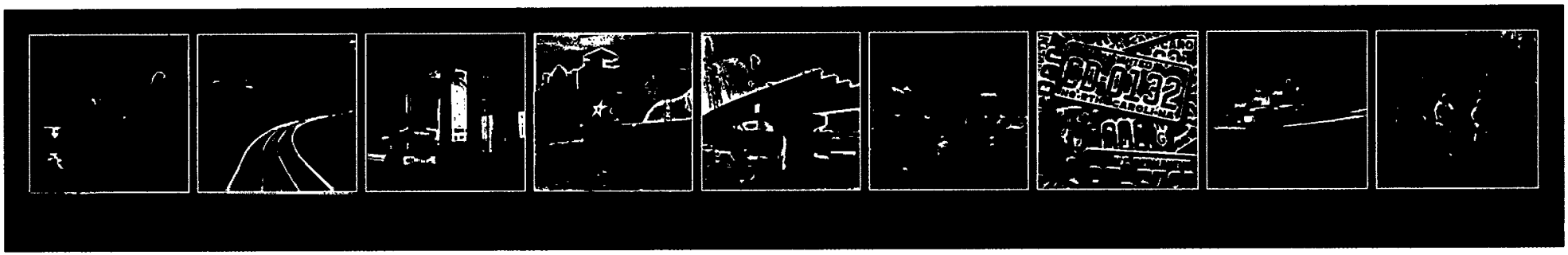


HIGHWAY DESIGN



- Develops and provides designs that provide a safe facility for the traveling public while minimizing impacts to the human and natural environment

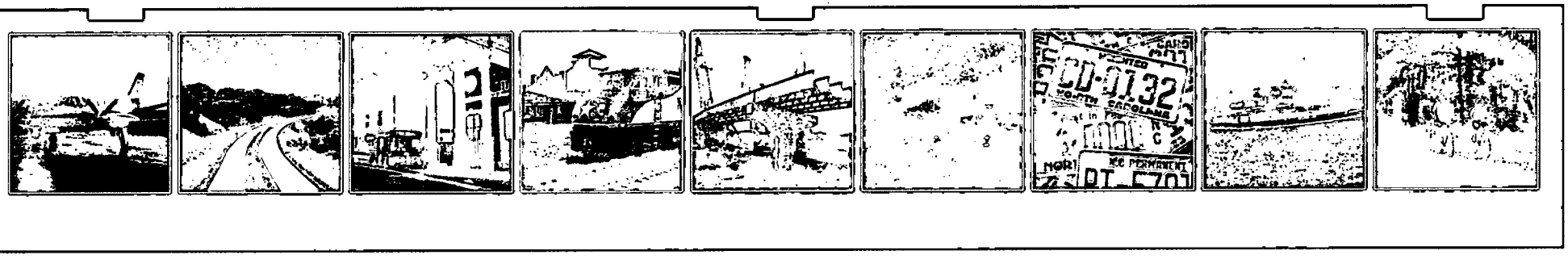
- Includes:
  - Roadways
  - Bridges
  - Culverts
  - Retaining Walls
  - Drainage Systems
  - Lighting
  - Route Surveys
  - Utility Relocation & Coordination



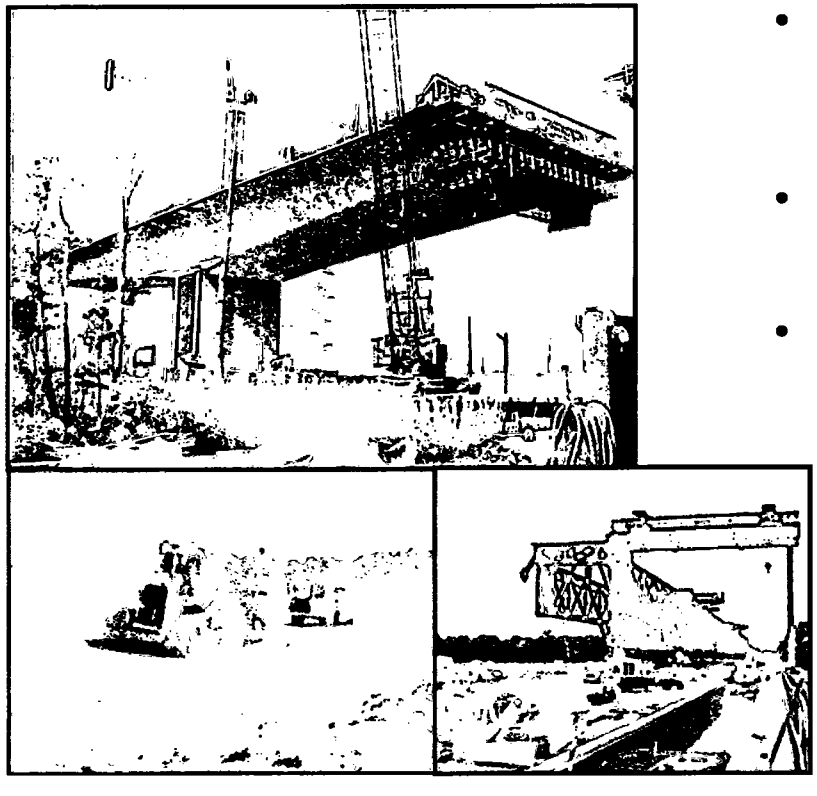
CHALLENGES FACED IN DESIGN

- **Minimize impacts to homes/ businesses**
- **Minimize disruption to communities**
- **Minimize impacts to streams and wetlands**
- **Address public concerns & incorporate input**
- **Provide design flexibility while ensuring appropriate standards and policies are incorporated**
- **Provide a cost effective design that meets schedule and budget**

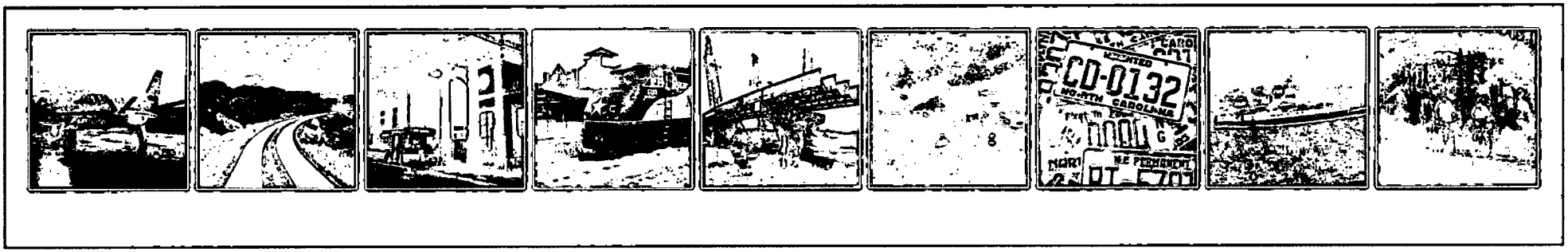




CONSTRUCTION

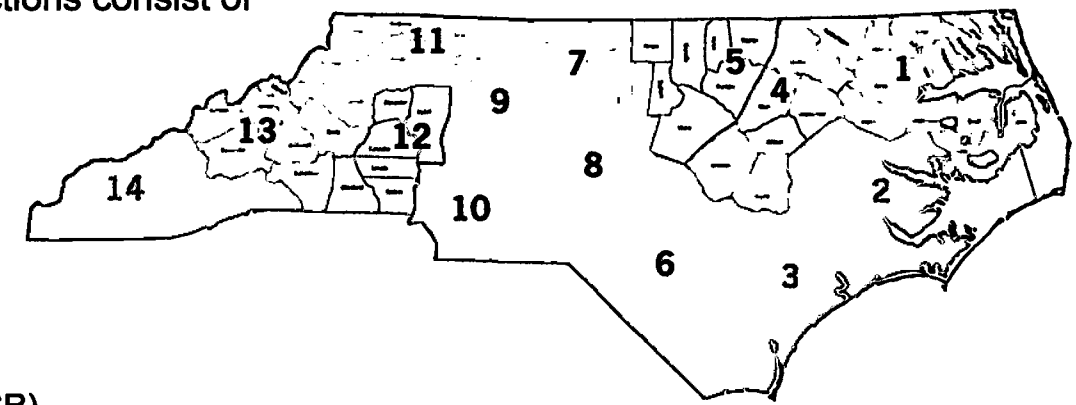


- Provides statewide support to the Division staff in the administration of construction contracts as well as other various responsibilities
- Responsible for the oversight of over 1300 active highway related construction projects
- Construction projects are diverse and dynamic and include:
  - Bridges and roads
  - Rest Areas
  - Bus Terminals & Weigh Stations
  - Electronic systems (i.e., fiber communication, signal systems)
  - Hardware/software managed facilities
- Requires innovation, flexibility, change and constant growth



OPERATIONS

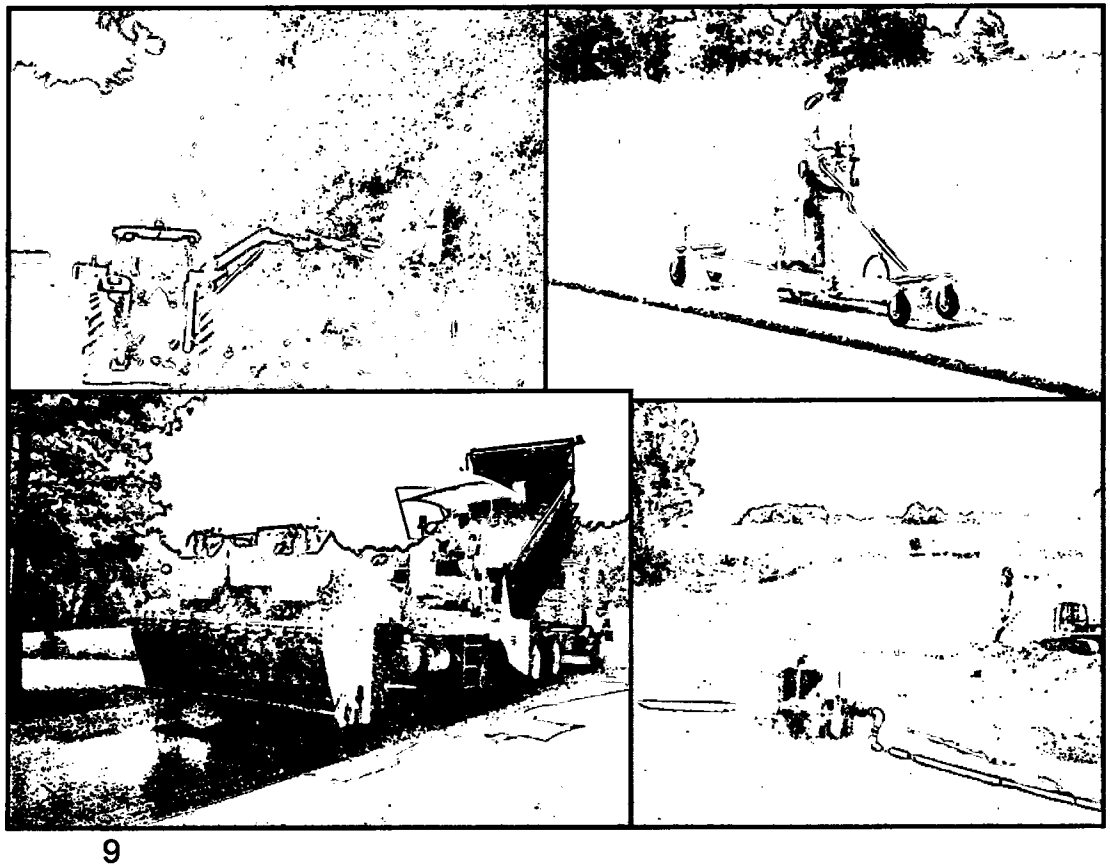
- Under the direction of Chief Engineer functions consist of
  - Construction
  - Maintenance
  - Operations
- NCDOT is responsible for a 80,000 mile transportation network comprised of
  - interstate facilities
  - primary highways (US and NC routes)
  - secondary (farm to market or local) roads (SR)
- There are more than 17,000 inventoried bridges and other structures within the highway system
- Operations is comprised of 14 Highway Divisions
  - Each division has three primary functions
    - ◊ Operations
    - ◊ Maintenance
    - ◊ Construction



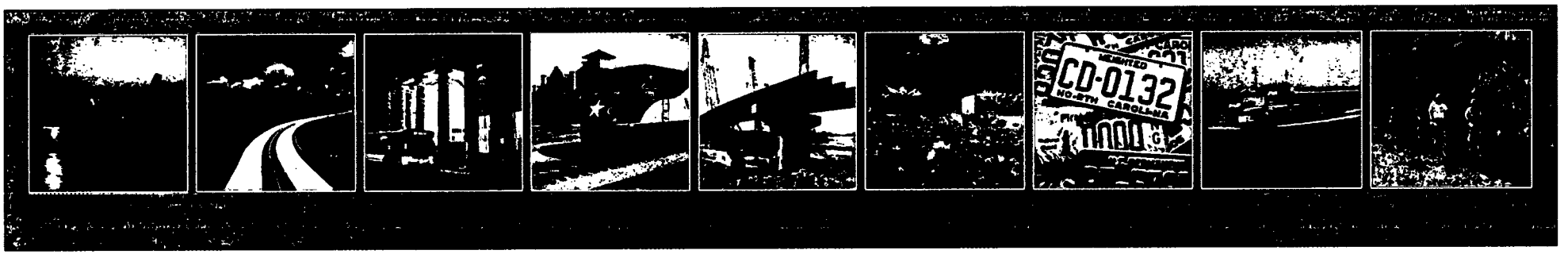
STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



MAINTENANCE



- Maintenance activities include
  - Pavement repair
  - Resurfacing
  - Drainage installation and improvements
  - Mowing
  - Snow and ice removal
  - vegetation management
  - Litter and debris removal
  - Sign installation and replacement
  - Pavement markings
  - Signal installation and repair
  - Bridge repair and replacement

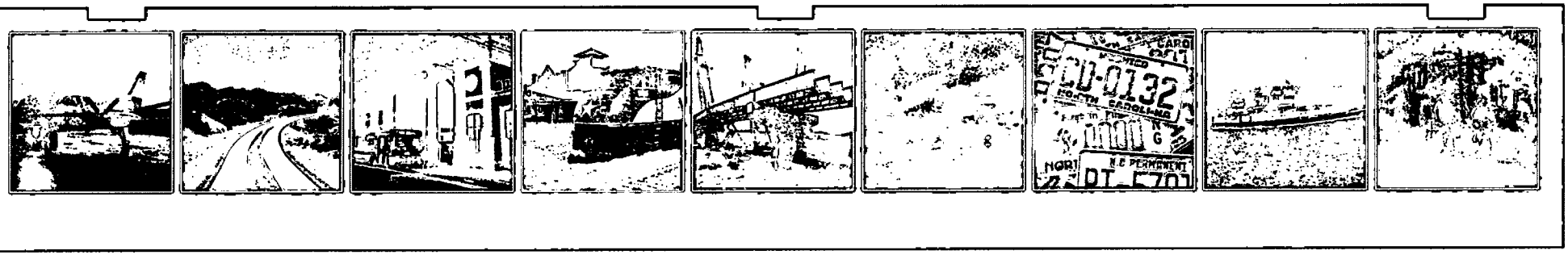


ROADSIDE ENVIRONMENTAL

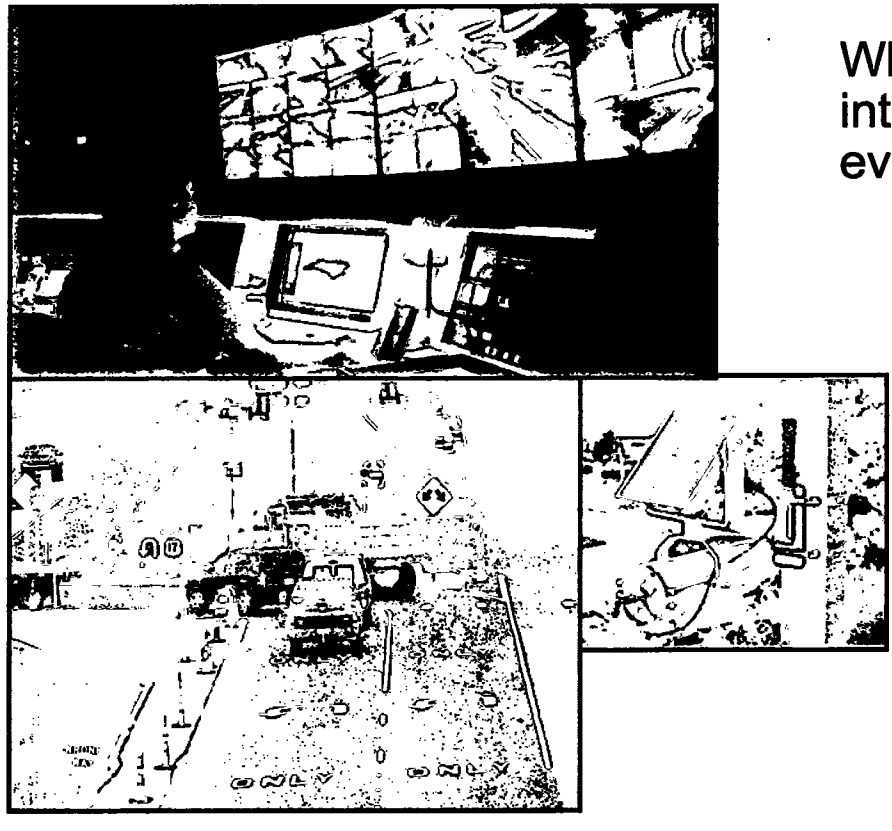


Provides roadside elements for a statewide highway system that are safe, environmentally sound, attractive and responsive to the public's needs

- Soil and Water Engineering
- Vegetation Management
- Landscape Design & Development
- Environmental Operations
- Rest Areas
- Field Operations
- Office of Beautification Programs
- Scenic Byways

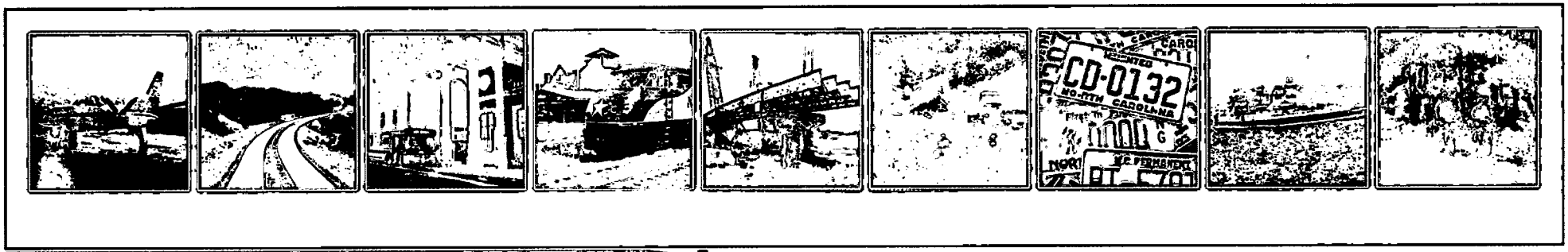


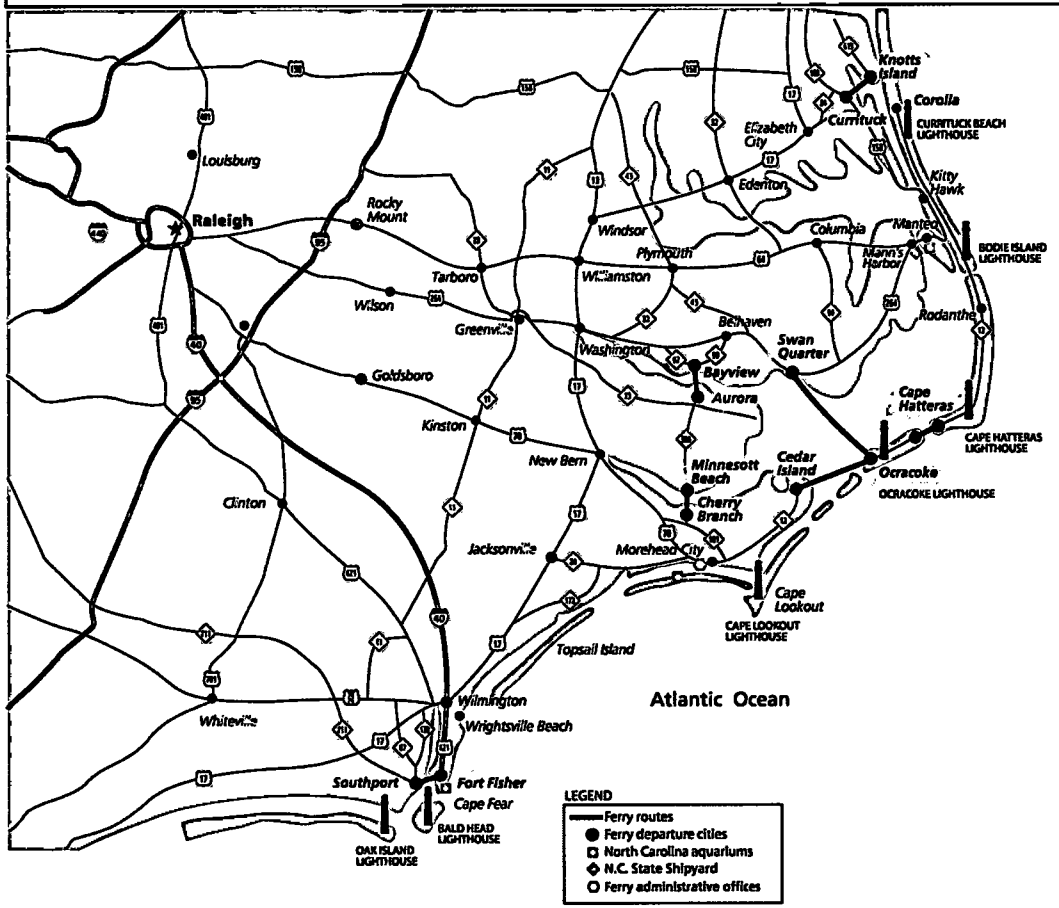
TRAFFIC MANAGEMENT



Where the rubber meets the road for integrating advanced technology in everyday transportation

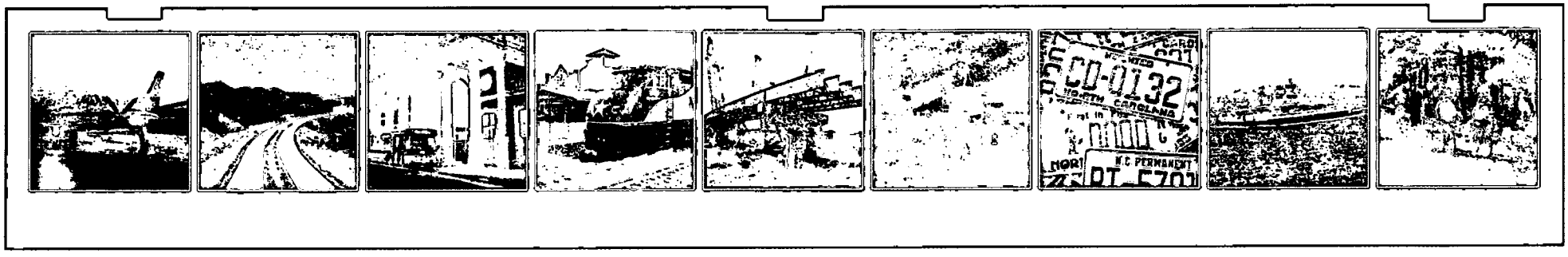
- Integrating new technology every year
- Communications via
  - Microwave
  - radio wave
  - Satellite
  - cell phone
  - others
- Over 9000 signals
- Hundreds of cameras
- Hundreds of miles of fiber optics

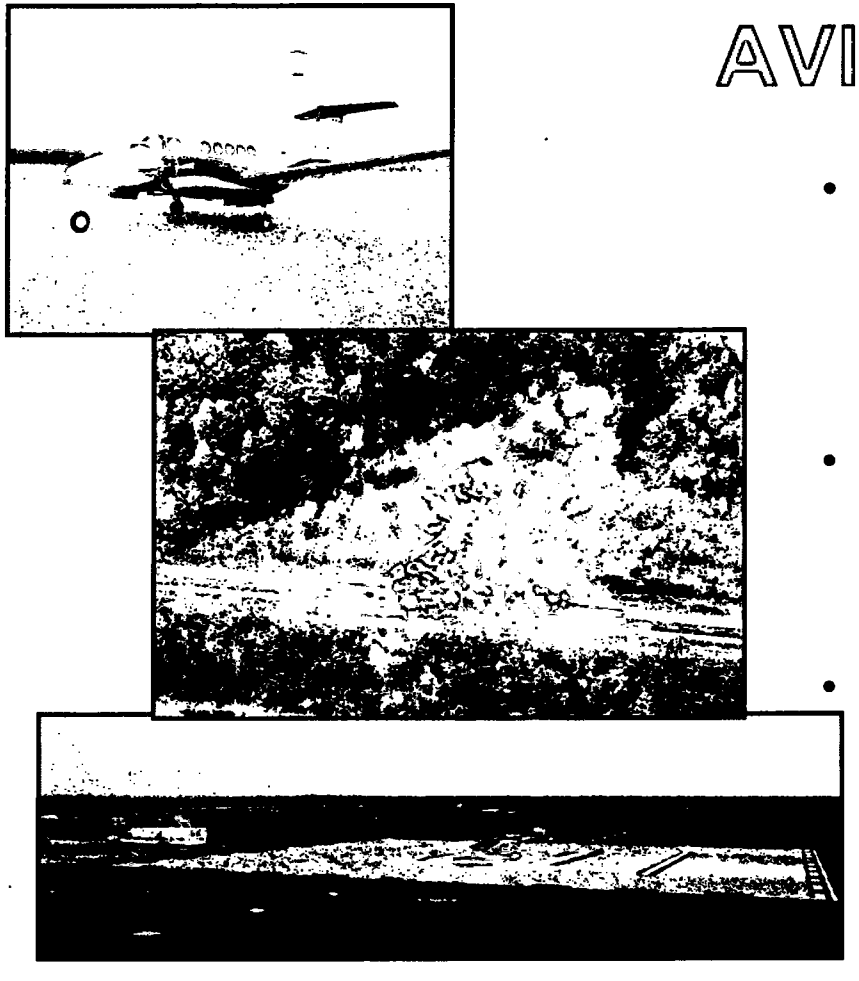




- Second largest in U.S.
- Operates 21 ferry vessels at 7 routes along coast of state
- Serves over 1 million vehicles and 2.5 million passengers annually
- Operate 365 days per year
- Plays vital role in evacuation of Outer Banks in a hurricane of nor' easter
- Only way to transport heavy machinery, goods, supplies, and people in aftermath of storm

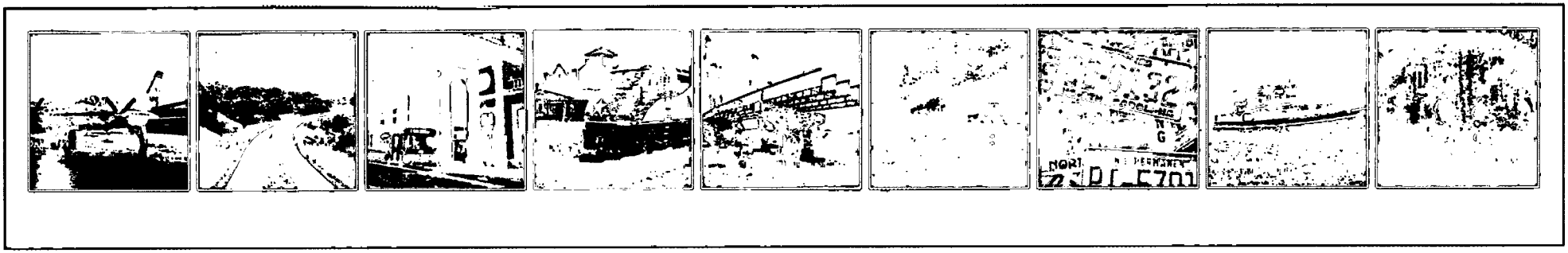
NORTH CAROLINA FERRY DIVISION





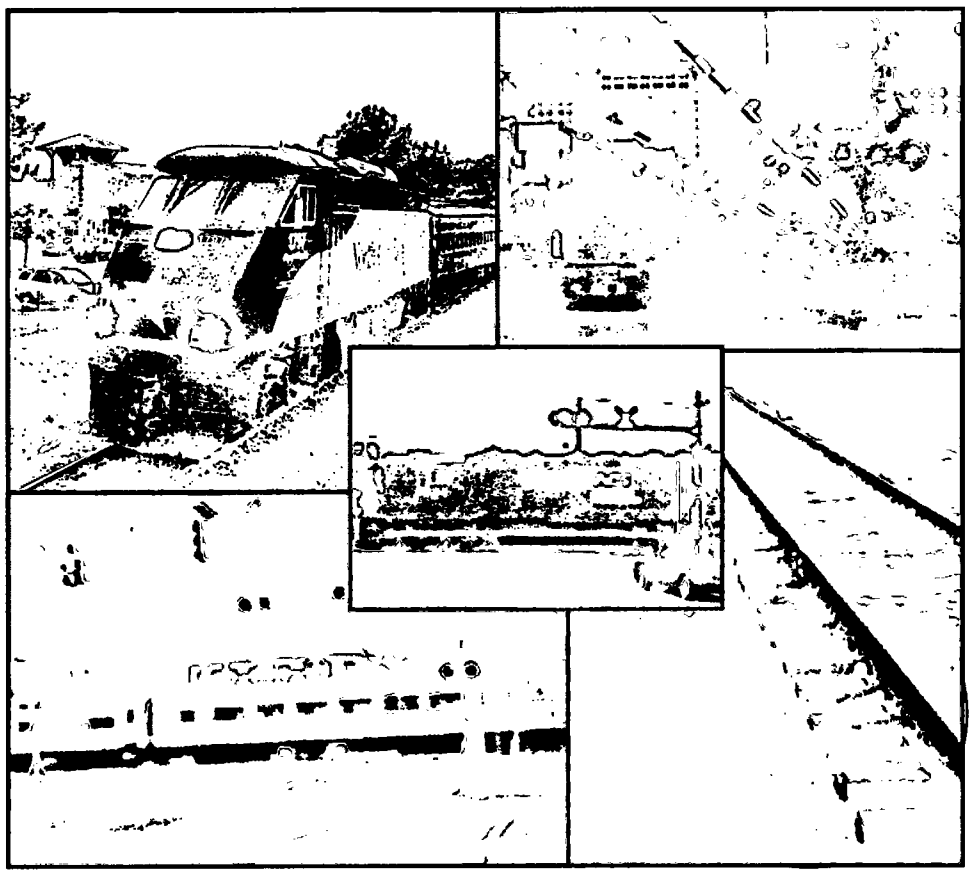
AVIATION

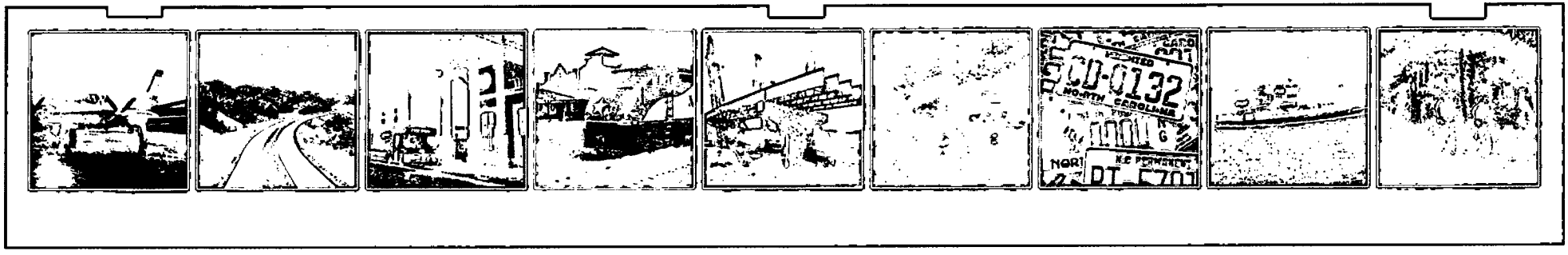
- Responsible for all aviation functions regarding
  - State system planning
  - Airport and aviation system development
  - Operations and maintenance of aircraft
- Commercial and general aviation account for about $26 billion in revenue each year and are responsible for creating more than 108,000 jobs in North Carolina.
- Provides a range of services:
  - Aerial Photography & Spatial Information Products for Transportation Projects
  - Passenger Service
  - Aviation Safety
  - Statewide Emergency Response



RAIL

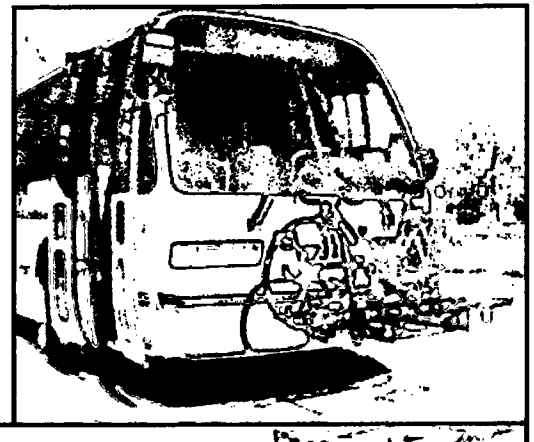
- Railroads in North Carolina operate more than 3,300 miles of track
- There are 4025 at-grade public crossings statewide
  - 66% percent have signal warning devices (gates and/or flashing lights)
- Two Class I and 21 shortline railroads operate in North Carolina, transporting more than 1.6 million carloads of freight each year

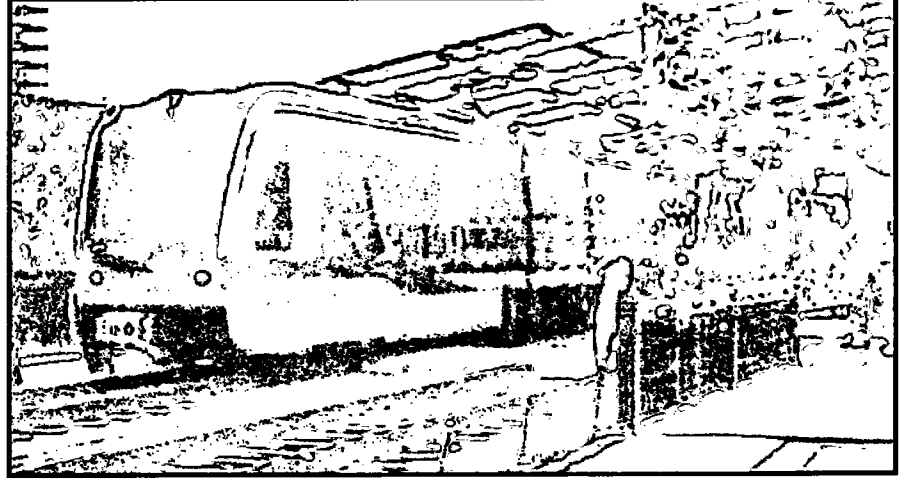


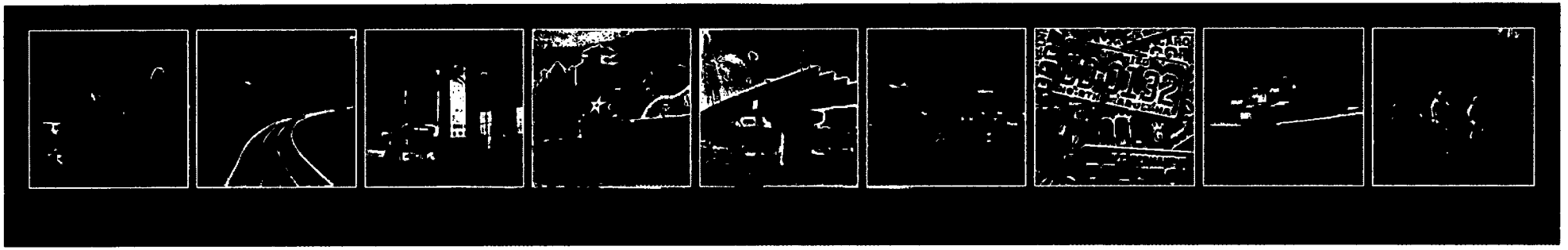


PUBLIC TRANSPORTATION

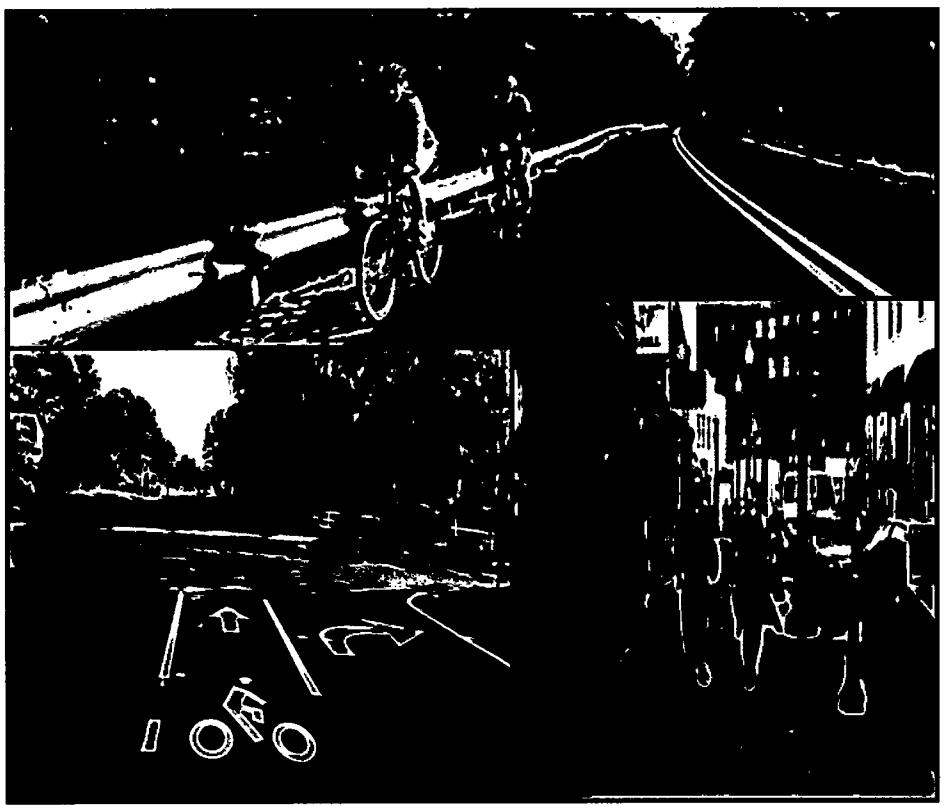
- Includes urban, rural, and regional transit, light rail, etc.
- $358 million industry
- Approximately 5,000 people employed by transit systems
- 77.2 million individual trips in 2012
- 2,398 vehicles
- 88.9 million miles of service
- 15% ridership increase since 2008





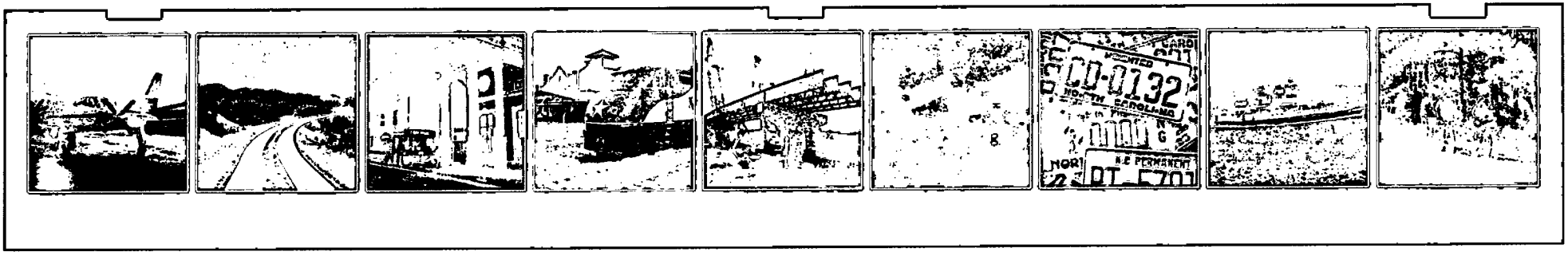


BICYCLE & PEDESTRIAN TRANSPORTATION



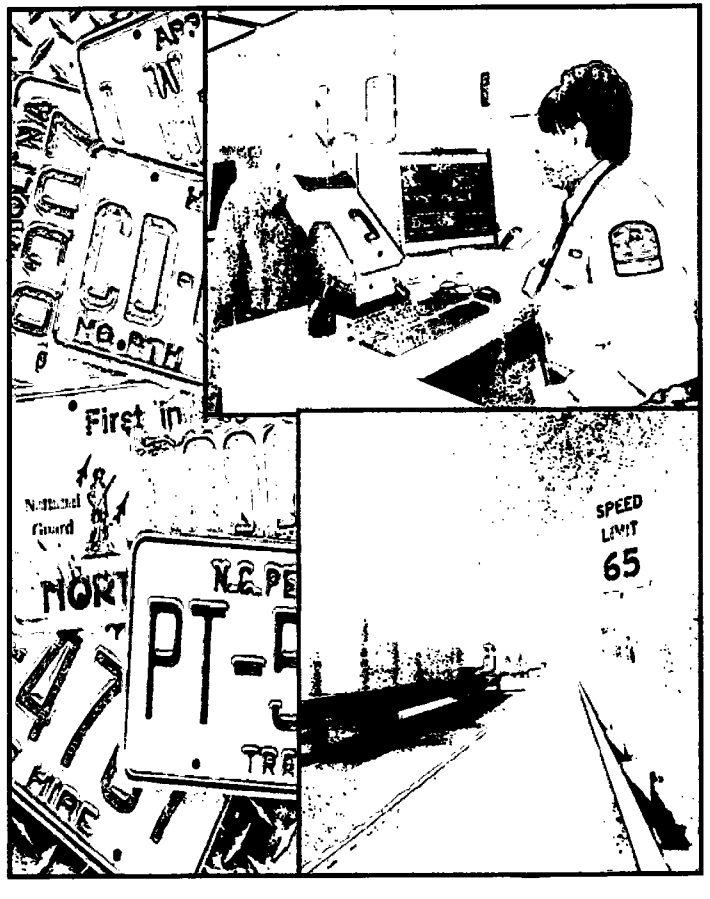
Touches all aspects of bicycling and walking:

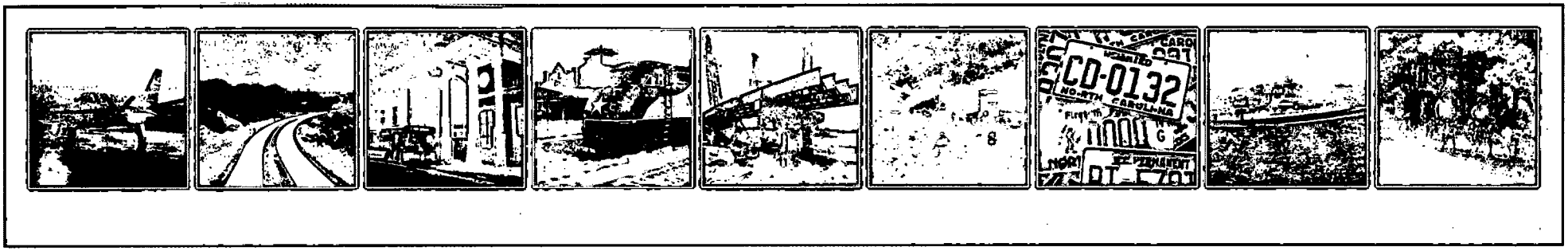
- designing facilities
- creating safety programs
- fostering multi-modal planning
- integrating bicycling and walking into ongoing activities of the DOT
- mapping cross-state bicycle routes
- training teachers and sponsoring workshops and conferences



DEPARTMENT OF MOTOR VEHICLES (DMV)

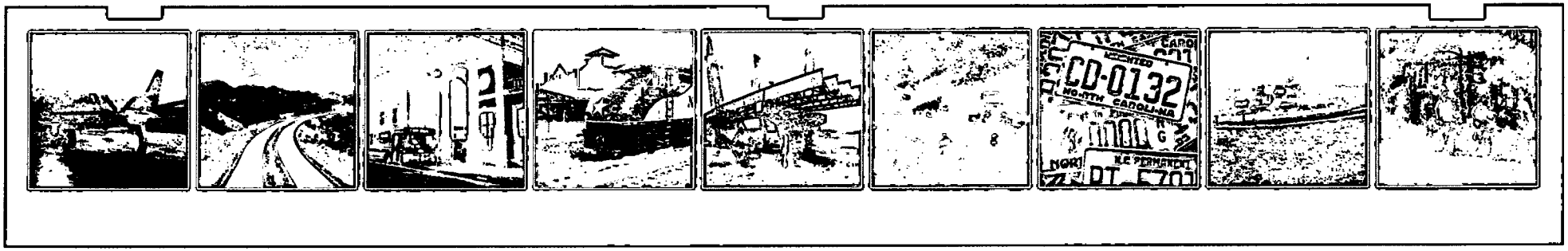
- Registers 34,461 vehicles per day - 8.7 million vehicles registered statewide
- Conducts more than 9,000 driver license transactions daily – 6.9 million licensed drivers in North Carolina
- Oversees administrative hearings, DWI revocations and insurance lapses
- Tracks and audits over 5.4 million vehicle emissions inspections and over 3 million safety inspections statewide
- DMV's License and Theft Bureau performed 3000 fraud investigations during 2012 and made nearly 600 individual arrests





Highway Project Delivery

- Major Work Phases
- Timeframes



Framework for Meeting Transportation Needs in North Carolina

North Carolina Comprehensive Plan

NC

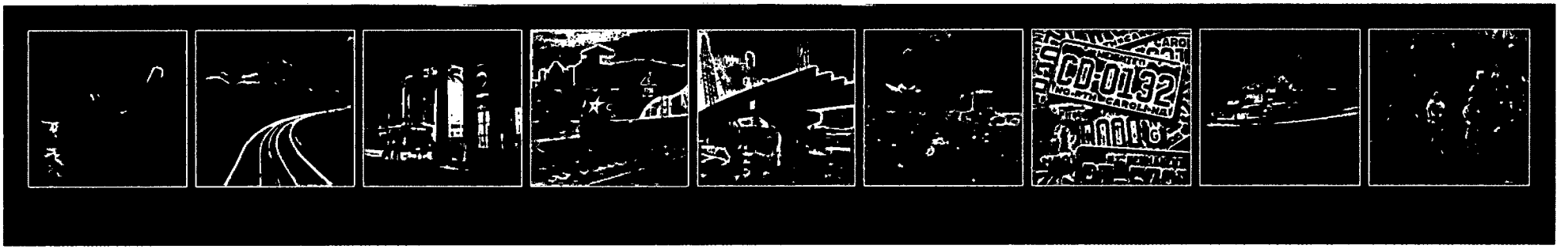
NCDOT

NC Transportation Plan (30 yr)

Program & Resource Plan (10 yr)

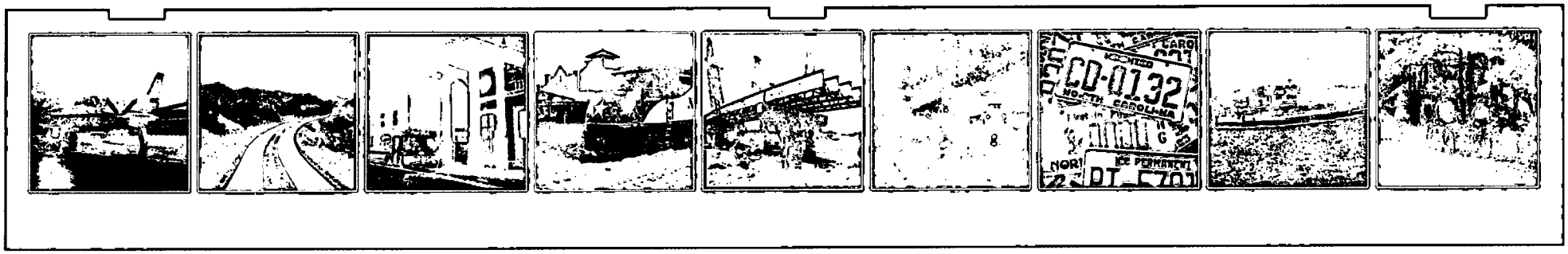
Work Program (5 yr)

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



Project Development Process

- Collaborative Process
- Input obtained from various project stakeholders
- Progression of project depends upon approvals and agreements by others; therefore NCDOT seeks concurrence from partners at major project milestones



Transportation Program Life Cycle

Long-Range Planning
Determine Needs

Program Development
Fund Projects

Project Planning
Minimize Impacts

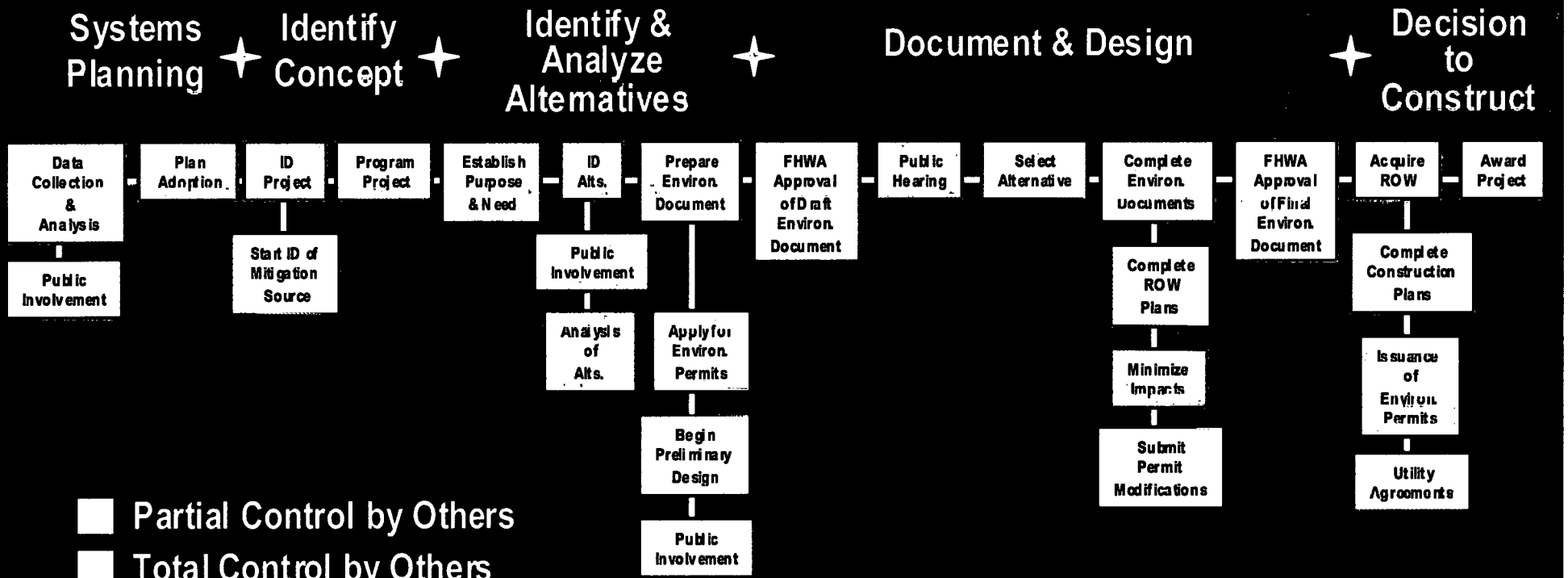
Project Design
Design and Acquire ROW

Construction
Build Facility

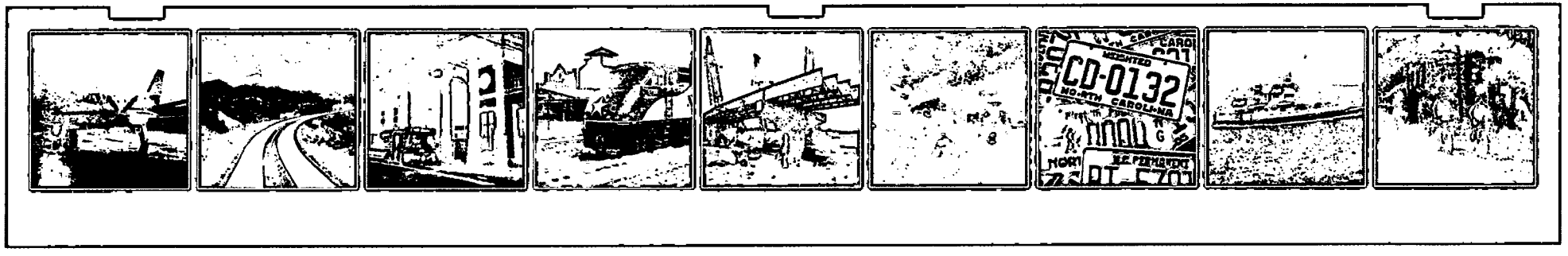
Maintenance & Operations
Maintain Facility

Project Development

Pre-Construction Transportation Decision-Making Process

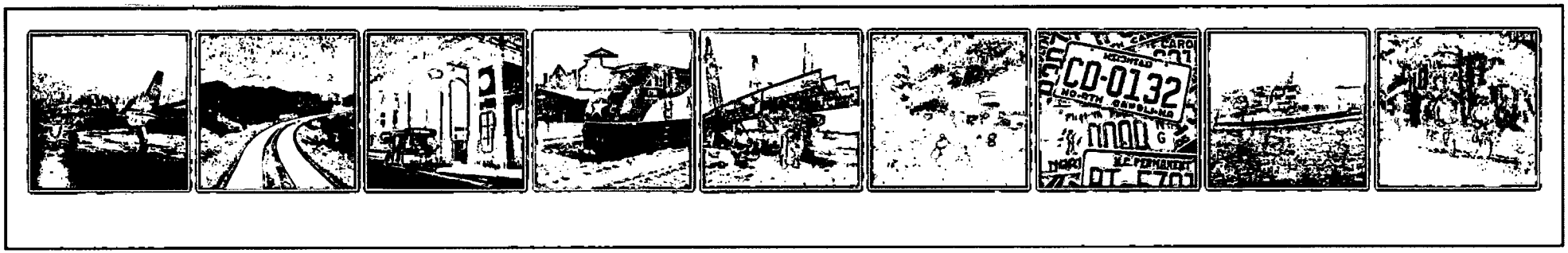


Goal: To ensure a transportation improvement meets need in the least environmentally damaging practical way



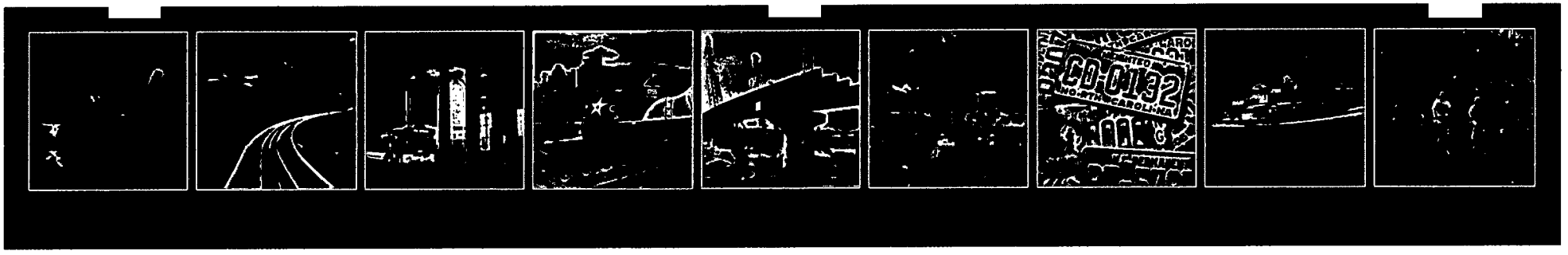
Project Planning Major Steps

- Identify Transportation Purpose and Need
- Project Study Area is Determined
- Environmental & Community Features Identified
- Develop alternatives to minimize impacts (generally 1000 feet corridor widths)



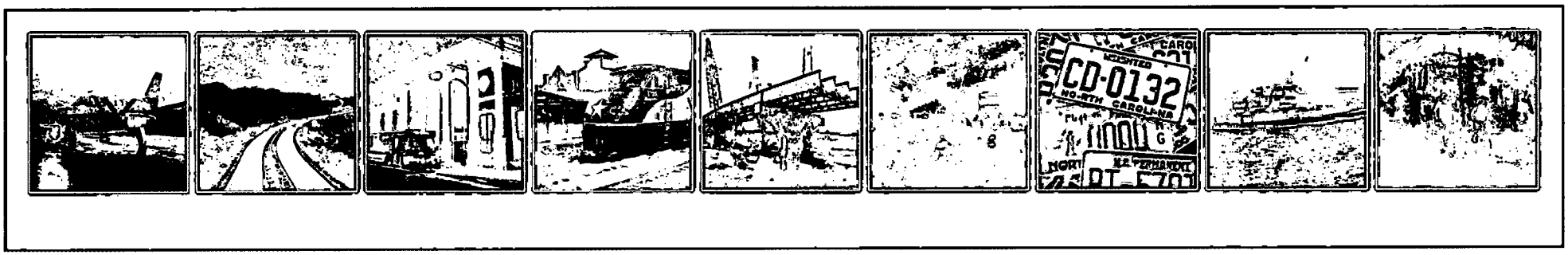
Project Planning Major Steps

- Develop preliminary highway designs within corridors
- Evaluate impacts to natural and human environment
- Coordinate with project stakeholders (agencies & public)
- Select preferred alternative
- Complete all environmental planning documents to comply with National Environmental Policy Act



NEPA Documentation

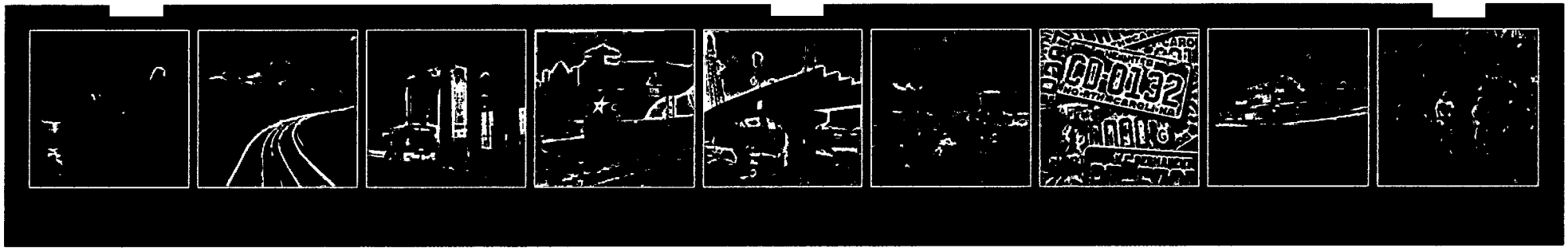
- Completion and approval of NEPA documents generally conclude the project planning process
- Environmental Impact Statements (usually required for new location projects)
- Environmental Assessment and Finding of No Significant Impacts (typically done for widening projects)
- Categorical Exclusions (typically done for bridge replacement projects)



Project Design Major Steps

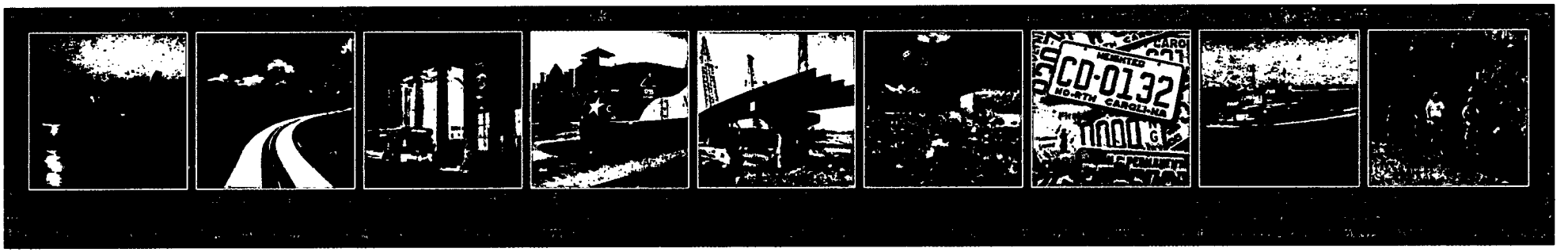
- Location and Surveys provides survey information and plan sheets are developed for chosen alternative
- Highway design (horizontal and vertical) is finalized
- Proposed drainage design is completed
- Construction limits are determined
- Right of way limits are set to contain construction limits, drainage features and to ensure appropriate width for future maintenance needs

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

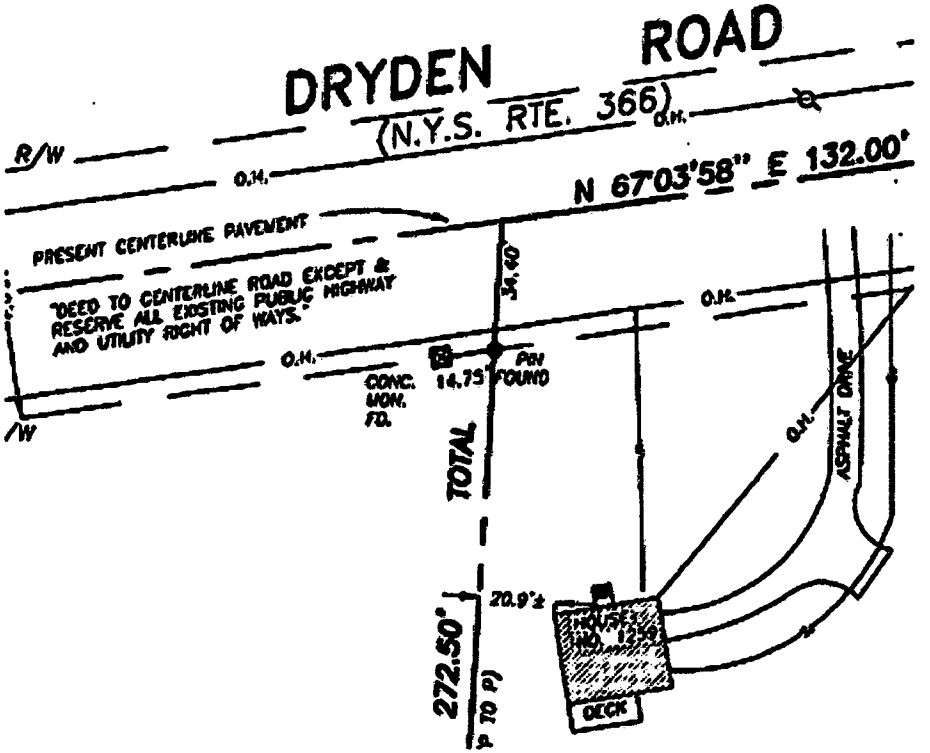


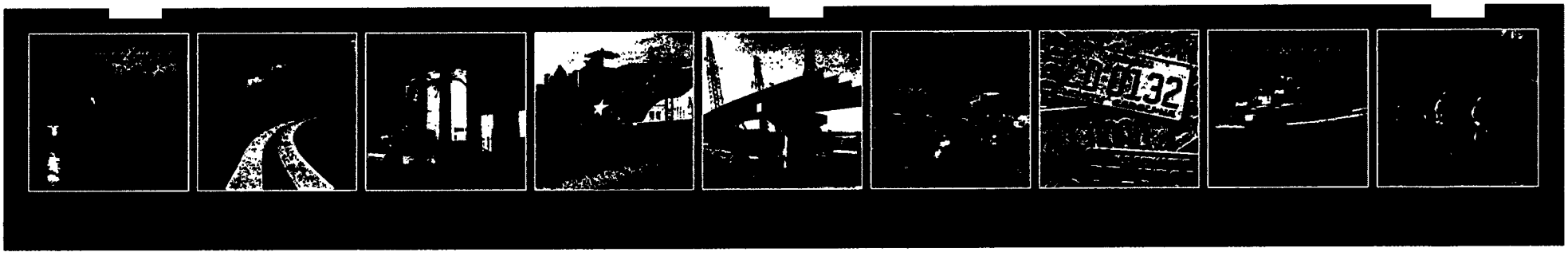
Highway Design

- Roadways
- Bridges
- Culverts
- Retaining Walls
- Drainage Systems
- Lighting
- Route Surveys
- Utility Relocation & Coordination



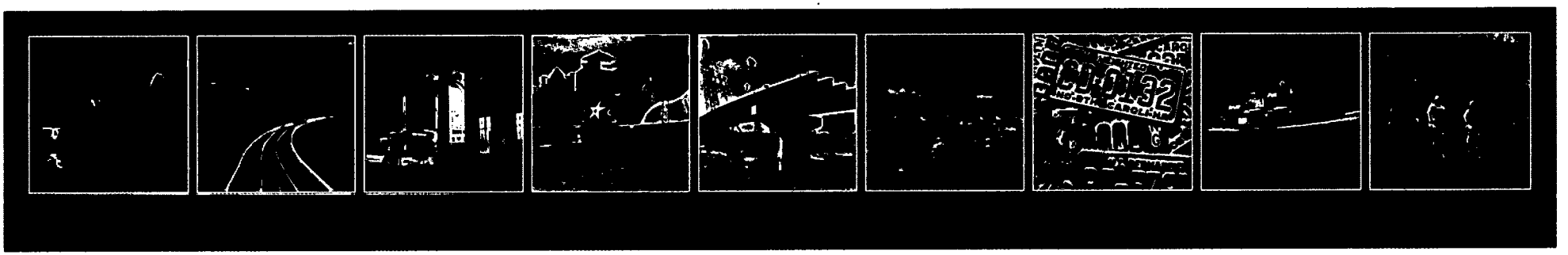
Route Surveys





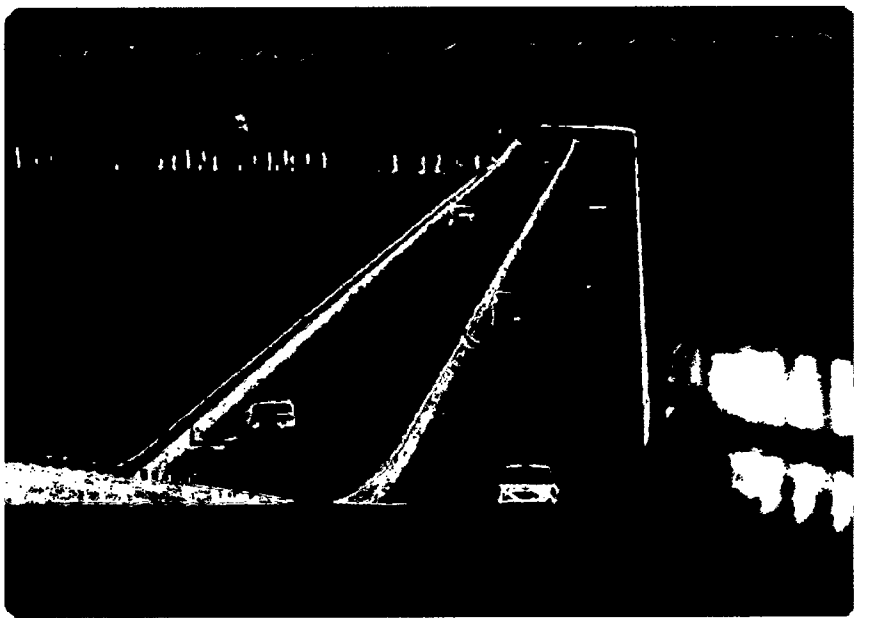
Roadway Design

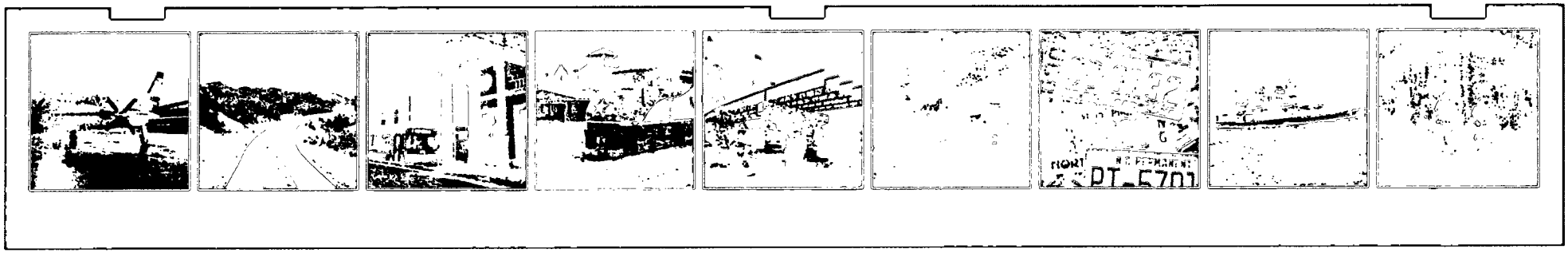




Structure Design

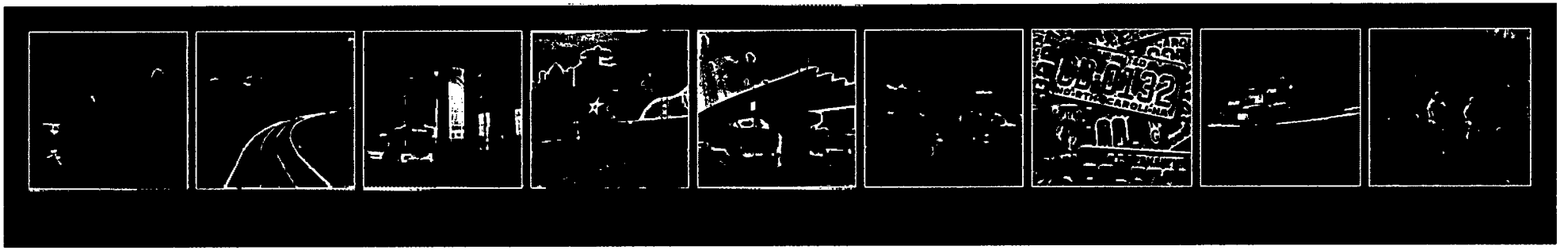




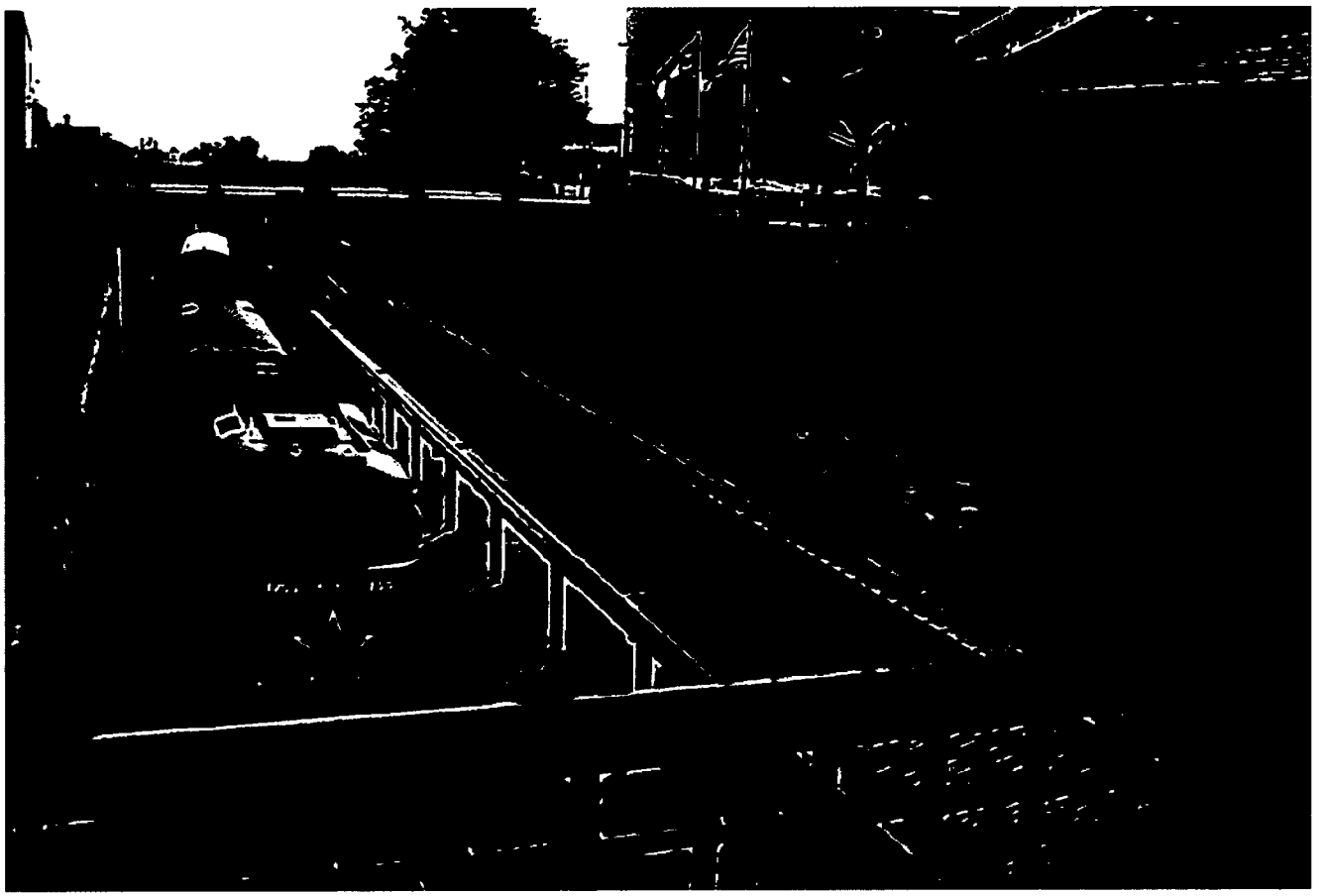


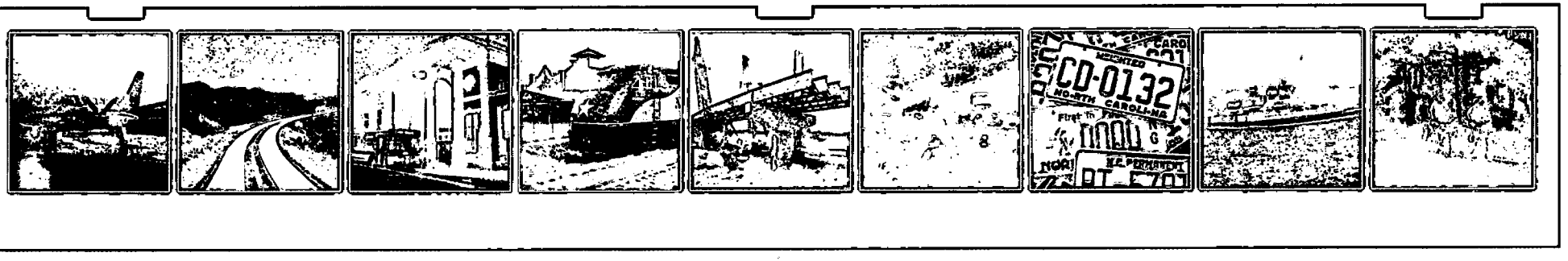
Culvert Design





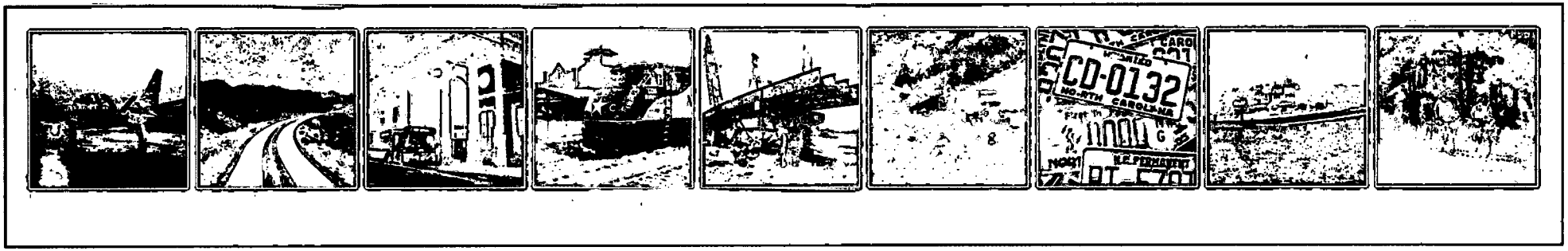
Retaining Walls





Acquire Right of Way

- NEPA documents and designs have to be completed and approved before right of way acquisition authorization is granted
- Negotiations, appraisals, and relocations are major activities within acquisition process
- Right of way acquisitions are completed before construction begins (or rights to enter property obtained)
- Utility Coordination is completed during right of way acquisition to adjust those utilities that are in conflict with roadway construction



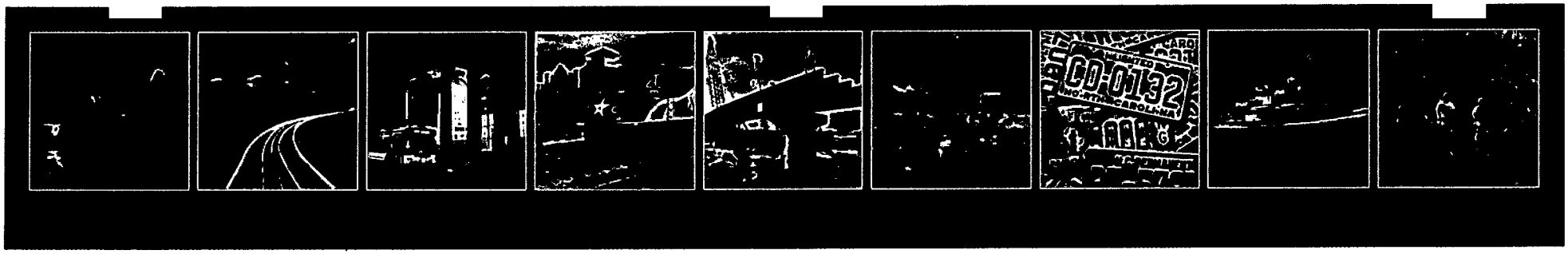
Obtain Environmental Permits

- Permit coordination has been merged with the project development process to better ensure avoidance/minimization of impacts and that project can be permitted at the end of the process.

- Offsite Mitigation for unavoidable impacts is being supplied through the Ecosystem Enhancement Program

- Permit application is made after final design is completed for the roadway and hydraulic design

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



NCDOT Contract Award

All activities are completed before project can move to construction contract

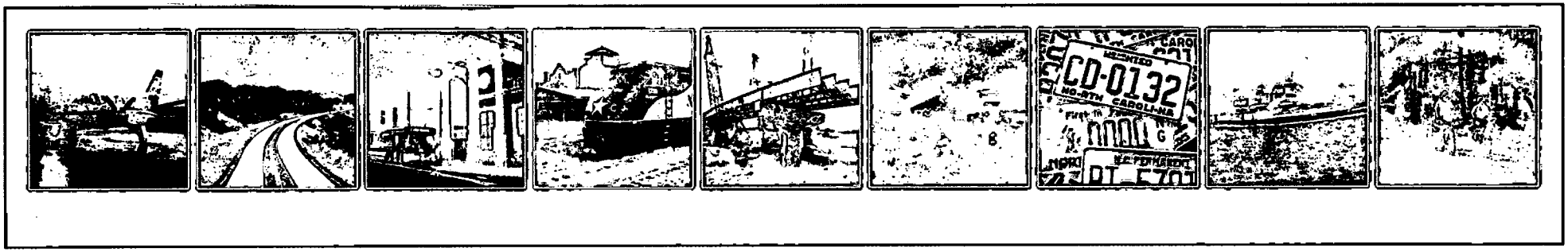
Project contract information is prepared

Advertisements for project letting are conveyed

Contractors submit bids

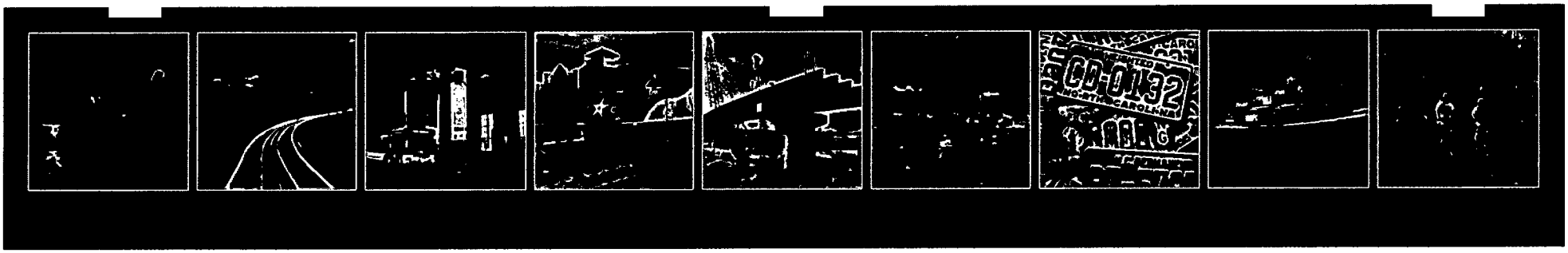
Low bids are determined

Award of project is determined based on bids



So how long does it take to complete preconstruction activities?

- Heavily dependent upon project complexity
- Range of impacts
- Reception of project to public
- Design complexity
- Utility Conflicts
- Number of parcels and relocations involved

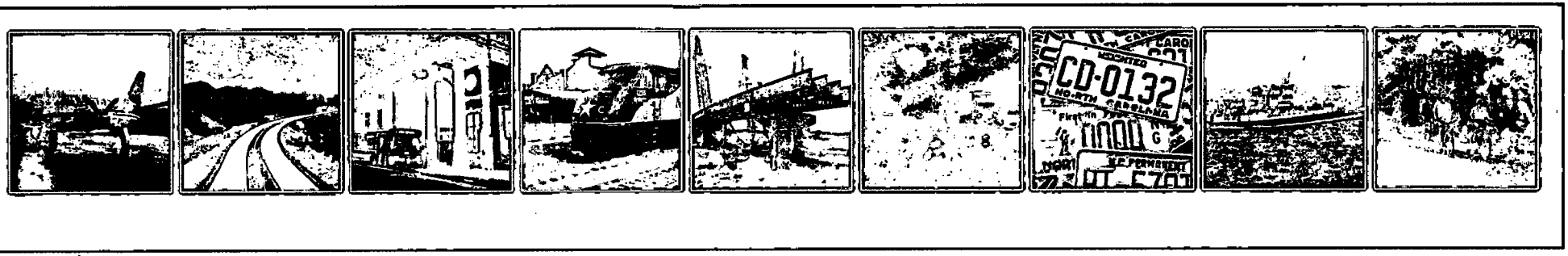


Typical Project Durations (from beginning of planning to letting)

Major new location projects (eight to ten years)

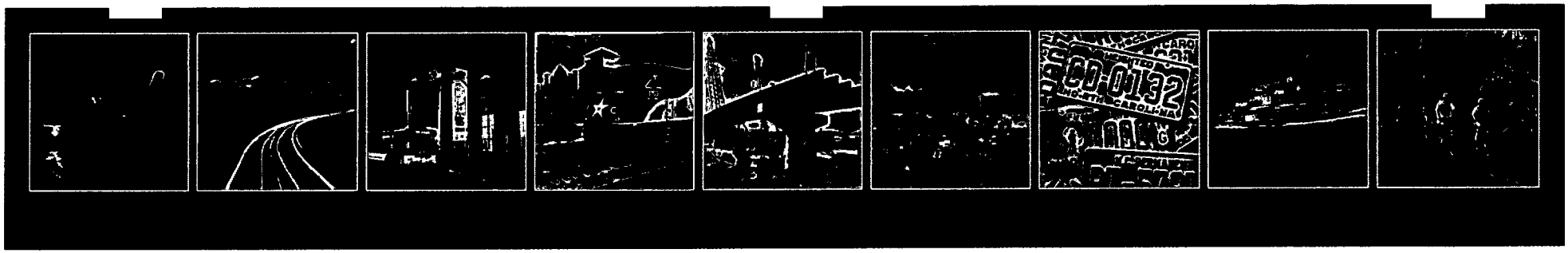
Widening projects (five to eight years)

Bridge projects (one to four years)



Construction Phases of Work

Surveying
Clearing
Erosion Control
Bottom Drainage
Rough Grading
Bridge Foundations
Top Drainage
Fine Grading
Base and Pave
Bridge Beams and Deck
Guardrail
Markings, Signs, Signals
Base and Pave
Bridge Beams and Deck
Guardrail
Markings, Signs, Signals



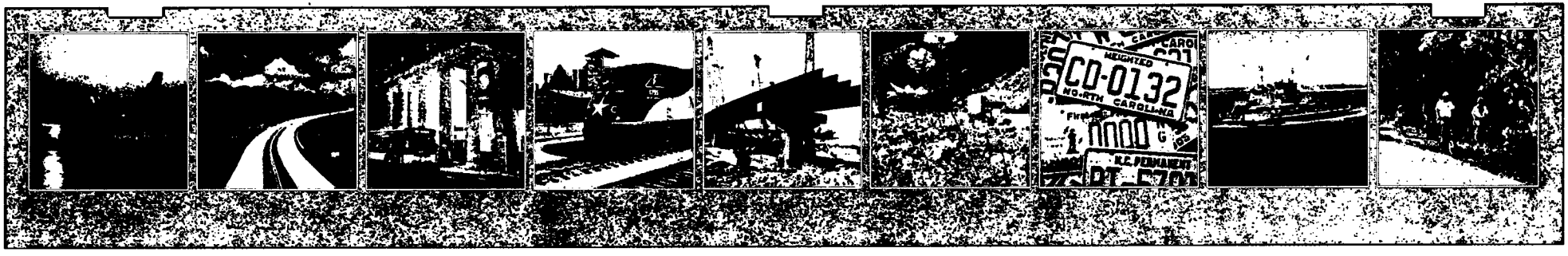
Survey





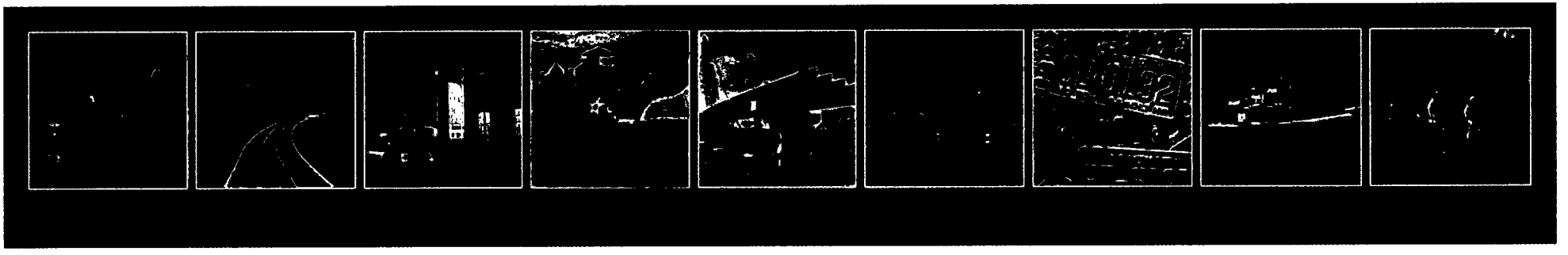
Clearing





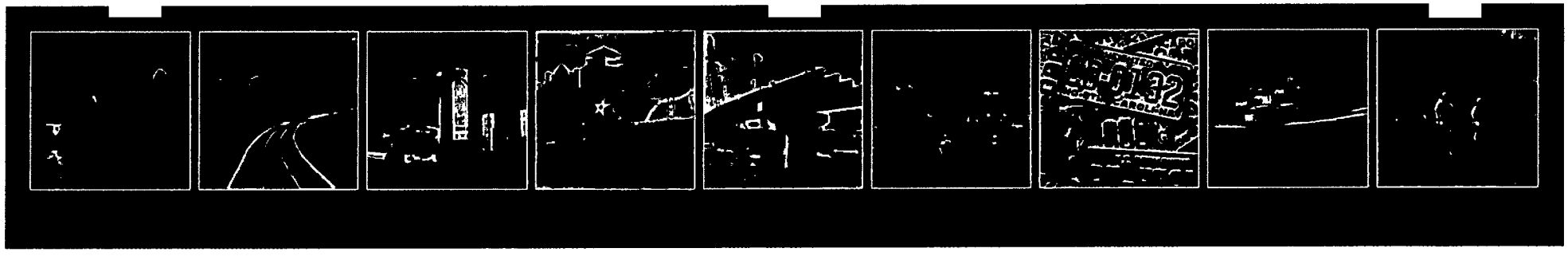
Erosion Control





Bottom Drain Pipe and Culverts





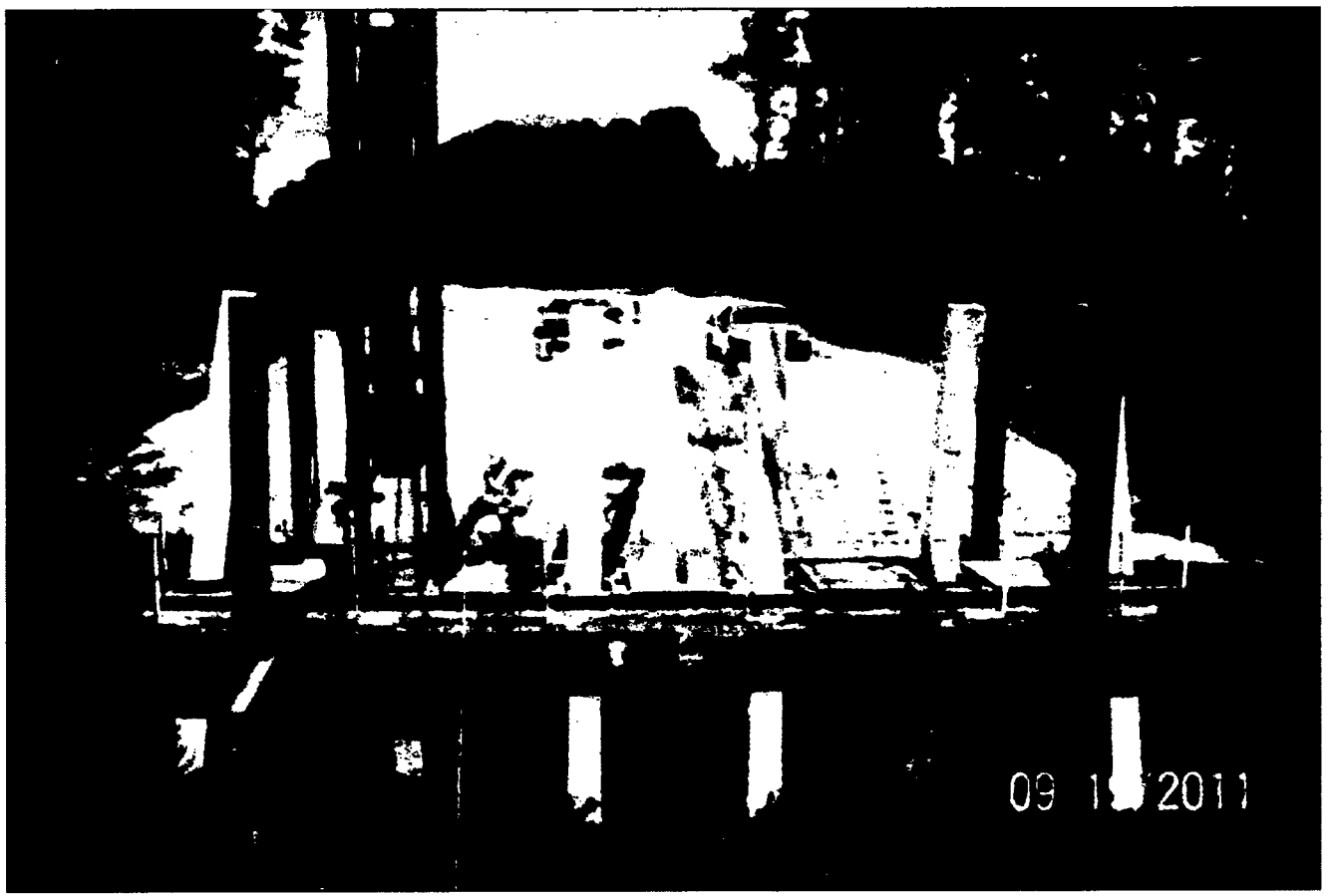
Rough Grading

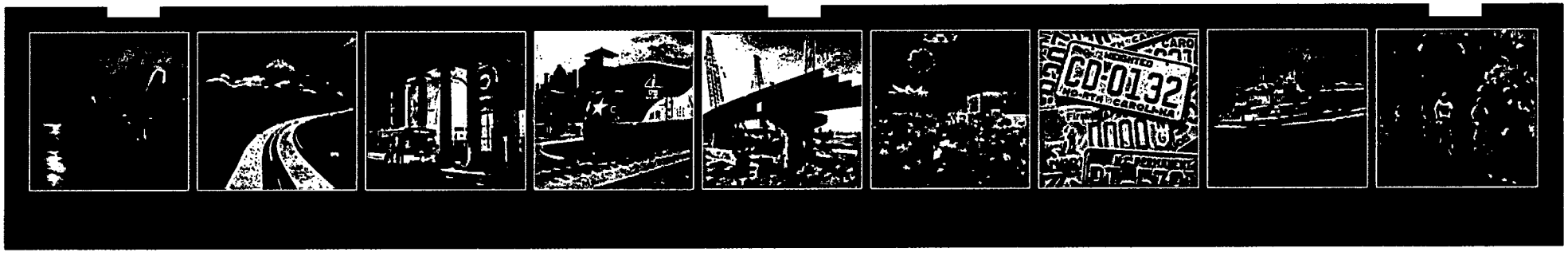


STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



Bridge Foundations

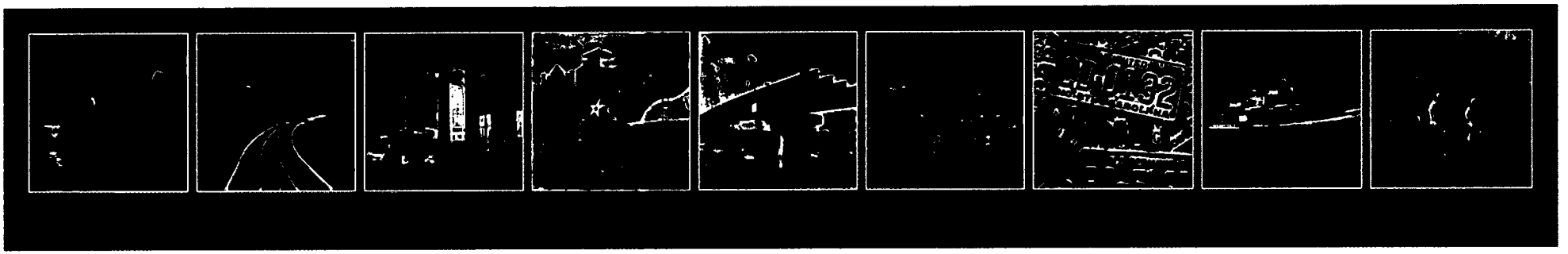




Top Drainage

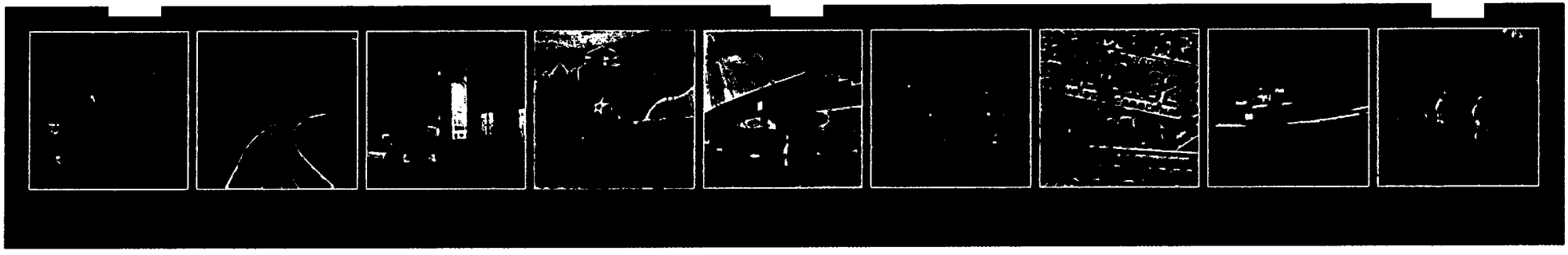






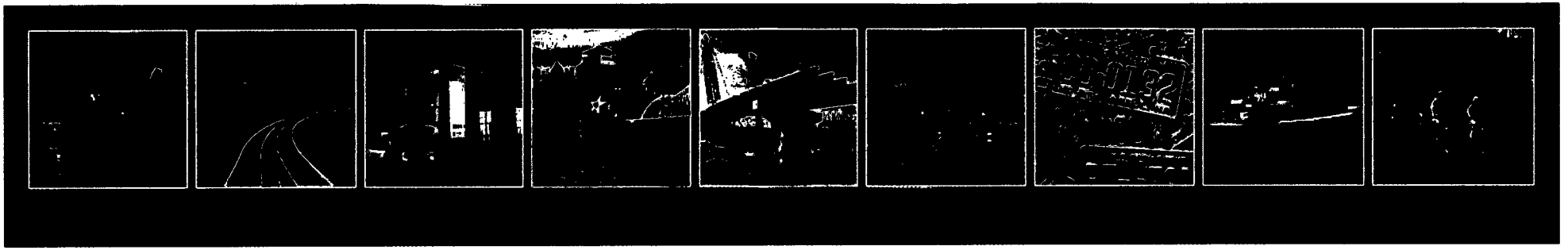
Fine Grading



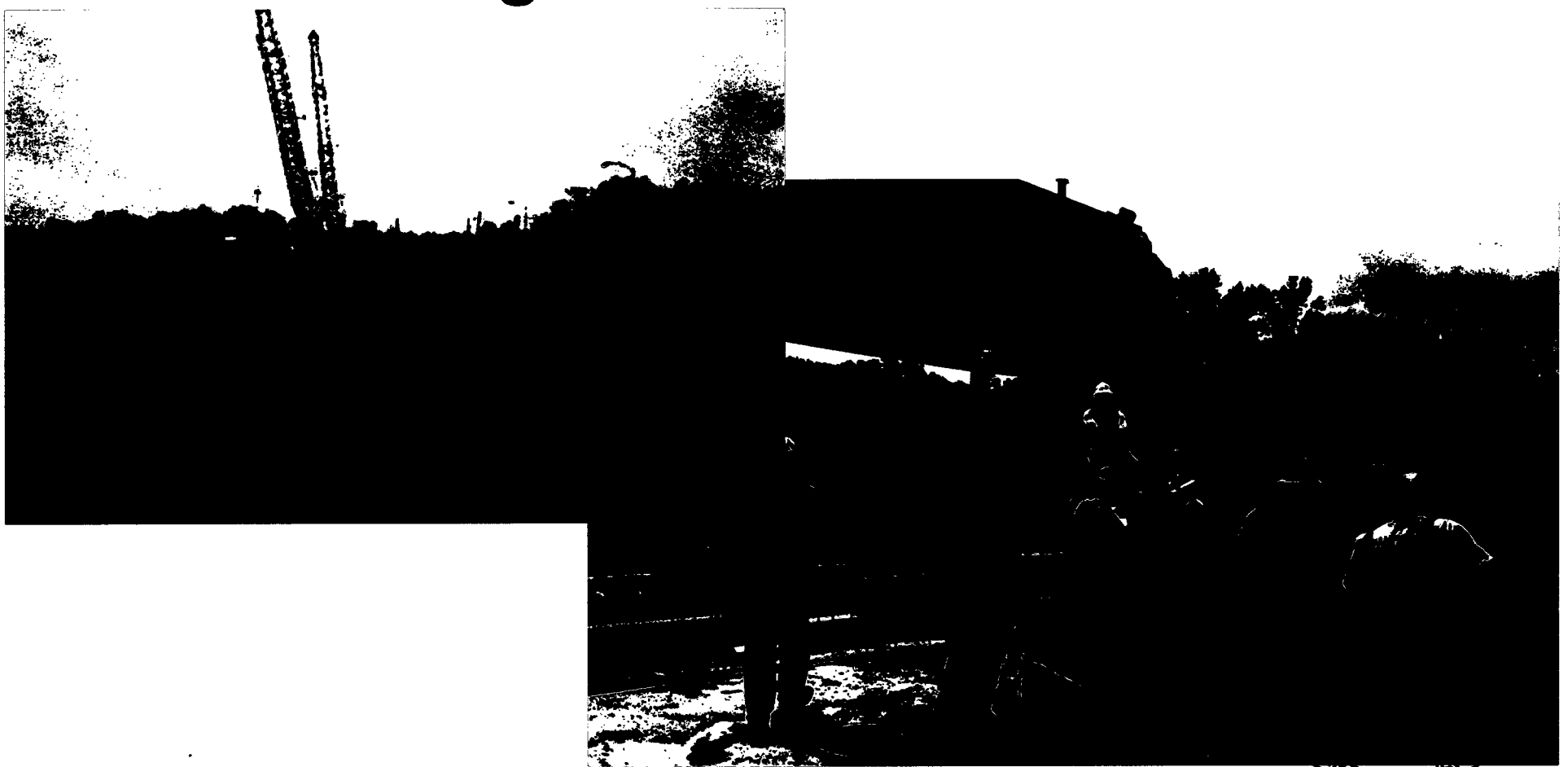


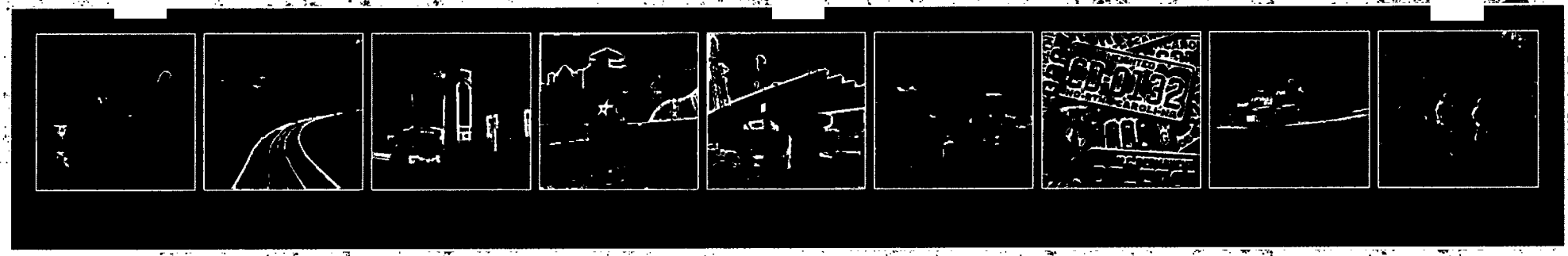
Base and Pave



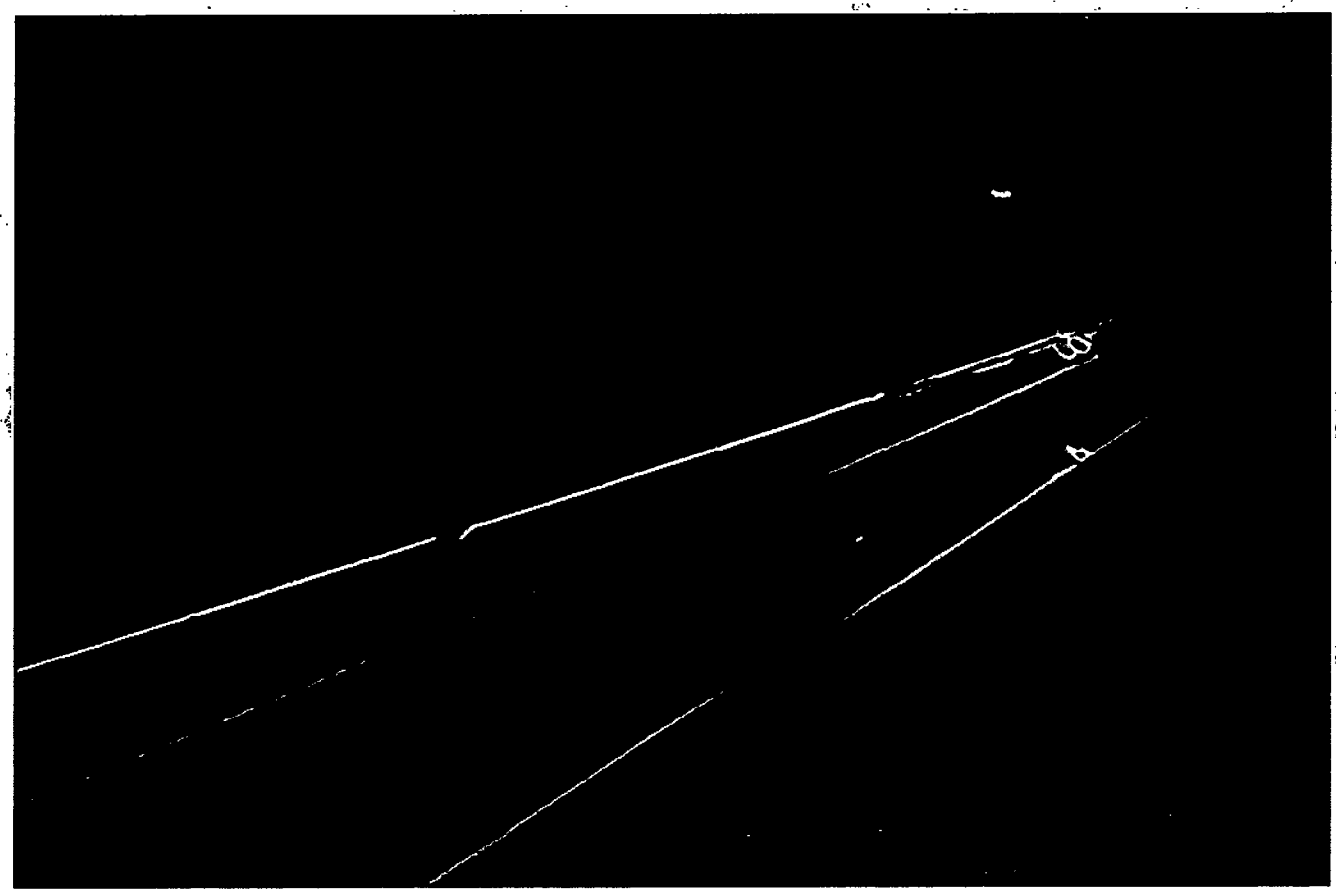


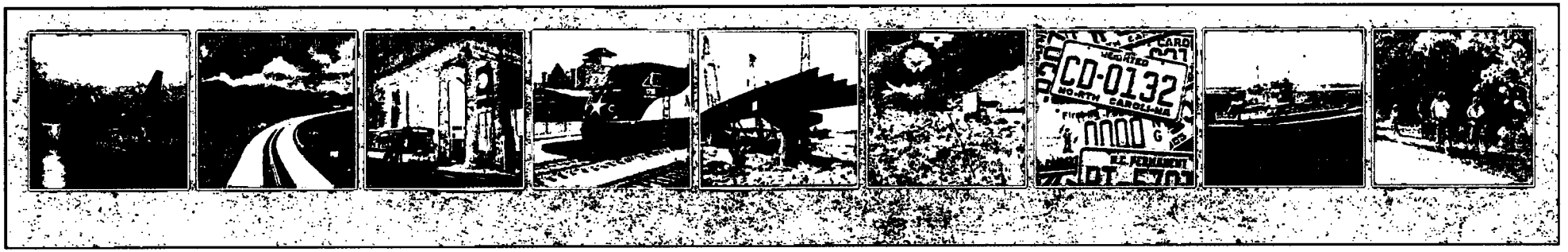
Bridge Beams and Deck





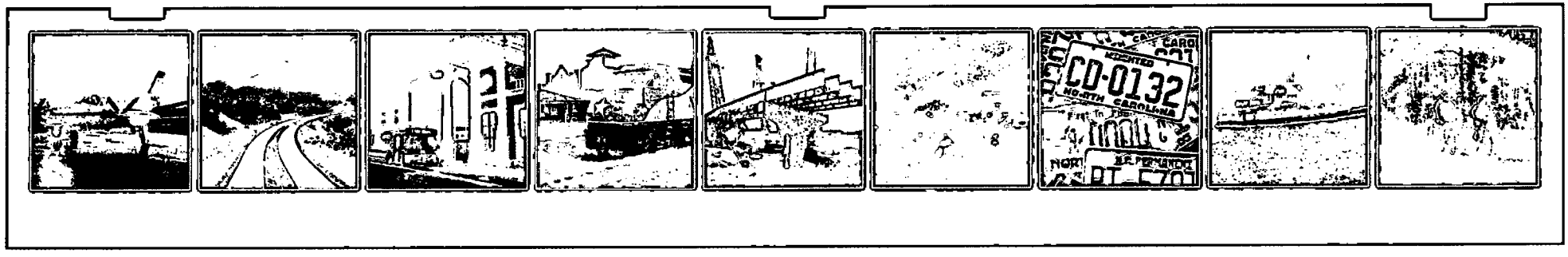
Guardrail





Pavement Markings, Signs, Signals





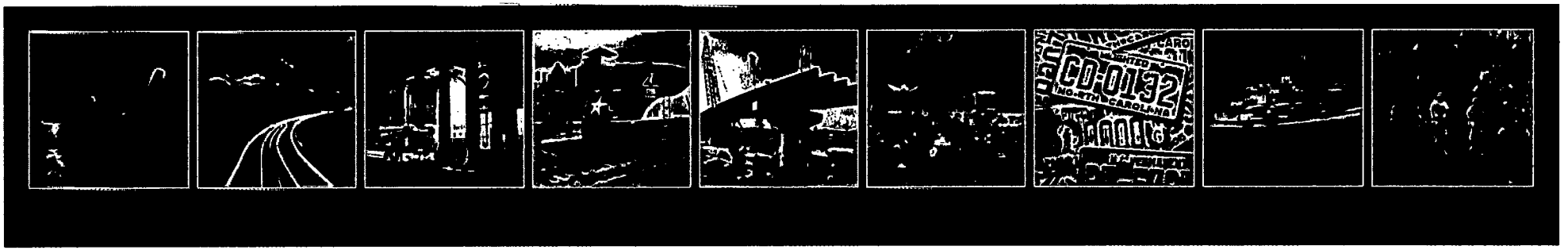
Typical Project Construction Durations

New Location – 3 ½ - 4 Years

Major Pavement Rehabilitation - 2 ½ - 3 Years

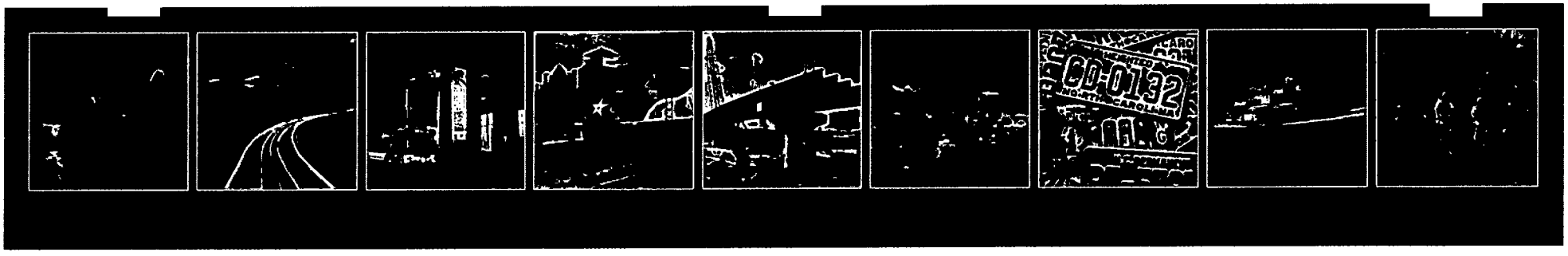
Urban Widening - 2 - 3 Years

Bridge Replacement (low impact) - 6–18 months



Project Delivery Process

- Lot of work, coordination, collaboration, and communication involved in process
- Process is complex
- It can take many years from entry in TIP until the project construction is completed
- Recognition of need to closely coordinate project delivery and funds

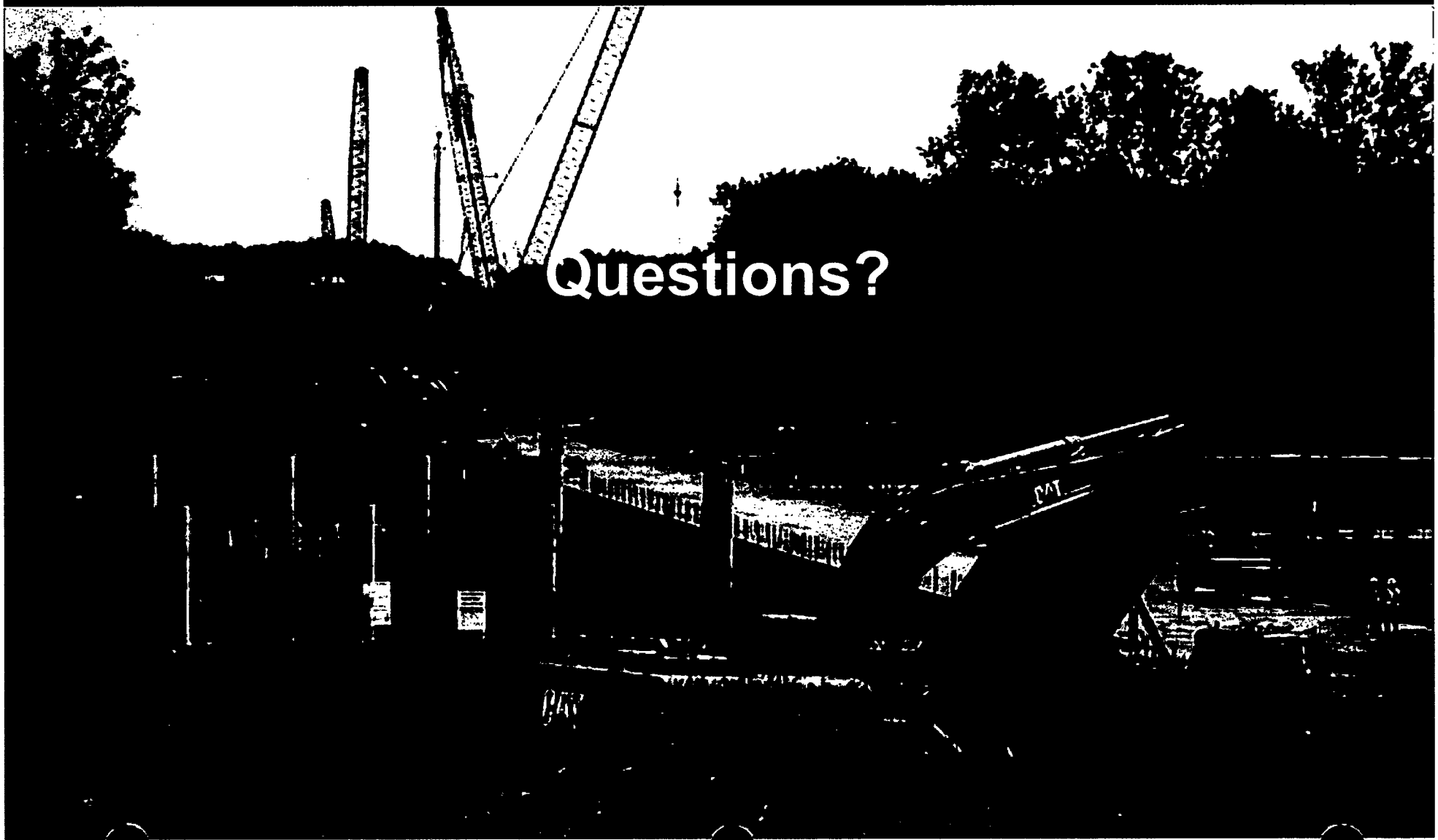


Project Streamlining Measures

- Integration of long-range planning activities into the NEPA process
- Performance Measures have been established for Merger Process
- Interagency Leadership Team has set goal to improve Merger Process
- Advanced use of GIS in process
- More thorough and interactive project scoping to identify issues/concerns early in the process
- Development of Low-Impact Bridge Process

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION




Questions?

Committee Sergeants at Arms

NAME OF COMMITTEE Appropriation Sub Comm Transportation

DATE: 2-14 **Room:** _____

House Sgt-At Arms:

1. **Name:** Carlton Adams
2. **Name:** Jesse Hayes
3. **Name:** _____
4. **Name:** _____
5. **Name:** _____

Senate Sgt-At Arms:

1. **Name:** ANDERSON MEADOWS
2. **Name:** CHARLES HARPER
3. **Name:** _____
4. **Name:** _____
5. **Name:** _____

Wednesday, February 14	**Room**	**Time**
JOINT APPROPRIATIONS	1228	8:30 am
TRANSPORTATION		

Name	County	Sponsor
Hardin Councill	Guilford	Faircloth, Jr.
Ashton Craft	Craven	Speciale
Alec Johnson	Haywood	Queen

1:00-1:30 2:45 - 3:00 closing

PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228 LB

DATE: 2-14 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

	Page Name	Hometown	Sponsoring Senator
1	Ian West	Wilson	Newton
2	Josiah D. Nazzard	Oak Island	Raben
3			
4			
5			
6			
7			
8			
9			
10			

JJ

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

10:00 Joint Jud II.

Room 1124 LB

VISITOR REGISTRATION SHEET

JOINT TRANSPORATIONS — 2-14-2013

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ellis Powell	Carolina Asphalt Pavement Assoc.
Jarret Burr	DOT
JASON SOPER	DOT
Julie White	NC DOT
Crystal Collins	NC Trucking Assoc.
Dave Feron	CLT
Andrew Bell	NCDOT
BOBBY LEWIS	NCDOT
Roger Henderson	Moffatt & Nichol / NCATA
T Baggett	City of high point

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chip Killian	nelson mullins
Doug Hom	NCPCM
Joe McClain	McClain Consulting

VISITOR REGISTRATION SHEET

Joint Transportation — 2.14.2013

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Hardin	MT & S
Kym Hunter	Southern Environmental Law Center
Jay Stein	NCAA
Berry Jenkins	Carolinas AGC
[illegible]	RAM - NCDOT + Triangle
[illegible]	NCDOT
Zeb Alley	NMKS
Daniel Gra[illegible]	TTA
Elizabeth Bi[illegible]	Brooks R[illegible]
CS Hollis	TSS
Mary Jennings	Speakers Staff

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Henri McClees	McClees Consulting

Joint Appropriations Subcommittee on Transportation

February 19, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs: Representative Phil Shepard, Chairing
Representative John Torbett
Senator Kathy Harrington
Senator Bill Rabon

- Call to Order

- DOT Work Program and Prioritization Process

  Alpesh Patel
  Interim Director, Governance Office
  Department of Transportation

  Mike Bruff
  Manager, Transportation Planning Branch

  Calvin Leggett
  Manager, Program Development Branch
  Department of Transportation

  Delbert Roddenberry
  Manager, Operations Program Management
  Department of Transportation

Next meeting: DOT Highway Division - Overview of Maintenance and Construction Programs - Wednesday, February 20, 9:00 a.m.

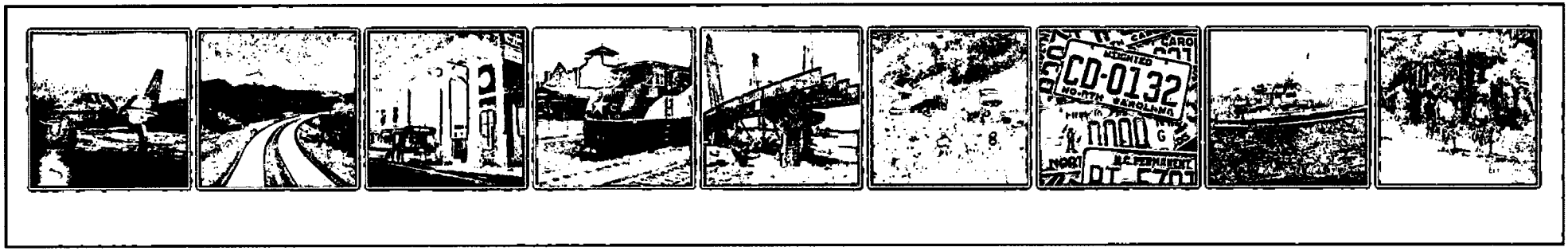


"Policy to Projects" Process
NCDOT

February 19, 2013

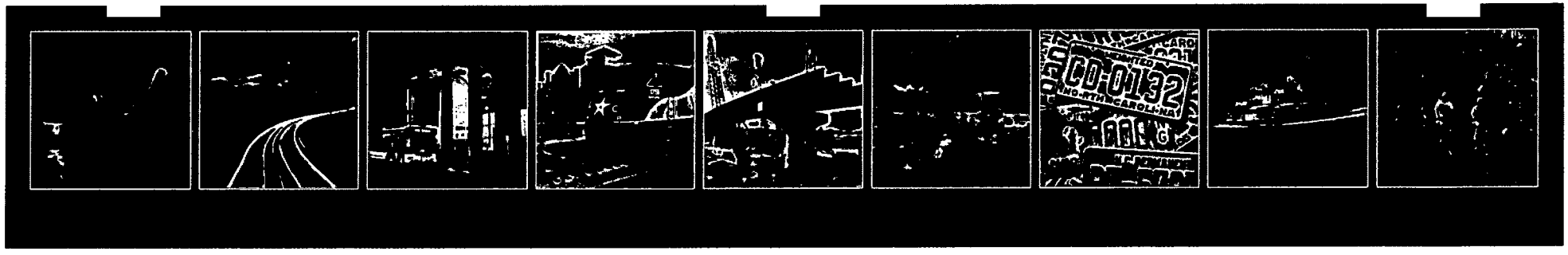
Joint Appropriations Subcommittee on Transportation

Mike Bruff, Alpesh Patel, Calvin Leggett, Delbert Roddenberry



Outline

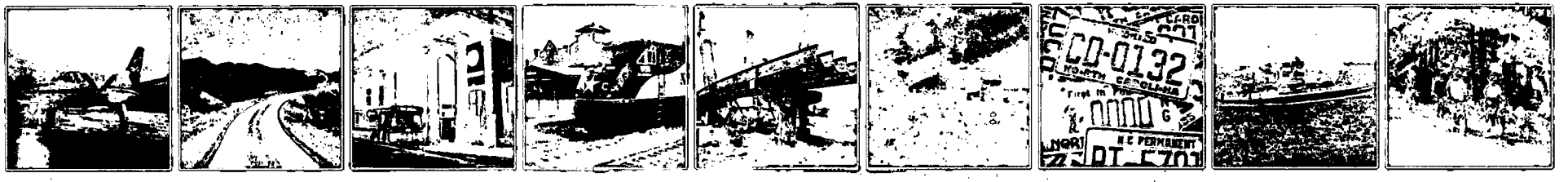
- **History of Reform at NCDOT** – Alpesh Patel
- **Long-Range Transportation Planning** – Mike Bruff
- **10 & 5 Year Work Program / Strategic Prioritization** – Alpesh Patel
  - Mobility Fund and Urban Loops
- **State Transportation Improvement Program** – Calvin Leggett
- **Unpaved Secondary Road Prioritization** – Delbert Roddenberry



History of Reform

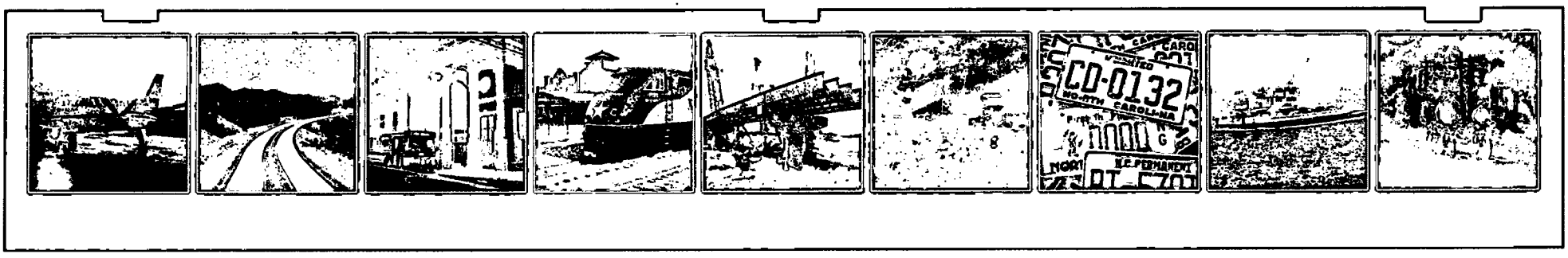
Challenges facing the Department prior to 2009:

- 7-Year Construction Program (more needs vs. revenue)
- Delivery Rate below 50%
- Clear priorities not established
- Various mission and goal statements
- Inability to clearly & regularly convey performance results



Transportation Reform: "Policy to Projects"

- Strategic Planning
- Improved Communication
- Public Input
- Data-Driven Decisions & Prioritization Process
- Open and Visible Process (Transparency)
- Accountability and Performance (Credibility)
- Performance & Results Driven Organization
- Role of the Board of Transportation



NCDOT's Strategic Planning Framework

N.C. Statewide Transportation Plan (2040 Plan)

Blueprint for transportation planning and investment over the next three decades.

- Adopted by NC Board of Transportation in August 2012

NCDOT Program and Resource Plan (10 Year)

Allocates funds for all programs and predicts the outcomes for the level of investment

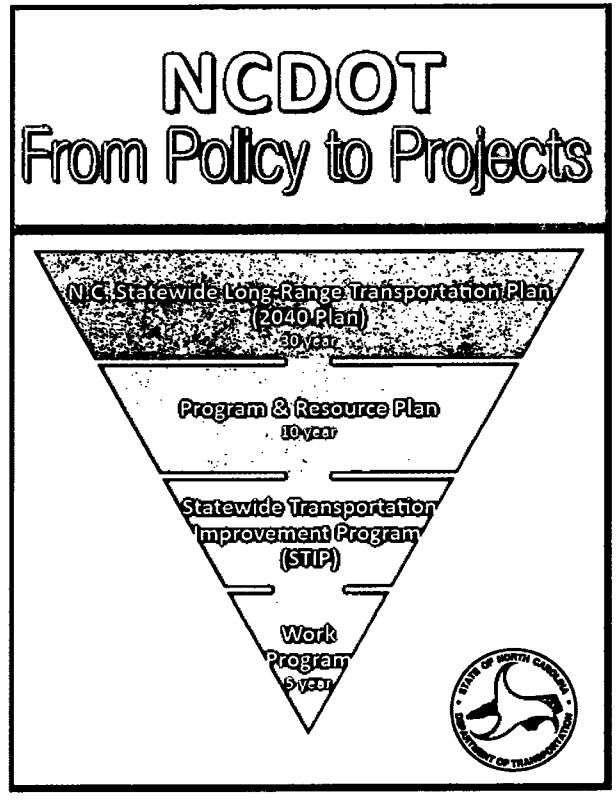
- Guided by strategic prioritization and cash model, also statutory, legal and scheduling constraints

NCDOT State Transportation Improvement Program (STIP – 7 years)

NCDOT Work Program (5 Year)

Comprehensive list of projects, programs, and services

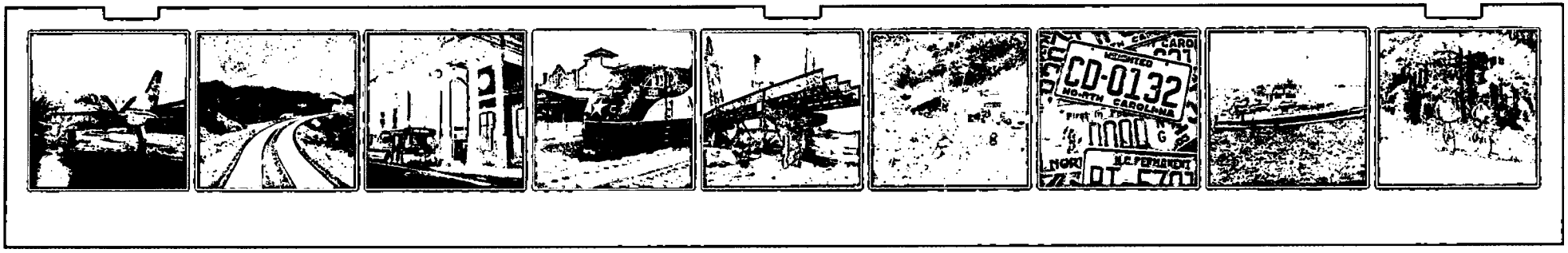
- Goal: Increase partner/public confidence in a stable, reliable schedule





Long-Range Transportation Planning

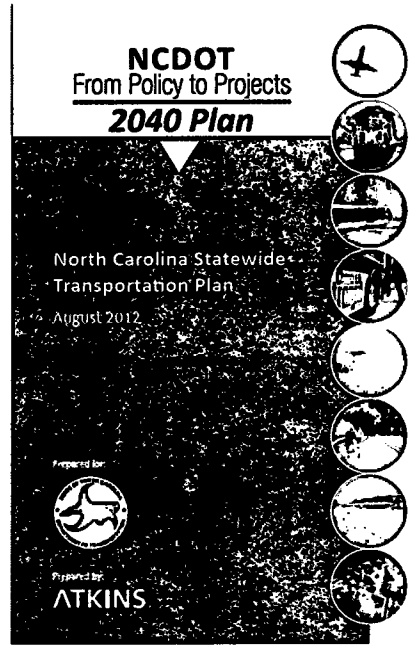
Mike Bruff

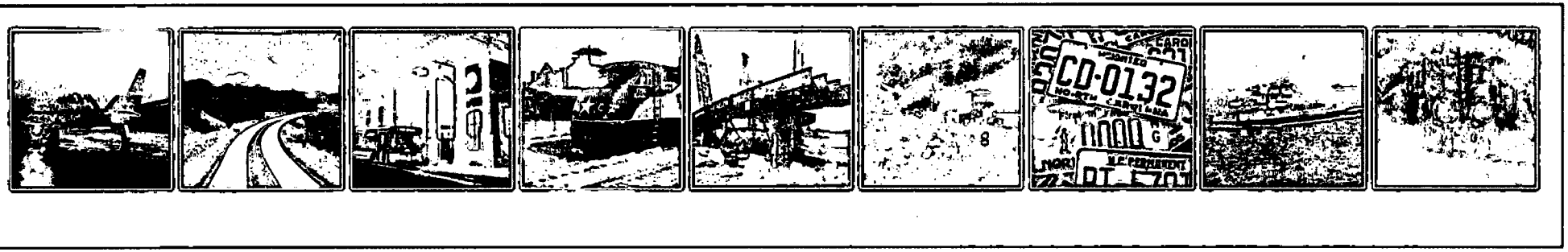


2040 Plan Overview

The 2040 Plan identifies:

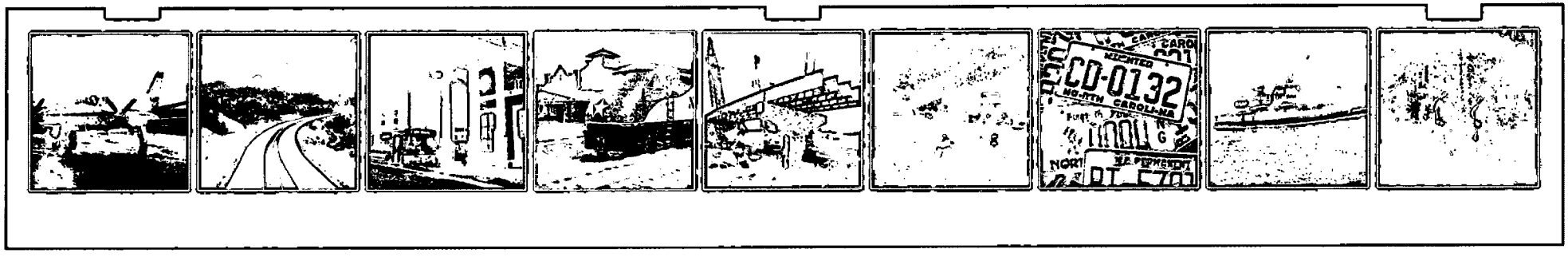
- Challenges & Opportunities
- Long-term modal infrastructure and service needs
- Sustainable financing options
- Strategic investments and plan implementation





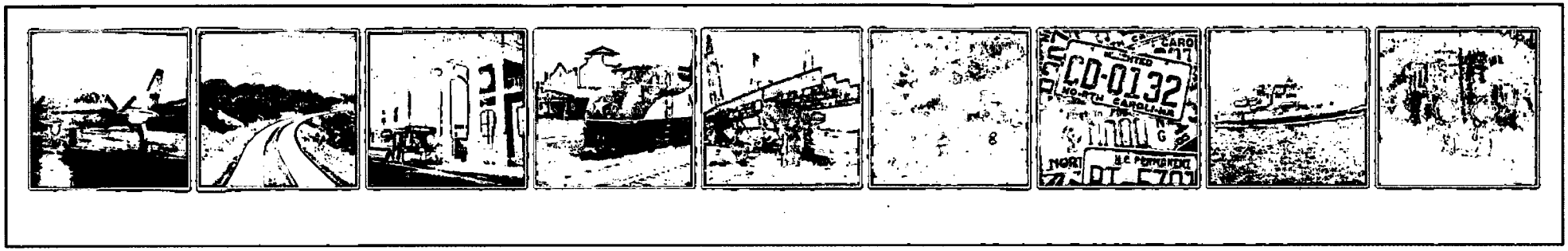
2040 Plan is a major update of NC's Statewide Transportation Plan:

- NCDOT's overarching guide for transportation planning and programming.
- A broad direction for where NCDOT should concentrate efforts in the future.
- High-level document to guide NCDOT spending and policy decisions.
- Recommendations for needed process improvements for NCDOT to pursue.

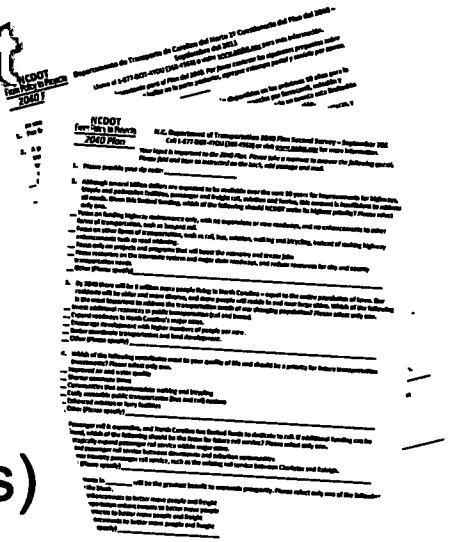


2040 Plan Is NOT:

- A schedule for project implementation.
- A list of specific projects.
- A recommended future funding strategy.



Public & Agency Input



- Statewide Stakeholder Group
- Agency Coordination Group
- Regional Stakeholders webinars
- 3 surveys (more than 8,500 total responses)
- MPO/RPO regional workshops & MPO/RPO Association briefings





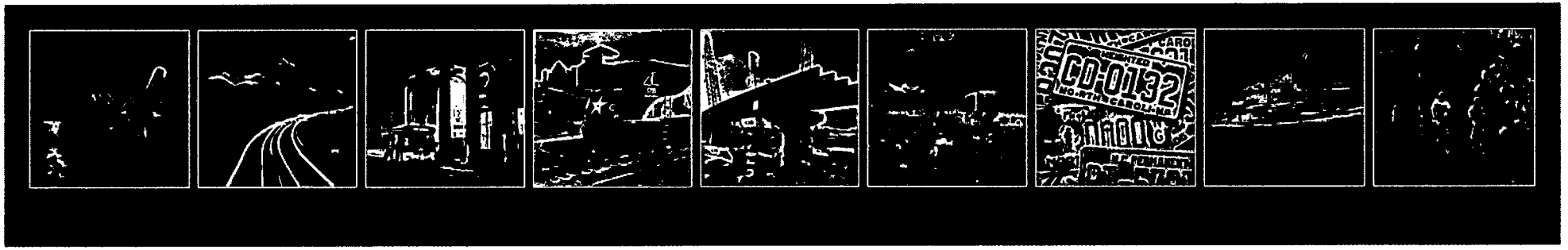
Metropolitan Planning Organizations

A Metropolitan Planning Organization (MPO) is established in federal law and is responsible for:

- Carrying out a Continuing, Cooperative and Comprehensive (3C) transportation planning process in cooperation with the state DOT and transit operators

- Cooperatively developing, updating, and approving:
  - (Unified) Planning Work Program ((U)PWP)
  - Metropolitan Transportation Plan (LRTP)
  - Transportation Improvement Program (TIP)
  - Project Priorities for MPO Area
  - Air Quality Conformity

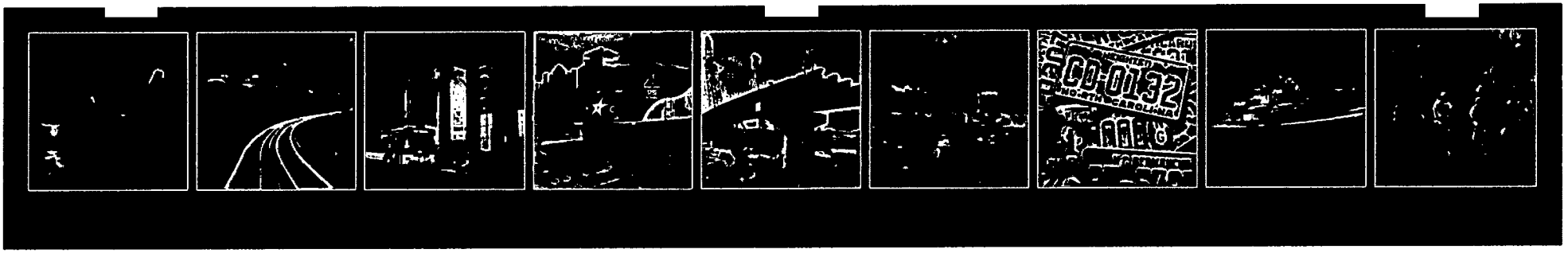
- Having a proactive Public Involvement Process (PIP)



Rural Planning Organizations

A Rural Planning Organization (RPO) is established in state law and is responsible for:

- Assisting NCDOT in developing comprehensive transportation plans (CTP)
- Providing a forum for public participation in the transportation planning and project development processes
- Developing and prioritizing projects it believes should be included in the STIP
- Providing transportation-related information to local governments



2040 Plan – How Needs Were Identified

Urban Needs:

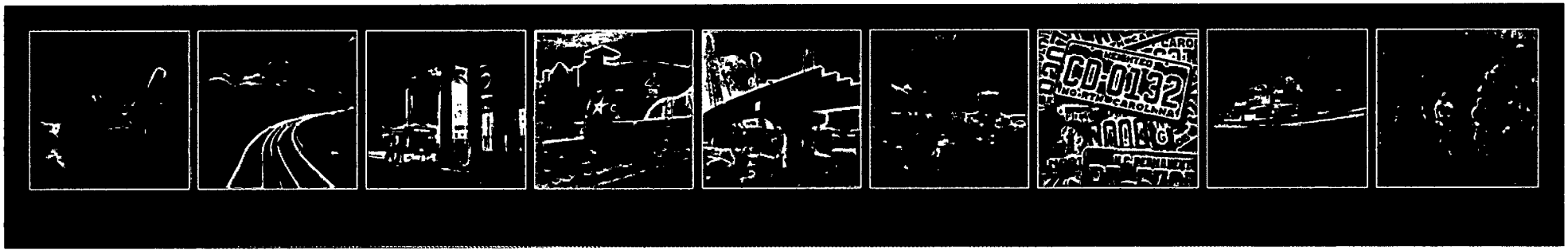
- Pulled from Metropolitan Planning Organizations' (MPO) adopted transportation plans

Rural Needs:

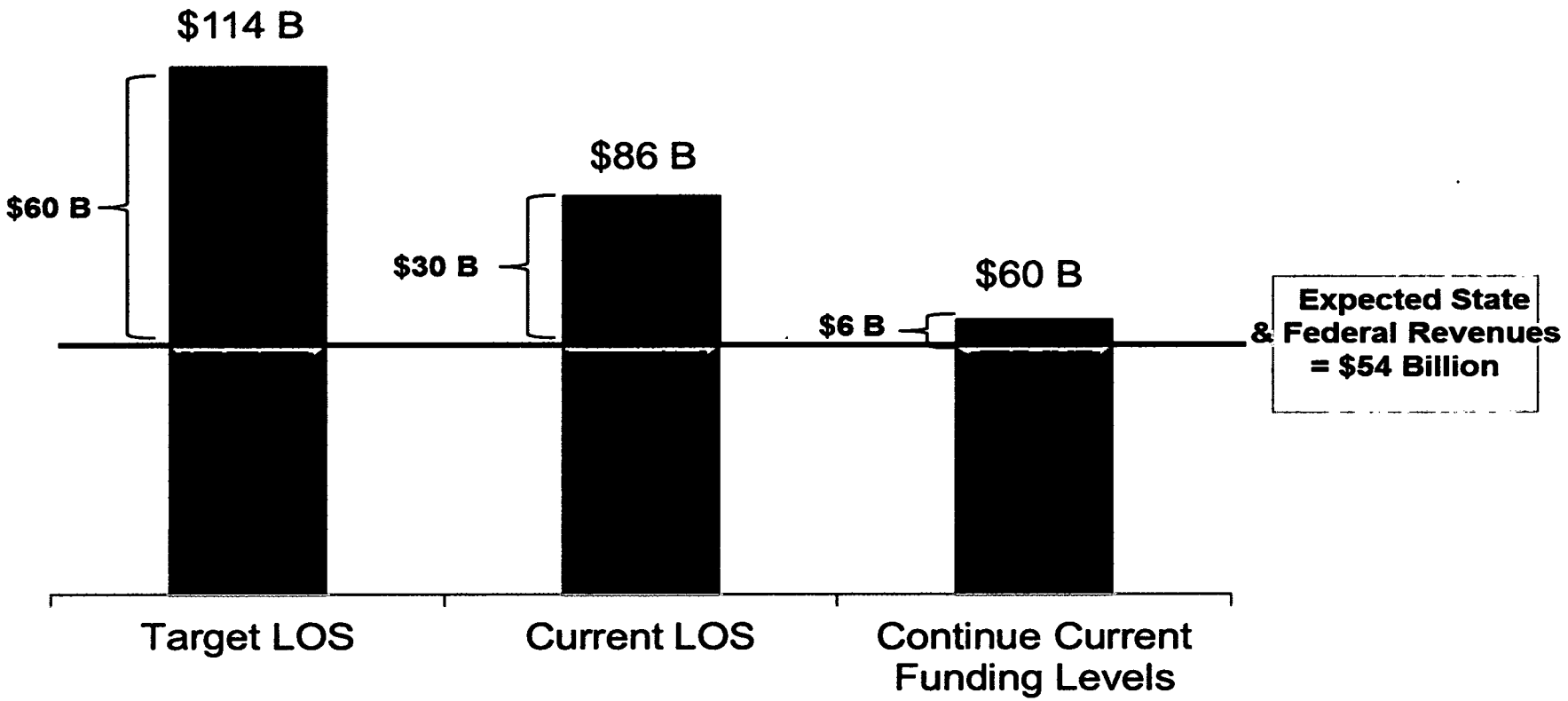
- Based on traffic growth rates, roadway characteristics, and bridge and pavement management systems

Other Modes:

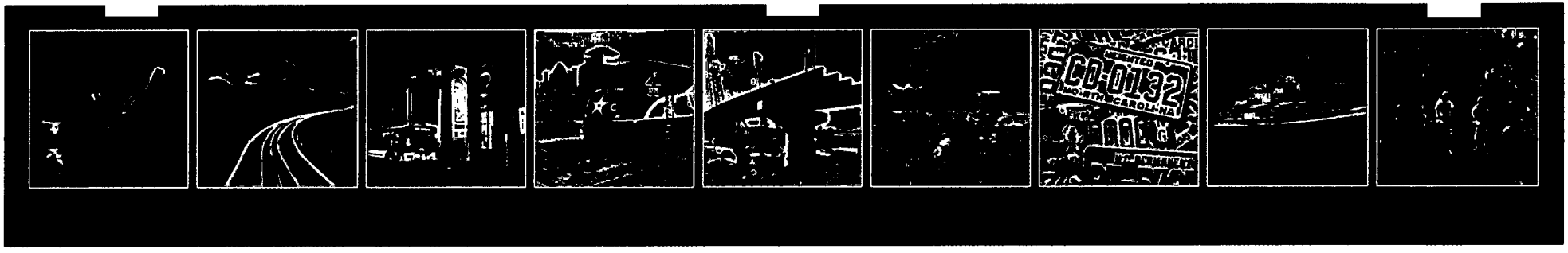
- Based on existing plans within NCDOT modal units



NCDOT's 30-Year Needs and Funding Gap



Note: LOS = Level of Service



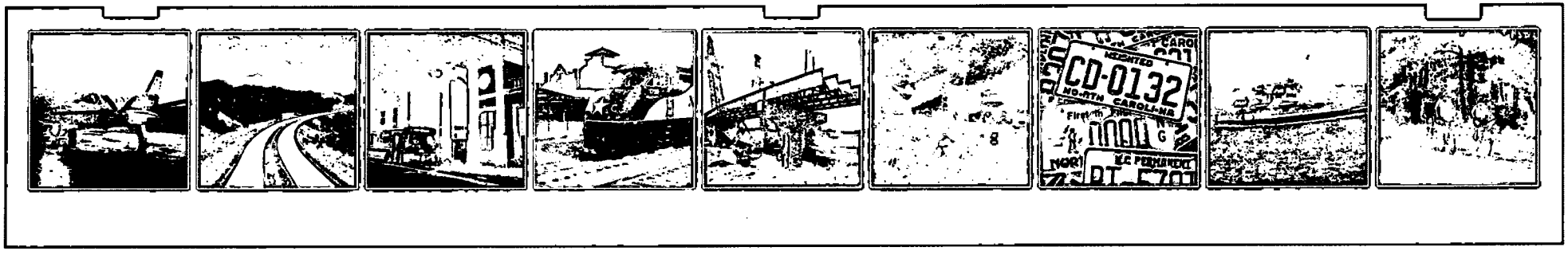
Key Findings and Conclusions of the 2040 Plan

- Transportation needs remain large and challenging.
- Current transportation funding is insufficient.
- Describes various revenue options.



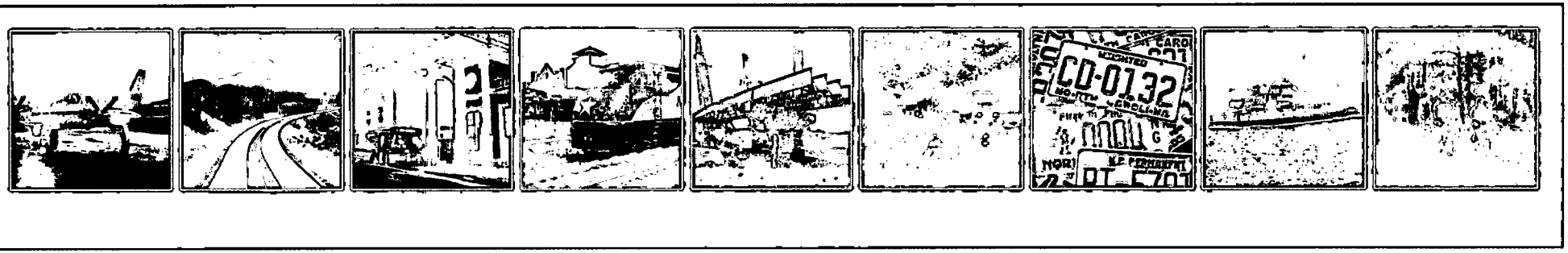
10 & 5 Year Work Programs

Alpesh Patel



Why Develop 10 & 5 Year Work Programs?

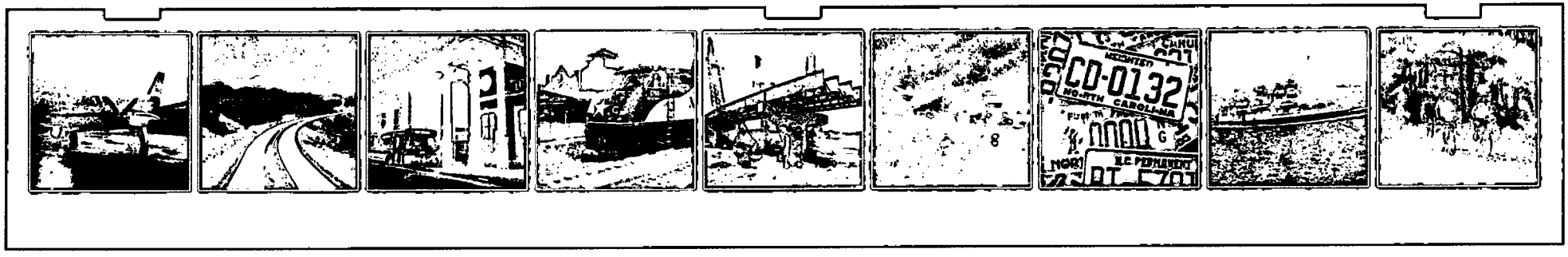
- Short-Term business plan/strategy for the Department
- Track every dollar spent and work from a balanced cash picture (available dollars to projected expenditures)
- Customized for NC after extensive best practice research
  - Modeled after Florida DOT



10-Year Program and Resource Plan

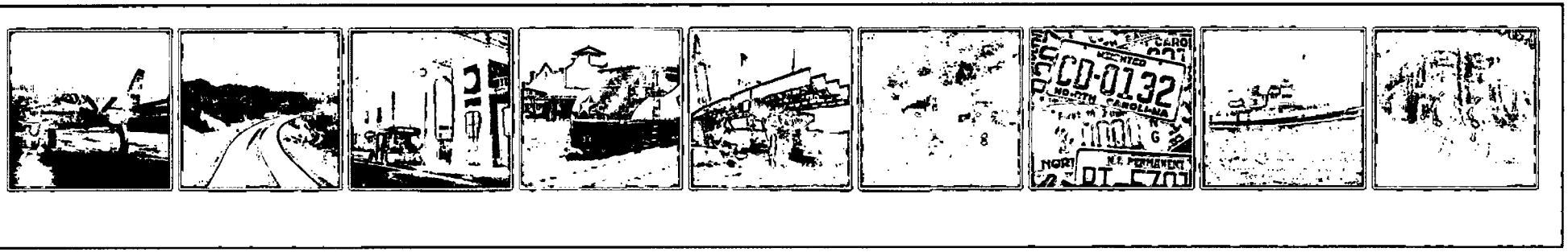
Resource Allocation by Major Program Areas

Program	10 Year Allocation
Construction and Engineering	$ 28.5 B
Maintenance	$ 14.0 B
Operations	$ 2.3 B
Administration	$ 3.6 B
Total Program	**$ 48.4 B**
Transfers	$ 4.0 B
Total Budget	**$ 52.4 B**



5-Year Work Program

- Provides a level of detail that guides day-to-day operational plans of NCDOT
- Represents a "snapshot" schedule of near term Projects, Programs and Services to be delivered
- Ongoing objective: work towards 95% delivery rate (on time, on budget)

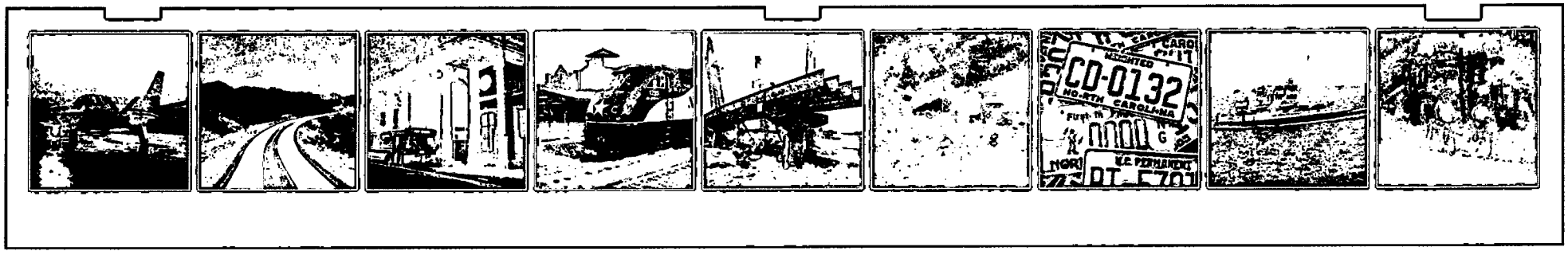


Investment Mix Overview

Investment by Transportation Goal	Percentage of Plan
Mobility	51%
Infrastructure Health	40%
*Safety	2%
Works Well and Great Place (Administration)	7%

Investment by Transportation Tier	Percentage of Plan
Statewide	51%
Regional	12%
Subregional	25%
Other (Operations, Administration, Reserves)	12%

** Percentage of transportation dollars spent on Safety are actually higher due to the inherent safety improvement typically made under mobility & infrastructure health investments*



Next Steps

- DRAFT 10 & 5 Year Program plus State Transportation Improvement Program (STIP) to be released Fall 2013

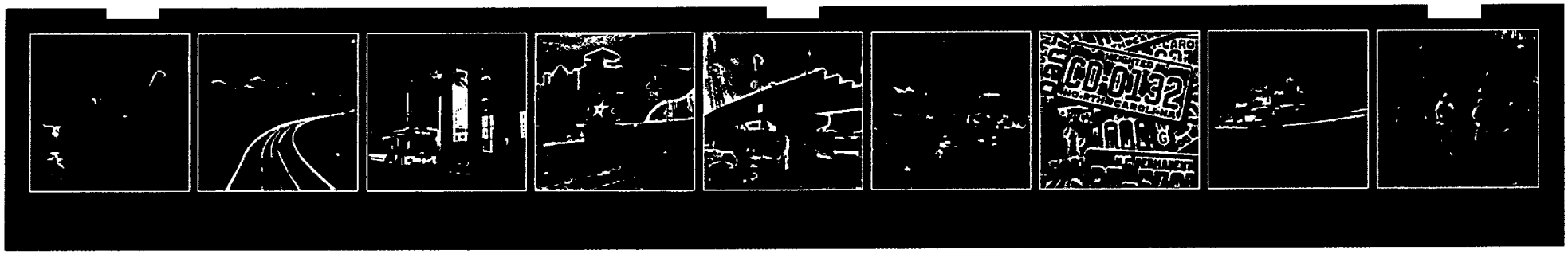
- Amendments to previously adopted STIP continue monthly

- STIP delivery rate trend (last 5 years) is positive



Strategic Prioritization

Alpesh Patel



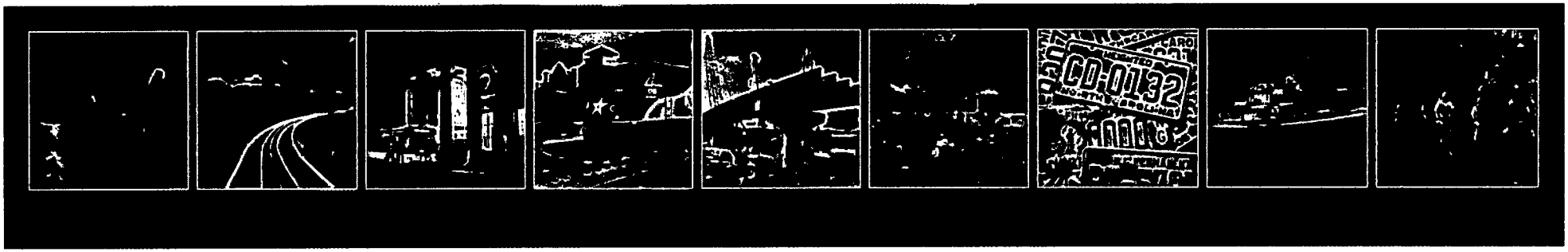
Strategic Prioritization

- Strategic Planning Office of Transportation (SPOT) created in 2009 to help address reform challenges.

- First version of strategic prioritization was called P1.0 (2009), second version P2.0 (2011), now on P3.0.

- Combine data plus input of local partners to score transportation projects across the state.

- Input of key external planning partners has helped develop the strategic prioritization process.



Current Scope of Prioritization in NCDOT

SPOT prioritization covers 85% of STIP Construction (subject to Equity Formula)

- **Mobility Fund & Urban Loop Processes (not subject to Equity formula)**

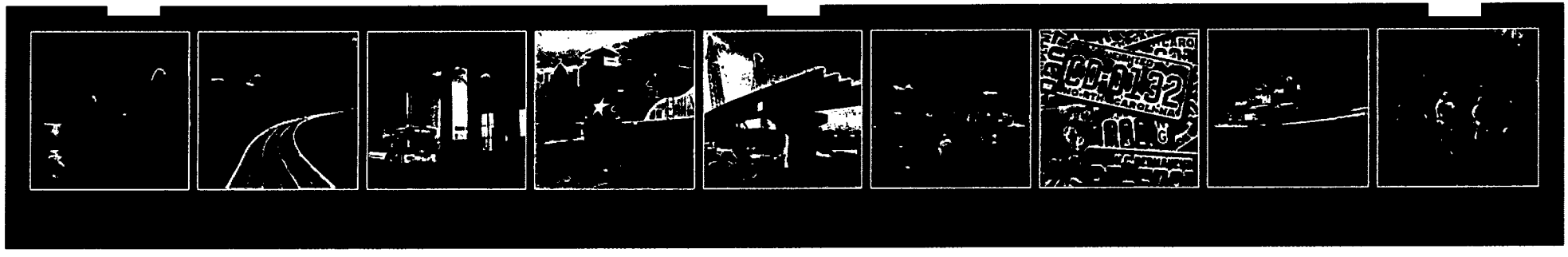
Other highway programs with prioritization process outside of SPOT

- Spot safety
- Bridges and pavement resurfacing
- Secondary Road program

Prioritization processes exist for all non-highway modes

Strategic Prioritization successful due to local partners

- Survey of MPOs and RPOs by Legislature (2012) indicates substantial support of the process

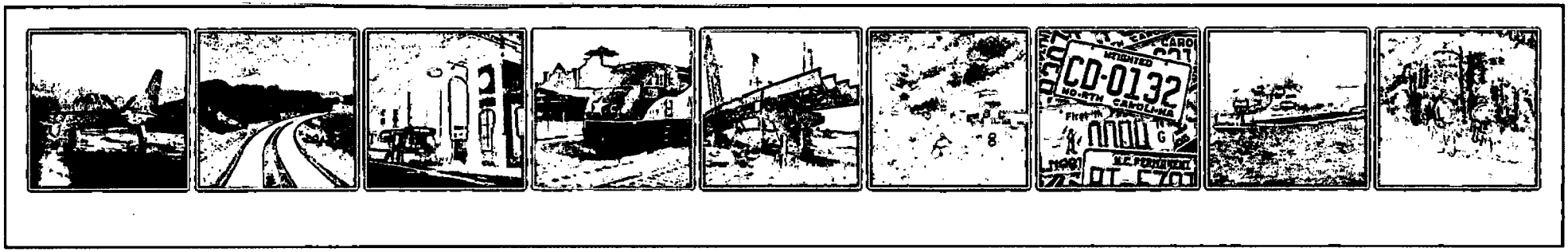


Prioritization Now in Law

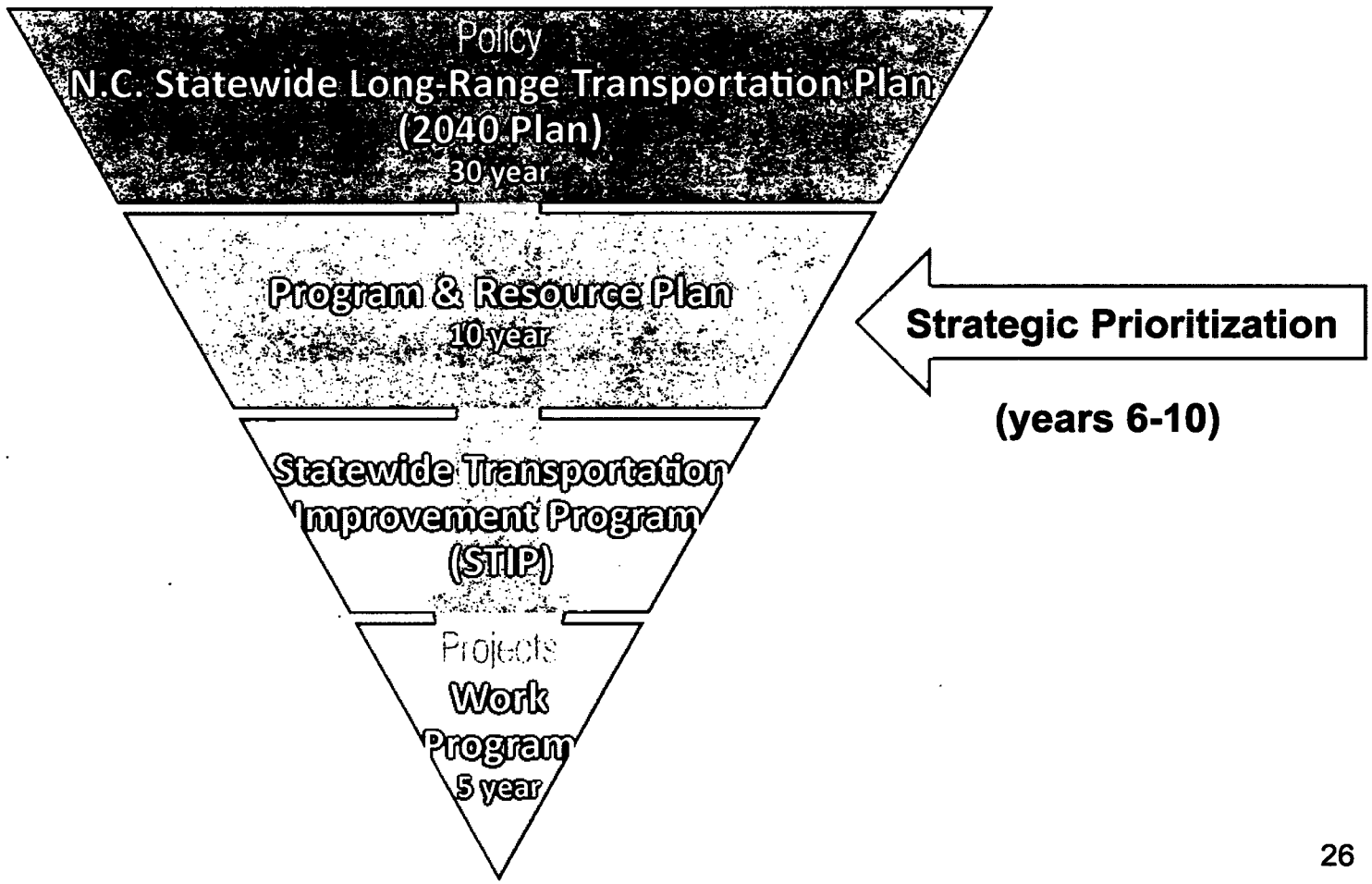
"The Department shall develop and utilize a process for selection of transportation projects that is based on professional standards in order to most efficiently use limited resources to benefit all citizens of the State.

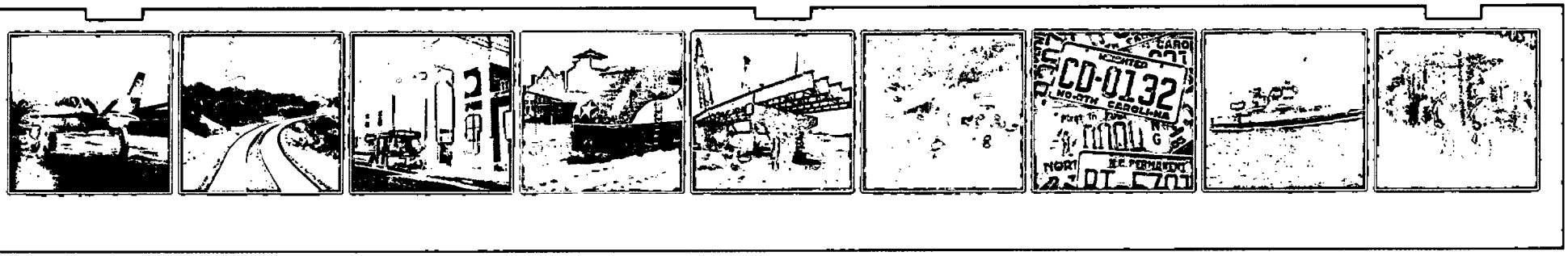
The strategic prioritization process should be a systematic, data-driven process that includes a combination of quantitative data, qualitative input, and multimodal characteristics, and should include local input.

The Department shall develop a process for standardizing or approving local methodology used in Metropolitan Planning Organization and Rural Transportation Planning Organization prioritization."
- S.L. 2012-84



How it All Fits Together: NCDOT Policy to Projects





Strategic Prioritization and Programming Process

1. Score

Prioritize Projects using

- Data
- Local Input
- Multimodal Characteristics
- Classify ranked Projects into Buckets (Mode, Goal, Tier)

2. Strategize

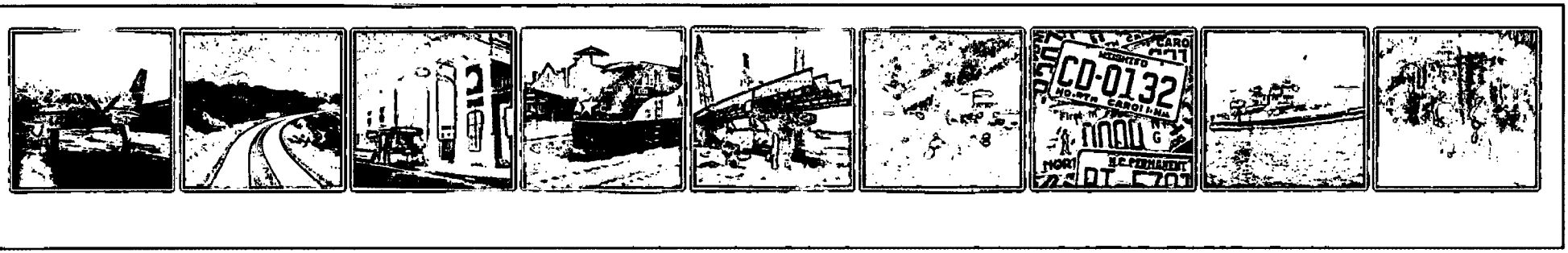
Set Investment Strategy

- Conduct Scenario/ Trade-off Analysis with DOT & Partners
- Constrained only by Total Available Revenue

3. Schedule

Program Projects

- Develop STIP using Project Rankings & Investment Strategy
- Apply Constraints
- Compare Selected Strategy vs. Applied Constraints



Current Highway Prioritization Model

Total Score = Quantitative Score + Local Input/Rank + Multimodal Score

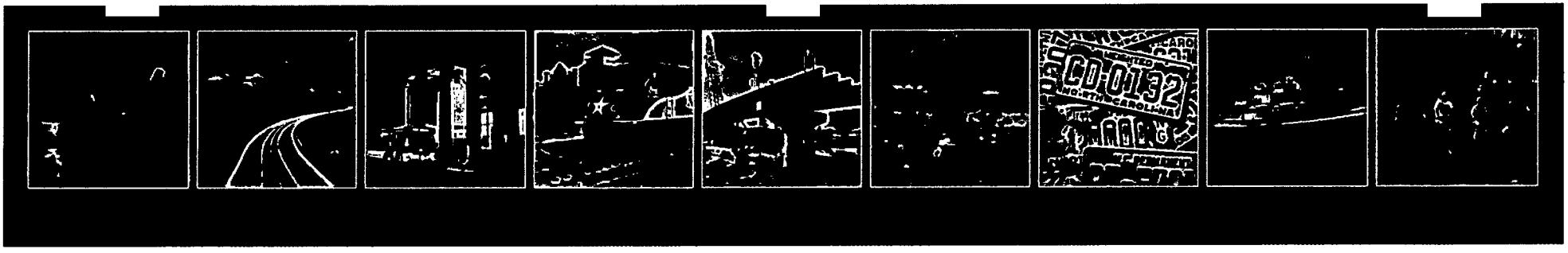
Quantitative Score

- Congestion Score - (volume/capacity + average daily traffic)
- Pavement Score - (pavement condition rating)
- Safety Score - (critical crash rate, crash severity, crash density)
- Benefit Cost - (travel time savings divided by cost of the project)
- Economic Competitiveness - (value added in area by constructing project)
- Shoulder Width - (existing vs. design)
- Lane Width - (existing vs. design)

Local Input/Rank Score driven by top local priority projects

- MPO/RPO Rank — use local methodology to rank order priorities
- Division Rank — use knowledge of local area to rank order priorities

Multimodal Bonus Score – enhancing multimodal connections/choices



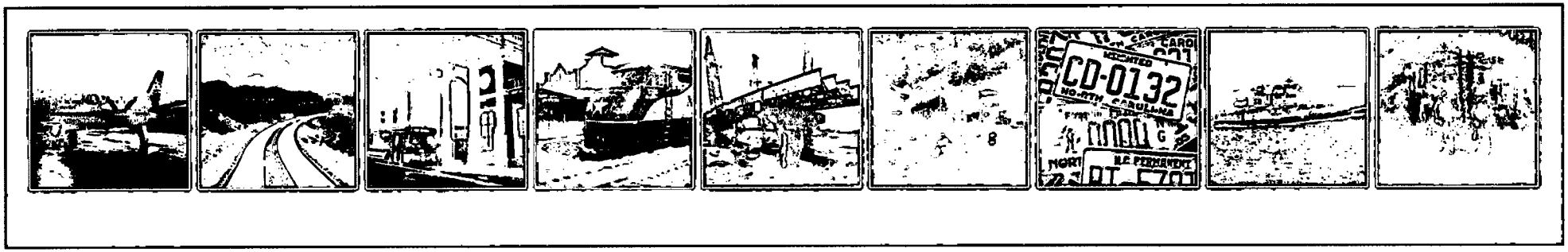
Aviation, Rail, and Ferry Prioritization Processes

- **Aviation** – Data only drives scoring. (17 categories/activities within three NCDOT Goals of Safety, Infrastructure Health and Mobility)

- **Rail** – Data only drives scoring. High-speed rail projects driven by grant requirements. Grade-crossing projects are evaluated by a rail investigative index (Average Daily Traffic and frequency of trains)

- **Ferry** – Data only drives scoring. Condition of vessels and facilities (buildings and ferry terminals)

- Bike/Ped and Transit prioritization criteria under revision in P3.0



Strategic Prioritization and Programming Process

1. Score

Prioritize Projects using

- Data
- Local Input
- Multimodal Characteristics
- Classify ranked Projects into Buckets (Mode, Goal, Tier)

2. Strategize

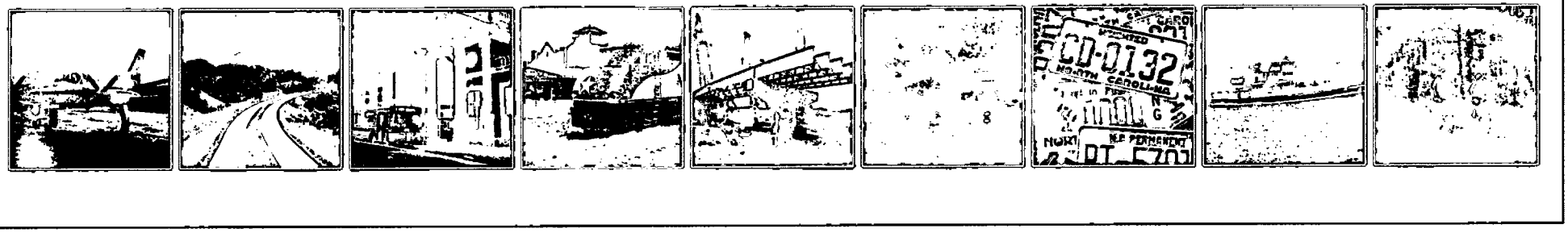
Set Investment Strategy

- Conduct Scenario/ Trade-off Analysis with DOT & Partners
- Constrained only by Total Available Revenue

3. Schedule

Program Projects

- Develop STIP using Project Rankings & Investment Strategy
- Apply Constraints
- Compare Selected Strategy vs. Applied Constraints



Outreach → Investment Strategy Summits



Summits held throughout NC

- Partner and public input opportunity

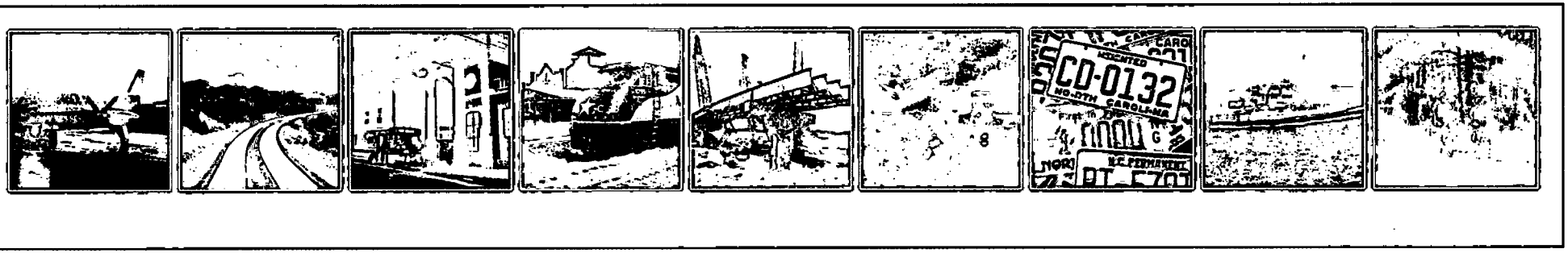
Purpose is to seek input of where to apply expected 10-Year revenue

- What are the high-level priorities and what is the investment needed to achieve those priorities?

Use LOS to determine return on investment

- (more $'s = improved LOS and higher performance results)

Outcome is a "strategy of where transportation $ should be spent"



Strategic Prioritization and Programming Process

1. Score

Prioritize Projects Using

- Data
- Local Input
- Multimodal Characteristics

2. Strategize

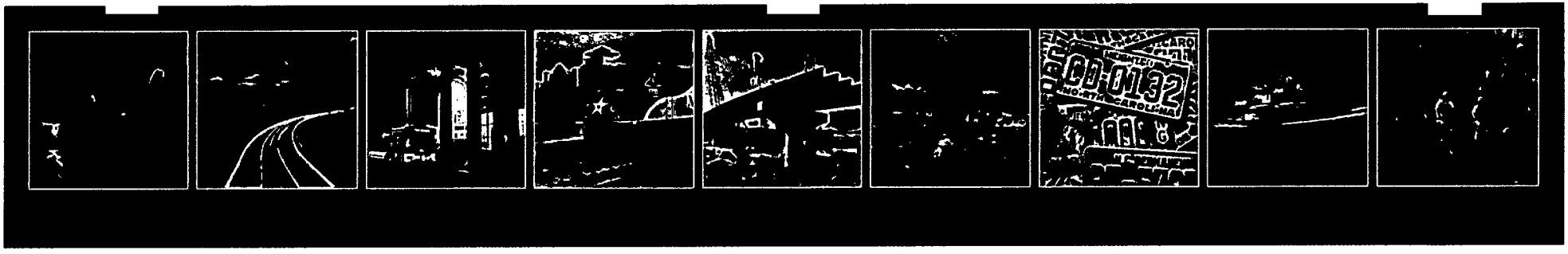
Set Investment Strategy

- Classify ranked Projects into Buckets (Mode, Goal, Tier)
- Conduct Scenario/ Trade-off Analysis with DOT & Partners
- Constrained only by Total Available Revenue

3. Schedule

Program Projects

- Develop STIP using Project Rankings & Investment Strategy
- Apply Funding Eligibility Constraints
- Compare Selected Strategy vs. Applied Constraints



Enhancements to P2.0 Will Result in P3.0

Based on Partner Input and New Administration:

- Economic & Employment Impact component & scoring criteria
- Better travel time data
- Military base and seaport connections
- Bicycle & Pedestrian scoring (in progress)
- Public Transportation scoring (in progress)
- Automated project cost-estimation tool (creates statewide consistency)

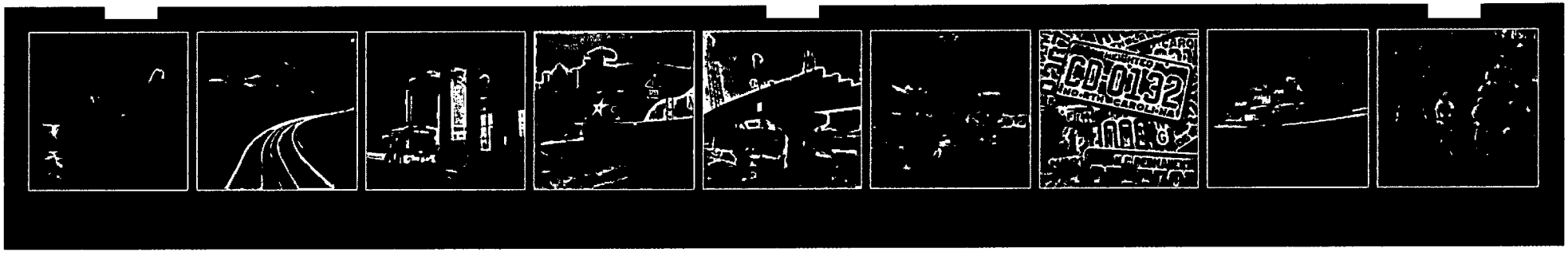
Prioritization 3.0 goes "live" early 2014



North Carolina Mobility Fund

Alpesh Patel

MOBILITYFUND
NORTH CAROLINA



History

Created in 2010

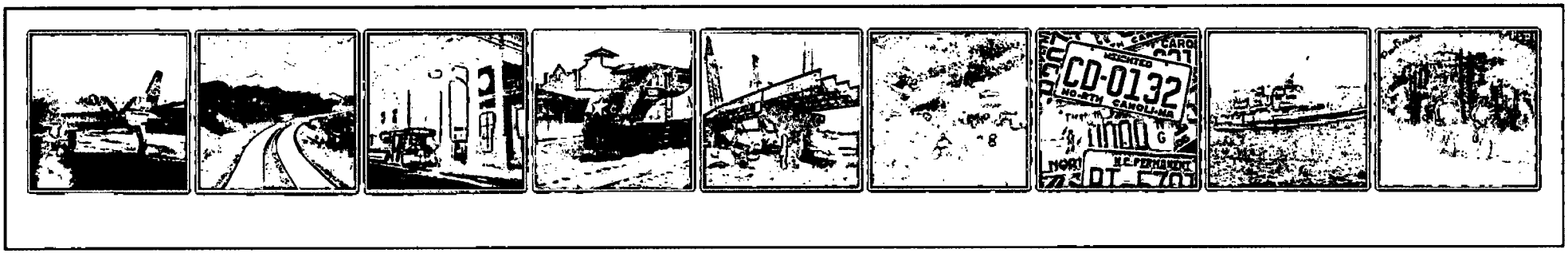
- First project is I-85 Yadkin River Bridge Phase II
- Addresses critical congestion bottlenecks of statewide and regional importance
- Improves NC logistics and economic development capabilities
- Initial project selection criteria developed with assistance from public and key stakeholders, in accordance with statute
- FY 13 = $75.5M; FY 14+ = $58M

Legislature modified project selection language in 2011

- NCDOT revised project selection criteria – greater emphasis on travel time savings

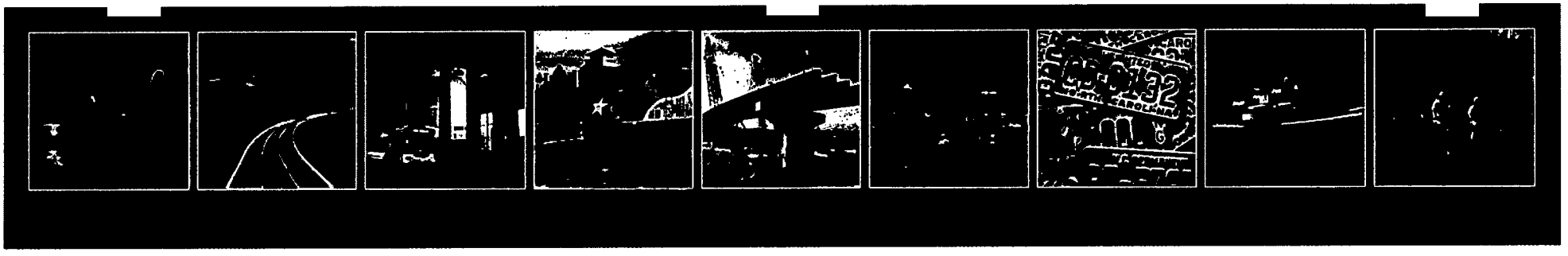
NCDOT solicited candidate projects in December 2011

- Submittal window open December 1, 2011 – February 29, 2012
- Available to public, partners, and stakeholders
- 95 projects evaluated for Mobility Funds



Minimum Eligibility Requirements

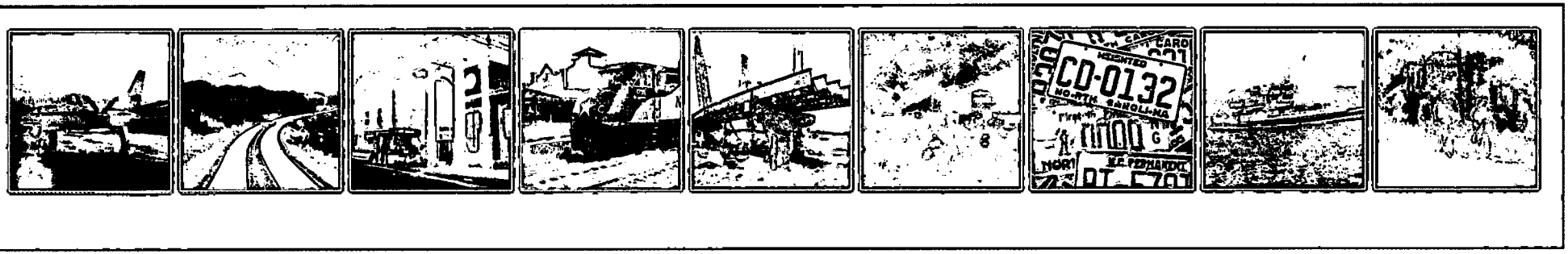
- **Must be on Statewide or Regional Tier**
- **Focus on short delivery time – funds must be ready for construction within 5 years.**
- **Must be identified on an adopted long-range transportation plan, consistent with a local land use plan where available.**
- **Projects must be in a conforming air quality plan in non-attainment or maintenance areas.**
- **Capital expenditures only; Maintenance, Operational & Planning costs ineligible.**
- **No minimum cost as threshold for funding.**



Project Scoring Criteria & Weights

CRITERIA	WEIGHT	DESCRIPTION
Mobility Benefit / Cost	**80%**	• Measured by travel time savings (in vehicle hours) • Divided by "cost to Mobility Fund" • Used to compare projects across transportation modes
Multimodal	**20%**	• Yes / No question • Project improves more than one mode of travel • Sliding scale

No Cap on the Mobility Benefit/Cost Scoring



Mobility Fund Process

Candidate projects submitted to NCDOT

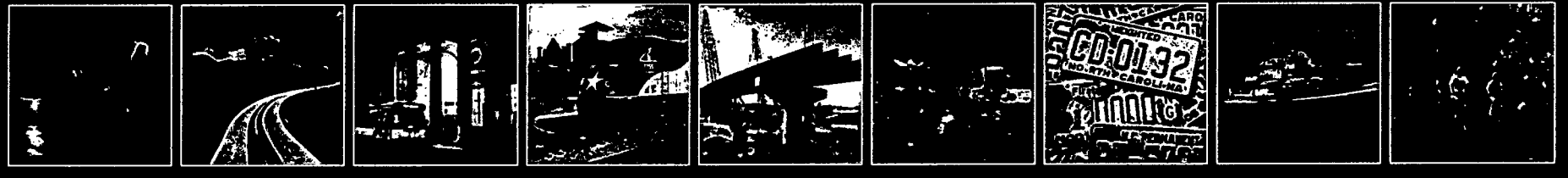
95 Projects evaluated - DOT reviewed data to ensure quality control

Projects ranked using scoring factors

DOT developed Draft Funding Schedule considering:

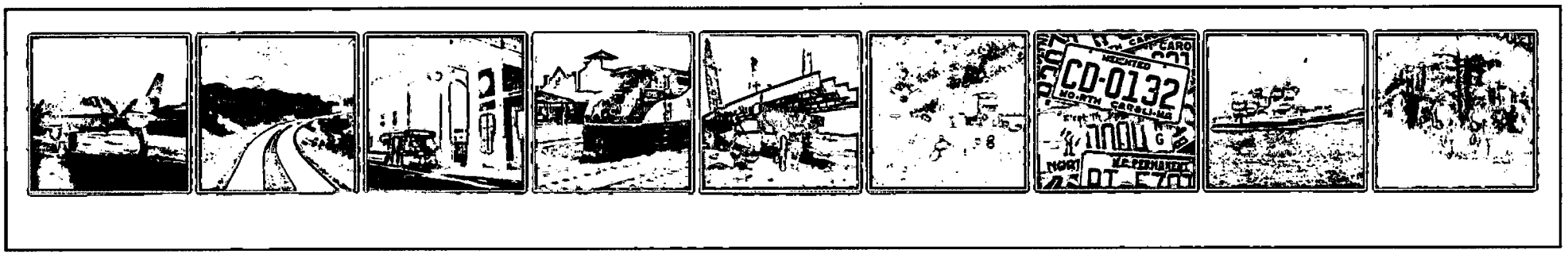
- Project readiness (i.e. when project can be let for construction)
- Availability of Mobility Fund dollars

Projects scheduled for construction included in DRAFT 10 Year Policy to Projects Document / STIP (released October 2012)



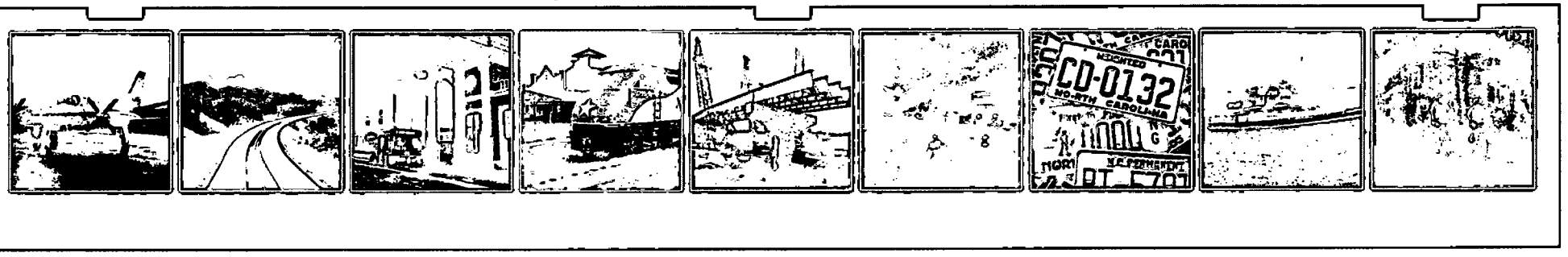
Urban Loop Prioritization

Alpesh Patel



Urban Loop Facts

- 10 Urban Loop Areas
- 21 Urban Loop TIP Projects and 4 Urban Loop TIP Interchange projects
- Remaining cost to complete the system is more than $8 billion
- At current funding levels, it will take more than 50 years to complete
- Separate prioritization process and funds not subject to equity
- Extensive public input developing the process
- Objective, data-driven process



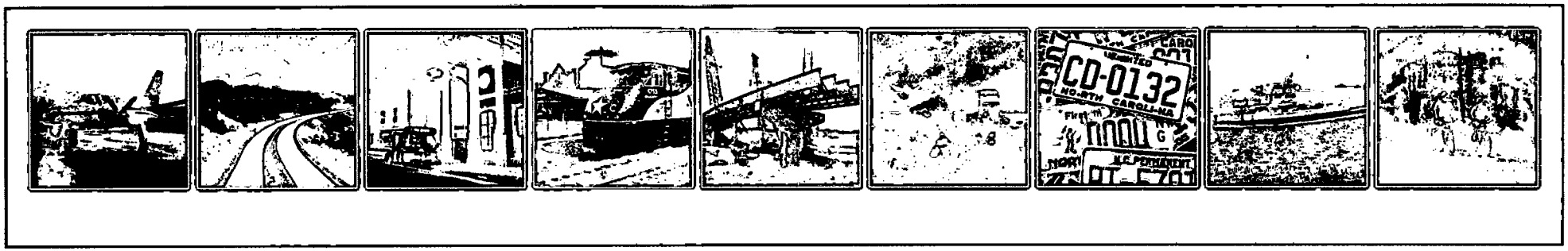
Urban Loop Prioritization

Formula Components

- **Needs Factors**
  - Congestion needs 10%
  - Safety needs 5%

- **Benefits Factors**
  - Travel time savings (each project) 10%
  - Travel time savings (all projects) 15%
  - Economic Development 15%
  - Freight Volume 10%
  - Total Traffic 10%
  - Multi-modal 5%
  - Protected Right-of-way 10%
  - Connectivity 10%

- **Divided by Cost**



Legislative Changes - 2012

- ***Section 28.34 (a) . G.S. 136-180*** directs NCDOT to designate Loop projects and continue a prioritization process. Exceptions are:
  - Charlotte (I-485 Widening)
  - Greensboro (I-840 Western Loop (Sections C/D))
  - Greensboro (I-840 Eastern Loop (Section B))
  - Wilmington (US 17 Bypass)
- Work with local communities to seek other creative funding strategies – every local dollar increases chances for accelerated delivery
- Conduct formal re-prioritization for all projects in 2014



State Transportation Improvement Program (STIP)

Calvin Leggett

State Transportation Improvement Program (STIP)

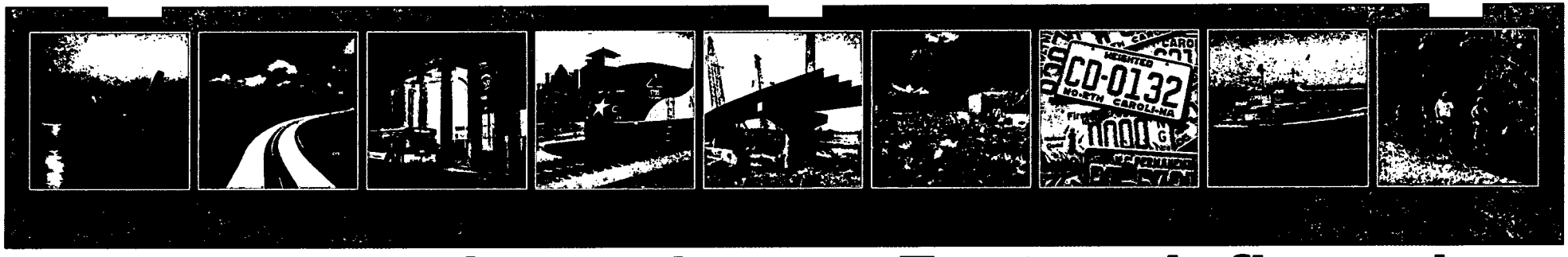
Statutory Requirements

Federal

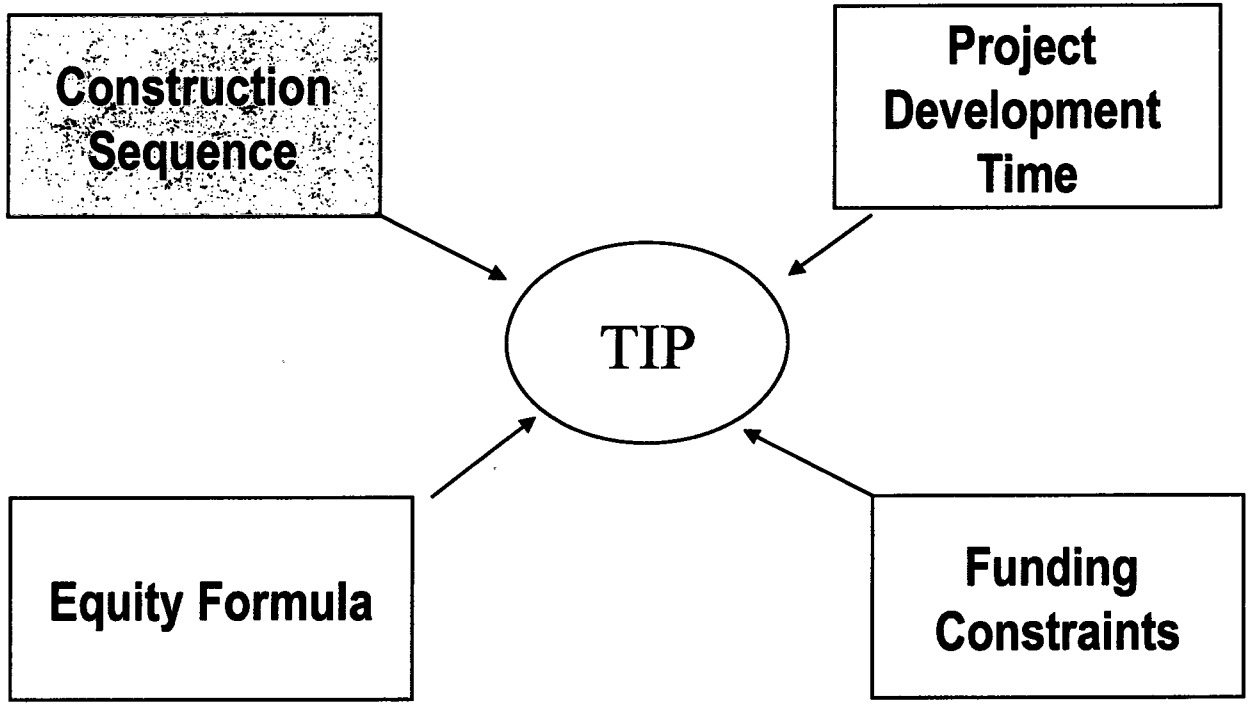
- Spans a minimum 4-year period
- Fiscally constrained by year
- Submitted for FHWA approval at least every 4 years
- Public has opportunity to comment on TIP document
- Includes all capital and non-capital projects using Title 23 USC or Title 49 USC funds, other than certain safety, planning, and research funds.
- Includes metropolitan TIPs from MPOs

State

- Board of Transportation function
- Spans 7-year period
- TIP funds subject to equity formula, except:
  *Urban loops
- *Mobility Funds
  * Federal-aid CMAQ
  * Federal competitive and discretionary grants
- NCDOT may receive loans from local government & non-profit entities to advance construction

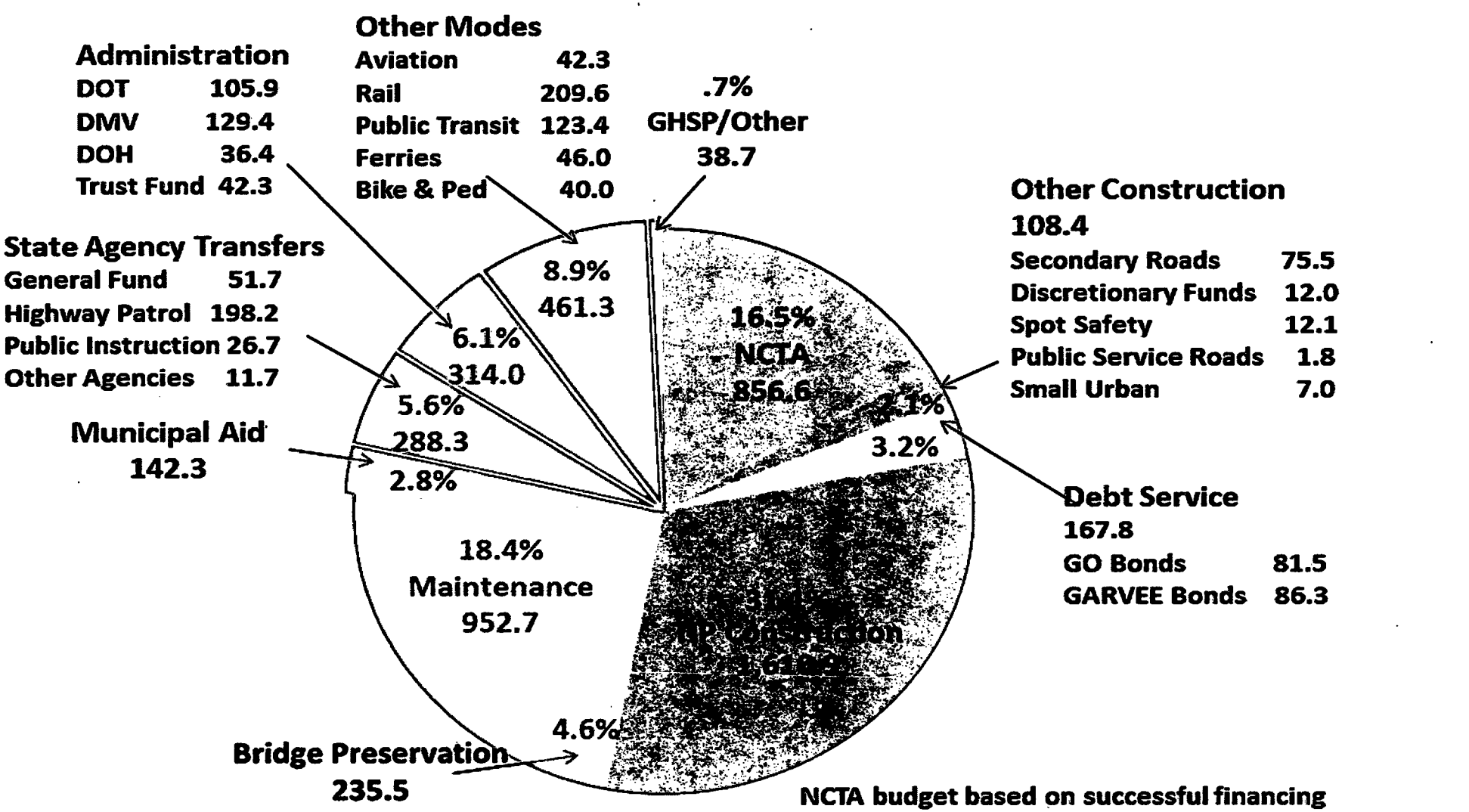


Additional Information on Factors Influencing STIP



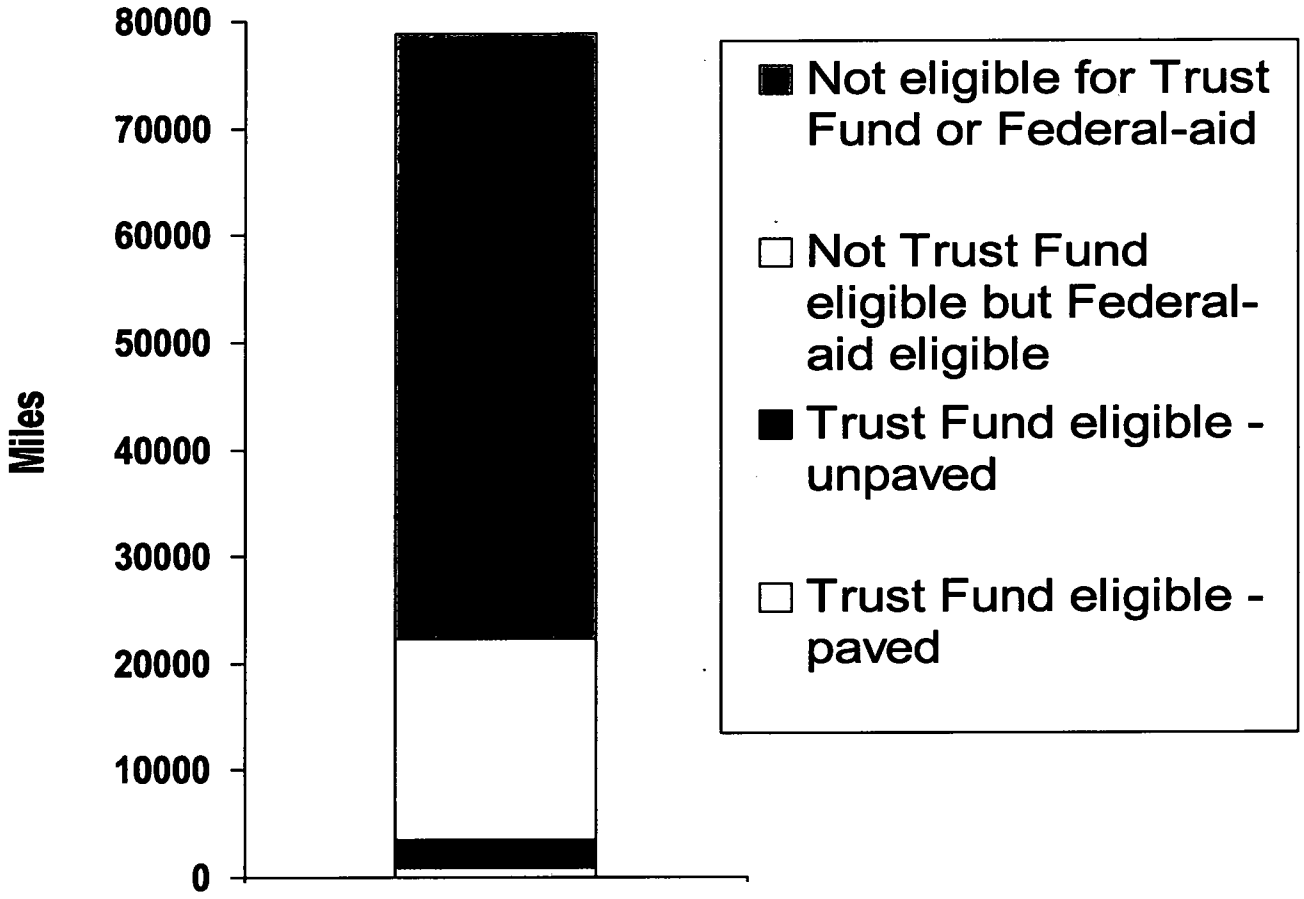
Prioritization Results ≠ Programming

Projected Uses of NCDOT Appropriations 2012-13
Total Funding = $5.2 Billion

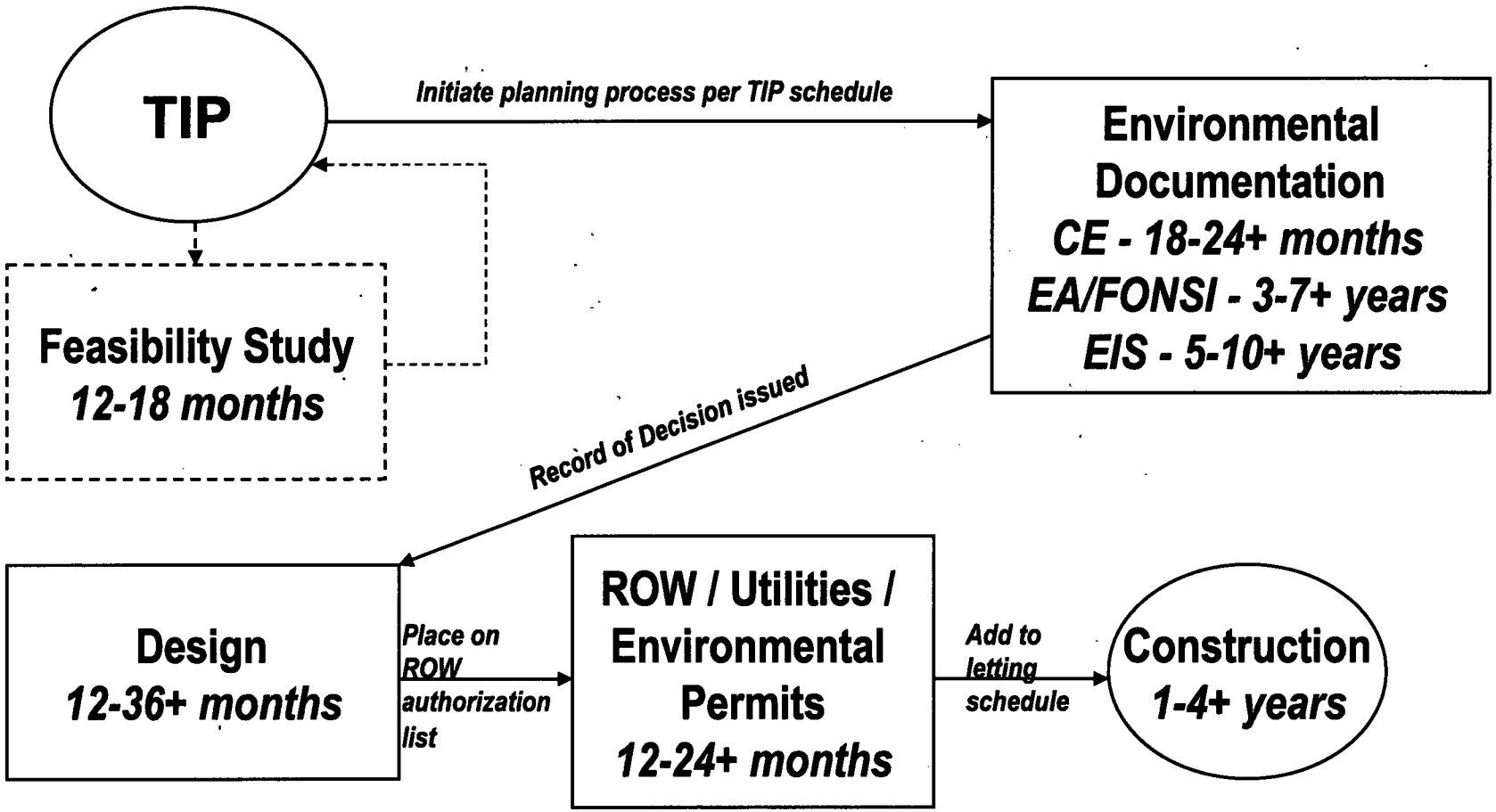


NCTA budget based on successful financing
GARVEE bond debt service includes 2007-2012 issues

Highway System Eligibility by Funding Source

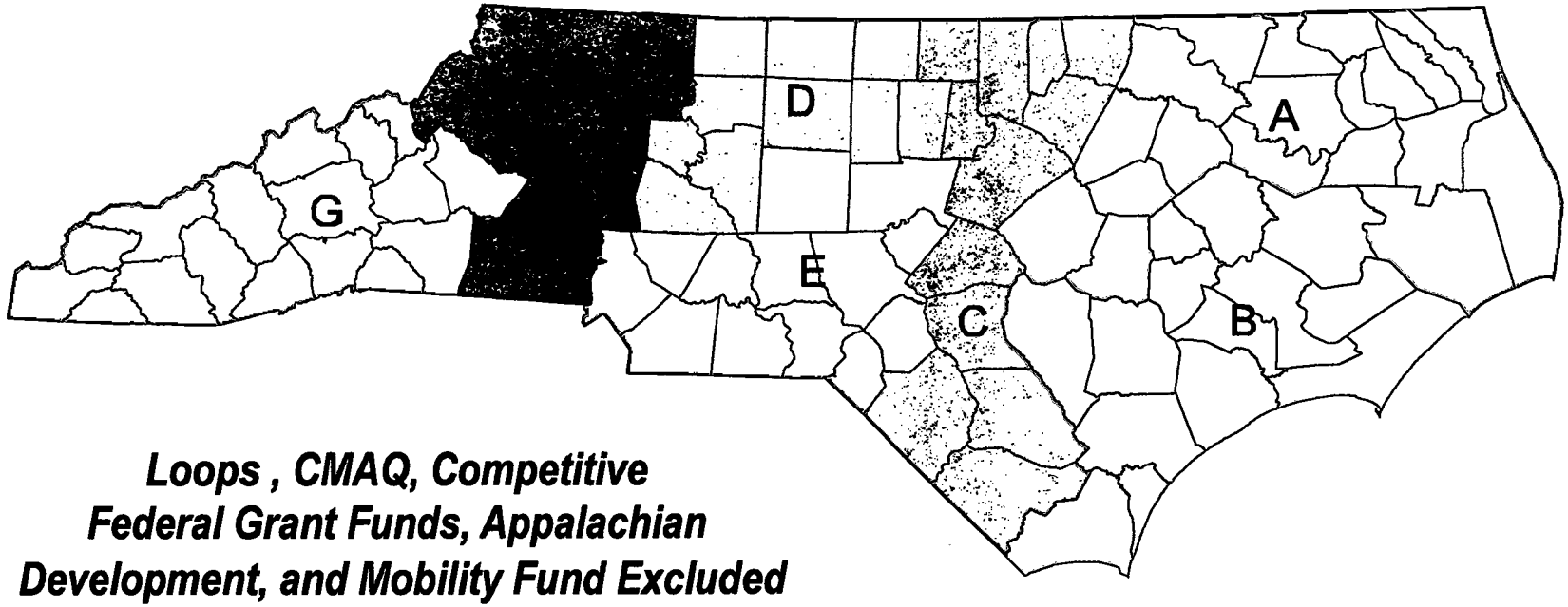


Project Development Stages



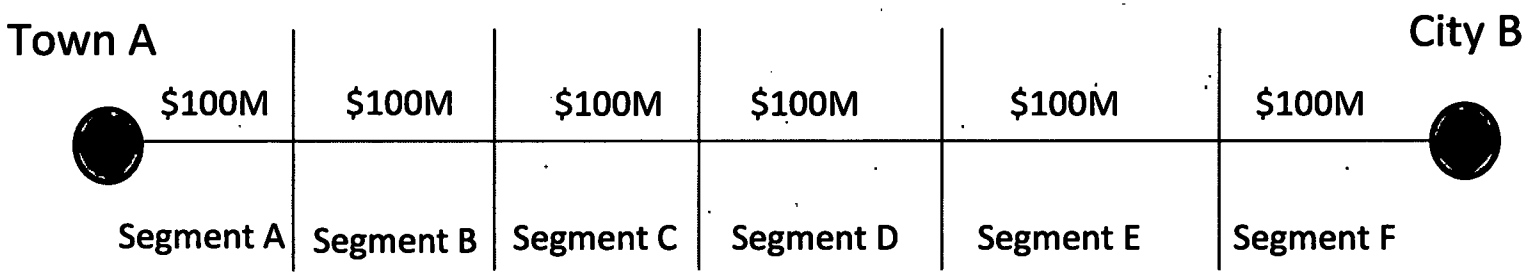
1989 Equity Formula

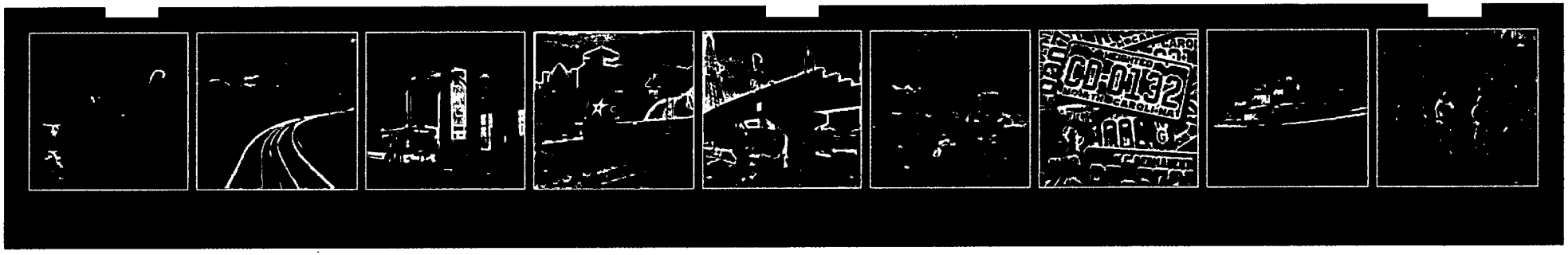
50% POPULATION OF REGION AS PERCENT OF STATE	25% REMAINING INTRASTATE SYSTEM MILES	25% EQUAL SHARE



Loops , CMAQ, Competitive Federal Grant Funds, Appalachian Development, and Mobility Fund Excluded

Construction Sequencing
$600M Project





MAP-21

- 27-month bill
- SAFETEA-LU expired on 9/30/09
- 10 extensions (final one from 7/1/12 – 7/6/12)



Unpaved Secondary Roads Prioritization Process

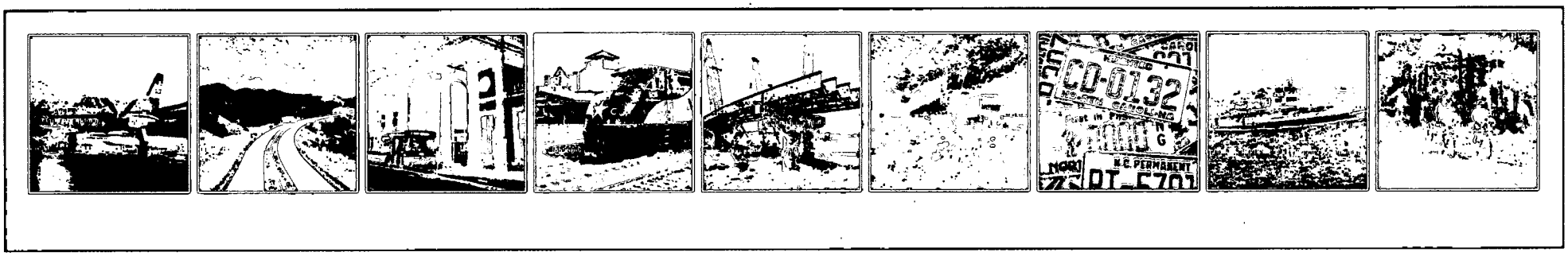
Delbert Roddenberry



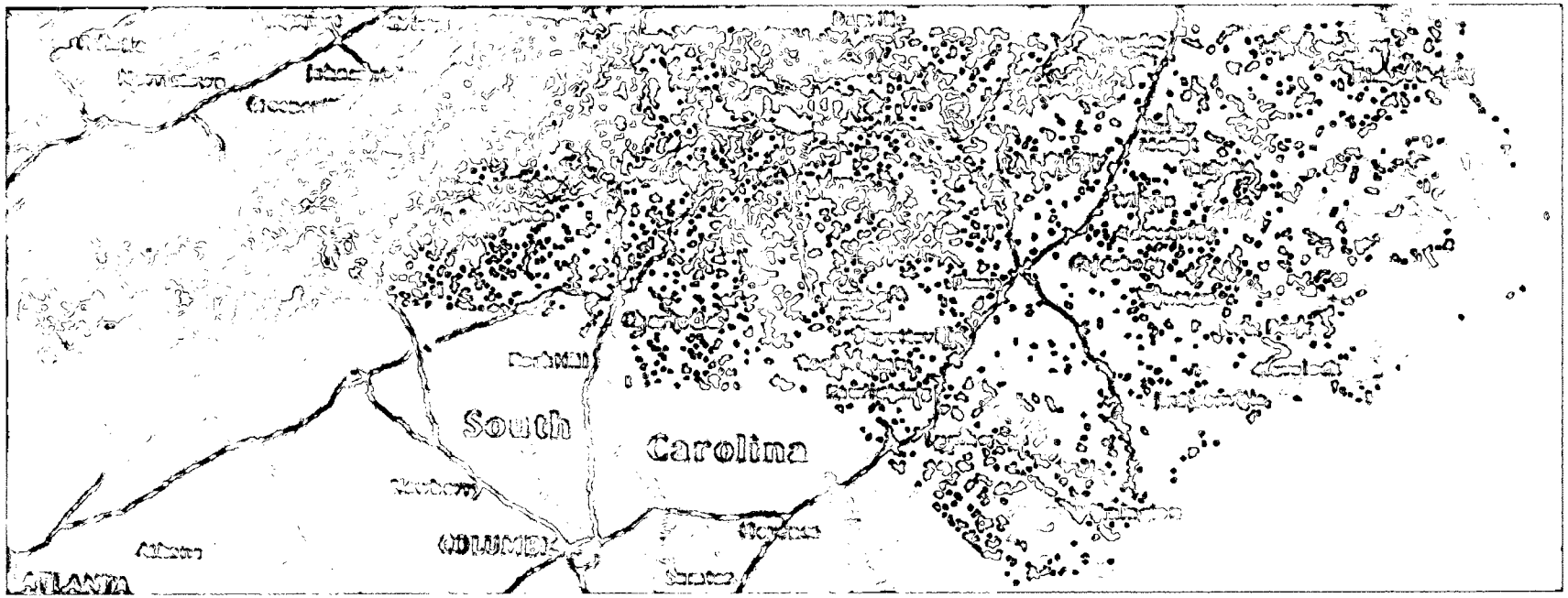
State Maintained **Unpaved** Roads



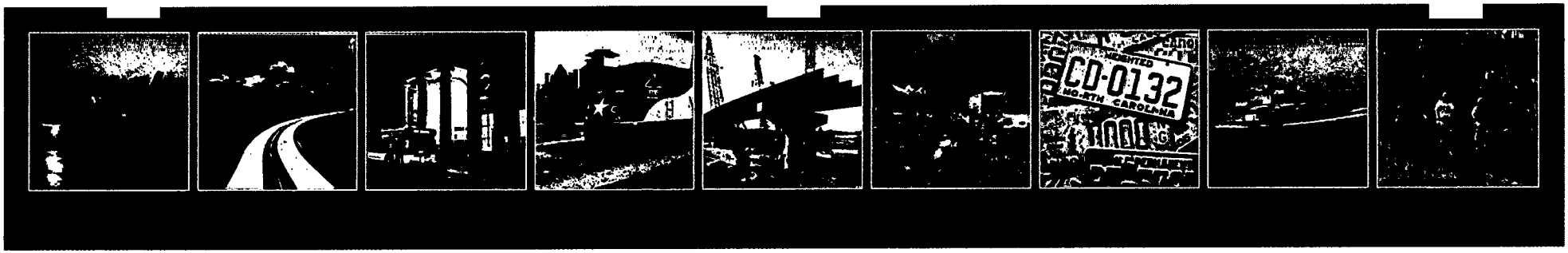




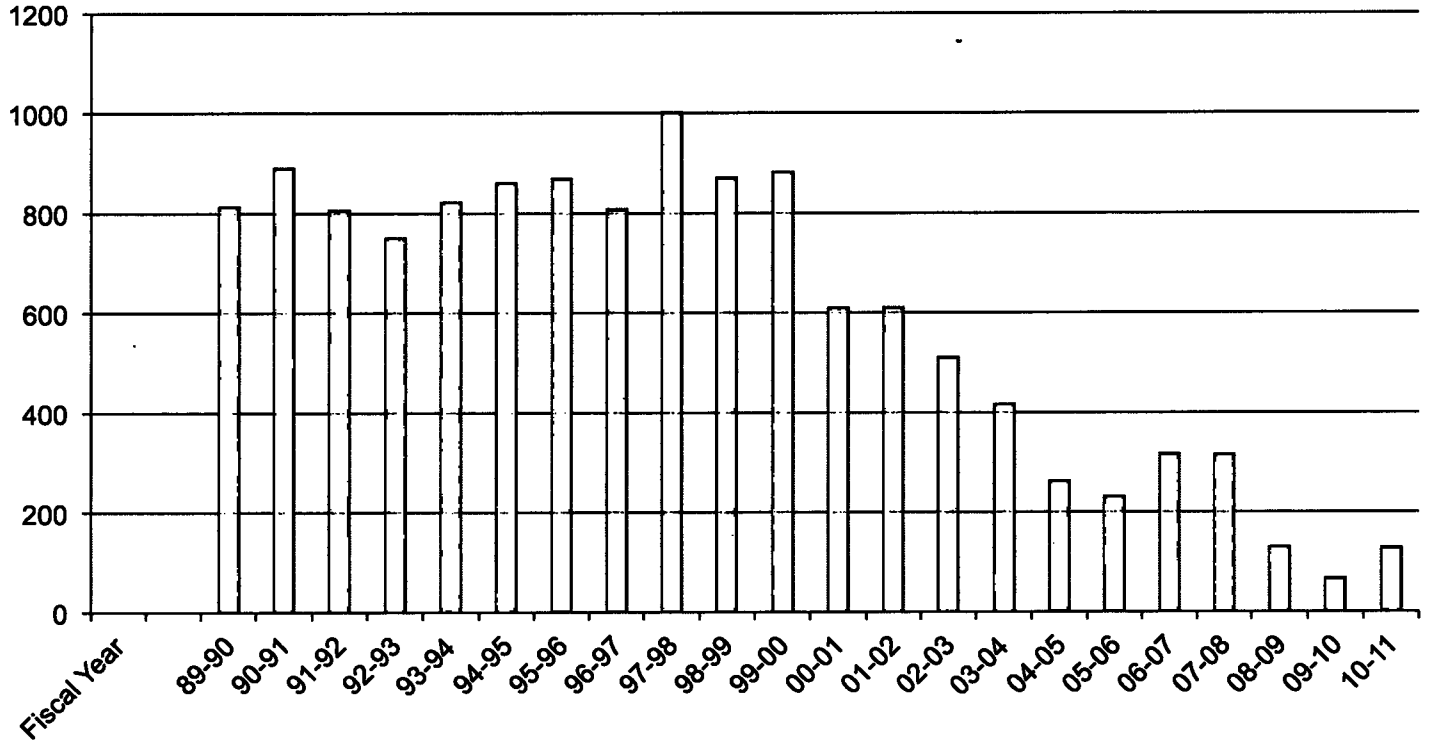
What is Left



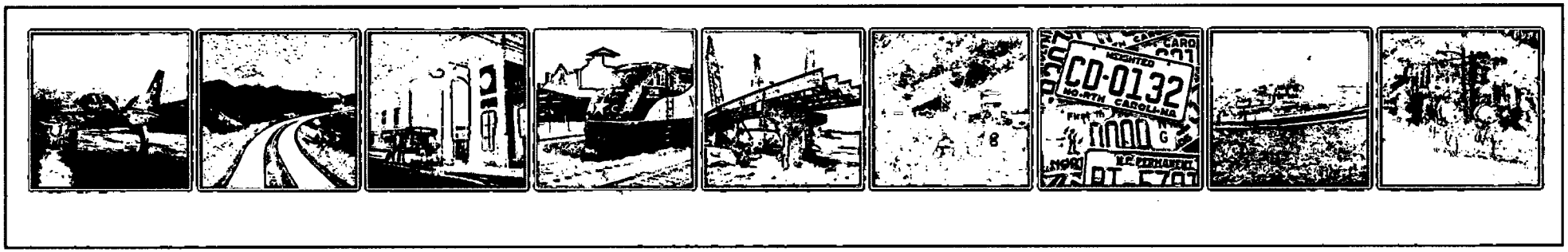
- ~ **3630 miles** of Unpaved SR Routes
- Miles on Hold List: 2070
- Miles Eligible for Rating: 1560



Miles of Dirt Road Paving



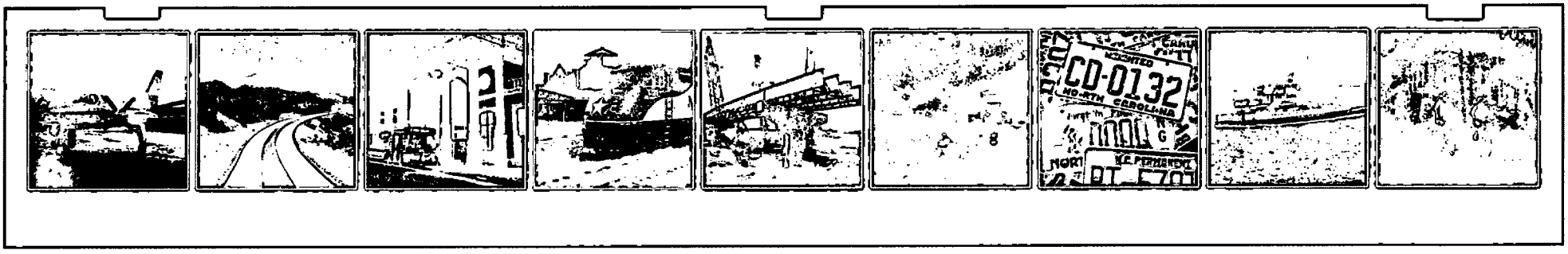
> 13,000 Miles Paved from 1989 to 2011



Paving Priority Selection

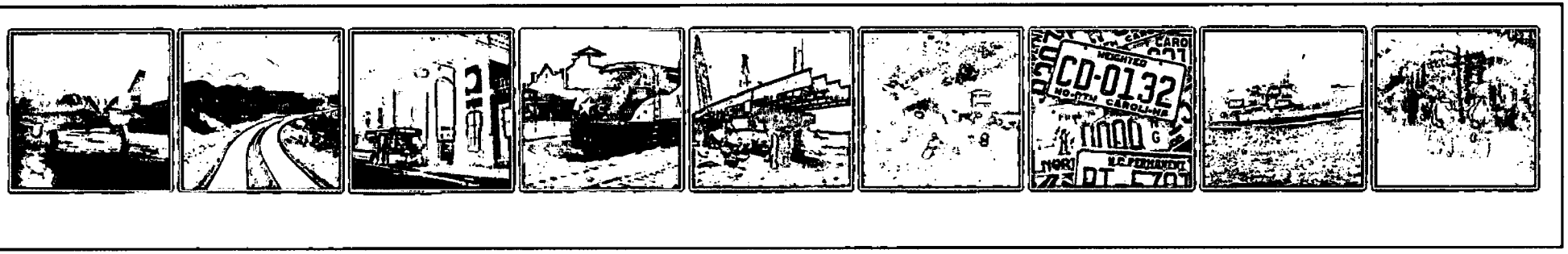
- Unpaved Road Improvement Projects:
- Periodic Rating Cycle with point system
  - - Land use Characteristics
  - - Traffic Volume
  - - Route Characteristics

- 100 County Specific Prioritization Lists



Paving Program Challenges

- Right-of-Way
- Constructability and environmental permitting issues
- Maintenance costs of paved vs. unpaved roads
- Increasing cost of construction versus homes served

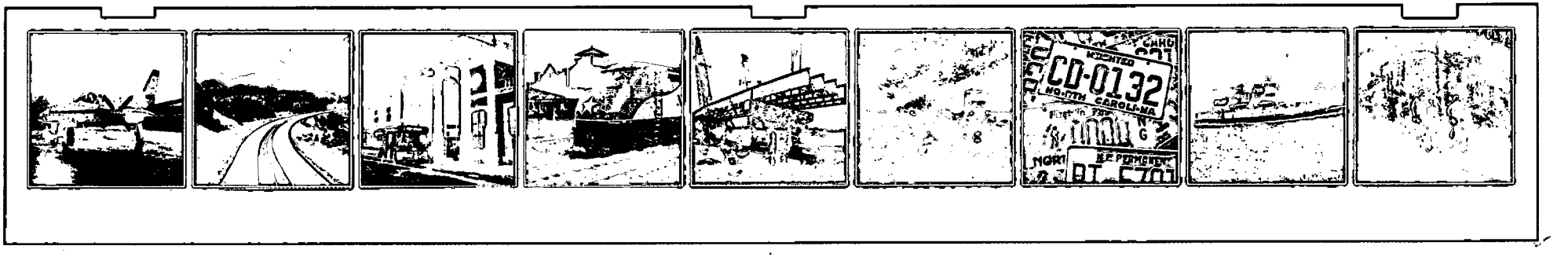


Statutory Changes 2005-2006

- Began to transition to an Improvement Program to better address safety and mobility needs through modernization improvements on the secondary road system

- Incorporate widening, resurfacing, safety, and bridge replacement projects on the Secondary Paved System (Modeled the *NC Moving Ahead!* program)

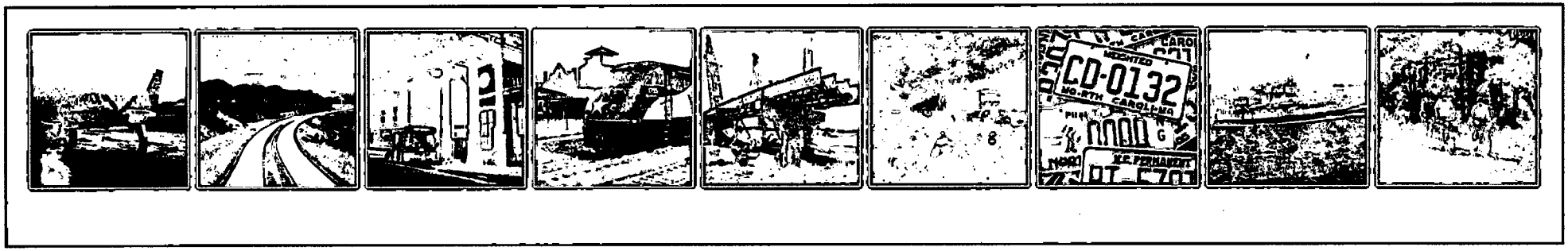
- Emphasis placed on completion of the paving program to the extent possible in counties where the unpaved mileage is significant.



House Bill 950 (Fiscal Year 2012-13)
Statewide Prioritization

PRIORITIZE PAVING OF UNPAVED ROADS THROUGHOUT THE STATE SECTION 24.15.

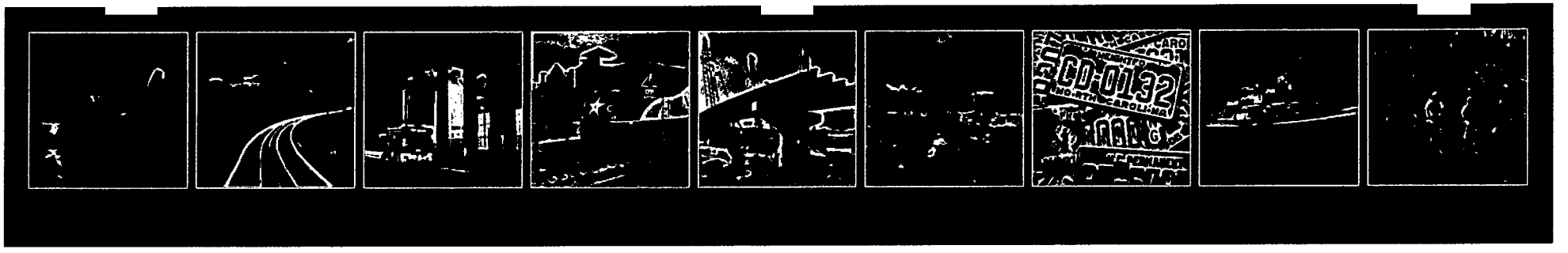
For fiscal year 2012-2013, the Department of Transportation shall expend funds allocated to the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a statewide prioritization. The Department shall pave the eligible unpaved secondary roads that receive the highest priority ranking within this statewide prioritization, notwithstanding the distribution formula in G.S. 136-17.2A or any other funding distribution formula in law. This section applies to funding for the paving of secondary roads from both the Highway Fund and the Highway Trust Fund.



Looking Forward

Unpaved Roads and Paved Roads

- How does North Carolina address the needs of the secondary road system with limited resources and increasing demand and inventory?



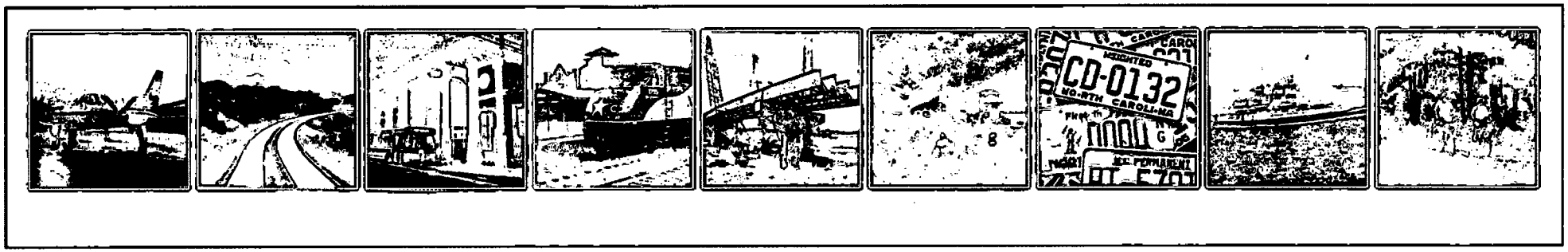
Looking Forward

Unpaved Roads

- Consider continuing the statewide paving priority system for unpaved roads.

- Consider minimum threshold for paving unpaved roads
    - For example, minimum traffic volumes, land use density, etc…

- Consider designating a portion of secondary road program funds for paving prioritized unpaved roads.



Looking Forward

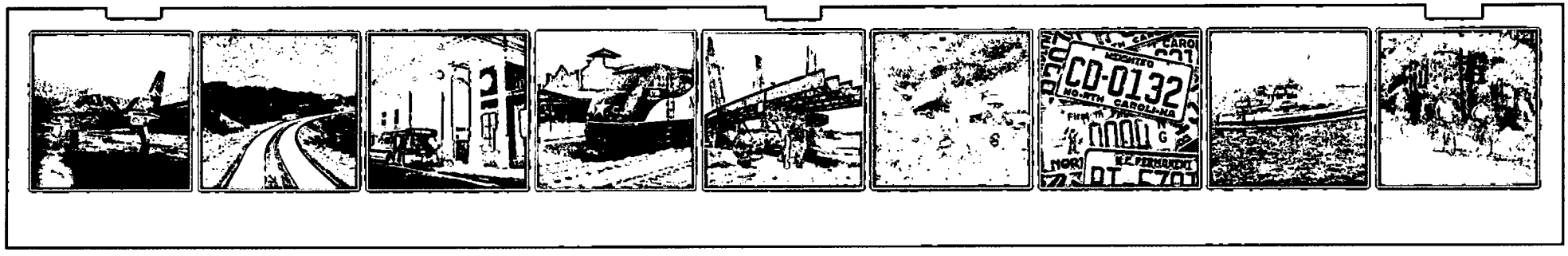
Unpaved Roads

Potential benefits of prioritized system:

- Increases confidence that funds are being expended on projects of greatest need
- Continues commitment to pave unpaved roads

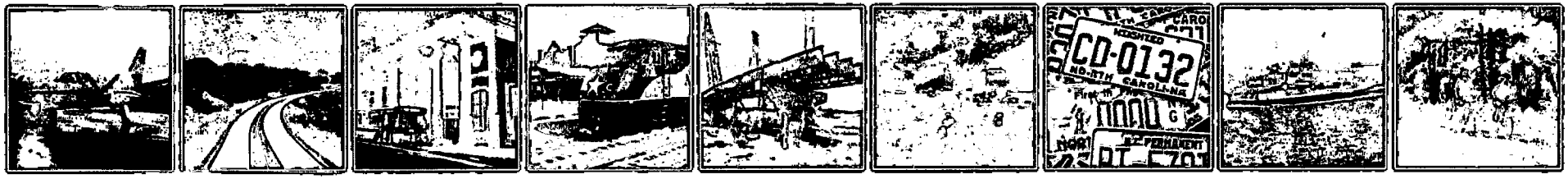
Potential impacts of prioritized system:

- Less local involvement
- Negative reaction from property owners



Online Resources

- **Reform webpage** *http://www.ncdot.gov/performance/reform/*
- **2040 Plan** *http://ncdot.gov/performance/reform/2040Plan/*
- **Prioritization process** *http://ncdot.gov/performance/reform/prioritization/*
- **Project search engine tool** *http://www.ncdot.gov/projects/*
- **Secondary Roads Program** *https://connect.ncdot.gov/resources/stateroads/Pages/default.aspx*



Questions?

Joint Appropriations Subcommittee on Transportation

February 20, 2013
9:00 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington, Chairing
	Representative John Torbett	Senator Bill Rabon

- Call to Order

- DOT Highway Division - Overview of Maintenance and Construction Programs

  Terry Gibson
  Chief Engineer
  Department of Transportation

Next meeting: DOT Fiscal Presentation - Thursday, February 21, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Wednesday, February 20, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on February 20, 2013 in Room 1228/1327. Senators Kathy Harrington and Bill Rabon, co-chairs; Senator Daniel, vice chair; and Senators Dan Blue, Don Davis, Joel Ford, Rick Gunn, and Wesley Meredith, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Charles Jeter, Dean Arp, Alma Adams, Nathan Baskerville, Jerry Dockham, Duane Hall, Evelyn Terry, Kelly Hastings, Nathan Ramsey, were also present.

Senator Kathy Harrington presided.

Senator Harrington recognized the Pages: Sam Ess, Libby Dotson, Christina Stone, and Emily vonLehmden. The Senator then recognized House Sergeant-at-Arms Carlton Adams, Martha Parrish, and Senate Sergeant-at-arms Charles Harper and Robert Young.

Senator Harrington welcomed everyone and introduced all the members and asked if they had comments to make regarding the committee. She then introduced Terry Gibson and turned the meeting over to him for a presentation on the overview of maintenance and construction programs of the DOT Highway Division.

The meeting adjourned at 9:30 a.m.

Senator Kathy Harrington
Presiding

David Larson, Committee Clerk



Maintenance, Construction & Secondary Roads

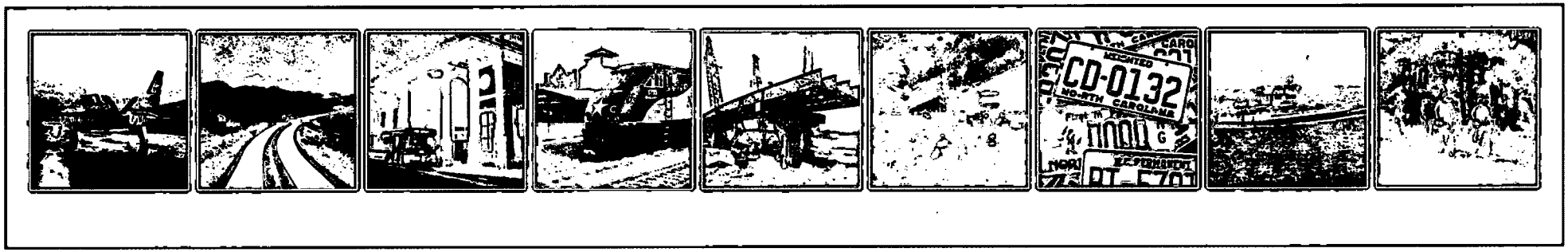
Terry Gibson, PE – Chief Engineer
February 20, 2013



- State versus local responsibility
- Division structure
- Allocations
- Flexibility in funding
- Implications of not fully funding



- State versus local responsibility



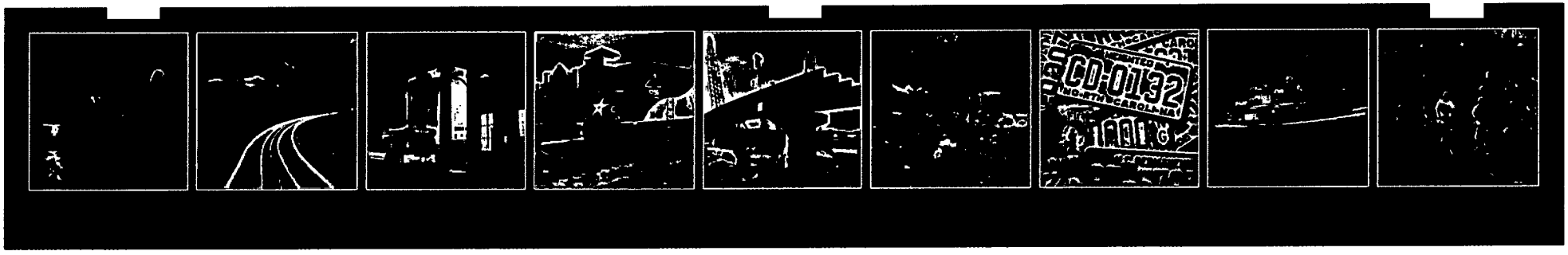
North Carolina State Highway System

NCDOT responsible for the Planning, Design, Construction, Maintenance and Operation of…

- 79,478 road miles
  - Approximately 15,000 primary
  - Approximately 64,000 secondary
- 170,947 paved lane miles
- 4,357 miles of unpaved roads
- 18,265 structures
  - 91.4 M square feet bridge deck area
- 9,000 signals



In accordance with Work Program, Principals of Asset Management, Targeted Levels of Service



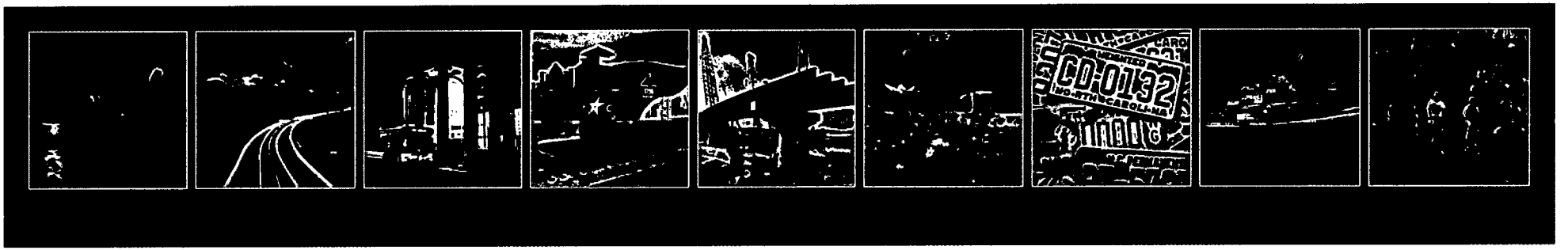
Municipal Street Aid - Powell Bill Funds

- Funds allocated from the Highway Fund and Highway Trust Fund to provide financial assistance for municipal maintained streets

  FY 2012 - $142.5 Million ($89.5M HF/$53.3M HTF)

  FY 2013 - $129.5 Million ($90.2M HF/$49.3M HTF)

- Eligible activities
  - Construction and Maintenance
  - Sidewalks & bike lanes
  - Traffic Control Devices
  - Municipal Street Bond Debt Service



Municipal Street Aid - Powell Bill Funds

- Allocation – 75% Population + 25% Miles
- Strong incentive to grow in population, less of incentive to add miles to their system

  General Statutes revisions July-2011 making municipalities with no road mileage ineligible

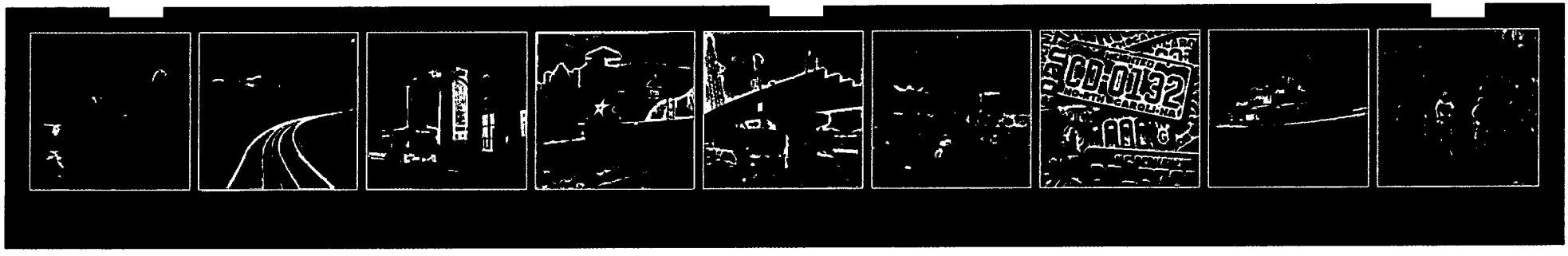


County Responsibility

- Zero miles for maintenance/operations
- Concur with expenditures of Secondary Road Construction Program (G.S. 136-44.7)
- Can provide funds for improvements on the state highway system (G.S. 66.3)

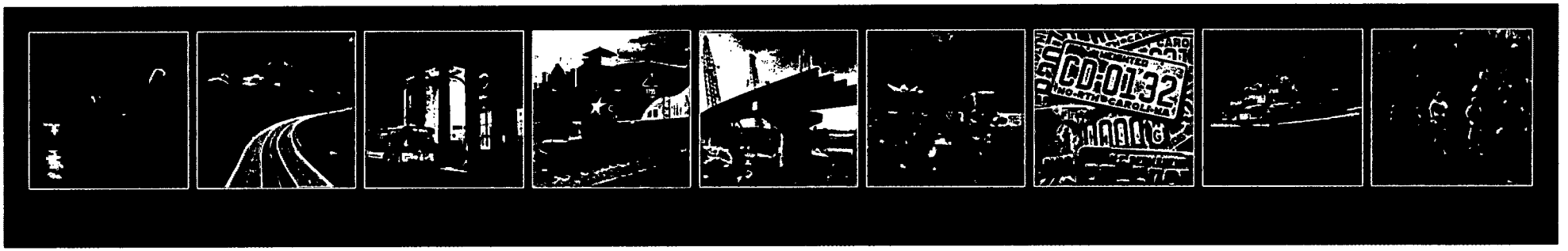


- Division structure



History of NCDOT Division Structure

- In 1915, State Highway Commission created 10 districts based on funds and mileage
- In 1919, districts adjusted from 10 to 7 by State Highway Commission (federal aid was to 4 Divisions)
- In 1921, General Assembly adjusted districts from 7 to 9 based on road miles, population and land area
- In 1930, General Assembly adjusted districts (became 5 Divisions with 5 districts each)
- In 1937, Governor's Office increased Division number to 10
- In 1950's, General Assembly authorized a study group and Divisions were reorganized to 14 in number based on miles and geography



Recent Division Boundary Consideration

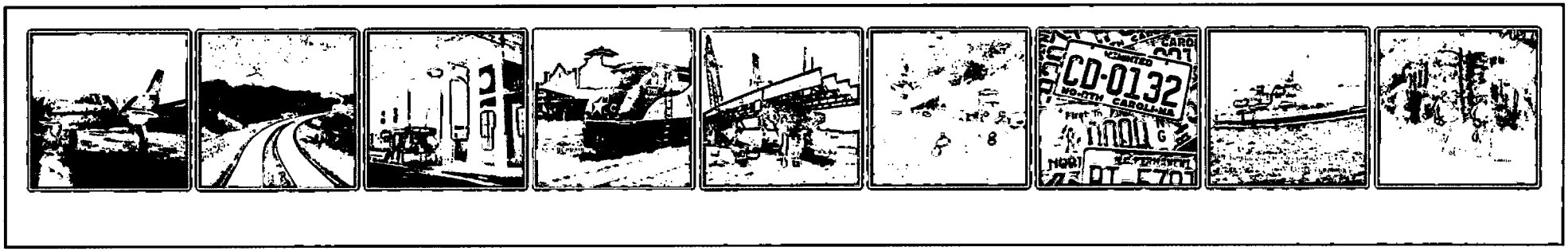
- Internal study in 1998 looked at aligning divisions with MPOs. MPO boundaries are dynamic. Found that realignment would be disruptive to operations.

- In 2007 NCDOT hired McKinsey & Company to review NCDOT. After an in-depth look at the organization, based on significant internal and external stakeholder feedback, over 30 strategic recommendations were made as to how to improve NCDOT. After reviewing McKinsey's initial recommendation for centralized expertise and decentralized delivery and consultation with McKinsey's worldwide resources, it was determined that the current structure was consistent with this model and Division realignment was not among McKinsey's final recommendations.

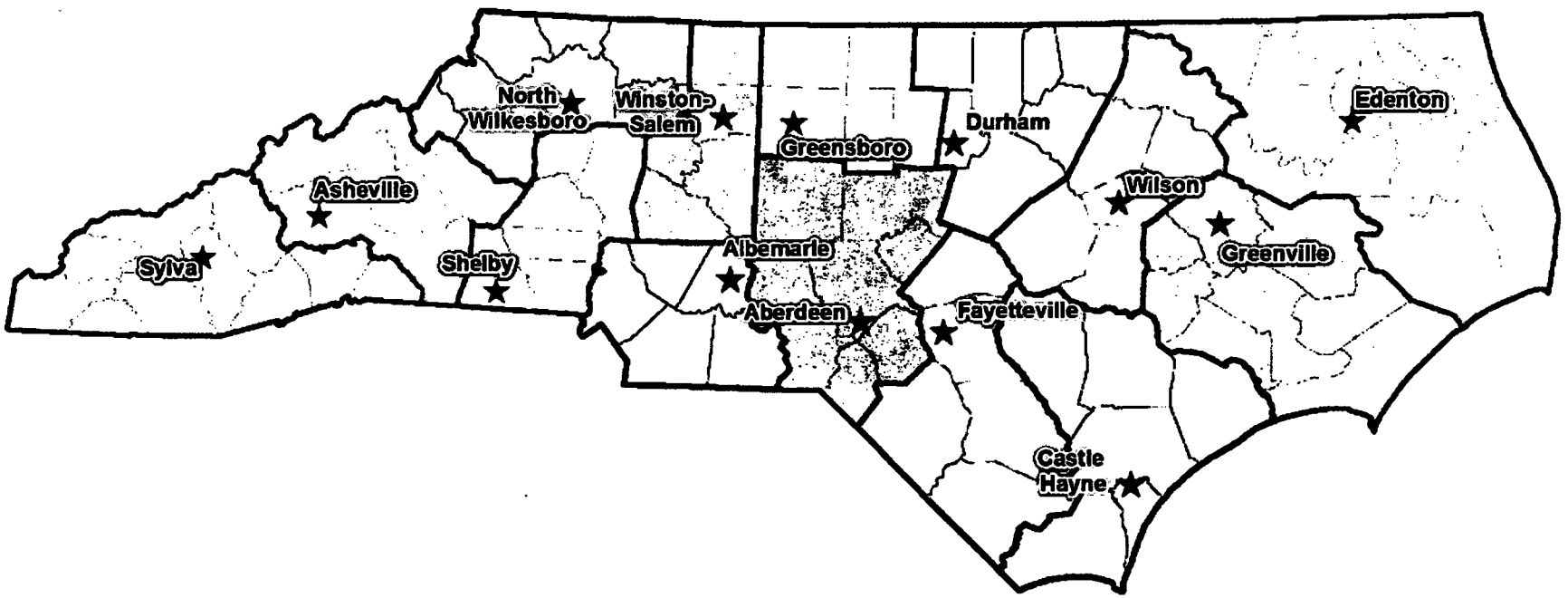


Division Boundary Consideration

- The primary purpose of the Highway Division is to maintain and operate the elements of the state highway system.
- In the 1950's NCDOT went from 10 to 14 divisions. This provided a fair and equitable administration of a representatively equal number of miles of roads with a physical presence that would have been as close as if the counties were to have responsibility for the roads and an organizational structure that efficiently utilized personnel and materials.
- As in their earliest days, NCDOT's current division boundaries continue to be based on efficient maintenance and operations based on geography and road mileage. In 2012, NCDOT Division staffing levels are based on the number of employees and pieces of equipment necessary to achieve the desired outcomes.

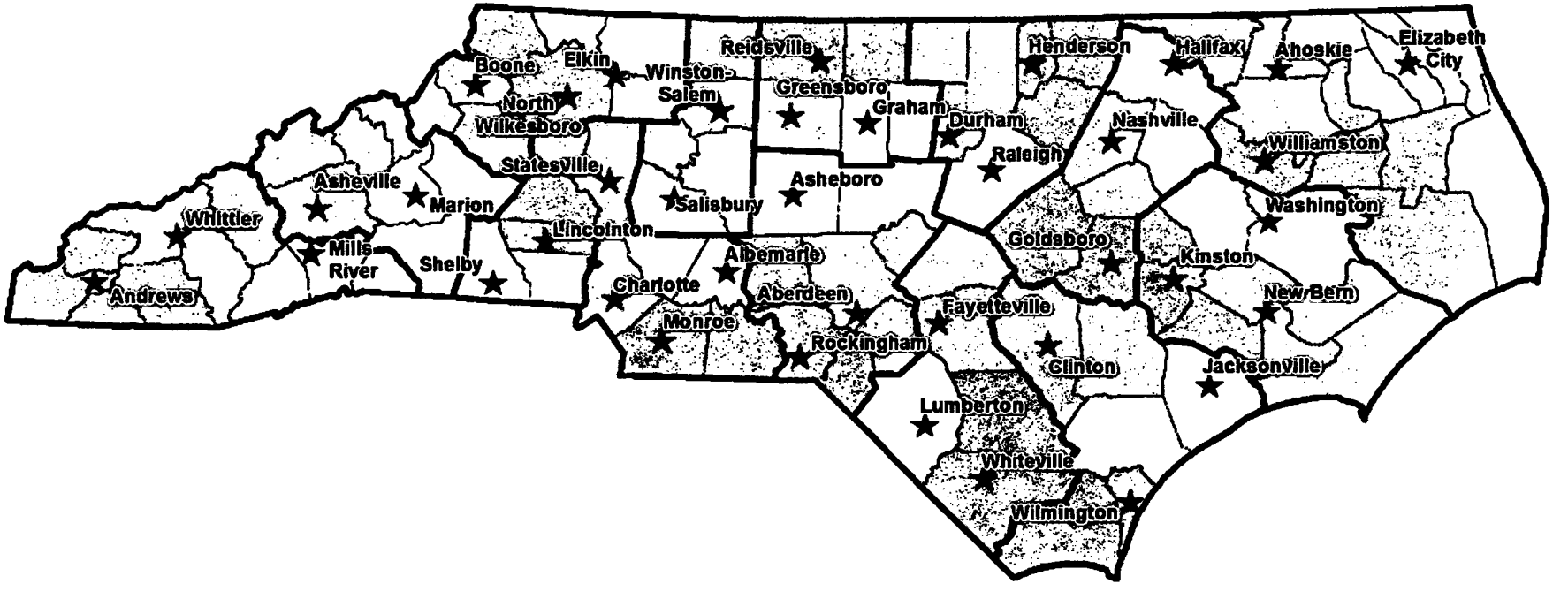


Division Office Locations



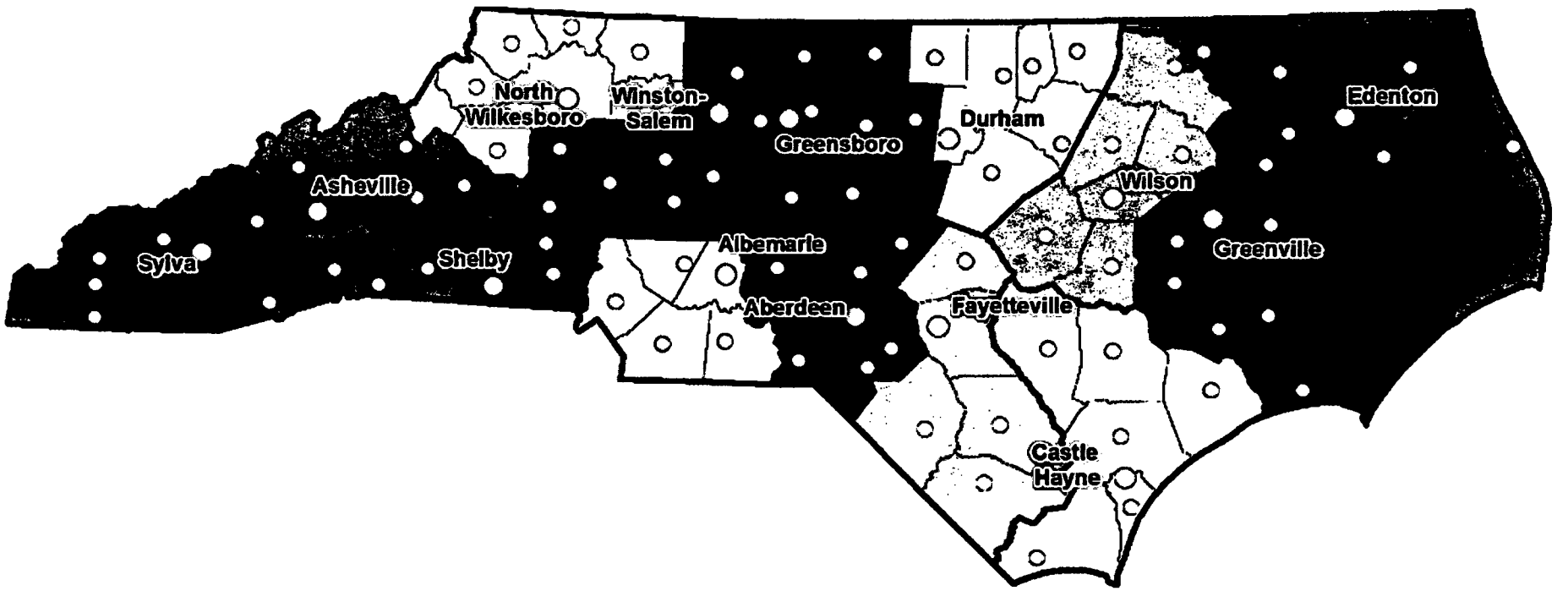


District Office Locations





County Maintenance Yard Locations





Bridge Deck Surface Area per Division

Div. 11 (4%)
1313
4.04 M

Div. 9 (7%)
776
6.27 M

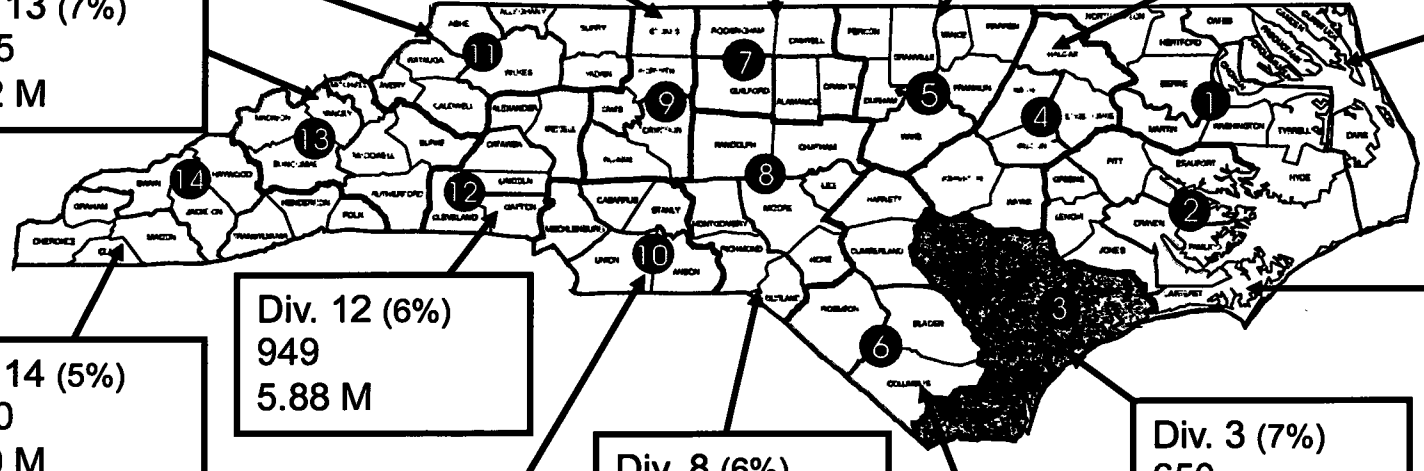
Div. 7 (8%)
949
7.44 M

Div. 5 (10%)
1020
9.80 M

Div. 4 (7%)
957
6.56 M

Div. 13 (7%)
1585
6.52 M

Div. 1 (11%)
572
9.96 M



Div. 14 (5%)
1570
5.00 M

Div. 12 (6%)
949
5.88 M

Div. 2 (8%)
618
7.13 M

Div. 3 (7%)
650
6.59 M

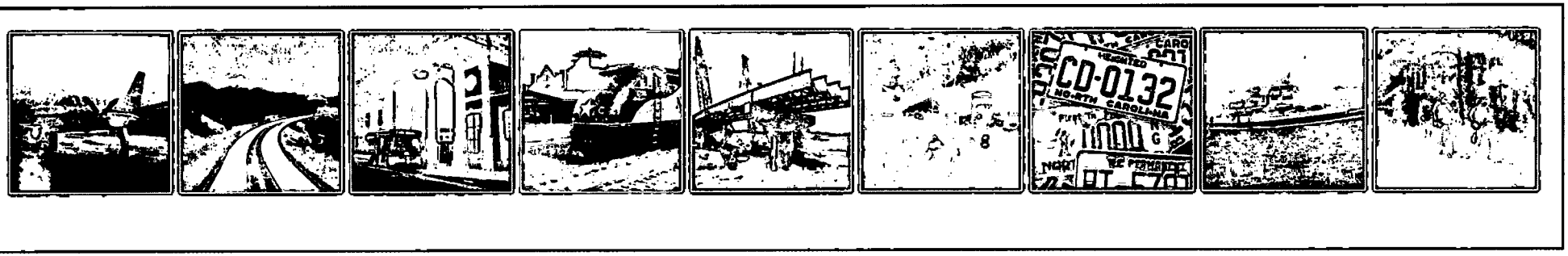
Div. 8 (6%)
917
5.32 M

Div. 10 (9%)
949
8.02 M

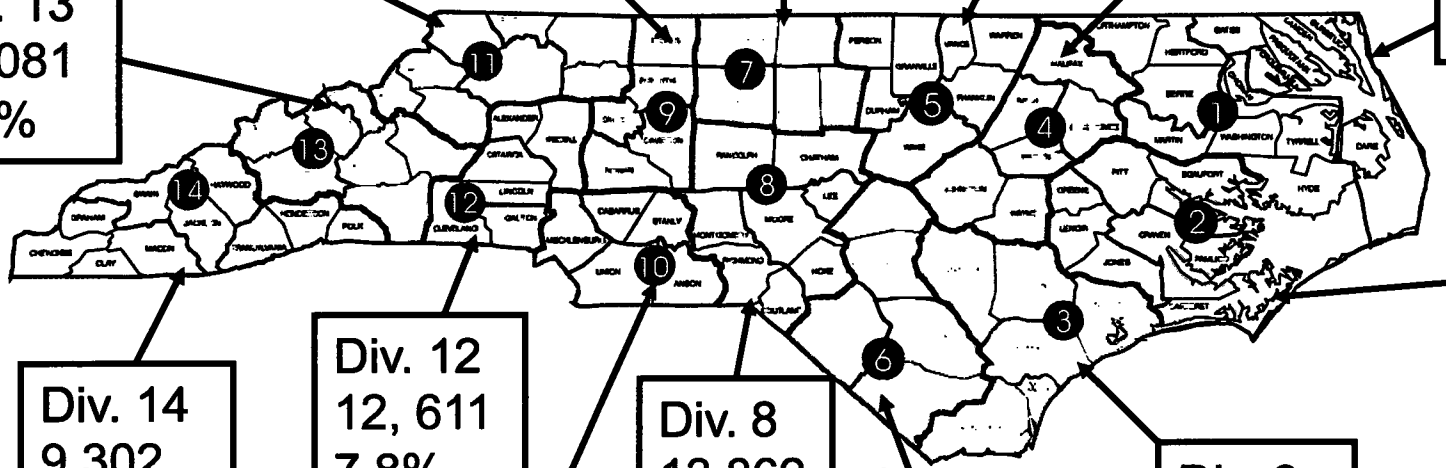
Div. 6 (5%)
728
4.80 M

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

State Totals
13,553 Structures
93,321,020 Total Square Footage
(Percent Total Square Footage)



Road Lane Miles



Div. 11
10,859
6.7%

Div. 9
10,704
6.6%

Div. 7
11,546
7.1%

Div. 5
14,065
8.7%

Div. 4
13,378
8.2%

Div. 1
10,206
6.3%

Div. 13
10,081
6.2%

Div. 2
10,215
6.3%

Div. 14
9,302
5.7%

Div. 12
12, 611
7.8%

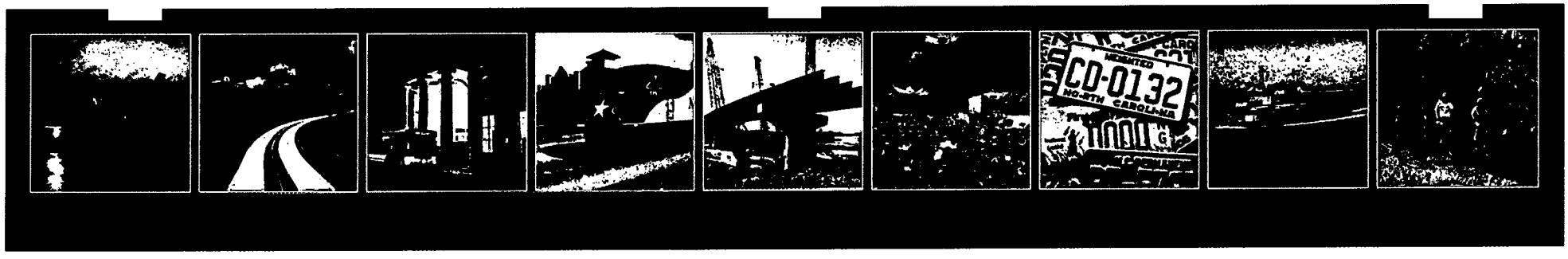
Div. 8
13,862
8.5%

Div. 3
11,679
7.2%

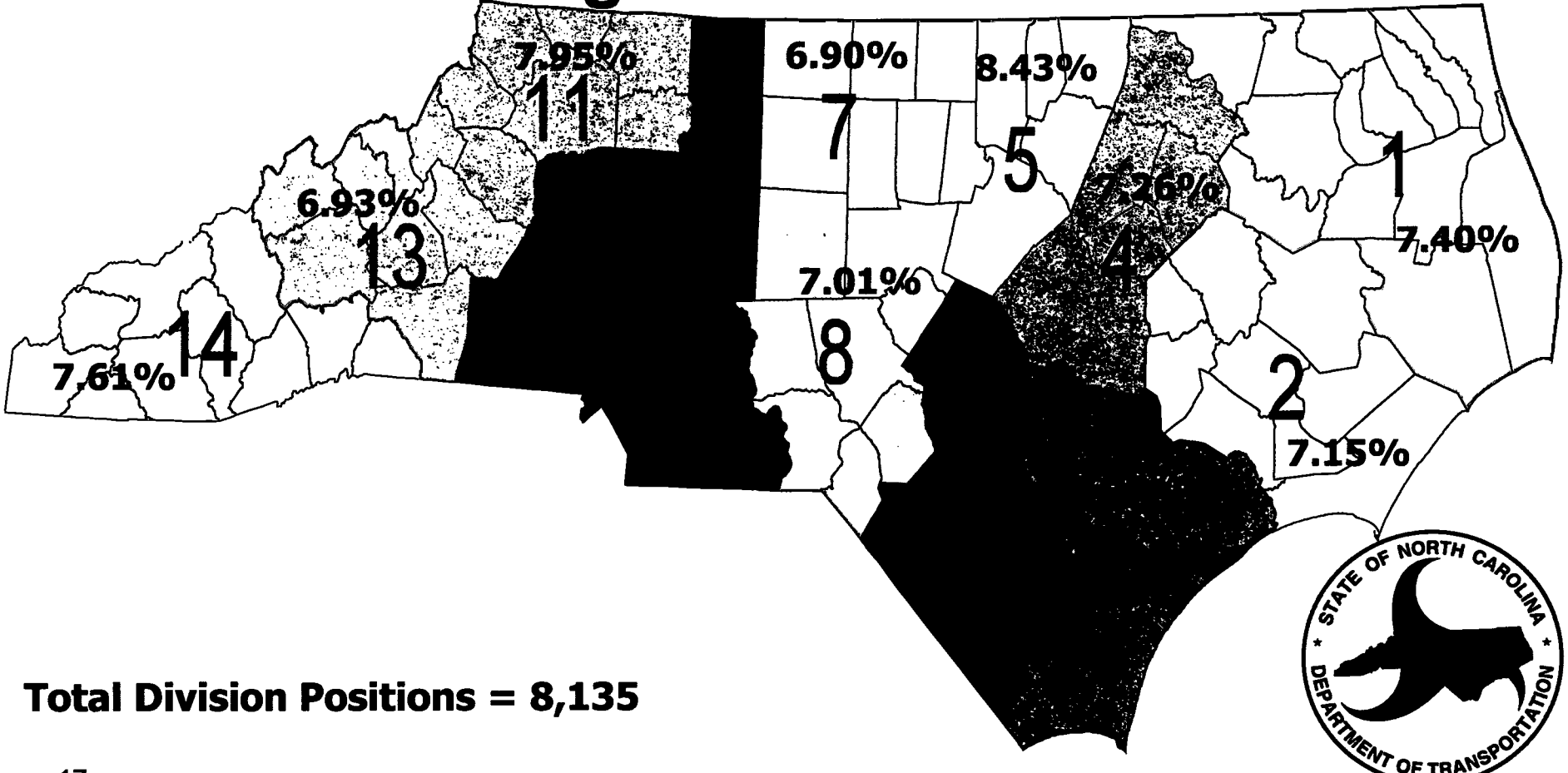
Div. 10
11,093
6.8%

Div. 6
12,740
7.9%

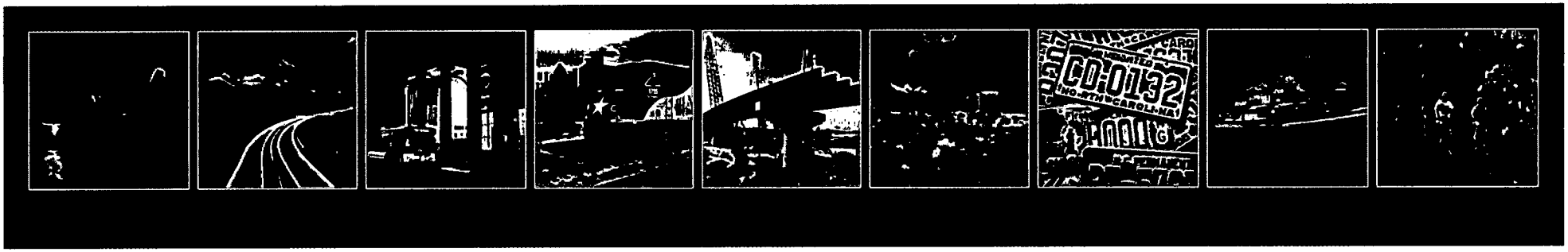
STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



Percentage of Total Positions



Total Division Positions = 8,135



Employee Per Mile: State Comparison

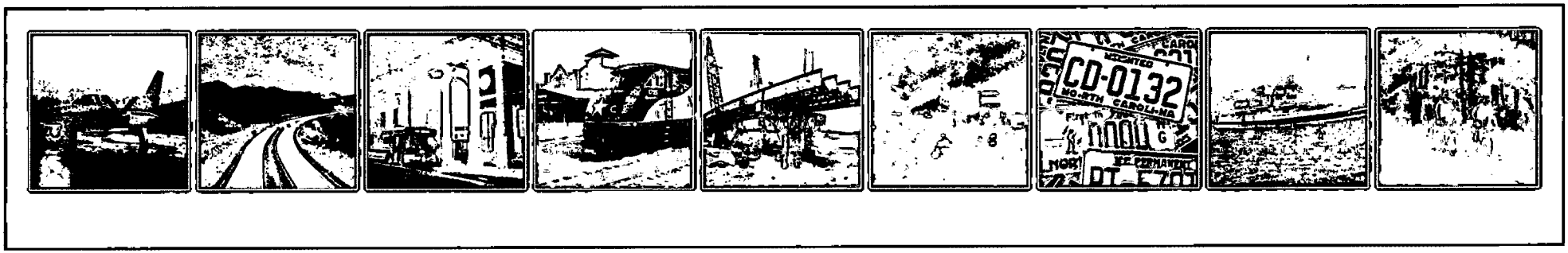
State	Employees	Mileage	Employees per Mile
Maryland	10,779	5,148	2.09
Florida	6,971	12,084	0.58
Alabama	4,756	10,938	0.43
Mississippi	3,338	10,973	0.30
Pennsylvania*	11,466	39,862	0.29
Tennessee	4,068	13,881	0.29
Georgia	4,955	17,997	0.28
Louisiana	4,502	16,685	0.27
Missouri	6,114	33,677	0.18
North Carolina*	12,354	79,466	0.16
Texas	11,907	80,067	0.15
West Virginia	4,758	34,369	0.14
Virginia	6,808	57,918	0.12
US Average (based on 41 states reporting)	4,746	17,598	0.42

* Includes the Division of Motor Vehicles in their employee count (Feb 2010 -11data)



Funding Allocations For Maintenance and Preservation

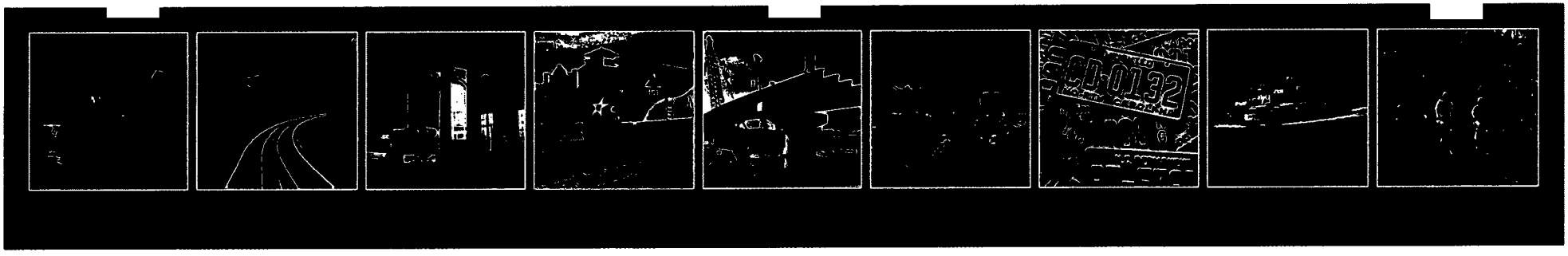
- State Funding
- Federal Funding
- Other Programs



NCDOT - Division of Highways

State Funding

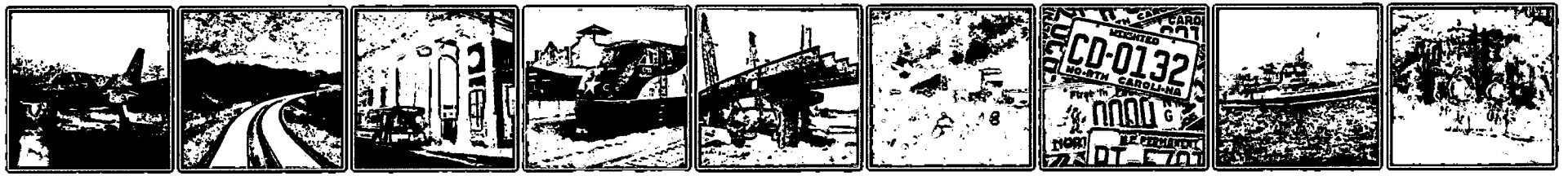
- Highway Maintenance
- Contract Resurfacing
- System Preservation
- General Maintenance Reserve
- Secondary Road Construction



Highway Maintenance

Revenue Source - Highway Fund
FY 2012 - $453M (includes primary and secondary roads)
FY 2013 - $385M (includes primary and secondary roads)

- Serves as primary funding source for all routine highway and bridge maintenance operations.
- Funds allocated to highway divisions in accordance with Board of Transportation approved formulas
- Disaster Response funding reserve $15M
- Bridge funding $70M: Allocation based on maintenance needs and number of deficient bridges



Primary System

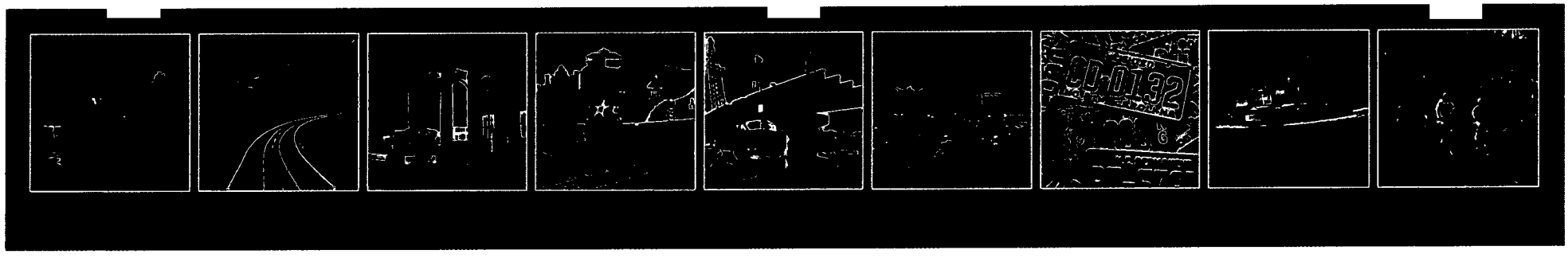
Statewide Available Funds X $\frac{\text{Division Lane Miles}}{\text{State Total Lane Miles}}$

Secondary System
(Individual County Allocation)
$50,000 Uniform Allocation to each county

90% Total Available Sec. Maint. Funds X $\frac{\text{County Road Miles}}{\text{State Sec. Rd. Miles}}$

10% Total Available Sec. Maint. Funds X $\frac{\text{County Population}}{\text{State Population}}$

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



Contract Resurfacing

Revenue Source - Highway Fund
FY 2012 Appropriation - $407M
FY 2013 Appropriation - $427M

- Statewide appropriation to DOT for asphalt overlays
- Performed by Contract
- Provide renewed driving surface and improved ride quality
- Reduces patching and frequent maintenance
- On average $100K will resurface one mile of a two lane road

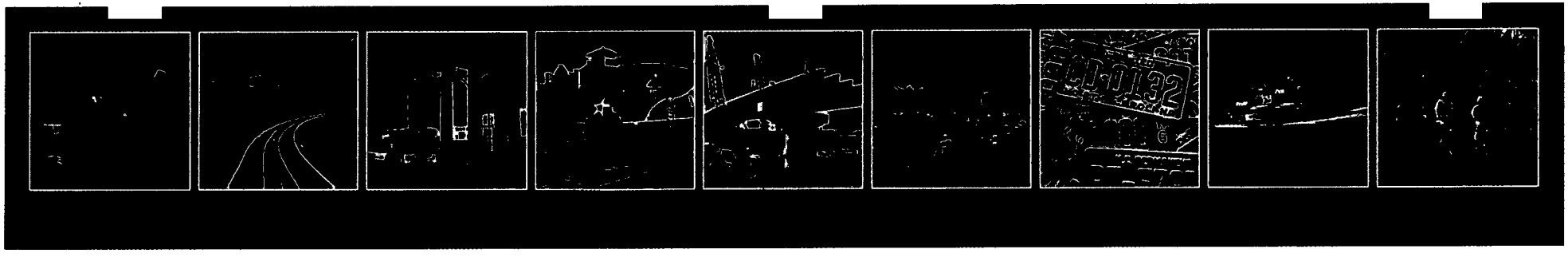


Contract Resurfacing Allocation Formula for the Divisions

Resurfacing Appropriation

- 50% Need
  - Pavement Condition Needs = Division Need / Statewide Need
- 37.5% Lane Miles
  - Lane Miles = Division Lane Miles / Statewide Lane Miles
- 12.5% Pop.
  - Pop. = Division Population / Statewide Population

STATE OF NORTH CAROLINA DEPARTMENT OF TRANSPORTATION



System Preservation

Revenue Source – Highway Fund

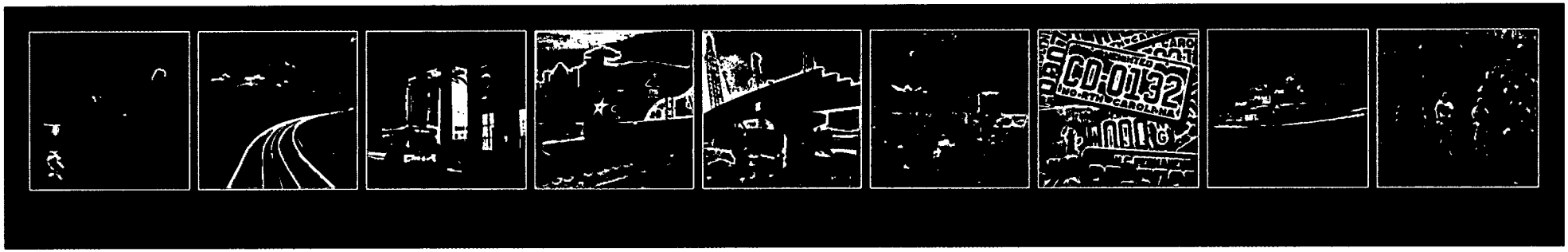
FY 2012 Appropriation - $214M (Primary and Secondary Bridge Improvement Program)

FY 2013 Appropriation - $235M (Primary and Secondary Bridge Improvement Program)

For the last two years all System Preservation Funding was used exclusively for improvements on Structurally Deficient Bridges

Historical Use of Funds

- Funds used for chip seals, crack sealing, pavement markings and markers, painting structural steel, replacing expansion joints and waterproofing bridge decks
- $28 million allocated to Divisions based on pro-rata share of bridge deck area for bridge preservation activities ($2M per Division)
- Remainder allocated to Divisions based on pro-rata share of total paved lane miles



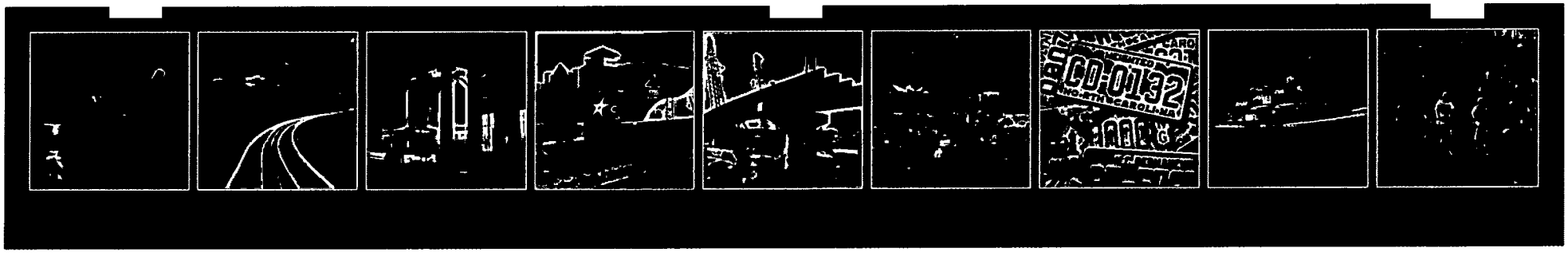
General Maintenance Reserve

Revenue source – Highway Fund

FY 2012 Appropriation - $116M (Primary and Secondary)

FY 2013 Appropriation - $140M (Primary and Secondary)

- Beginning in 1999, the General Assembly has provided additional maintenance dollars to help address maintenance needs identified by the Department' s Maintenance Condition Assessment Program.
- These funds are used to supplement other maintenance dollars.
- These funds are allocated to the Divisions based on a pro-rata share of Division paved lane miles.



Secondary Road Construction

Revenue Source – Highway and Highway Trust Fund

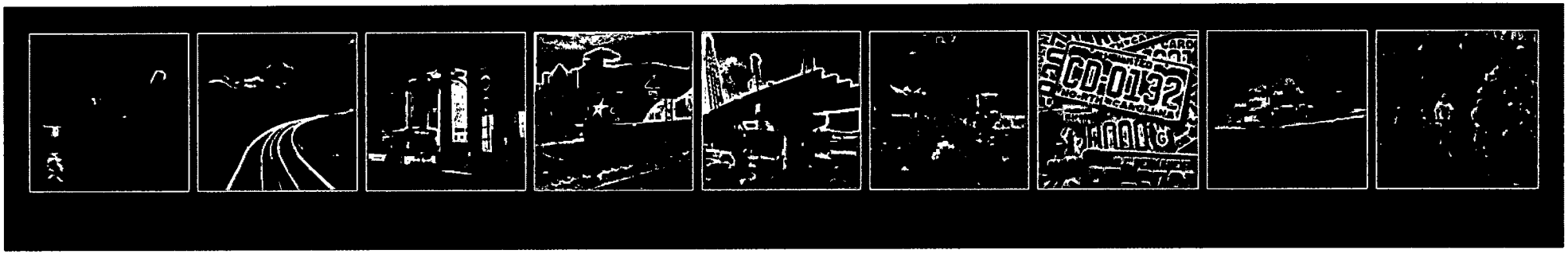
FY 2012 Allocations - $95.2M ($54.4M HF; $40.8m HTF)

FY 2013 Allocations - $75.5M ($27.2M HF; $48.3M HTF)

- Funds allocated to each county in accordance with G.S. 136-44.2A and G.S. 136-44.5
- Funds used to modernize the paved secondary system & pave unpaved roads
- For FY 2013, HB 950 required a paving priority based on a statewide list. $12M was set aside for paving unpaved roads; 63.5M for paved road improvements

Allocation Formula:

$$\frac{\text{Total miles of secondary roads in County}}{\text{Total miles of secondary roads in State}}$$



Secondary Road Construction

Looking Forward

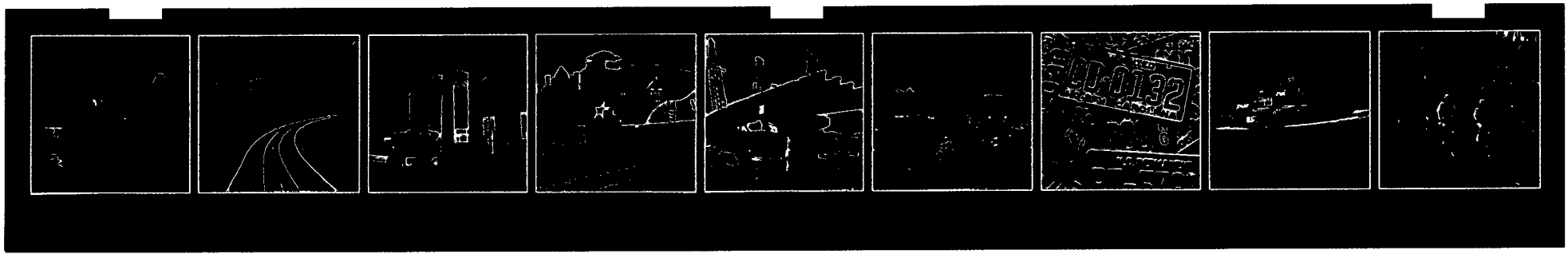
Secondary Paved Road Improvements

- Consider authorizing the development and use of a prioritization process for secondary road improvements based on safety, mobility and access criteria.

- Consider allocating remaining Secondary Road Improvement Program funds, not used for paving unpaved roads, to this new program.

- Consider refining funding allocation criteria to address corridor improvements and isolated problem areas

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



Secondary Road Construction

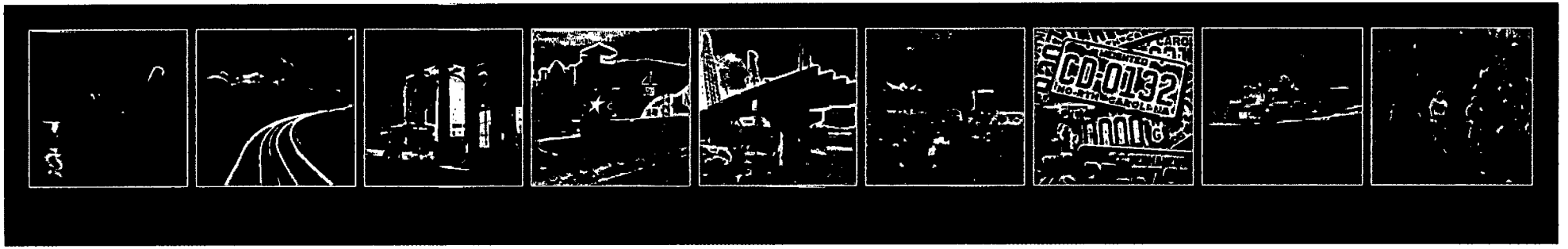
Looking Forward

Benefits:

- Focuses resources on projects of greatest need
- Allows resources to be focused on congestion and access mitigation
- Allows for multi-year and regional planning
- Potential to modernize key roadways to better link business centers and residential areas
- Increases flexibility to address safety issues, resulting in lower accident rates and fatalities

Impacts:

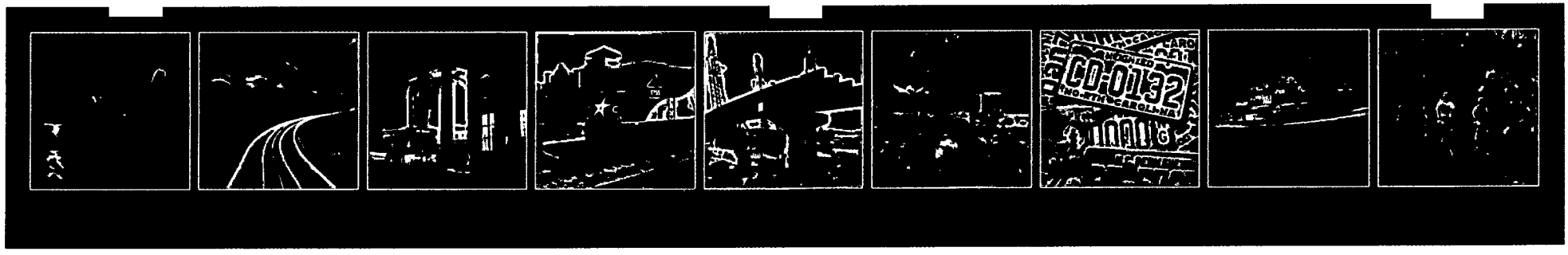
- Funds following need, not inventory



State Budget Allocation
FY 2013 (Millions)

Highway Maintenance	$ 385
Contract Resurfacing	$ 427
System Preservation	$ 235
General Maintenance Reserves	$ 140
HB 1825 Secondary Road Improvement (Paved)	$ 63
HB 1825 Secondary Road Improvement (Unpaved)	$ 12

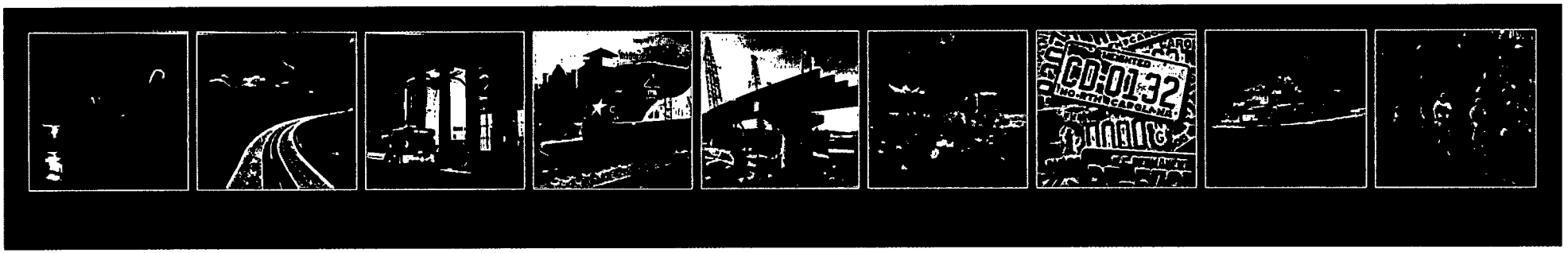
Total **$ 1,262 Million**



NCDOT - Division of Highways

Federal Funding

- Traffic Operations
- Bridge Rehabilitation and Replacement
- Interstate Maintenance Preservation Program

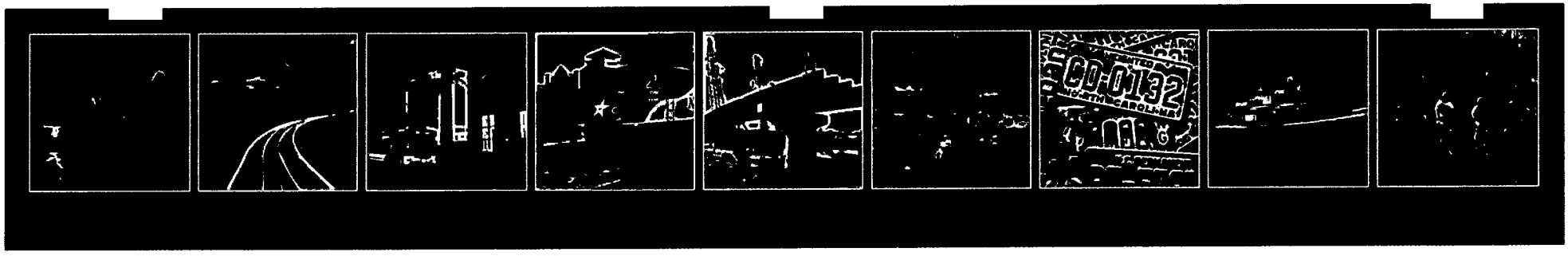


Traffic Operations

Revenue Source: Federal Funds and Highway Fund

Annual Appropriation $43M ($37M Federal, $6M HF)

- Intelligent Transportation Systems ($13M)
  - Message Boards, Cameras Speed sensors
- Positive Guidance ($4M)
  - Pavement markings
- Traffic System Operations ($20M fed, $6M state)
  - Operations & Maintenance of signal systems



Federal Bridge Program

Preventative Maintenance ($5M)

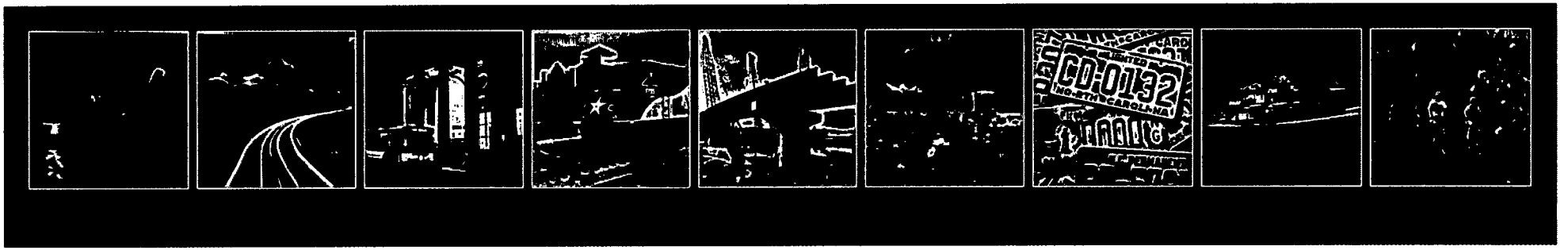
- Used to address bridges deck joint repair, deck overlays and painting

Low Impact Bridge ($28M)

- Used to replace small bridges that have low impact on environmental, right of way, utilities and the public

Note: Other Bridge Replacement/Rehab (STIP ~$300M)

- Rehabilitation and Replacements projects

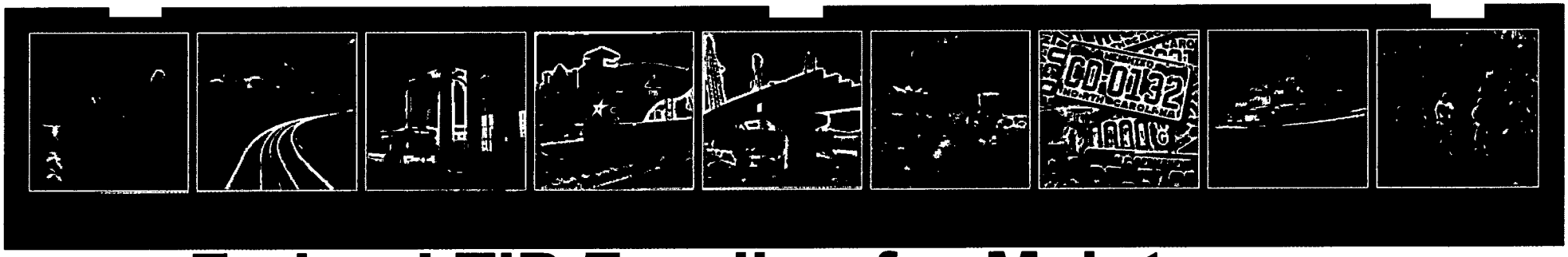


Interstate Maintenance Preservation Program

Revenue Source – Federal Funds

Annual Appropriation - $10M

- Cost effective preventative activities to keep assets in "Good" condition
- Pavement, Bridge, and Positive Guidance assets
- Allocation to each Division is based on Lane Miles and Bridge Deck Area



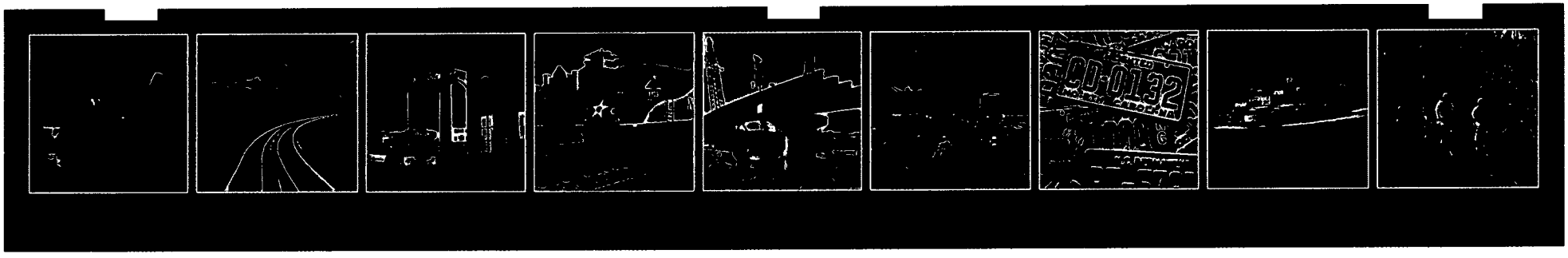
Federal TIP Funding for Maintenance and Preservation Federal Fiscal 2013 (Millions)

ITS Traffic Operations	$ 13
Positive Guidance Program	$ 4
Traffic Systems Operations Program	$ 26
Bridge Preventative Maintenance Program	$ 5
Low Impact Bridge Replacement	$ 28
Interstate Maintenance Preservation Program	$ 10
Total	**$ 86 Million**



NCDOT - Division of Highways
Other Programs

- Access and Public Service
- Highway Safety
- Roadside Environmental



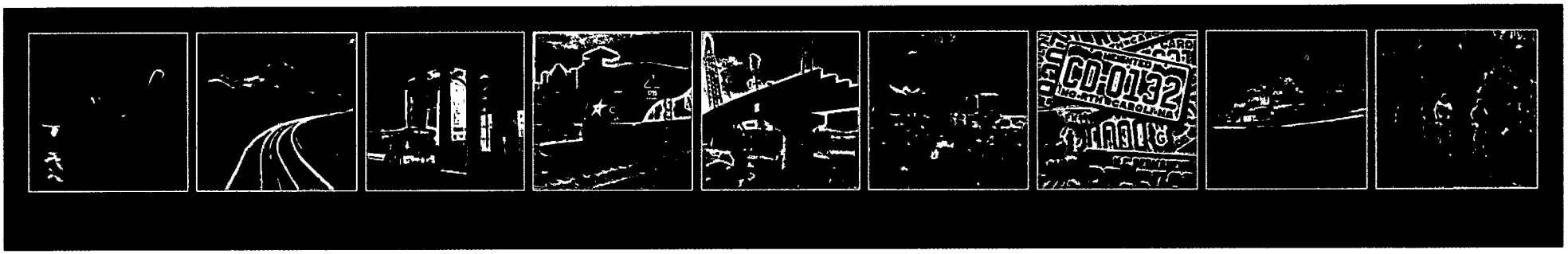
Access & Public Service Fund

Revenue Source - Highway Fund

FY 2012 Appropriation - $1.8 Million

FY 2013 Appropriation - $1.8 Million

- Funds used statewide to construct bus driveways and bus parking areas for new schools and construct new access roads or improve existing access for new industry
- Pave Driveways for new Fire and Rescue facilities
- Funds may be used on any system



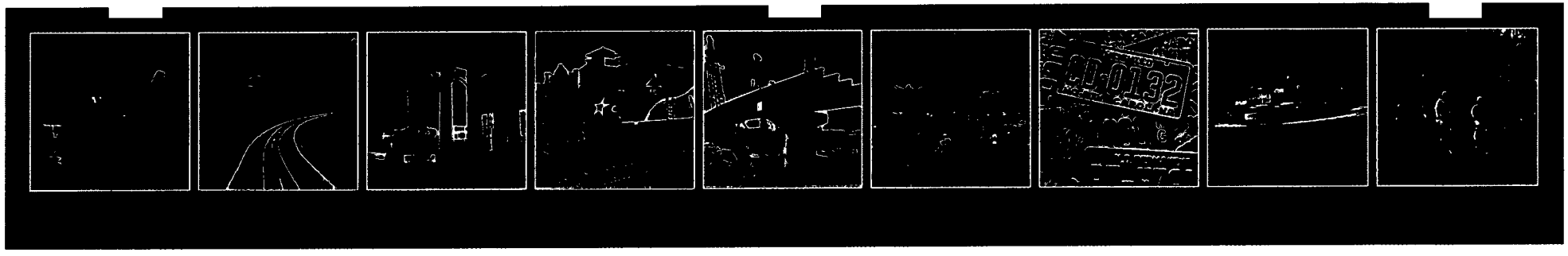
Highway Safety Fund

Revenue Source - Highway Fund and Federal Aid

FY 2012 Appropriation – 47.1M ($12.1M HF and $35M Federal aid)

FY 2013 Appropriation – 73.1M ($12.1M HF and $61M Federal aid)

- Funds used statewide on all systems to provide safety and operational improvements
- Typical projects include traffic signals, turn lanes, guardrail and signing
- Projects considered based on accident history and severity, traffic volumes and signal warrants
- Projects are prioritized by benefit/cost ratios

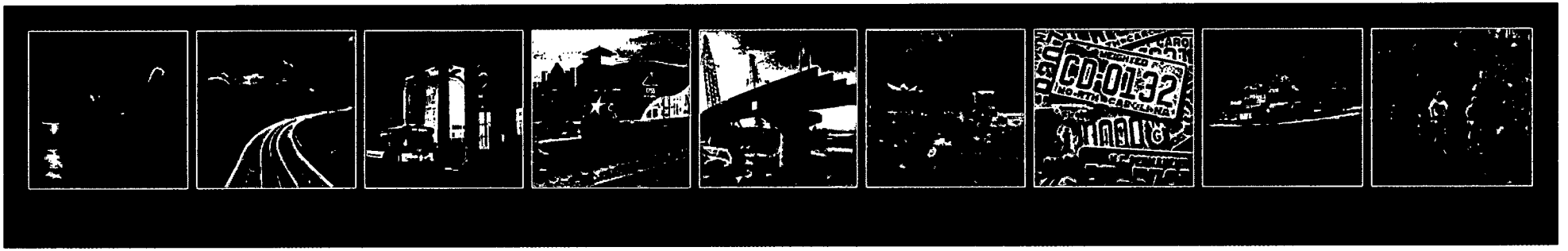


Roadside Environmental

Revenue Source: Federal Funds, Highway Fund, License Plate

Annual Allocations - $11.7M ($8.2m Federal, $3.5M State Funds)

- Roadside Environmental provides:
  - Administration of the Department's Sedimentation/Erosion Control Program for Construction/Maintenance projects
  - Stormwater compliance activities for Department's National Pollution Discharge Elimination System (NPDES) Program Permit
  - Rest area maintenance/preservation/construction/renovation
  - Roadside Vegetation Management
  - Roadside Landscape Design and Plantings
  - Roadside Litter Prevention and Removal Program
  - Scenic Byways Program

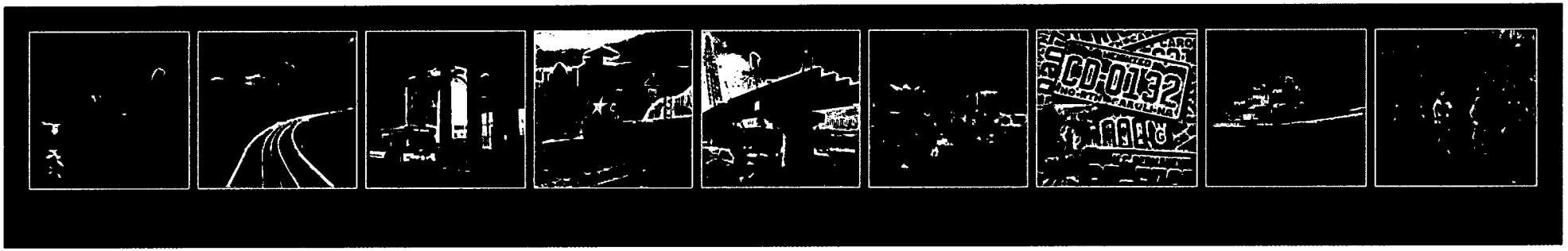


Other Program Allocations
Fiscal Year 2013 (Millions)

Access and Public Service	$ 1.8
Highway Safety Program	$ 73.1
Roadside Environmental	$ 11.7
Total	**$ 86.6 Million**



- Validating Funding Distribution
  - *Outcome based performance measurement*

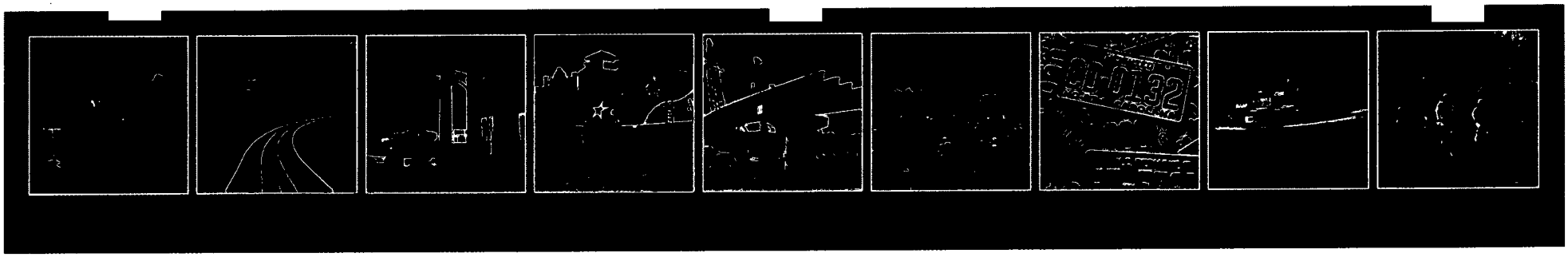


Performance Based Management

Benefits include:

- Moving towards uniformly constructed, maintained and operated Highway System
- Data driven decision making
- Increased focus on preventive maintenance
- Targeting Level Of Service by system
- Highest and best use of resources
- Challenging and rewarding workplace
- Accountability

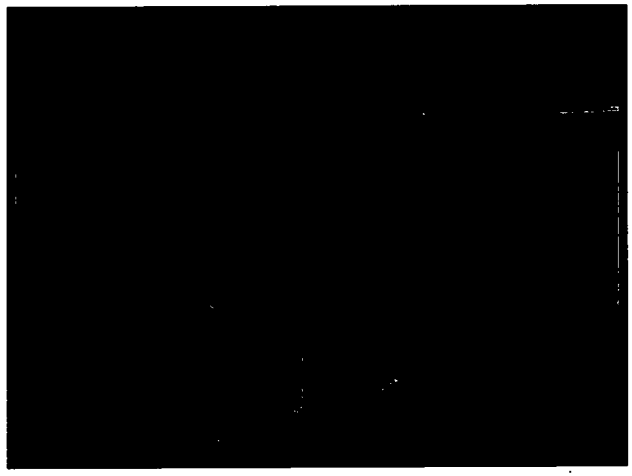




Performance Measures

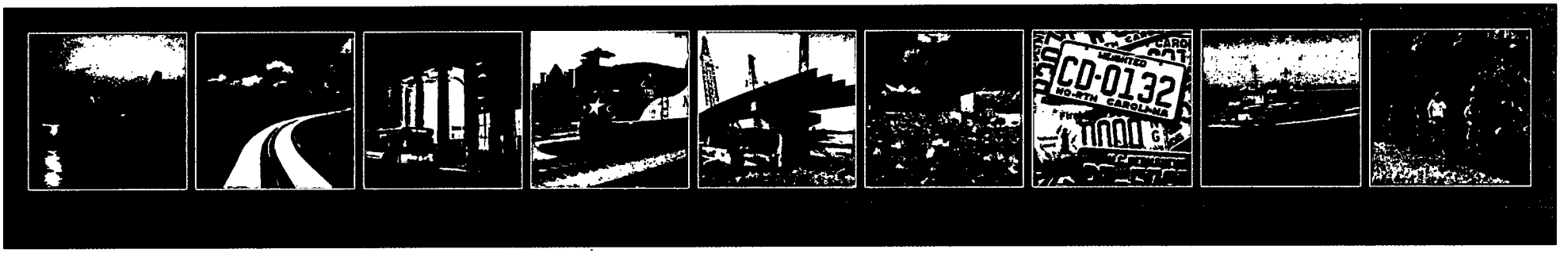
Sets clearly defined outcomes such as:

- No unsealed cracks in pavements
- Bridge decks rating in good condition
- No pipes blocked or damaged
- Pavement markings visible at night

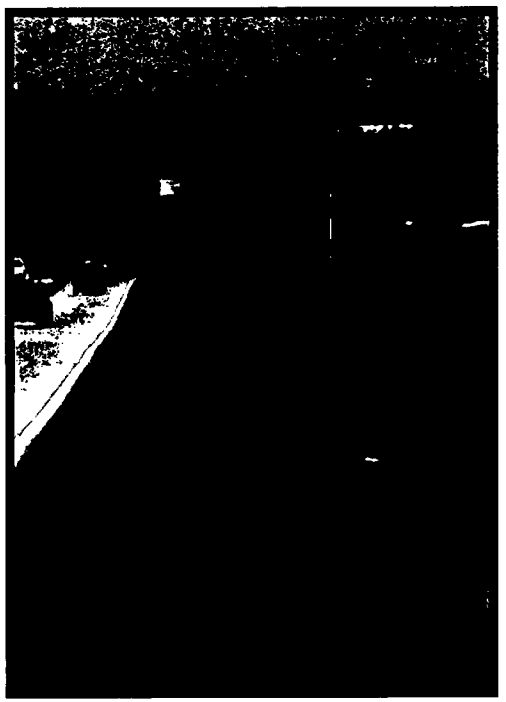


Since 2008:

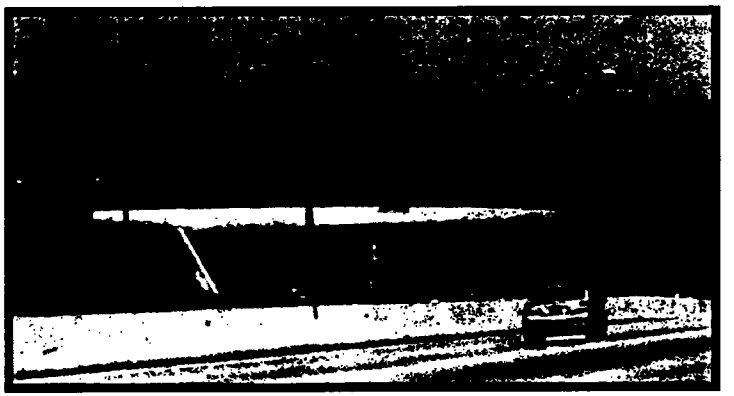
- Reviewed targets to ensure accuracy
- Made modifications as necessary
- Simplified and streamlined



Rating the Condition of the Highway System



Maintenance Condition Survey

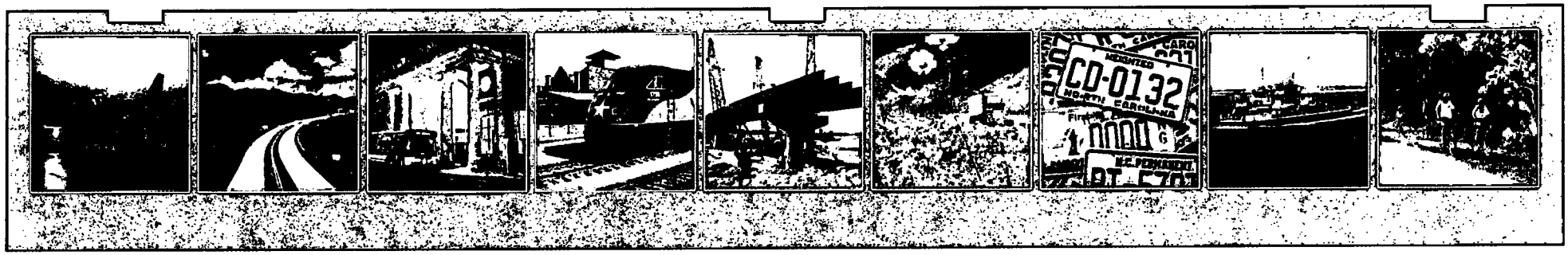


Bridge Condition Survey

Pavement Condition Survey



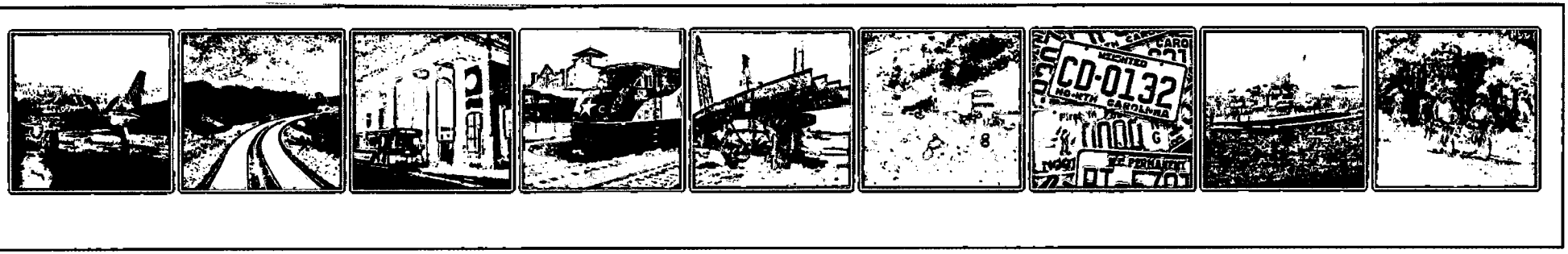
STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION



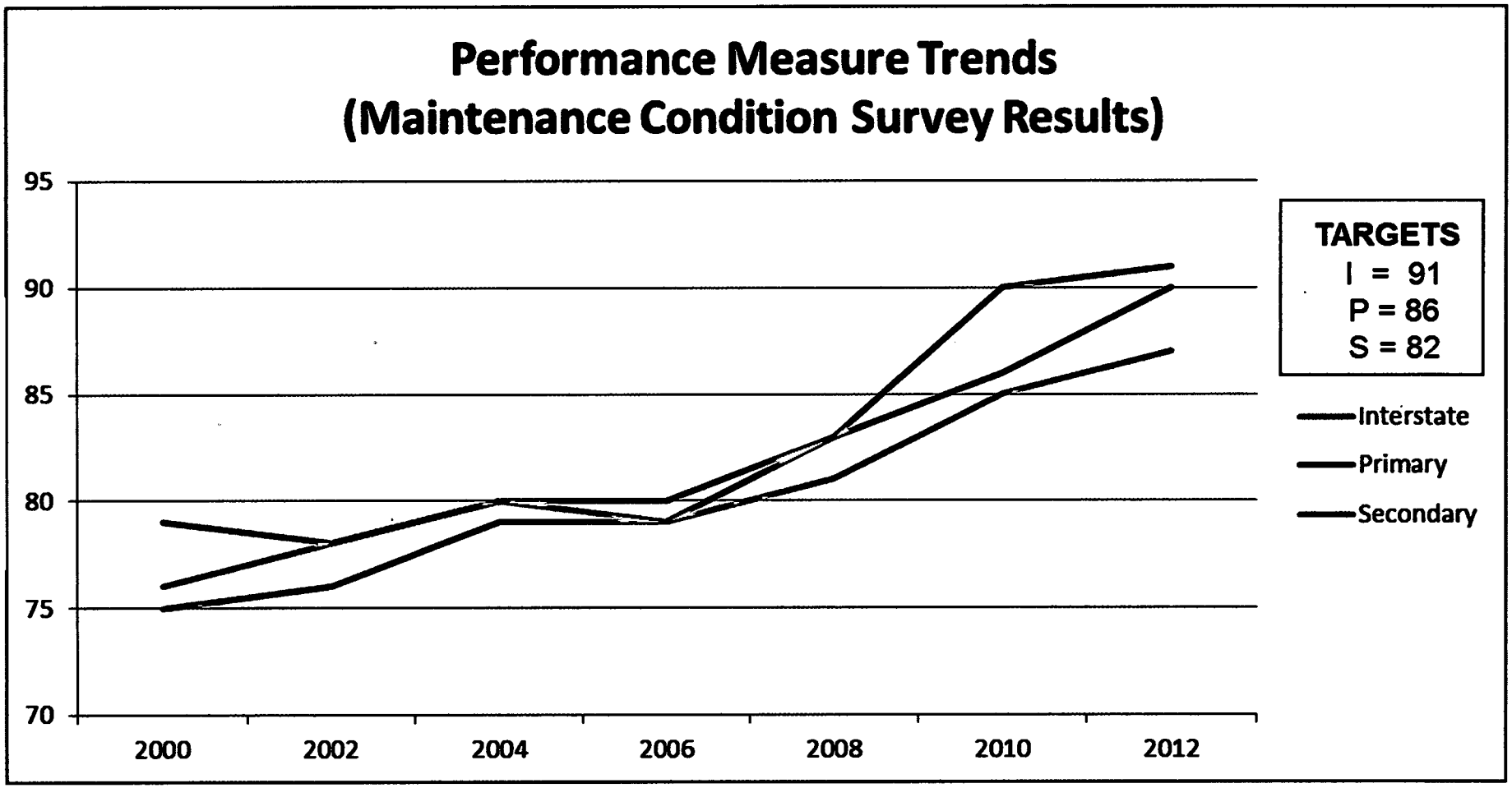
Maintenance Condition Survey Results

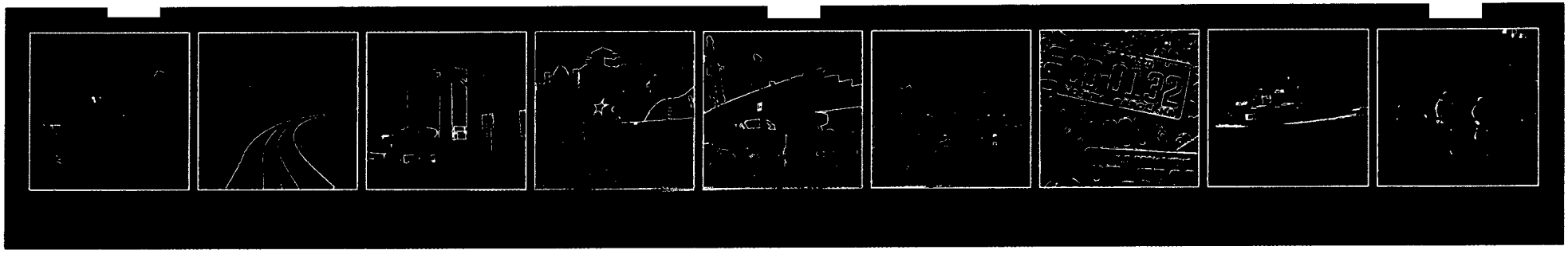
	Roadway		Interstate		Primary		Secondary	
			2012	State Average	2012	State Average	2012	State Average
	ELEMENT	PERFORMANCE MEASURE	Target	Score	Target	Score	Target	Score
DRAINAGE	Unpaved Shoulders	No dropoffs greater than 3 inches and no shoulders higher than 2 inches	95	92	90	92	85	93
DRAINAGE	Ditches (Lateral Ditches)	No blocked, eroded, or nonfunctioning ditches	95	99	90	97	85	96
DRAINAGE	Crossline Pipe (Blocked)	Greater than 50% diameter open	95	87	90	81	85	82
DRAINAGE	Crossline Pipe (Damaged)	No damage or structural deficiency effecting functionality	95	91	90	97	85	96
DRAINAGE	Curb & Gutter (Blocked)	No obstruction greater than 2 inches for 2 feet	95	96	90	97	85	97
DRAINAGE	Boxes (Blocked or Damaged)	Grates and outlet pipes of boxes blocked <50%. Inlets and outlets of boxes are not damaged, and grates are present and not broken.	95	84	90	90	85	92
ROADSIDE	Vegetation (Brush & Tree)	Freeways: 45' from travelway, 5' behind guardrail, not blocking signs; Non-Freeways: Vertical clearance of 15' over roadway and 10' back of ditch centerline or shoulder point	90	92	85	90	80	86
ROADSIDE	Vegetation (Turf Condition)	Areas free of erosion	95	91	90	94	85	94
ROADSIDE	Stormwater Devices (NPDES)	Functioning as designed	90	94	90	94	90	94
ROADSIDE	Landscape Plant Beds	Achieving a score of 2 or higher on the inspection form	90	90	80	90	N/A	N/A
ROADSIDE	Rest Areas & Welcome Centers	Condition Rating of 90	90	96	90	93	N/A	N/A
TRAFFIC	Long Line Pavement Markings	Present, visible	90	96	85	94	80	88
TRAFFIC	Words and Symbols	Present, visible	N/A	N/A	85	87	80	85
TRAFFIC	Pavement Markers	Present and reflective	90	91	85	81	N/A	N/A
TRAFFIC	Ground Mounted Signs	Visible and legible	90	94	85	94	85	89
TRAFFIC	Overhead Signs	Visible and legible	92	99	85	97	N/A	N/A
BRIDGE	NBIS Culverts	Condition Rating >= 6	85	86	80	87	75	89
BRIDGE	Non-NBIS Culverts	Condition Rating = Good	80	81	70	72	60	56
BRIDGE	Overhead Sign Structures	Condition Rating = Good	95	88	92	93	92	84
45	Totals		91.32	91.43	86.16	90.27	82.16	87.43

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

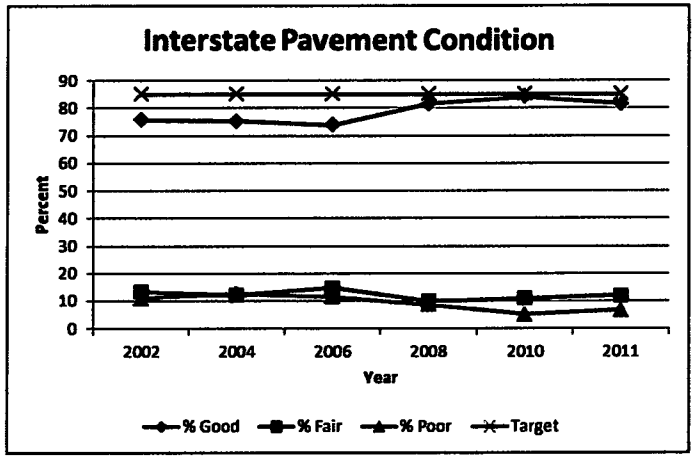


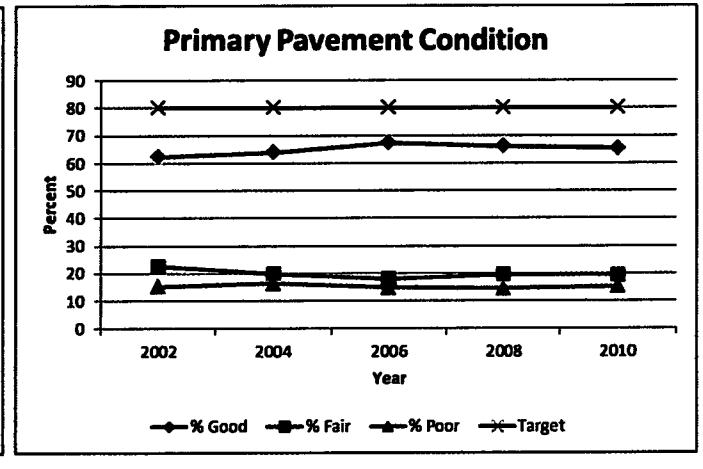
Performance Measure Trends
(Maintenance Condition Survey Results)

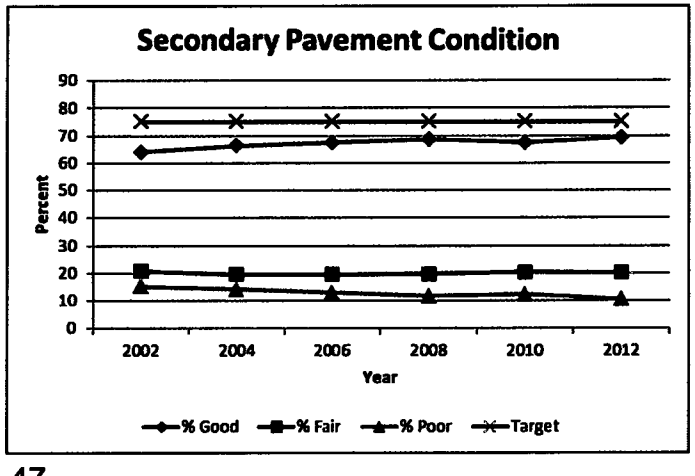


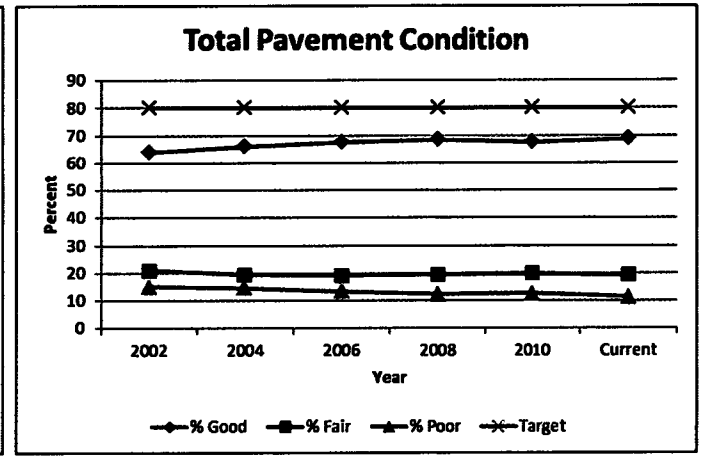


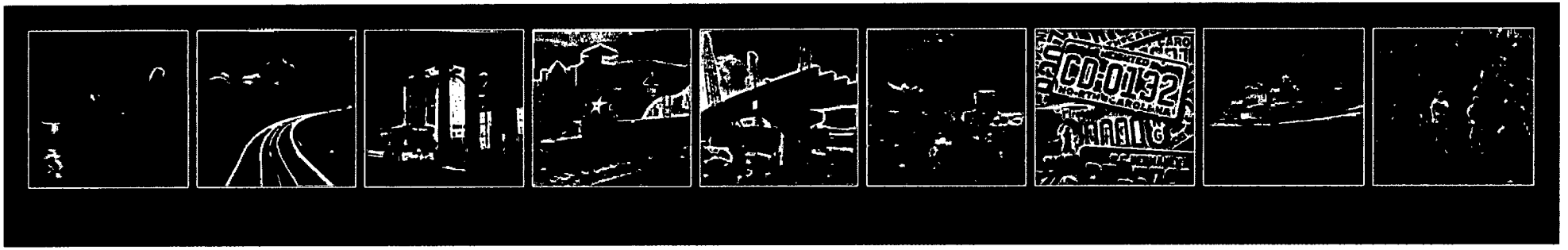
Pavement Condition (2002 – 2012)





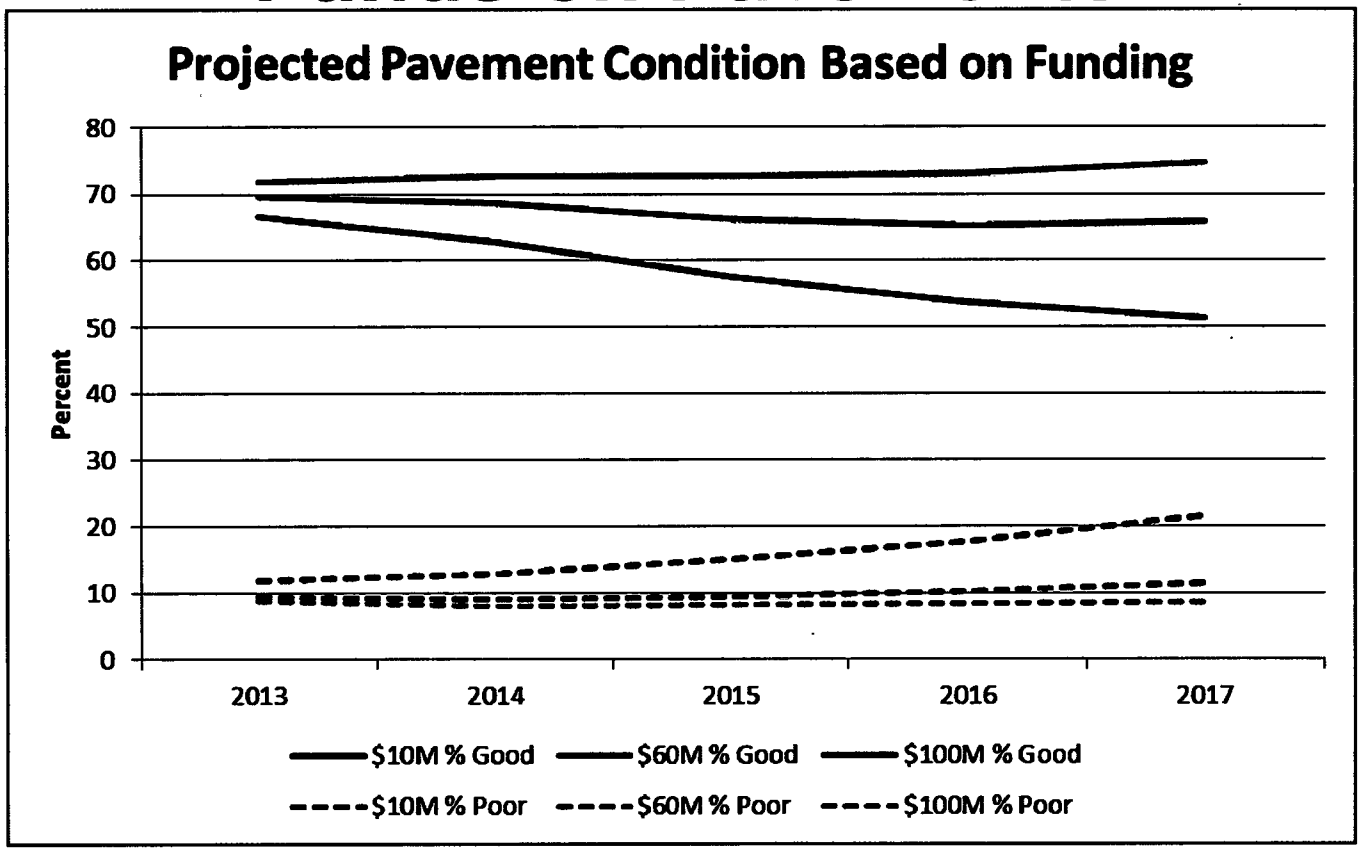


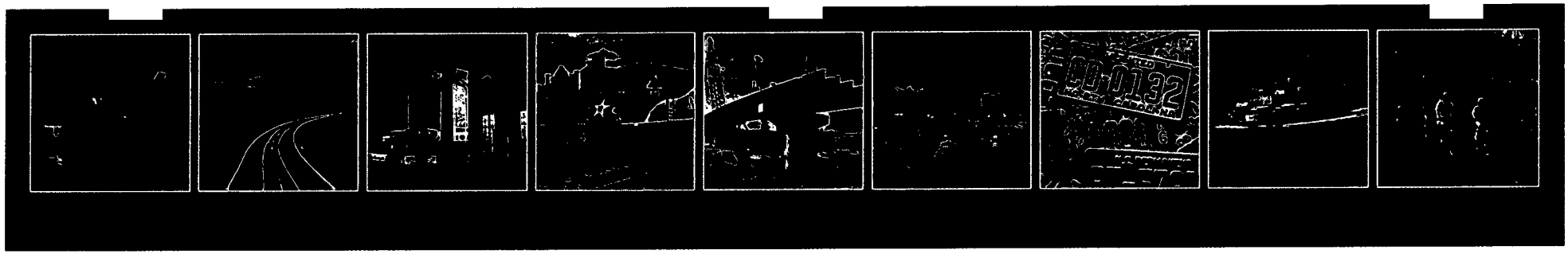




Effect of Lack of System Preservation

Funds on Pavements



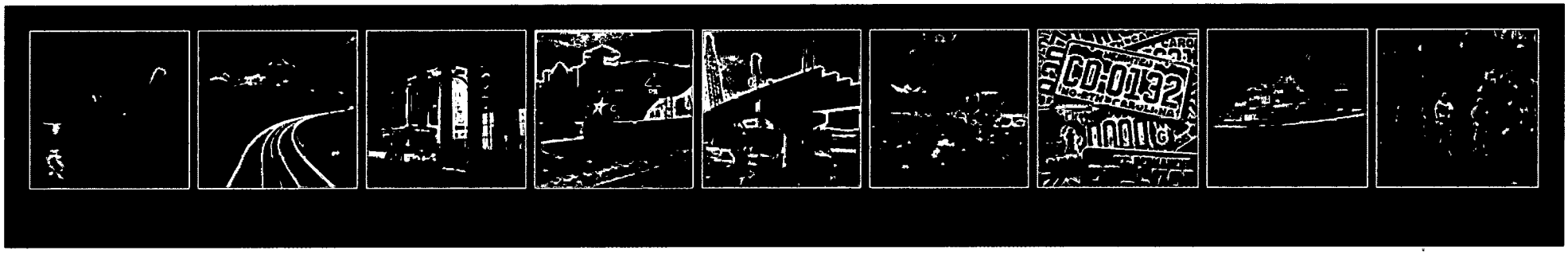


Infrastructure Health Index

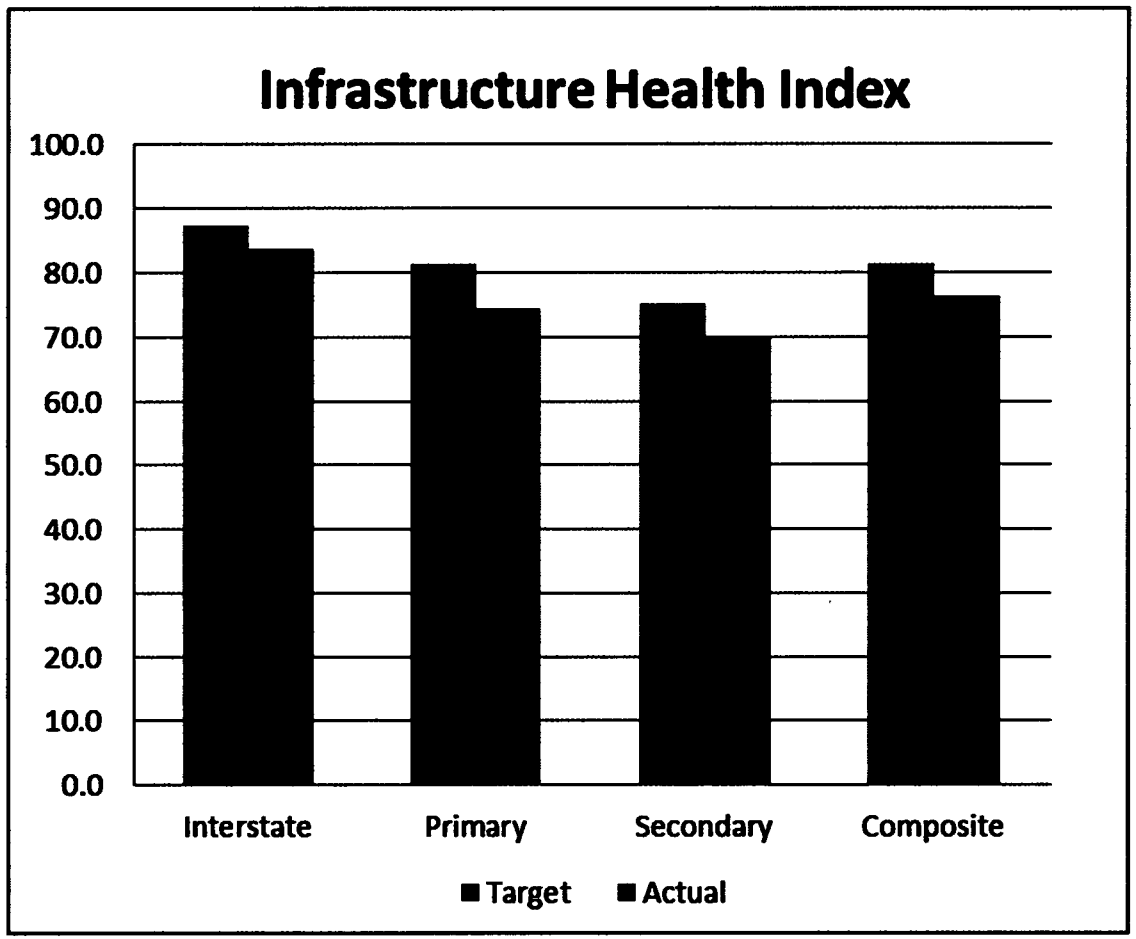
- Calculates an overall system score
- Measures NCDOT's success for maintaining and improving the health of the highway network

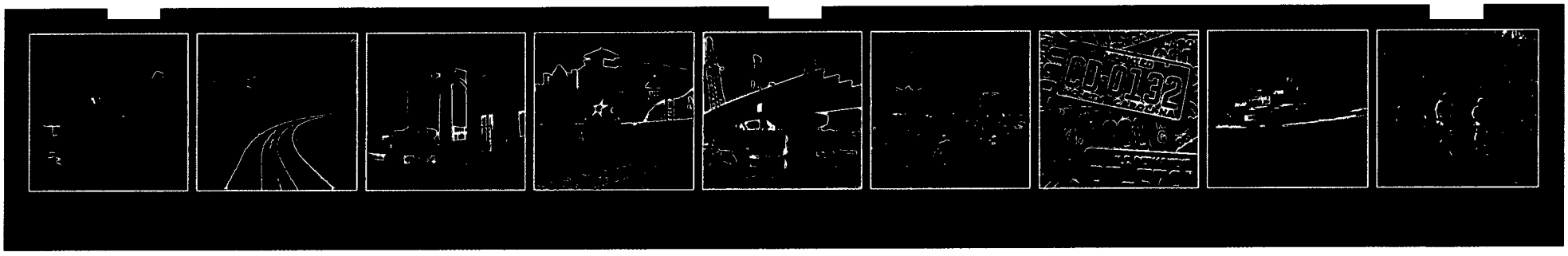
Weights asset categories:

- 25% for roadsides features
- 35% for bridges
- 40% for pavements



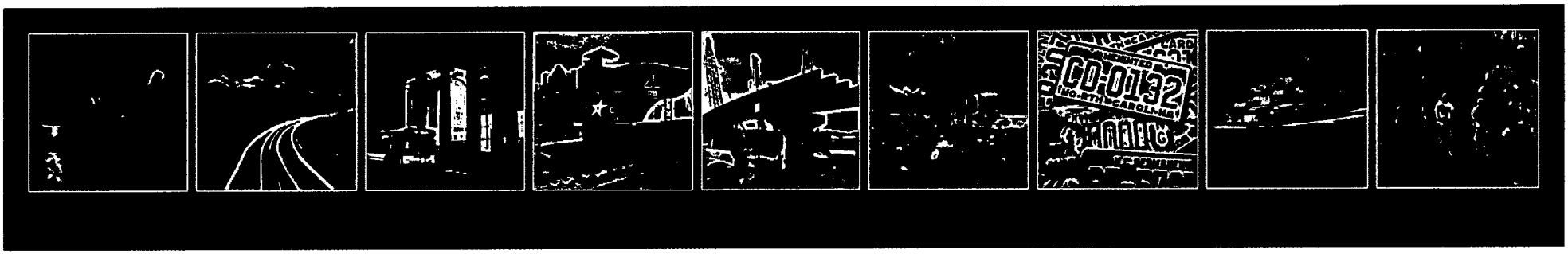
Infrastructure Health Index





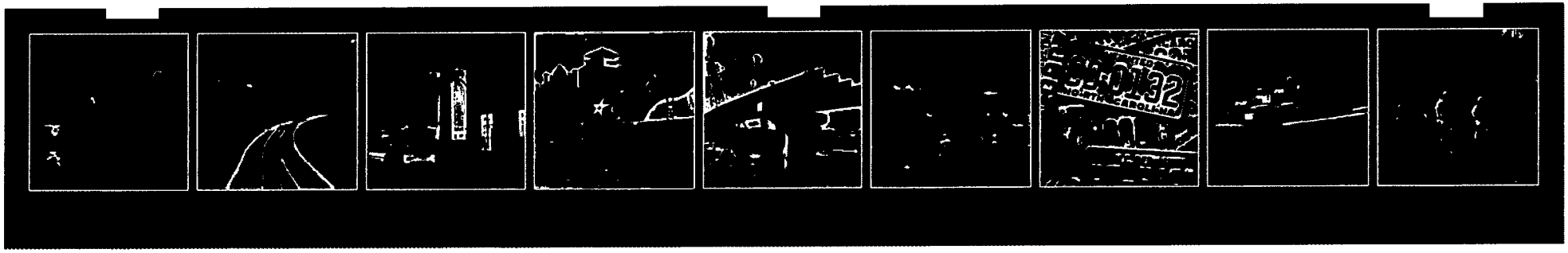
Validating Performance Measures

- Public told us:
  - Interstate: Meeting expectations with no areas of concern
  - Primary: Meeting expectations and identified shoulders as an area of concern
  - Paved Secondary: Slightly below expectation and focus areas include pavement condition, smoothness, width of travel lanes, roadway striping and markers



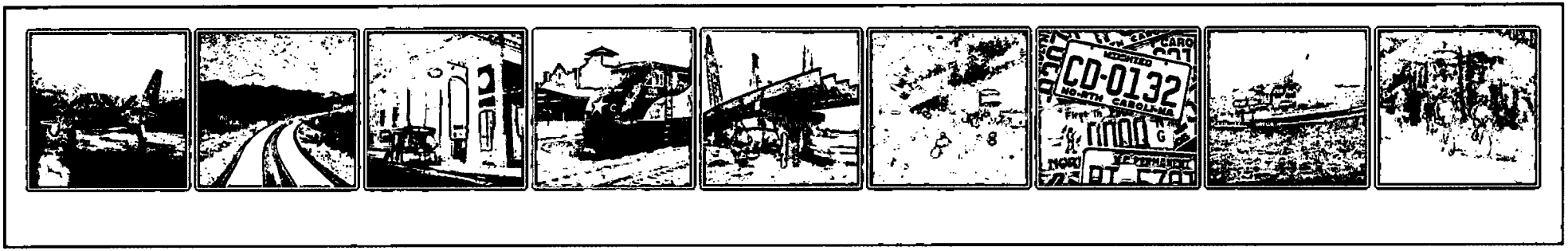
Maintenance Funding Needs
FY 2013-2014 (Millions)

	Needs
• Maintenance Operations	$ 765.97
• Disasters	$ 15.00
• Contract Resurfacing	$ 427.16
• Pavement and Bridge Preservation	$ 195.59
Total Maintenance and Preservation Needs	**$ 1,403.72**
Alternate Maintenance Funds	- $ 152.00
Adjusted Maintenance Funding Needs	**$ 1,251.72**
System Rehabilitation Needs	**$ 320.81**

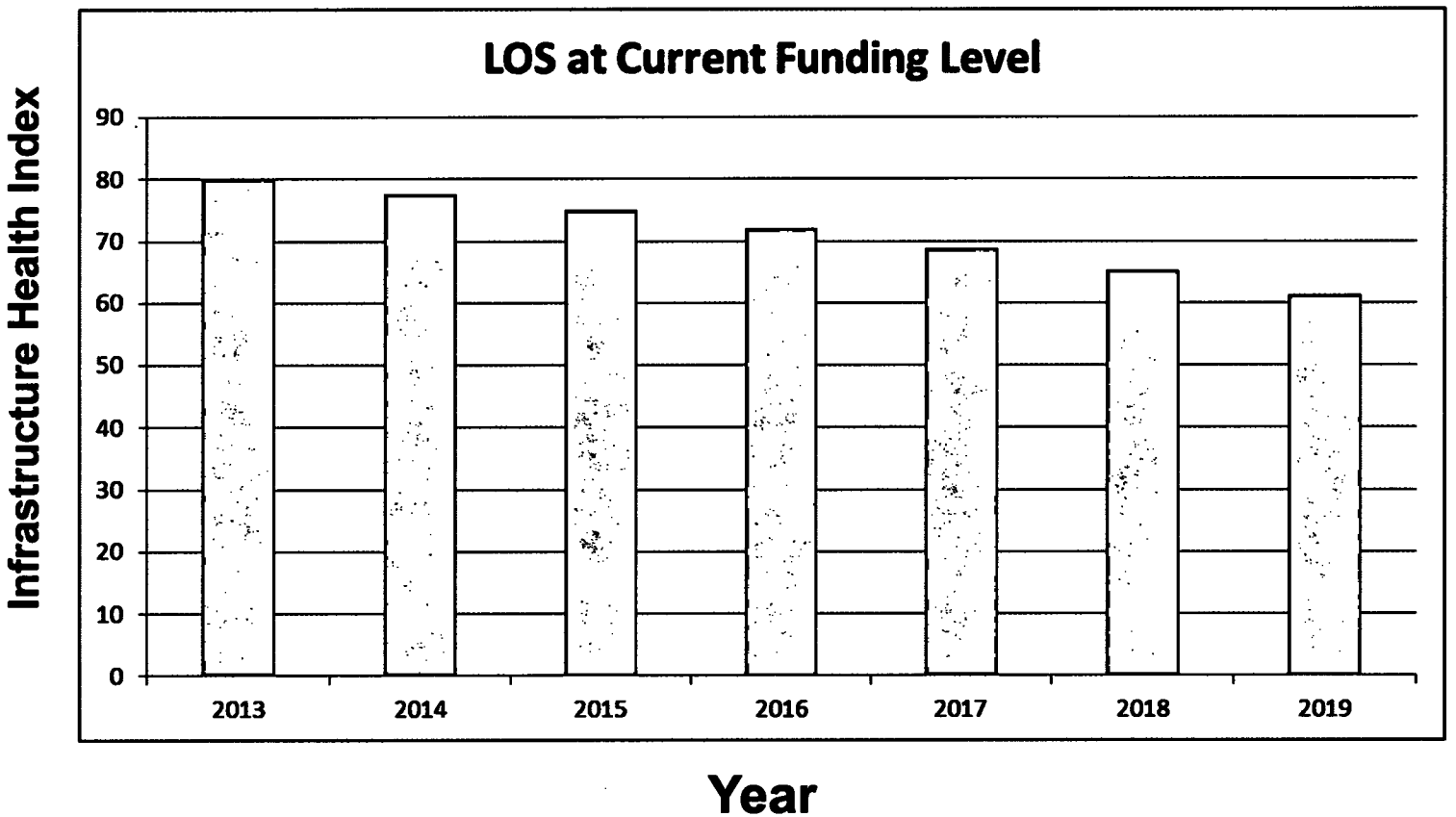


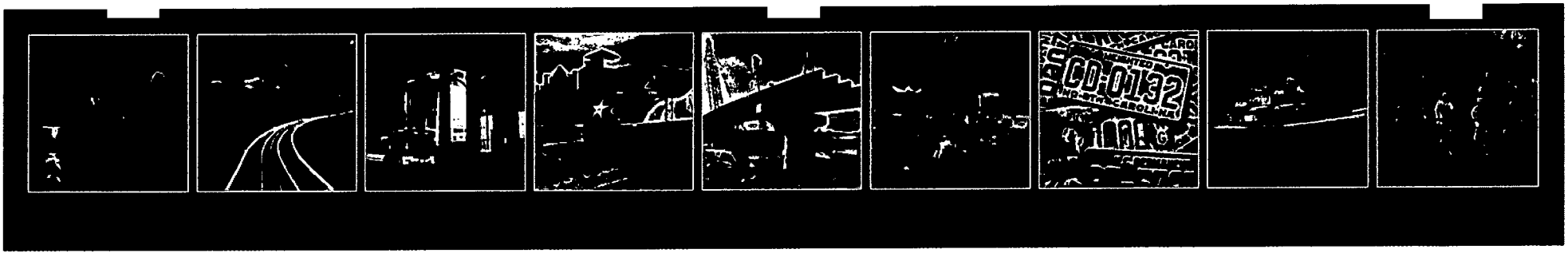
Statewide Annual Maintenance Funding Plan

Fiscal Year ($ millions)					
Maintenance Programs	**2013-2014**	**2014-2015**	**2015-2016**	**2016-2017**	**2017-2018**
Maintenance and Operations	765.97	792.01	818.94	846.79	875.58
Disasters/Emergencies	15.00	15.00	15.00	15.00	15.00
Contract Resurfacing	427.16	441.68	456.70	472.23	488.28
Pavement and Bridge Preserv	195.59	202.24	209.12	216.23	223.58
Total Maint. Funding Needed	**1,403.72**	**1,450.35**	**1,498.55**	**1,548.40**	**1,599.94**
Supplemental Maint. Funds	152.00	152.00	152.00	152.00	152.00
Estimated Maint. Fund Allocation	**$ 1,188.18**	**$ 1,248.90**	**$ 1,309.59**	**$ 1,317.58**	**$ 1,413.24**
Shortfall	***(63.54)***	***(49.45)***	***(36.96)***	***(78.82)***	***(34.70)***

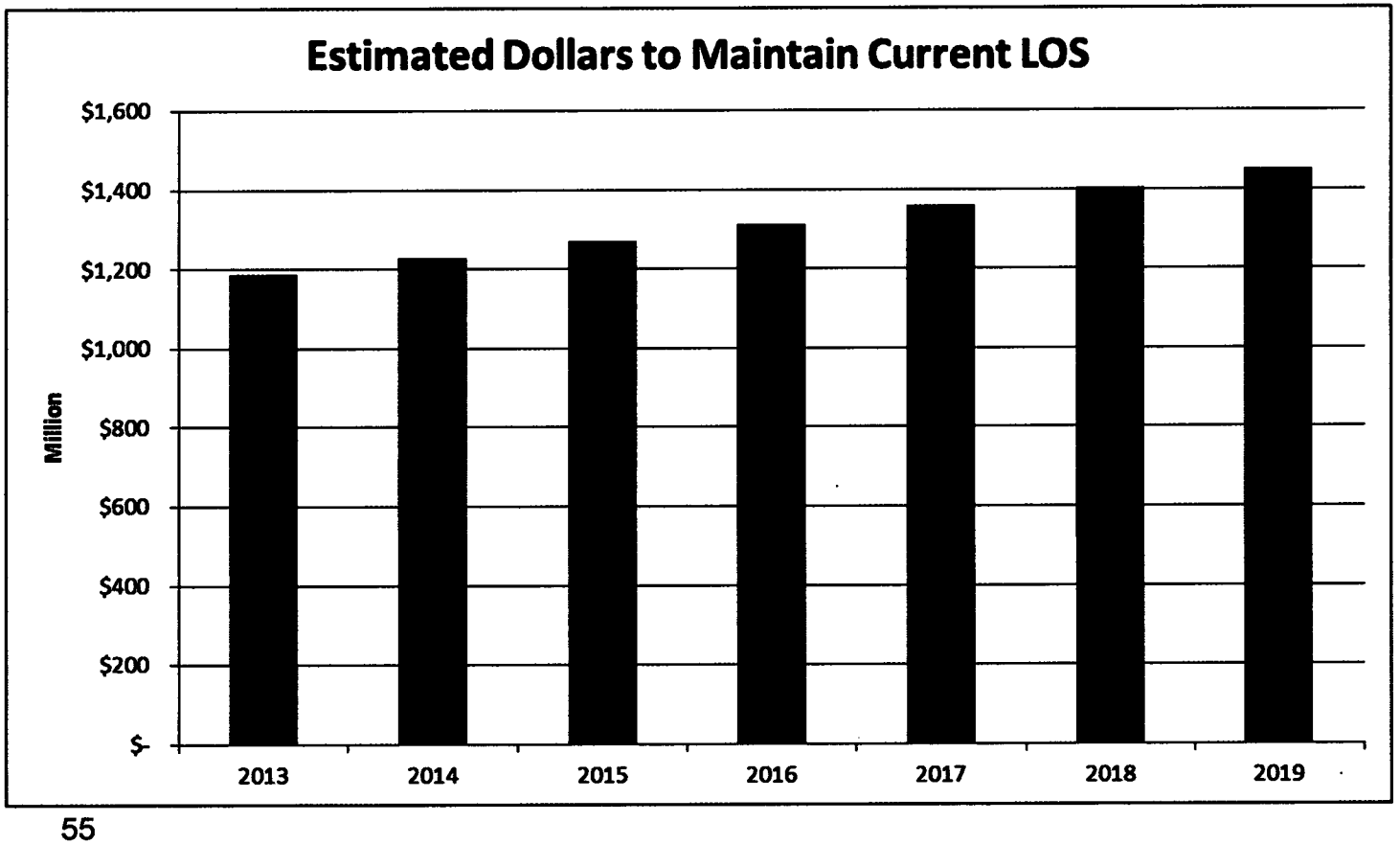


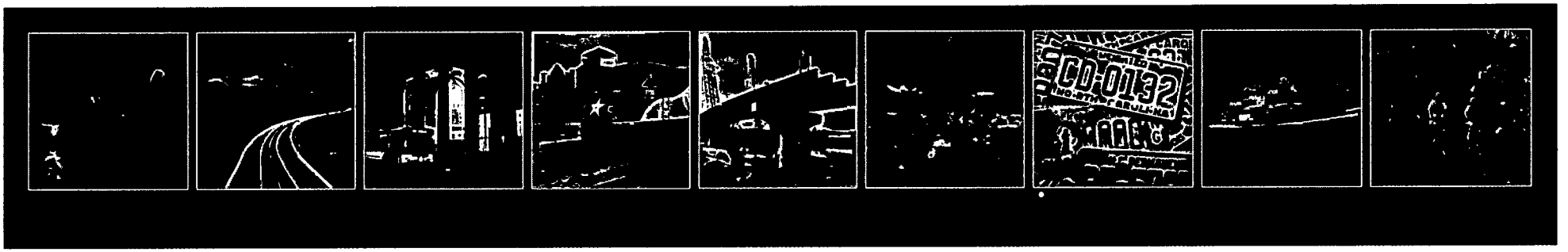
LOS at Current Funding Level



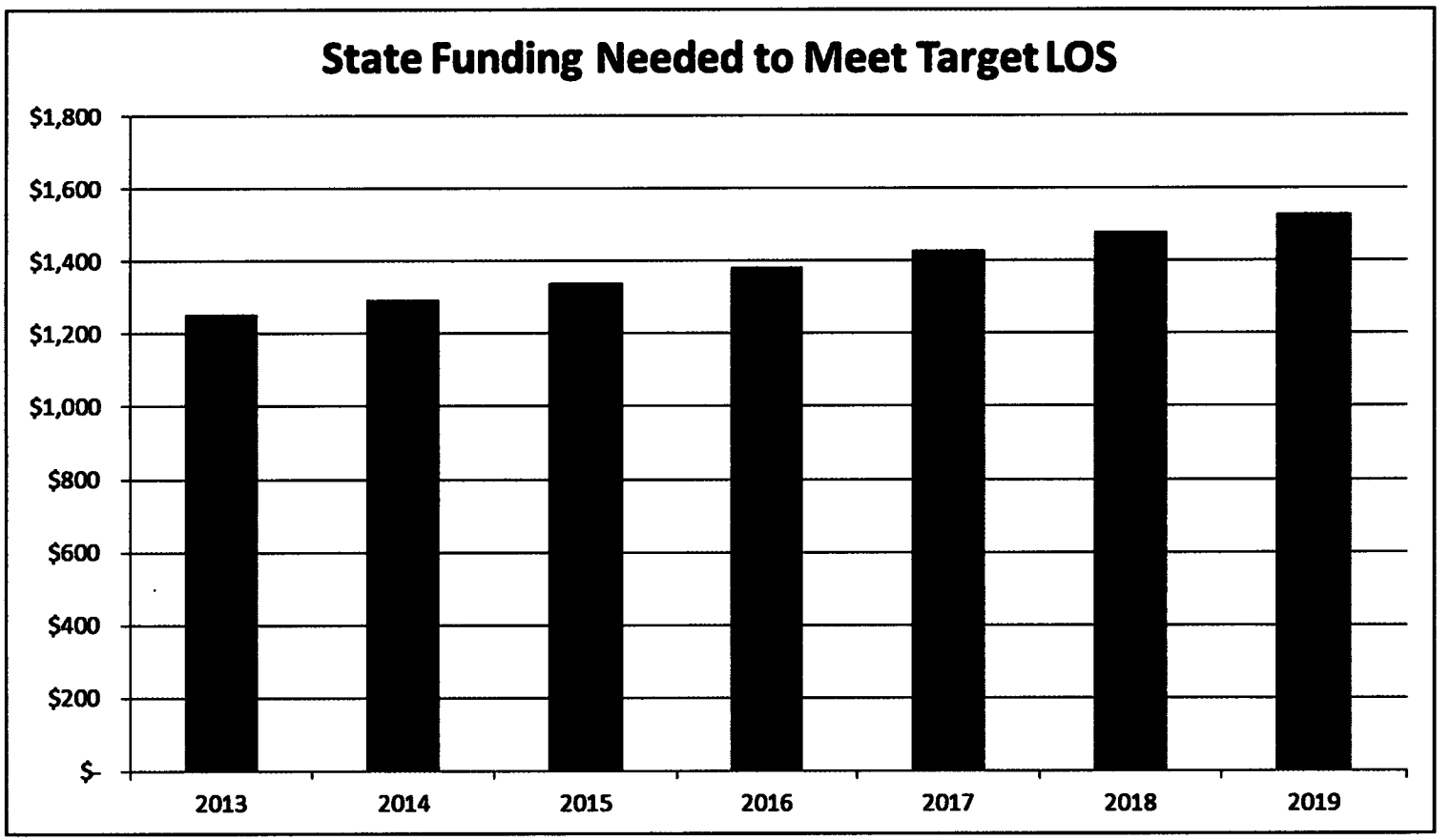


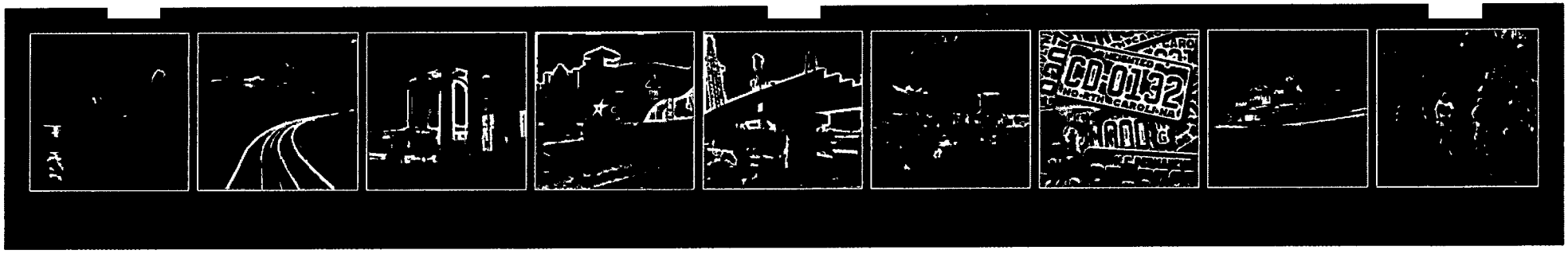
Estimated Dollars to Maintain Current LOS





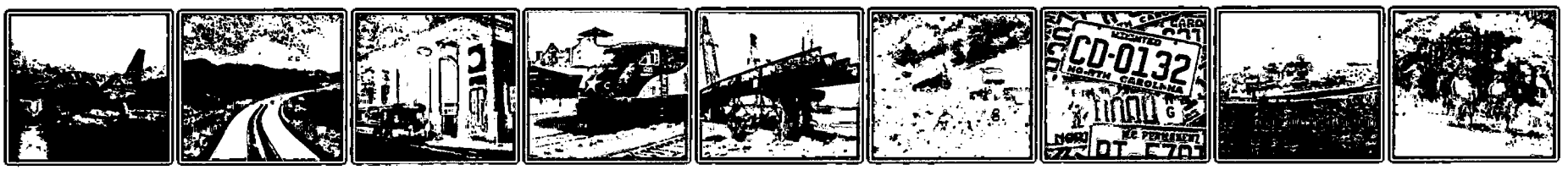
State Funding Needed to Meet Target LOS





Summary

- Meeting targets on roadside features
- Pavements and bridges are trending in the right direction
- Public validation of targets
- Funding only slightly below need
- Need more flexibility in funding
- Flexible funding allows NCDOT to address differing needs across all geographic areas of the State to maximize the return on investment.



Questions?

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE Transportation

DATE: 2-20-13 **Room:** 1228

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

House Sgt-At Arms:

1. **Name:** Carlton Adams
2. **Name:** Martha Parrish
3. **Name:**
4. **Name:** ROBERT YOUNG
5. **Name:** CHARLES HARPER
6. **Name:**

VISITOR REGISTRATION SHEET

Joint D.O.T — Feb. 20 2013

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joe McClees	McClees Consulting
[signature]	Misc
[signature]	NCNMC
JASON SOPER	NC DOT
Andrew Bell	NC DOT
[signature]	RTNC

VISITOR REGISTRATION SHEET

Joint DOT — Name of Committee

2/20/13 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jake Caslion	NC Chamber
Mary Maula Asbill	SELC
Berry Jenkins	Carolinas AGC
Susanna Davis	Williams Mullen
Stephen Kouba	Compassnc
David Crawford	AIA NC

PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228

DATE: 2-20 TIME: 9 AM

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Sam Ess	Rocky Mount	Newton
2 Libby Dotson	Clayton	Jackson
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Wednesday, February 20	**Room**	**Time**
JOINT APPROPRIATIONS	1228	9:00 am
TRANSPORTATION		

Name	County	Sponsor
Christina Stone	Wake	Dollar
Emily vonLehmden	Wake	Hastings

Joint Appropriations Subcommittee on Transportation

February 21, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

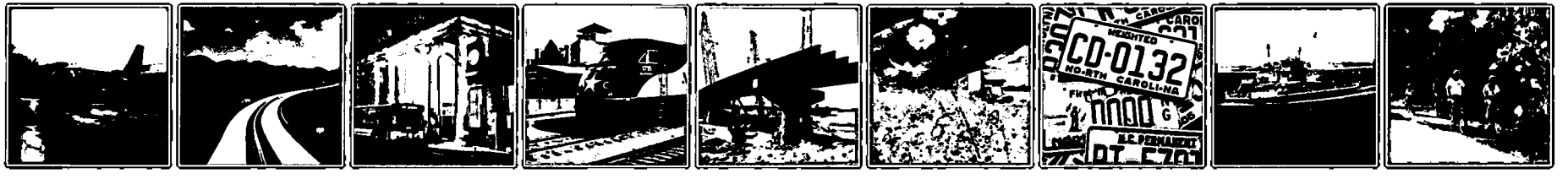
Chairs: Representative Phil Shepard
Representative John Torbett, Chairing
Senator Kathy Harrington
Senator Bill Rabon

- Call to Order

- DOT Financial Overview

  Burt Tasaico
  State Program Analysis Engineer
  Department of Transportation

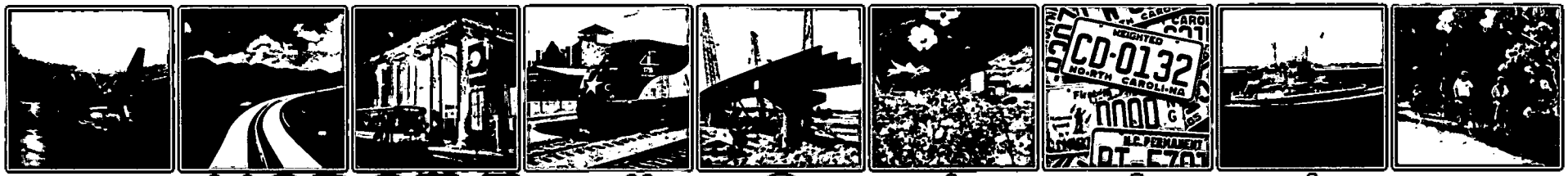
Next meeting: Debt Affordability Study and Tolling Considerations - Tuesday, February 26, 8:30 a.m.



Joint Appropriations Subcommittee on Transportation

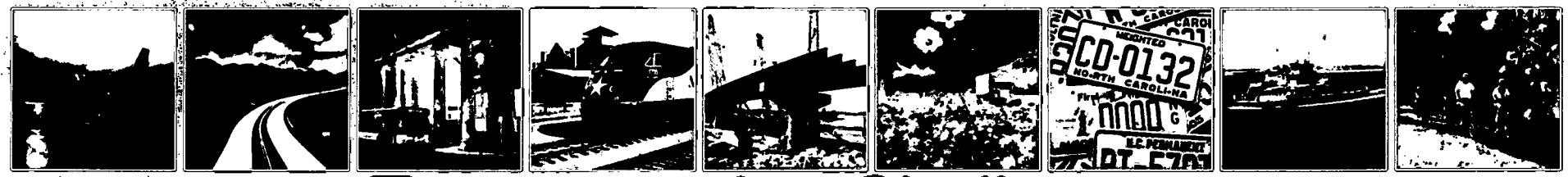
Funding Overview
February 21, 2013

H. Tasaico, PE



NCDOT Funding Overview - Agenda

- **State Transportation Comparative Data**
- **Transportation Funding Sources & Uses**
- **Cash Management Systems**



Transportation Challenges

Protect and Enhance NC's Largest Economic Asset

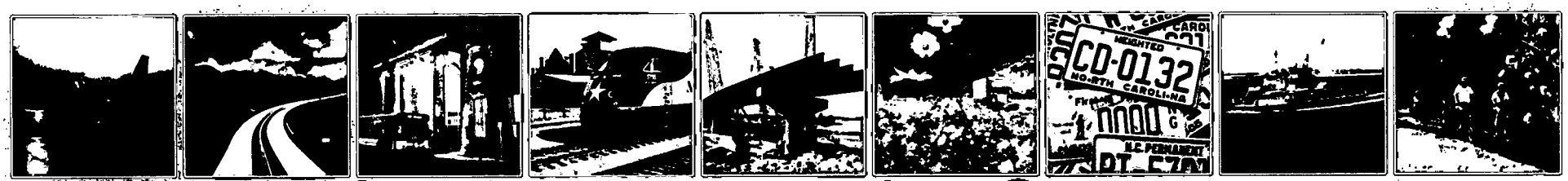
- Prioritized Performance Outcomes
  - Address Mobility Needs
  - Preserve Transportation Infrastructure
  - Anticipate Freight Movement and Logistics Needs
  - Link Economic Goals and Infrastructure Planning

Financial Sustainability

- Revenue Uncertainty
- Construction Inflation

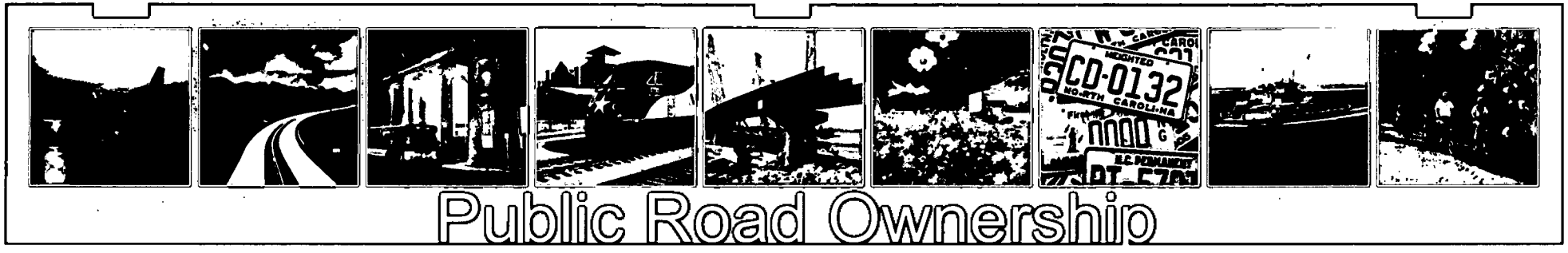
Environmental Responsibility

Environmental Lawsuits

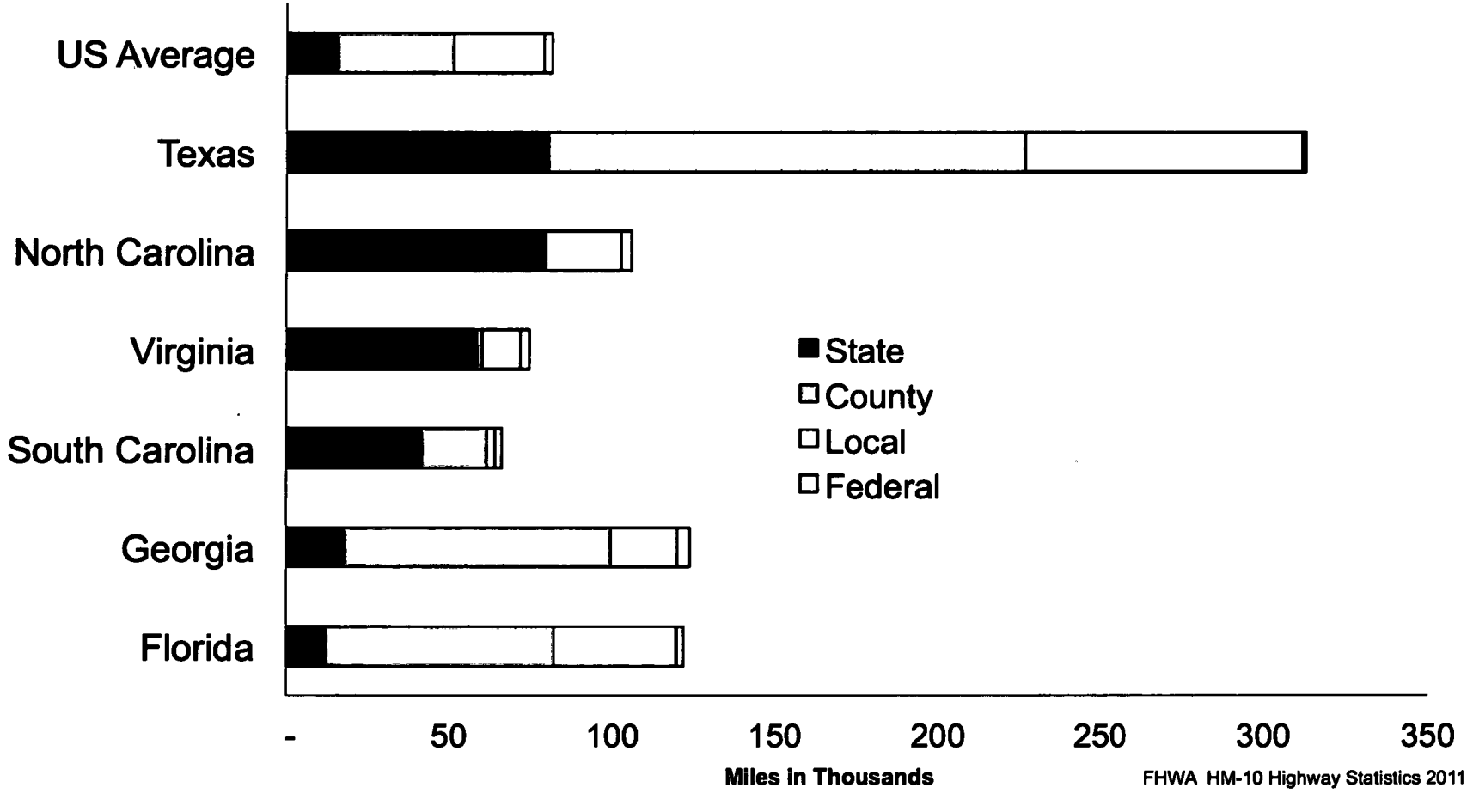


State Transportation System

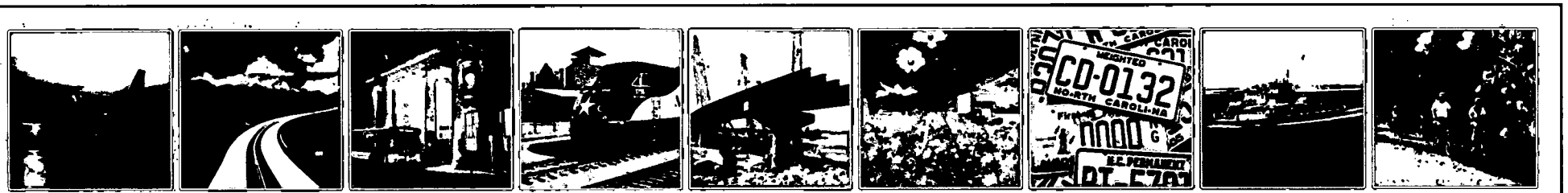
- Largest Capital Asset
- Per State CAFR - Over $44B Invested
- Replacement Value - $450B
- Economic Value - $$$$$$$
    - Commerce
    - Jobs (Direct / Indirect)
    - Lifestyle



Public Road Ownership

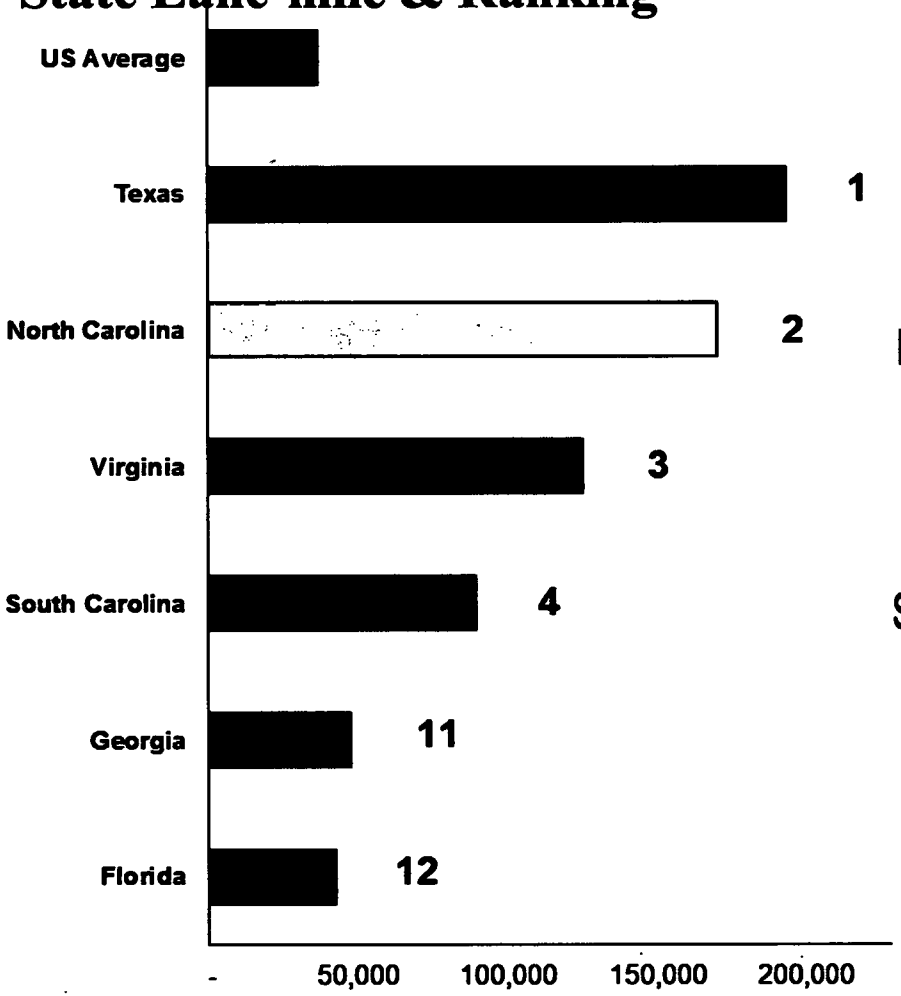


FHWA HM-10 Highway Statistics 2011



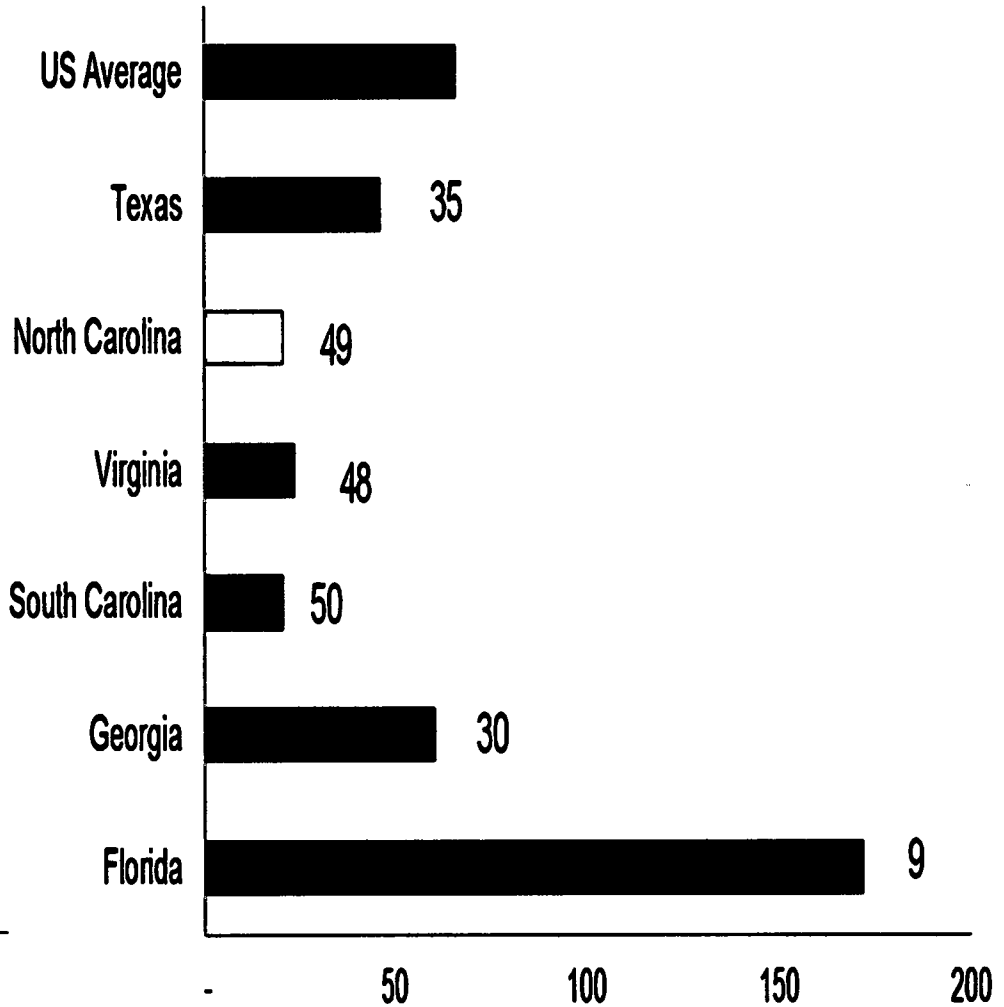
System Responsibility

State Lane-mile & Ranking

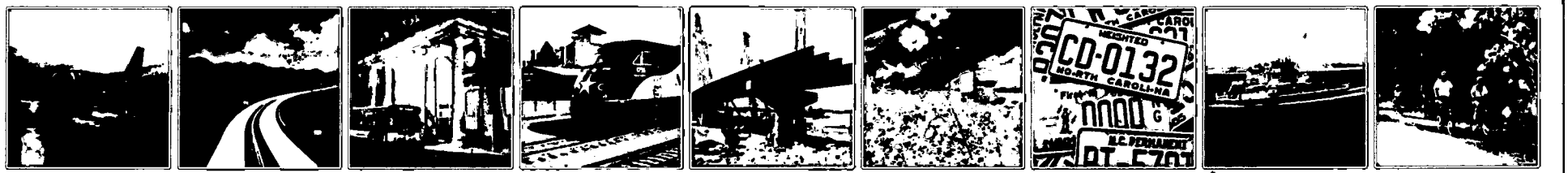


FHWA HM-81 Highway Statistics 2008

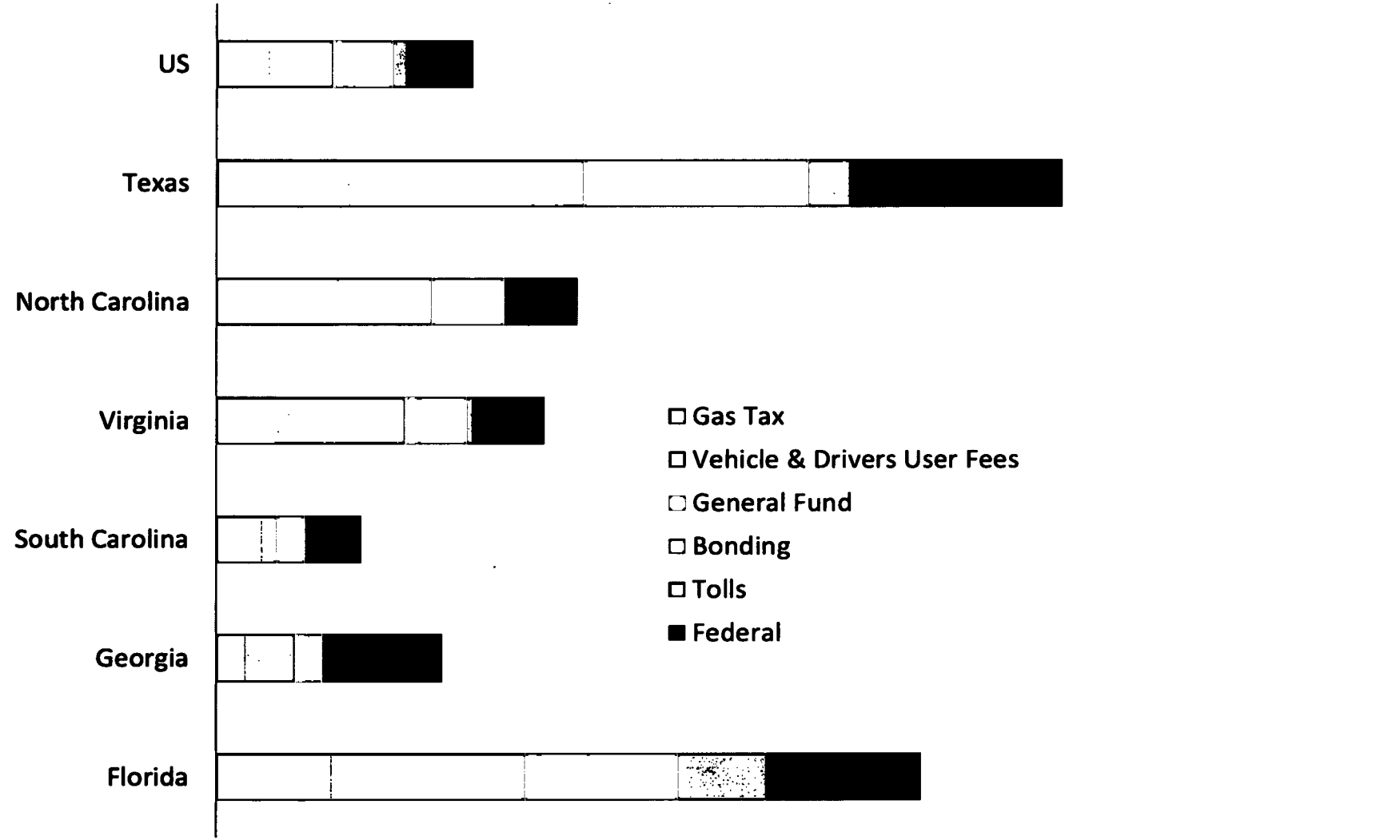
Total Disbursements: Lane-mile & Ranking



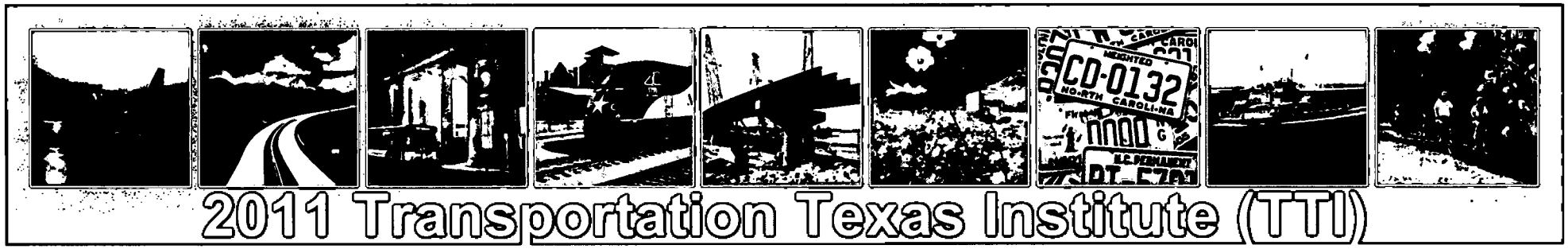
FHWA HM-81, SF-3, SF-4 Highway Statistics 2010



State Funding Sources Including Federal - ($ in millions)



FHWA: Table SF1 (2010)



2011 Transportation Texas Institute (TTI)

Urban Mobility Report - National Statistics

Congestion Costs

1982 - $24 billion
2011 - $121 billion

Wasted Fuel

2011 - 2.9 B gallons equal to 4 New Orleans Superdomes

U.S. Commuter Delay (hours)

1982 – 16
2011 – 38

U.S. Commuter Cost (annual $)

1982 - $342
2011 - $818

NC Commuter Delay (hours)

1982 – 5
2011 – 27
Charlotte NC,SC - 41
Raleigh Durham - 23
Greensboro - 27
Winston-Salem - 20

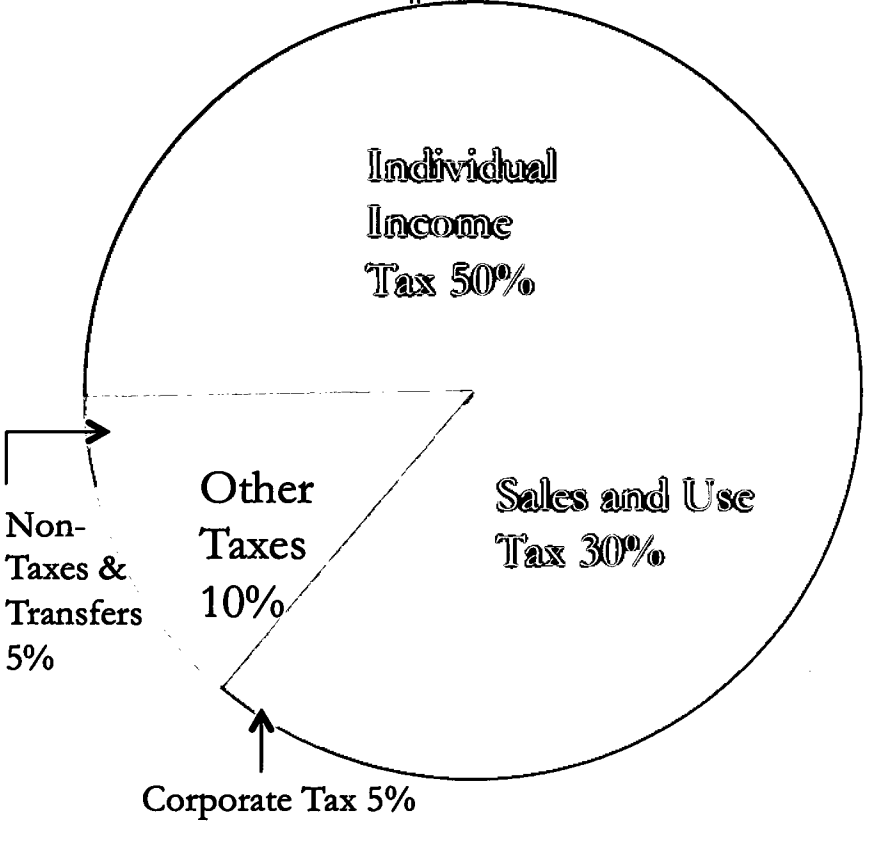
NC Commuter Cost (annual $)

1982 - $78
2011 - $605
Charlotte NC,SC - $898
Raleigh Durham - $502
Greensboro - $588
Winston-Salem - $435

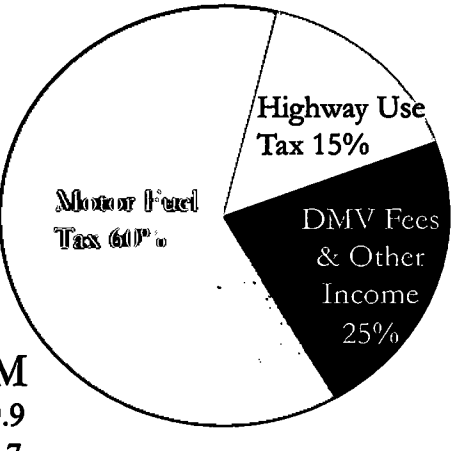


State Revenues Sources (SFY 2013)

General Fund $19.6B

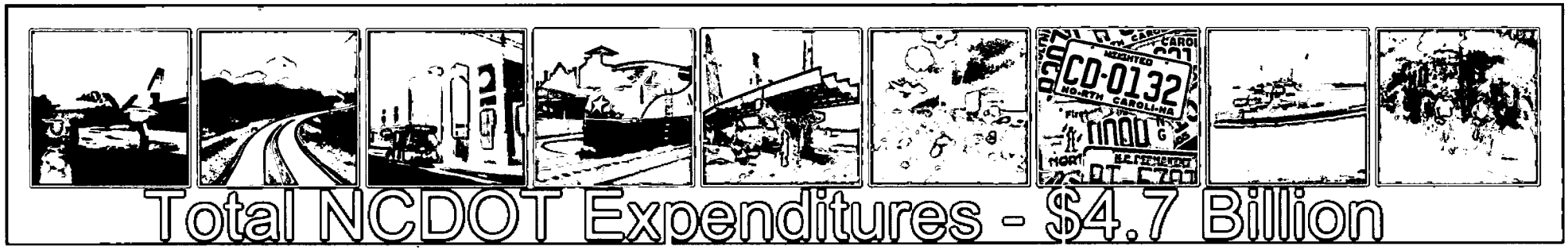


NCDOT $3.1B
(Highway and Trust Funds)



Transfer $288.3M

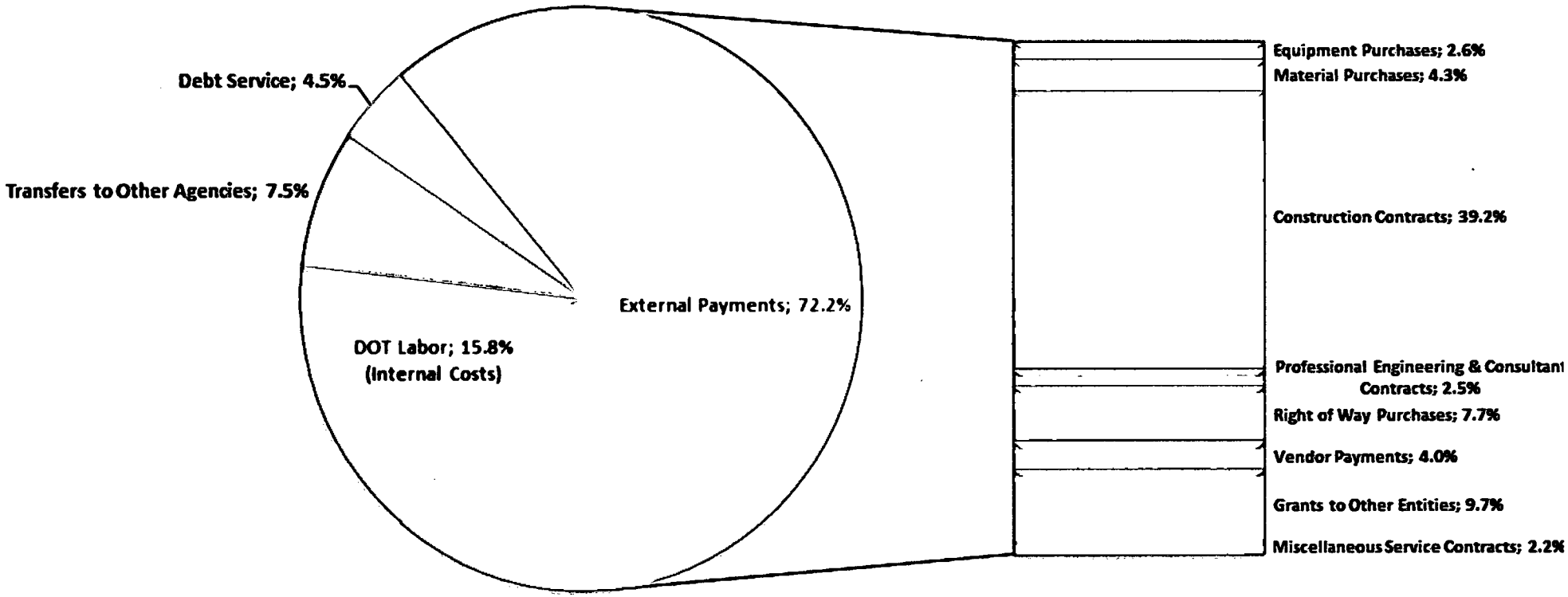
General Fund	249.9
Public Instruction	26.7
Other Agencies	11.7

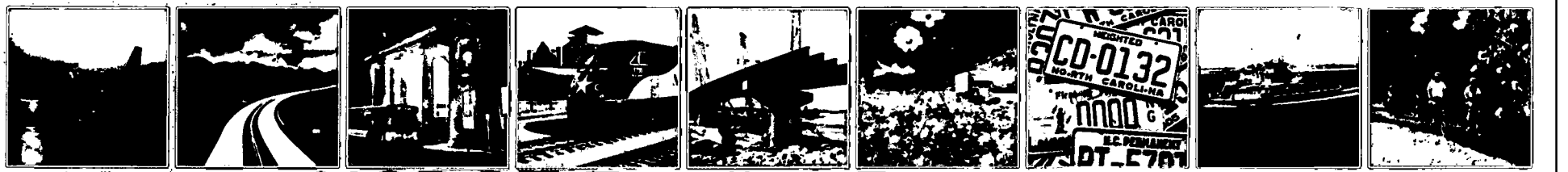


Total NCDOT Expenditures - $4.7 Billion

State Fiscal Year 2012

July 2011 - June 2012





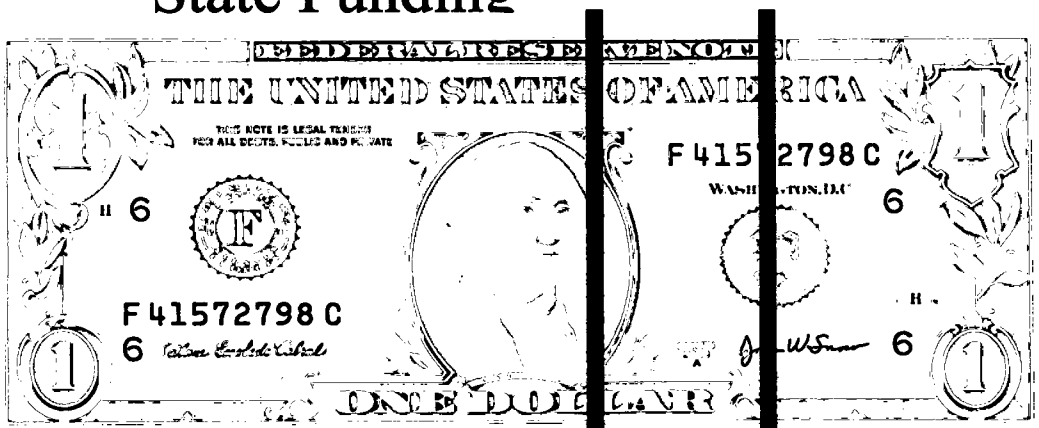
NCDOT Funding Resources

- State - (Motor Fuels tax, Highway Use tax, DMV fees)
- Federal - (Motor Fuels tax, fees, Grants)
- Tolls & Fees - (NCTA, Ferry, DMV, local participation)
- Cash - (Timing)
- Debt - (Timing)



Present Revenues (State & Federal Sources)

State Funding

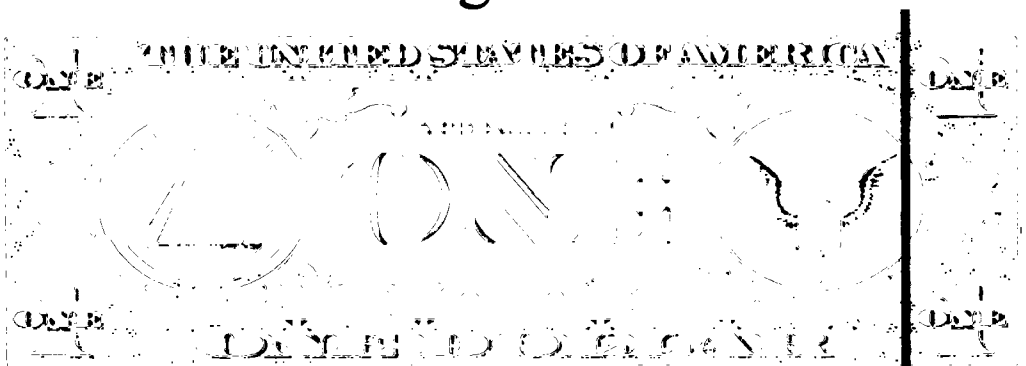


Motor Fuel Tax 60%

Highway Use Tax 15%

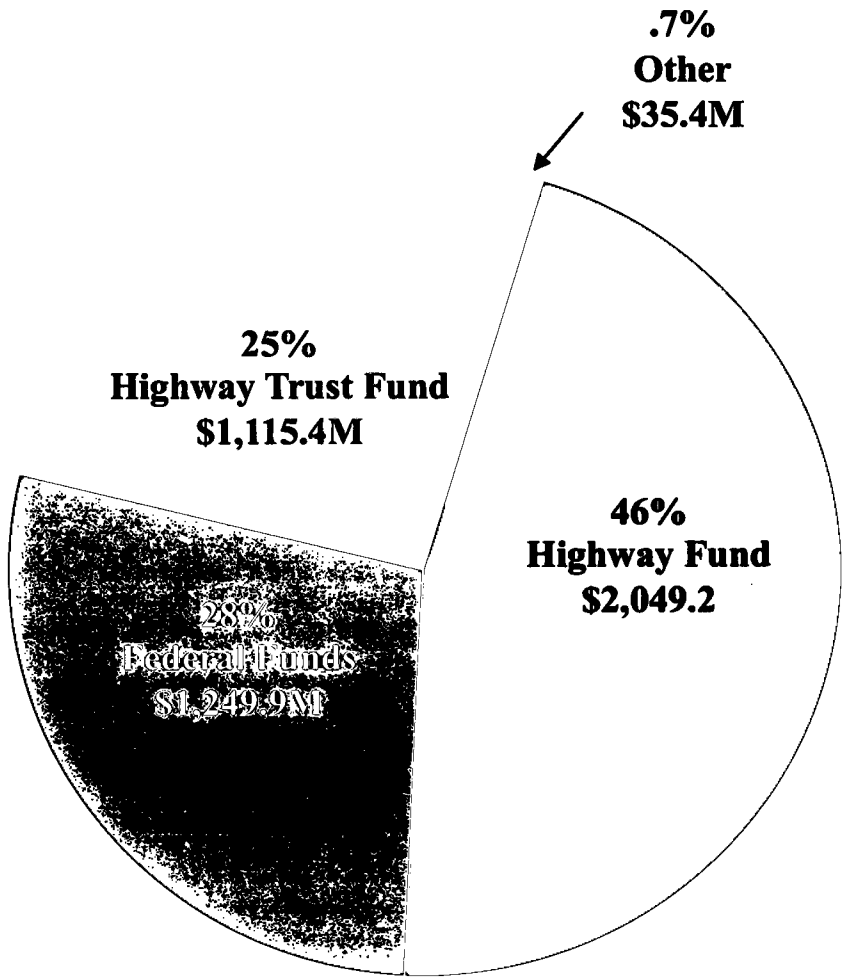
Fees 25%

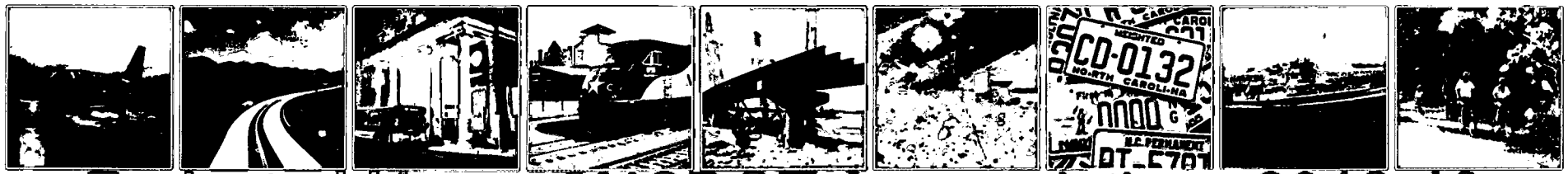
Federal Funding



Motor Fuel Tax 92%

Fees 8%





Projected Uses of NCDOT Appropriations 2012-13

Total Funding = $5.2 Billion

Administration

DOT	105.9
DMV	129.4
DOH	36.4
Trust Fund	42.3

Other Modes

Aviation	42.3
Rail	209.6
Public Transit	123.4
Ferries	46.0
Bike & Ped	40.0

.7%
GHSP/Other
38.7

State Agency Transfers

General Fund	249.9
Public Instruction	26.7
Other Agencies	11.7

8.9%
461.3

6.1%
314.0

5.6%
288.3

Municipal Aid
142.3

2.8%

16.5%
NCTA
856.6

Other Construction
108.4

Secondary Roads	75.5
Discretionary Funds	12.0
Spot Safety	12.1
Public Service Roads	1.8
Small Urban	7.0

2.1%

3.2%

Debt Service
167.8

GO Bonds	81.5
GARVEE Bonds	86.3

18.4%
Maintenance
952.7

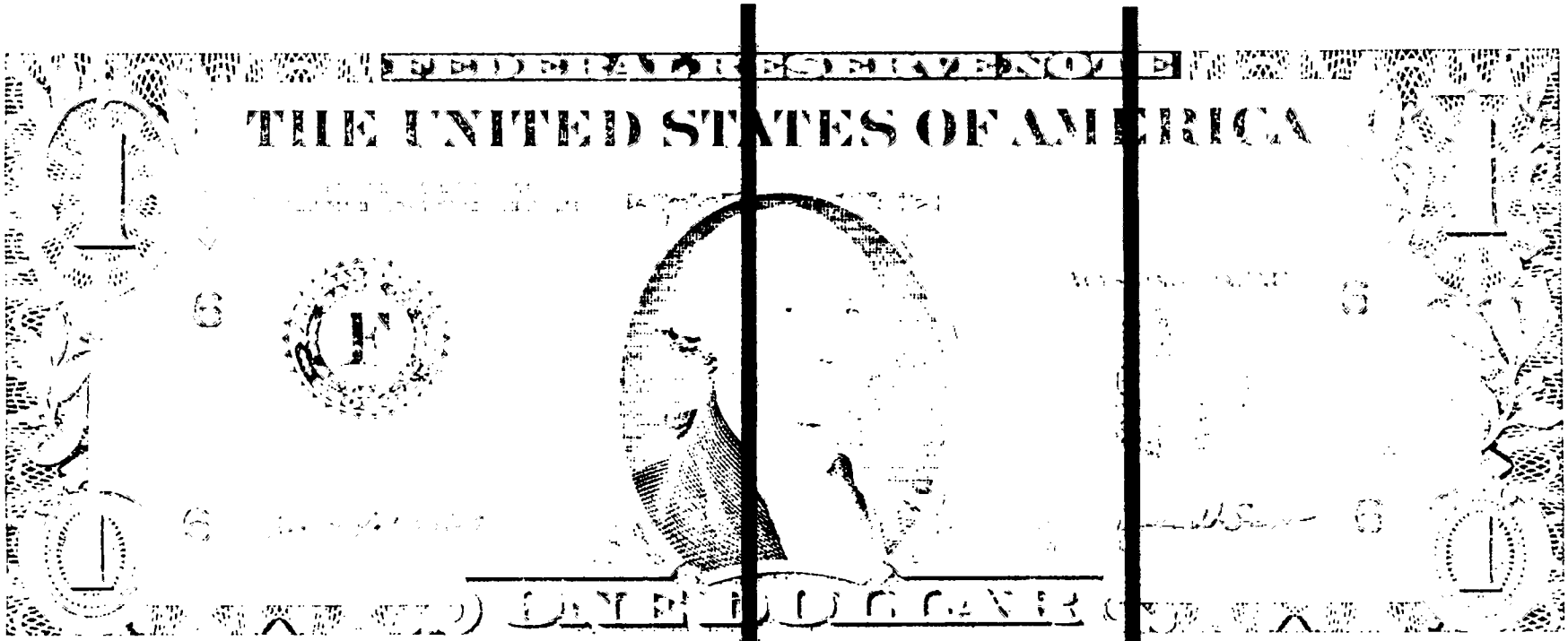
4.6%

Bridge Preservation
235.5

NCTA budget based on successful financing
GARVEE bond debt service includes 2007-2012 issues



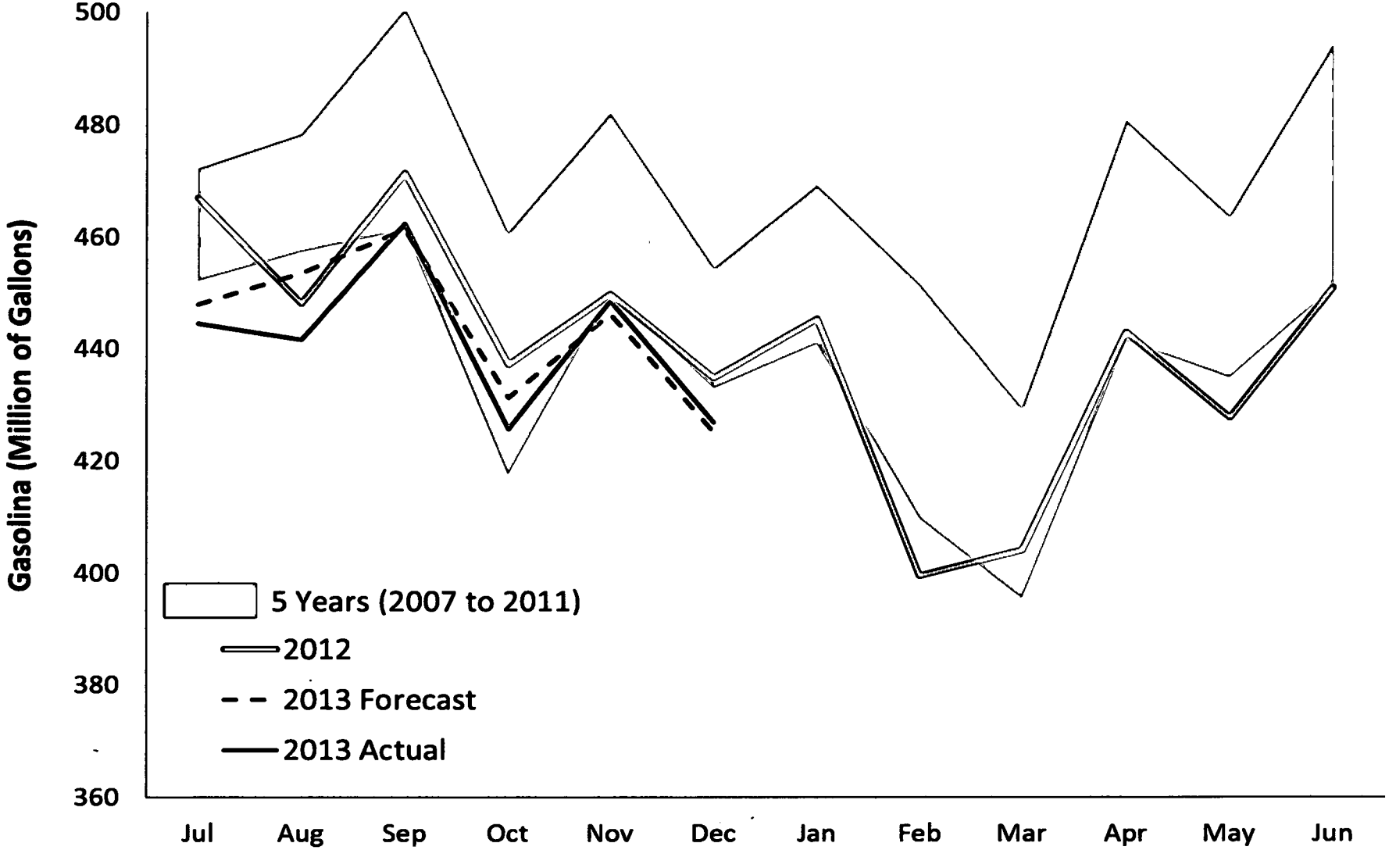
State Revenue Sources



Motor Fuel Tax	Highway Use Tax	Fees
60%	15%	25%
MFT Rate & Fuel Consumption	Vehicle Prices, Units Sold & Rate	Fee Rates & Transactions

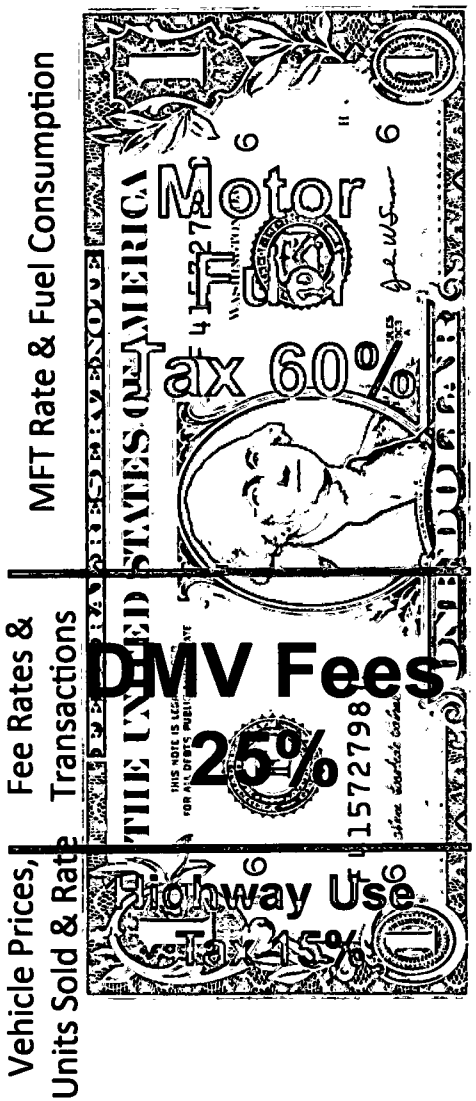


North Carolina - Monthly Fuel Consumption





State Sources, Funds, Allocation & Distribution



1¾ Cent of MFT to:

- Secondary Roads
- Powell Bill

Remainder through Appropriations

Transfers to General Fund, Turnpike & GAP (≈79.9M)
Mobility Fund ($75.5M)
Administration ($42M)
Remaining:

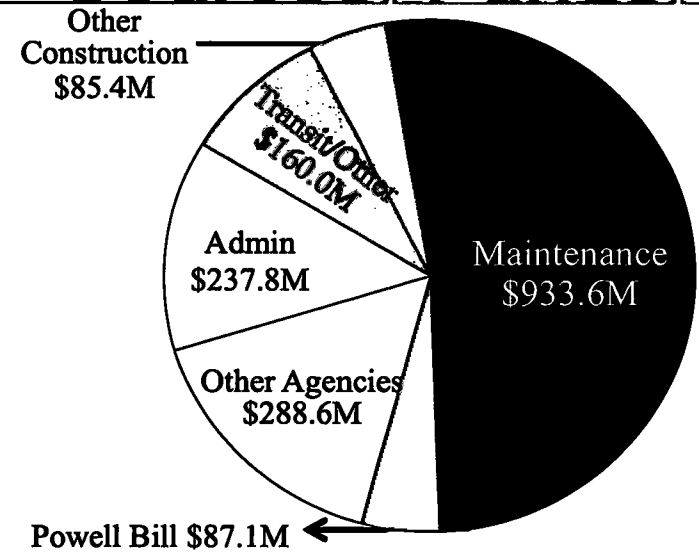
- 61.95% Intrastate*
- 25.05 Urban Loops*
- 6.5% Secondary Roads
- 6.5% Powell Bill

*Federal-Aid Match ($233M) & Debt Service ($82M) funded from these programs

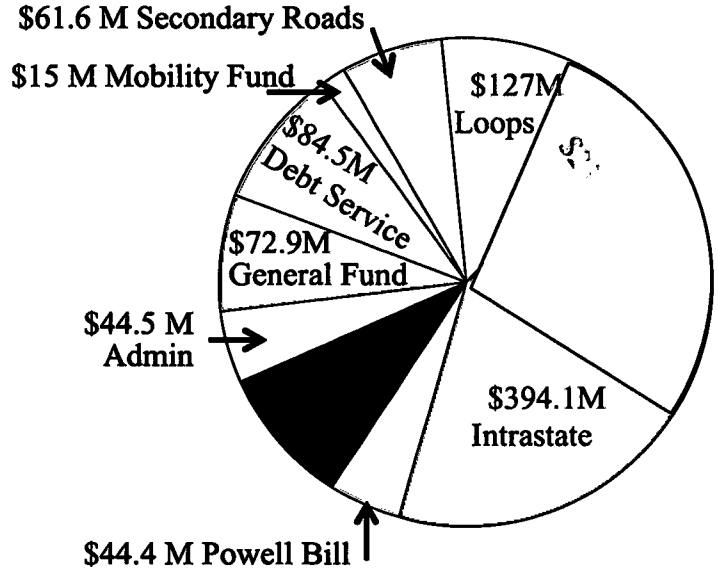


Sources, Funds, Allocation & Distribution

Highway Trust Fund



Highway Fund



Distribution

Maintenance
90% Mileage + 10% Population

Contract Resurfacing
50% Needs + 37.5% Mileage + 12.5% Population

Secondary Road Construction
County Mileage/Statewide Population

Powell Bill
75% Population + 25% Mileage

Equity Formula*
50% Population + 25% Remaining Mileage + 25% Equal Share

*Exemptions: Loops , CMAQ, Competitive Federal Grant Funds, Appalachian Development, Mobility Fund Excluded & Yadkin River Bridge Phase 1 "GARVEE" Bonds

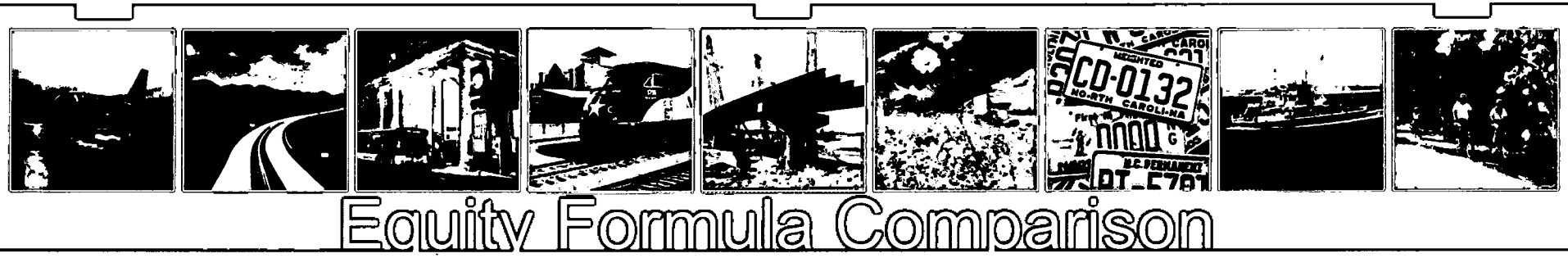


1989 Equity Formula

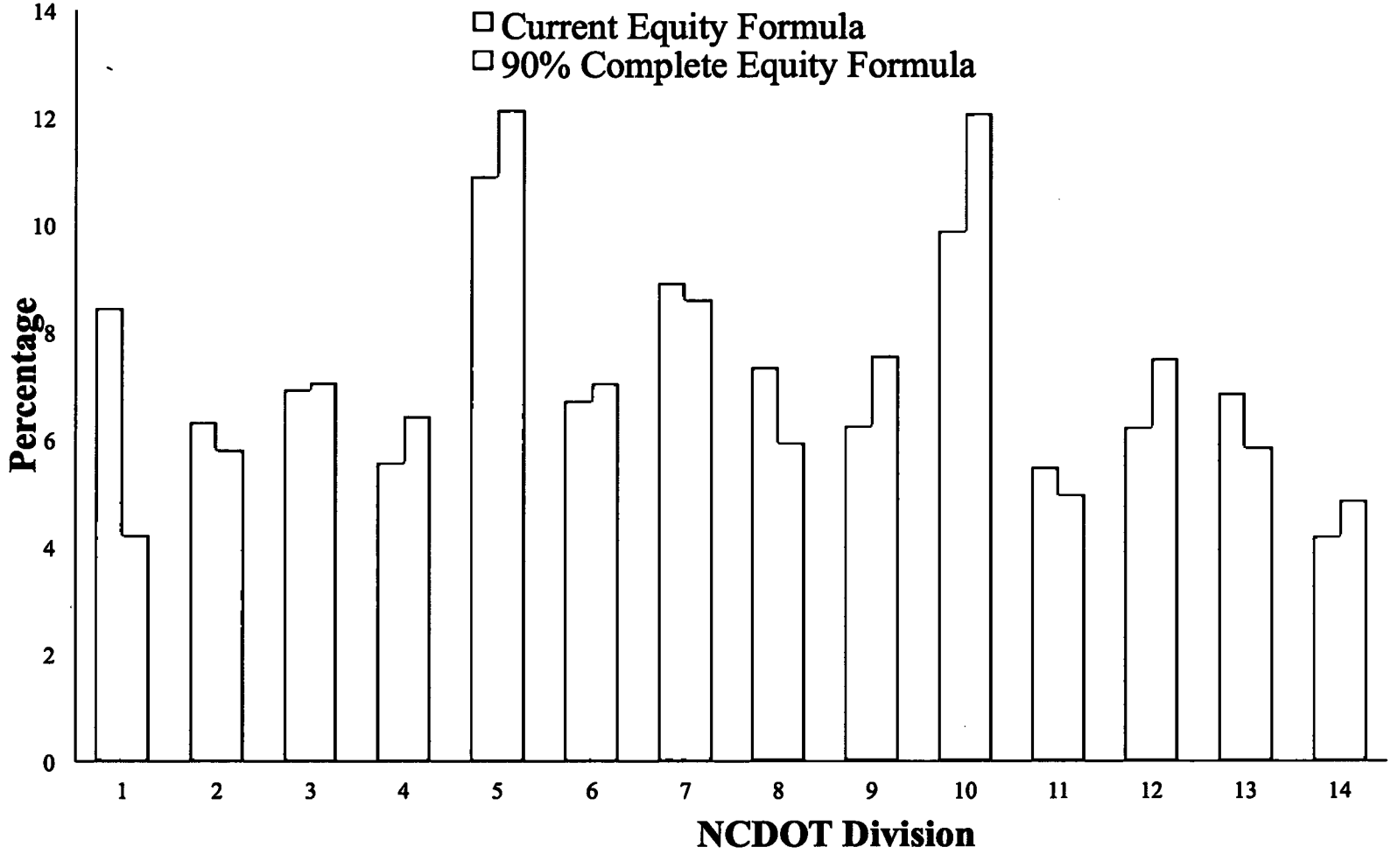
- Established Seven Regions Within the State
- Applies To All Funds in TIP
- Distributed as follows

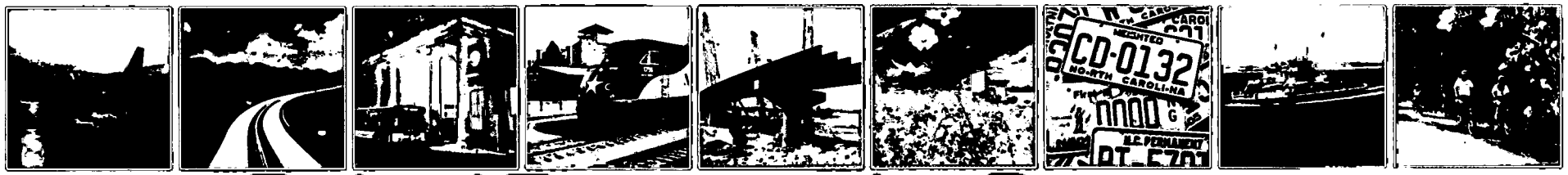
	Completed Intrastate System Mileage	
Current at 78%	Until 90%	After 90%
Population[1]	50%	66%
Equal Share	25%	34%
Remaining Miles to Complete	25%	-

[1] As Certified by the State Demographer



Equity Formula Comparison



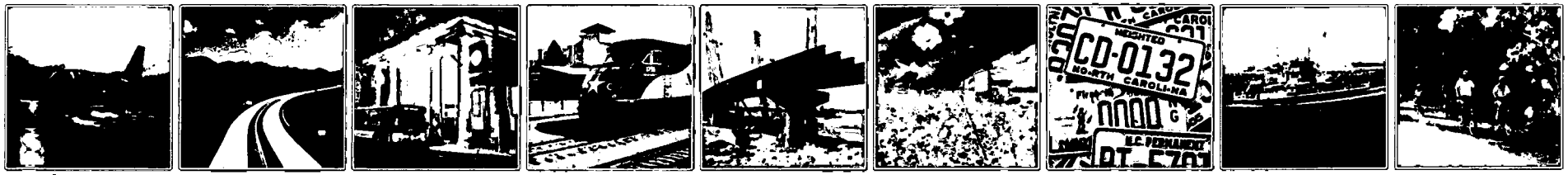


Federal Transportation Revenues



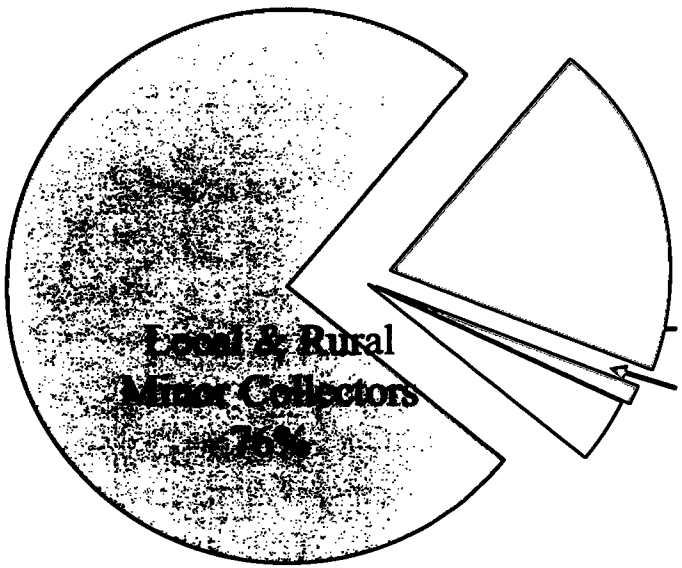
Motor Fuel Tax 92%

Fees 8%



Characteristics of the Federal-aid Highway Program

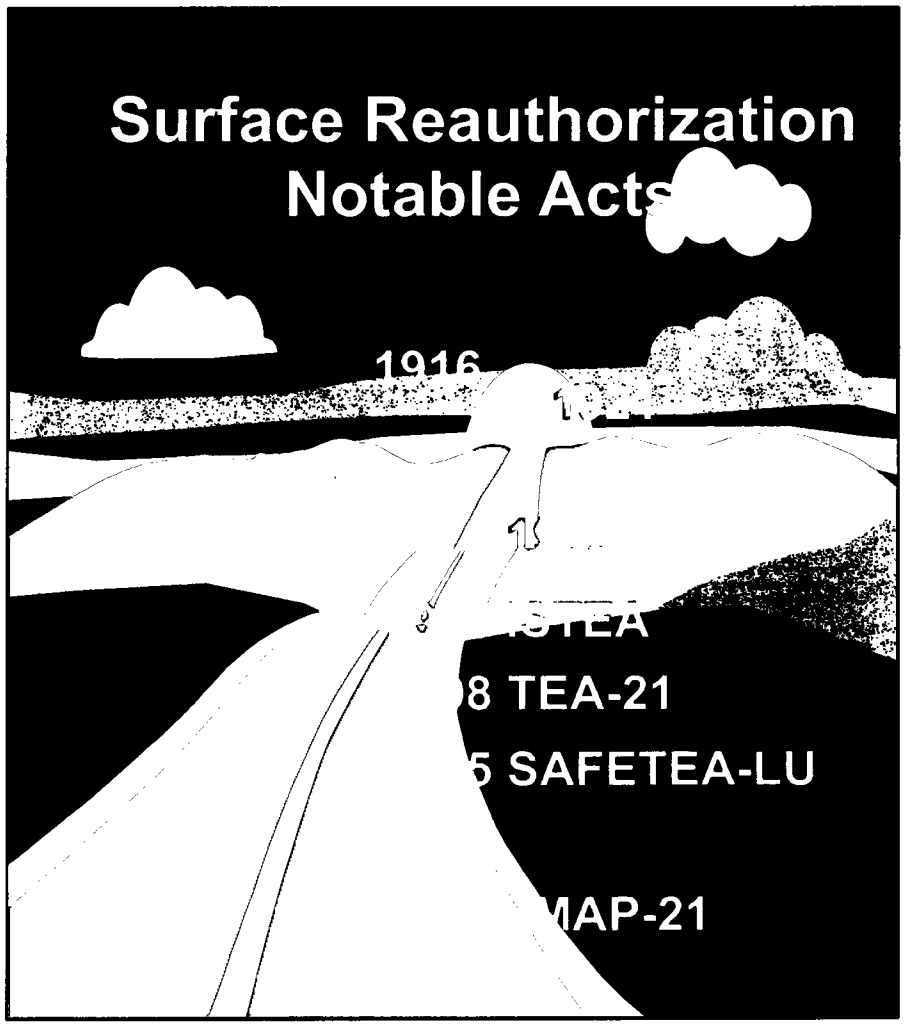
- Reimbursement Program
- Matching requirements
- Specific Systems Funding

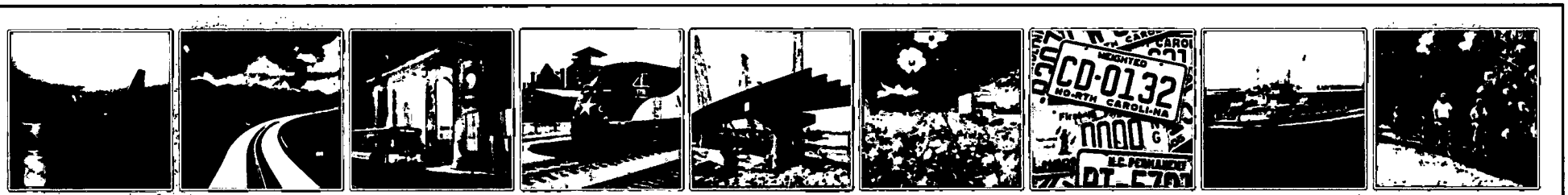


Ineligible

Eligible

Nationally - 4 million miles of public roads total





MAP-21 (Moving Ahead for Progress in the 21st Century Act)

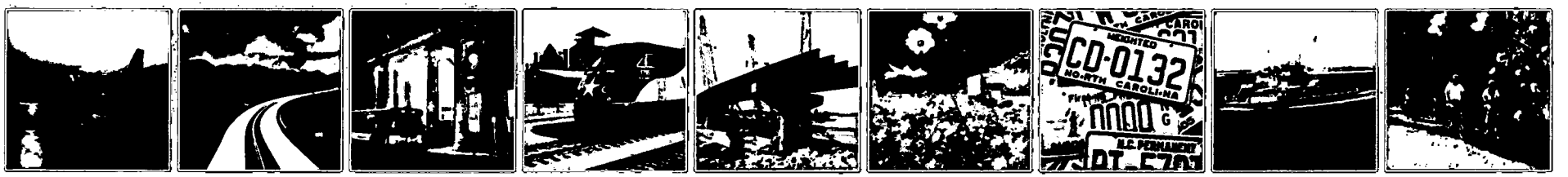
Timeline

- Signed by President July 6, 2012
- 10 Extensions
- Extended SAFETEA-LU to 9/2012
- 27 Months (until 9/30/2014)

- Financing
- FFY 2012 level plus 1.4% per year
- SFY 2012 ≈ 5% less than SFY 2011
- Offset needed to balance ≈ 21B
- Extends HTF taxes through 9/2016

Funding

- Maintains 80%/20% (Highway/ Transit)
- State Funding based on FFY 2012 (eliminating traditional formulas)
- No Earmarks
- TIFIA Program
  - SFY 2013 ($0.75B)
  - SFY 2014 ($1B)
  - Maximum TIFIA project share 49%



MAP-21 (Moving Ahead for Progress in the 21st Century Act)

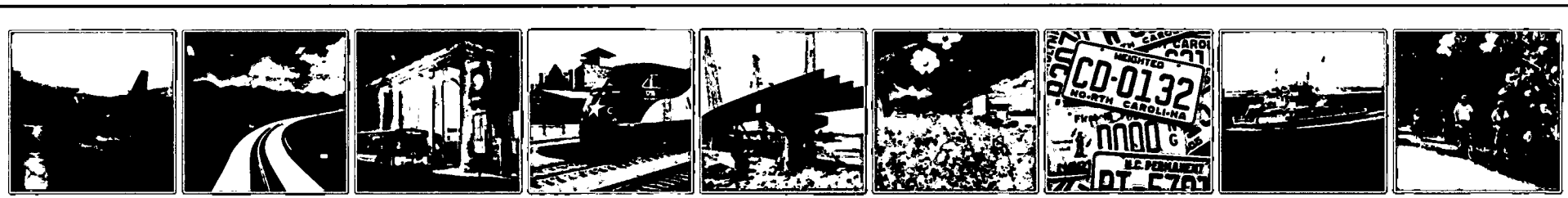
Key Highlights

Funding

- FFY 2014 States Guaranteed 95% HTF Returns
- >92% Highways Funding to Core Highway Programs

Program Consolidation

- Consolidates >100 programs by 2/3
- Two New Programs
  - National Highway Performance
  - Transportation Alternatives
- Focuses on Freight



MAP-21 (Moving Ahead for Progress in the 21st Century Act)

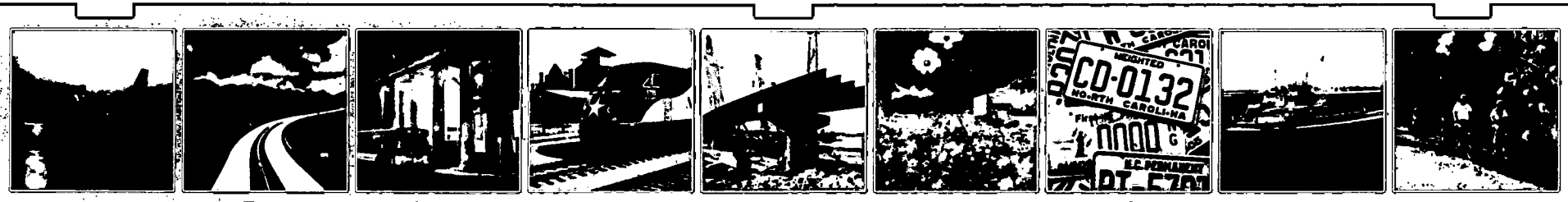
Key Highlights - Continued

Performance and Accountability

- Seven National Goals
  - Safety
  - Congestion
  - System Reliability
  - Economic Vitality
  - Reduced Project Delays
  - Infrastructure Condition
  - Congestion
  - Freight Movement
  - Environmental Sustainability

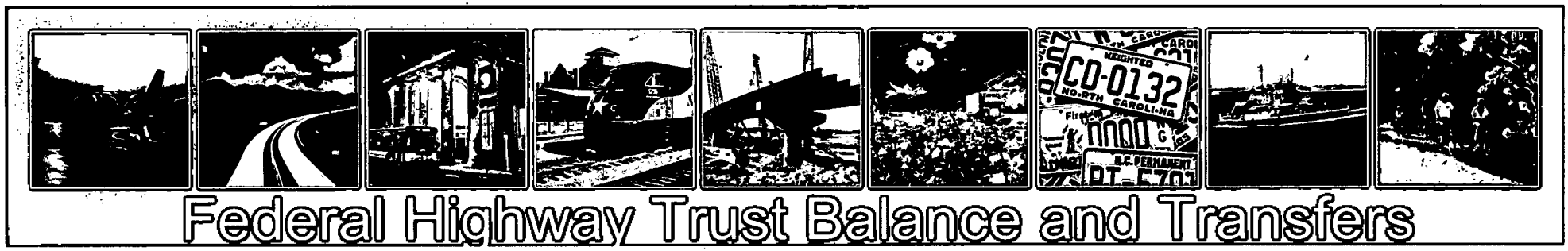
Accelerate Project Delivery

- Expands Flexibility to Undertake Activities Prior to NEPA Completion
- New Categorical Exclusions
- Support for Programmatic Approaches
- Further Process Reforms



Consolidation Highway Program Structure

Current Program Structure	MAP-21 Core Program Structure
Interstate Maintenance	National Highway Performance Program (NEW) $43.7 billion
National Highway System	
Highway Bridge Program	Surface Transportation Program $20.1 billion
Off-System Bridges	
Surface Transportation Program	
Congestion Mitigation and Air Quality	Congestion Mitigation & Air Quality Program (CMAQ) $4.4 billion
Highway Safety Improvement Program	Highway Safety Improvement Program (HSIP) $4.8 billion
Metropolitan Planning	Metropolitan Planning $626 million
Recreational Trails	Transportation Alternatives (NEW) $1.6 billion
Safe Routes to Schools	
Transportation Enhancements	


Federal Highway Trust Balance and Transfers

25
20
15
10
5
0
$ in Billions
Oct-05
Oct-06
Oct-07
Oct-08
Oct-09
Oct-10
Oct-11
Oct-12
Oct-13
Oct-14
Minimum Balance
$8.017B General Fund Transfer - FFY 2008
$7.0B General Fund Transfer- FFY 2009
$7.0B General Fund Transfer- FFY 2009
$6.2B General Fund Transfer- FFY 2013
$10.4B General Fund Transfer- FFY 2014



Federal Funding Status

Annual Appropriations

- SFY 2013 - 1st CR Expires March 27, 2013
- SFY 2014 - Presidential Budget – February ??, 2013

Sequestration

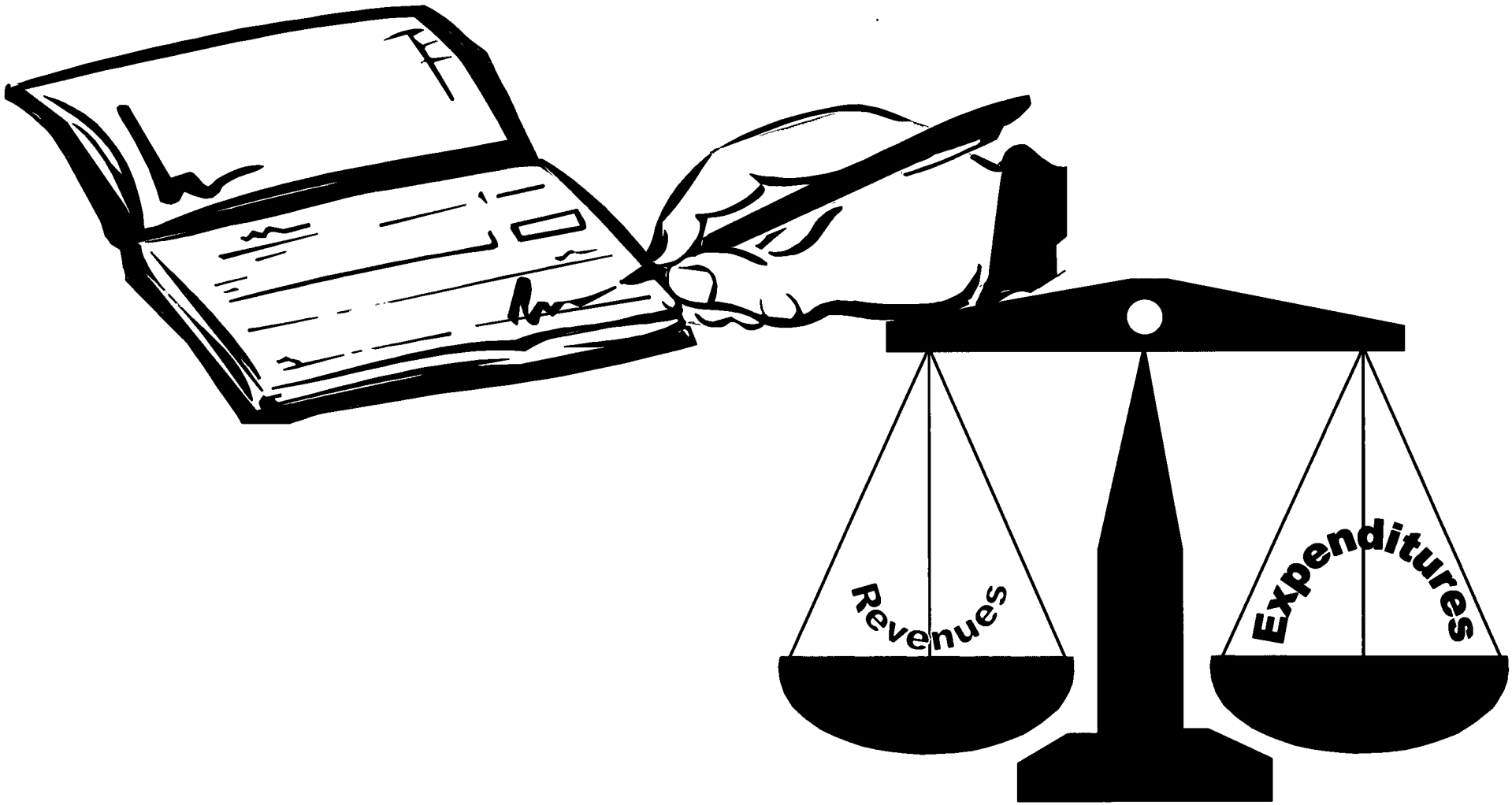
- Original Deadline January 2, 2103
- Postponed to March 1, 2013

Reauthorization

- Expires September 30, 2014



What is Cash Management?





Cash Management

SB1005 created financial management policies 2002 Session

- Authorized combining of Highway Fund & Highway Trust dollars to maximize program delivery
- Cash flow basis authorized projects to be programmed, awarded, and paid over time
- Required the establishment of management controls & forecasting procedures
- Established cash target equivalent to 12% of anticipated revenues plus estimated Powell Bill allocation

NCGS §143C-6-11

- Established cash balance floor (approximately 5% of revenues)
- Report Annually to Joint Legislative Transportation Oversight



Why Cash Flow NCDOT Budget?

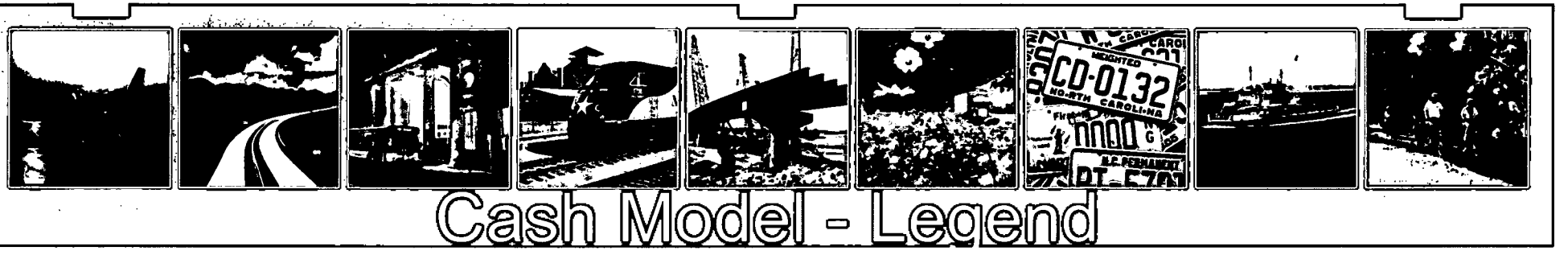
Follows Best Business Practice

- Accelerates Project Delivery of Public Good
- Reduces Cost
- Provides Flexibility to Substitute Projects
- Stabilizes Construction Contract Award Schedule
- Greater Control over Timing of Contract Awards
- Reduces Deferral of Lifecycle Maintenance
- Optimizes Return of Scarce Cash Capital
- Scenario Analysis

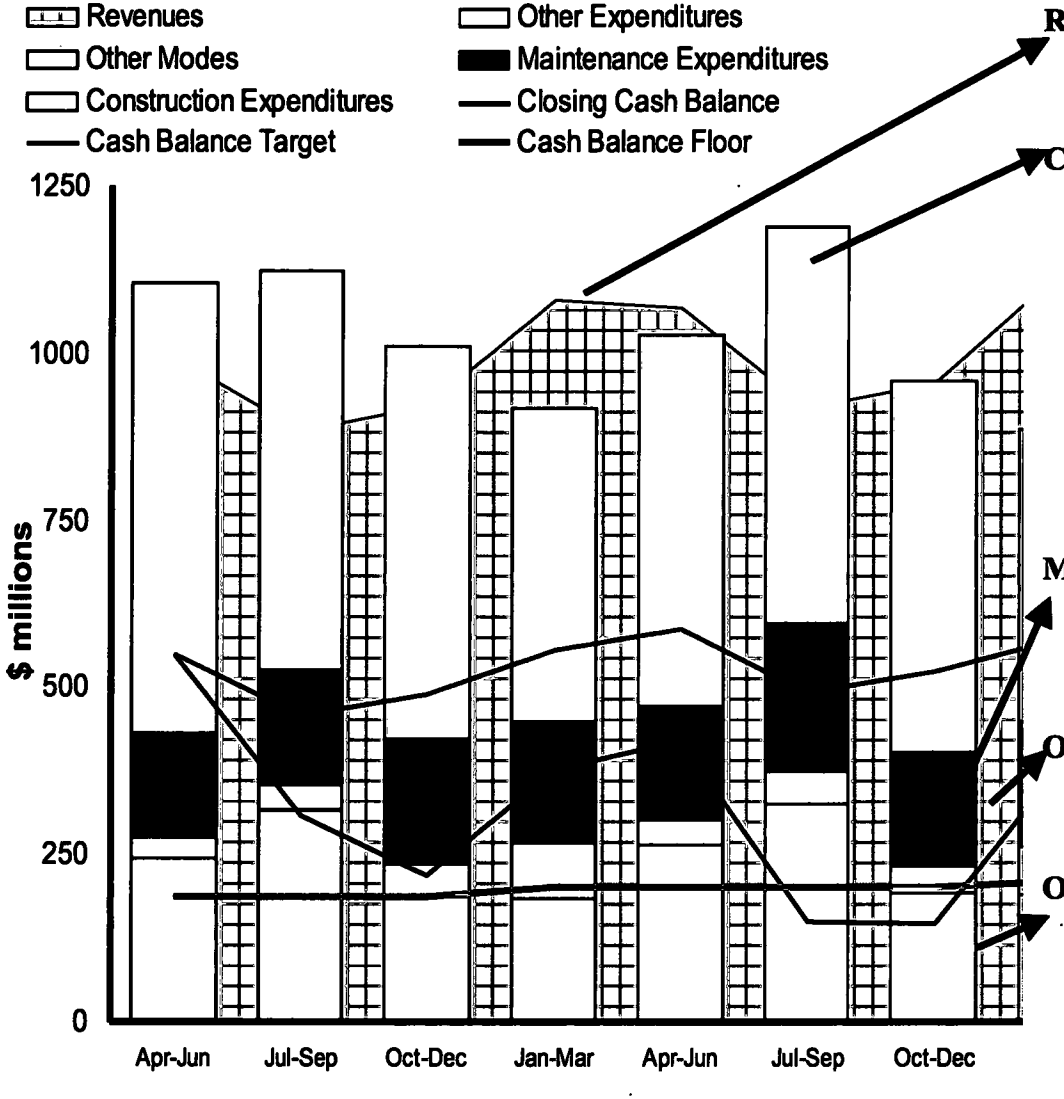
State DOT's Using Cash Flow Budgeting – Virginia, Maryland, Florida, Texas South Carolina

State DOT's Moving to Cash Flow Budgeting – Georgia, Colorado

USDOT Promotes Cash Flow Project Delivery – Advance Construction, Transportation Infrastructure Finance and Innovation Act (*TIFIA*) Credit, Grant Anticipation Revenue Vehicles (*GARVEE*) Bonds, Private Activity Bond (*PAB*), State Infrastructure Banks (*SIB*)



Cash Model - Legend



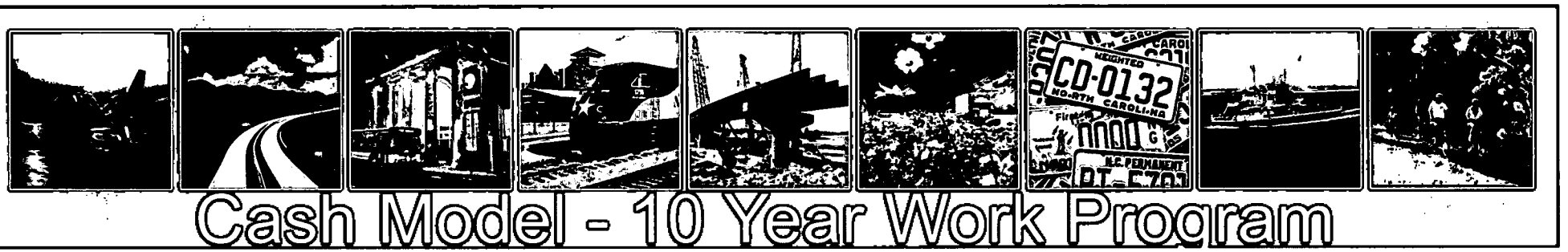
REVENUES
State Revenues, Federal Aid, ARRA, GARVEE & Turnpike Authority

CONSTRUCTION EXPENDITURES
GARVEE Expenditures & Debt Service
Ecological Enhancement Program
NC Moving Ahead & SB 1005
TIP (PE, ROW, Construction)
Small Construction (SR Const., SS, Contingency, etc)
Turnpike Authority
Internal Orders
CMAQ
Bike and Pedestrian Transportation

MAINTENANCE EXPENDITURES
Primary & Secondary Systems
Contract Resurfacing
System Preservation & Disaster Funding

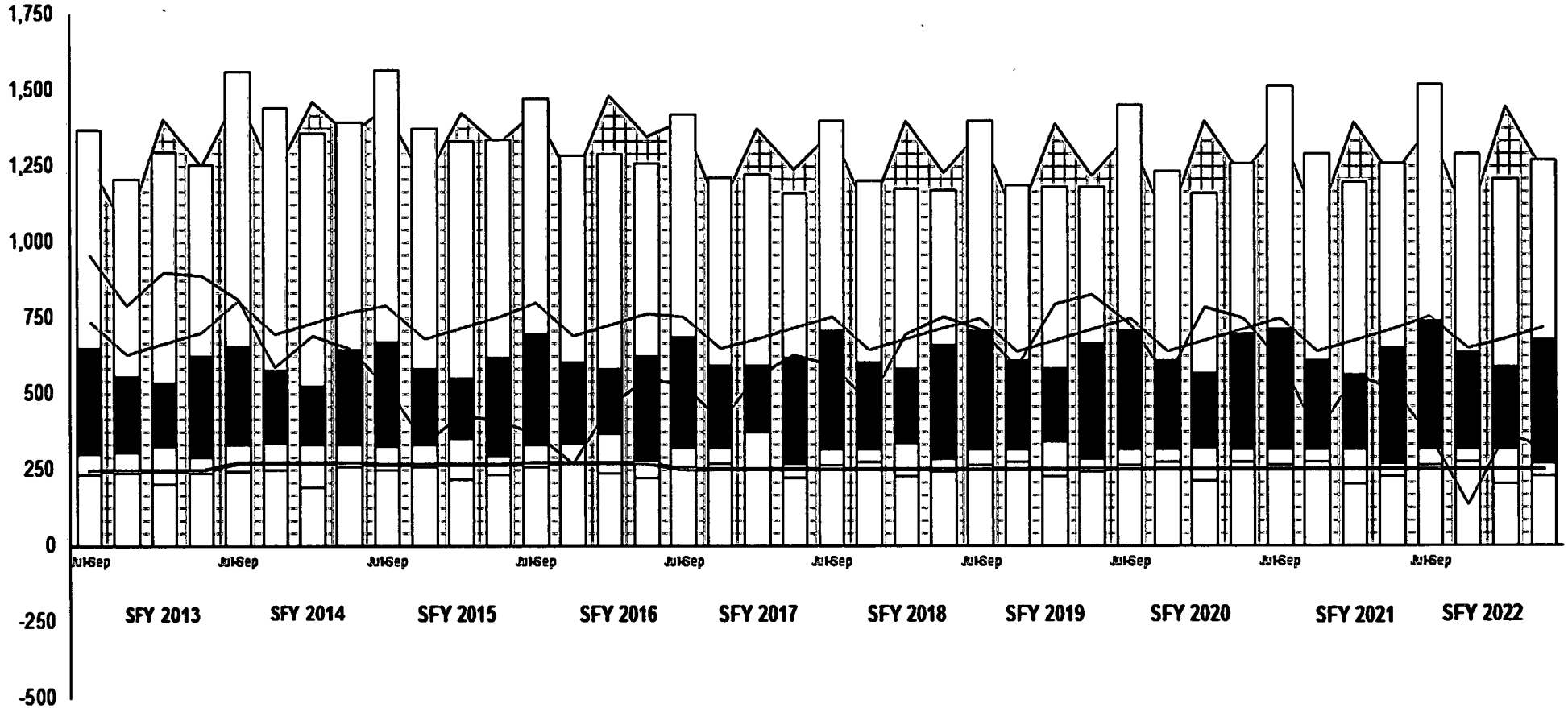
OTHER MODES
Public Transportation & New Starts
Ferry, Railroad and Airports

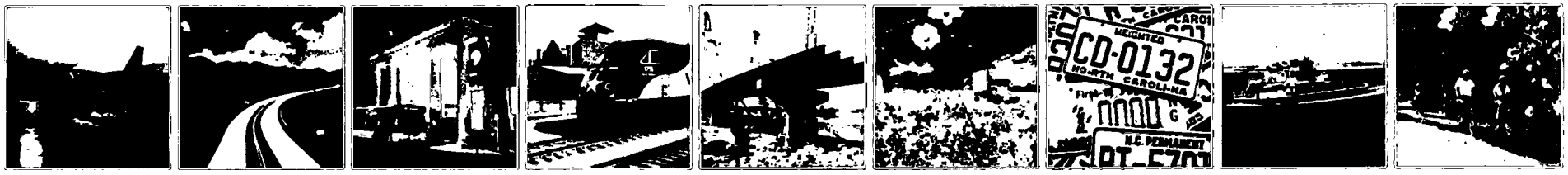
OTHER EXPENDITURES
Administration
State Agencies, General Fund & NCTA Transfers
State aid to municipalities
Debt Service
Other Programs – GHSP, Visitor's Center, etc.



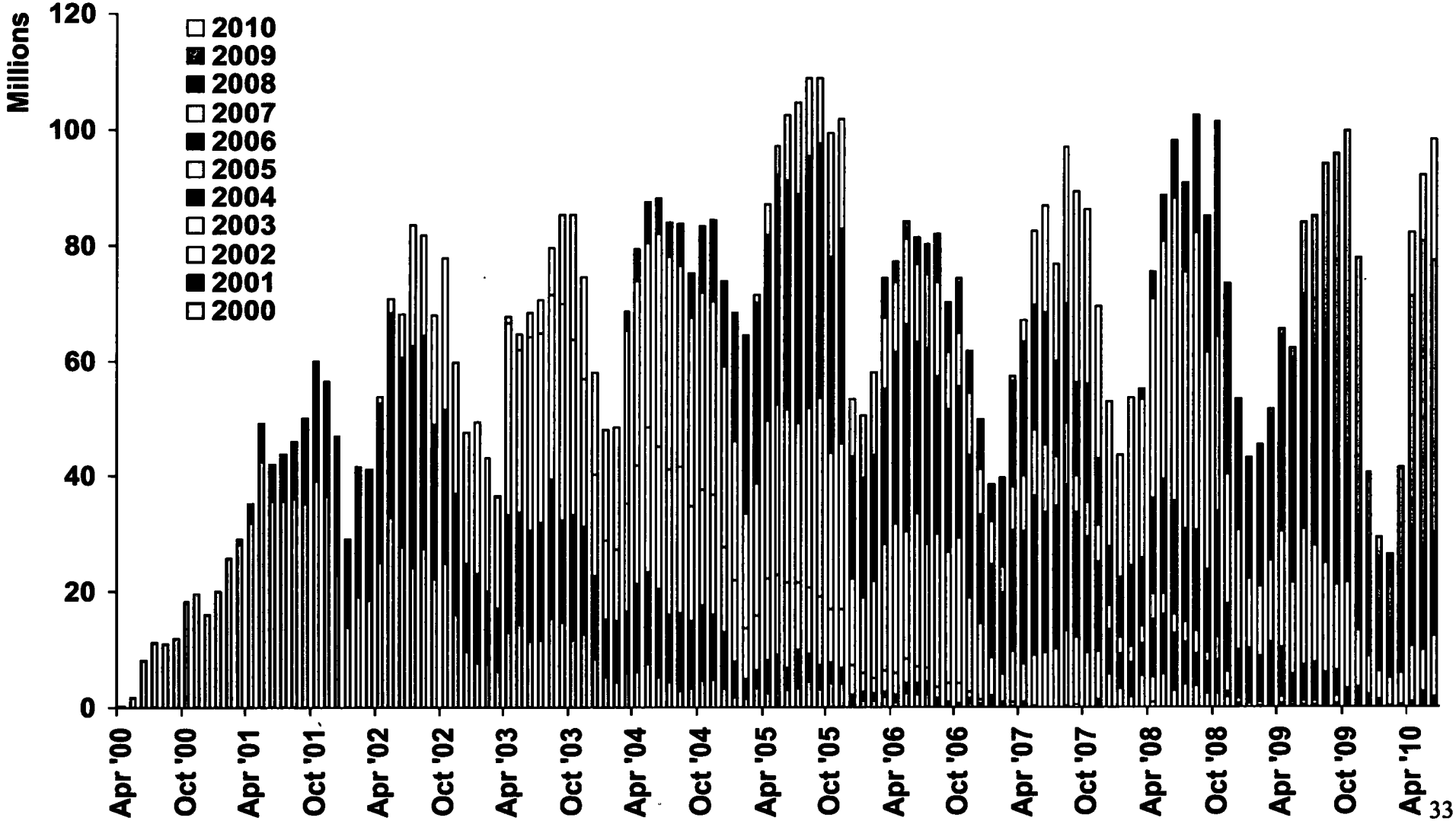
Cash Model - 10 Year Work Program

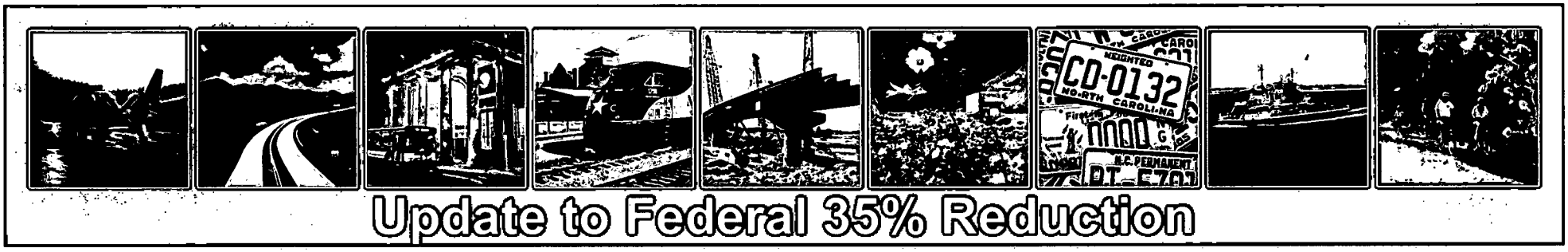
SFY 2013 - SFY 2022

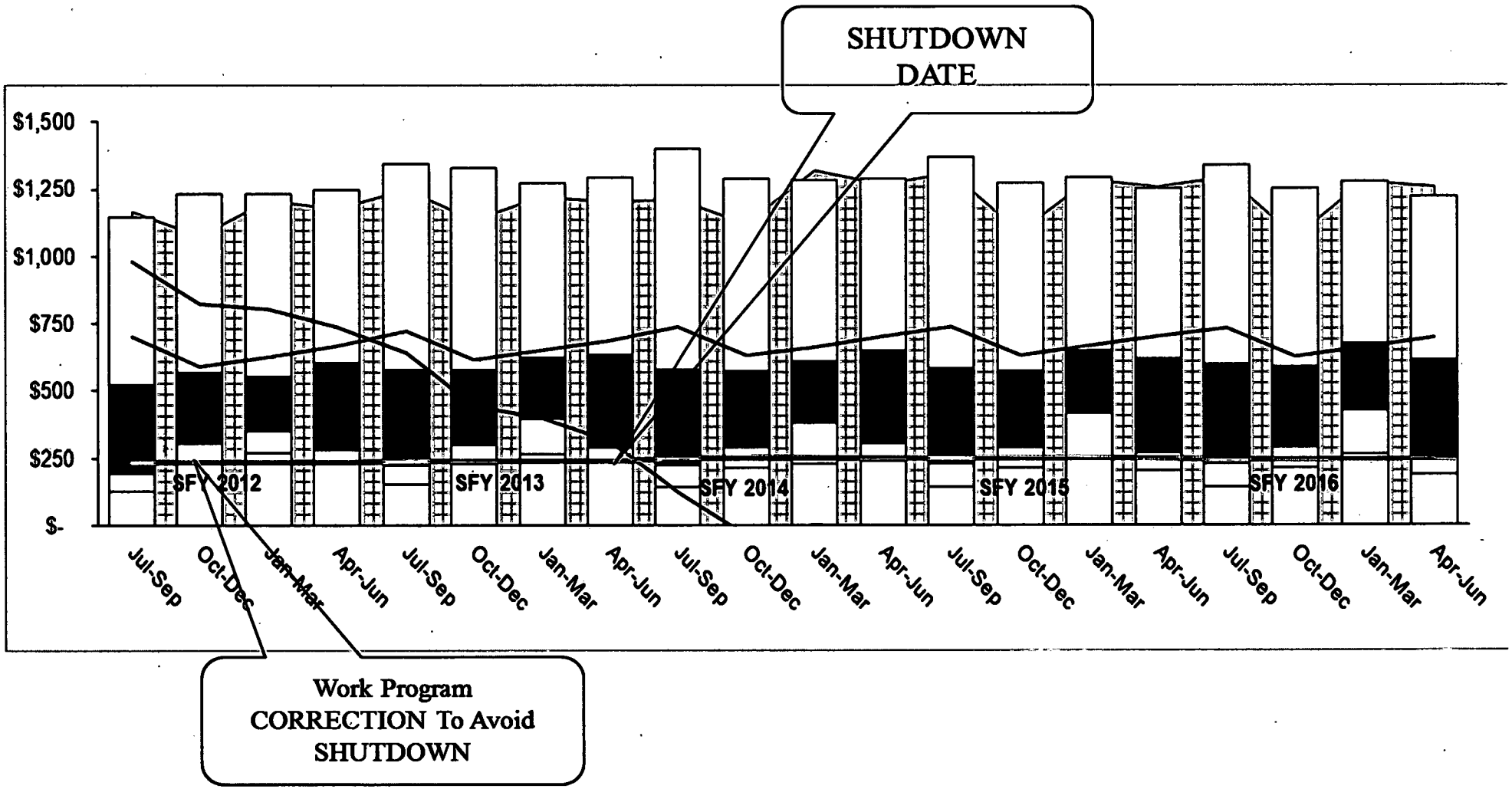


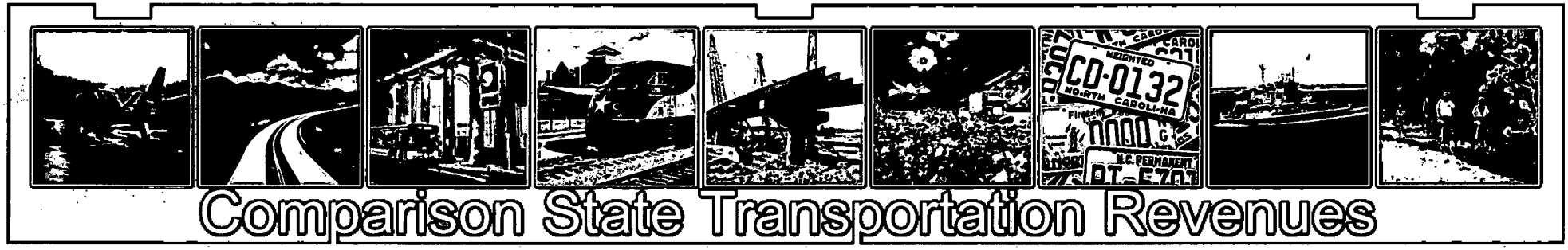


Construction - Payment History by Let Year



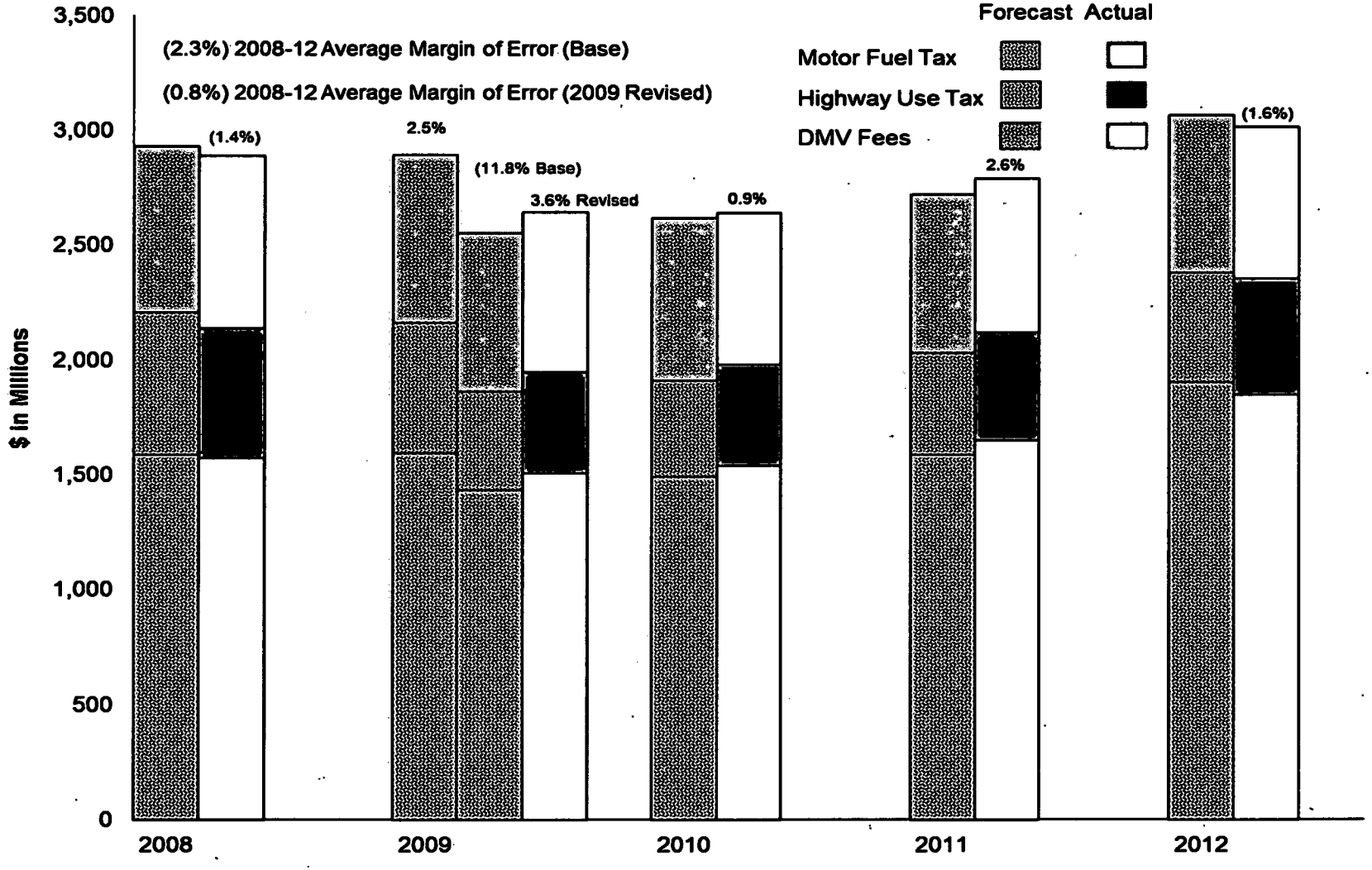

CD-0132
Update to Federal 35% Reduction

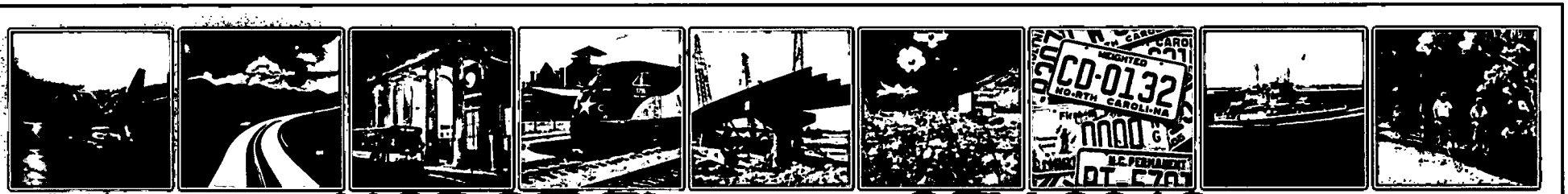

SHUTDOWN DATE
$1,500
$1,250
$1,000
$750
$500
$250
$-
SFY 2012
SFY 2013
SFY 2014
SFY 2015
SFY 2016
Jul-Sep
Oct-Dec
Jan-Mar
Apr-Jun
Work Program CORRECTION To Avoid SHUTDOWN



Comparison State Transportation Revenues

5 Year Forecast vs Actual





NCDOT Finances SFY 2012

Mark Foster
Chief Financial Officer

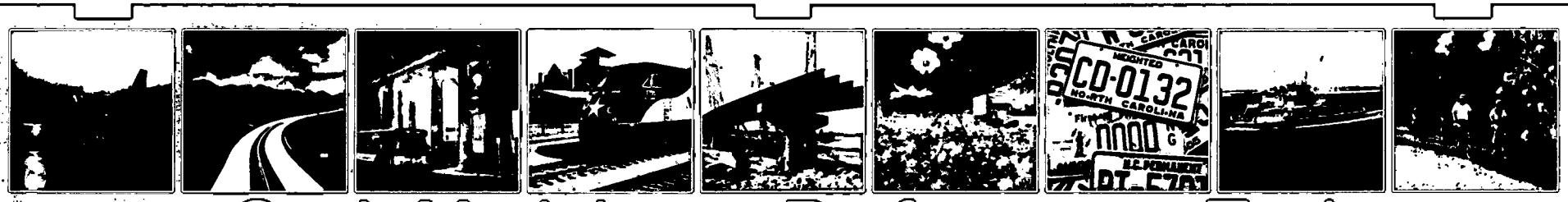
Planned to Actual Receipts	
Planned	$4,907.9
Actual	$4,657.1
Variance	-5.1%
Forecast adjusted for NCTA	-1.1%

Planned to Actual Expenses	
Planned	$4,824.8
Actual	$4,573.0
Variance	-5.2%
Forecast adjusted for NCTA	-1.1%

Forecast to Actual

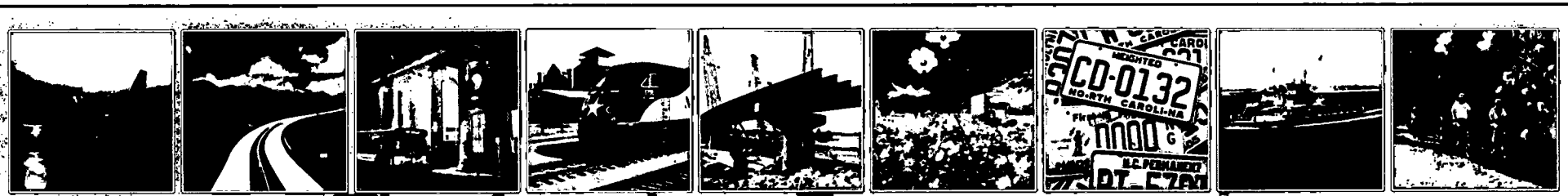
Receipts		Expenses	
State	$3,017,664,918	Construction	$1,849,974,234
Federal	1,028,097,403	Construction Stimulus	110,471,618
Federal Stimulus	136,258,421	Construction NCTA	258,283,288
Local	36,742,207	Maintenance	1,141,305,732
Grants	72,261,423	Transit	212,267,318
Debt - GARVEE	134,781,626	Transit Stimulus	25,491,895
Debt - NCTA	230,854,249	Debt Service	139,074,780
Toll Rev./Int.	398,539	Finance Cost - NCTA	48,742,566
		Admin	236,032,669
		Admin - NCTA	1,238,110
		Agency Transfers	389,702,351
		State Aid Municipalities	138,340,337
		Other Programs	22,075,139
Total	**$4,657,058,786**	**Total**	**$4,573,000,037**
Forecast	**4,907,935,024**	**Forecast**	**4,824,798,011**
Variance	**$(250,876,238)**	**Variance**	**$(251,797,974)**
Variance %	**-5.1%**	**Variance %**	**-5.2%**
Variance % (Forecast adjusted for NCTA)	**-1.1%**	**Variance % (Forecast adjusted for NCTA)**	**-1.1%**

www.ncdot.gov/performance/reports/



Cash Model as a Performance Tool

- ARRA & Maintenance of Effort
- Operations Spend Plan
- Bridge Program
- GARVEE Bond Program
- Project Capacity
- Debt Affordability



The American Recovery and Reinvestment Act of 2009

Provides Additional Infrastructure Funding - ***time limited !***

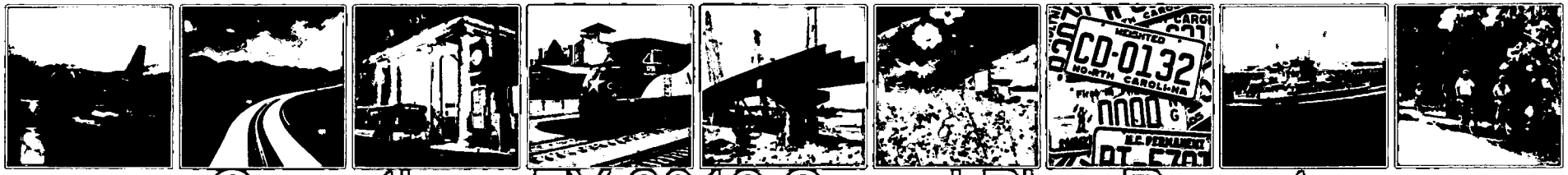
• $735M Highways	Funding must be authorized Feb 2009 to Sept 2010
• $103M Transit	Rural / Urban sub-allocation
• $545M High Speed Rail	Active Raleigh to Charlotte projects by 9/2017
• $10M TIGER Discretionary Grant	Immediate funding of Yadkin River Bridge I-85

NCDOT Delivery to date

- 402 Highway Projects Currently Certified (454 WBS Projects Authorized)
- 103 Additional Highway Projects identified after Sept '09 due to low bids (avg. -18%)
- Created/ sustained 1900 Highway, Transit and Rail related jobs
- Transit Funds 100% allocated to 62 sub-recipient providers

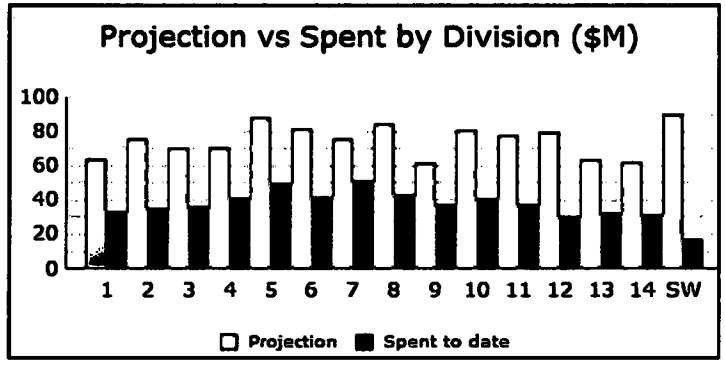
Maintenance of Effort Requirements (MOE)

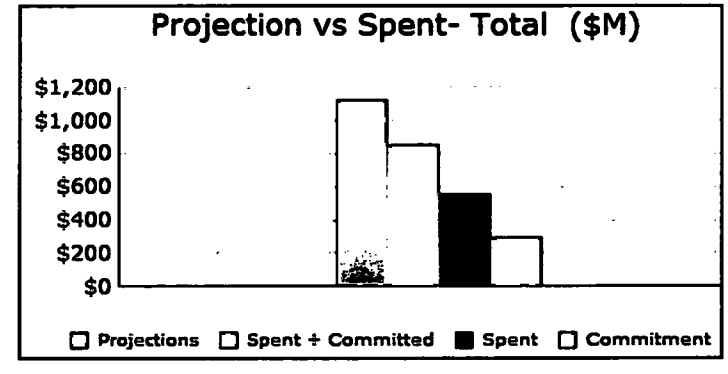
- NC Certification $1.5 billion; accomplished $2.1 billion
- Penalty for States not meeting MOE
- NCDOT's 2011 August Redistribution $40.5M
- Additional Reporting, Accountability, & Oversight



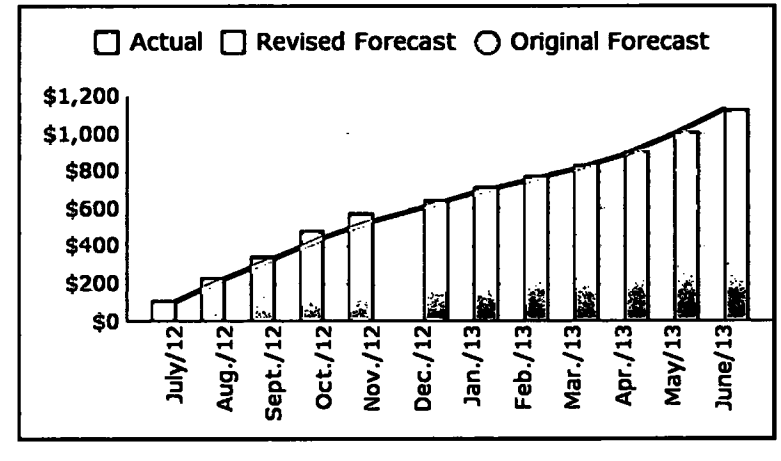
Operations FY 2012 Spend Plan Report

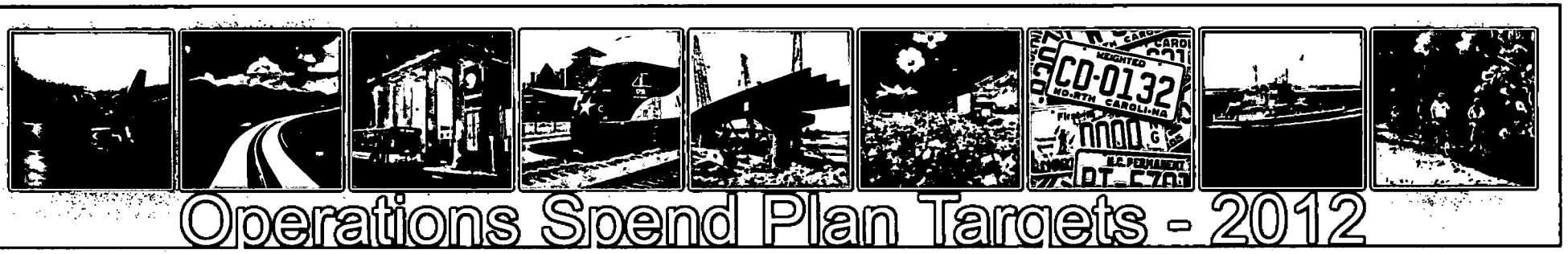
(Through Nov 26, 2012)





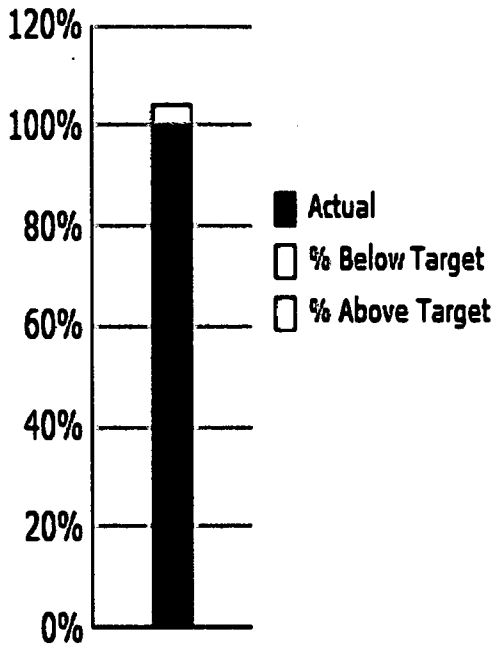
Total Summary	
Total Projections	1128.51
Total Spent to Date	561.02
Left to Spend	567.49
Percent Spent	50%
Commitments	297.81
% Spent & Committed	76%





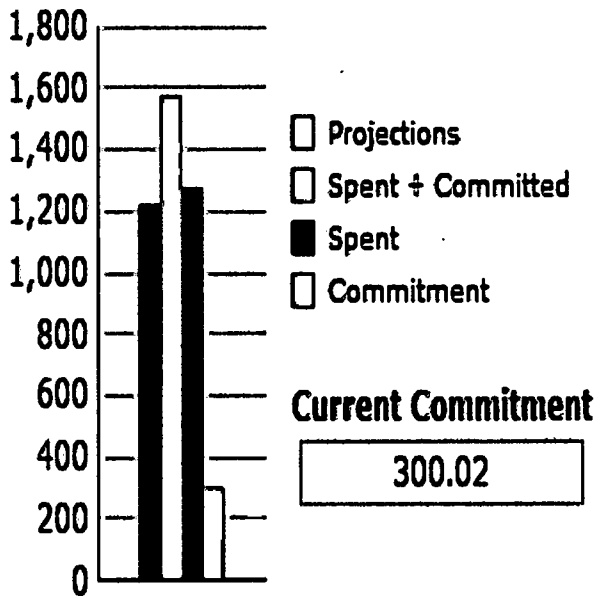
Operations Spend Plan Targets - 2012

% of Target Spent



Projection vs Spent

($M)

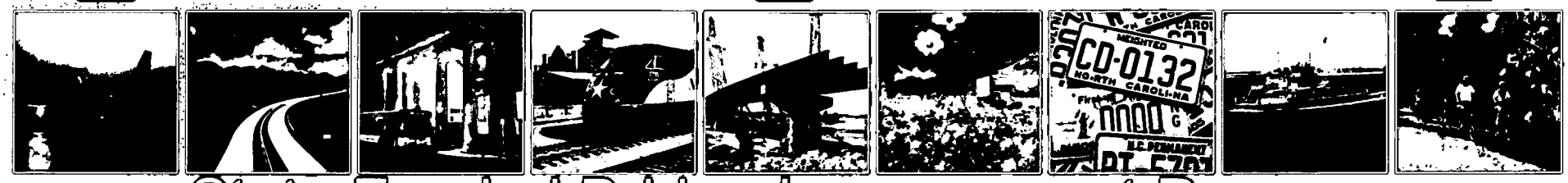


Current Commitment

300.02

Total Summary

Total Projections	1221.28
Total Spent to Date	1274.86
Left to Spend	(53.58)
Percent Spent	104%
Commitments	300.02
% Spent & Committed	129%



State Funded Bridge Improvement Program

2011 Legislative Initiative

Legislature Budgeted $450M in state funds for Bridge Improvement

Legislative Initiative - Funding to address structurally deficient bridges

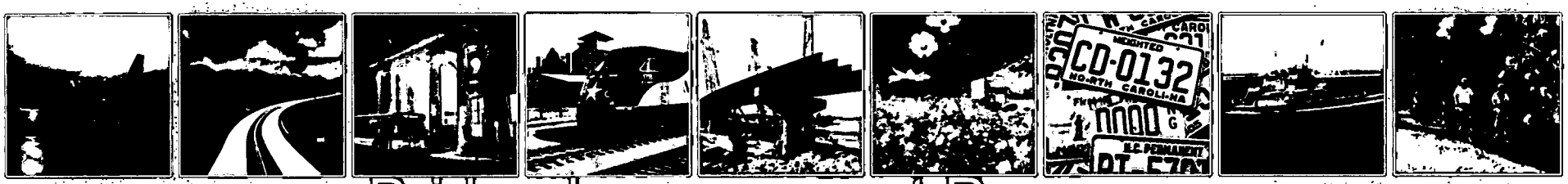
- $215M for State Fiscal Year 2012
- $235M for State Fiscal Year 2013

$450M in funding to be committed by June 2013

Current Program Scope: Bridge Replacement 650 Structures
Rehabilitation 50 Structures
Preservation 500 projects

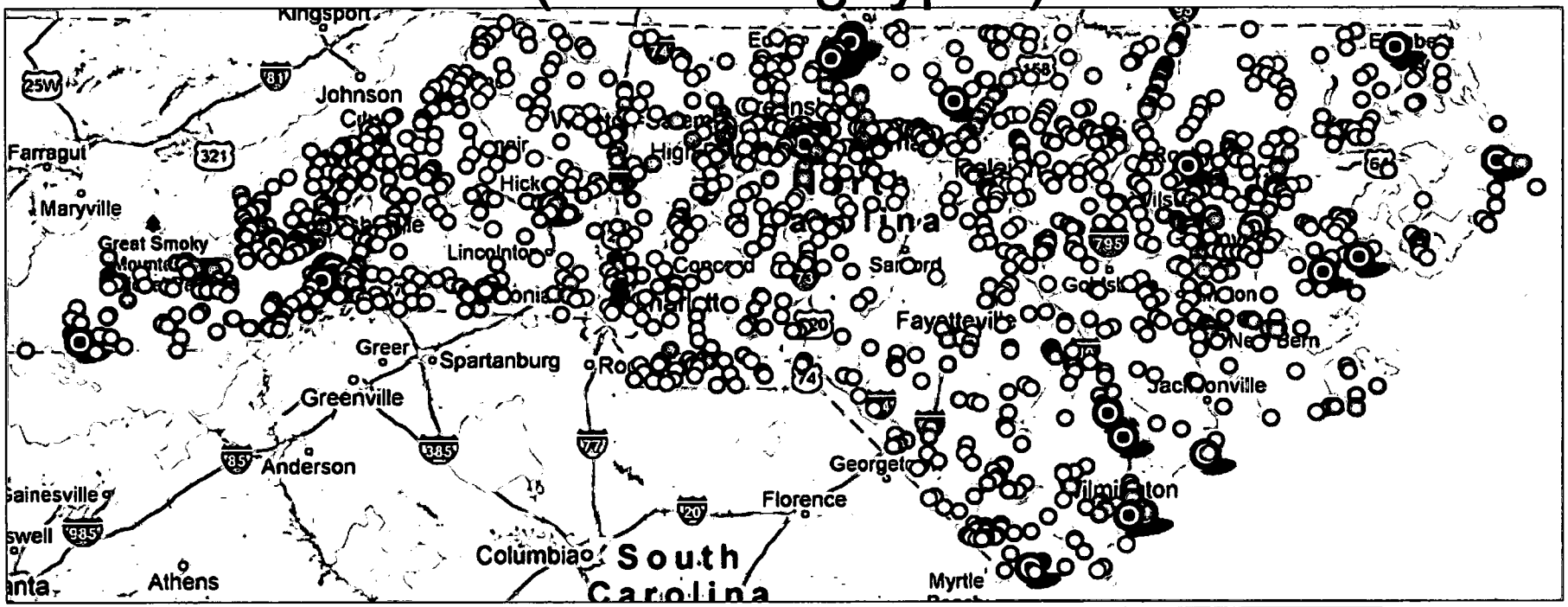
Accomplished State Fiscal Year 2012

- $268M Total Committed Funds
- $220M contracts awarded to 42 different Construction Firms
- $32M contracts awarded to 58 different Private Engineering Firms



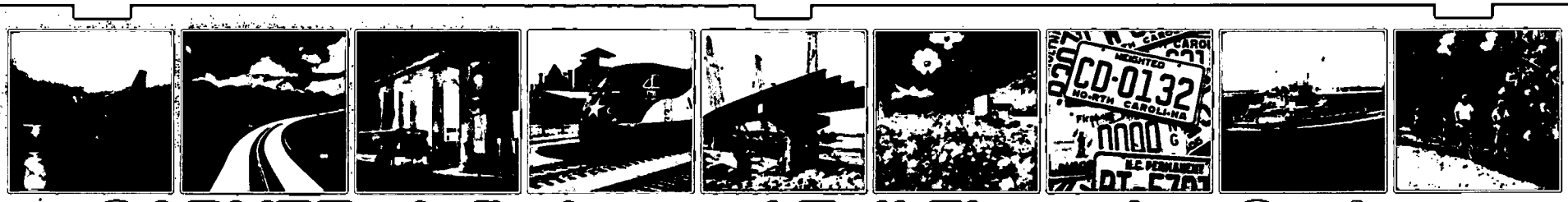
Bridge Improvement Program

(all funding types)



Map Legend

- TIP Bridge Rehabilitation
- TIP Bridge Replacement
- TIP Bridge Preservation
- BD Low Impact Replacement
- BP Bridge Preservation
- BK Bridge Replacement
- ST Bridge Preservation
- ST Bridge Rehabilitation
- ST Bridge Replacement
- Maintenance - Other State Funds (ST)



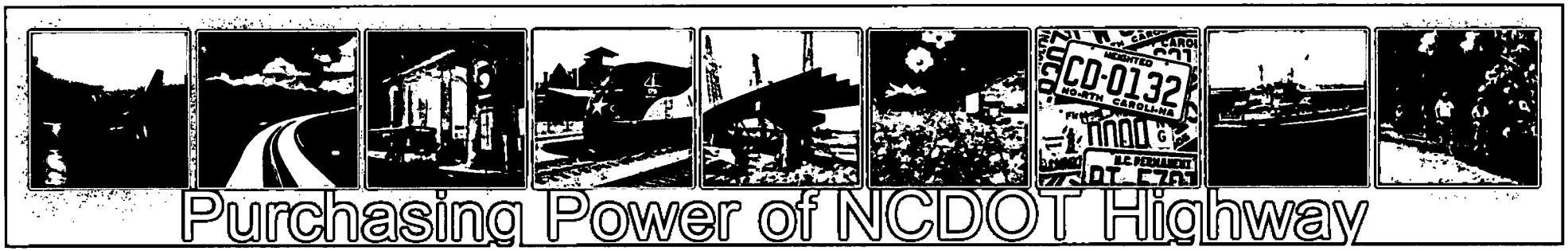
GARVEE: Inflation and Toll Financing Savings

Inflation Savings through Project Acceleration

GARVEE Bond Series	Project Cost	Savings
GV1, GV2, GV3	2,614,217,961	669,148,520
Less Interest Payments on 07 and 09 Issues		(150,798,748)
Net Savings		518,349,772

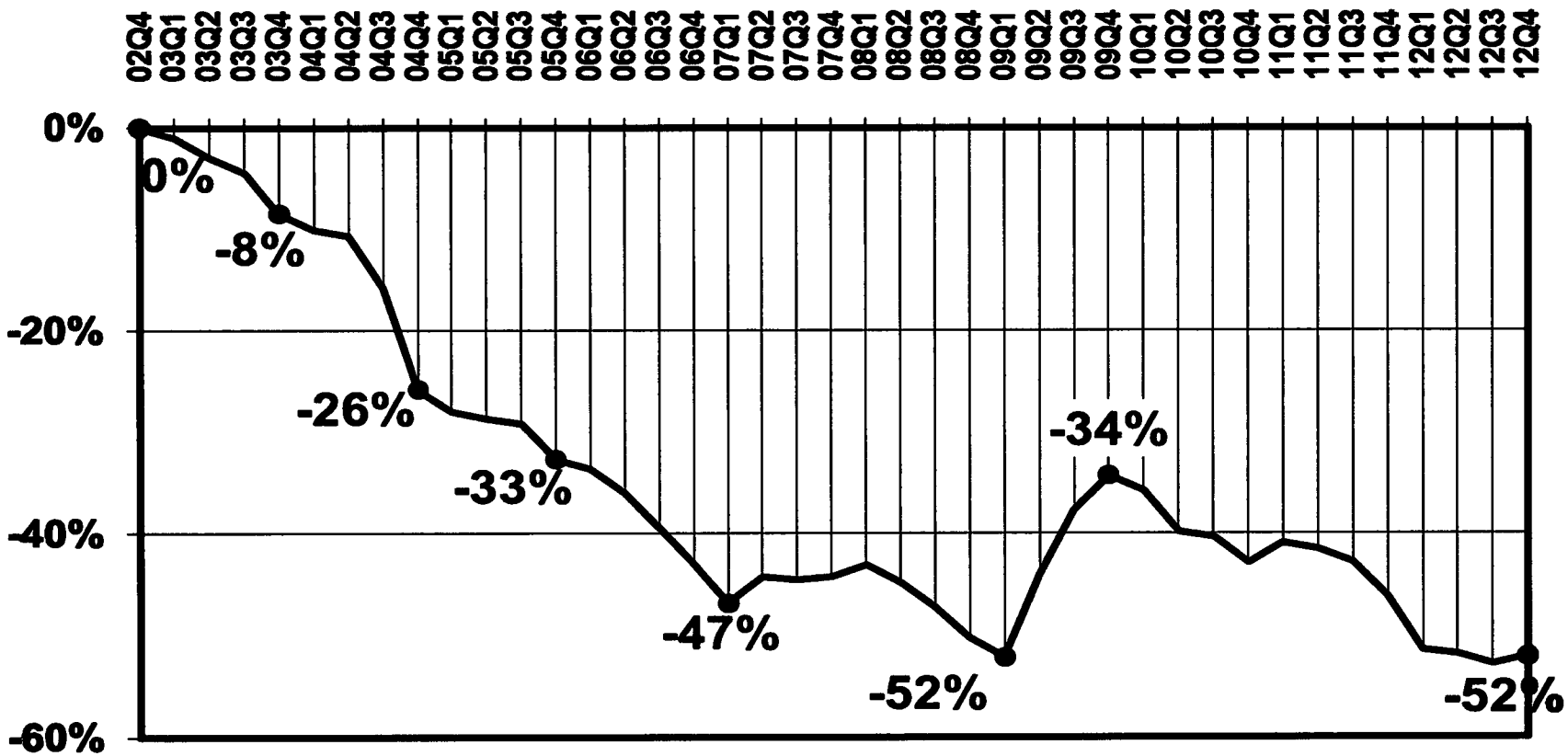
Monroe Toll Road Financing Using GARVEES

- Less Required Debt — $94 Million
- Lower Interest Rate — 145 basis points
- Debt Service Savings — $650 Million



Construction Dollars (Since 2002)

Purchasing Power of NCDOT Highway Construction Dollars (From CY 2002 to CY 2012 4th Quarter)





How Does it All Fit Together

NC

North Carolina Comprehensive Plan

Economic Indicators

NCDOT

Statewide Long-Range Plan 30 yr

Revenue Projections & Innovative Finance

GARVEE Design Build

DB Finance Tolling

TIFIA

Program & Resource Plan 10 yr

STIP Budget

State TIP 7 yr

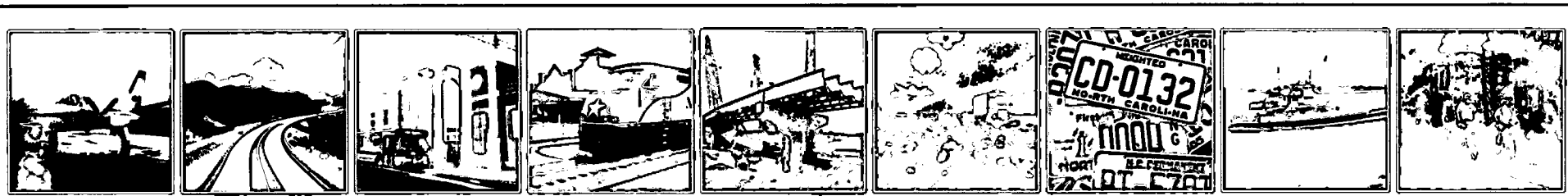
Strategic Planning & Prioritization

Work Program 5 yr

Cash Model

State Budget 2 yr

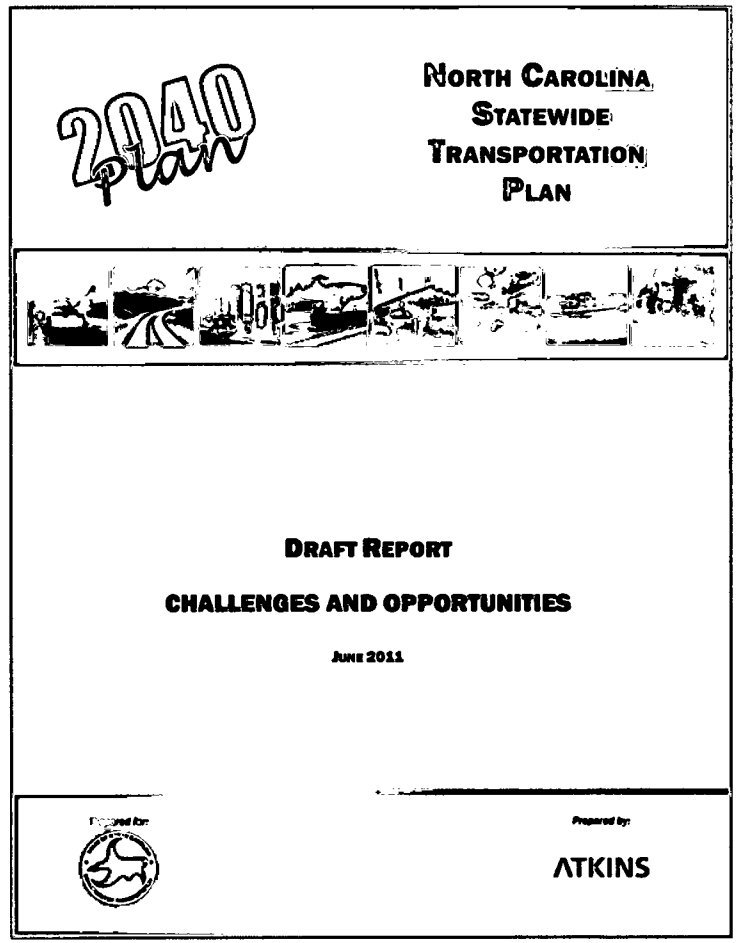
Consensus Forecast

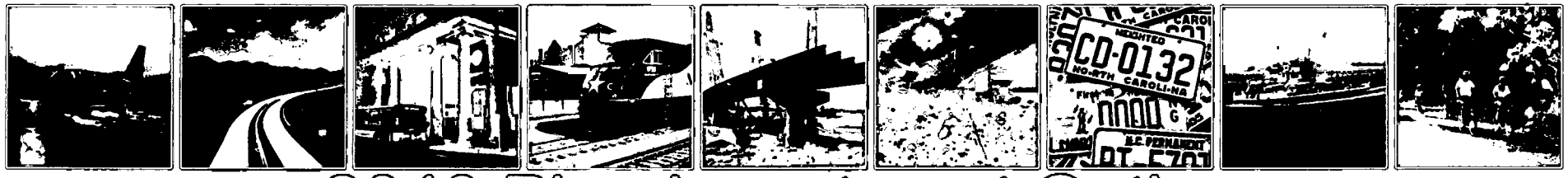


2040 Plan Overview

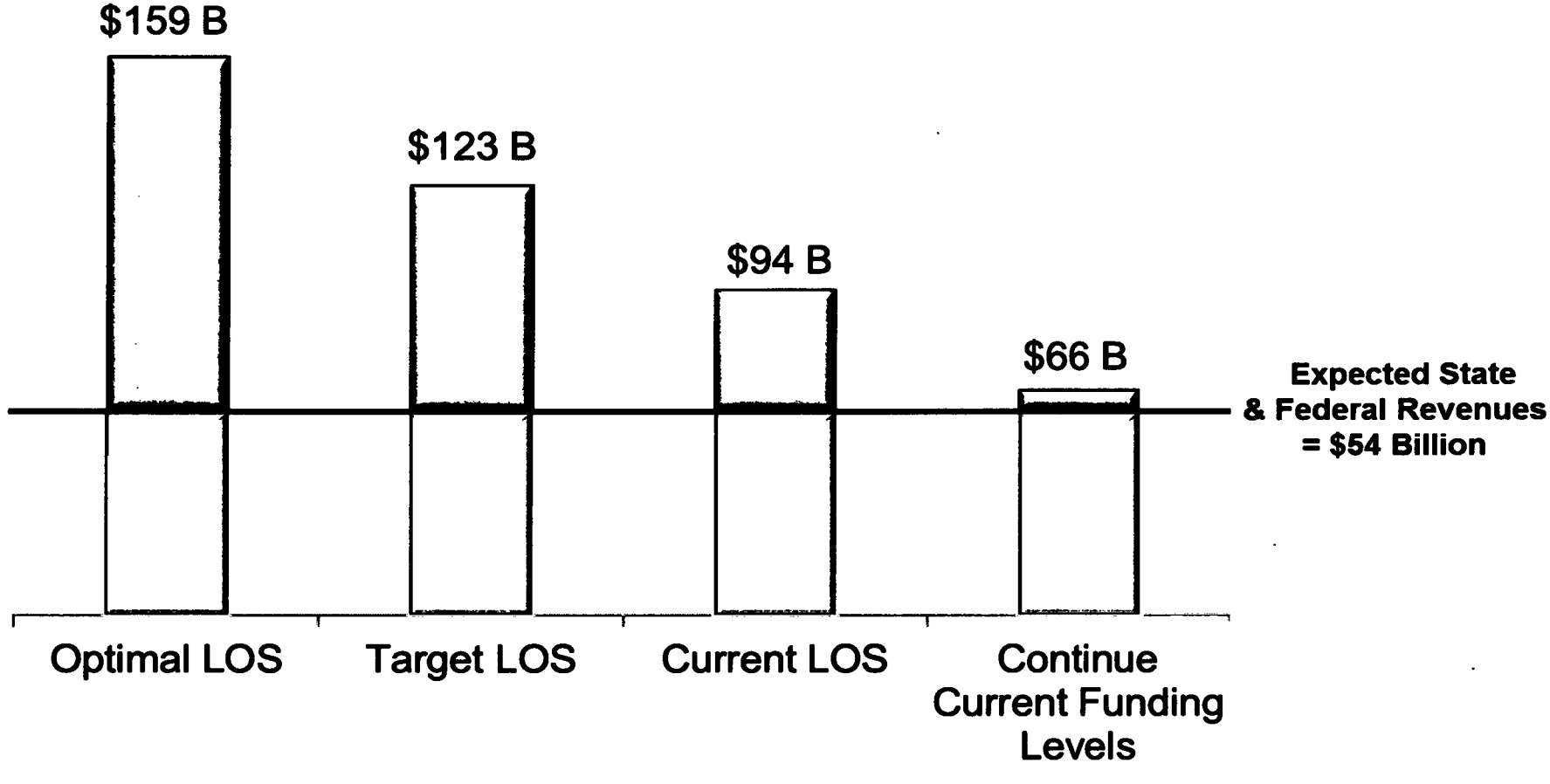
The 2040 Plan identifies:

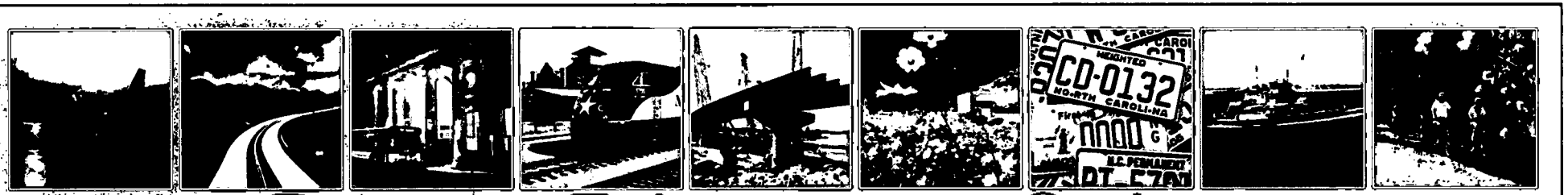
1. Challenges & Opportunities
2. Long-term modal infrastructure and service needs
3. A sustainable financing strategy
4. Strategic investments and plan implementation





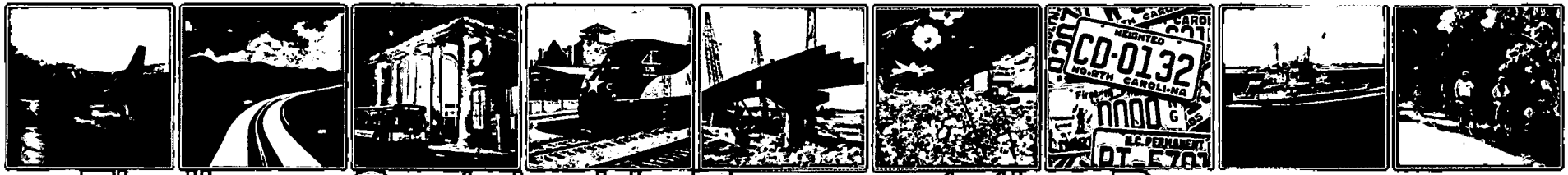
2040 Plan Investment Options



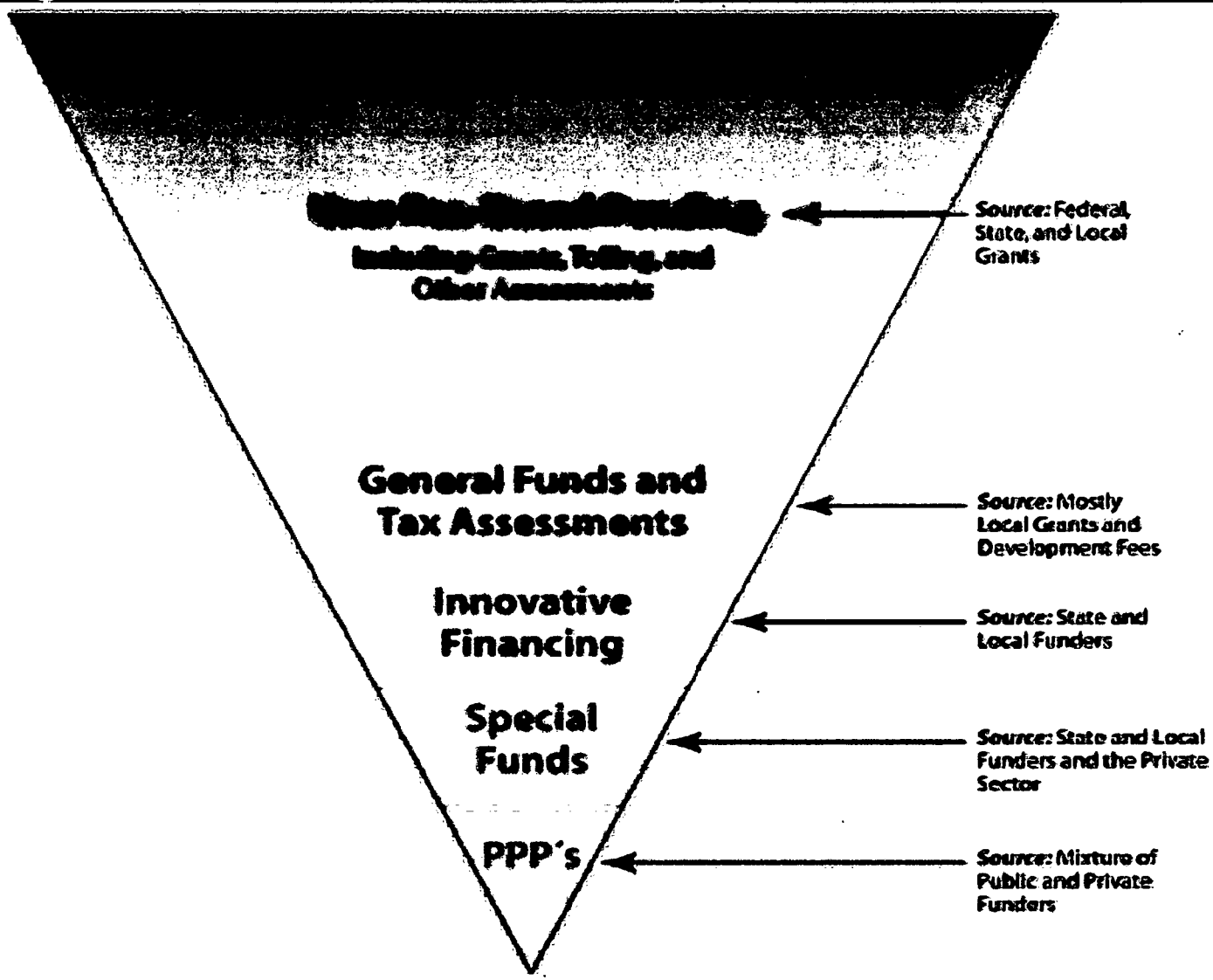


Revenue Enhancement Options:

- Continue motor fuel tax indexing - $19 Billion
- Increase registration/license fees - $6 Billion
- Eliminate Highway Fund transfers - $4 Billion
- Redirect vehicle lease fee to NCDOT - $1 Billion
- Increase Highway Use Tax - $3 Billion
- Local vehicle property tax - $1 Billion
- Auto insurance surcharge - $12 Billion
- Wholesale motor fuels tax - $12 Billion
- Interstate tolling - $42 Billion
- VMT Fee - $27 Billion



Finding – Sustainable Transportation Revenues



Joint Appropriations Subcommittee on Transportation

February 26, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon, Chairing

- Call to Order

- Transportation Debt Affordability

  Vance Holloman
  Deputy Treasurer, State and Local Finance Division
  Department of State Treasurer

- Innovative Finance: Issues for Consideration

  Amna Cameron
  Fiscal Analyst
  NC General Assembly

Next meeting: Tolling and Highway Public-Private Partnerships - Wednesday, February 27, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Tuesday, February 26, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on February 26, 2013 in Room 1228/1327. Senator Kathy Harrington, co-chair, Senator Bill Rabon, co-chair; and Senators Don Davis, Joel Ford, and Rick Gunn, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Charles Jeter, Dean Arp, Alma Adams, Evelyn Kelly Hastings, Nathan Ramsey, were also present.

Senator Kathy Harrington presided.

Senator Harrington recognized the Pages: Emily Edwards. The Senator then recognized House sergeant-at-arms Carlton Adams, Jesse Hayes, and Martha Parrish; and Senate sergeant-at-arms Charles Harper and Anderson Meadows.

Senator Harrington welcomed everyone and then introduced Vance Holloman, Deputy Treasurer from the Department of State Treasurer, for a presentation on transportation debt affordability. The Senator then recognized Amna Cameron from fiscal research for a presentation on issues for consideration related to innovative finance.

The meeting adjourned at 9:45 a.m.

Senator Kathy Harrington
Presiding

David Larson, Committee Clerk



Transportation Debt Affordability

Presented by T. Vance Holloman

February 26, 2013

North Carolina Department of State Treasurer
State and Local Government

Learn. Invest. Grow. Prosper.

Debt Affordability Advisory Committee

Background

The Committee is legislatively directed to:

- Annually advise the Governor and the General Assembly of the estimated debt capacity of the General Fund for the upcoming ten years
- Annually advise the Governor and the General Assembly of the estimated debt capacity of the Transportation and Transportation Trust Funds for the upcoming ten years
- Recommend other debt management policies it considers desirable and consistent with the sound management of the State's debt



Study makes no recommendations regarding the use of available debt capacity.

Study is due February 1.

Debt Affordability Advisory Committee

Members of the Debt Affordability Committee

- Janet Cowell, State Treasurer
- Art Pope, State Budget Officer
- Lyons Gray, Secretary of Revenue
- Beth Wood, State Auditor
- David McCoy, State Controller

Senate Appointees

- Frank Aikmus
- William Graham

House Appointees

- James Porto
- Jack Vogt

Review: What is Debt Affordability?

The amount of debt that may be prudently authorized and issued in a given period *without* negatively affecting the credit position or impairing the budget flexibility of the issuer.

- The amount of debt that is affordable ("capacity") is finite
- Capacity can be measured and compared
- Issuance beyond a prescribed level can erode credit ratings
- The State measures its available capacity using **tax-supported debt**

Transportation Debt Affordability

- Highway and Highway Trust Fund capacity combined
- All State-level transportation revenues used (DOT projection)
- Federal revenues, toll revenues (and any related toll-supported debt) and GARVEES are excluded
- "GAP Funding" for debt service on NCTA projects ($64-$112 million/year) included
- Guideline adopted: amounts used for transportation-related debt support should not exceed 6% of the State's transportation revenues
- Transportation obligation debt support is projected to exceed the 6% limit in FY 2014, therefore no capacity until that time.

Outstanding Transportation Debt by Type at 6/30/12

Tax-Supported Debt*	(millions)
Highway Fund Supported GO Bonds	$408.1
"GAP Funding" Supported NCTA Revenue Bonds	$811.1
"Availability Payments" (total of payment amounts)	$12.6
Total Transportation Tax-Supported Debt	$1,231.8

Non Tax-Supported Debt	(millions)
GARVEEs (Grant Anticipation Revenue Vehicle Bonds)	$657.6
Toll-Supported NCTA Revenue Bonds (includes TIFIA loan)	$621.6
Total Transportation Non Tax-Supported Debt	$1,279.2
Total Transportation Debt	$2,498.4

* Tax-supported debt includes debt supported by state (not federal) highway revenues, for example motor fuels tax and vehicle registration fees.



Transportation Funds Used to Support Debt

(millions)

	2013	2014	2015
Debt Service (GOs)	$81.5	$79.2	$60.3
GAP Funding	$81.5	$112.0	$112.0
Availability Payments			$7.0
Total	$163.0	$191.2	$180.8

Peer States Transportation Debt Comparisons

State	Ratings (Fitch/S&P/Moody's)	Maturity	DS % Tran. Revenues
Florida	AA+/AAA/Aa1	20	6.0%
Georgia	AAA/AAA/Aaa	20	21.0%
Kentucky	AA-/AA-/Aa2	20	12.1%
Missouri	AAA/AAA/Aaa	20	6.7%
N. Carolina	**AAA/AAA/Aaa**	**20**	**4.3%**
S. Carolina	AAA/AA+/Aaa	15	10.8%
Tennessee	AA+/AA+/Aa1	N/A	0.0%
Texas	AA+/AA/Aa1	20	5.9%
Virginia	AAA/AAA/Aaa	25	3.8%
2013 data for NC	Median		6.0%

February 1, 2013 DAAC Study

Transportation Results (millions)

	2013	2014	2015
Total Capacity	$0.0	$107.8	$235.0
Actual Ratios	4.3%	6.1%	5.4%
Debt Service in Excess of Limit	$0.0	$2.3	$0.0
Additional Revenues Necessary to Meet Limitation	$0.0	$46.0	$0.0

2013 DAAC Other Recommendations

- State should maintain its historically conservative debt management practices, including:
  - Centralized authorization, issuance and management of debt
  - Inclusion of all debt and debt-like obligations in calculations

- Committee found that centralized debt management is a best financial management practice and should be embraced by the State as a matter of policy.
  - GA encouraged to adopt language regarding ability of agencies to independently enter into alternative financings that may include debt and debt-like obligations

Transportation Debt Funding

GARVEES

- Supported solely by federal $ (NO State back up)
- 4 issues $ 855 million provided funding for 49 projects, including Yadkin River Bridge and Monroe Bypass
- Program capacity +/- $1 billion
- Fed reauthorization key
- Current Ratings: A+ (Fitch)/AA-negative outlook (S&P)/Aa3-negative outlook (Moody's)

GAP Funding

- Budget authorization for up to $112 million per year to "pay debt service or related financing costs" for various NCTA projects including Mid Currituck Bridge and Garden Parkway
- NCTA maximizes the amount of debt issued supported by these $

Transportation Debt Funding (cont.)

Public Private Partnerships

- No Standard
- Each agreement has individual terms and must be analyzed as to the obligations of the State/private party
- Most analysts recognize P3s as form of alternative, not necessarily cheaper, financing
- Does not create additional debt capacity

"Availability Payments"

- Represents contractor provided financing similar to installment purchase contracts. Counts as debt for capacity calculations.

Transportation debt and role of LGC

GARVEEs	State Issues, LGC approves
NCTA Revenue Bonds	NCTA Issues, LGC approves
I-77 Public Private Partnership	LGC approves (see below)

- Legislation provides that any arrangement that commits DOT to make payments for capital costs more than 18 months after completion of construction must be approved by the LGC.
  - Like "availability payments", payments made over an extended period may represent a debt-like instrument
- LGC approves "conduit" debt

NCTA Gap Funding

Triangle Expressway	$25 million per year
Monroe Connector	$24 million per year
Mid Currituck Bridge	$28 million per year
Garden Parkway	$35 million per year
Total	$112 million

Monroe Connector Debt

Total Plan of finance approximately $725 million

No Toll-Supported Debt Issued	
Appropriation-supported ("Gap Funding") debt	$477.1 million
GARVEEs used as "interim funding vehicle)	$160.0 million
NCDOT STIP and matching GARVEE funds	$ 88.0 million

Amount spent = $46 million (GARVEEs and cash)

Monroe Connector Debt (cont.)

Appropriation-supported ("Gap Funding") debt proceeds can be used on any NCTA project

GARVEE Bond proceeds can be used on any projects approved for GARVEE funding

LGC approved Monroe Connector debt only after being assured that proceeds could be used on other projects

Transportation Debt Issues

Capacity

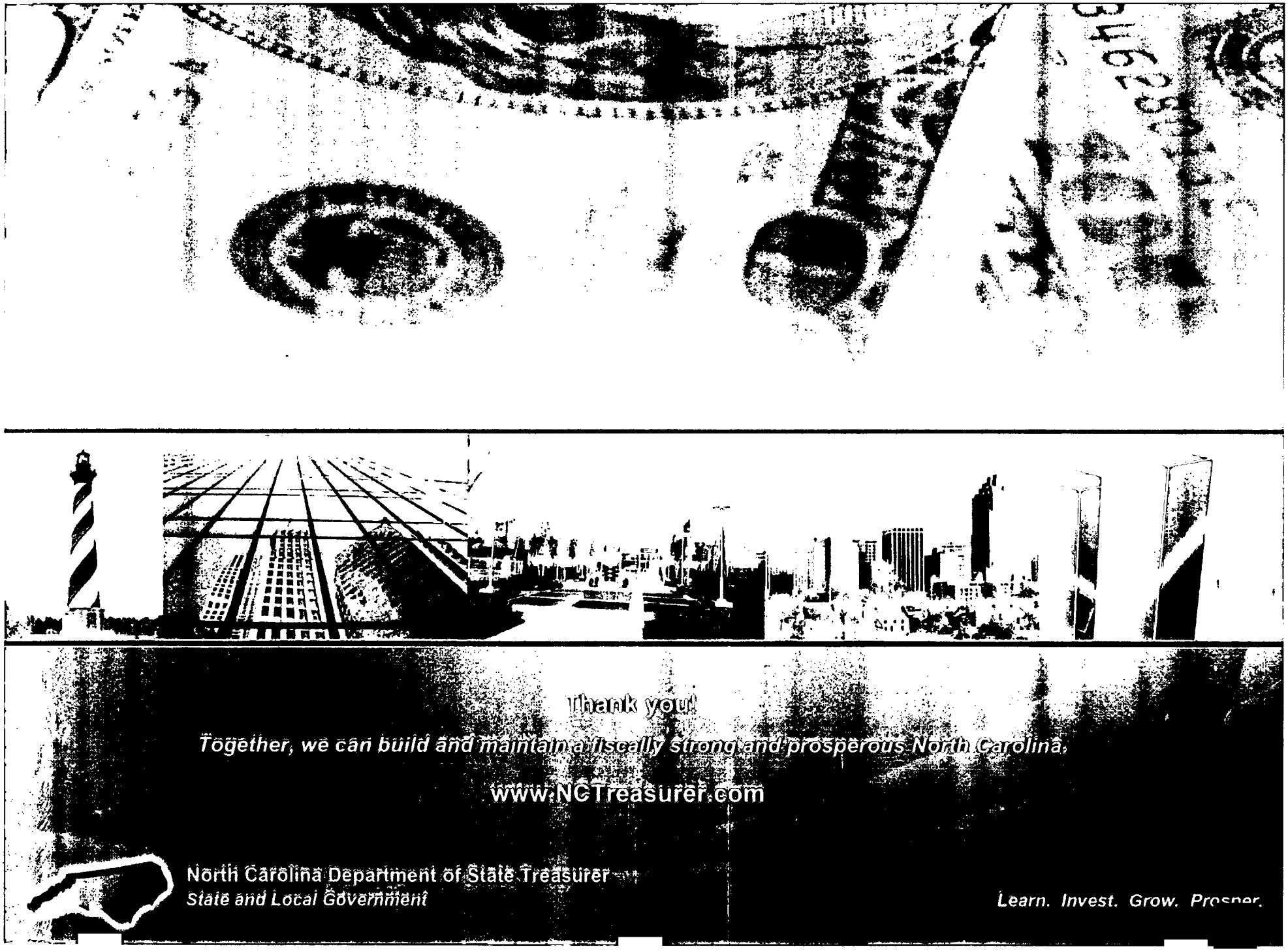
Legal Challenges

Feasibility

Design/Build or Design/Build/Finance

Permitting

Traffic and Revenue Projections


Thank you!
Together, we can build and maintain a fiscally strong and prosperous North Carolina.
www.NCTreasurer.com
North Carolina Department of State Treasurer
State and Local Government
Learn. Invest. Grow. Prosper.

Innovative Finance: Issues for Consideration

Joint Appropriations Subcommittee on Transportation
February 26, 2013

Amna Cameron
Fiscal Research Division



Agenda

- Background
- Types of Tolling and Public-Private Partnership Arrangements
- National Perspective
- Advantages and Disadvantages
- Items for Consideration

What is Innovative Financing?

What is it? Ways to Raise Additional Financing

Why?

1. Speeds construction time
2. Provides needed revenues
3. Shares risk

Examples Discussed:

- Tolling
- Public-Private Partnerships (P3s)

Background

- Use of tolling ebbs and flows
- First US toll project built in 1795
  - Why did it fail?
- Mid-1900's Resurgence
  - Mass production of automobiles spurred next wave
  - Creation of Turnpike Authorities
  - Toll revenues used to back bonds
- 1916 – Federal law prohibits tolling on federal-aid highways

Background continued

- 1956 – Interstate Highway System created
  - Federal Highway Trust Fund created
  - Banned tolling on Interstate System

- 1957 – Allowed some tolled sections into Interstate Highway System

- 1970's and 1980's - Next resurgence focused on Urban Expressways

- 1990's Public Private Partnerships gain prominence

Background continued

- Current times: Tolling increasing
- Over 350 active toll projects
- Why are tolls growing in popularity?
  - Federal restrictions continue but more exceptions being made
  - Available revenues do not fund needs
  - Motor fuel tax consumption down nationally
  - Increasing motor fuel tax rate seen as unfeasible
  - Travel times increasing
  - Growing and shifting population increasing congestion

Tolling Options

- Traditional
- Pricing/ congestion pricing/ value pricing
  - Price fluctuates with demand
- Managed lanes
  - Lanes dedicated for special use
  - Examples:
    High-Occupancy Vehicle (HOV) lanes (non-tolled)
    High-Occupancy Tolling (HOT) lanes
    Express toll lanes
- Cordon Pricing
  - Tolls apply to all routes leading to congested area

Public-Private Partnership Options

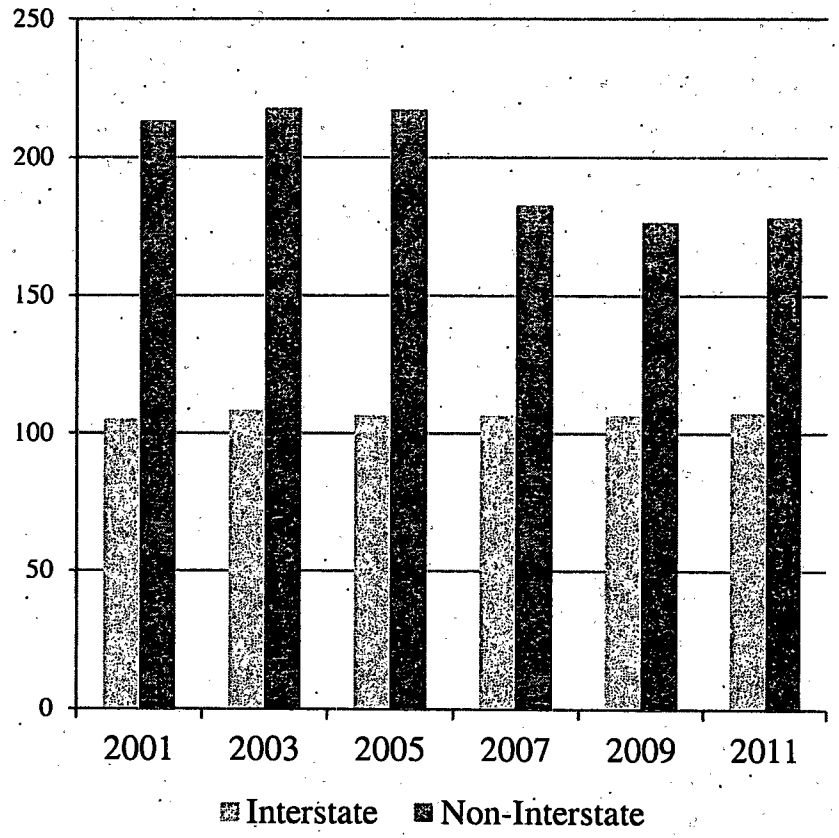
- Ranges from simple (design-build) to complex (design-build-finance-operate-maintain)
- Profit concessions depend on project type
  - Toll concessions
  - Availability payment concessions
  - Shadow toll concessions
- Risk allocation depends on project type
  - Risk shared, retained, or transferred

National Perspective

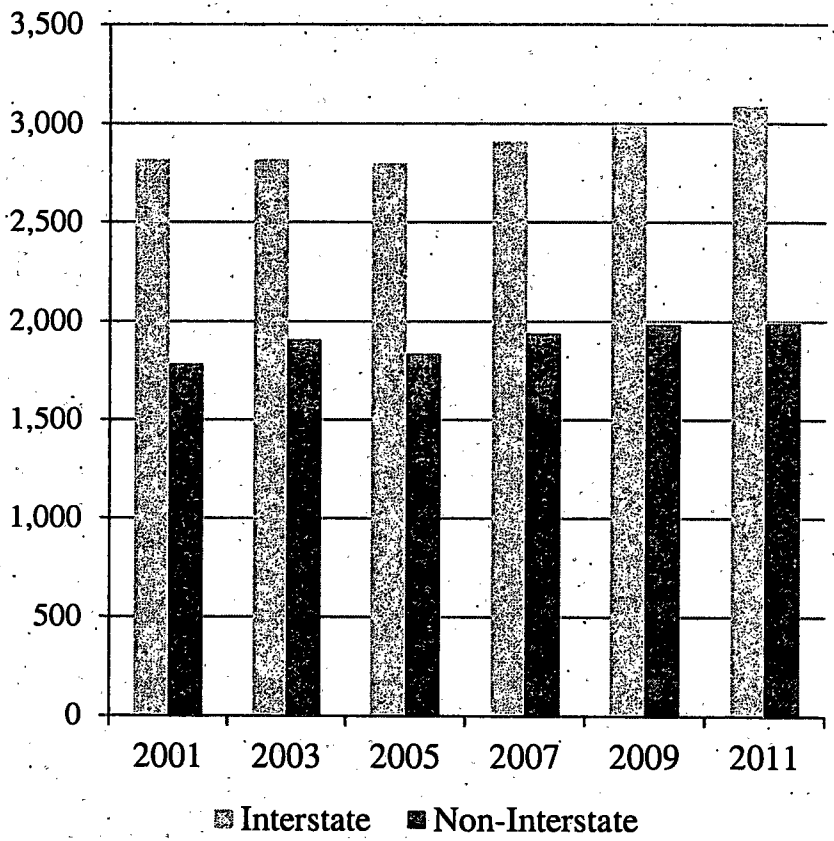
- Tolling authorities may be DOT controlled, or created as project specific, regional, multi-state, or consolidated independent entities.
- The use of tolling is increasing.
- The use of P3s is increasing.
- Florida leads the nation in total mileage for toll road projects and the number of roads tolled.
- NY has the most tolled bridges and tunnels.

National Perspective

Toll Bridge & Tunnel Mileage



Toll Road Mileage



Perceived Advantages

- Financial Benefits
  - Accelerates project completion
  - Funds project costs
- Congestion pricing may provide guaranteed travel time
- Users choose: Is money spent worth time saved?
- Technology removes prior negatives

Perceived Disadvantages

- Income Equity (regressivity)
- Geographic Equity
- Participation Equity
- Additional Economic Burden
  - Increases cost of trucking goods
- Double-taxation?

Issues for Consideration

- Legislative direction needed to set criteria
- Legislative direction means:
  - Standards are established
  - Public protections are included
  - Oversight is performed
- Legislative direction ≠ selecting projects

Statute, Policy, or Contract

Primary Statutory Issues:

- ✓ Types of P3 agreements allowed
- ✓ Authority to enter P3 agreements
- ✓ Authority to *approve or* review P3 agreements
- ✓ Types of facilities allowed

Statute, Policy, or Contract

Issues addressed through Policy and/or Statute:

- ✓ Types of financing/subsidies allowed
- ✓ Public uses of proceeds
- • Ability to hire external advisors
- • Types of procurement allowed
- ✓ Whether unsolicited proposals are allowed
- • Whether bidder stipends are allowed
- ✓ Whether administrative fees are allowed
- ✓ Whether to remove performance security
- ✓ Criteria to evaluate potential P3 projects
- • Criteria to select bidder

Statute, Policy, or Contract

Issues addressed through Contract and/or Statute:

- Length of contract term
- ✓ Toll rates and toll rate setting mechanisms
- ✓ Allocation of risks
- ✓ Revenue sharing
- Dispute resolution
- Buy back provisions
- Refinancing provisions
- ✓ Ongoing performance audits and reports

Additional Issues for Consideration

- Which comes first? The mighty eagle (legislation/NCGA action) or the egg (DOT/policy development)?

- What is the role of the Turnpike Authority moving forward?

- What is the role of the Treasurer's Office?

Committee Sergeants at Arms

NAME OF COMMITTEE Joint Appropriations on Transportation

DATE: 2-26-2013 Room: 1228

House Sgt-At Arms:

1. Name: Carlton Adams
2. Name: Jesse Hayes
3. Name: Martha Parrish
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: Charles Harper
2. Name: Anderson Meadows
3. Name: _____
4. Name: _____
5. Name: _____

PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228 LB

DATE: 2-26 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

	Page Name	Hometown	Sponsoring Senator
1	Emily Edwards	Clinton	Berger
2			
3			
4			
5			
6			
7			
8			
9			
10			

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Department of Transportation 2/26/13

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dara Taggart	DST
S Dhaei	DST
Crystal Collins	NC Trucking Assoc.
Gary Harris	NC Petroleum Marketers & C-Stores
William Jones	Jordan, Price
Jennifer Harris	NCDOT
SPENCER FRANKLIN	HNTB
Andrew Bell	NCDOT
Amy Sims	DENR
Reggie Flythe	DPI
Keith Richards	City of Charlotte

VISITOR REGISTRATION SHEET

Department of Transportation 2/26/13
Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BERRY JENKINS	CAROLINAS AGC
Zeb Aney	NMR 7S
JASON SOPER	NC DOT
Suzanne Beasley	SEAINC
	MF&S
Mark Nifong	Evelyn Terry
John Meredith	MWC LLC
Loretta Shelton	Blue Ridge Group Homes, Asheville
Leslie Boyd	WNC Health Advocates

VISITOR REGISTRATION SHEET

Trans D. — Name of Committee

2-26-13 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kym Hunter	Southern Environmental Law Center
Kate Asquith	"
Larissa Via	"
Chris Nida	NCLM
Dave Dawson	Buxton, NC. Hatteras Island Business Assoc.
David Wilson	" " "
Derek Graham	DPI
John Head	"
Tazra Mitchell	NC Budget & Tax Center
Samuel Fleming	VWC
[illegible]	Misc. T. Chamber
Julie White	NCMMC
Jake Cashion	NC Chamber
Bill Miller	DST

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	RAMC
Joe McClees	McElees Consulting
Morgan Beam	Gov. Office
Erik Anderson	Pitt County
[illegible]	ECU
Chris Mullins	Bunker Trenor
[illegible]	N.C.B.A.
[illegible]	UNC-CH
[illegible]	NCACC

Joint Appropriations Subcommittee on Transportation

February 27, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

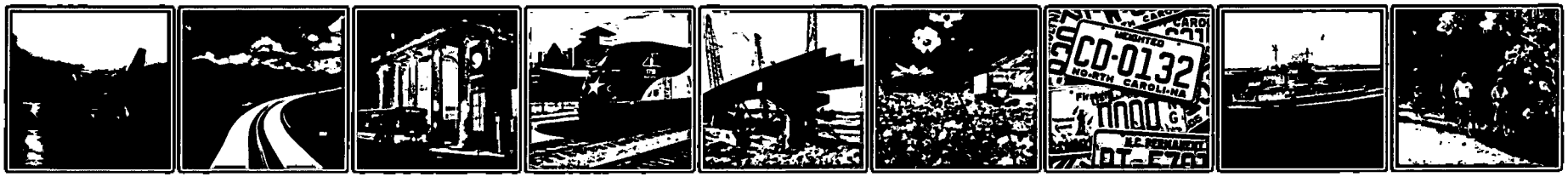
Chairs:	Representative Phil Shepard, Chairing	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon

- Call to Order

- DOT's Use of Tolling and Public-Private Partnerships for Highway Projects

  Jim Trogdon
  Chief Deputy Secretary, Operations
  Department of Transportation

Next meeting: Aviation and Rail Divisions - Thursday, February 28, 8:30 a.m.



NC Tolling
Joint Legislative Transportation Appropriations Committee

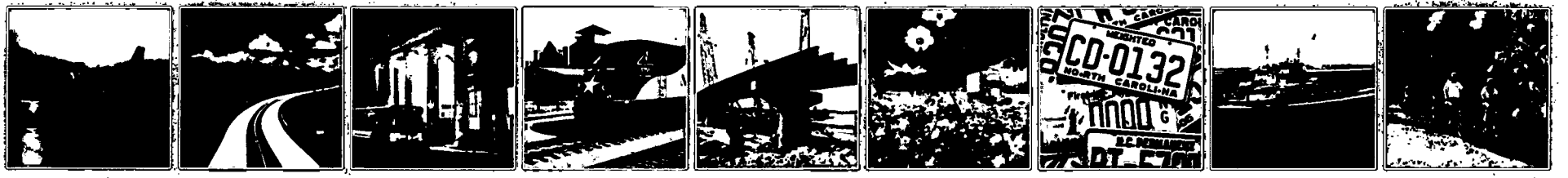
Jim Trogdon, Chief Deputy Secretary of Operations

February 2013

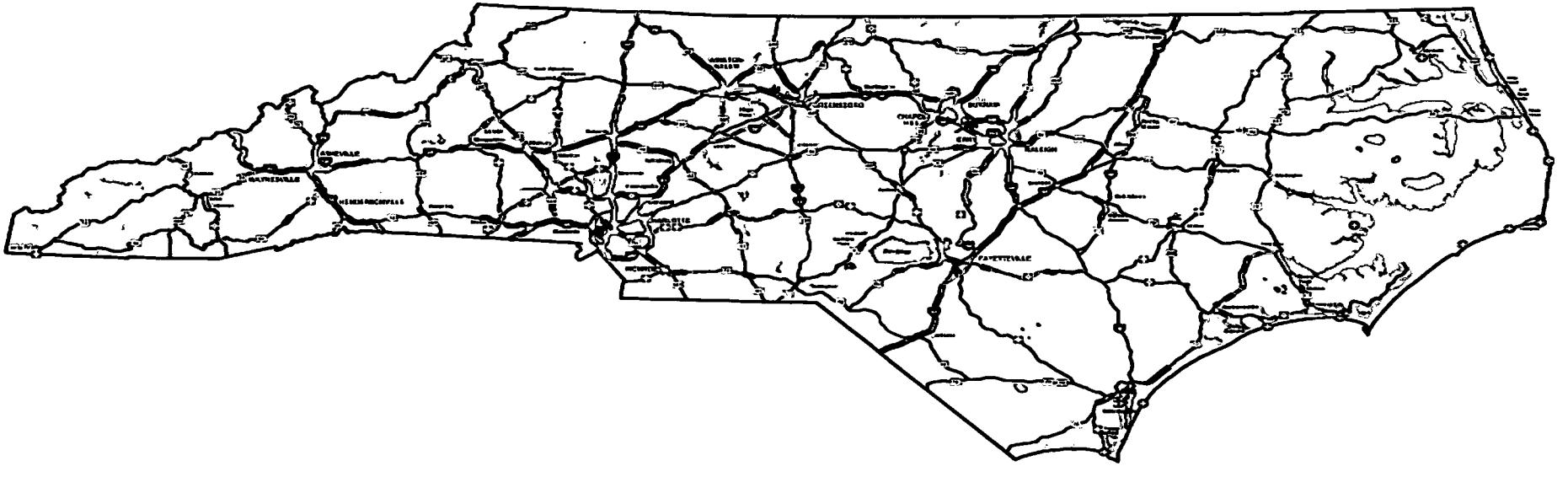


Agenda

- Tolling Vision
- Turnpike Authority – Project Overviews
- P3 Highway Projects (I-77 & Mid-Currituck)
- Other Tolling Options (Express Lanes & I-95)
- What Makes a Viable Toll or P3 Project



2035 Estimated Congestion



Strategic Highway Corridors
2035 Estimated Congestion

N
W E
S

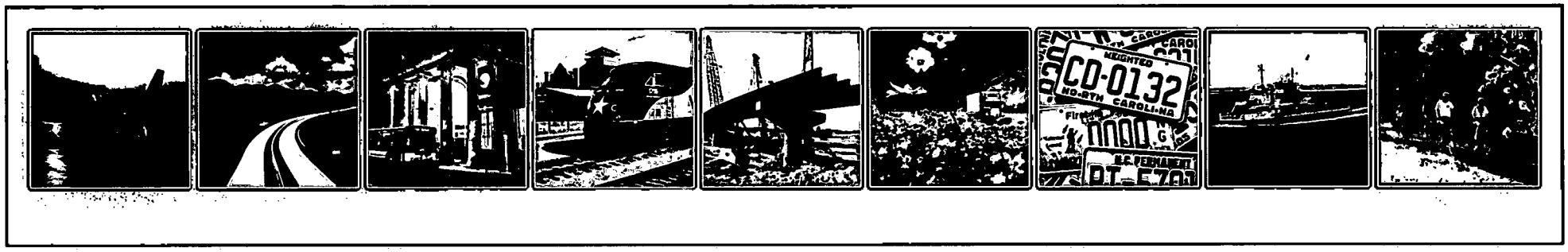
0 5 10 20 30 40 50 Miles

Prepared By:
The North Carolina Department of Transportation
Statewide Planning Office of The Multimodal Division

Map Date: May 31, 2016

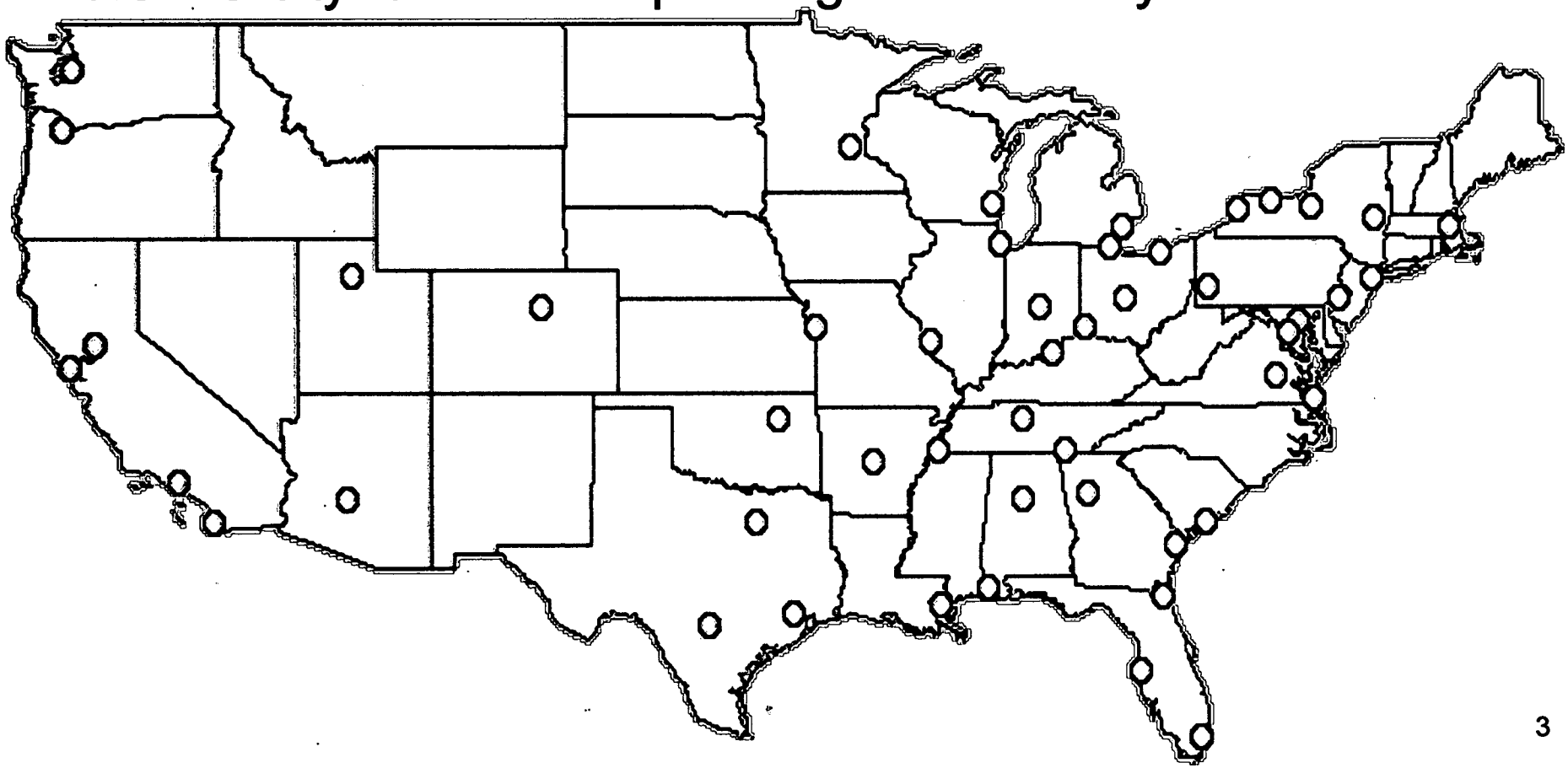
Legend

- Little or No Congestion
- Moderate Congestion
- Severe Congestion
- State Port
- Major Airport
- Intermodal Connector
- Coast Guard Station
- Major Military Base
- Water Features



US Logistics Survey

No NC city ranked in top 50 logistics friendly cities





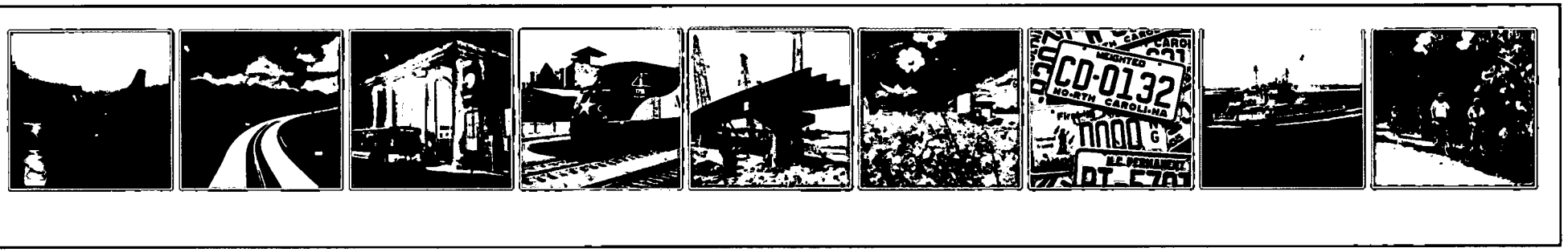
CONNECTIVITY



1970



2012



MOBILITY



1970 to Present



?



Public Perception of Tolling

Public Opinion on Toll Roads Has Shifted

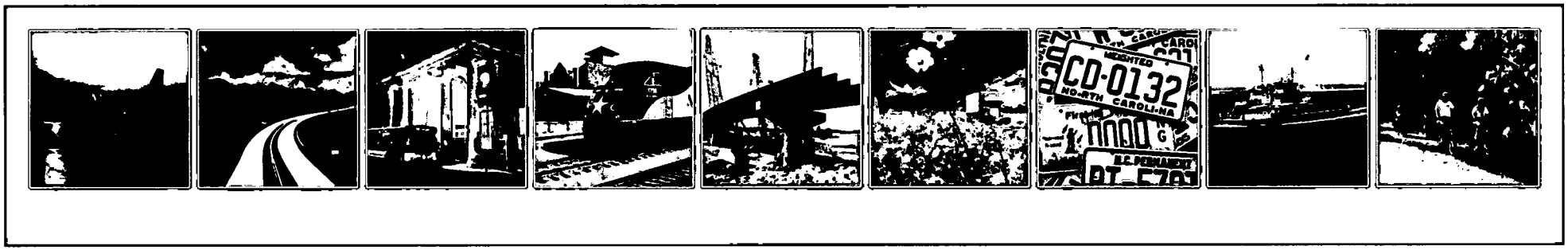
When asked "Free Road vs. Toll Road," they answer Free Road.

When asked " Toll Road vs. No Road," they answer Toll Road.

Key to Public Acceptability

Credibility of the argument that funding is not available from other sources.

Understanding that use of tolls will bring the project much sooner than waiting for funding from other sources.

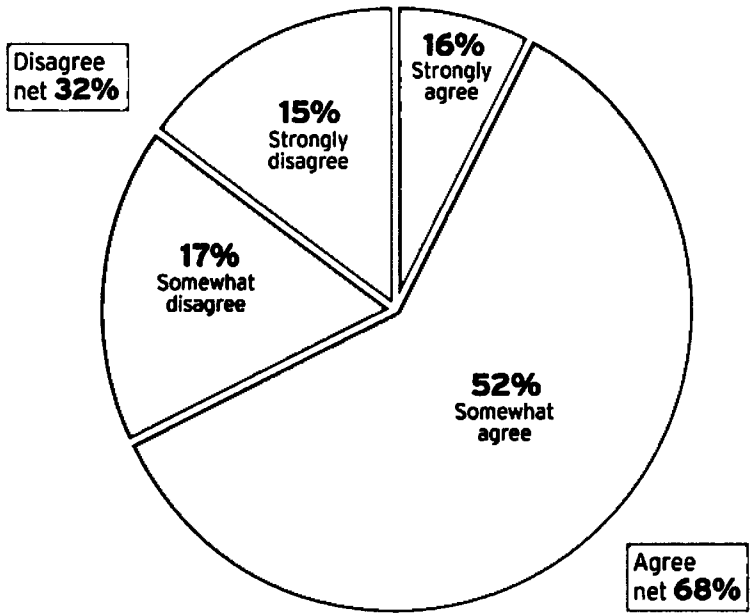


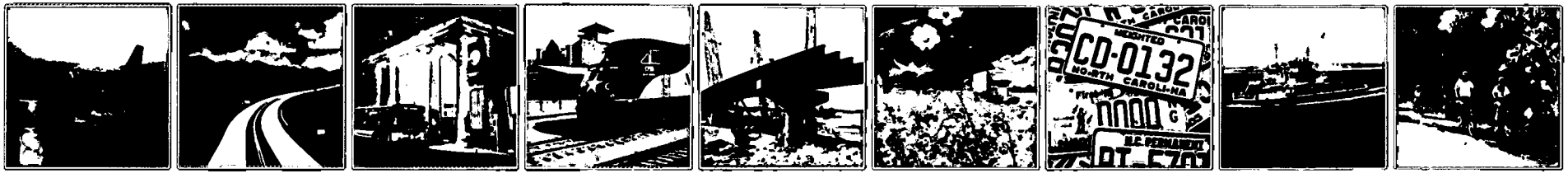
Public Perception of Tolling

TIME SAVINGS RAISES TOLLING'S APPEAL

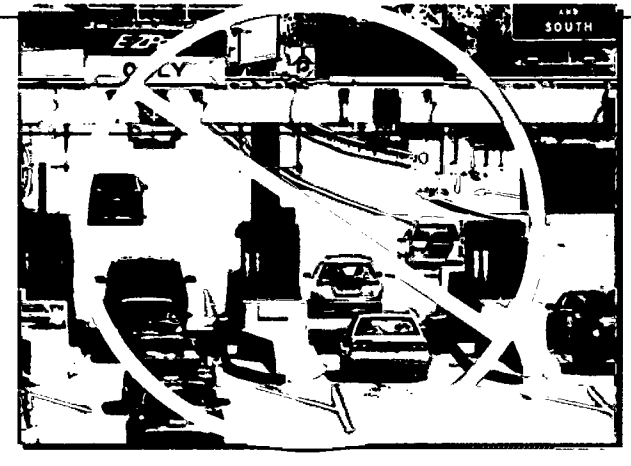
More than six in 10 Americans would be willing to pay a higher toll fare if it saves them time.

Q. How strongly do you agree or disagree with the following statement: I would be willing to pay a higher toll fare if it saved me travel time.





Tolling in North Carolina

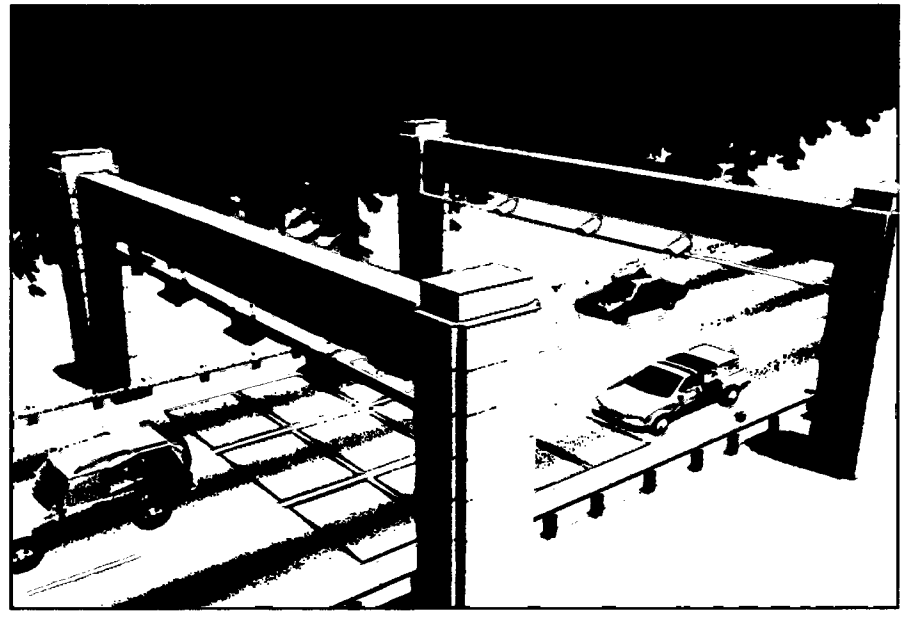


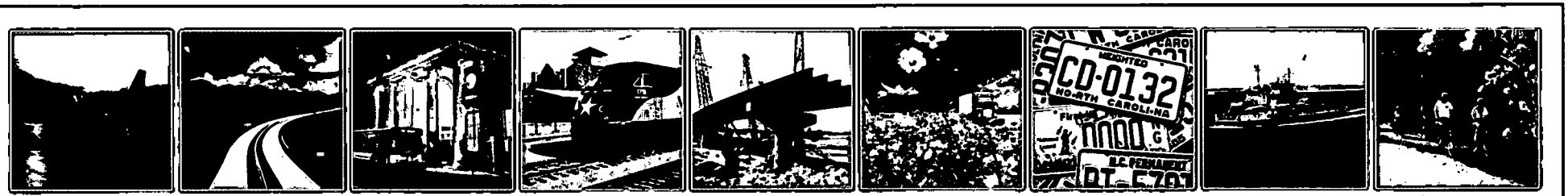
Out with the old….

- No toll booths.

In with the new…

- All electronic tolling.





Transponder-based Tolling

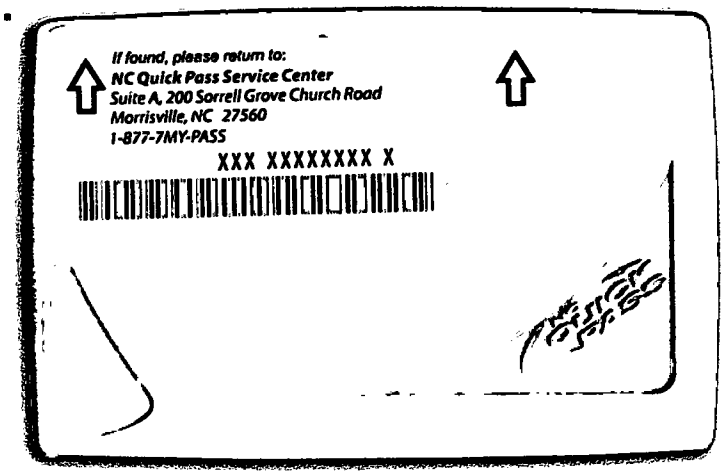


Purchase transponder:

- $5 sticker tag
- $20 hard case – interoperable with EZ pass

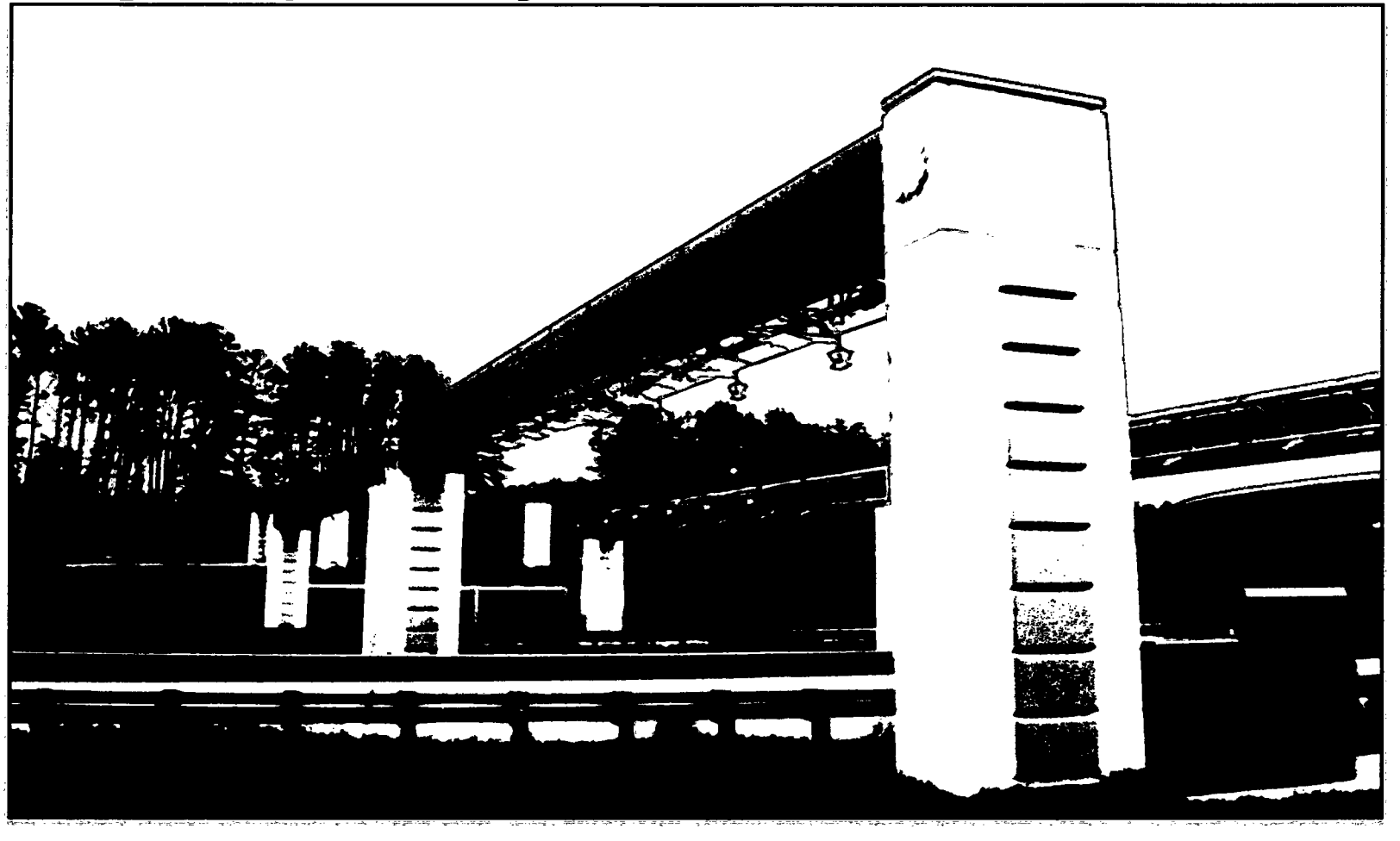
Set up account - $20 minimum.

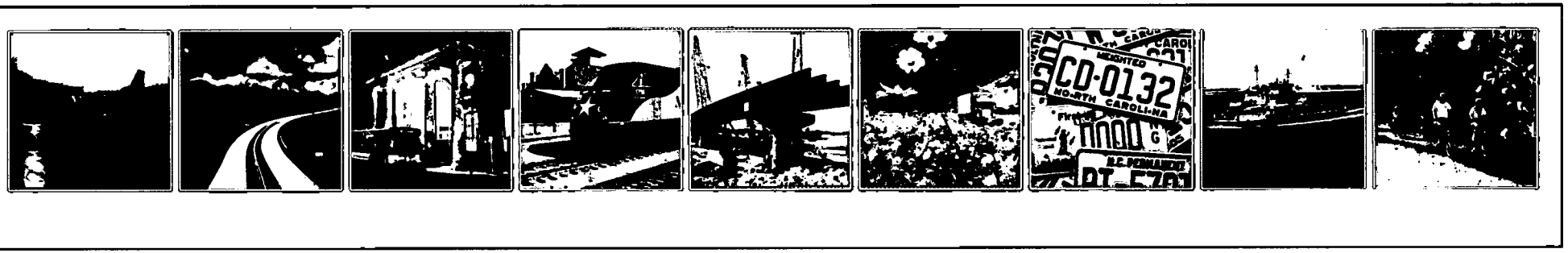
Account debited as used.





Triangle Expressway Toll Gantries





NC Leading National Interoperability Efforts

NC Turnpike Authority formed Alliance for Toll Interoperability in 2008:

- Membership: 43 toll agencies.
- Members to share license plate and account information.

Goals:

- Efficient exchange of license plate data.
- Multi-state agreements.
- Multi-state enforcement violation legislation.
- Result: More revenue, greater efficiency.



What Interoperability Means

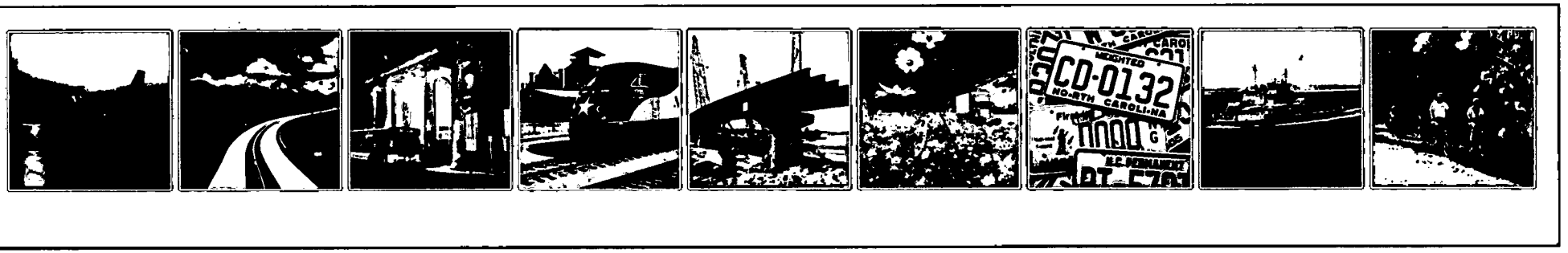
Different technologies in different states:

- NC Quick Pass.
- EZ-Pass – Northeast (24 agencies in 14 states).
- SunPass – Florida.
- TxTag – Texas.

Until January, no interoperability across technologies.

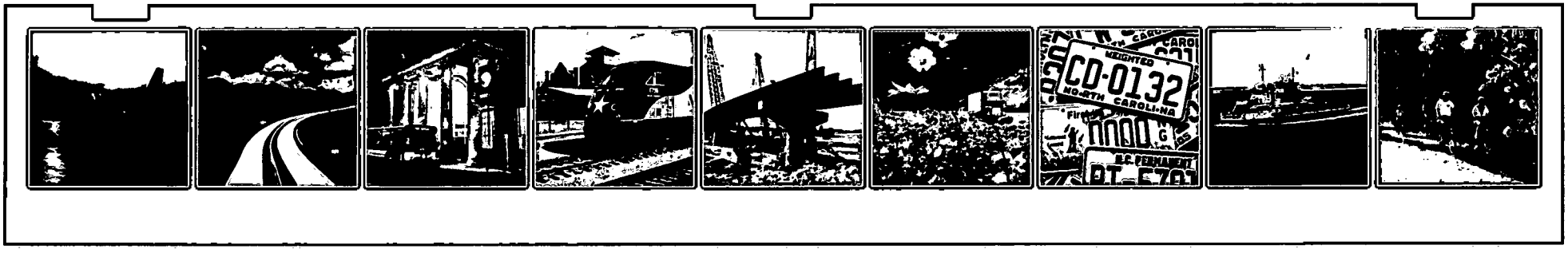
No inter-state violation enforcement.

NC working to establish interoperability across the nation.

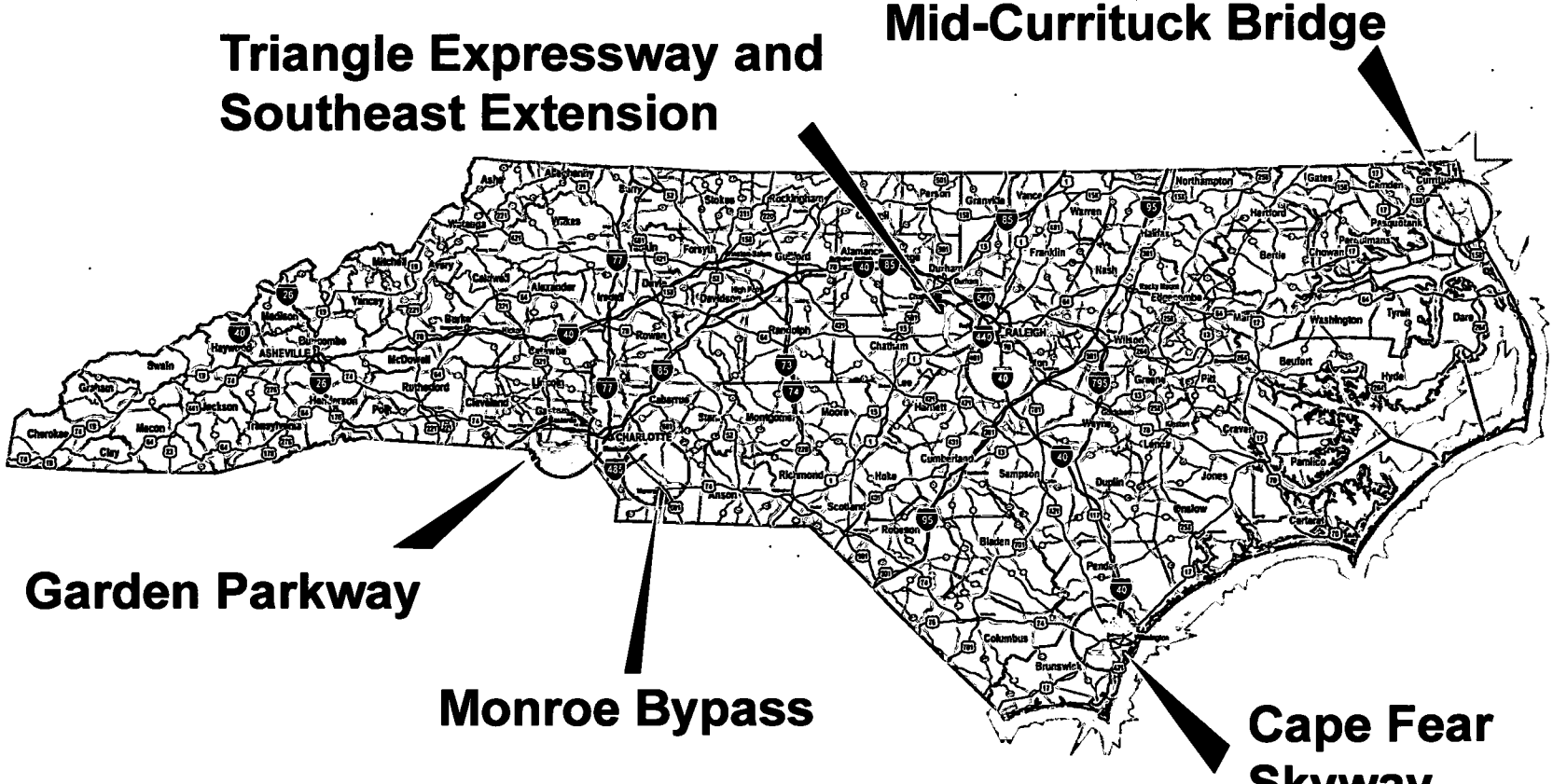


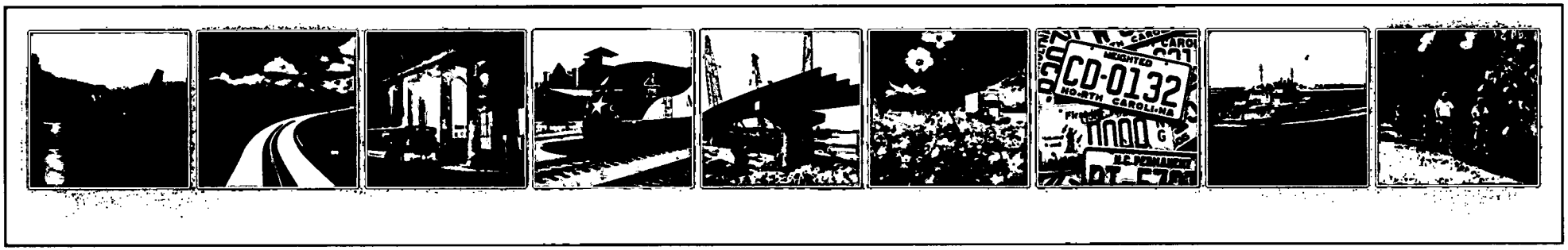
Agenda

- Tolling Vision
- Turnpike Authority – Project Overviews
- P3 Highway Projects (I-77 & Mid-Currituck)
- Other Tolling Options (Hot Lanes & I-95)
- What Makes a Viable Toll or P3 Project



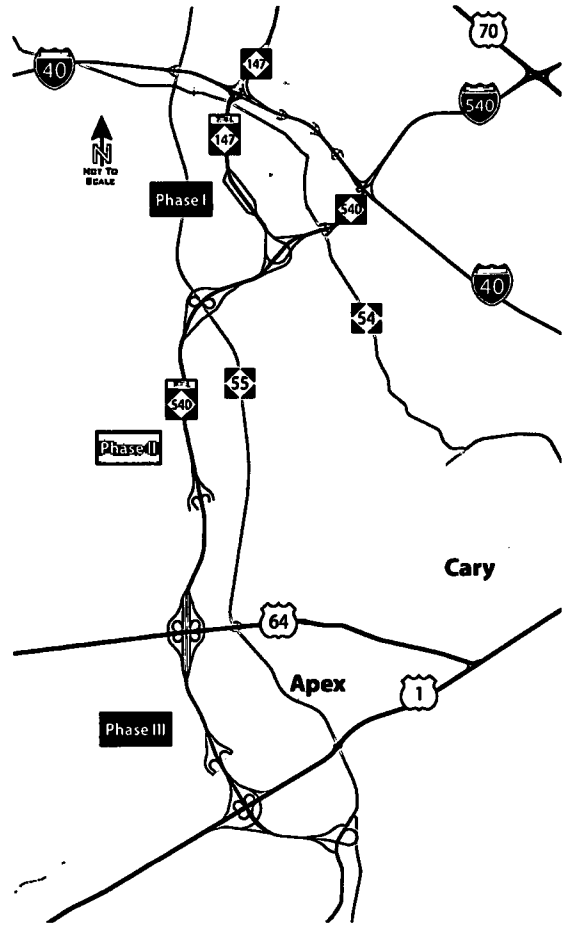
Turnpike Authority Projects





Triangle Expressway

Length:	18.8 miles
Cost:	$1 billion
Gap funding:	$25m/annual
Groundbreaking:	8/12/2009
Phase I open:	12/8/2011
Phase II open:	8/1/2012
Phase III open:	12/31/2012





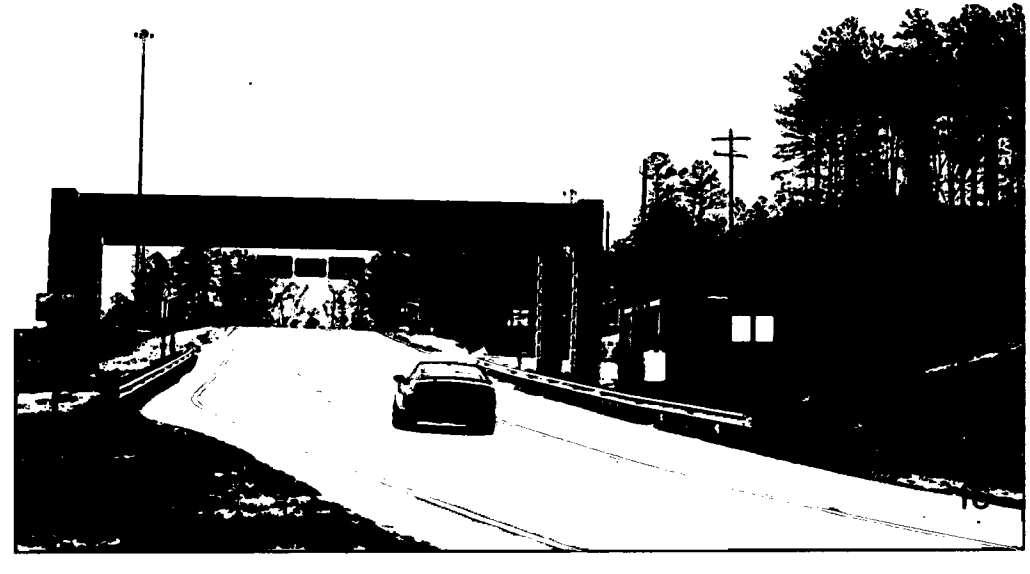
Leading in All Electronic Toll Collection

One of first projects in US planned and built utilizing all electronic tolling.



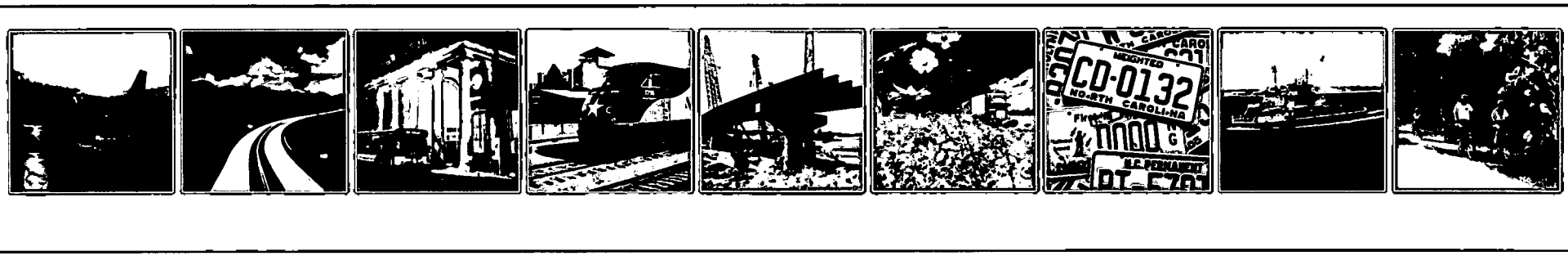
Transponder sales far exceeding forecasts.

- Targeted to sell 2,500 by June 2012.
- 60,000 sold to date.

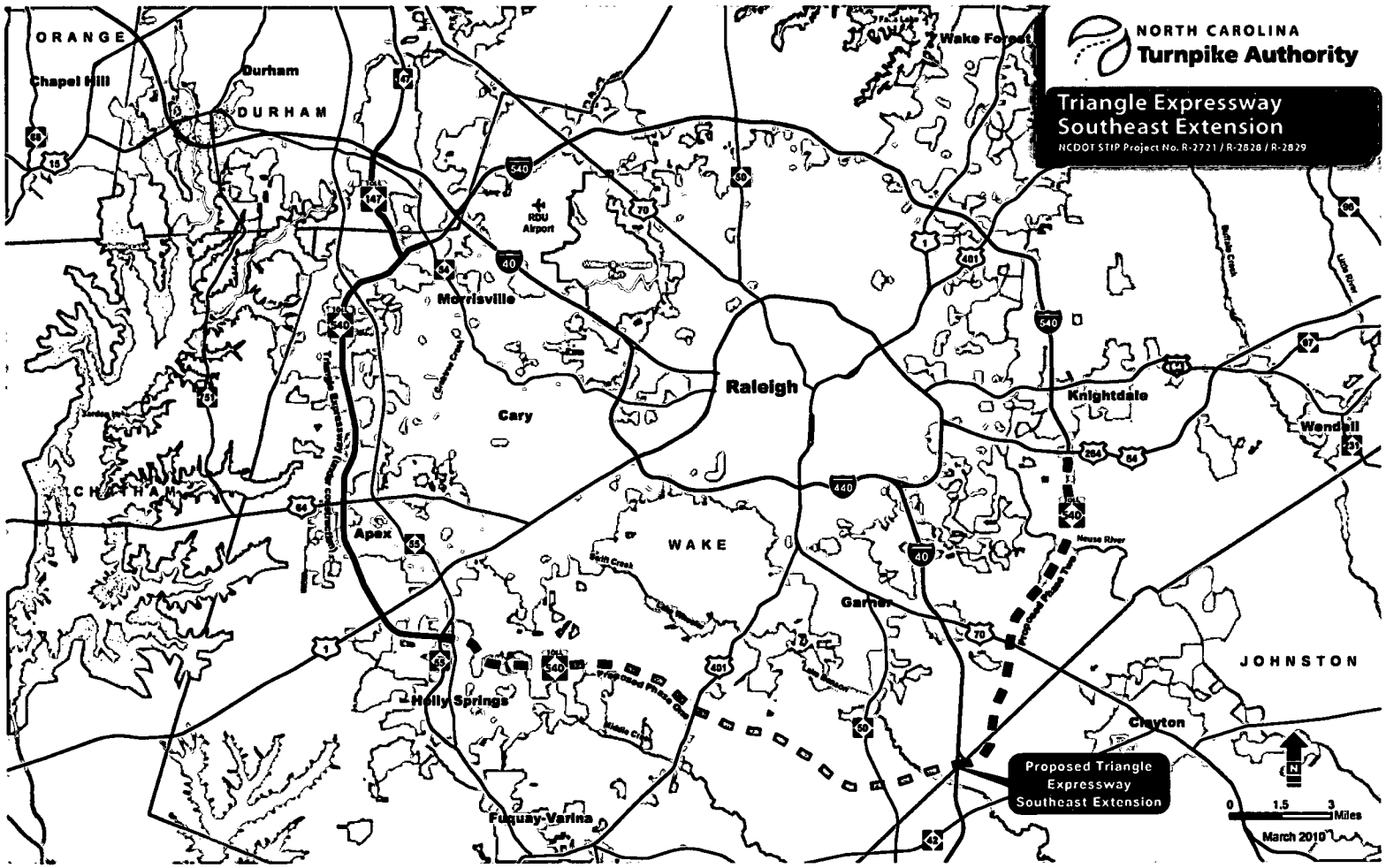


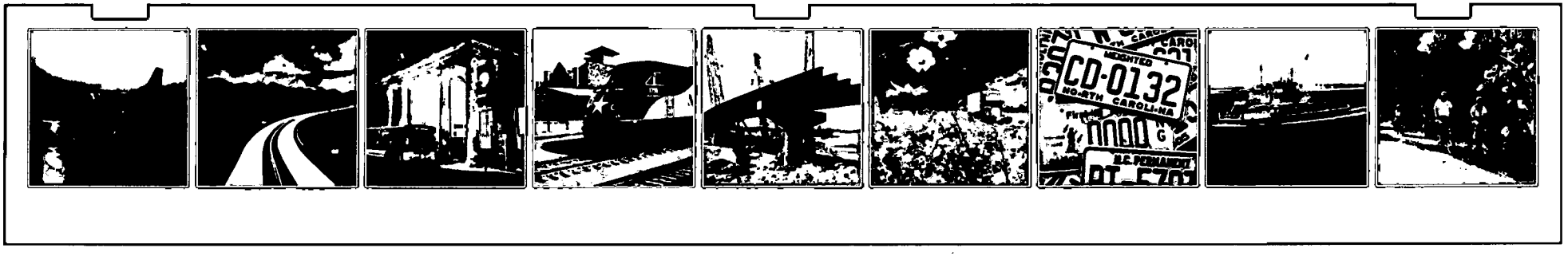
Three ways to pay:

- NC Quick Pass.
- Bill By Mail.
- EZ-Pass account.



Triangle Expressway Southeast Extension





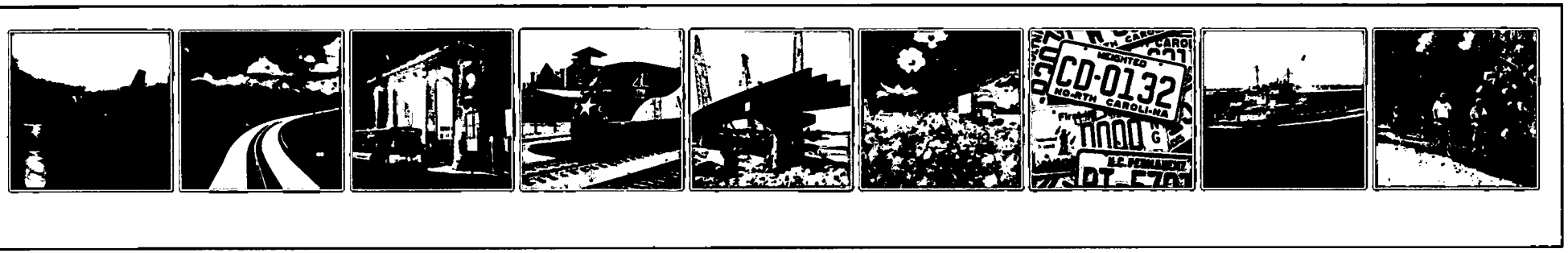
Triangle Expressway Southeast Extension

Preliminary Cost: $1.5 billion.

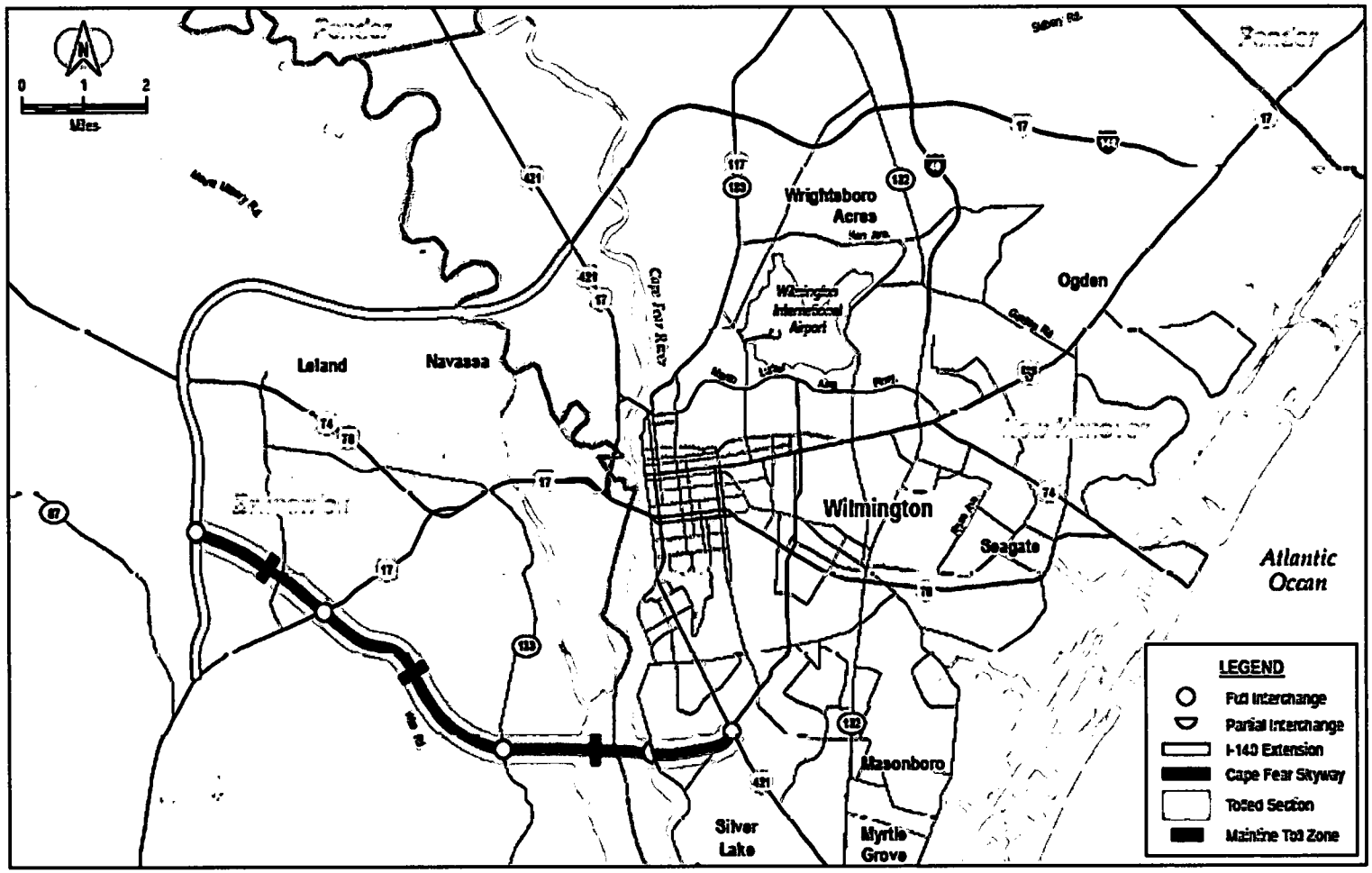
Length: Approximately 30 miles.

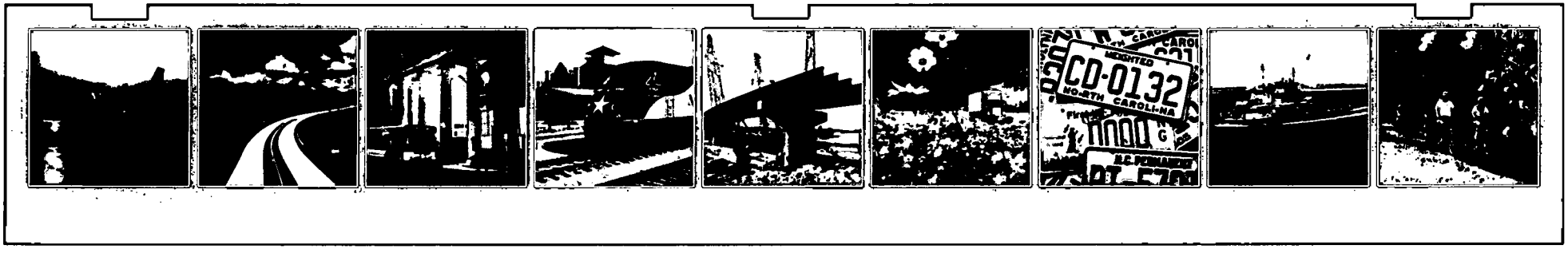
Schedule:

- Environmental studies on hold following enactment of S.L. 2011-7 in March 2011.
- NCGA is currently considering removal of study restrictions.



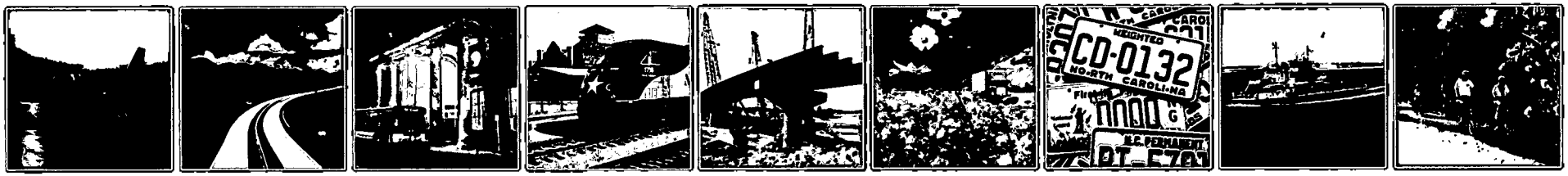
Cape Fear Skyway



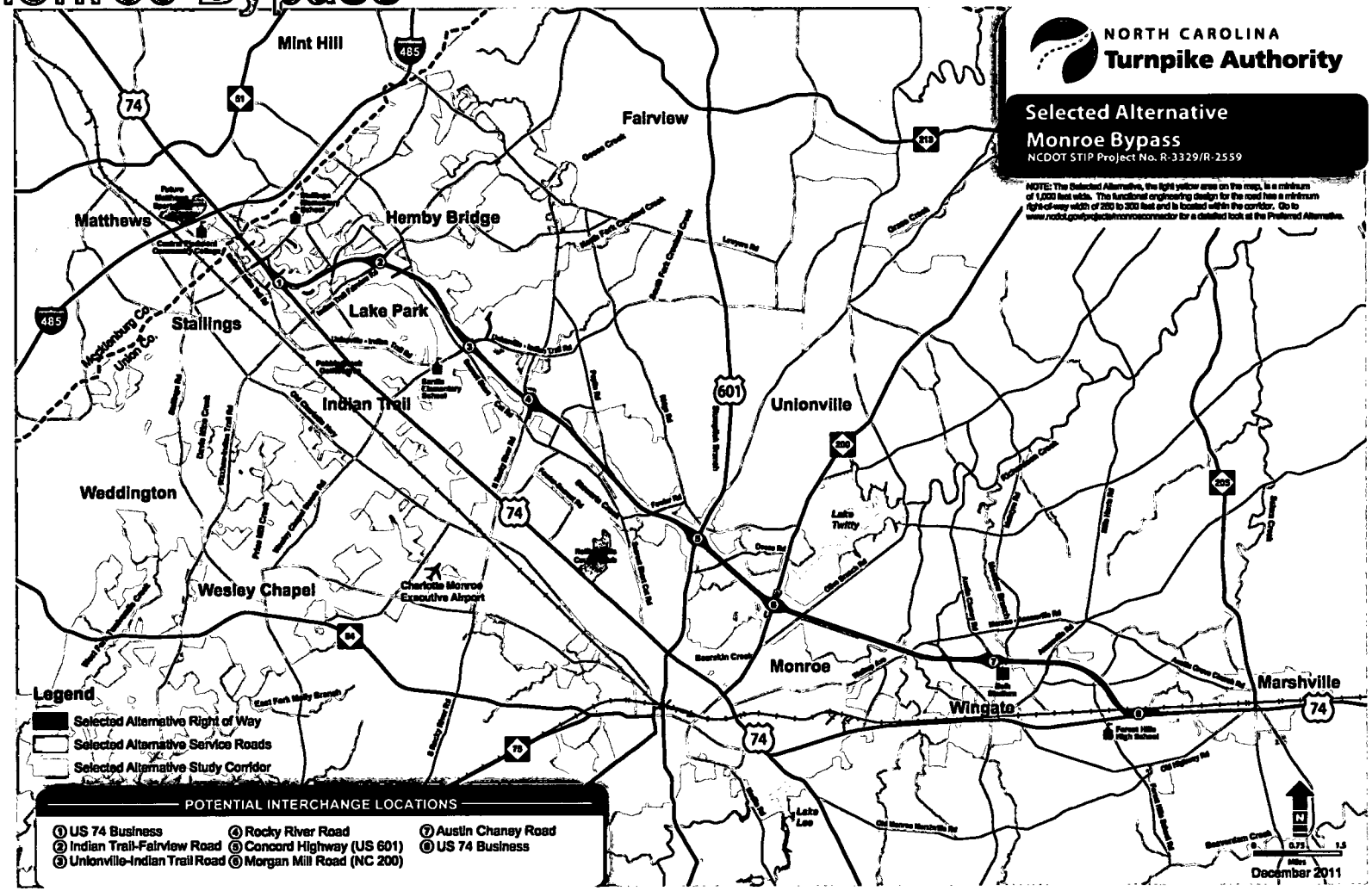


Cape Fear Skyway

Cost:	$950M - $1B
Gap fund appropriation:	$0
Length:	9.5 miles
Draft Environmental Impact Statement:	TBD
Final Environmental Impact Statement:	TBD
Record of Decision:	TBD



Monroe Bypass





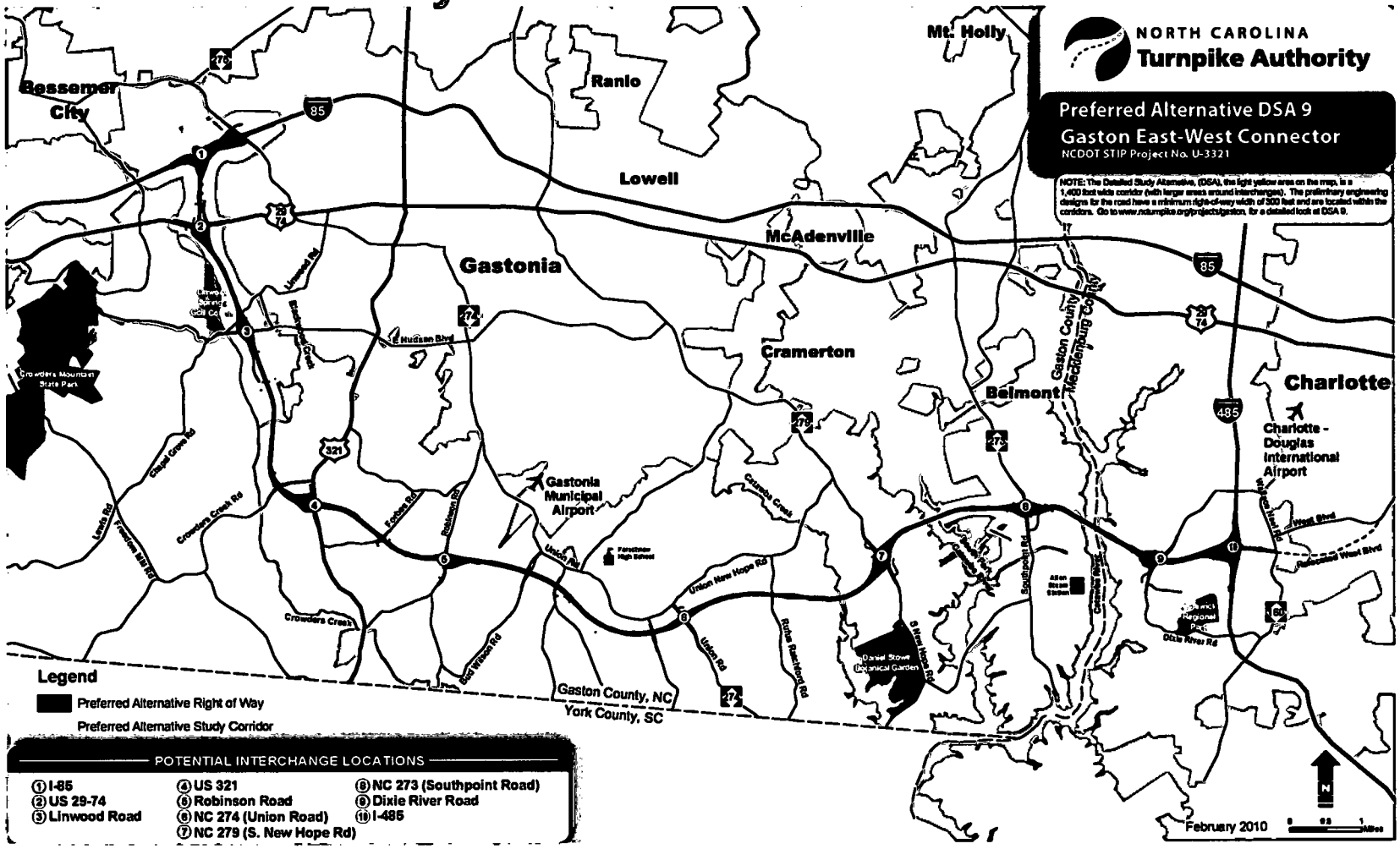
Monroe Bypass

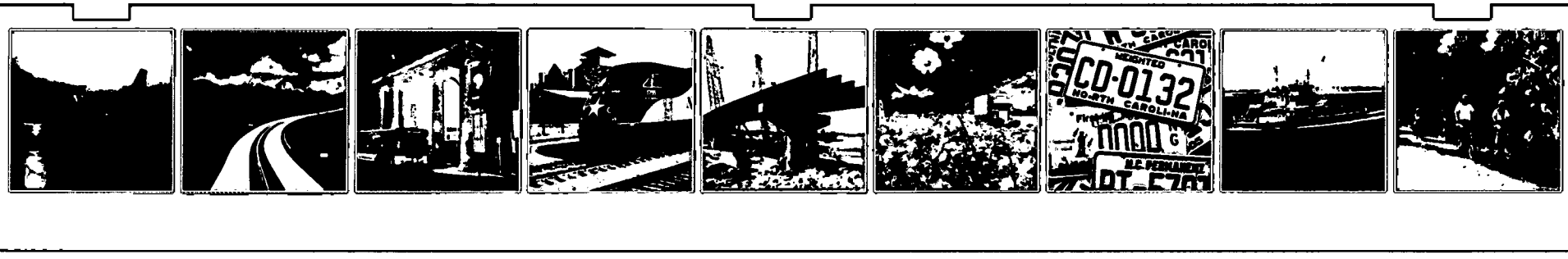
Cost:	$725 M
Gap fund appropriation:	$24 M
Length:	20 miles
Sold bonds:	November 2011
Awarded design-build contract:	November 2011
Construction begins:	Fall 2013*
Open to traffic:	Winter 2016*

* Revised schedule; dates assume no further litigation



Garden Parkway

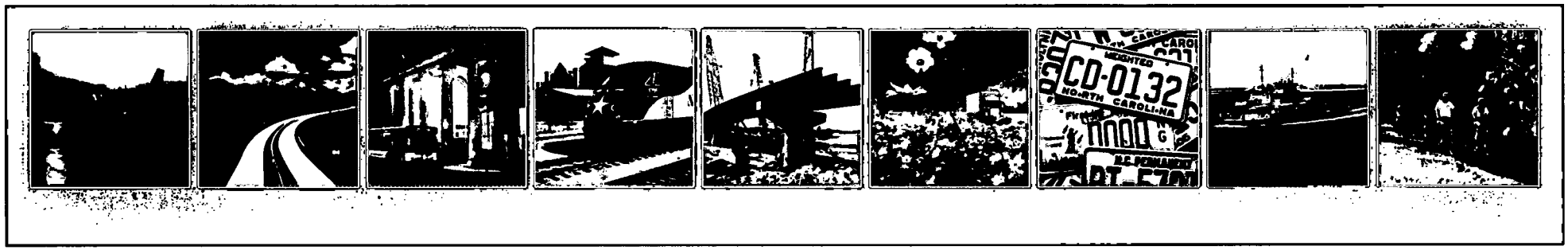




Garden Parkway

Cost:	$900 M
Gap fund appropriation:	$35 million
Length:	22 miles
Lawsuit filed:	August 28, 2012
Open design-build bids:	TBD*
Sell bonds:	TBD*
Award contracts:	TBD*
Open to traffic:	TBD*

* Impact of lawsuit on current schedule is being evaluated



Funding Breakdown

Triangle Expressway:
- 63% funded with tolls
- 37% funded with appropriation
- For 30 years

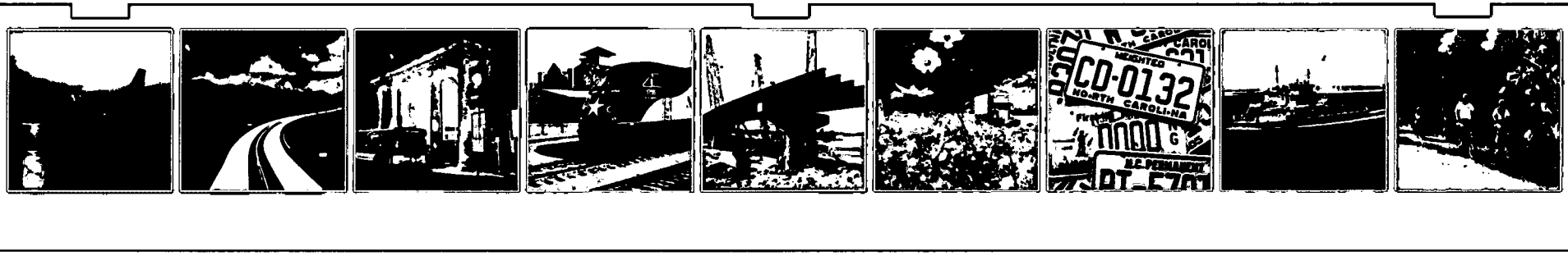
Mid-Currituck:
- 30% funded with tolls
- 70% funded with appropriation
- For 50 years

Cape Fear:
- 15% funded with tolls
- No appropriations (gap money) approved

Monroe
- 25% funded with tolls
- 64% funded with appropriation
- 11% STIP
- For 30 years

Garden
- 25% funded with tolls
- 64% funded with appropriation
- 11% GARVEE or STIP
- For 40 years

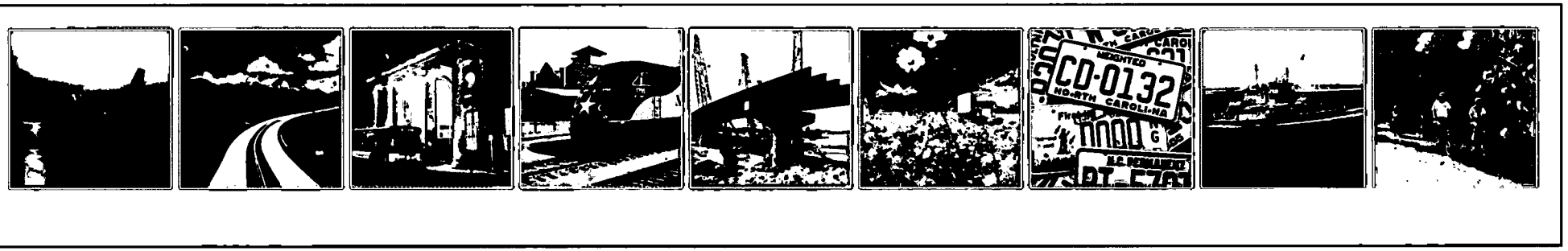
Southern Wake
- % project funded with tolls = TBD
- No appropriations (gap money) approved



Funding Breakdown, cont.

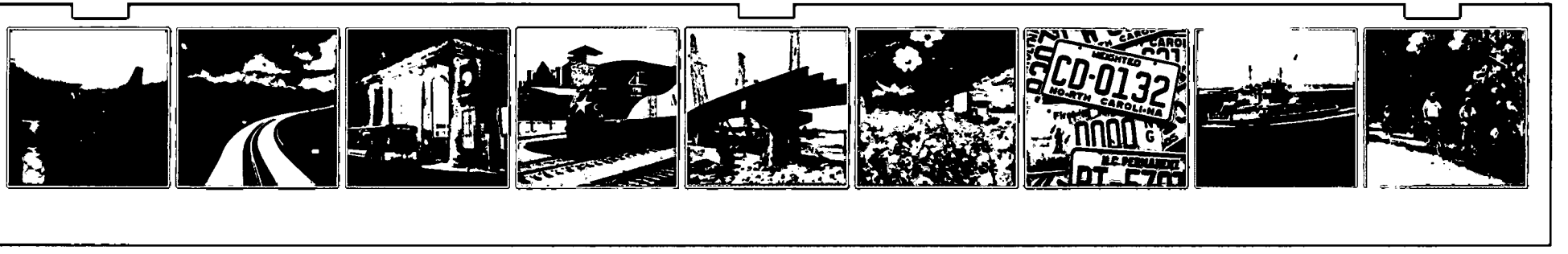
I-77

- 65% funded with PAB, TIFIA, Private Equity
- 35% STIP (maximum possible $170m)
- 50 year concession agreement



Agenda

- Tolling Vision
- Turnpike Authority – Project Overviews
- P3 Highway Projects (I-77 & Mid-Currituck)
- Other Tolling Options (Hot Lanes & I-95)
- What Makes a Viable Toll or P3 Project



What Is a Public Private Partnership (P3)?

Contractual arrangement between State and private entity ("concession agreement").

North Carolina:

- Owns the facility.
- Oversees construction.

Private partner usually:

- Assumes substantial financial, technical, construction and/or operational risks.
- Provides some level of financial investment.
  - Collected tolls pay for maintenance, operation and payments to private investors.



Procurement methods and risk transfer

Typical Allocation of Project Risk	Design	Construction	O&M	Financing	Market / Utilization	Collection
Design Bid Build	○	○	○	○	○	○
Design Build/Maintain	●	●	○	○	○	○
Design Build Operate/ Maintain	●	●	●	○	○	○
Design Build Finance Operate (Availability Payment)	●	●	●	●	○	○
Design Build Finance Operate (Shadow User Fee)	●	●	●	●	●	○
Design Build Finance Operate (Real User Fee)	●	●	●	●	●	●

○ - Risk retained by Public Sector ● - Risk transferred to Private Sector



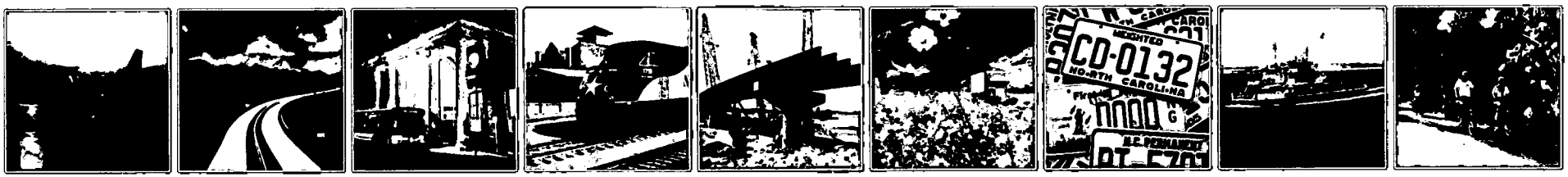
Why Use a P3?

Transfers long-term risks to private sector.

State may be able to leverage developer's equity with lower risk, higher ratings, and lower interest costs.

State can deliver projects years earlier than otherwise possible.

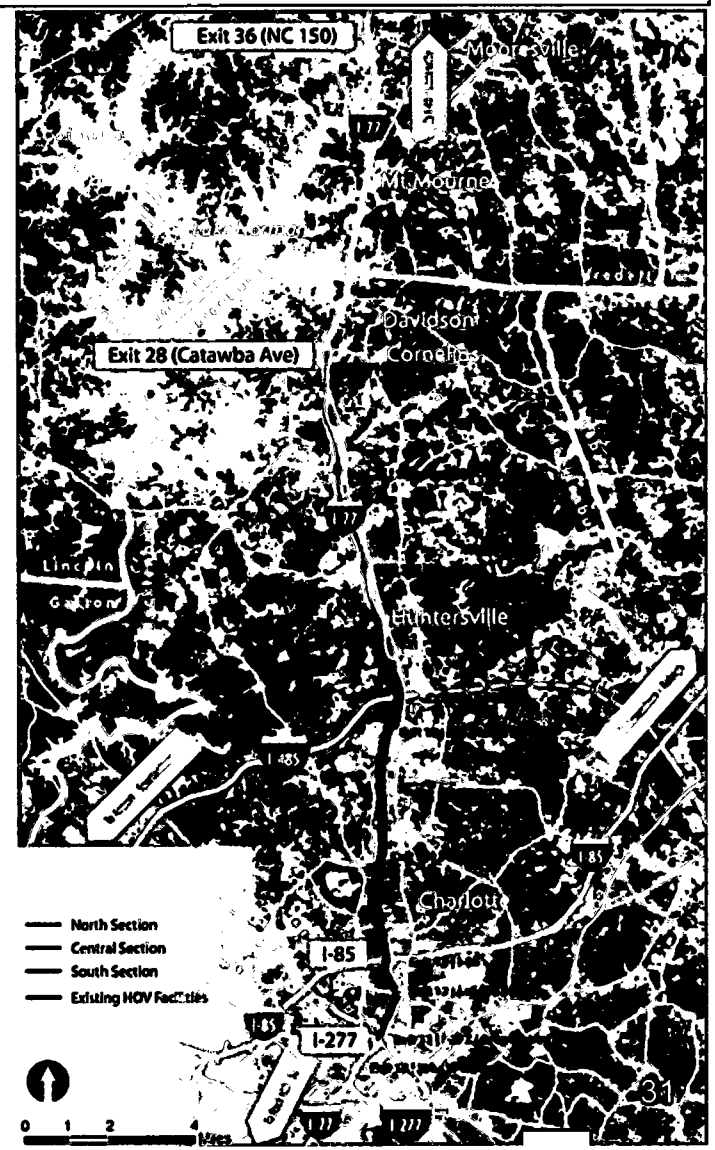
Developer incented to use innovative design, construction, and financing to reduce costs.



I-77 Express Lanes

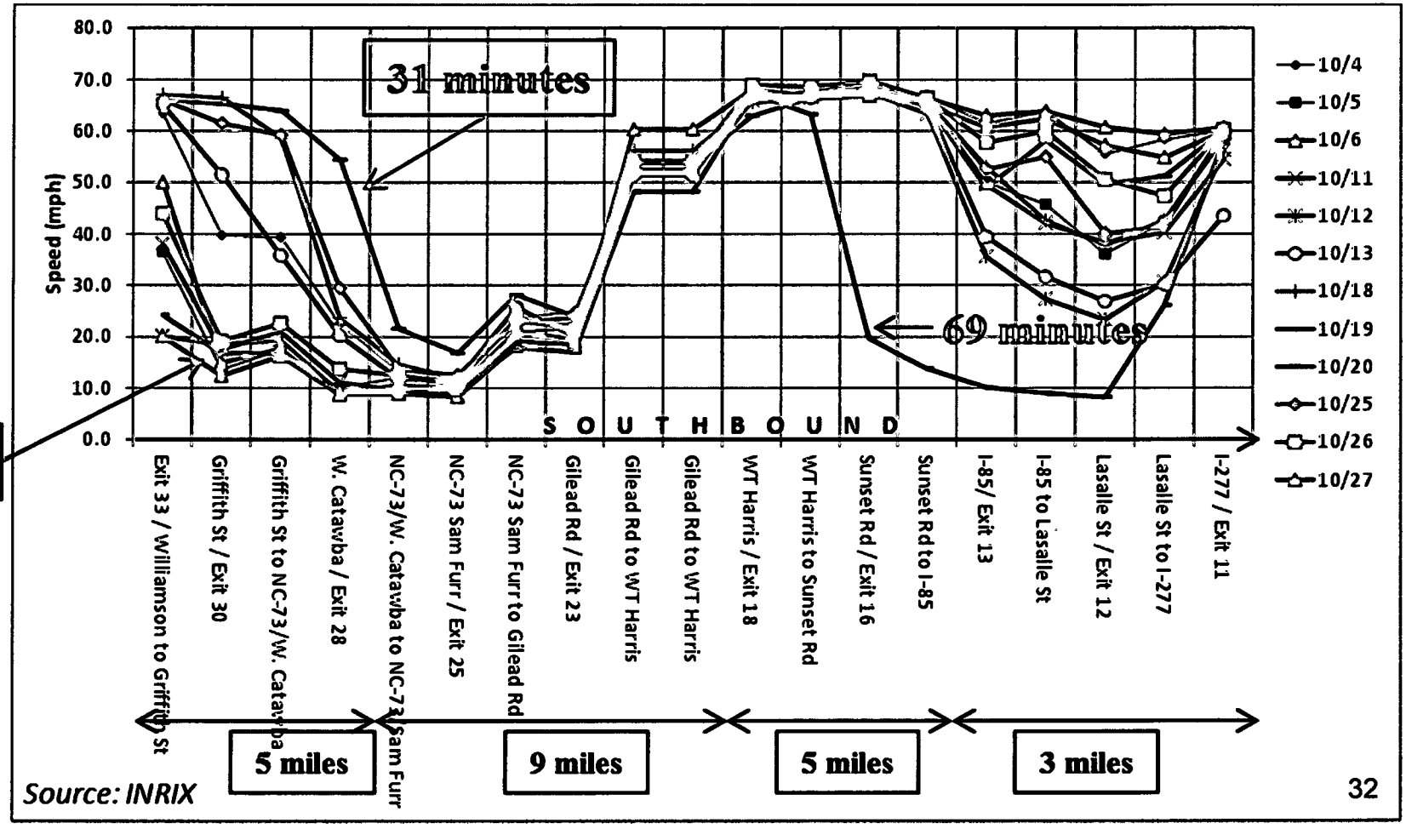
- Public Private Partnership opportunity.
- Wide range of travel speeds and commute times.
- Delays of more than 45 minutes on worst travel days.



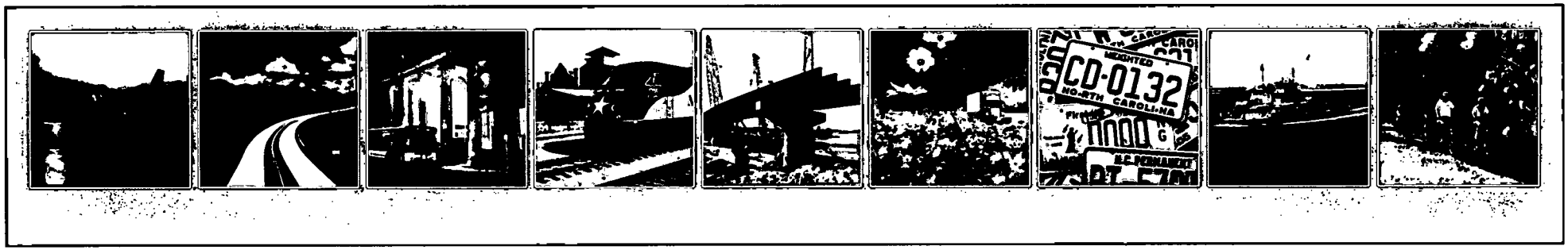




I-77 Today – Peak Time Congestion



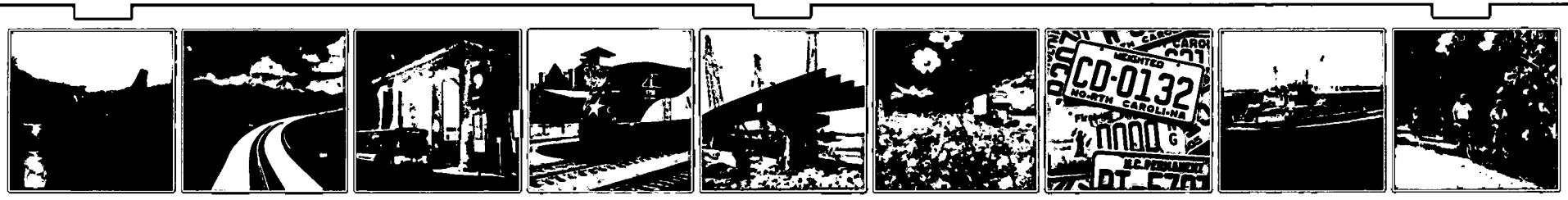
Source: INRIX



I-77 Express lanes project

Transportation challenges:

- Current users of I-77 are confronted with unpredictable travel times and travel speeds.
- Strong forecast for economic and population growth in the region.
- Further congestion if no capacity enhancements are made.
- Additional general purpose lanes to provide new capacity are not affordable in the near term (without tolling).
- Project scope converts existing HOV to HOT and adds new capacity between uptown Charlotte and Lake Norman.



Mid-Currituck Bridge Project

Size:

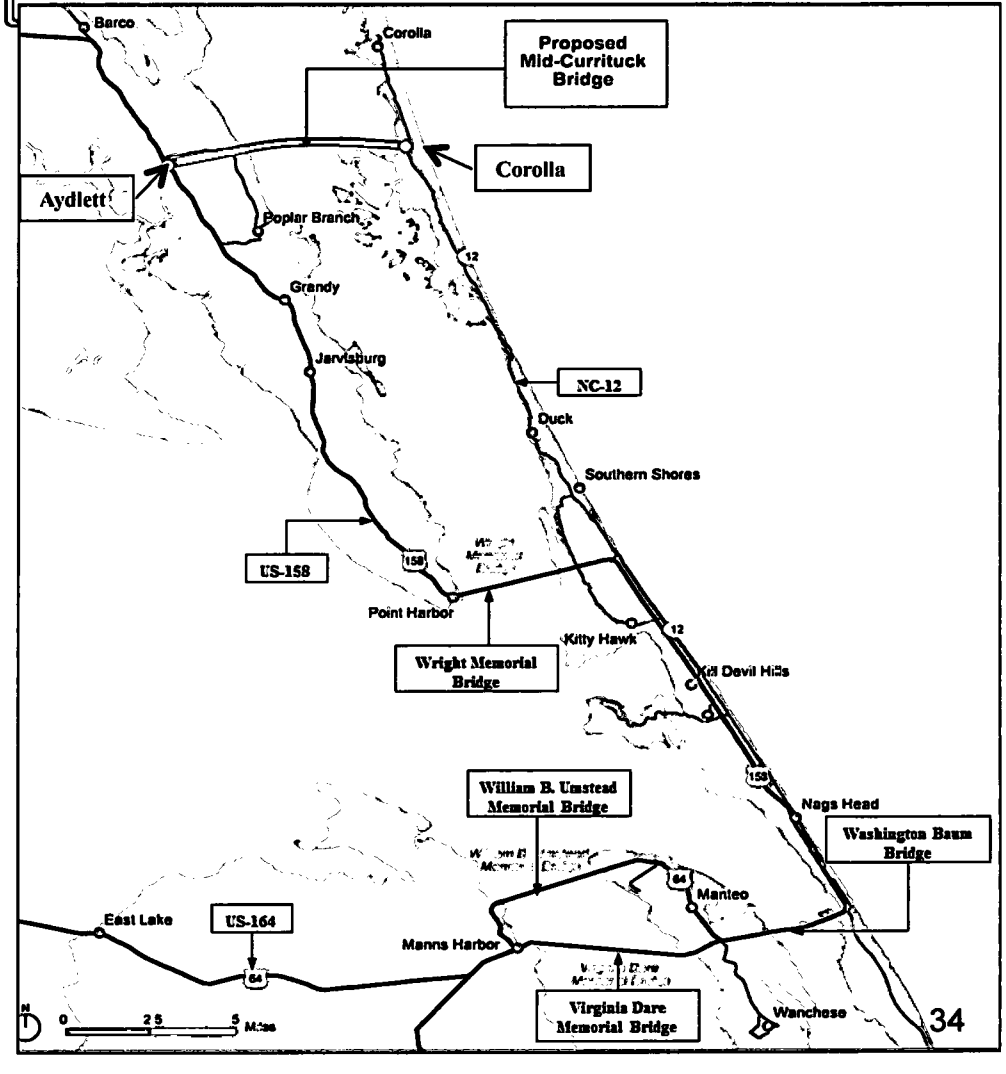
- 7 mile long 2-lane bridge
- Toll plaza on US 158
- Roundabout at NC 12

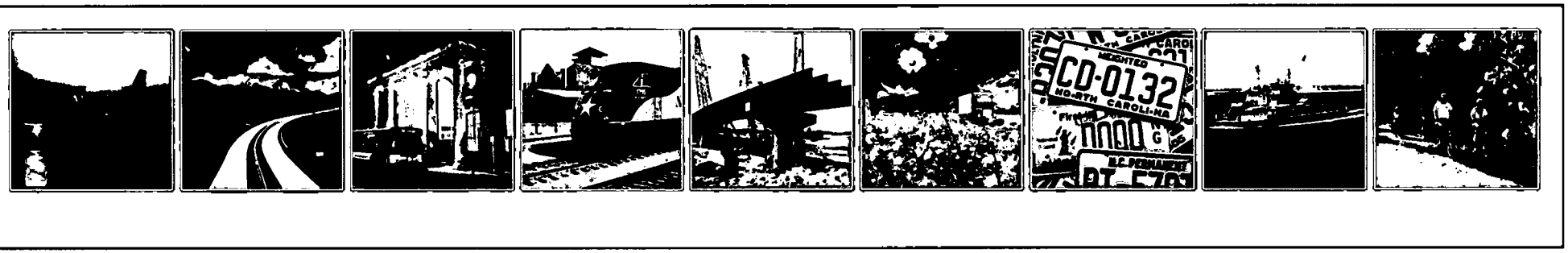
Location:

- Connects Aydlett to Corolla on Outer Banks

Population:

- Aydlett: Permanent 1,478
  Seasonal 1,714
- Corolla: Permanent 1,707
  Seasonal 25,964





Mid-Currituck Bridge Project



Includes improvements:

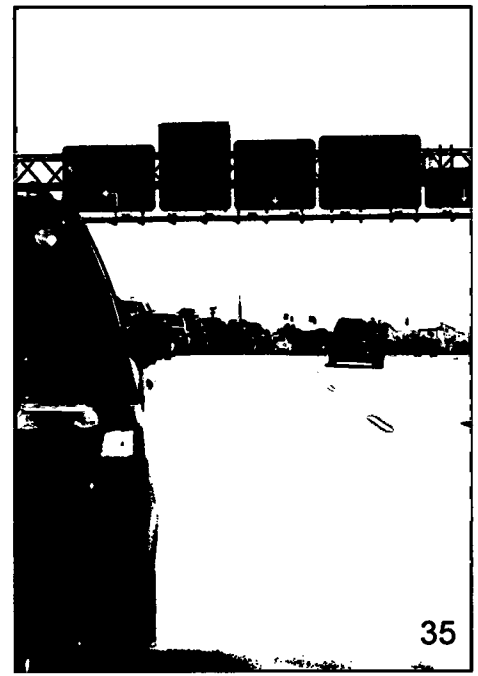
- 1.75 miles on US 158.
- 2.1 miles on NC 12.

Provides congestion relief - saves 37 miles and 2+ hours during peak season.

Improves hurricane evacuation time.

Ensures tourism values and enhances. mobility in one of State's key economic areas.

Strong local support.





Mid-Currituck Bridge Project

Capital costs - $550 M:

- Construction.
- Right of way.
- Inspections and testing.
- Mitigation.

Additional costs - $102 M:

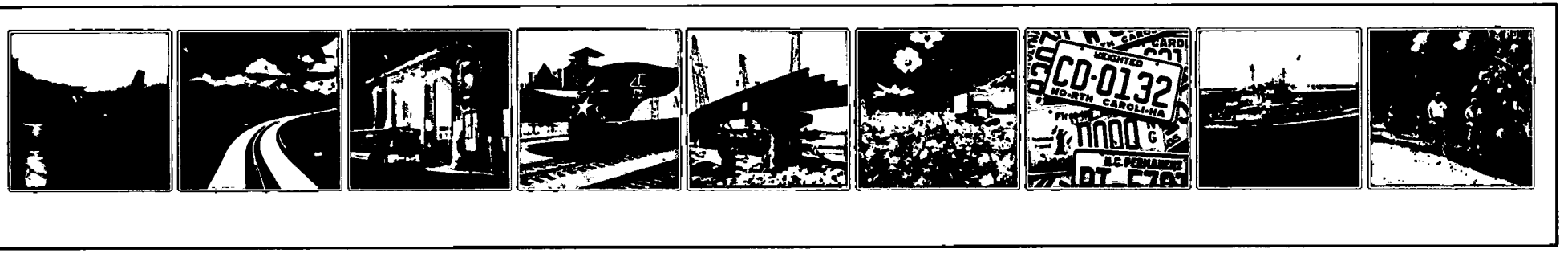
- Construction oversight and insurance.
- Capitalized interest.
- Debt service reserves, financing costs.

Private Equity:

- $45 M.

Annual gap fund appropriation.

- $28 M – likely less.



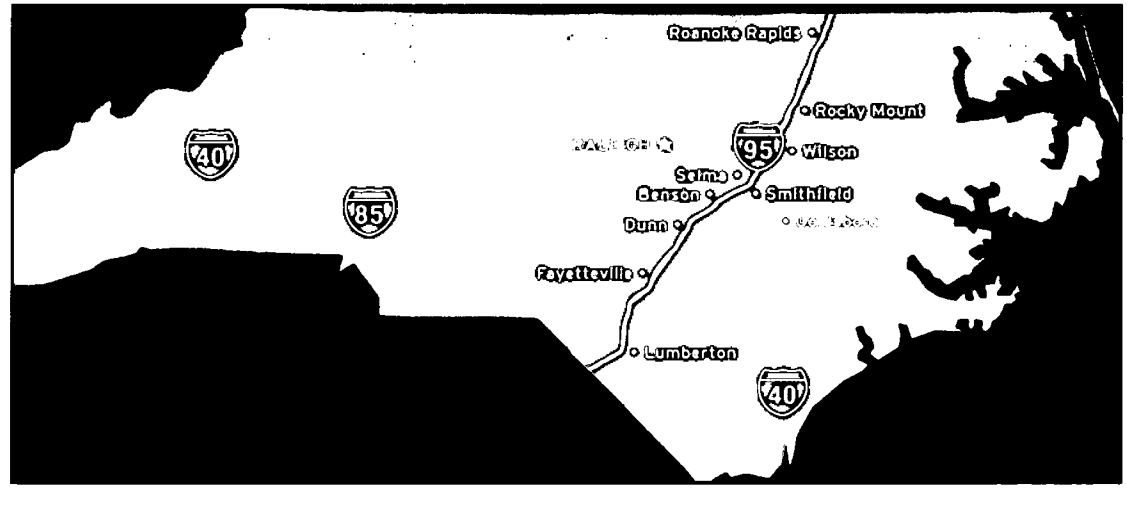
Agenda

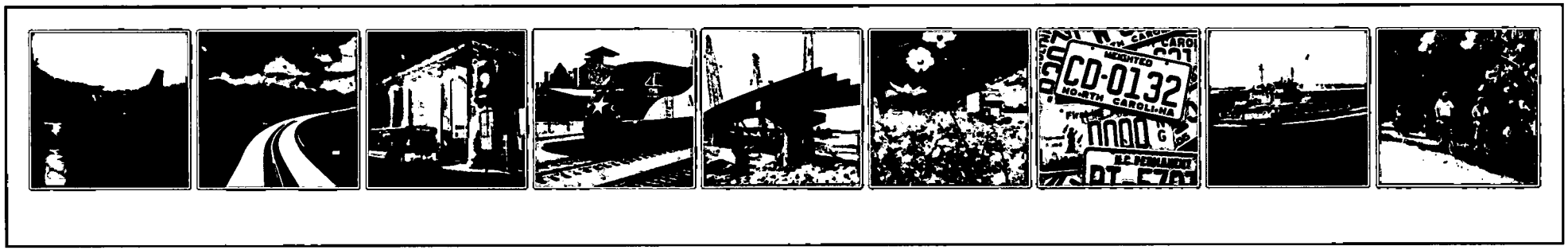
- Tolling Vision
- Turnpike Authority – Project Overviews
- P3 Highway Projects (I-77 & Mid-Currituck)
- Other Tolling Options (Express Lanes & I-95)
- What Makes a Viable Toll or P3 Project



I-95

- I-95 stretches 182 miles through NC.
- Construction of I-95 in N.C. began in the mid-1950s, with final sections built in 1980.
- Much of the corridor remains a 4-lane divided highway.
- FHWA granted NCDOT a conditional slot for tolling I-95 in the Interstate Reconstruction and Rehabilitation Pilot Program.





I-95 Economic Assessment

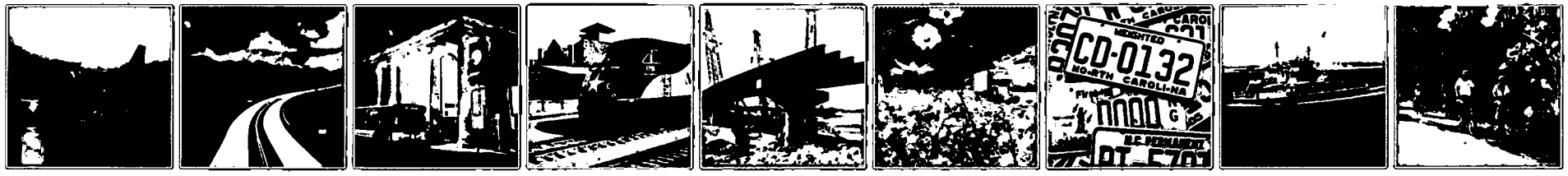
Study mandated by law.

Designed to evaluate economic impact to NC residents of:

- Maintaining I-95 at current service level.
- Modernizing I-95 utilizing tolls as funding tool.
- Modernizing I-95 utilizing other funding tools.
  - Examining what those funding options may be

Study schedule:

- The economic assessment kicked off on October 1, 2012. It will be completed in March 2013.



Other Potential Express Projects

US 74 (U-209 & U-2509):

- I-277 to I-485
- Managed lanes for buses and other users
- Connects to Monroe Bypass

I-485:

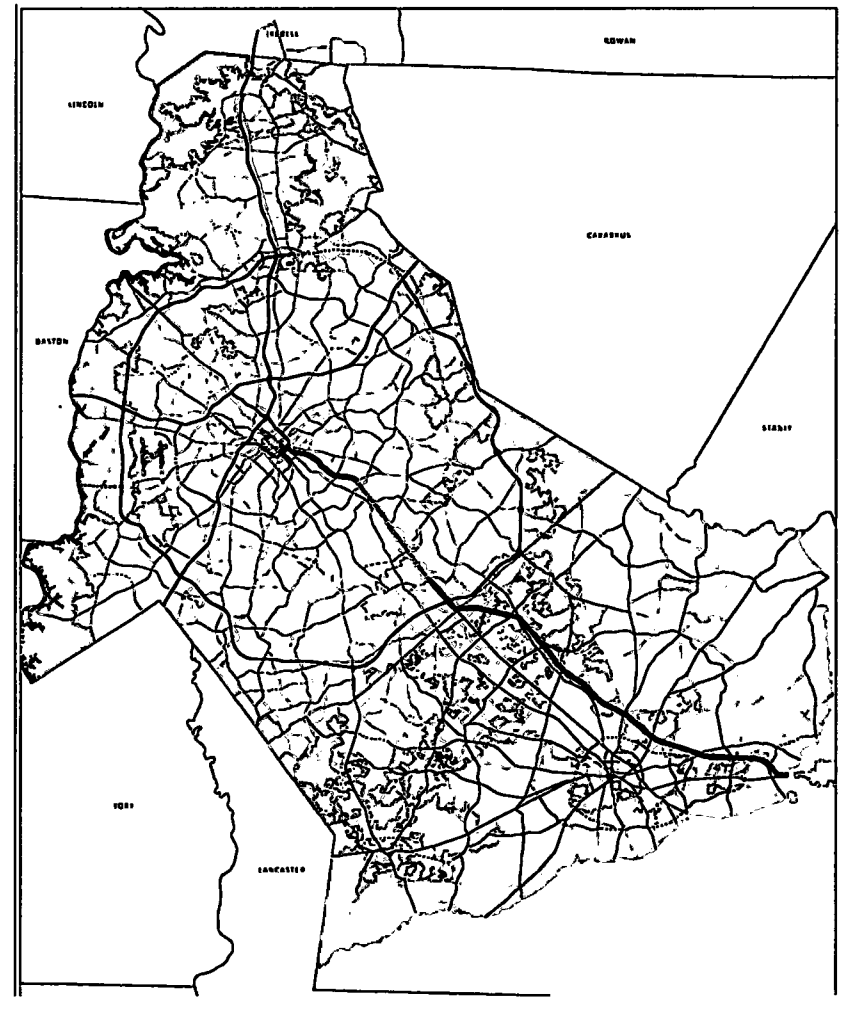
- I-77 to Rea Road
- Express lanes

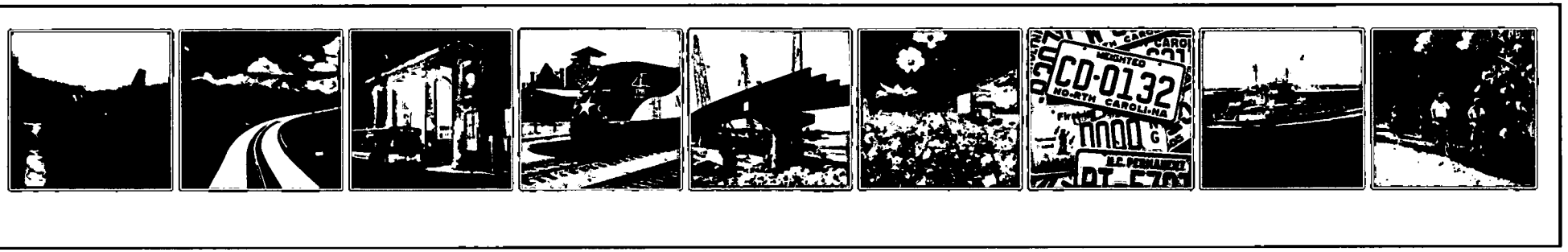
• I-40:

- Clayton to US 1

• I-540:

- I-40 to Lessville Rd.





Agenda

- Tolling Vision
- Turnpike Authority – Project Overviews
- P3 Highway Projects (I-77 & Mid-Currituck)
- Other Tolling Options (Hot Lanes & I-95)
- What Makes a Viable Toll or P3 Project



Why Tolling Is Critical to Transportation Planning

Applied strategically, tolling can leverage funds for large, expensive projects.

Can expedite major, high-traffic-volume projects of regional and economic significance.

Can add financing options that leverage decades of transportation appropriations.

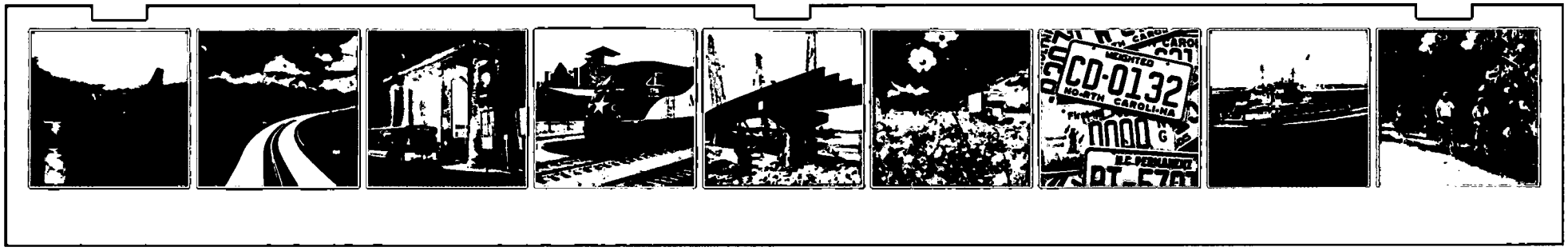


Keys to Future of Tolling

Public approval:

- Support among local MPOs and communities.
- The motorist is our customer! Public support is critical.

Technological advances make tolling easy and seamless.

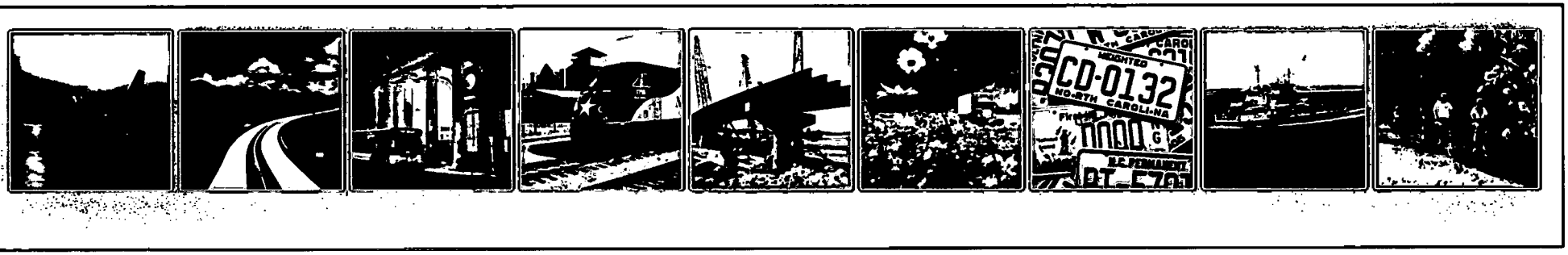


Keys to Future of Tolling, cont.

Data-driven decisions:

- Projects should be prioritized using data-driven process.
- Once prioritized, data-driven analysis can be used to evaluate funding and project development process (DB, D/B/F, etc.).
- Projects that can be sustainably funded with toll revenues and do not require "gap" appropriations are preferable.
- New model for "gap" appropriations, Mobility Fund, Other.

NC Turnpike Future Focus.



Summary of NCTA Project ADT Volumes

Project	Segment	Base "Current" Year ADT Range	Base "Current" Year Average ADT	Design Year ADT Range	Design Year Average ADT
Triangle Parkway	I-40 to NC 540	33,800 - 37,000	35,400	104,200 - 130,000	117,000
Western Wake Freeway	NC 540 to NC 55 Bypass	14,000 - 29,400	24,500	67,400 - 91,200	83,600
Southeast Extension	NC 55 Bypass to I-40	17,600 - 33,300	25,600	47,400 - 71,600	59,400
	I-40 to US 64/US 264	20,900 - 48,600	34,500	45,900 - 91,900	66,200
Garden Parkway	I-485 to US 321	18,400 - 28,300	23,100	33,400 - 69,300	47,700
	US 321 to I-85	13,000 - 20,000	15,900	21,300 - 28,400	24,400
Monroe Connector/Bypass*	US 74 Bypass to US 601	15,600 - 19,500	17,900	41,400 - 51,500	47,800
	US 601 to US 74	8,000 - 11,900	9,000	15,400 - 35,000	23,500
Cape Fear Skyway	US 17 to US 421	12,000 - 17,800	15,200	23,8500 - 41,800	34,100
Mid-Currituck Bridge	Summer Weekday	N/A	7,400	N/A	14,700
	Summer Weekend	N/A	15,000	N/A	22,500

* Monroe Bypass volumes to not include combined segment of I-485 and US 74 Bypass on western end of project.



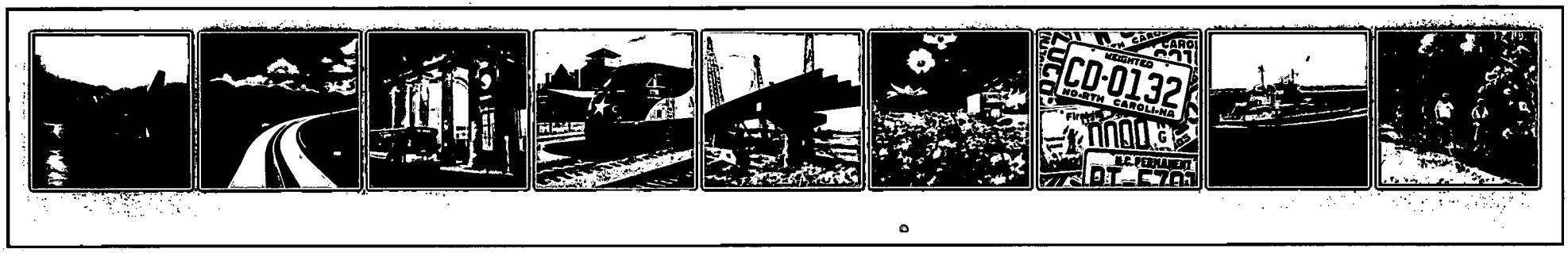
Summary

Tolling is an appropriate tool when applied in the right circumstances.

Opportunities exist for a more data-driven utilization of tolling.

All electronic tolling/user fees is preferred over additional taxes to fund transportation construction, operations, and maintenance as a tool to improve travel time and reduce congestion.

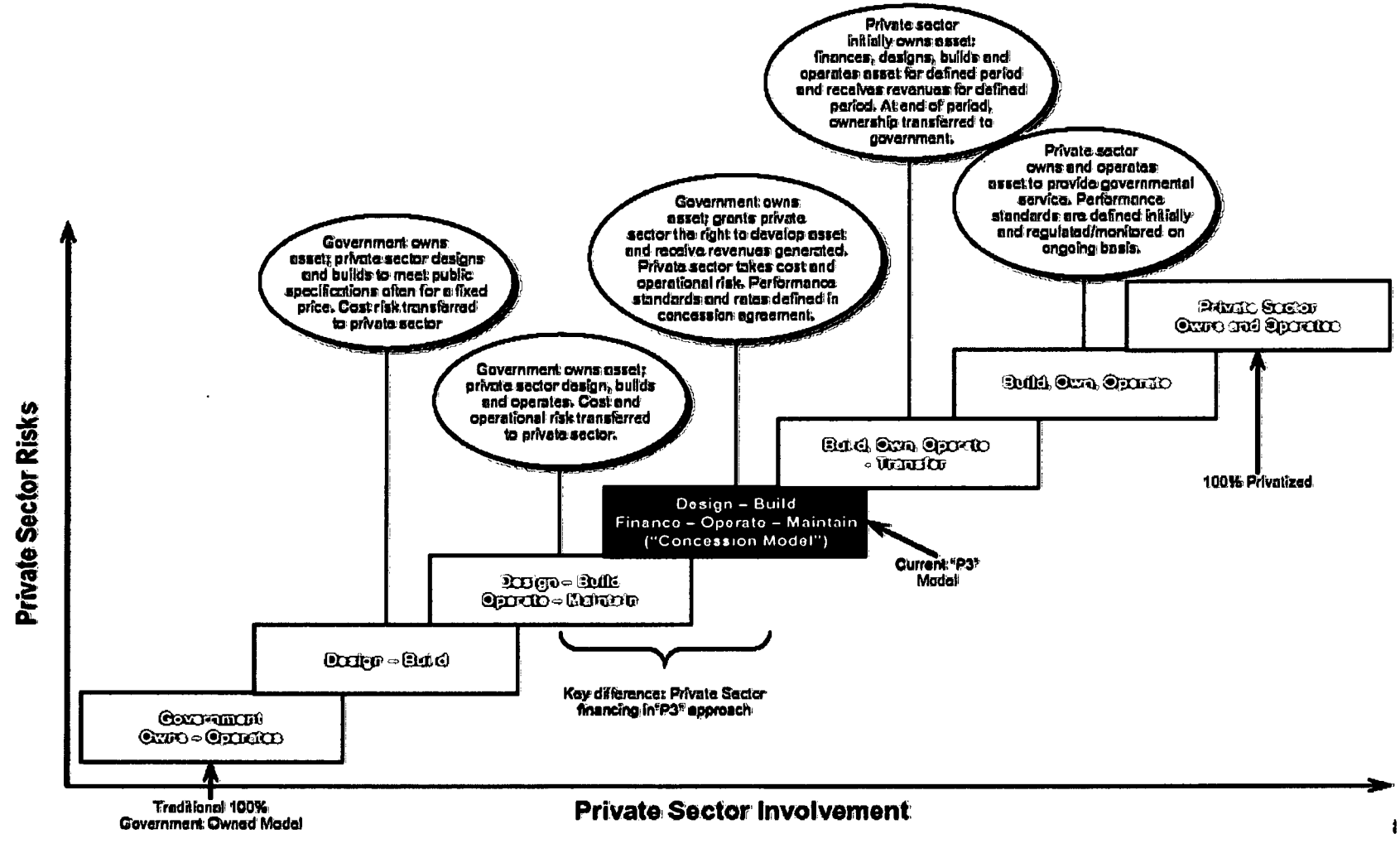
How does tolling fit in the delivery of critical transportation networks?

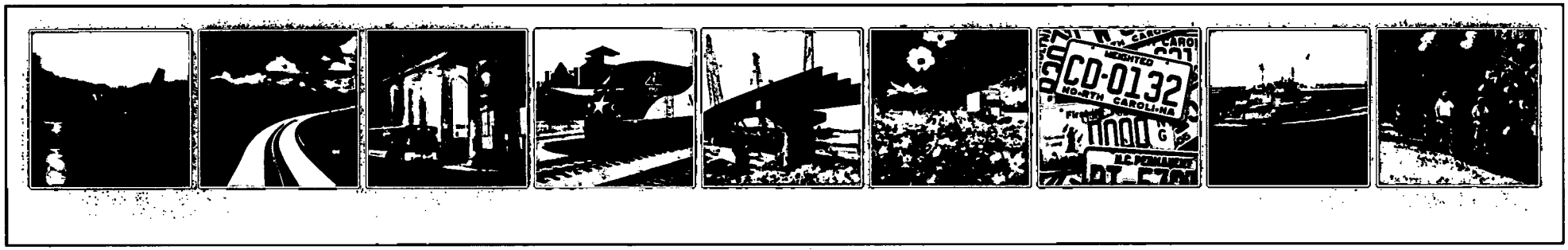


Questions?



Spectrum of Private Sector Risk and Involvement





Future Strategy

Not Simple Matter of Revenue

Requires a 3 Step Approach

- Improve Transportation Organization & Involve Other Governments to become more efficient and impact focused

- Establish Statewide Prioritization Process and link to Statewide Economic Planning

- Determine Incremental Resources/Revenues to achieve desired outcomes
  - At a minimum, keep pace with state growth and construction inflation
  - Leverage incremental new funding to accelerate projects
  - Open to Best Value Procurement, Multi-State Alignments, PPP Investment and Other Funding Options



Customer Service Center

Opened October 11, 2011

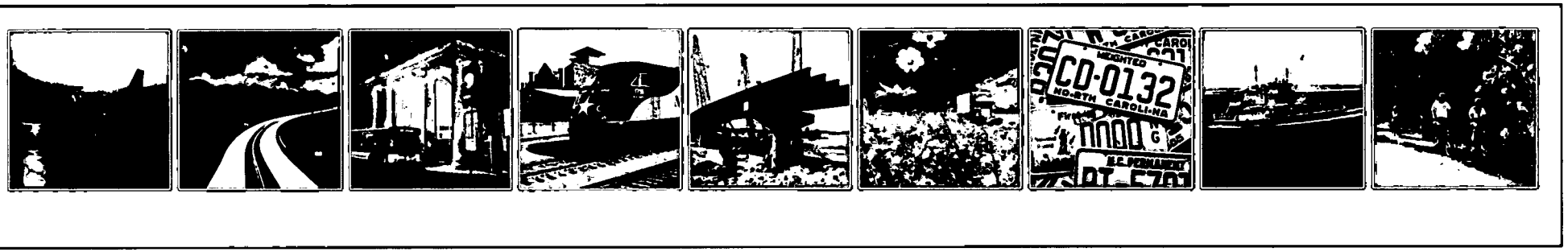
NC QUICK PASS

Functions:

- Set up accounts and sell transponders
- Serve customers via phone, web, mail and walk-in
- Reconcile accounts and collections

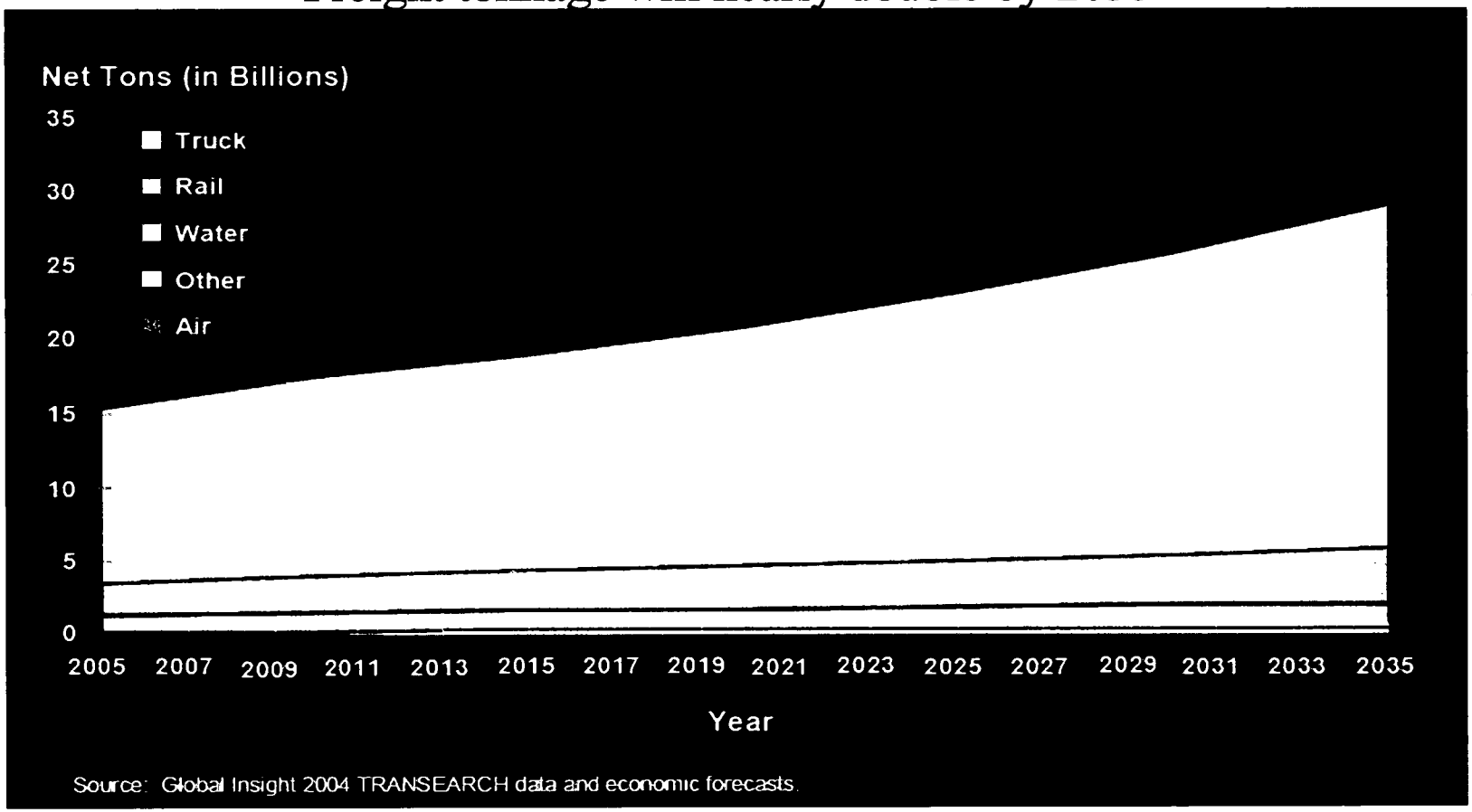
Staffed by local firm - supervised by Turnpike Authority

Expandable to support ferry system, future toll and transit projects



Freight Tonnage by Mode, 2005-2035

With moderate economic growth at about 2.8% CAGR
Freight tonnage will nearly double by 2035



Source: Global Insight 2004 TRANSEARCH data and economic forecasts.

Joint Appropriations Subcommittee on Transportation

February 28, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs: Representative Phil Shepard, Representative John Torbett; Senator Kathy Harrington, Chairing, Senator Bill Rabon

- Call to Order

- Aviation Division

  Richard Walls
  Deputy Secretary for Transit
  Department of Transportation

- Rail Division

  Paul Worley
  Director, Rail Division
  Department of Transportation

Next meeting: Ferry Division - Tuesday, March 5th, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Wednesday, February 28, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on February 28, 2013 in Room 1228/1327. Senators Kathy Harrington and Bill Rabon, co-chairs; Senator Warren Daniel, Vice Chair; and Senators Joel Ford, Rick Gunn, and Wesley Meredith, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Charles Jeter, Dean Arp, Alma Adams, Nathan Baskerville, Evelyn Terry, Kelly Hastings, Nathan Ramsey, were also present.

Senator Kathy Harrington presided.

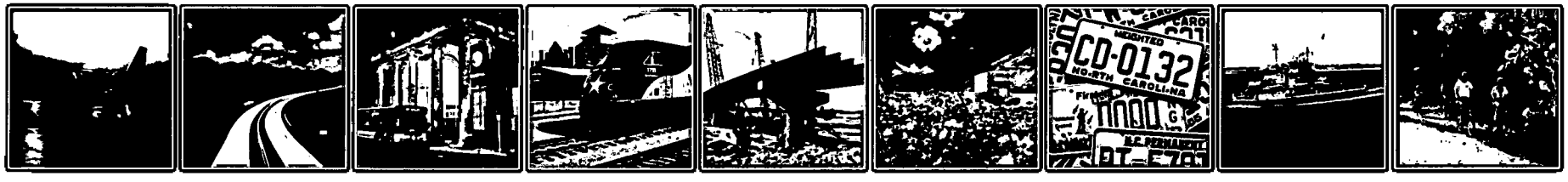
Senator Harrington recognized the Pages: Connor Applegate , Amanda Spence, and Andre Tyson. The Senator then recognized House Sergeant-at-Arms Carlton Adams, Martha Parrish, Jesse Hayes and Senate Sergeant-at-arms Charles Harper and Anderson Meadows.

Senator Harrington welcomed everyone and introduced Richard Walls, Deputy Secretary for Transit, to provide a brief overview of the Division of Aviation. The meeting was then turned over to Paul Worley, Rail Division Director, who provided a brief overview of the Rail Division of the Department of Transportation.

The meeting adjourned at 9:30 a.m.

Senator Bill Rabon
Presiding

David Larson, Committee Clerk



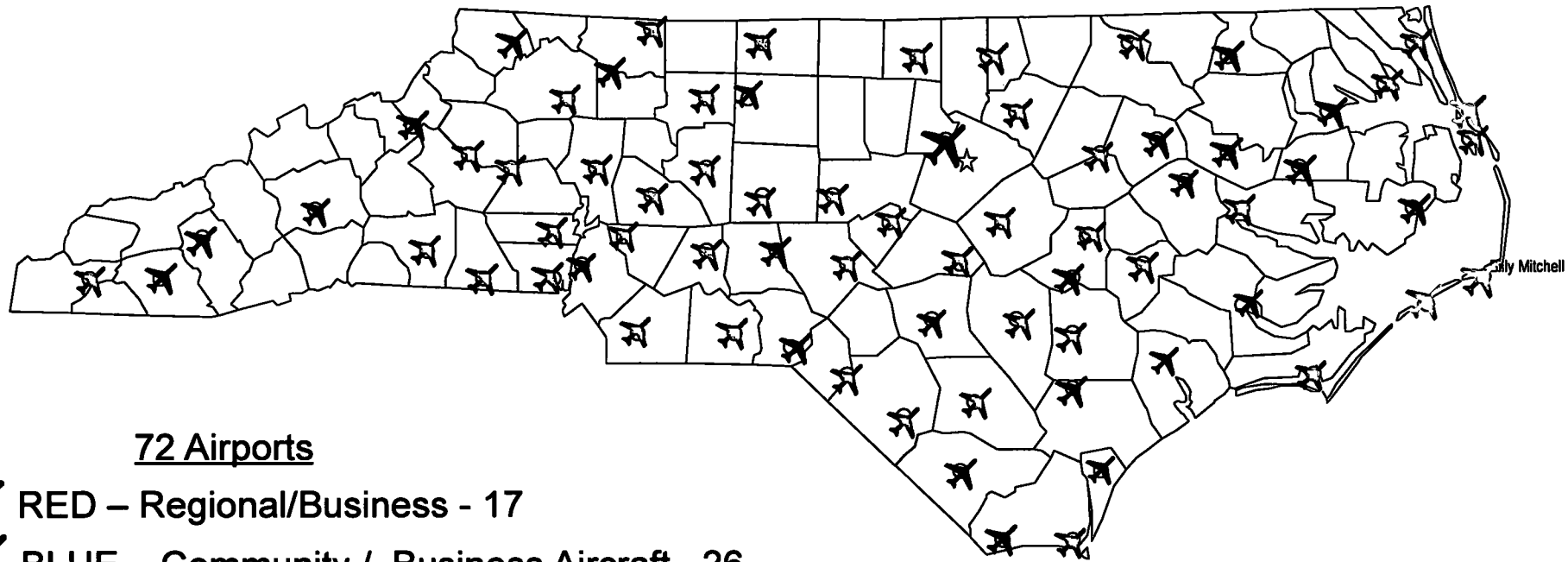
Joint Legislative Transportation Oversight Committee
NCDOT - Division of Aviation

Richard J. Walls, P.E.
Deputy Secretary for Transit

February 28, 2013

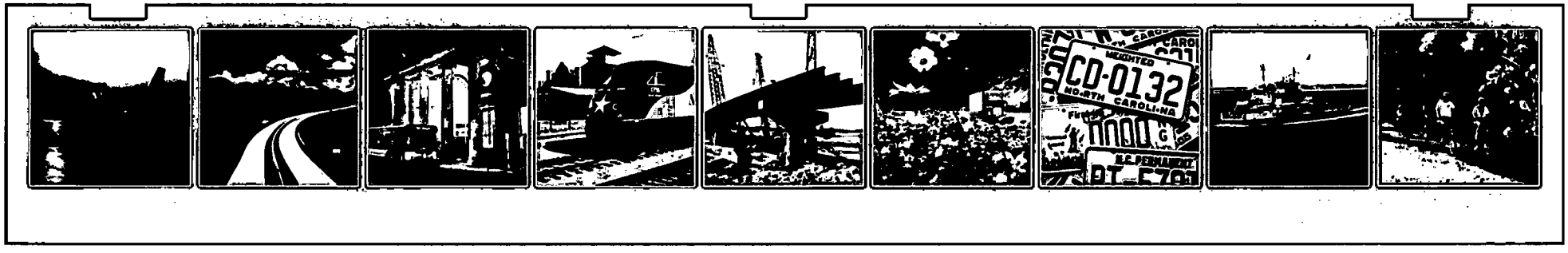


North Carolina Aviation System



72 Airports

- RED – Regional/Business - 17
- BLUE – Community / Business Aircraft - 26
- GREEN – Rural - 17
- YELLOW – National Parks Service - 3
- BLACK – Commercial Service - 9



Aviation Division

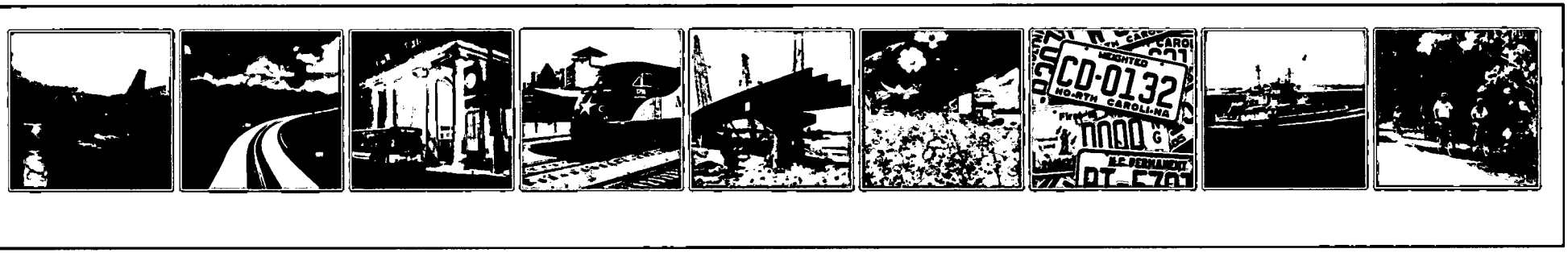
Mission and Purpose

Created 1967

State Aid to Airport Grant Program

Promote the economic well-being through air transportation system development and improved aviation safety and education.

- Airport System Development
  - FAA Block Grant Program
  - State Aid to Airports
  - Statewide System Planning
- Public Outreach
  - Promote Safety
  - Promote Aviation Education
- Flight Department
  - Emergency Response
  - State Leadership Air Transportation
  - Photogrammetry



NCDOT - Aviation

Vacant
Richard Walls, acting
Aviation Director

Business Office
1 Business Officer
2 Grants Managers
1 Receptionist

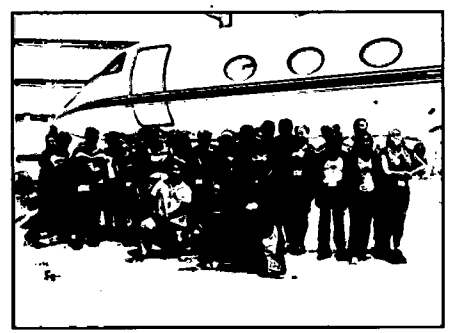
Airport Development
8 Staff Members
1 Intern

Aircraft Services
7 Pilots
2 Mechanics
1 Scheduler

Safety & Education
1 Safety Specialist









Aviation Division

Current Activities

Statewide Aviation System Plan Update

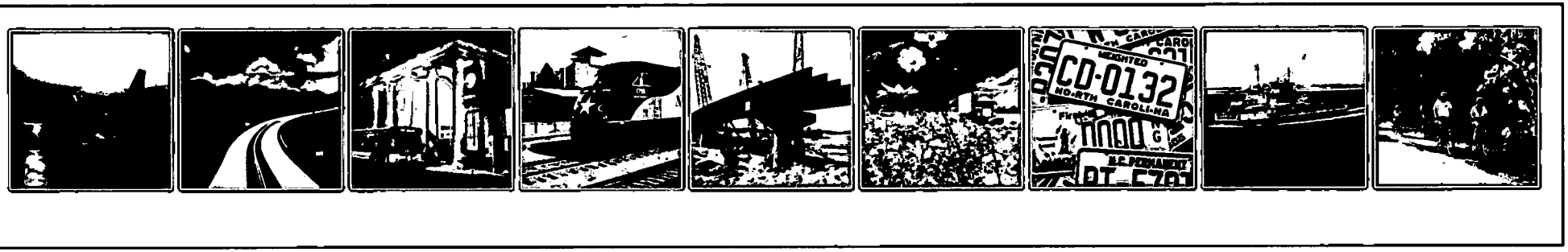
Annual Economic Impact Study

- Commercial Air Carrier Airports
  - $23.8 – Billion Impact Annually
  - 93,390 Jobs
- General Aviation
  - $2.0 – Billion Impact Annually
  - 15,460 Jobs



Passengers / Cargo

- $25.7 – Million Enplanements
- $1.4 – Billion Pounds of Cargo



Aviation Division

Current Activities

Remotely Piloted Aircraft Program

- Dedicated Air Space Range
- FAA Approval Received February 2013
- Small RPA



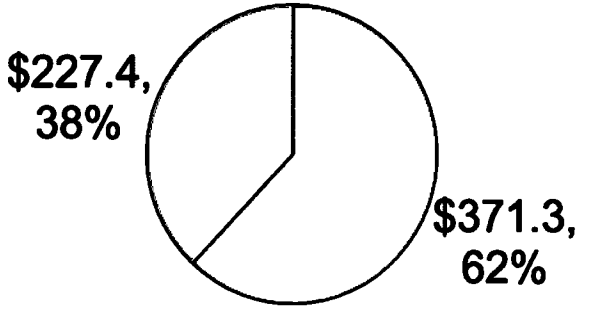
Transform Aircraft Fleet

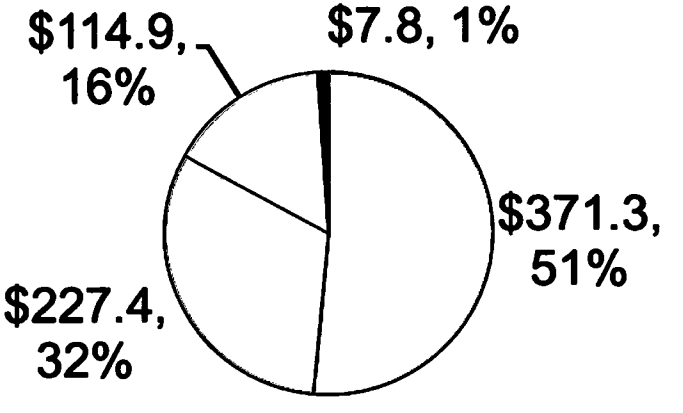
- Maintain High Level of Safety and Performance
- More Cost Effective

Military Air Space Protection Initiative



Aviation Revenue

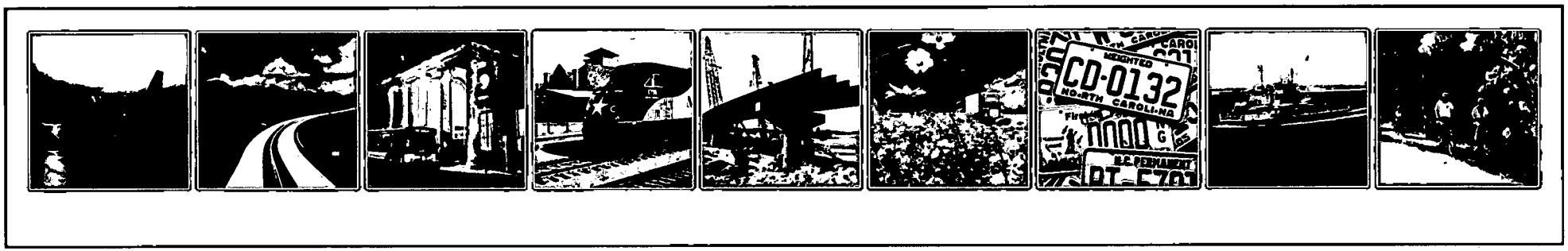




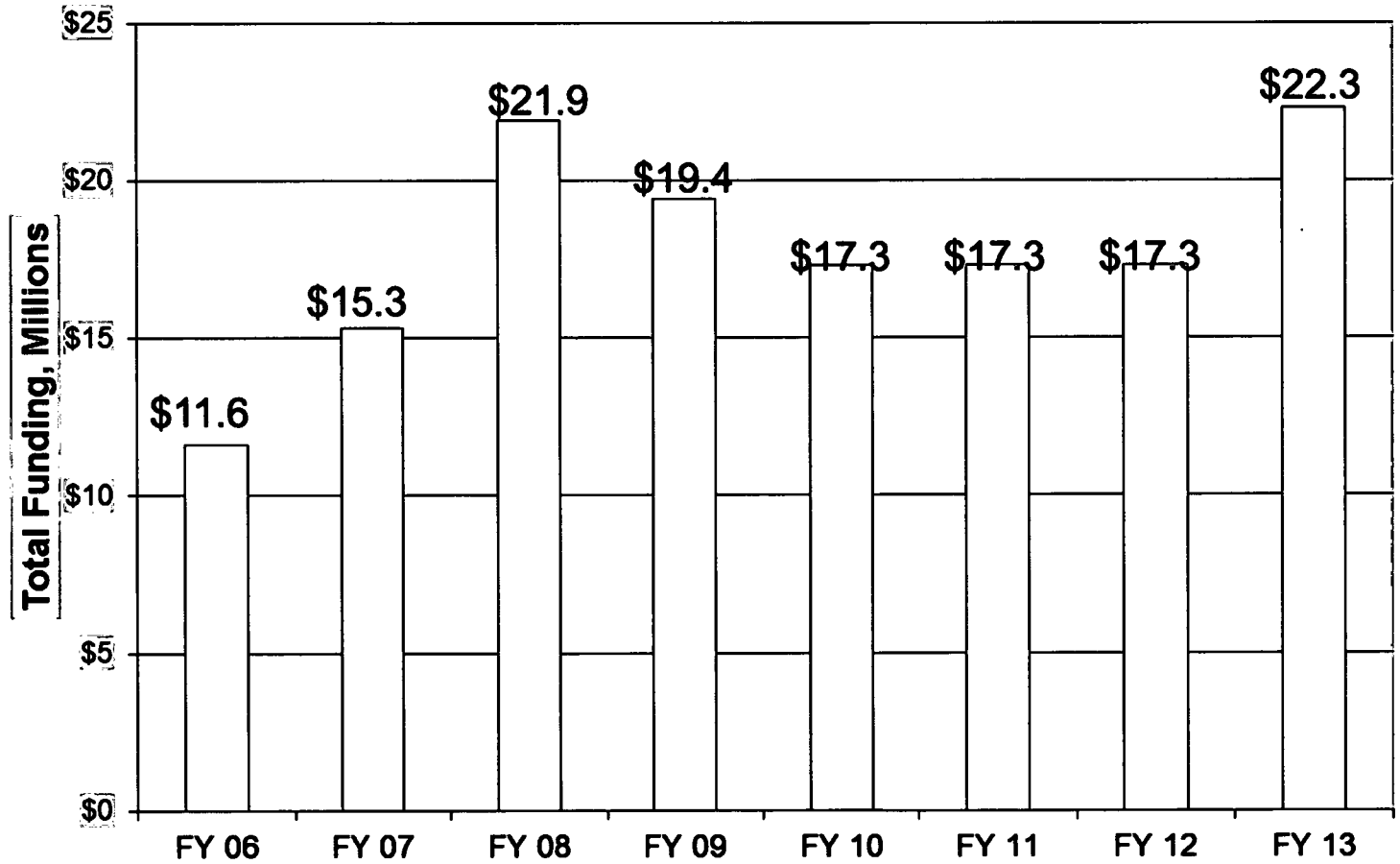
$771.6 Million

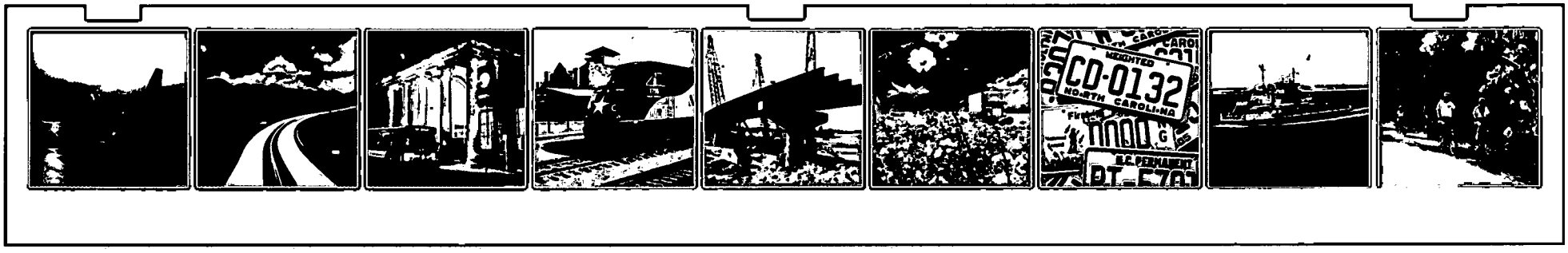
- Commercial Air Carrier Airport
- General Aviation
- Business Sales Tax
- Local Property Tax
- State Corporate and Personal Tax
- Based Aircraft Property Tax

Source: ITRE 2012 Economic Impact Study

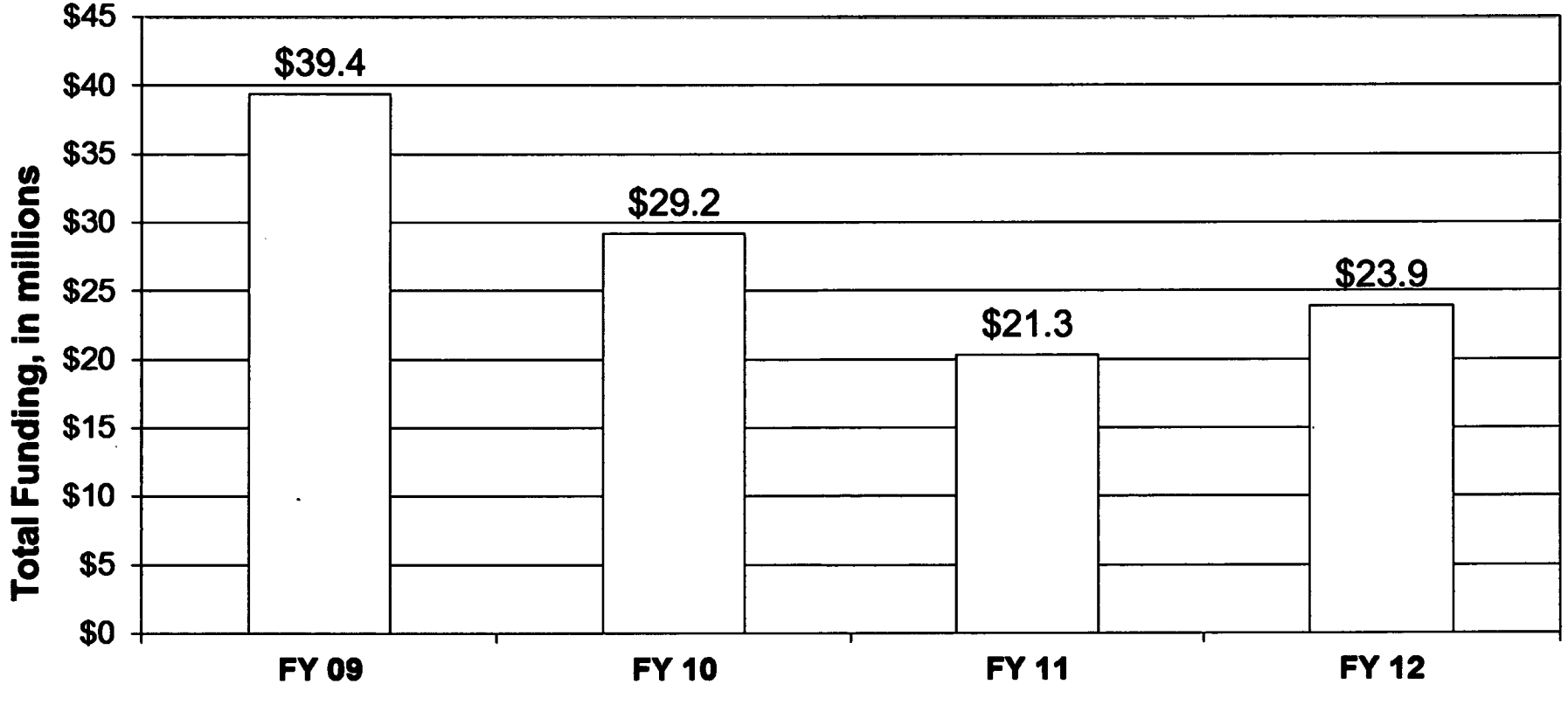


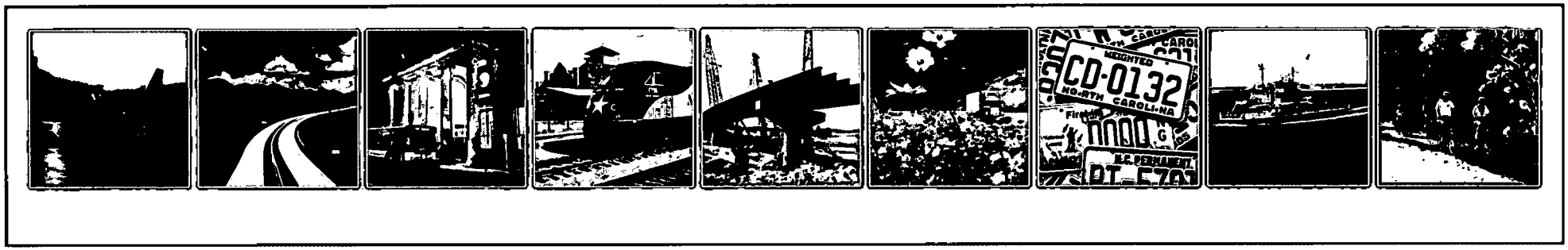
State Historical Funding Data



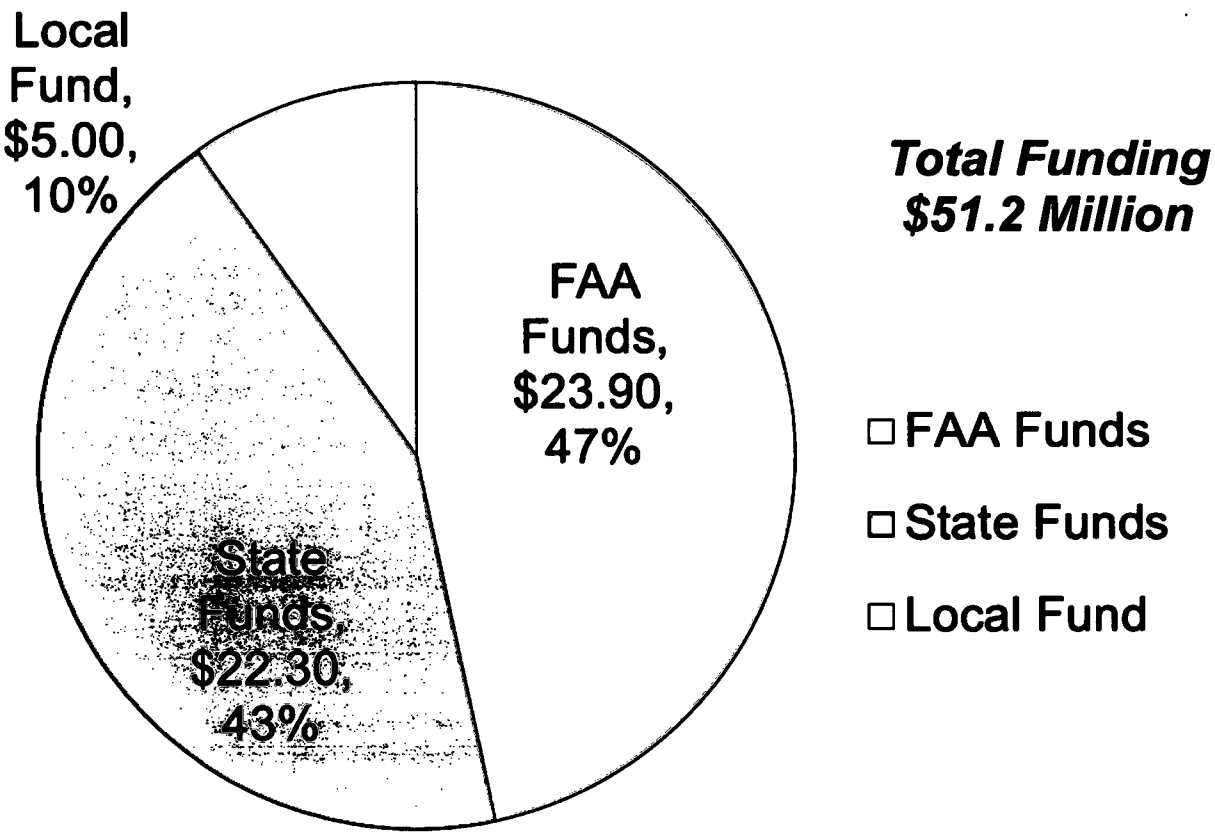


FAA Historical Funding Data



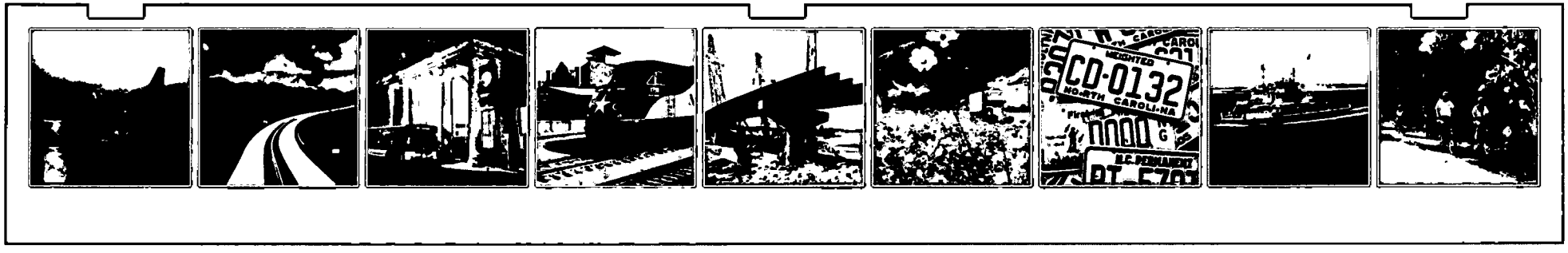


State and Federal Funding

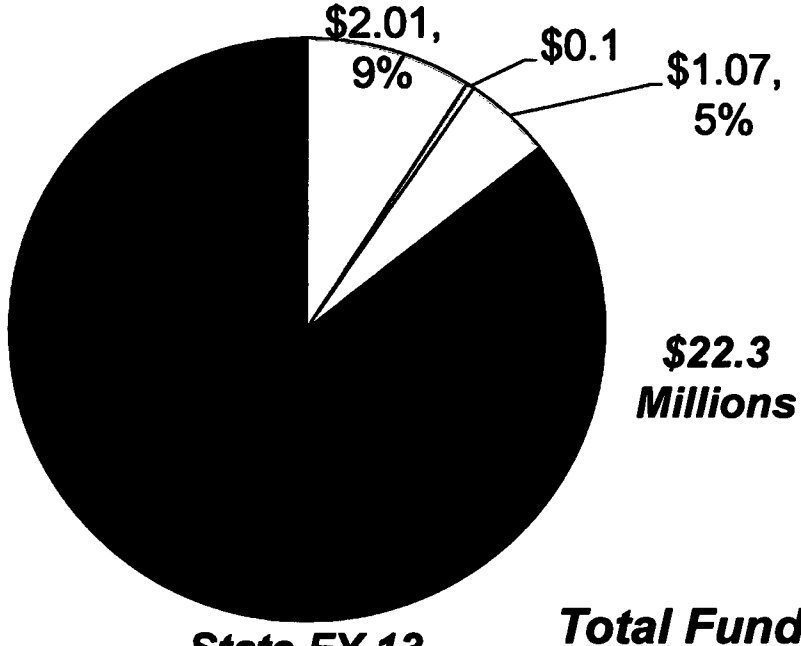


Total Funding $51.2 Million

- FAA Funds
- State Funds
- Local Fund



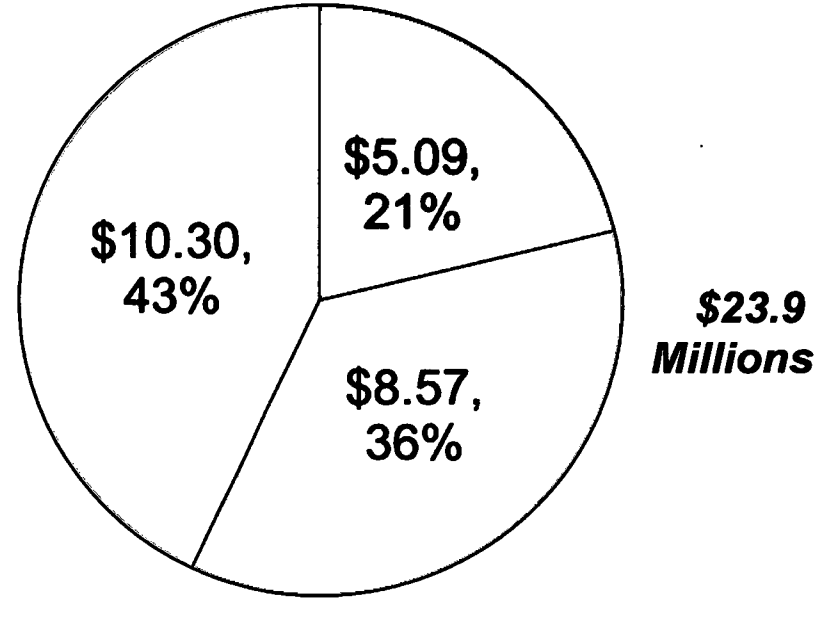
Funding Breakdown



State FY 13

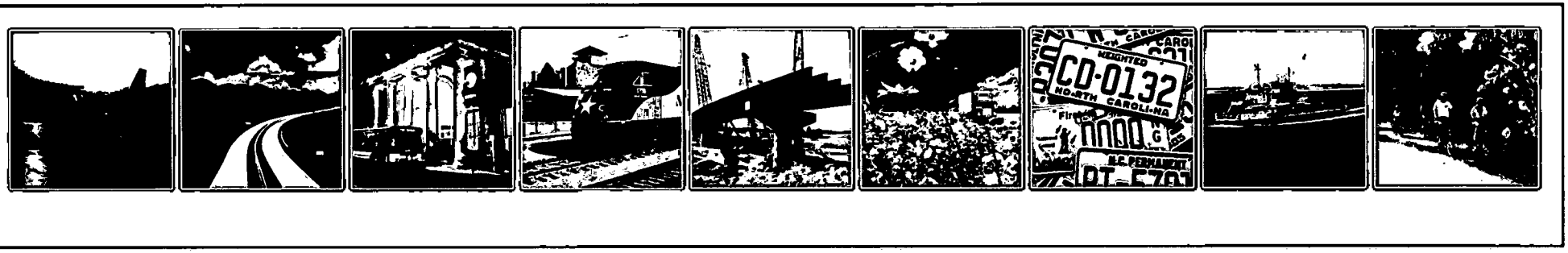
Total Funding $51.2 Million

- Programs
- Safety Education
- Pavement Preservation
- Airport Grant Program



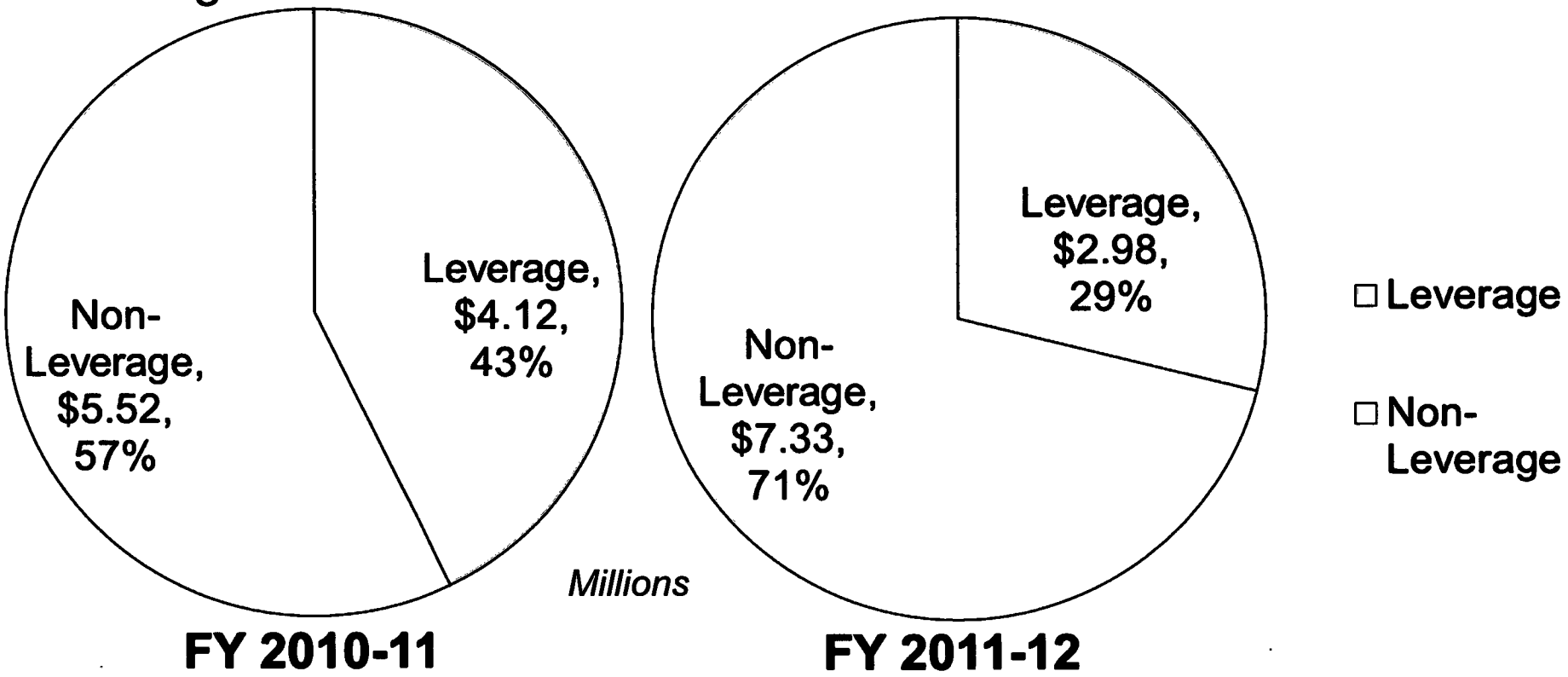
FAA FY12

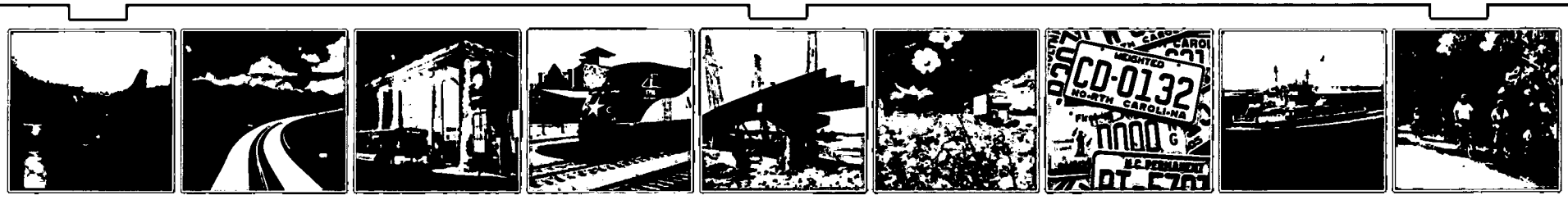
- Apportionment
- Discretionary
- Non-Primary Entitlement



FAA Non-Primary Entitlement Funds

Leveraged Funds

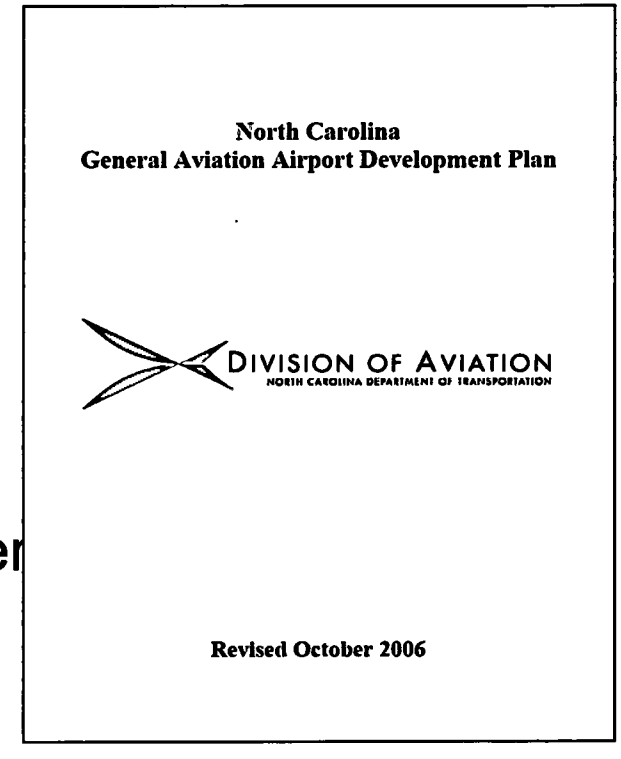




Prioritization Process

NC General Aviation Development Plan

- 2006 Guide under Revision
- Provides Minimum and Recommended Airport Infrastructure Requirements
- Strategically Ranks Projects

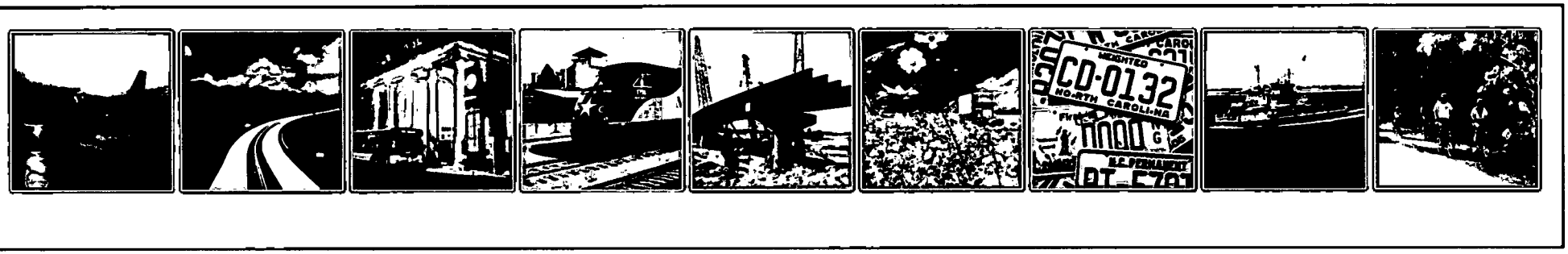


Current Aviation Transportation Improvemer Project (TIP) List

- 771 Projects
- ~ $1-Billion in Funding Request

Web-Based Partner Connect

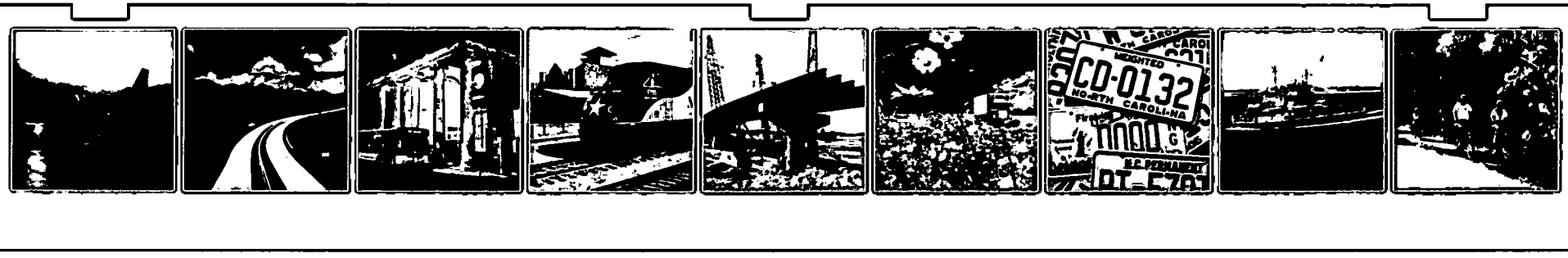
- Project Request System
- Grant Management System – FY2013



Airport Criteria

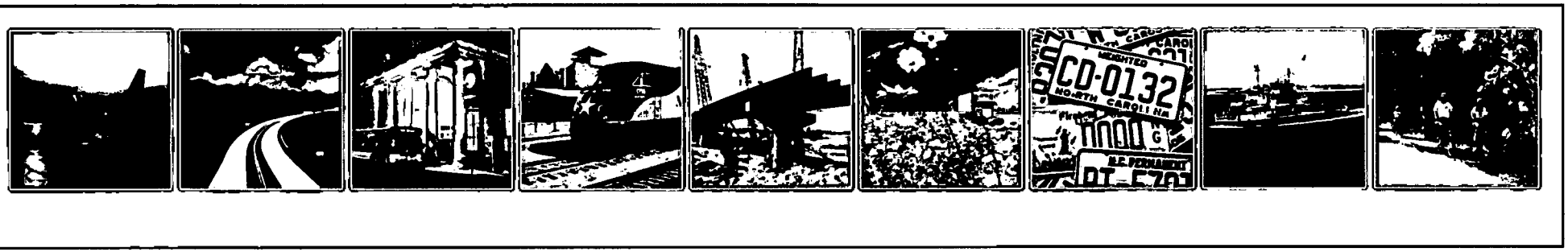


SAFETY	Runway Approach
	Runway Safety Area (RSA)
INFRASTRUCTURE HEALTH	Runway Protection Zones
	Pavement Condition
MOBILITY	Runway Length
	Pavement Strength
SAFETY	Visual Navigational Aids
	Runway Edge Lighting
	Weather Reporting Capability
MOBILITY	Standard Instrument Approach Procedures (SIAP)
	Taxiway Requirements
	Aircraft Apron Requirements
	Terminal Building
SAFETY	Taxiway and Apron Edge Lighting
	Airfield Signage
	Ground Communication
INFRASTRUCTURE HEALTH	Approach Lighting
	Aircraft Rescue & Fire Fighting Equipment
	Airfield Maintenance Equipment Building
SAFETY	Perimeter Fencing



Economic Development

Aviation Infrastructure Projects in Direct Support Corporate Recruitment						
Item	**Airport**	**Project Description**	**Date**	**Grant Awarded**	**Private Sector Investment**	**Current Jobs**
1	Piedmont Triad Intl. Airport	Headquarters and R&D Plant - Site Development / Aircraft Parking Apron	2007	$8,131,560	$100M	~650
3	Piedmont Triad Intl. Airport	Aircraft Repair Facility and Parts Warehouse - Site Development / Aircraft Parking Apron	2011	$5,138,156	$20M	~419
4	Global TransPark	New Aircraft Parking Apron	2011	$3,544,126	$570M	~300
5	Burlington Airport	Runway Extension / Site Development	2007	$13,500,000	$27M Initial and $65M Ultimate	~70



Economic Development

Economic Impact

~ 419 Jobs

$20-Million Private Sector Investment

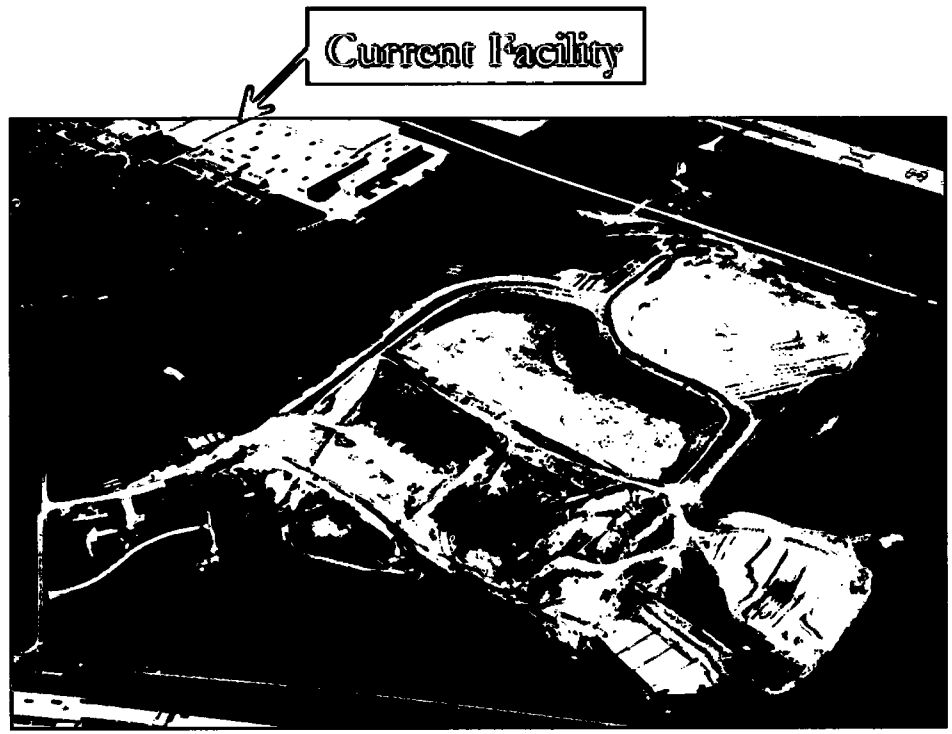
- New MRO Facility
- New Parts Warehouse

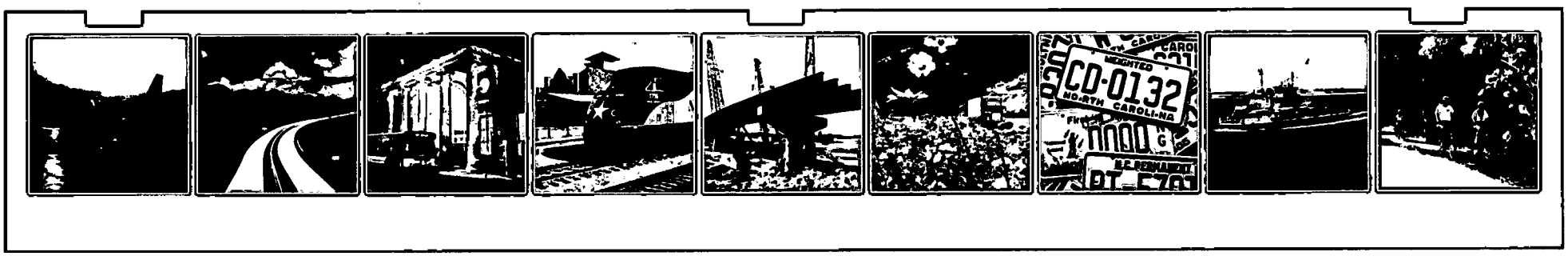
Funding

DOT ~ $5.1M

Golden Leaf ~ $1.0M

Other ~ $2.0M



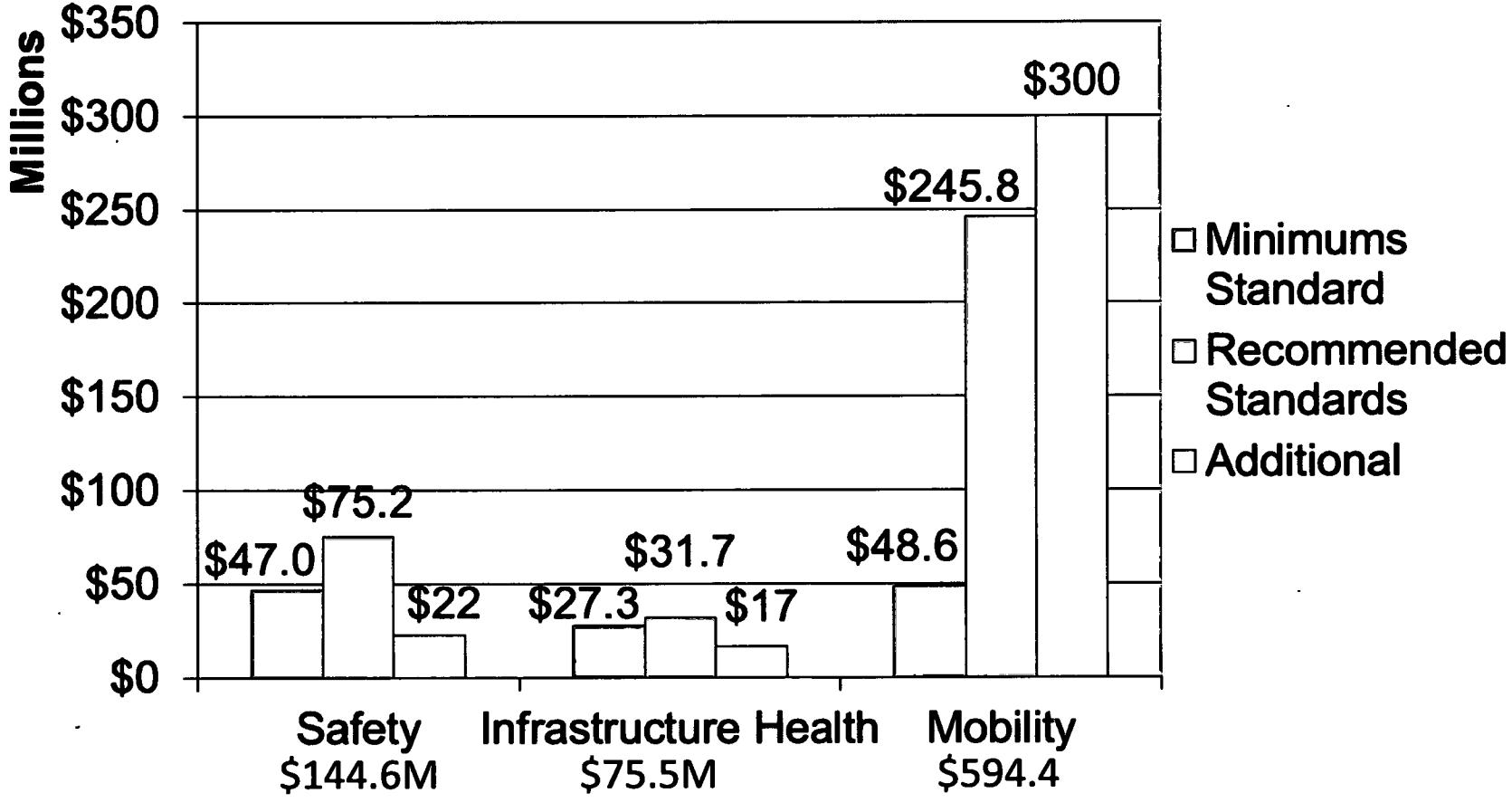


Funding Needs

Aviation TIP

771– Projects

~ $1-Billion in Funding Request





NCDOT Flight Department

Mission

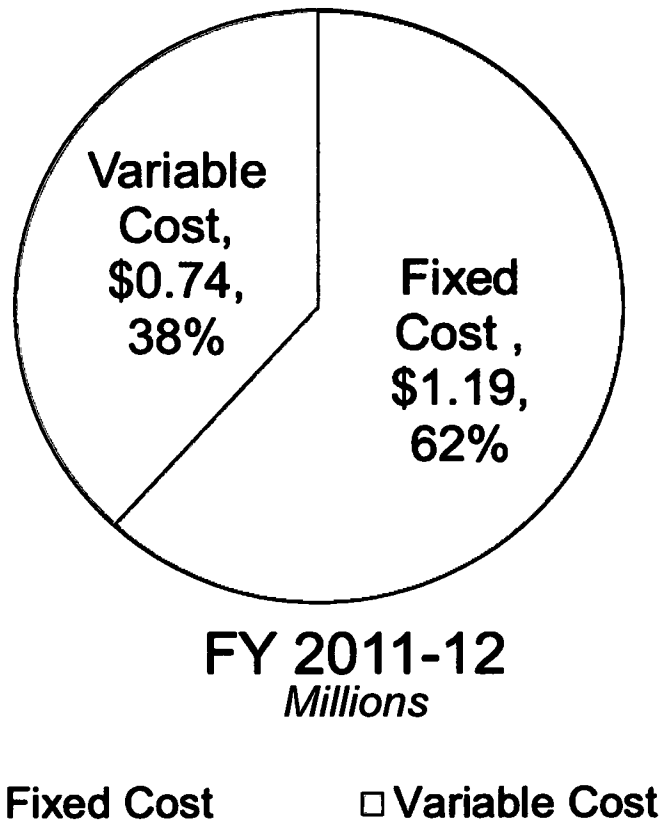
- Photogrammetry Aircraft
- Passenger Aircraft

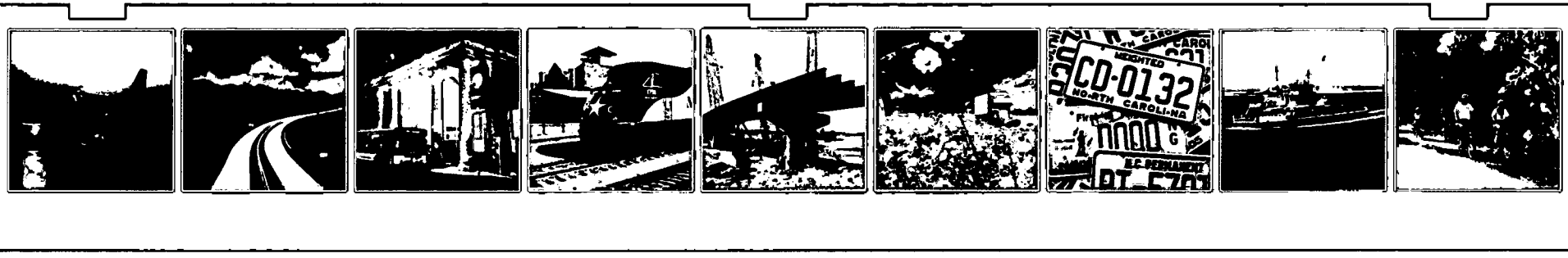
Cost

- Total $1.9 - Million
- Average Cost Per Hour - $2,565 per Flight Hour (Actual)

Staffing

- 7 Pilots
- 2 Mechanics
- 1 Scheduler

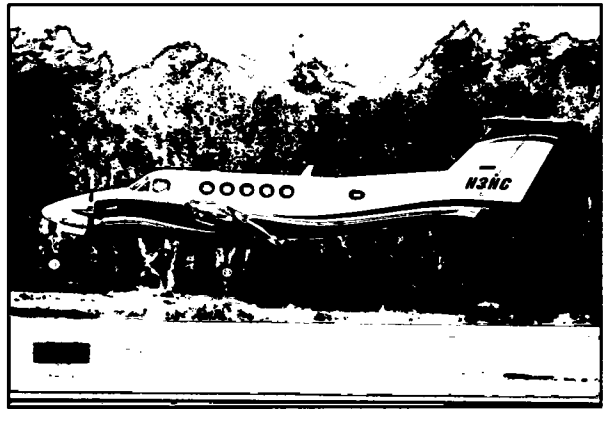




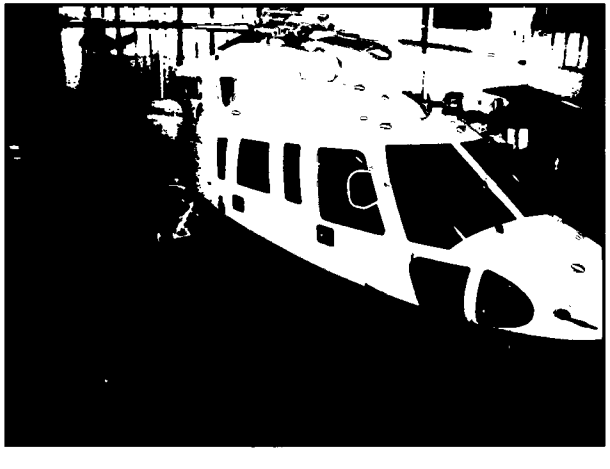
NCDOT Flight Department



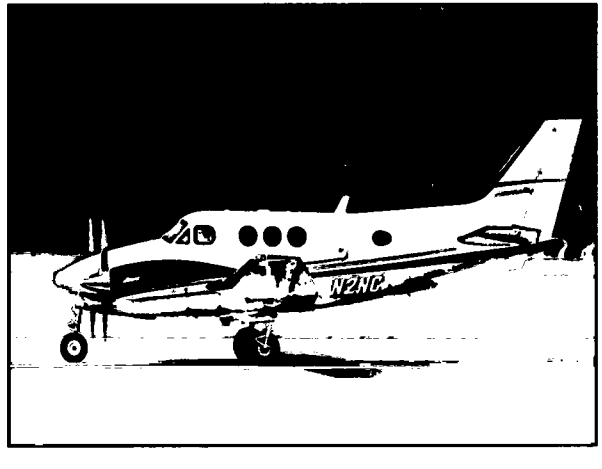
Citation Bravo Jet
Passenger
225 Hours



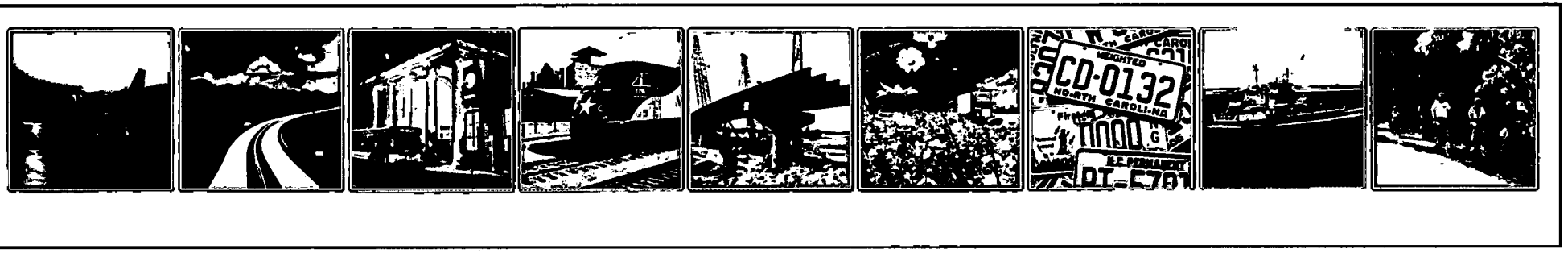
King Air B200
Passenger
240 Hours



Sikorsky Helicopter
Emergency Response / Passenger
68.5 Hours

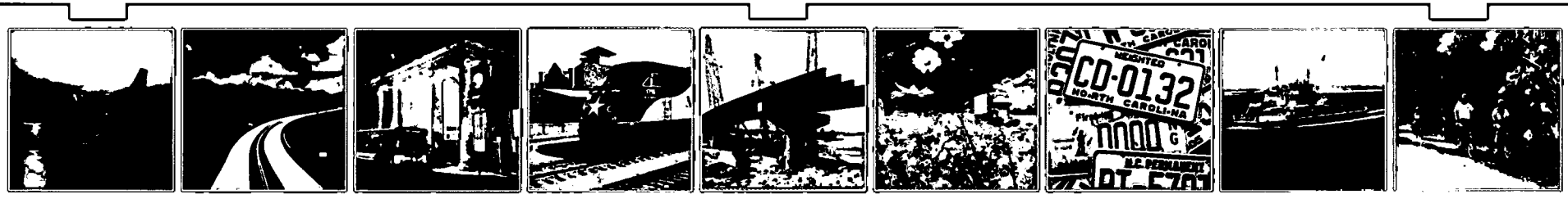


King Air C90
Aerial Photo



NCDOT Flight Department

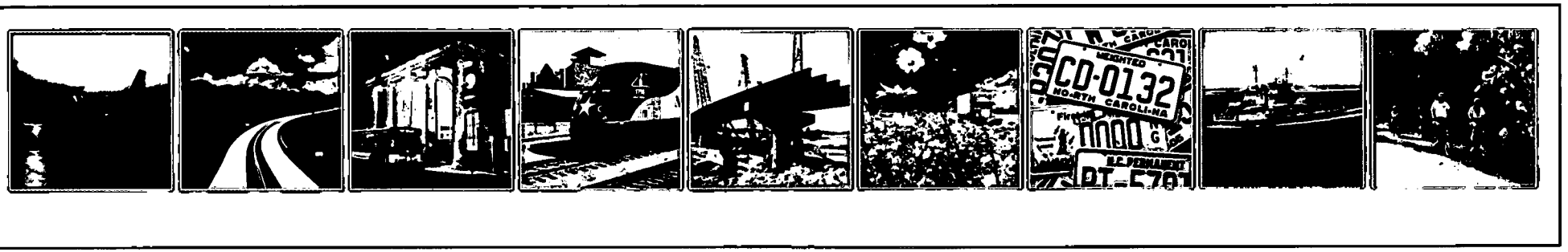
		FY 2011-12		FY 2012-13 (YTD)	
Aircraft	**Estimated Cost (Hourly)**	**Engine Hours**	**Flight Hours**	**Engine Hours**	**Flight Hours**
Hawker Beechcraft King Air B200	$2,032	240	178.9	113.2	95.2
Hawker Beechcraft King Air C90GTi	$2,080	228.2	176.6	123.4	98.6
Cessna Citation	$3,308	225.2	172.6	123.4	72.5
Sikorsky S76C+	$6,220	68.5	63.4	45.8	40.6
		761.9	591.5	405.8	306.9



NCDOT Flight Department

Primary Users

	FY 2010-11		FY 2011-12	
Agency	Total	Percentage	Total	Percentage
Department of Public Instruction	0	0.0%	1	0.4%
Department of Agriculture	4	1.7%	2	0.8%
Department of Commerce	39	16.9%	27	10.5%
Department of Commerce - B&I	48	20.8%	31	12.1%
DNER	1	0.4%	0	0.0%
Executive Branch	59	25.5%	81	31.6%
NC State	15	6.5%	17	6.6%
NCDOT	38	16.5%	70	27.3%
State Port Office	0	0.0%	0	0.0%
Training	15	6.5%	26	10.2%
Treasurer's Office	4	1.7%	1	0.4%
UNC	8	3.5%	0	0.0%
Total	231		256	



NCDOT Flight Department

Moving Forward

- Need to Transition to More Cost – Effective Fleet
- Use Proceeds from Aircraft Sale to Procure Cost–Effective Fleet
- No Subsidized Flight Department
- Share Assets with other Agencies
  - Reduce Cost
  - Improve Utilization / Efficiency



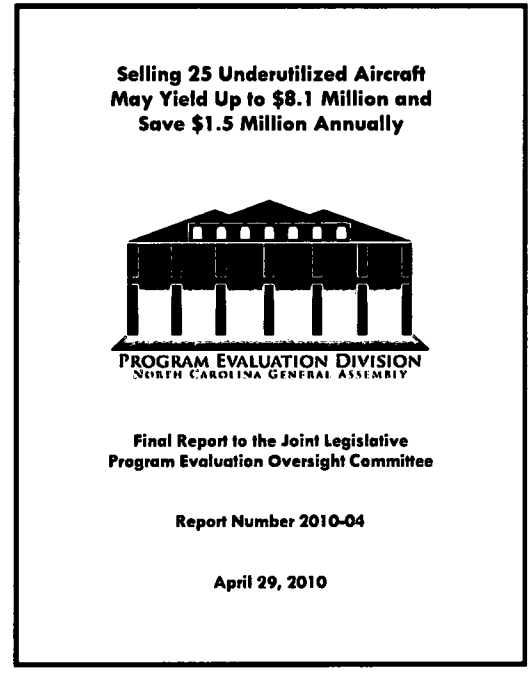
Aviation Management Authority (AMA)

Aviation Management Authority

- Proposed in April 2010 and Reiterated in March 2012
- Under Authority of NCDOT-Division of Aviation

Define Need from Report

- Fractured Management
- Providing management oversight for all other (i.e., Non-Passenger vs. Alert Mission)
- Overseeing maintenance for all state aircraft



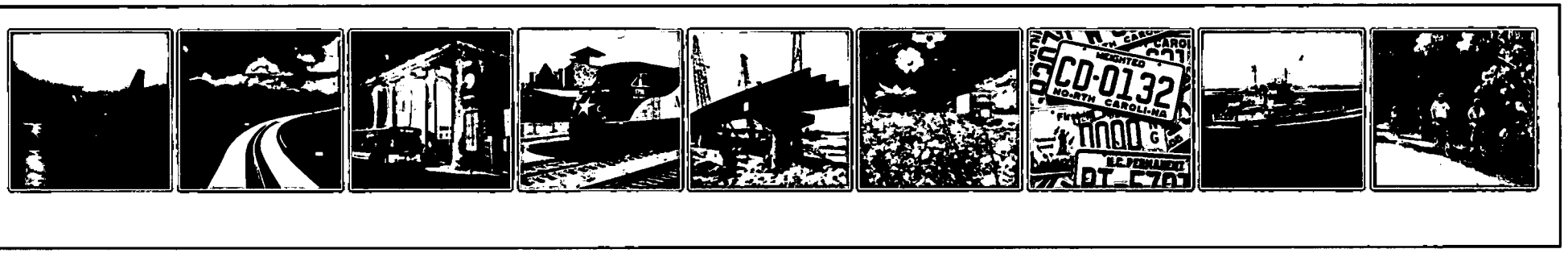
Selling 25 Underutilized Aircraft May Yield Up to $8.1 Million and Save $1.5 Million Annually

PROGRAM EVALUATION DIVISION
NORTH CAROLINA GENERAL ASSEMBLY

Final Report to the Joint Legislative Program Evaluation Oversight Committee

Report Number 2010-04

April 29, 2010



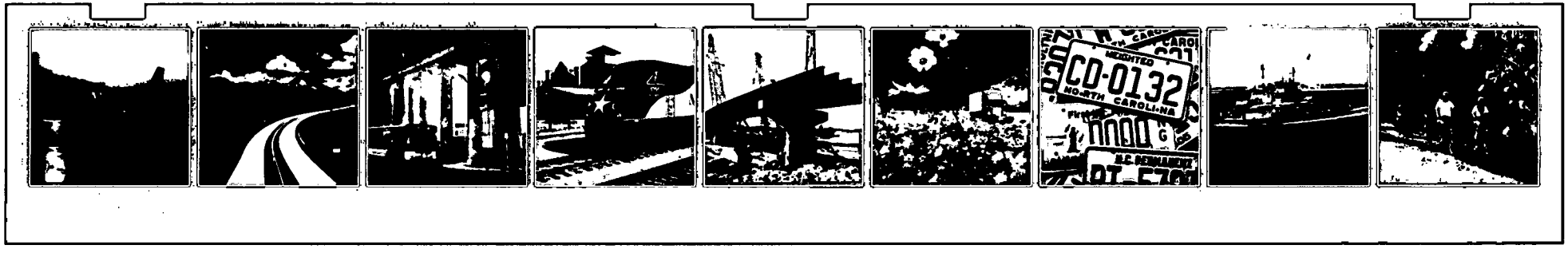
Aviation Management Authority (AMA)

Recommendation / Options Moving Forward

- Codify the AMA under DOT
- Fund Study to Determine Roles / Responsibilities of AMA

Possible Roles

- Provide Continuous Improvement Program
- Improve Overall Efficiency
- Set / Oversee Minimum Standards
  - Aircraft Maintenance
  - Training Pilot / Mechanic
- Consolidated Maintenance Unit
- Set Consistent Inter-Agency Rate Schedule
- Capital Reinvestment Plan
- Prepare Annual Report



Questions

NCDOT Aviation: State Fun[illegible]t History (SFYs 2010 - 2013)

State Funding			Grant							
Airport	Airport Type	Project	State	Local Amount	Total	Grant Ratio	Fund Source	Date	SFY	County
Pitt-Greenville	Commercial Air Carrier	Lighted Windsocks & Fire Retardant Suits	$24,202	$2,689	$26,891	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Pitt
Asheville Regional	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Buncombe
Charlotte Douglas International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Mecklenburg
Coastal Carolina	Commercial Air Carrier	Terminal Building Reimbursement - Bond Payoff	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Craven
Fayetteville Regional	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Cumberland
Fayetteville Regional	Commercial Air Carrier	Secondary Runway Rehabilitation	$1,200,000	$133,336	$1,333,336	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Cumberland
Piedmont Triad International	Commercial Air Carrier	Reimbursable Agreement (4 of 10)	$638,156	$70,908	$709,064	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Guilford
Piedmont Triad International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Guilford
Raleigh-Durham International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Wake
Wilmington International	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	08/15/2012	FY2012-13	New Hanover
		Subtotal (Commercial):	$4,562,358	$506,939	$5,069,297					
Cape Fear Regional Jetport	General Aviation	Runway Extension - Overrun	$137,600	$15,289	$152,889	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Brunswick
Concord Regional	General Aviation	ARFF Truck	$325,000	$36,112	$361,112	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Cabarrus
Curtis L. Brown, Jr. Field	General Aviation	Airfield Lighting-Construction	$165,600	$18,400	$184,000	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Pasquotank
Dare County Regional	General Aviation	Reimbursement for Land Payment 5 of 6	$427,784	$47,532	$475,316	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Dare
Elizabeth City	General Aviation	Terminal Apron Rehabilitation-Design	$175,000	$19,445	$194,445	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Pasquotank
Henderson Field	General Aviation	Apron Expansion, Phase 1	$68,310	$7,590	$75,900	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Pender
Johnston County	General Aviation	New Terminal Program (Phase 1)Vehicular Access & Parking Lot AND (Phase 3)Itinerant Apron Expansion -	$702,000	$78,002	$780,002	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Johnston
Johnston County	General Aviation	New Terminal Program (Phase 2)New Terminal Building - Construction	$325,000	$36,112	$361,112	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Johnston
Johnston County	General Aviation	New Terminal Program - (Phase 1)Vehicular Access & Parking Lot and (Phase 2)New Terminal Building and (Phase 3)Itinerant Apron Expansion (Construction Admin)	$360,000	$40,001	$400,001	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Johnston
Laurinburg-Maxton	General Aviation	Taxiway Rehabilitation	$1,100,000	$122,225	$1,222,225	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Scotland
Macon County	General Aviation	Widen Runway to 100' and Runway Rehabilitation -	$2,615,000	$290,561	$2,905,561	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Macon
Macon County	General Aviation	Apron Improvements	$166,500	$18,500	$185,000	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Macon
Montgomery County	General Aviation	RPZ Land Acquisition & Clearing	$550,000	$61,112	$611,112	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Montgomery
Mt Airy	General Aviation	Road Relocation for Runway Extension-Construction	$3,700,000	$411,119	$4,111,119	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Surry
Raleigh Executive Jetport	General Aviation	Runway Rehabilitation - Construction	$3,775,000	$419,453	$4,194,453	90 DOT / 10 Local	State	10/29/2012	FY2012-13	Lee
Ashe County	General Aviation	Site Preparation Runway 28 Extension	$249,300	$27,701	$277,001	90 DOT / 10 Local	State	08/16/2012	FY2012-13	Ashe
Albert J Ellis	General Aviation	Airfield Improvements - Terminal Area Development	$450,000	$50,001	$500,001	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Onslow
Billy Mitchel/Ocracoke	General Aviation	Maintenance	$60,000	$6,667	$66,667	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Hyde
Burlington Alamance County	General Aviation	Runway Extension and Associated Projects Reimbursement 4 of 10	$1,100,000	$122,225	$1,222,225	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Alamance
Burlington Alamance County	General Aviation	Access Taxiway - Construction	$175,500	$19,500	$195,000	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Alamance
Cape Fear Regional Jetport	General Aviation	Multi Purpose Building	$85,000	$9,445	$94,445	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Brunswick
Columbus County	General Aviation	Partial Parallel Taxiway - Construction	$382,473	$42,498	$424,971	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Columbus
Laurinburg Maxton	General Aviation	Parallel Taxiway Rehabilitation - Construction	$2,700,000	$300,006	$3,000,006	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Scotland
Lumberton Municipal	General Aviation	Land Acquisition and Obstruction Removal - Runway 5	$304,347	$33,817	$338,164	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Robeson
Martin County	General Aviation	Partial Parallel Taxiway Runway 3 End - Construction	$520,000	$57,779	$577,779	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Martin
Michael J Smith	General Aviation	Runway 8-26 Extension to 5,000'; Partial Parallel Taxiway and Runway Overlay	$1,354,753	$150,531	$1,505,284	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Carteret
Moore County	General Aviation	Runway 5 and Parallel Taxiway Extension	$2,196,000	$244,005	$2,440,005	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Moore
Moore County	General Aviation	Runway 5 MALSR	$765,000	$85,002	$850,002	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Moore
Northeastern Regional	General Aviation	Exhibit A Update	$25,472	$2,830	$28,302	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Chowan
Oxford Henderson	General Aviation	Runway 6 Extension - Site Preparation (Construction)	$1,710,000	$190,004	$1,900,004	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Granville
Oxford Henderson	General Aviation	Runway 6 Extension - Pave and Light (Construction)	$540,000	$60,001	$600,001	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Granville
Rutherford County	General Aviation	Land Acquisition - (East Terminal Development Area)	$180,000	$20,000	$200,000	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Rutherford
Shelby-Cleveland County Regional	General Aviation	Land Acquisition and Easements Runway 5 and 23 RPZ	$727,650	$80,852	$808,502	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Cleveland
Statewide	General Aviation	Preservation Program	$986,331	$109,594	$1,095,925	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Statewide
Statewide	General Aviation	AWOS Program	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Statewide
Statewide	General Aviation	Planning, Development, Operations, Safety, And Support	$2,000,000	$222,227	$2,222,227	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Statewide
Triangle North	General Aviation	Land Acquisition Reimbursement #2 Gordon Property	$100,779	$11,198	$111,977	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Franklin
Warren Field	General Aviation	Terminal Area Storm Damage Repair	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Beaufort
Wilkes County	General Aviation	Apron Rehabilitation - Construction	$360,000	$40,001	$400,001	90 DOT / 10 Local	State	08/15/2012	FY2012-13	Wilkes
		Subtotal (General Aviation)	$32,365,399	$3,596,226	$35,961,625					
		TOTAL SFY13:	$36,927,757	$4,103,165	$41,030,922					
Asheville Regional	Commercial Air Carrier	Airfield Improvements	$250,000	$27,778	$277,778	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Buncombe
Charlotte Douglas International	Commercial Air Carrier	Airfield Improvements	$450,000	$50,001	$500,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Mecklenburg
Coastal Carolina	Commercial Air Carrier	Terminal Building (Reimbursement 16 of 17)	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Craven
Fayetteville Regional	Commercial Air Carrier	Airfield Improvements	$250,000	$27,778	$277,778	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Cumberland
Piedmont Triad International	Commercial Air Carrier	Honda Project (3 of 10)	$638,156	$70,908	$709,064	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Guilford
Piedmont Triad International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Guilford
Piedmont Triad International	Commercial Air Carrier	Site Development	$4,000,000	$444,453	$4,444,453	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Guilford

NCDOT Aviation: State Funds Grant History (SFYs 2010 - 2013)

State Funding			Grant							
Airport	Airport Type	Project	State	Local Amount	Total	Grant Ratio	Fund Source	Date	SFY	County
Raleigh-Durham International	Commercial Air Carrier	Airfield Improvements	$450,000	$50,001	$500,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Wake
Wilmington International	Commercial Air Carrier	Airfield Improvements	$250,000	$27,778	$277,778	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	New Hanover
		Subtotal (Commercial):	$7,088,156	$787,588	$7,875,744					
Oxford Henderson	General Aviation	Runway 24 Approach Clearing	$27,000	$3,000	$30,000	90 DOT / 10 Local	State	06/05/2012	FY2011-2012	Granville
Anson County	General Aviation	Apron Rehabilitation	$410,000	$45,556	$455,556	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Anson
Anson County	General Aviation	Obstruction Removal - Runway Approaches	$41,700	$4,633	$46,333	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Anson
Ashe County	General Aviation	Runway Extension	$540,000	$60,001	$600,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Ashe
Burlington Alamance County	General Aviation	Runway Extension and Associated Projects Reimbursement 3 of 10	$1,100,000	$122,225	$1,222,225	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Alamance
Clinton Sampson County	General Aviation	Cost Over run - Taxiway Project and Apron Rehab	$463,500	$51,501	$515,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Sampson
Columbus County	General Aviation	Apron Rehabilitation	$270,000	$30,001	$300,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Columbus
Columbus County	General Aviation	Parallel Taxiway - East End and Hangar Taxi lane	$401,606	$44,624	$446,230	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Columbus
Currituck County	General Aviation	CoA Connector Taxiway and Apron (design/bid)	$120,000	$13,334	$133,334	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Currituck
Currituck County	General Aviation	CoA Connector Taxiway and Apron (Construction)	$880,000	$97,780	$977,780	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Currituck
Curtis L Brown-Elizabethtown	General Aviation	Rehabilitation of Existing Runway Lights, Rotating Beacon, REIL's and PAPI's	$539,000	$59,890	$598,890	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Pasquotank
Curtis L Brown-Elizabethtown	General Aviation	Cost Over run - Parking Lot Project	$55,800	$6,200	$62,000	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Pasquotank
Dare County Regional	General Aviation	Land Acquisition - Reimbursement (4 of 6)	$427,784	$47,532	$475,316	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Dare
Dare County Regional	General Aviation	Pavement Rehab-apron (partial), T/W H and terminal Area Taxi lane Pvmt (construction)	$1,367,168	$151,911	$1,519,079	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Dare
Elkin Municipal	General Aviation	Terminal Area Taxi lane, Hangars, RSA Extension (RWY 25)	$455,291	$50,589	$505,880	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Surry
Halifax - Northampton	General Aviation	NPDES Permitting Assistance	$11,250	$1,250	$12,500	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Halifax
Halifax - Northampton	General Aviation	Stream Mitigation Monitoring - Tree Replanting	$25,470	$2,830	$28,300	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Halifax
Henderson-Wallace Field	General Aviation	Apron Expansion - Phase I	$360,000	$40,001	$400,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Pender
Jackson County	General Aviation	Runway Widening and Enlarge RW 15 Turnaround	$332,400	$36,934	$369,334	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Jackson
Jackson County	General Aviation	Apron Expansion	$103,500	$11,500	$115,000	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Jackson
Laurinburg Maxton	General Aviation	TW Design, ALP update and Misc. Hangar Design	$382,500	$42,501	$425,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Scotland
Lincoln County	General Aviation	Partial Parallel Taxiway - Runway 5 End (construction)	$1,650,000	$183,337	$1,833,337	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Lincoln
Lumberton Municipal	General Aviation	Taxiways and Apron Rehabilitation/Strengthening	$933,406	$103,714	$1,037,120	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Robeson
Macon County	General Aviation	Apron Improvements (design/bid)	$251,245	$27,917	$279,162	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Macon
Macon County	General Aviation	Apron Improvements (construction)	$1,842,461	$204,722	$2,047,183	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Macon
Michael J Smith	General Aviation	8-26 Runway Extension to 5,000ft. And Partial Parallel Taxiway (construction)	$1,775,000	$197,226	$1,972,226	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Carteret
Michael J Smith	General Aviation	Overlay Runway 8-26	$1,080,000	$120,002	$1,200,002	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Carteret
Moore County	General Aviation	Runway 23 Extension (design)	$150,000	$16,667	$166,667	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Moore
Moore County	General Aviation	Runway 23 Extension (construction)	$1,650,000	$183,337	$1,833,337	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Moore
Mt. Olive Municipal	General Aviation	Airfield Pavement Rehabilitation (construction)	$1,200,000	$133,336	$1,333,336	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Wayne
Northeastern Regional	General Aviation	Apron Rehabilitation (construction/inspection)	$414,740	$46,083	$460,823	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Chowan
Odell Williamson	General Aviation	RPZ - Land Acquisition	$675,000	$75,001	$750,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Brunswick
Oxford Henderson	General Aviation	Runway 24 End - Tree Clearing to remove obstructions	$160,000	$17,778	$177,778	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Granville
Plymouth Municipal	General Aviation	Turnaround on RW 21	$360,000	$40,001	$400,001	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Washington
Rockingham-Shiloh	General Aviation	Taxiway Rehab and Strengthening to 30,000# DWG	$402,000	$44,668	$446,668	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Rockingham
Tri County	General Aviation	Land Acquisition and Approach Clearing	$23,000	$2,556	$25,556	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Hertford
Triangle North	General Aviation	Land Acquisition - Gordon Property 62.43 Acres	$400,000	$44,445	$444,445	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Franklin
Warren Field	General Aviation	Airfield Drainage Repairs	$345,000	$38,334	$383,334	90 DOT / 10 Local	State	04/24/2012	FY2011-2012	Beaufort
Duplin County	General Aviation	**Airport Terminal Building	$545,000	$60,557	$605,557	90 DOT / 10 Local	State	08/01/2011	FY2011-2012	Duplin
Moore County	General Aviation	Reimbursable Agreement w/FAA for MALSR Replacement	$26,869	$2,986	$29,855	90 DOT / 10 Local	State	08/01/2011	FY2011-2012	Moore
Stanly County	General Aviation	Terminal Building Roadway and Parking Lot	$325,000	$36,112	$361,112	90 DOT / 10 Local	State	08/01/2011	FY2011-2012	Stanly
		Subtotal (General Aviation)	$22,522,690	$2,502,570	$25,025,260					
		TOTAL SFY12:	$29,610,846	$3,290,159	$32,901,005					
Coastal Carolina	Commercial Air Carrier	Terminal Bond Payoff Reimbursement	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	02/15/2011	FY2010-2011	Craven
Asheville Regional	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Buncombe
Charlotte Douglas International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Mecklenburg
Fayetteville Regional	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Cumberland
Piedmont Triad International	Commercial Air Carrier	Airfield Improvements (2 of 10 at additional amount)	$1,138,156	$126,464	$1,264,620	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Guilford
Raleigh-Durham International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Wake
Wilmington International	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	New Hanover
		Subtotal (Commercial):	$3,338,156	$370,914	$3,709,070					
Clinton-Sampson County	General Aviation	Grant Adjustment-Parallel Taxiway Ph II	$57,387	$6,376	$63,763	90 DOT / 10 Local	State	05/17/2011	FY2010-2011	Sampson
Shelby-Cleveland County Regional	General Aviation	Grant Adjustment-Apron Pavement Rehab & Term Parking	$175,000	$19,445	$194,445	90 DOT / 10 Local	State	05/17/2011	FY2010-2011	Cleveland
Duplin County	General Aviation	Airport Terminal Building	$545,000	$60,557	$605,557	90 DOT / 10 Local	State	04/27/2011	FY2010-2011	Duplin
Moore County	General Aviation	Reimbursement Agreement w/FAA for MALSR	$26,869	$2,986	$29,855	90 DOT / 10 Local	State	04/27/2011	FY2010-2011	Moore
Cape Fear Regional Jetport	General Aviation	Aircraft Apron, access road and connecting taxiways(s)	$3,000,000	$333,340	$3,333,340	90 DOT / 10 Local	State	02/15/2011	FY2010-2011	Brunswick
Curtis L Brown-Elizabethtown	General Aviation	Parking Lot Rehabilitation	$250,000	$27,778	$277,778	90 DOT / 10 Local	State	02/15/2011	FY2010-2011	Pasquotank
Goldsboro-Wayne	General Aviation	Airfield LED Lighting System Rehabilitation and	$420,000	$46,668	$466,668	90 DOT / 10 Local	State	02/15/2011	FY2010-2011	Wayne
Moore County	General Aviation	Expand Aircraft Parking Apron	$2,079,000	$231,005	$2,310,005	90 DOT / 10 Local	State	02/15/2011	FY2010-2011	Moore

Source: NCDOT Aviatic

NCDOT Aviation: State Fun t History (SFYs 2010 - 2013)

State Funding			Grant							
Airport	Airport Type	Project	State	Local Amount	Total	Grant Ratio	Fund Source	Date	SFY	County
Burlington Alamance County	General Aviation	Runway Extension and Associated Projects Reimbursement 2 of 10	$1,100,000	$122,225	$1,222,225	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Alamance
Currituck County	General Aviation	Construct Partial Parallel Taxiway (Northern)	$415,000	$46,112	$461,112	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Currituck
Curtis L Brown-Elizabethtown	General Aviation	Taxiway Construction Reimbursement Phase 3 of 3	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Pasquotank
Laurinburg Maxton	General Aviation	Pavement Rehabilitation	$2,246,424	$249,608	$2,496,032	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Scotland
Lincoln County	General Aviation	Rehabilitate and Overlay North Aircraft Parking Apron	$690,000	$76,668	$766,668	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Lincoln
Shelby-Cleveland County Regional	General Aviation	Apron Pavement Rehabilitation	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	07/17/2010	FY2010-2011	Cleveland
		Subtotal (General Aviation)	$12,004,680	$1,333,880	$13,338,560					
		TOTAL SFY11:	$15,342,836	$1,704,793	$17,047,629					
Asheville Regional	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Buncombe
Charlotte Douglas International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Mecklenburg
Coastal Carolina	Commercial Air Carrier	Terminal Building (Bond Payoff)	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Craven
Fayetteville Regional	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Cumberland
Piedmont Triad International	Commercial Air Carrier	Airfield Improvements (1 of 10 at additional amount)	$1,138,156	$126,464	$1,264,620	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Guilford
Raleigh-Durham International	Commercial Air Carrier	Airfield Improvements	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Wake
Wilmington International	Commercial Air Carrier	Airfield Improvements	$300,000	$33,334	$333,334	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	New Hanover
		Subtotal (Commercial):	$3,338,156	$370,914	$3,709,070					
Stanly County	General Aviation	Entrance Road Construction to the new Terminal Area	$600,000	$66,668	$666,668	90 DOT / 10 Local	State	12/16/2009	FY2009-2010	Stanly
Ashe County	General Aviation	Expansion and Renovation 2009 Earmark - 2 of 2	$330,255	$36,696	$366,951	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Ashe
Burlington Alamance County	General Aviation	Runway Extension and Associated Projects Reimbursements 1 of 10	$1,100,000	$122,225	$1,222,225	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Alamance
Cape Fear Regional Jetport	General Aviation	Runway Extension	$2,701,000	$300,117	$3,001,117	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Brunswick
Curtis L Brown-Elizabethtown	General Aviation	Taxiway Construction Reimbursement Phase 2 of 3	$500,000	$55,557	$555,557	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Pasquotank
Harnett County	General Aviation	Runway Extension Projects Reimbursed	$105,930	$11,770	$117,700	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Harnett
Henderson-Wallace Field	General Aviation	Land Acquisition for Obstruction Removal	$280,000	$31,112	$311,112	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Pender
Laurinburg Maxton	General Aviation	Pavement Rehabilitation	$1,850,000	$205,560	$2,055,560	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Scotland
Moore County	General Aviation	Master Plan Update	$405,000	$45,001	$450,001	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Moore
Mt Airy	General Aviation	Expansion and Renovation 2009 Earmark-2 of 2	$1,325,000	$147,225	$1,472,225	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Surry
Wilkes County	General Aviation	Land Acquisition and West Side Development	$600,000	$66,668	$666,668	90 DOT / 10 Local	State	11/15/2009	FY2009-2010	Wilkes
		Subtotal (General Aviation)	$9,797,185	$1,088,598	$10,885,783					
		TOTAL SFY10:	$13,135,341	$1,459,511	$14,594,852					
		TOTAL (All Reported Years):	$95,016,780	$10,557,628	$105,574,408					

NCDOT Aviation: FAA Apportioned/Discretionary Grant History (FFYs 2009 - 2012)

FAA Funding				Grant					
AIRPORT	AIRPORT TYPE	PROJECT	Funding Source	FEDERAL FUNDS	STATE FUNDS	LOCAL FUNDS	TOTAL FUNDS	Federal FY	Funding Ratio
Burlington-Alamance	General Aviation	R/W 6-24 & Parallel T/W Paving & Lighting (construction)	FAA Apportionment	$1,183,912	$0	$131,546	$1,315,458	2012	90/10
Burlington-Alamance	General Aviation	T/W Widening & Extension-R/W 6 (construction)	FAA Apportionment	$185,385	$0	$20,598	$205,983	2012	90/10
Cape Fear Regional	General Aviation	Construct Taxiway (construction/inspection)	FAA Apportionment	$549,887	$0	$61,098	$610,985	2012	90/10
CHARLOTTE MONROE	General Aviation	R/W 23 Safety Area Improvements & New Localizer Install (design/bid)	FAA Apportionment	$57,200	$0	$6,356	$63,556	2012	90/10
CHARLOTTE MONROE	General Aviation	R/W 23 Safety Area Improvements & New Localizer Install (construction/inspection)	FAA Apportionment	$1,864,800	$0	$207,200	$2,072,000	2012	90/10
HICKORY REGIONAL	General Aviation	T/W "B" & North Apron Pavement Rehabilitation (construction/inspection)	FAA Apportionment	$781,595	$0	$86,844	$868,439	2012	90/10
Macon County	General Aviation	Extend Runway 7/25 & Taxiway (Includes environmental) grant adjustment	FAA Apportionment	$632,519	$0	$70,280	$702,799	2012	90/10
Montgomery County	General Aviation	Airfield Pavement Rehab & PAPI's	FAA Apportionment	$201,230	$10,591	$0	$211,821	2012	95/5
Richmond County	General Aviation	RSA Improvements	FAA Apportionment	$100,000	$0	$11,111	$111,111	2012	90/10
Rowan County	General Aviation	New Hangar Site Development	FAA Apportionment	$161,172	$0	$17,908	$179,080	2012	90/10
Charlotte-Monroe	General Aviation	New Glideslope for 1500' Extension of R/W 5	FAA Apportionment	$1,065,708	$0	$118,412	$1,184,120	2012	90/10
Elkin Municipal	General Aviation	New Airfield Lighting System (const)	FAA Apportionment	$375,000	$0	$41,667	$416,667	2012	90/10
Henderson-Oxford	General Aviation	Transmission Line Aerial Balls	FAA Apportionment	$80,000	$0	$8,889	$88,889	2012	90/10
Johnston County	General Aviation	New Terminal Program (Ph2) New Terminal Bldg (const)	FAA Apportionment	$150,000	$0	$16,667	$166,667	2012	90/10
Macon County	General Aviation	Widen R/W to 100' & R/W Rehab (const)	FAA Apportionment	$2,615,000	$0	$290,556	$2,905,556	2012	90/10
Mount Airy	General Aviation	Land Acquisition-Runway 18 End	FAA Apportionment	$15,000	$0	$1,667	$16,667	2012	90/10
Rowan County	General Aviation	Apron Rehabilitation	FAA Apportionment	$13,142	$0	$1,460	$14,602	2012	90/10
Rowan County	General Aviation	New Hangar Site Development	FAA Apportionment	$40,788	$0	$4,532	$45,320	2012	90/10
DAVIDSON COUNTY.	General Aviation	Land Acquisition in R/W 6-24 RPZ	FAA Discretionary	$1,500,000	$0	$166,667	$1,666,667	2012	90/10
HARNETT REGIONAL	General Aviation	Rehabilitate R/W 5-23,Parallel T/W & Apron	FAA Discretionary	$4,000,000	$0	$444,444	$4,444,444	2012	90/10
LINCOLNTON-LINCOLN COUNTY	General Aviation	Rehabilitate Parallel Taxiway	FAA Discretionary	$527,213	$0	$58,579	$585,792	2012	90/10
LUMBERTON REGIONAL	General Aviation	Rehabilitate Runway 5/23 Lighting & Signage	FAA Discretionary	$570,000	$0	$63,633	$633,333	2012	90/10
			TOTAL FFY 2012:	$16,669,551	$10,591	$1,830,114	$18,509,956		
BURLINGTON-ALAMANCE	General Aviation	T/W Widening & Extension-R/W 6 (construction)	FAA Discretionary	$214,615	$0	$23,846	$238,461	2011	90/10
HENDERSON-OXFORD	General Aviation	RPZ Land Reimbursement	FAA Discretionary	$37,752	$0	$4,195	$41,947	2011	90/10
MOORE COUNTY	General Aviation	Runway 5/23 RSA Improvements (construction/inspection)	FAA Discretionary	$591,593	$0	$65,733	$657,326	2011	90/10
MOORE COUNTY	General Aviation	Expand Terminal Apron (20,000SY) Includes Lighting	FAA Discretionary	$2,079,000	$0	$231,000	$2,310,000	2011	90/10
MOORE COUNTY	General Aviation	Land Reimbursement (Priest Property)	FAA Discretionary	$234,000	$0	$26,000	$260,000	2011	90/10
ROWAN COUNTY	General Aviation	New Hangar Site Development	FAA Discretionary	$48,040	$0	$5,338	$53,378	2011	90/10
WILKES COUNTY	General Aviation	R/W Overlay & Update Airfield Lighting System (design/bid/CA/insp)	FAA Discretionary	$145,000	$0	$16,111	$161,111	2011	90/10
Cape Fear Regional	General Aviation	Construct Taxiway (design/bid)	FAA Discretionary	$74,887	$0	$8,321	$83,208	2011	90/10
Cape Fear Regional	General Aviation	Full Parallel Taxiway (construction/inspection)	FAA Discretionary	$3,425,113	$0	$380,568	$3,805,681	2011	90/10
Concord Regional	General Aviation	Strengthen Taxiway (construction/inspection)	FAA Discretionary	$1,956,500	$0	$217	$2,173,889	2011	90/10
Concord Regional	General Aviation	Strengthen Apron	FAA Discretionary	$308,299	$0	$34,255	$342,554	2011	90/10
Smith Reynolds	General Aviation	Strengthen Taxiway "F" (construction/inspection)	FAA Discretionary	$1,700,000	$0	$188,889	$1,888,889	2011	90/10
			TOTAL FFY 2011:	$10,814,799	$0	$984,473	$12,016,444		
BURLINGTON-ALAMANCE	General Aviation	Extend R/W 6-24, Phase III	FAA Apportionment	$532,665	$0	$59,185	$591,850	2010	90/10
BURLINGTON-ALAMANCE	General Aviation	R/W 6-24 7 Parallel T/W Paving & Lighting (construction)	FAA Apportionment	$1,245,938	$0	$138,437	$1,384,375	2010	90/10
CONCORD REGIONAL	General Aviation	Strengthen Apron	FAA Apportionment	$624,422	$0	$69,380	$693,802	2010	90/10
GOLDSBORO/WAYNE	General Aviation	Runway, Taxiway & Apron Rehabilitation & Strengthening	FAA Apportionment	$464,816	$0	$51,646	$516,462	2010	90/10
LUMBERTON REGIONAL	General Aviation	Hangar Taxiway (construction)	FAA Apportionment	$204,598	$0	$22,733	$227,331	2010	90/10
RUTHERFORD COUNTY	General Aviation	T/W & Access Road (construction/paving) & Security fencing installation (west side hangar area development)	FAA Apportionment	$178,499	$0	$19,833	$198,332	2010	90/10
RUTHERFORD COUNTY	General Aviation	SWPPP; AWOS Replacement; Security Fencing (design) (Westside Hangar Development)	FAA Apportionment	$55,501	$0	$6,167	$61,668	2010	90/10
BURLINGTON-ALAMANCE	General Aviation	Extend Runway 6/24	FAA Discretionary	$850,000	$0	$94,444	$944,444	2010	90/10
HALIFAX-NORTHAMPTON REGIONAL	General Aviation	MALSR Installation (design, bid, permit)	FAA Discretionary	$152,262	$0	$16,918	$169,180	2010	90/10
ROWAN COUNTY	General Aviation	Land for RPZ & Perimeter Fencing (complete FFY08 earmark)	FAA Discretionary	$477,569	$0	$53,063	$530,632	2010	90/10
STATESVILLE REGIONAL	General Aviation	Extend R/W 10/28, Apron Rehab & Strengthening	FAA Discretionary	$288,745	$0	$32,083	$320,828	2010	90/10
CONCORD REGIONAL	General Aviation	Strengthen Apron	FAA Apportionment	$1,083,395	$0	$120,378	$1,203,773	2010	90/10
HICKORY REGIONAL	General Aviation	T/W 'B', 'S' & North Apron Pavement Rehab (design/bid)	FAA Apportionment	$79,942	$0	$8,882	$88,824	2010	90/10
HICKORY REGIONAL	General Aviation	T/W "B" & North Apron Pavement Rehabilitation (construction/inspection)	FAA Apportionment	$415,405	$0	$46,156	$461,561	2010	90/10
STATESVILLE REGIONAL	General Aviation	Apron Pavement Rehab & Strengthening (remaining)	FAA Apportionment	$242,500	$0	$26,944	$269,444	2010	90/10
CHARLOTTE-MONROE EXECUTIVE	General Aviation	Strengthen R/W 5-23 and Rehabilitate Apron	FAA Discretionary	$2,600,000	$0	$288,889	$2,888,889	2010	90/10

NCDOT Aviation: FAA Apportioned/Discretionary Grant History (FFYs 2009 - 2012)

FAA Funding				Grant					
AIRPORT	AIRPORT TYPE	PROJECT	Funding Source	FEDERAL FUNDS	STATE FUNDS	LOCAL FUNDS	TOTAL FUNDS	Federal FY	Funding Ratio
HARNETT REGIONAL	General Aviation	Runway, Taxiway & Apron Rehab & Strengthen (design/bid)	FAA Discretionary	$235,914	$0	$26,213	$262,127	2010	90/10
HICKORY REGIONAL	General Aviation	New Aviation Fuel Farm (construction)	FAA Discretionary	$48,064	$0	$5,340	$53,404	2010	90/10
WESTERN CAROLINA REGIONAL	General Aviation	Parallel Taxiway (construction)	FAA Discretionary	$661,500	$0	$73,500	$735,000	2010	90/10
WESTERN CAROLINA REGIONAL	General Aviation	Improve Runway 8 Safety Area (design/bid)	FAA Discretionary	$355,628	$0	$39,514	$395,142	2010	90/10
WESTERN CAROLINA REGIONAL	General Aviation	Remaining funds for: Improve Runway 8 Safety Area & Land Acquisition	FAA Discretionary	$149,927	$0	$16,956	$166,883	2010	90/10
WESTERN CAROLINA REGIONAL	General Aviation	Perimeter Fence	FAA Discretionary	$450,000	$0	$50,000	$500,000	2010	90/10
			TOTAL FFY 2010:	$11,397,290	$0	$1,266,661	$12,663,951		
Cape Fear Regional	General Aviation	Land Acquisition for Parallel T/W (3 acres)	FAA Apportionment	$103,105	$0	$11,456	$114,561	2009	90/10
CONCORD REGIONAL	General Aviation	Pavement Strengthening-Apron & Taxiways	FAA Apportionment	$450,000	$0	$50,000	$500,000	2009	90/10
CONCORD REGIONAL	General Aviation	Strengthen Apron	FAA Apportionment	$505,046	$0	$56,116	$561,162	2009	90/10
JOHNSTON COUNTY	General Aviation	Extend RSA Runway 21 (construction)	FAA Apportionment	$92,126	$0	$10,236	$102,362	2009	90/10
JOHNSTON COUNTY	General Aviation	Land Acquisition & Obstruction Removal	FAA Apportionment	$187,200	$0	$20,800	$208,000	2009	90/10
JOHNSTON COUNTY	General Aviation	Airfield Lighting (design & bid)	FAA Apportionment	$88,038	$0	$9,782	$97,820	2009	90/10
JOHNSTON COUNTY	General Aviation	New Terminal Program (Phase I)-Vehicular Access & Parking Lot (design/bid)	FAA Apportionment	$144,000	$0	$16,000	$160,000	2009	90/10
JOHNSTON COUNTY	General Aviation	New Terminal Program (Phase 2)-New Terminal Building (design/bid)	FAA Apportionment	$153,000	$0	$17,000	$170,000	2009	90/10
JOHNSTON COUNTY	General Aviation	New Terminal Program (Phase 3)-Itinerant Apron Expansion (design/bid)	FAA Apportionment	$72,000	$0	$8,000	$80,000	2009	90/10
JOHNSTON COUNTY	General Aviation	Airfield Lighting Replacement (construction)	FAA Apportionment	$668,219	$0	$74,247	$742,466	2009	90/10
LINCOLNTON-LINCOLN COUNTY	General Aviation	ERSA & ILS Improvements & Parallel T/W Ext-Phase 2 (construction/inspection)	FAA Apportionment	$1,137,787	$0	$126,421	$1,264,208	2009	90/10
MONTGOMERY COUNTY	General Aviation	Airfield Pavement Rehabilitation & PAPI's	FAA Apportionment	$351,084	$18,478	$0	$369,562	2009	95/5
ROCKINGHAM-SHILOH	General Aviation	Land Acquisition & Obstruction Removal	FAA Apportionment	$88,671	$0	$9,852	$98,523	2009	90/10
ROWAN COUNTY	General Aviation	Rehabilitate Apron Pavement & Design Services	FAA Apportionment	$65,282	$0	$7,254	$72,536	2009	90/10
SMITH REYNOLDS	General Aviation	RSA Improvements, Phase III	FAA Apportionment	$240,808	$0	$26,756	$267,564	2009	90/10
Statesville Regional	General Aviation	RW/TW Rehabilitation & Strengthening	FAA Discretionary	$2,068,120	$0	$229,791	$2,297,911	2009	90/10
BURLINGTON-ALAMANCE	General Aviation	Runway 6-24 Extension (cost overrun)	FAA Apportionment	$95,000	$0	$10,556	$105,556	2009	90/10
Henderson-Oxford	General Aviation	RPZ Land reimbursement	FAA Apportionment	$7,248	$0	$805	$8,053	2009	90/10
Lincoln County	General Aviation	ERSA & ILS Improvements & Parallel T/W Ext-Phase 2 (construction/inspection)	FAA Apportionment	$407,283	$0	$45,254	$452,537	2009	90/10
Macon County	General Aviation	Widen R/W to 100' & R/W Rehab (design)	FAA Apportionment	$50,000	$0	$5,556	$55,556	2009	90/10
MOUNT AIRY	General Aviation	Land Acquisition-Runway 18 End	FAA Apportionment	$475,500	$0	$52,833	$528,333	2009	90/10
PLYMOUTH MUNICIPAL	General Aviation	Land Reimbursement -R/W 21 End -Stotesberry Property	FAA Apportionment	$202,500	$0	$22,500	$225,000	2009	90/10
RALEIGH EXECUTIVE	General Aviation	R/W Rehabilitation (design/bid)	FAA Apportionment	$100,000	$0	$11,111	$111,111	2009	90/10
RICHMOND COUNTY	General Aviation	RSA & T/W Improvements	FAA Apportionment	$272,886	$0	$30,321	$303,207	2009	90/10
ROWAN COUNTY	General Aviation	Rehabilitate Apron Pavement & Design Services	FAA Apportionment	$602,659	$0	$66,962	$669,621	2009	90/10
ROWAN COUNTY	General Aviation	Apron Rehab	FAA Apportionment	$6,858	$0	$762	$7,620	2009	90/10
RUTHERFORD COUNTY-MARCHMAN FIELD	General Aviation	Land Acquisition-R/W 19 RPZ	FAA Apportionment	$211,028	$0	$23,448	$234,476	2009	90/10
CONCORD REGIONAL	General Aviation	Strengthen Apron	FAA Apportionment	$298,137	$0	$33,126	$331,263	2009	90/10
Duplin County	General Aviation	New Terminal Building (construction)	FAA Apportionment	$21,153	$0	$2,350	$23,503	2009	90/10
NORTHEASTERN REGIONAL	General Aviation	Land Acquisition, Approach Clearing (mobilization, clearing & grubbing, seeding/mulching, & misc erosion control); Approach Survey Certification	FAA Apportionment	$209,285	$0	$23,254	$232,539	2009	90/10
ODELL WILLIAMSON	General Aviation	Land Acquisition-Leased Apron (reimbursement); Land Acquisition-R/W 6 RPZ, Phase I; Phase I EDDA; Obstruction Removal (TOFA) Acquire Easement	FAA Apportionment	$180,840	$0	$20,093	$200,933	2009	90/10
RUTHERFORD COUNTY-MARCHMAN FIELD	General Aviation	Obstruction Removal & West Side Hangar Area Development Site Prep & Paving	FAA Apportionment	$79,532	$0	$8,837	$88,369	2009	90/10
WILKES COUNTY	General Aviation	Eastside Partial Parallel Taxiway; Security Fence	FAA Apportionment	$136,858	$0	$15,206	$152,064	2009	90/10
WILKES COUNTY	General Aviation	Apron Rehabilitation (design/bid)	FAA Apportionment	$13,142	$0	$1,460	$14,602	2009	90/10
BURLINGTON-ALAMANCE	General Aviation	Extend Runway 6/24	FAA Discretionary	$1,064,405	$0	$118,267	$1,182,672	2009	90/10
CHARLOTTE-MONROE EXECUTIVE	General Aviation	Extend Runway 5/23	FAA Discretionary	$1,551,863	$0	$172,429	$1,724,292	2009	90/10
HENDERSON-OXFORD	General Aviation	Runway Extension (design & permitting)	FAA Discretionary	$73,163	$0	$8,129	$81,293	2009	90/10
HENDERSON-OXFORD	General Aviation	Land Acquisition (R/W 6 Extension)	FAA Discretionary	$135,403	$0	$15,045	$150,448	2009	90/10
HENDERSON-OXFORD	General Aviation	Runway Extension Paving & Lighting; Safety Overrun & Taxiway Extension	FAA Discretionary	$116,434	$0	$12,937	$129,371	2009	90/10
MACON COUNTY	General Aviation	Extend R/w 7/25 & T/W (includes environmental)	FAA Discretionary	$620,940	$0	$68,993	$689,933	2009	90/10
MONTGOMERY COUNTY	General Aviation	Airfield Pavement Rehab & PAPI's	FAA Discretionary	$622,000	$32,736	$0	$654,736	2009	95/5

Source: NCDOT Aviation Division

NCDOT Aviation: FAA Apportioned/Discretionary Grant History (FFYs 2009 - 2012)

FAA Funding				Grant					
AIRPORT	AIRPORT TYPE	PROJECT	Funding Source	FEDERAL FUNDS	STATE FUNDS	LOCAL FUNDS	TOTAL FUNDS	Federal FY	Funding Ratio
ROWAN COUNTY	General Aviation	Land for RPZ & Perimeter Fencing (complete FFY08 earmark)	FAA Discretionary	$454,490	$0	$50,499	$504,989	2009	90/10
RUTHERFORD COUNTY	General Aviation	Rehabilitate Taxiway & Apron (west side hangar area; development site prep & paving)	FAA Discretionary	$623,207	$0	$69,245	$692,452	2009	90/10
RUTHERFORD COUNTY	General Aviation	T/W & Access Road (construction/paving) & Security fencing installation (west side hangar area development)	FAA Discretionary	$153,043	$0	$17,005	$170,048	2009	90/10
SMITH-REYNOLDS	General Aviation	RSA Improvements, Phase III	FAA Discretionary	$1,037,060	$0	$115,229	$1,152,289	2009	90/10
STANLY COUNTY	General Aviation	Rehabilitate Runway & Apron	FAA Discretionary	$226,662	$0	$25,185	$251,847	2009	90/10
STATESVILLE REGIONAL	General Aviation	Land Acquisition	FAA Discretionary	$1,450,000	$0	$161,111	$1,611,111	2009	90/10
WESTERN CAROLINA REGIONAL	General Aviation	Land Acquisition in Runway 26 Approach,	FAA Discretionary	$389,127	$0	$43,236	$432,363	2009	90/10
WESTERN CAROLINA REGIONAL	General Aviation	Extend Parallel Taxiway-Phase I (design & construct) & Rehabilitate Apron (design)	FAA Discretionary	$864,600	$0	$96,067	$960,667	2009	90/10
			TOTAL FFY 2009:	$19,166,792	$51,214	$2,021,522	$21,239,529		
			TOTAL (All Reported Years):	$58,048,432	$61,805	$6,102,770	$64,429,880		

NCDOT Aviation: FAA Non-primary Ent ent Grant History (FFYs 2009 - 2012)

North Carolina FFY 2012 AIP 44 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Ahoskie	Tri-County	$150,000	$16,667	$166,667	90 to 10	
Albemarle	Stanly County	$150,000	$16,667	$166,667	90 to 10	
Andrews	Western Carolina Regional	$150,000	$16,667	$166,667	90 to 10	
Asheboro	Asheboro Regional	$150,000	$16,667	$166,667	90 to 10	
Beaufort	Michael J. Smith Field	$150,000	$16,667	$166,667	90 to 10	
Burlington	Bur1ington-Alamance Regional	$150,000	$16,667	$166,667	90 to 10	
Clinton	Sampson County	$150,000	$16,667	$166,667	90 to 10	
Currituck	Currituck County Regional	$150,000	$16,667	$166,667	90 to 10	
Edenton	Northeastern Regional	$150,000	$16,667	$166,667	90 to 10	
Elizabeth City	Elizabeth City CG Air Station/Regional	$150,000	$16,667	$166,667	90 to 10	
Elizabethtown	Curtis L Brown Jr Field	$150,000	$16,667	$166,667	90 to 10	
Elkin	Elkin Municipal	$150,000	$16,667	$166,667	90 to 10	
Engelhard	Hyde County	$150,000	$16,667	$166,667	90 to 10	
Erwin	Harnett Regional Jetport	$150,000	$16,667	$166,667	90 to 10	
Franklin	Macon County	$150,000	$16,667	$166,667	90 to 10	
Gastonia	Gastonia Municipal	$150,000	$16,667	$166,667	90 to 10	
Goldsboro	Goldsboro-Wayne Municipal	$150,000	$16,667	$166,667	90 to 10	
Hatteras	Billy Mitchell	$150,000	$16,667	$166,667	90 to 10	
Hickory	Hickory Regional	$150,000	$16,667	$166,667	90 to 10	
Jefferson	Ashe County	$150,000	$16,667	$166,667	90 to 10	
Kenansville	Duplin County	$150,000	$16,667	$166,667	90 to 10	
Kill Devil Hills	First Flight	$150,000	$16,667	$166,667	90 to 10	
Kinston	Kinston Regional JetPort at Stallings Field	$1,000,000	$111,111	$1,111,111	90 to 10	Virtual Primary entitlements of $1M
Kinston	Kinston Regional JetPort at Stallings Field	$4,415	$491	$4,906	90 to 10	Recovered pnmary entitlements: $4,415 (AIP 27-PN09)
Lexington	Davidson County	$150,000	$16,667	$166,667	90 to 10	
Lincolnton	Lincolnton-Lincoln County Regional	$150,000	$16,667	$166,667	90 to 10	
Louisburg	Franklin County	$150,000	$16,667	$166,667	90 to 10	
Lumberton	Lumberton Municipal	$150,000	$16,667	$166,667	90 to 10	
Manteo	Dare County Regional	$150,000	$16,667	$166,667	90 to 10	
Maxlon	Laurinburg-Maxlon	$150,000	$16,667	$166,667	90 to 10	
Morganton	Foothills Regional	$150,000	$16,667	$166,667	90 to 10	
Mount Airy	Mount Airy/Surry County	$150,000	$16,667	$166,667	90 to 10	
Mount Olive	Mount Olive Municipal	$150,000	$16,667	$166,667	90 to 10	
North Wilkesboro	Wilkes County	$150,000	$16,667	$166,667	90 to 10	
Oak Island	Brunswick County	$150,000	$16,667	$166,667	90 to 10	
Ocean Isle Beach	Odell Williamson Municipal	$150,000	$16,667	$166,667	90 to 10	
Ocracoke	Ocracoke Island	$150,000	$16,667	$166,667	90 to 10	
Oxford	Henderson-Oxford	$150,000	$16,667	$166,667	90 to 10	
Pinehurst/Southern Pines	Moore County	$150,000	$16,667	$166,667	90 to 10	
Plymouth	Plymouth Municipal	$150,000	$16,667	$166,667	90 to 10	
Reidsville	Rockingham County Nc Shiloh	$150,000	$16,667	$166,667	90 to 10	

NCDOT Aviation: FAA Non-primary Entitlement Grant History (FFYs 2009 - 2012)

North Carolina FFY 2012 AIP 44 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Roanoke Rapids	Halifax-Northampton Regional	$150,000	$16,667	$166,667	90 to 10	
Rockingham	Richmond County	$150,000	$16,667	$166,667	90 to 10	
Rocky Mount	Rocky Mount-Wilson Reaional	$150,000	$16,667	$166,667	90 to 10	
Roxboro	Person County	$150,000	$16,667	$166,667	90 to 10	
Rutherfordton	Rutherford County-Marchman Field	$150,000	$16,667	$166,667	90 to 10	
Salisbury	Rowan County	$150,000	$16,667	$166,667	90 to 10	
Shelby	Shebly-Cleveland County Regional	$150,000	$16,667	$166,667	90 to 10	
Siler City	Siler City Municipal	$150,000	$16,667	$166,667	90 to 10	
Smithfield	Johnston County	$150,000	$16,667	$166,667	90 to 10	
Spruce Pine	Avery County/Morrison Field/	$150,000	$16,667	$166,667	90 to 10	
Star	Montgomery County	$150,000	$16,667	$166,667	90 to 10	
Statesville	Statesville Reoional	$150,000	$16,667	$166,667	90 to 10	
Sylva	Jackson County	$150,000	$16,667	$166,667	90 to 10	
Tarboro	Tarboro-Edgecombe	$150,000	$16,667	$166,667	90 to 10	
Wadesboro	Anson County	$150,000	$16,667	$166,667	90 to 10	
Wallace	Henderson Field	$150,000	$16,667	$166,667	90 to 10	
Washington	Warren Field	$150,000	$16,667	$166,667	90 to 10	
Whiteville	Columbus County Municipal	$150,000	$16,667	$166,667	90 to 10	
Williamston	Martin County	$150,000	$16,667	$166,667	90 to 10	
Winston-Salem	Smith Reynolds	$150,000	$16,667	$166,667	90 to 10	
Concord	Concord Regional	$150,000	$16,667	$166,667	90 to 10	
Monroe	Charlotte-Monroe Executive	$150,000	$16,667	$166,667	90 to 10	
Sanford	Sanford-Lee County Realonal	$150,000	$16,667	$166,667	90 to 10	
	Total FFY 2012:	$10,304,415	$1,144,937	$11,449,352		

NCDOT Aviation: FAA Non-primary En ıent Grant History (FFYs 2009 - 2012)

North Carolina FFY 2011 AIP 42 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Ahoskie	Tri-County	$150,000	$16,667	$166,667	90 to 10	
Albemarle	Stanly County	$150,000	$16,667	$166,667	90 to 10	
Andrews	Western Carolina Regional	$150,000	$16,667	$166,667	90 to 10	
Asheboro	Asheboro Regional	$150,000	$16,667	$166,667	90 to 10	
Beaufort	Michael J. Smith Field	$150,000	$16,667	$166,667	90 to 10	
Burlington	Bur1ington-Alamance Regional	$150,000	$16,667	$166,667	90 to 10	
Clinton	Sampson County	$150,000	$16,667	$166,667	90 to 10	
Currituck	Currituck County Regional	$150,000	$16,667	$166,667	90 to 10	
Edenton	Northeastern Regional	$150,000	$16,667	$166,667	90 to 10	
Elizabeth City	Elizabeth City CG Air Station/Regional	$150,000	$16,667	$166,667	90 to 10	
Elizabethtown	Curtis L Brown Jr Field	$150,000	$16,667	$166,667	90 to 10	
Elkin	Elkin Municipal	$150,000	$16,667	$166,667	90 to 10	
Engelhard	Hyde County	$150,000	$16,667	$166,667	90 to 10	
Erwin	Harnett Regional Jetport	$150,000	$16,667	$166,667	90 to 10	
Franklin	Macon County	$150,000	$16,667	$166,667	90 to 10	
Gastonia	Gastonia Municipal	$150,000	$16,667	$166,667	90 to 10	
Goldsboro	Goldsboro-Wayne Municipal	$150,000	$16,667	$166,667	90 to 10	
Hatteras	Billy Mitchell	$150,000	$16,667	$166,667	90 to 10	
Hickory	Hickory Regional	$300,000	$33,333	$333,333	90 to 10	FY11 NPE ($150,000) plus FY09 NPE ($150,000) transferred from HKY account to block grant account. Special condition in grant to ensure correct amount is given to airport.
Jefferson	Ashe County	$150,000	$16,667	$166,667	90 to 10	
Kenansville	Duplin County	$150,000	$16,667	$166,667	90 to 10	
Kill Devil Hills	First Flight	$150,000	$16,667	$166,667	90 to 10	
Kinston	Kinston Regional JetPort at Stallings Field	$189,270	$21,030	$210,300	90 to 10	FY11 NPE ($150,000) plus Primary Entitlements ($39,270) from previous FAA issued grant. Special condition in grant to ensure correct amount is given to airport.
Lexington	Davidson County	$150,000	$16,667	$166,667	90 to 10	
Lincolnton	Lincolnton-Lincoln County Regional	$150,000	$16,667	$166,667	90 to 10	
Louisburg	Franklin County	$150,000	$16,667	$166,667	90 to 10	
Lumberton	Lumberton Municipal	$150,000	$16,667	$166,667	90 to 10	
Manteo	Dare County Regional	$150,000	$16,667	$166,667	90 to 10	
Maxlon	Laurinburg-Maxlon	$150,000	$16,667	$166,667	90 to 10	
Morganton	Foothills Regional	$150,000	$16,667	$166,667	90 to 10	
Mount Airy	Mount Airy/Surry County	$150,000	$16,667	$166,667	90 to 10	
Mount Olive	Mount Olive Municipal	$150,000	$16,667	$166,667	90 to 10	
North Wilkesboro	Wilkes County	$150,000	$16,667	$166,667	90 to 10	
Oak Island	Brunswick County	$150,000	$16,667	$166,667	90 to 10	
Ocean Isle Beach	Odell Williamson Municipal	$150,000	$16,667	$166,667	90 to 10	
Ocracoke	Ocracoke Island	$150,000	$16,667	$166,667	90 to 10	

NCDOT Aviation: FAA Non-primary Entitlement Grant History (FFYs 2009 - 2012)

North Carolina FFY 2011 AIP 42 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Oxford	Henderson-Oxford	$150,000	$16,667	$166,667	90 to 10	
Pinehurst/Southern Pines	Moore County	$150,000	$16,667	$166,667	90 to 10	Special condition in grant to use funds toward RSA project. Reason: RSA project was funded
Plymouth	Plymouth Municipal	$150,000	$16,667	$166,667	90 to 10	
Reidsville	Rockingham County Nc Shiloh	$150,000	$16,667	$166,667	90 to 10	
Roanoke Rapids	Halifax-Northampton Regional	$150,000	$16,667	$166,667	90 to 10	
Rockingham	Richmond County	$150,000	$16,667	$166,667	90 to 10	
Rocky Mount	Rocky Mount-Wilson Regional	$150,000	$16,667	$166,667	90 to 10	
Roxboro	Person County	$150,000	$16,667	$166,667	90 to 10	
Rutherfordton	Rutherford County-Marchman Field	$150,000	$16,667	$166,667	90 to 10	
Salisbury	Rowan County	$150,000	$16,667	$166,667	90 to 10	
Shelby	Shebly-Cleveland County Regional	$150,000	$16,667	$166,667	90 to 10	
Siler City	Siler City Municipal	$150,000	$16,667	$166,667	90 to 10	
Smithfield	Johnston County	$150,000	$16,667	$166,667	90 to 10	
Spruce Pine	Avery County/Morrison Field/	$150,000	$16,667	$166,667	90 to 10	
Star	Montgomery County	$150,000	$16,667	$166,667	90 to 10	
Statesville	Statesville Regional	$150,000	$16,667	$166,667	90 to 10	
Sylva	Jackson County	$150,000	$16,667	$166,667	90 to 10	
Tarboro	Tarboro-Edgecombe	$150,000	$16,667	$166,667	90 to 10	
Wadesboro	Anson County	$150,000	$16,667	$166,667	90 to 10	
Wallace	Henderson Field	$150,000	$16,667	$166,667	90 to 10	
Washington	Warren Field	$150,000	$16,667	$166,667	90 to 10	
Whiteville	Columbus County Municipal	$150,000	$16,667	$166,667	90 to 10	
Williamston	Martin County	$150,000	$16,667	$166,667	90 to 10	
Winston-Salem	Smith Reynolds	$150,000	$16,667	$166,667	90 to 10	
Concord	Concord Regional	$150,000	$16,667	$166,667	90 to 10	
Monroe	Charlotte-Monroe Executive	$150,000	$16,667	$166,667	90 to 10	
Sanford	Sanford-Lee County Regional	$150,000	$16,667	$166,667	90 to 10	
	Total FFY 2011.	$9,639,270	$1,071,032	$10,710,302		

NCDOT Aviation: FAA Non-primary Ent ient Grant History (FFYs 2009 - 2012)

North Carolina FFY 2010 AIP 42 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Ahoskie	Tri-County	$150,000	$16,667	$166,667	90 to 10	
Albemarle	Stanly County	$150,000	$16,667	$166,667	90 to 10	
Andrews	Andrews-Murphy	$150,000	$16,667	$166,667	90 to 10	
Asheboro	Asheboro Regional	$150,000	$16,667	$166,667	90 to 10	
Beaufort	Michael J. Smith Field	$150,000	$16,667	$166,667	90 to 10	
Burlington	Bur1ington-Alamance Regional	$150,000	$16,667	$166,667	90 to 10	
Clinton	Sampson County	$150,000	$16,667	$166,667	90 to 10	
Concord	Concord Regional	$150,000	$16,667	$166,667	90 to 10	
Currituck	Currituck County Regional	$150,000	$16,667	$166,667	90 to 10	
Edenton	Northeastern Regional	$30,000	$3,333	$33,333	90 to 10	
Elizabeth City	Elizabeth City CG Air Station/Regional	$150,000	$16,667	$166,667	90 to 10	
Elizabethtown	Curtis L Brown Jr Field	$150,000	$16,667	$166,667	90 to 10	
Elkin	Elkin Municipal	$150,000	$16,667	$166,667	90 to 10	
Engelhard	Hyde County	$150,000	$16,667	$166,667	90 to 10	
Erwin	Harnett Regional Jetport	$150,000	$16,667	$166,667	90 to 10	
Franklin	Macon County	$118,442	$13,160	$131,602	90 to 10	
Gastonia	Gastonia Municipal	$150,000	$16,667	$166,667	90 to 10	
Goldsboro	Goldsboro-Wayne Municipal	$150,000	$16,667	$166,667	90 to 10	
Hatteras	Billy Mitchell	$10,000	$1,111	$11,111	90 to 10	
Hickory	Hickory Regional	$150,000	$16,667	$166,667	90 to 10	
Jefferson	Ashe County	$150,000	$16,667	$166,667	90 to 10	
Kenansville	Duplin County	$150,000	$16,667	$166,667	90 to 10	
Kill Devil Hills	First Flight	$10,000	$1,111	$11,111	90 to 10	
Kinston	Kinston Regional JetPort	$150,000	$16,667	$166,667	90 to 10	
Lexington	Davidson County	$150,000	$16,667	$166,667	90 to 10	
Lincolnton	Lincolnton-Lincoln County Regional	$150,000	$16,667	$166,667	90 to 10	
Louisburg	Franklin County	$150,000	$16,667	$166,667	90 to 10	
Lumberton	Lumberton Municipal	$150,000	$16,667	$166,667	90 to 10	
Manteo	Dare County Regional	$150,000	$16,667	$166,667	90 to 10	
Maxlon	Laurinburg-Maxlon	$150,000	$16,667	$166,667	90 to 10	
Monroe	Monroe Regional	$150,000	$16,667	$166,667	90 to 10	
Morganton	Foothills Regional	$150,000	$16,667	$166,667	90 to 10	
Mount Airy	Mount Airy/Surry County	$150,000	$16,667	$166,667	90 to 10	
Mount Olive	Mount Olive Municipal	$150,000	$16,667	$166,667	90 to 10	
Oak Island	Brunswick County	$150,000	$16,667	$166,667	90 to 10	
Ocean Isle Beach	Odell Williamson Municipal	$21,200	$2,356	$23,556	90 to 10	
Ocracoke	Ocracoke Island	$65,000	$7,222	$72,222	90 to 10	
Oxford	Henderson-Oxford	$95,000	$10,556	$105,556	90 to 10	
Pinehurst/Southern Pines	Moore County	$150,000	$16,667	$166,667	90 to 10	
Plymouth	Plymouth Municipal	$150,000	$16,667	$166,667	90 to 10	
Reidsville	Rockingham County Nc Shiloh	$150,000	$16,667	$166,667	90 to 10	
Roanoke Rapids	Halifax-Northampton Regional	$150,000	$16,667	$166,667	90 to 10	
Rockingham	Richmond County	$150,000	$16,667	$166,667	90 to 10	
Rocky Mount	Rocky Mount-Wilson Reaional	$29,000	$3,222	$32,222	90 to 10	
Roxboro	Person County	$150,000	$16,667	$166,667	90 to 10	
Rutherfordton	Rutherford County-Marchman Field	$66,000	$7,333	$73,333	90 to 10	

NCDOT Aviation: FAA Non-primary Entitlement Grant History (FFYs 2009 - 2012)

North Carolina FFY 2010 AIP 42 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Salisbury	Rowan County	$150,000	$16,667	$166,667	90 to 10	
Sanford	Sanford-Lee County Realonal	$150,000	$16,667	$166,667	90 to 10	
Shelby	Shebly-Cleveland County Regional	$150,000	$16,667	$166,667	90 to 10	
Siler City	Siler City Municipal	$150,000	$16,667	$166,667	90 to 10	
Smithfield	Johnston County	$150,000	$16,667	$166,667	90 to 10	
Spruce Pine	Avery County/Morrison Field/	$150,000	$16,667	$166,667	90 to 10	
Star	Montgomery County	$150,000	$16,667	$166,667	90 to 10	
Statesville	Statesville Reoional	$150,000	$16,667	$166,667	90 to 10	
Sylva	Jackson County	$150,000	$16,667	$166,667	90 to 10	
Tarboro	Tarboro-Edgecombe	$150,000	$16,667	$166,667	90 to 10	
Wadesboro	Anson County	$150,000	$16,667	$166,667	90 to 10	
Wallace	Henderson Field	$150,000	$16,667	$166,667	90 to 10	
Washington	Warren Field	$150,000	$16,667	$166,667	90 to 10	
Whiteville	Columbus County Municipal	$150,000	$16,667	$166,667	90 to 10	
Williamston	Martin County	$150,000	$16,667	$166,667	90 to 10	
Winston-Salem	Smith Reynolds	$150,000	$16,667	$166,667	90 to 10	
	Total FFY 2010:	**$8,394,642**	**$937,740**	**$9,327,382**		

NCDOT Aviation: FAA Non-primary Ent ıent Grant History (FFYs 2009 - 2012)

North Carolina FFY 2009 AIP 42 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Ahoskie	Tri-County	$150,000	$16,667	$166,667	90 to 10	
Albemarle	Stanly County	$150,000	$16,667	$166,667	90 to 10	
Andrews	Andrew- Murphy	$150,000	$16,667	$166,667	90 to 10	
Asheboro	Asheboro Municipal	$150,000	$16,667	$166,667	90 to 10	
Beaufort	Michael J. Smith Field	$150,000	$16,667	$166,667	90 to 10	
Burlington	Bur1ington-Alamance Regional	$150,000	$16,667	$166,667	90 to 10	
Clinton	Sampson County	$150,000	$16,667	$166,667	90 to 10	
Currituck	Currituck County Regional	$150,000	$16,667	$166,667	90 to 10	
Edenton	Northeastern Regional	$30,000	$3,333	$33,333	90 to 10	
Elizabeth City	Elizabeth City CG Air Station/Regional	$150,000	$16,667	$166,667	90 to 10	
Elizabethtown	Curtis L Brown Jr Field	$150,000	$16,667	$166,667	90 to 10	
Elkin	Elkin Municipal	$150,000	$16,667	$166,667	90 to 10	
Engelhard	Hyde County	$150,000	$16,667	$166,667	90 to 10	
Erwin	Harnett County	$150,000	$16,667	$166,667	90 to 10	
Franklin	Macon County	$150,000	$16,667	$166,667	90 to 10	
Gastonia	Gastonia Municipal	$150,000	$16,667	$166,667	90 to 10	
Goldsboro	Goldsboro-Wayne Municipal	$150,000	$16,667	$166,667	90 to 10	
Hatteras	Billy Mitchell	$10,000	$0	$10,000	90 to 10	
Jefferson	Ashe County	$150,000	$16,667	$166,667	90 to 10	
Kenansville	Duplin County	$150,000	$16,667	$166,667	90 to 10	
Kill Devil Hills	First Flight	$10,000	$0	$10,000	90 to 10	
Kinston	Kinston Regional JetPort at Stallings Field	$150,000	$16,667	$166,667	90 to 10	
Lexington	Davidson County	$150,000	$16,667	$166,667	90 to 10	
Lincolnton	Lincolnton-Lincoln County Regional	$150,000	$16,667	$166,667	90 to 10	
Louisburg	Franklin County	$150,000	$16,667	$166,667	90 to 10	
Lumberton	Lumberton Municipal	$150,000	$16,667	$166,667	90 to 10	
Manteo	Dare County Regional	$150,000	$16,667	$166,667	90 to 10	
Maxlon	Laurinburg-Maxlon	$150,000	$16,667	$166,667	90 to 10	
Morganton	Foothills Regional	$150,000	$16,667	$166,667	90 to 10	
Mount Airy	Mount Airy/Surry County	$150,000	$16,667	$166,667	90 to 10	
Mount Olive	Mount Olive Municipal	$150,000	$16,667	$166,667	90 to 10	
North Wilkesboro	Wilkes County	$0	$0	$0	90 to 10	
Oak Island	Brunswick County	$150,000	$16,667	$166,667	90 to 10	
Ocean Isle Beach	Odell Williamson Municipal	$21,200	$2,356	$23,556	90 to 10	
Ocracoke	Ocracoke Island	$65,000	$0	$65,000	90 to 10	
Oxford	Henderson-Oxford	$150,000	$16,667	$166,667	90 to 10	
Plymouth	Plymouth Municipal	$150,000	$16,667	$166,667	90 to 10	
Reidsville	Rockingham County Nc Shiloh	$150,000	$16,667	$166,667	90 to 10	
Roanoke Rapids	Halifax-Northampton Regional	$150,000	$16,667	$166,667	90 to 10	
Rockingham	Richmond County	$150,000	$16,667	$166,667	90 to 10	
Rocky Mount	Rocky Mount-Wilson Reaional	$29,000	$3,222	$32,222	90 to 10	
Roxboro	Person County	$150,000	$16,667	$166,667	90 to 10	
Rutherfordton	Rutherford County-Marchman Field	$150,000	$16,667	$166,667	90 to 10	
Salisbury	Rowan County	$150,000	$16,667	$166,667	90 to 10	
Shelby	Shebly-Cleveland County Regional	$150,000	$16,667	$166,667	90 to 10	
Siler City	Siler City Municipal	$150,000	$16,667	$166,667	90 to 10	

NCDOT Aviation: FAA Non-primary Entitlement Grant History (FFYs 2009 - 2012)

North Carolina FFY 2009 AIP 42 Non-primary Entitlement Funding						
City	Airport	FAA Funding	Local Funding	Total	Funding Ratio	Note
Smithfield	Johnston County	$150,000	$16,667	$166,667	90 to 10	
Spruce Pine	Avery County/Morrison Field/	$150,000	$16,667	$166,667	90 to 10	
Star	Montgomery County	$150,000	$16,667	$166,667	90 to 10	
Statesville	Statesville Regional	$150,000	$16,667	$166,667	90 to 10	
Sylva	Jackson County	$150,000	$16,667	$166,667	90 to 10	
Tarboro	Tarboro-Edgecombe	$150,000	$16,667	$166,667	90 to 10	
Wadesboro	Anson County	$150,000	$16,667	$166,667	90 to 10	
Wallace	Henderson Field	$150,000	$16,667	$166,667	90 to 10	
Washington	Warren Field	$150,000	$16,667	$166,667	90 to 10	
Whiteville	Columbus County Municipal	$150,000	$16,667	$166,667	90 to 10	
Williamston	Martin County	$150,000	$16,667	$166,667	90 to 10	
Winston-Salem	Smith Reynolds	$150,000	$16,667	$166,667	90 to 10	
Concord	Concord Regional	$150,000	$16,667	$166,667	90 to 10	
Monroe	Monroe Regional	$150,000	$16,667	$166,667	90 to 10	
Sanford	Sanford-Lee County Regional	$150,000	$16,667	$166,667	90 to 10	
	Subtotal FFY 2009:	**$8,265,700**	**$908,913**	**$9,174,111**		

Thursday, February 28	**Room**	**Time**
JOINT APPROPRIATIONS	1228	8:30 am
TRANSPORTATION		

Name	County	Sponsor
Amanda Spence	Wake	Davis, Jr.
Andre Tyson	Anson	Brody
(Senate) Conor Applegate	Iredell	David Curtis

PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228

DATE: 2-28 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Conor Applegate	Mooresville	David Curtis
2		
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE Transp —

DATE: 2-28-13 **Room:** 1228

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

House Sgt-At Arms: Senate

1. **Name:** Carlton Adams
2. **Name:** Jesse Hayes
3. **Name:** Martha Pannell
4. **Name:** ANDERSON MEADOWS
5. **Name:** CHARLES HARPER
6. **Name:**

VISITOR REGISTRATION SHEET

Transportation — Name of Committee

2/28/13 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
William A. Allen III	Co-Chair, Passenger Rail Task Force for the Raleigh City Council
Bryon Palmer	Hatch Mott MacDonald PO Box 700 Fuquay-Varina, NC 27526
Brian Speight	Hatch Mott MacDonald PO Box 700 Fuquay-Varina NC 27526
Jay Stein	NCAA
Ford Ingerick	United Transportation Union UTUNLED@GMAIL.COM
Durwood Laughinghouse	NS
Candida Skinner	NCACC
Jay McArthur	Amtrak
Lanica Allison	NCDOT
Andrew Bell	NCDOT
Joe McClees	McClees Consulting

VISITOR REGISTRATION SHEET

Transportation — Name of Committee

2-28-13 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JASON SOPER	NCDOT
	RANC & other
Julie White	NCAMC
Michelle Frazier	MF+S
	RAMC
Teresa Hart	NCDOT
CHRIS NIDA	NCLM
Keith Richardson	City of Charlotte
DAMIEN GRAHAM	ITA

Joint Appropriations Subcommittee on Transportation

March 5, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs: Representative Phil Shepard
Representative John Torbett, Chairing
Senator Kathy Harrington
Senator Bill Rabon

- Call to Order

- Rail Division

  Paul Worley
  Director, Rail Division
  Department of Transportation

- Ferry Division

  Harold Thomas
  Director, Ferry Division
  Department of Transportation

Next meeting: Divisions of Public Transportation and Bicycle & Pedestrian Transportation - Wednesday, March 6th, 8:30 a.m.



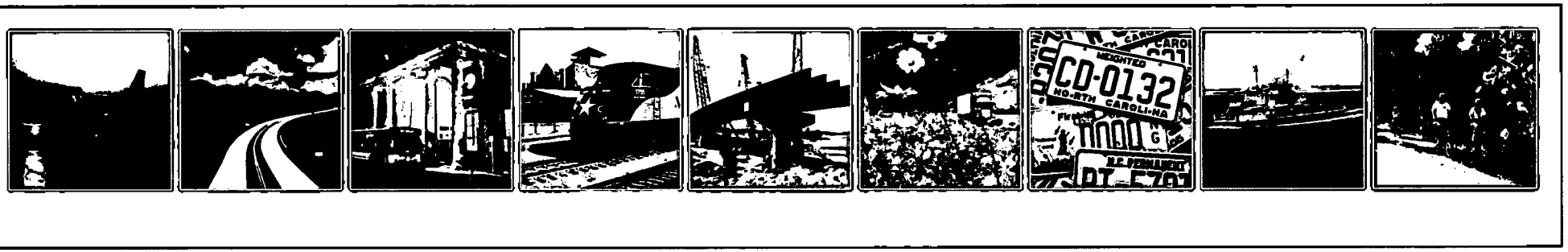
Rail Division Update

Presented to

Joint Appropriations Subcommittee on Transportation

Paul C. Worley, CPM
Rail Division Director

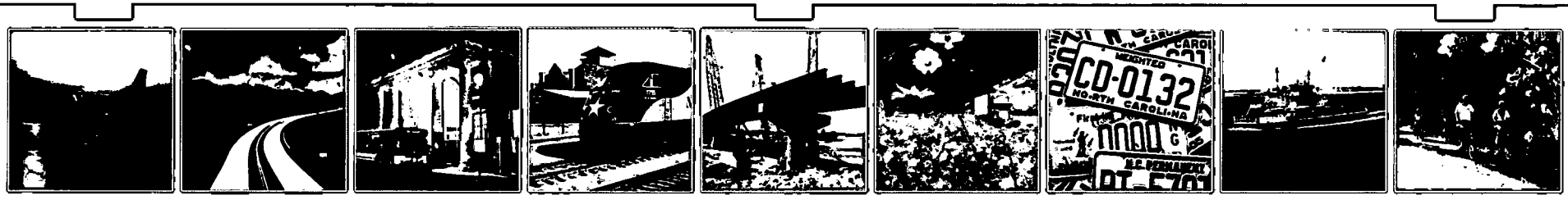
February 28, 2013



Rail in North Carolina



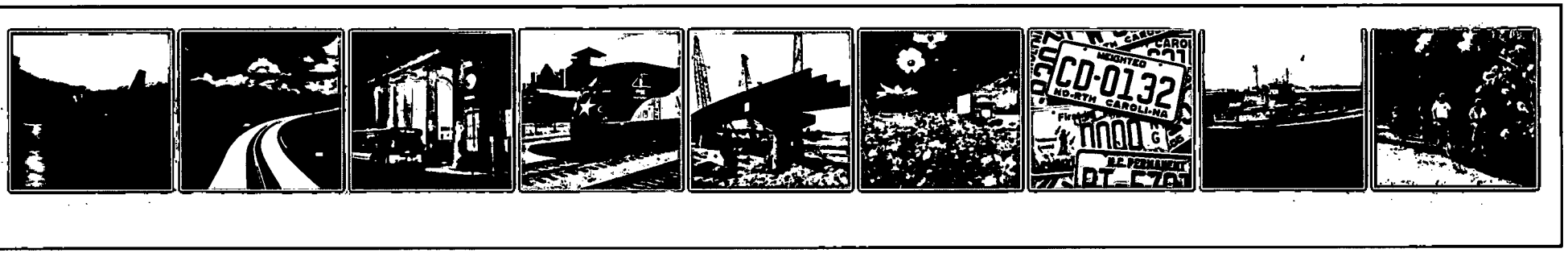
- Over 3,500 miles of rail lines.
- 23 freight railroads operating in 86 counties, including:
  - 13 short lines
  - 2 Class I's
  - 8 switching/terminal railroads
  - 2 railroads owning track in NC, but are not operating
  - NCDOT – 14 rail banked corridors, 109 miles
- Created in 1977 by NCDOT.
  - Created in response to increase in rail line abandonments



Passenger Rail Services

- Three daily round trips from Raleigh to Charlotte.
- Maintenance outsourced to private company.
- *Carolinian* began in 1990; service from Charlotte to New York City.
  - Amtrak-owned equipment.
- *Piedmont* began in 1995; service from Raleigh to Charlotte.
  - NCDOT – owned equipment.
  - Active fleet – 6 locomotives, 9 coaches, and 3 lounge cars.
  - 7 additional rail cars currently being refurbished with 100% federal funds.
- Mid-day *Piedmont* service added in 2010; service from Raleigh to Charlotte.
  - NCDOT– owned equipment.
  - 54% ridership increase with third frequency.





Farebox Recovery/Revenue Options

Consult with Amtrak regarding possible rate increase

Decrease expenditures

- Evaluate on-board staffing and services

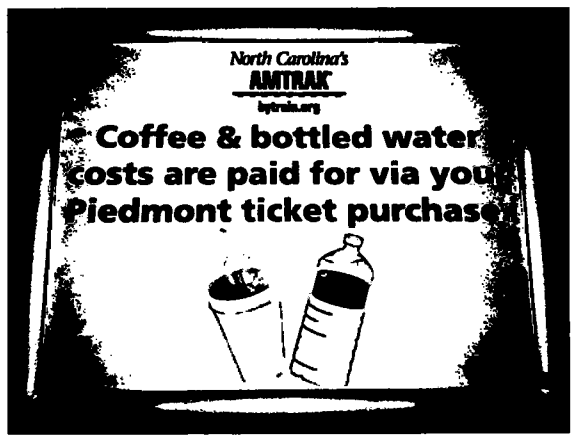
Public/private partnerships

- On-board Wi-Fi

Consolidation of services within NCDOT

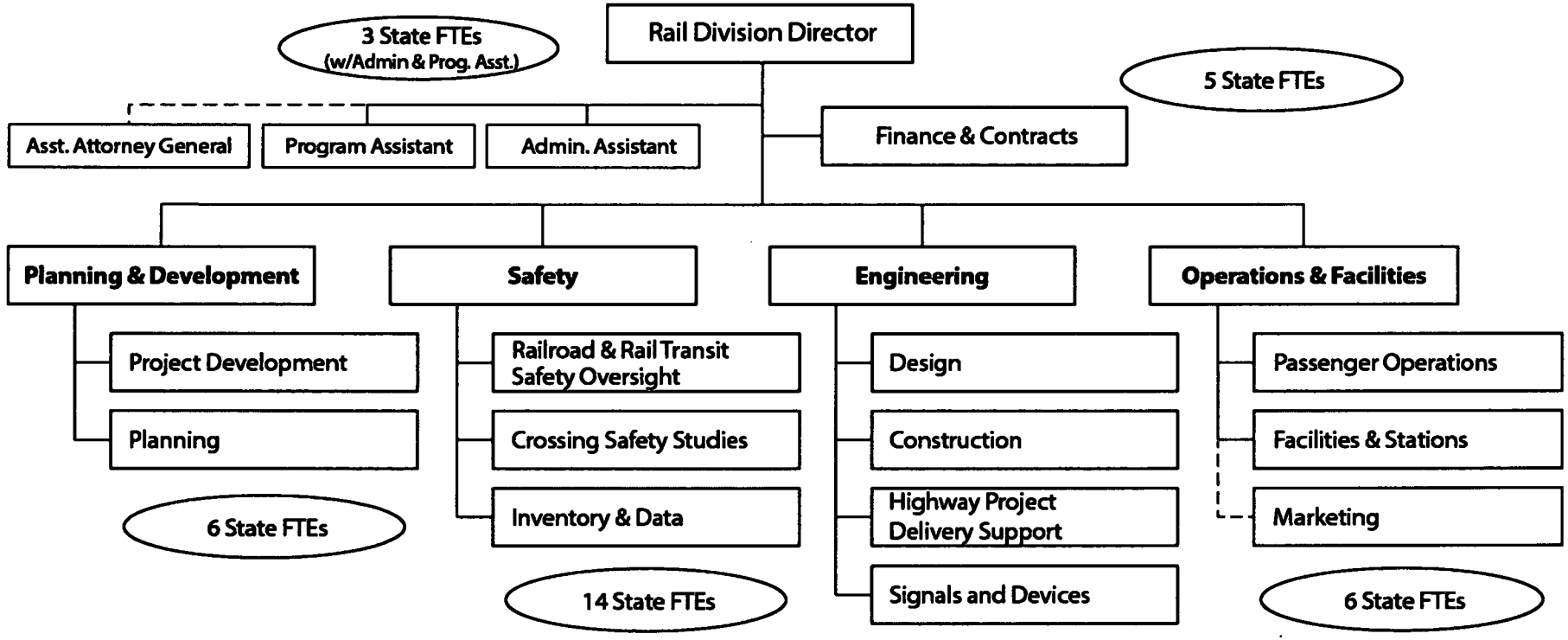
- Reservations/call center

Add stops/stations



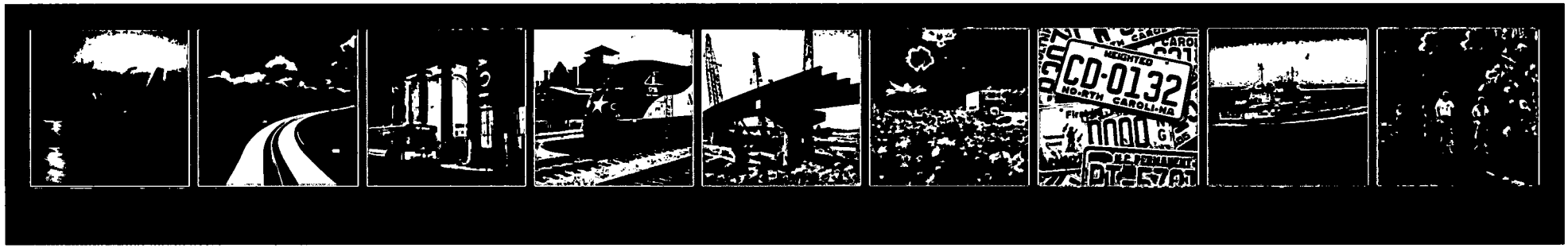


Rail Division Structure and Resources

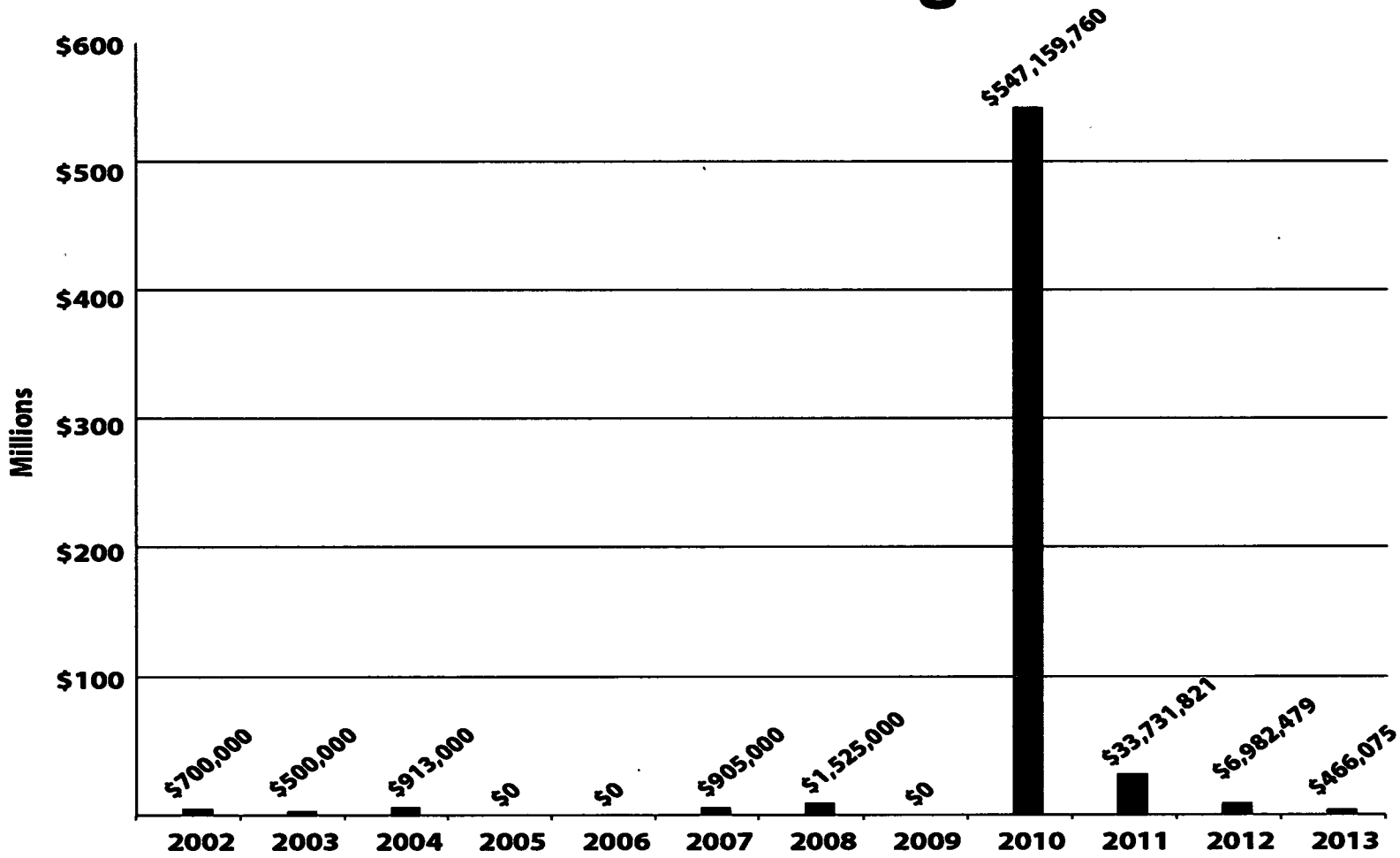


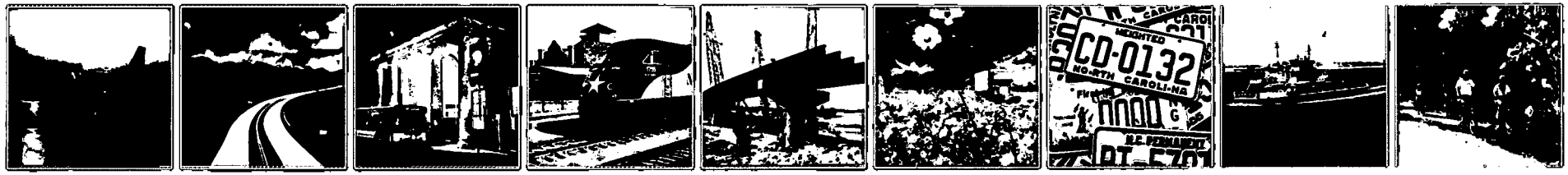
Notes:
20.5 On-Site FTEs from Private Engineering Firms
39 Positions funded through projects
8 Positions appropriated

Total
47 State FTEs

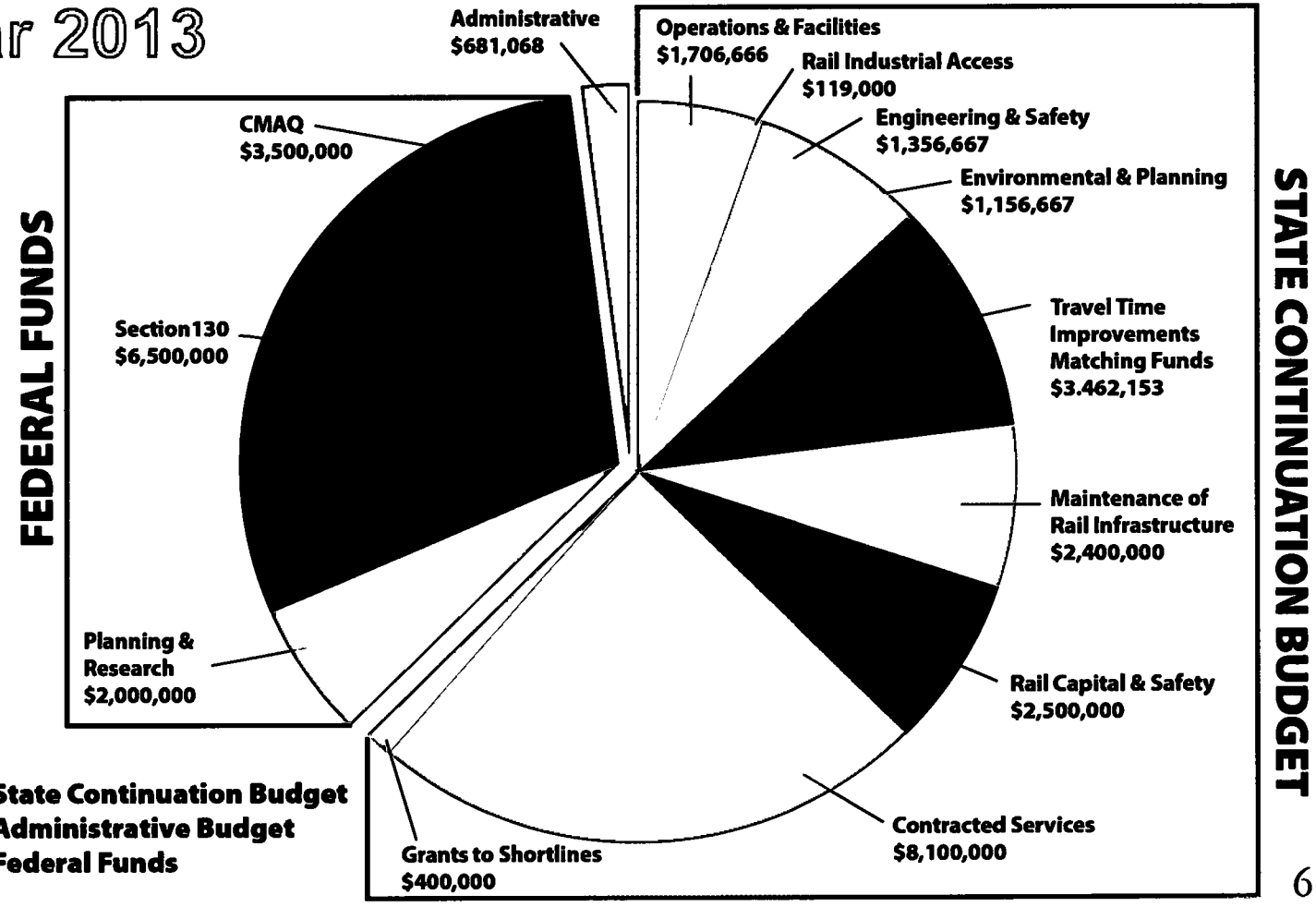


Federal Grant Rail Funding

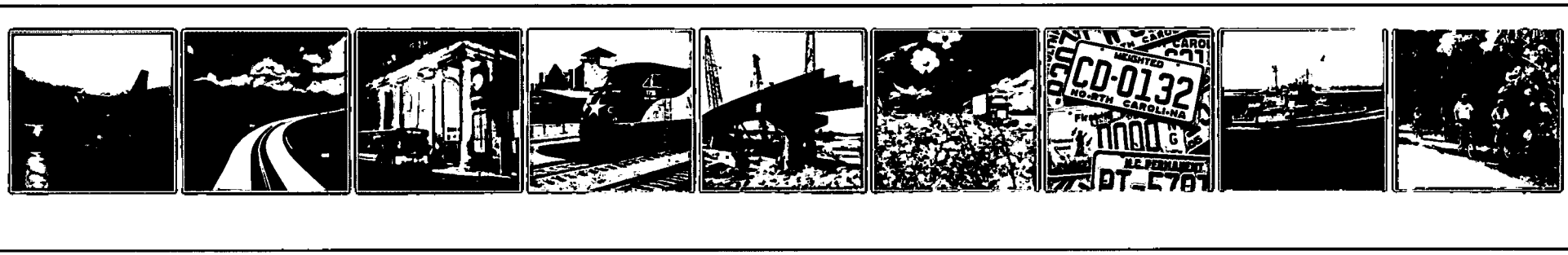




Rail Division – Budget
Fiscal Year 2013



$21,201,153 – State Continuation Budget
$681,068 – Administrative Budget
$12,000,000 – Federal Funds



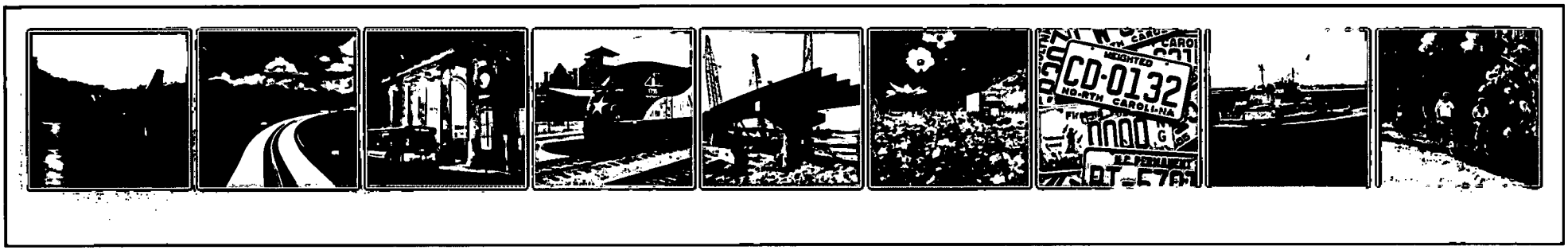
Rail Division – Budget Components
Fiscal Year 2013

Funding Resource	Use
CHE-Federal Crossing S-130	Crossing safety projects statewide, signals and closures
CHE-Federal Highway Safety Improvement Program	Safety projects selected on a competitive basis – cost-benefit
Federal CMAQ – Congestion Mitigation Air Quality	Passenger operations and maintenance for qualified projects
Federal Planning & Research	Rail modal planning and data collection/management
Maintenance of Rail Infrastructure	Rail project committed maintenance – track and safety
Rail Capital & Safety	Track, safety and facility improvements
Contracted Services	Passenger operations and contract maintenance
Grants to Short Lines	Short Line Infrastructure Assistance Program



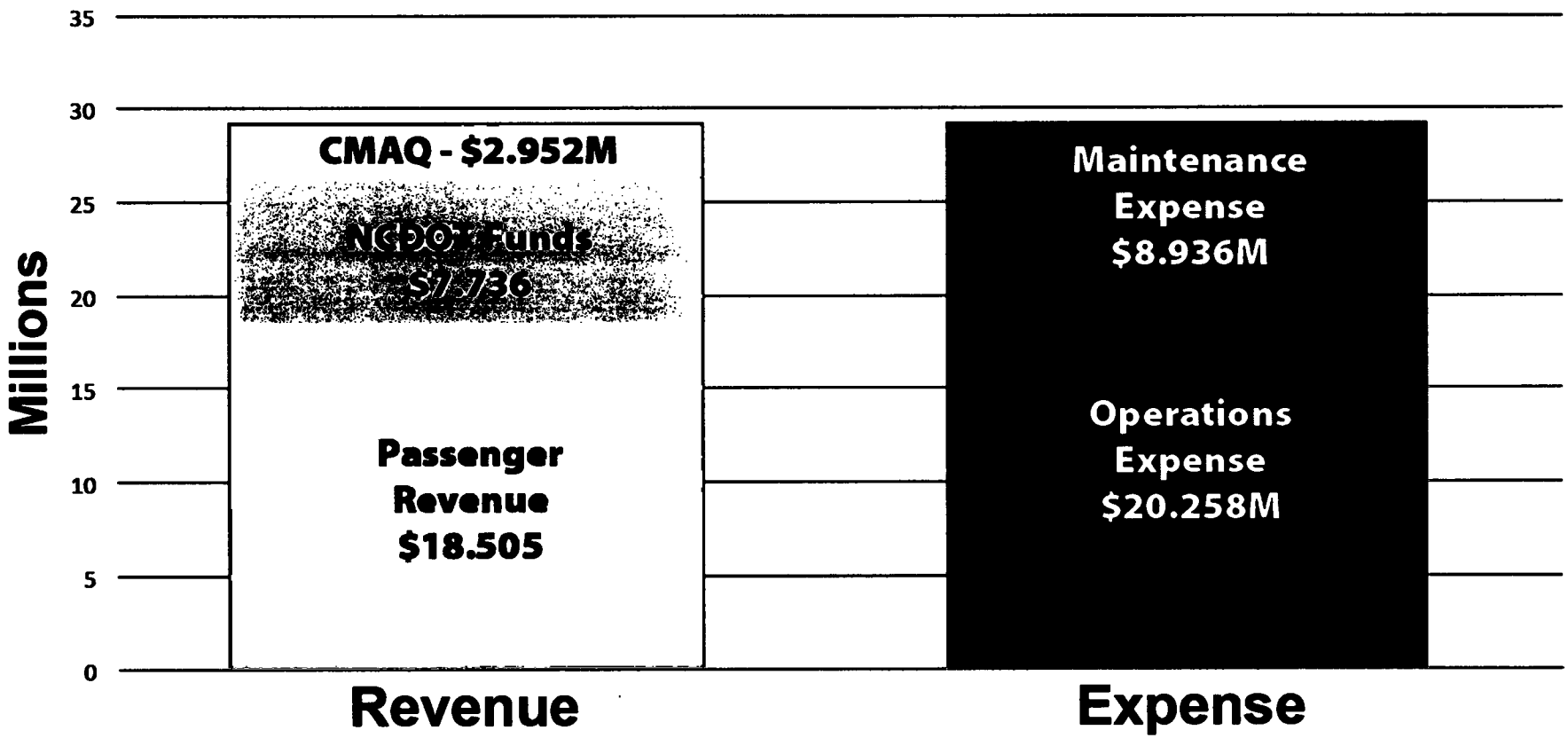
Rail Division – Budget Components
Fiscal Year 2013

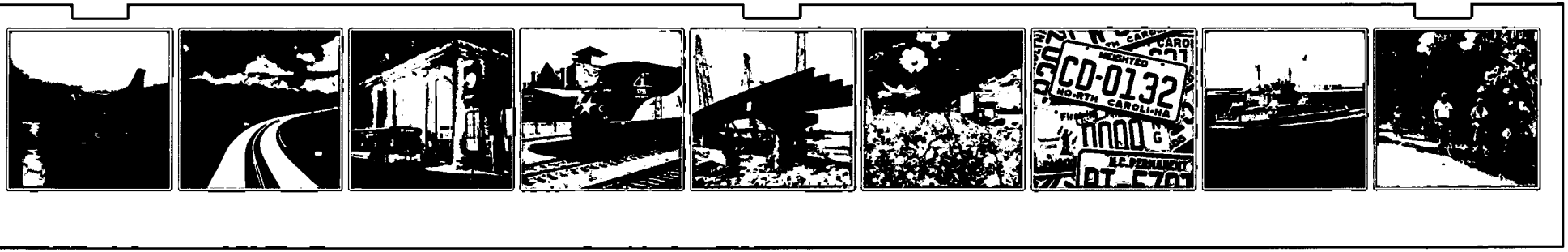
Funding Resource	Use
Operations & Facilities	Passenger operations, maintenance, facilities and equipment
Rail Industrial Access	Rail spurs to industry based on jobs created and investment
Engineering & Safety	Crossing safety improvements, R&D, studies and diagnostics
Environmental & Planning	Development of essential planning documents and studies
Travel Time Improvements	Track capacity and speed improvements



Piedmont & Carolinian Services

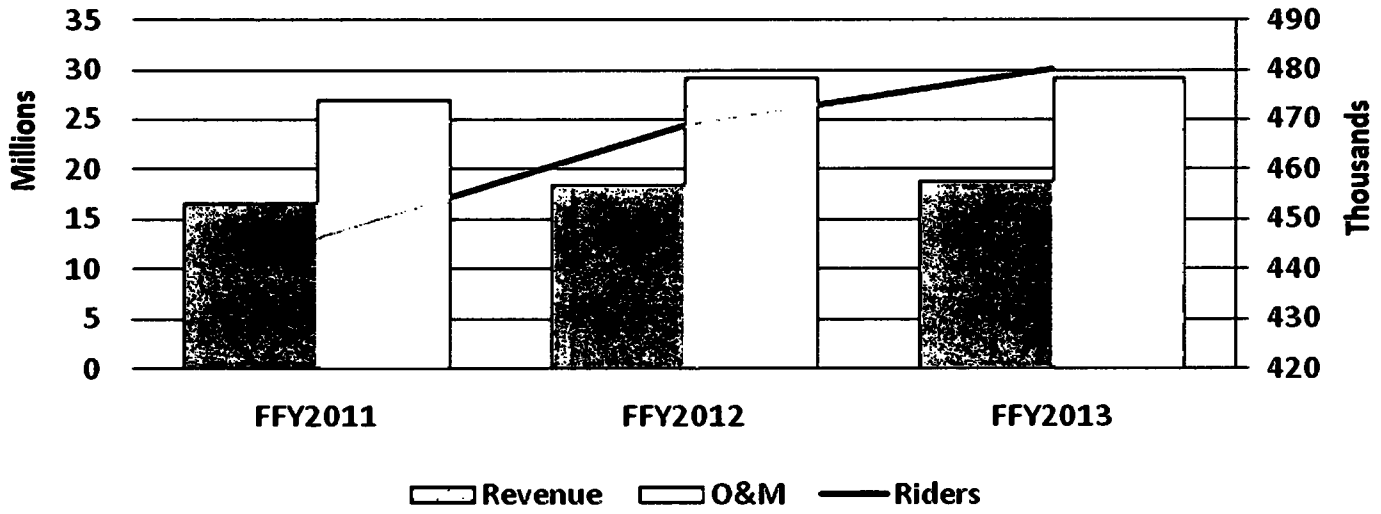
Revenue & Expense by Category – FFY 2012

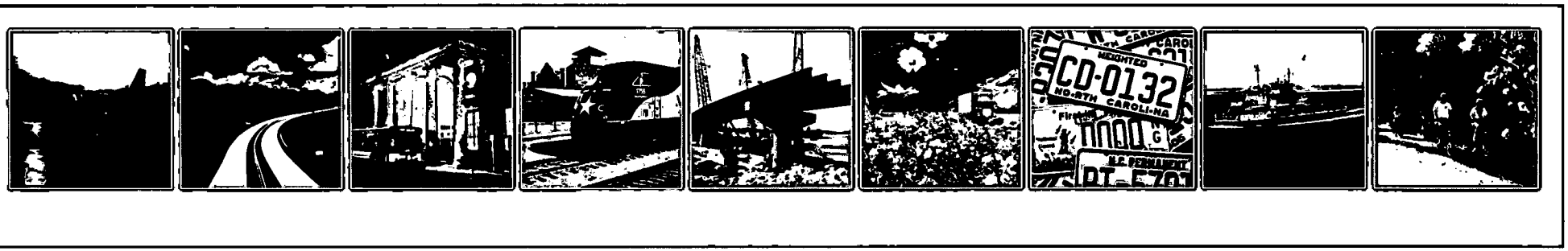




Piedmont & Carolinian Services

Revenue, Ridership, Operations & Maintenance





Economic Impact of Passenger Rail

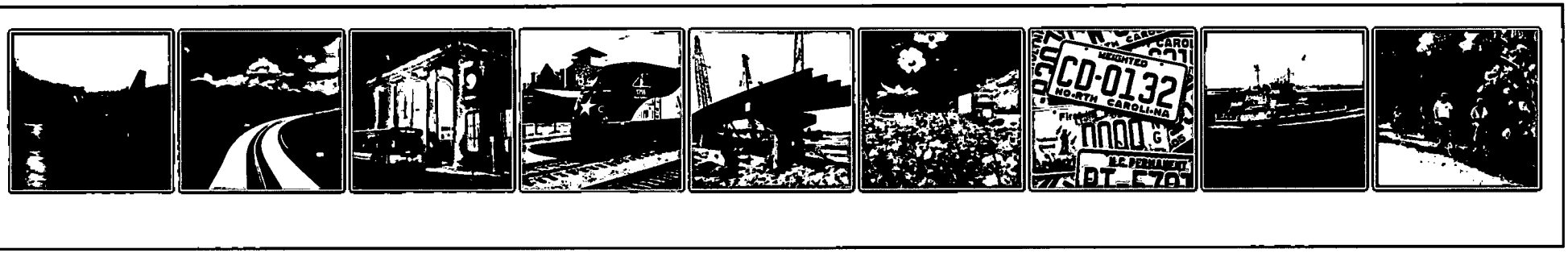
Amtrak – Direct Spending in North Carolina			
(in millions)	Wages	Procurement	Total
FFY 2009	$10.4	$4.4	$14.8
FFY 2010	$9.5	$21.9	$31.4
FFY 2011	$10.8	$36.7	$47.5
FFY 2012	$11	$65.7	$76.7
Total	$41.7	$128.7	$170.4

Source: Amtrak



Freight Improvements & Economic Development

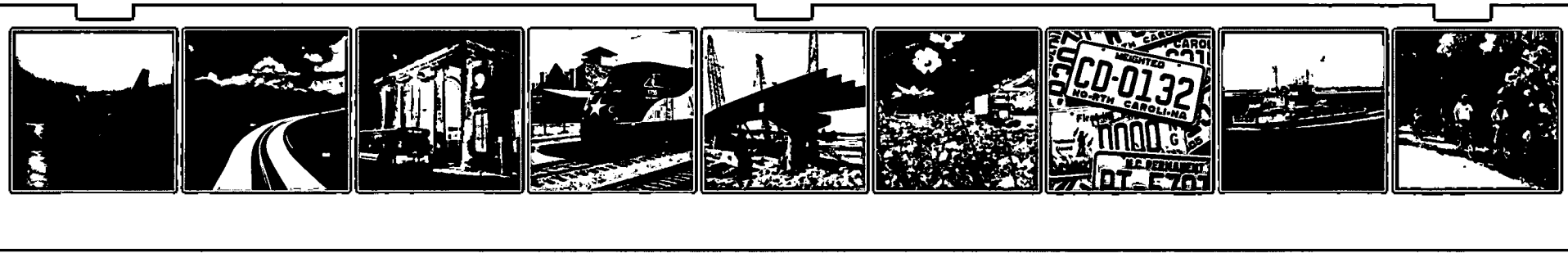
Charlotte CSXT/NS Mainline Grade Separation:	$150M
Charlotte CSXT Intermodal Facilities:	$4.5M
Charlotte NS Intermodal Facilities:	$16.3M
Fayetteville A&R/CSXT/NS Streamlining Freight & Military:	$7.6M
Fayetteville A&R Track Improvements:	$2.9M
Gastonia P&N Rail Corridor Restoration/Re-Activation:	$5M
Greenville CSXT/NS Streamlining & Safety Improvements:	$7.3M
Kinston Global Trans Park Rail Spur:	$23M
NCVA RR Rail Replacement(N. Hampton/Bertie/Hertford):	$10.7M
Pembroke CSXT Connector Track:	$13.4M
Wallace to Castle Hayne Track Restoration:	$188M



Rail Division State Grant Programs

Rail Industrial Access Program

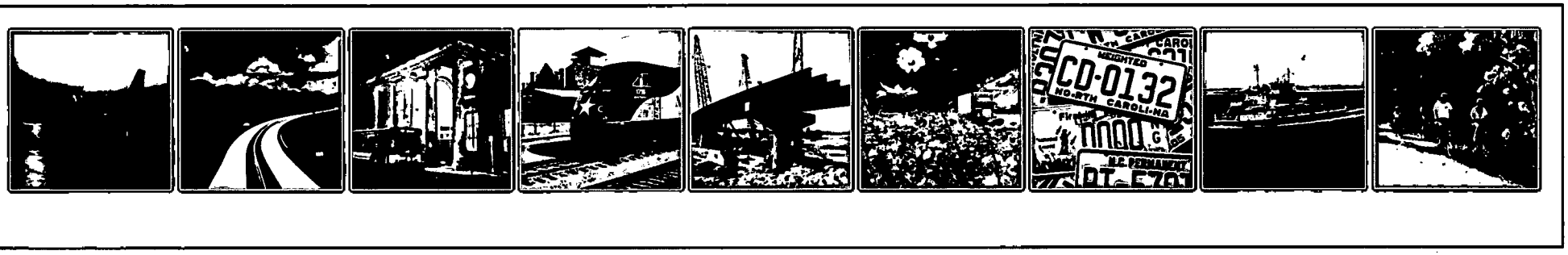
	RIAP 2013	Program to Date (1994-2013)
Grants Awarded	3	82
Total Amount Awarded	$285,000	$9,174,723
Industry Jobs Added	147	6,616
Industry Carloads Added	5,360	70,029
Project Costs	$4,654,048	$20 Million+



Rail Division State Grant Programs

Short Line Infrastructure Assistance Program

	SIAP 2012	Program to Date (2004-2012)
Grants Awarded	6	71
Award Amounts	$415,190	$12,941,110
Customers Benefited	44	496
Customer Jobs Impacted	15,507	50,740
Customer Carloads Impacted	25,598	294,761
Project Costs	$927,884	$27,550,422



Mobility Fund Rail Projects

Ranked based on travel time savings, multi-modal connections and value to funds required.

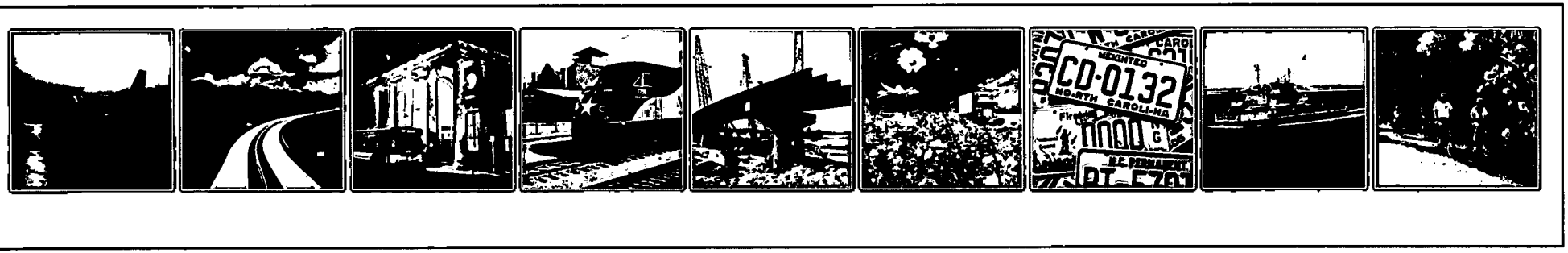
Project	Total Cost $ millions	Funds Requested/ Awarded	Ratio of travel-time savings value	Project Rank
Charlotte CSXT/NS Mainline Grade Separation	$150	$20	86.54	4
NCVA RR Rail Replacement	$13.1	$10.7	38.43	10
Pembroke CSXT Connector	$13.8	$13.4	34.85	11
Wallace to Castle Hayne Track Restoration	$188	$171	18.07	19



Capital Projects – Prioritization & Funding

Prioritization

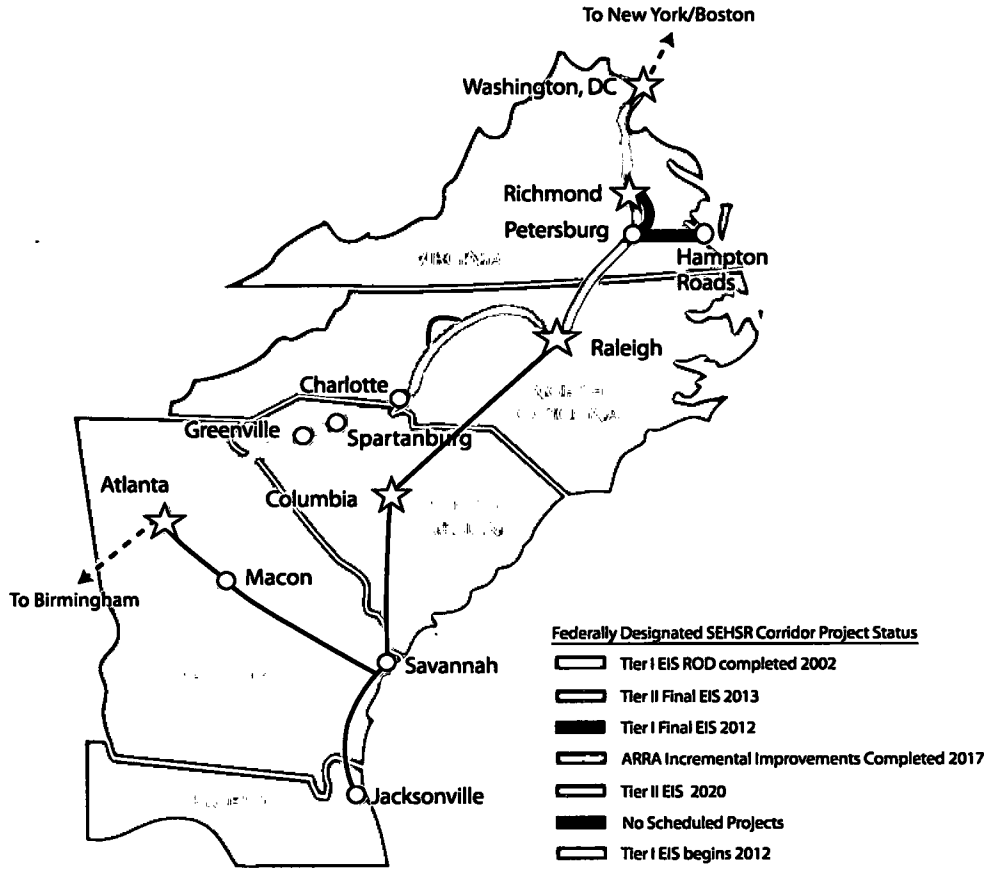
- Statewide Strategic Rail Plan
- Safety Benefits
- Strategic Corridors and Network Benefits
  - State Ports
  - Intermodal Facilities
  - Population Centers
  - Areas of Economic Development
- Passenger Service Improvements & Extensions

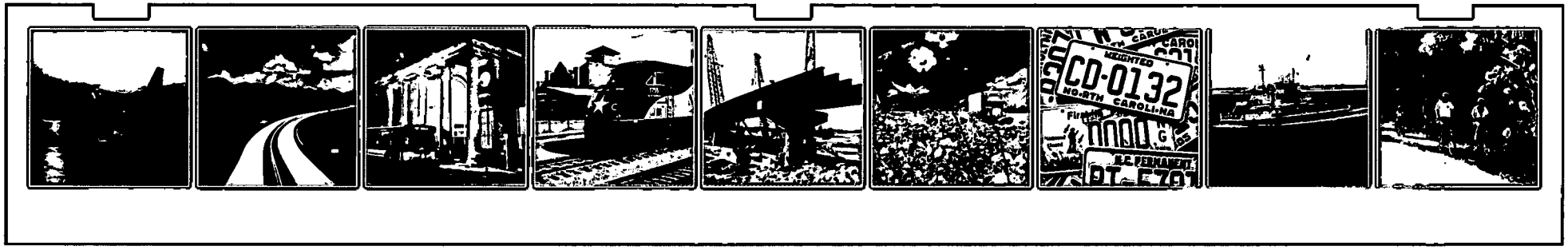


SEHSR Planning

Financial Obligations

- Complete Tier II EIS in collaboration with Commonwealth of Virginia.
- Remaining expense of $4M; NC's share = approx. $.9M.
- Expected Record of Decision on EIS is expected in 2014.



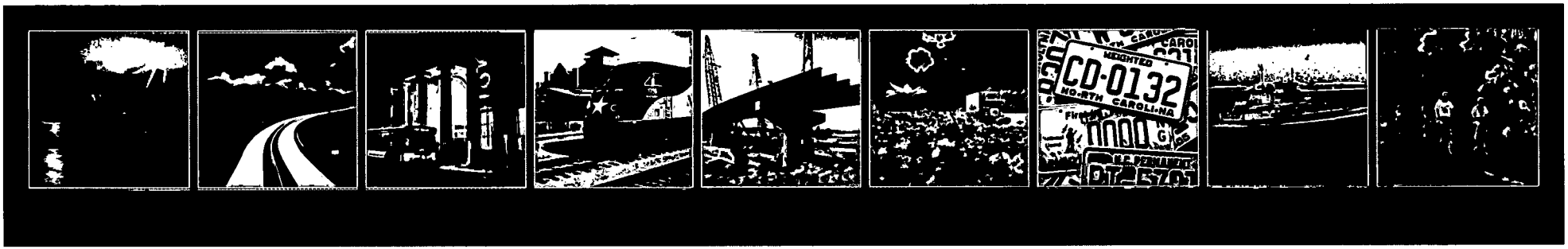


Piedmont Improvement Program

In January 2010, NCDOT was awarded $545 million to fund a 3rd and 4th frequency between Charlotte and Raleigh – **must be completed September 30, 2017.**

Objectives:

- Additional capacity & improved operations.
- Modernization, efficiency, reliability & sustainability.
- Infrastructure for the future and economic development.
- Significant safety enhancements.



Program Components

Piedmont Improvement Program

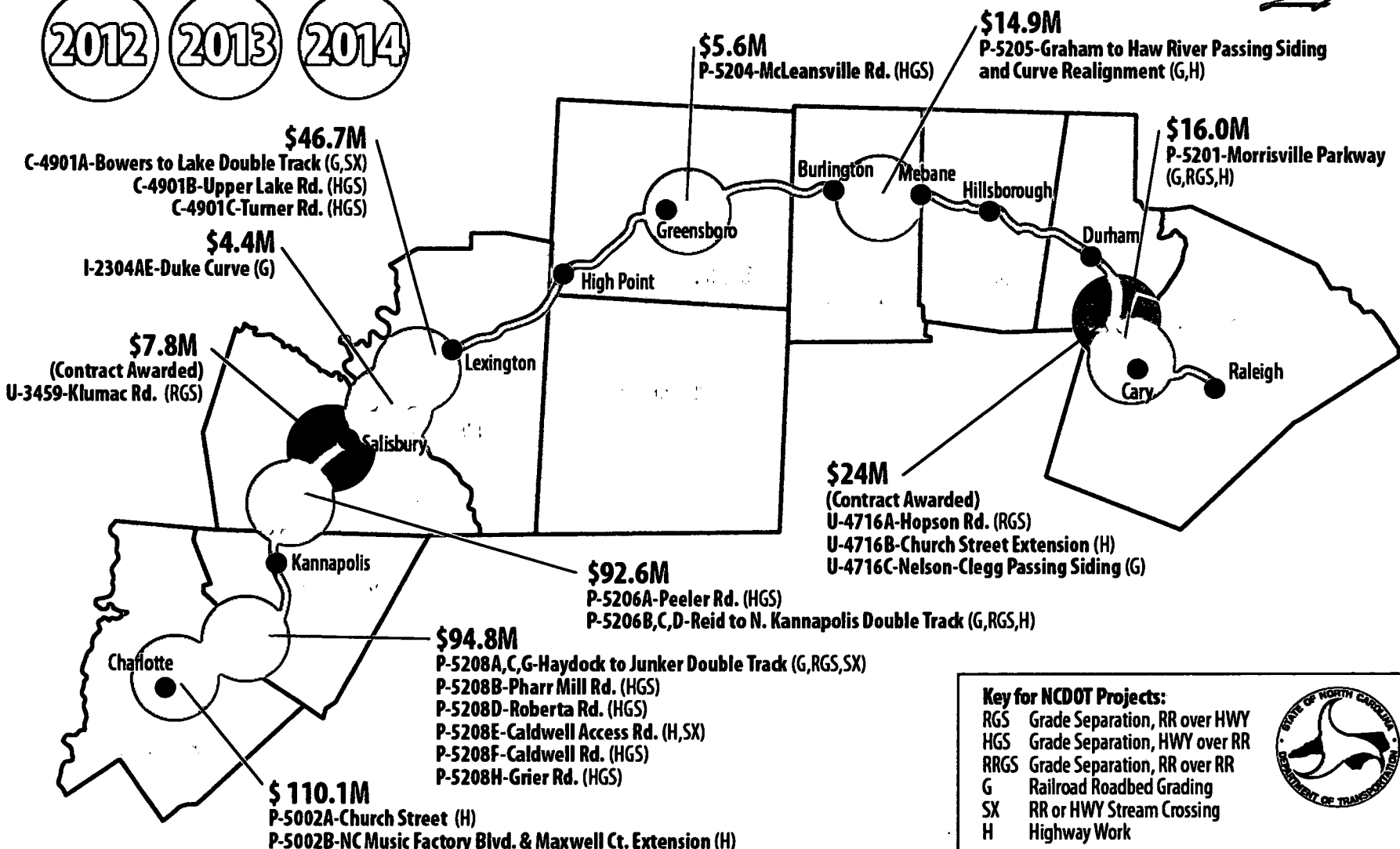
Program Component	Total Funding	FRA Funds	Other Funds
Program Development & Administration	$13.6	$13.6	$0.0
Equipment	$28.0	$27.3	$0.8
Stations & Facilities	$49.3	$49.3	$0.0
Track & Structures	$336.0	$309.4	$26.6
Mainline Grade Separation	$144.7	$120.4	$24.3
Subtotal	**$571.6**	**$520**	**$51.6**

Project Lets

2012 2013 2014

Piedmont Improvement Program

Current Estimated Construction Costs



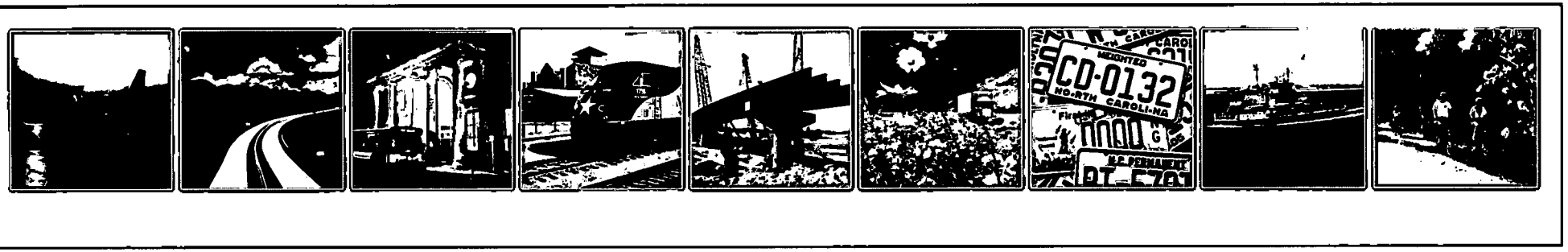
Key for NCDOT Projects:

RGS	Grade Separation, RR over HWY
HGS	Grade Separation, HWY over RR
RRGS	Grade Separation, RR over RR
G	Railroad Roadbed Grading
SX	RR or HWY Stream Crossing
H	Highway Work

Projects subject to change based on the availability of funds and approval of essential environmental documents.

Private Crossing Safety Initiative (PCSI) Projects totaling $1.3M will be constructed in Alamance, Cabarrus, Guilford, Orange, Rowan & Wake Counties.

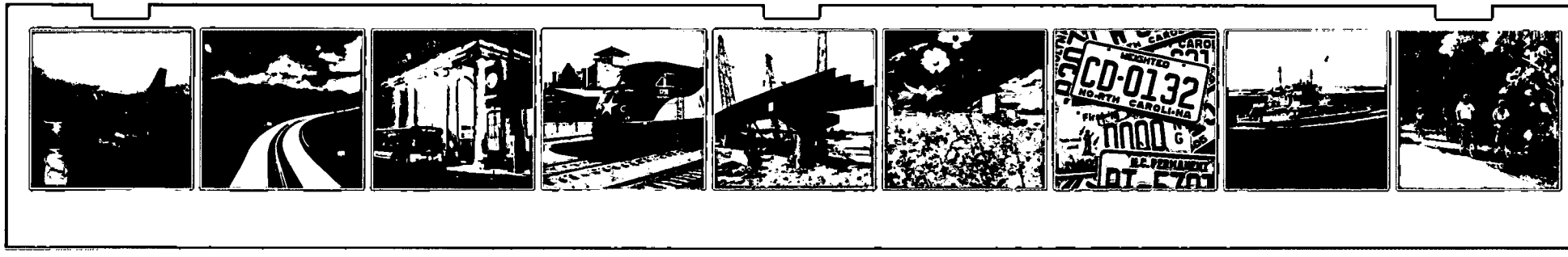
Note: Dollar amounts for 2013 & 2014 are overall project totals and include both NCDOT and NS/CSXT projects. The dollar values shown are the original grant budgets and Funding.



Piedmont Improvement Program

Financial Obligations:

- Deliver projects in Cooperative Agreements
- Utilize the capacity being built – up to five round trips (two additional) Raleigh to Charlotte
- Maintenance of Capital Improvements: $0.7M in 2018
- Operation of up to two Additional Round Trips: $7M (two daily round trips) in 2018



Raleigh Union Station

Partnership

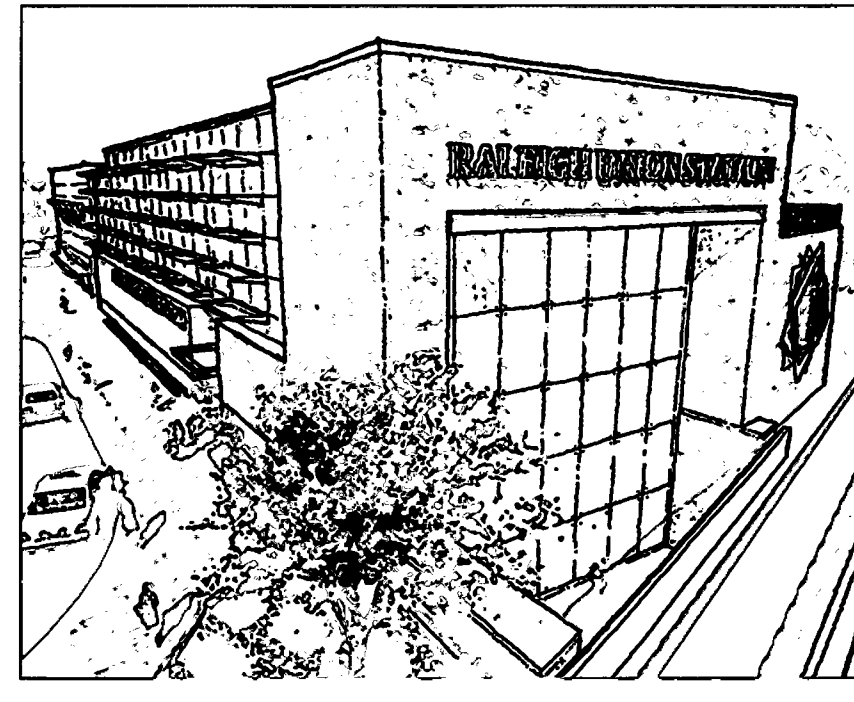
- USDOT, City of Raleigh, NCDOT and TTA

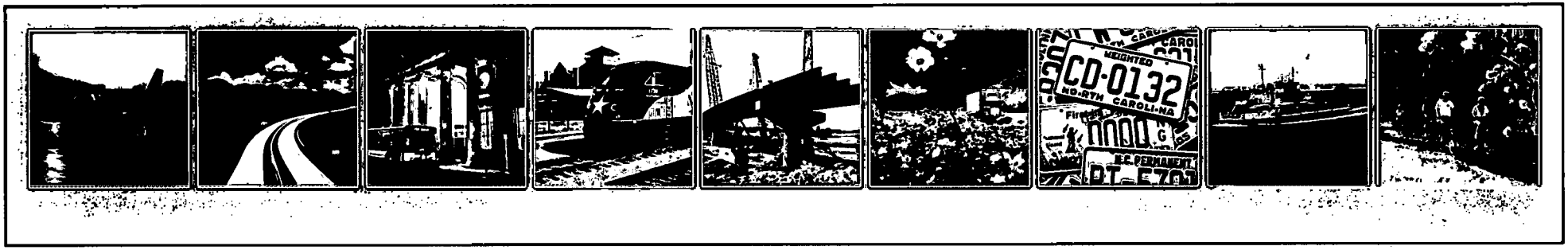
Additional Stakeholders

- CSXT, NCRR and NS

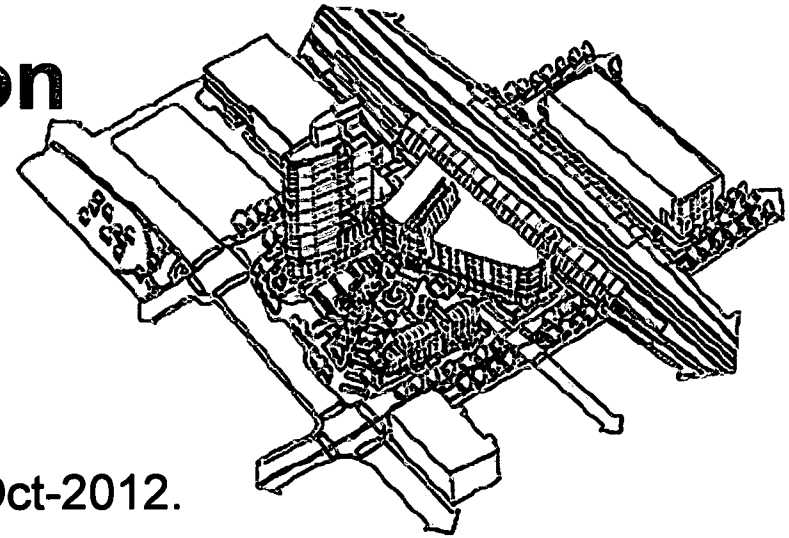
Funding

- City of Raleigh was awarded $21M for design & construction July 2012
- NCDOT committed $9M match Sept 2012 (FY13 through FY17)
- $15M "Un-Programmed" FRA funds contingent on availability





Charlotte Gateway Station

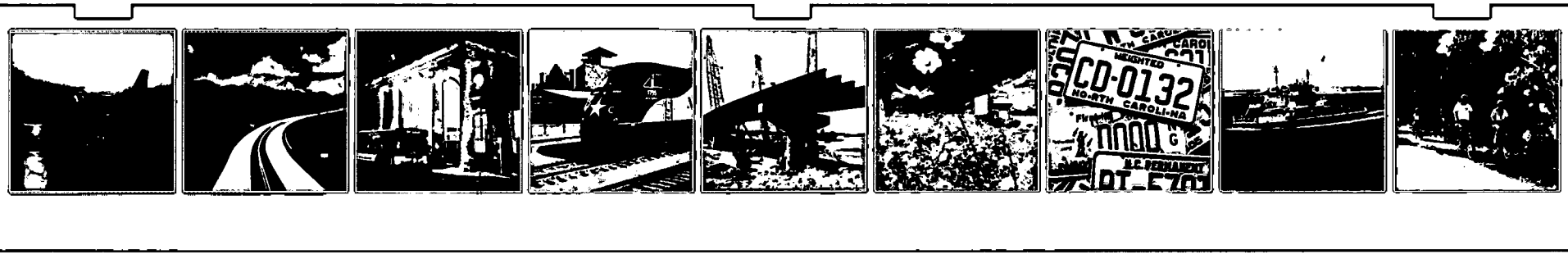


NCDOT partnering with:

- City of Charlotte
- Mecklenburg County

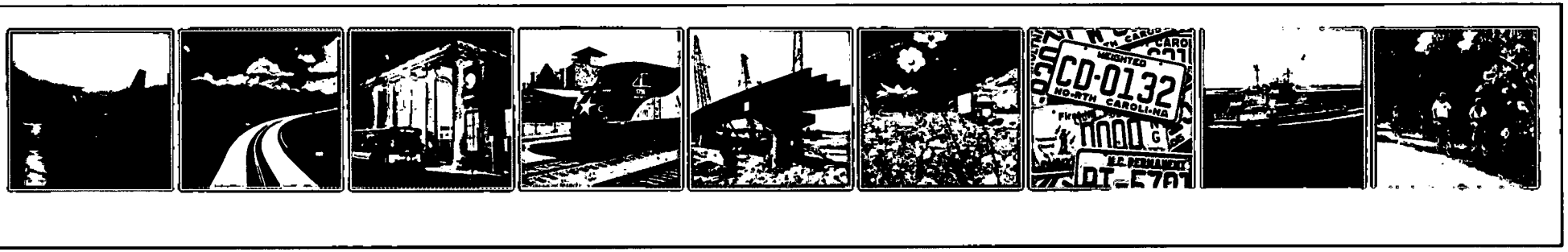
PPP process update:

- Hines was selected as Master Developer Oct-2012.
- NCDOT & Hines currently negotiating a Pre-Development Agreement.
- Draft agreement will be presented to NCGA in spring 2013 for review & comment.
- Master Plan development begins once agreement signed
  - 12-15 months
  - mitigate State liability
  - recommend level of State investment



Red Line Regional Rail Proposal

- Rail line is owned by Norfolk Southern.
- NCDOT negotiating with Norfolk Southern regarding a potential study.
- NCDOT financial investment cannot be accurately determined until study complete.
- Current funding model components:
  - 9 funding partners
  - 7 jurisdictions (50%)
  - CATS (25%)
  - NCDOT (25%)



Questions?

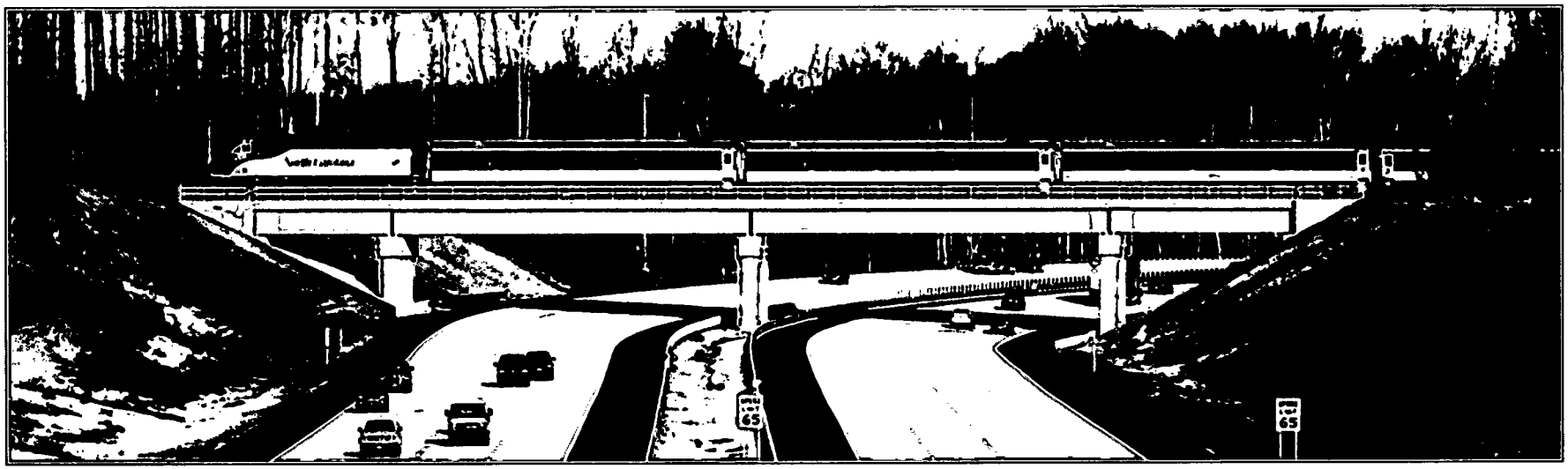
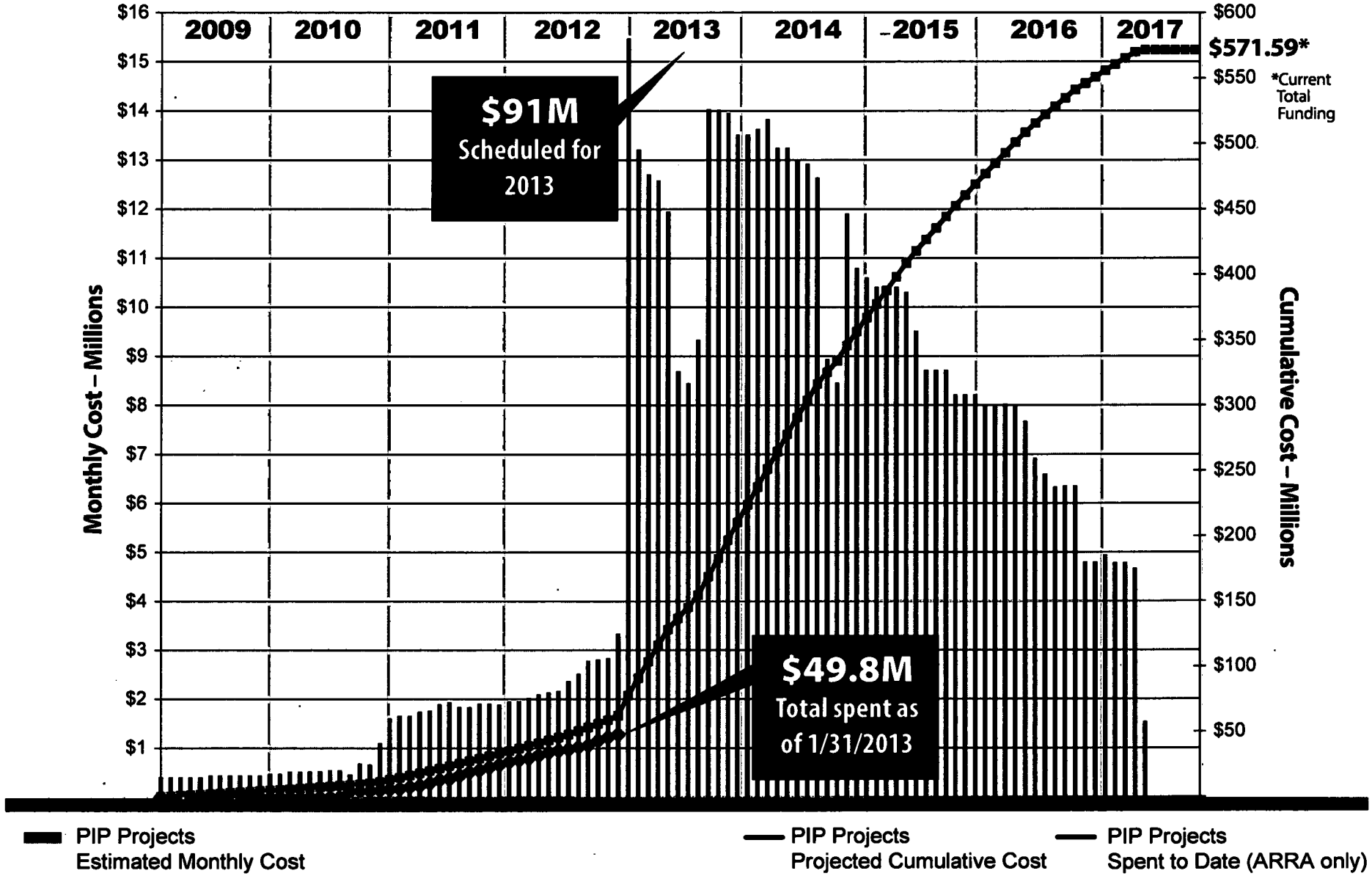


Photo credit to Matt Guerrant.

PIP Projects Cash Flow Chart



NCDOT Piedmont Projects Program
(FR-HSR-0006-10-01-00)

2013 - January

Program Status Report

Major Schedule Items

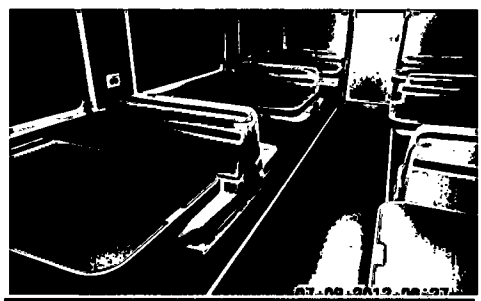
- 2009: ARRA signed into law
- 2011: 10/2011 - Cary Depot
- 2011: 10/2011 - Burlington Station
- 2012: 4/2012 - Capital Rail Yard
- 2012: 6/2012 - High Point Station
- 2012: 12/2012 - Kannapolis Station
- 2014: 3/2014 - Duke Main Line Curve Realignment
- 2015: 3/2015 - Graham to Haw River
- 2015: 7/2015 - Hopson/Clegg
- 2015: 3/2016 - Mcleansville
- 2016: 5/2016 - Klumac
- 2016: 9/2016 - Morrisville Pkwy.
- 2016: 10/2016 - Bowers to Lake
- 2016: 12/2016 - Haydock to Junker
- 2016: 12/2016 –Reid to North Kannapolis
- 2017: 12/2016 - CRISP Main Line Grade Separation

Current Month Update

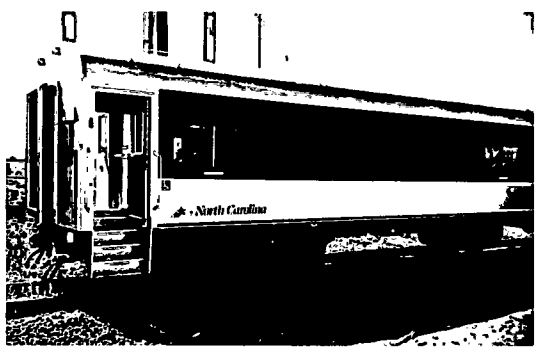
178
Job-Years To Date

January 2013 Summary

- The equivalent of 88 jobs were provided by the program this month.
- Total ARRA expenditures - $2,155,365
- ARRA payments to vendors - $1,898,581
- New contracts this month - 8, worth $1,657,558

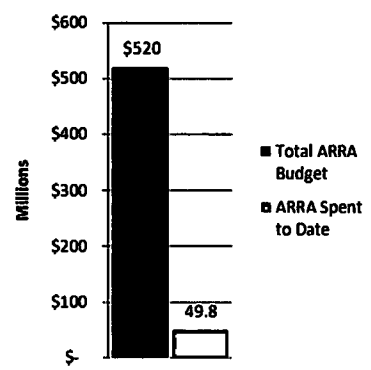


The refurbishment of passenger coaches and lounge/baggage cars has provided better and more efficient equipment . The photo above shows new collapsible tables that have been installed in the lounge area of one of the passenger coaches.



The goal of the refurbishment has been to achieve comfortable and accessible service with increased round trip train operations, better customer service, and the ability to attract new riders to the passenger service.

Budget



Cumulative Update

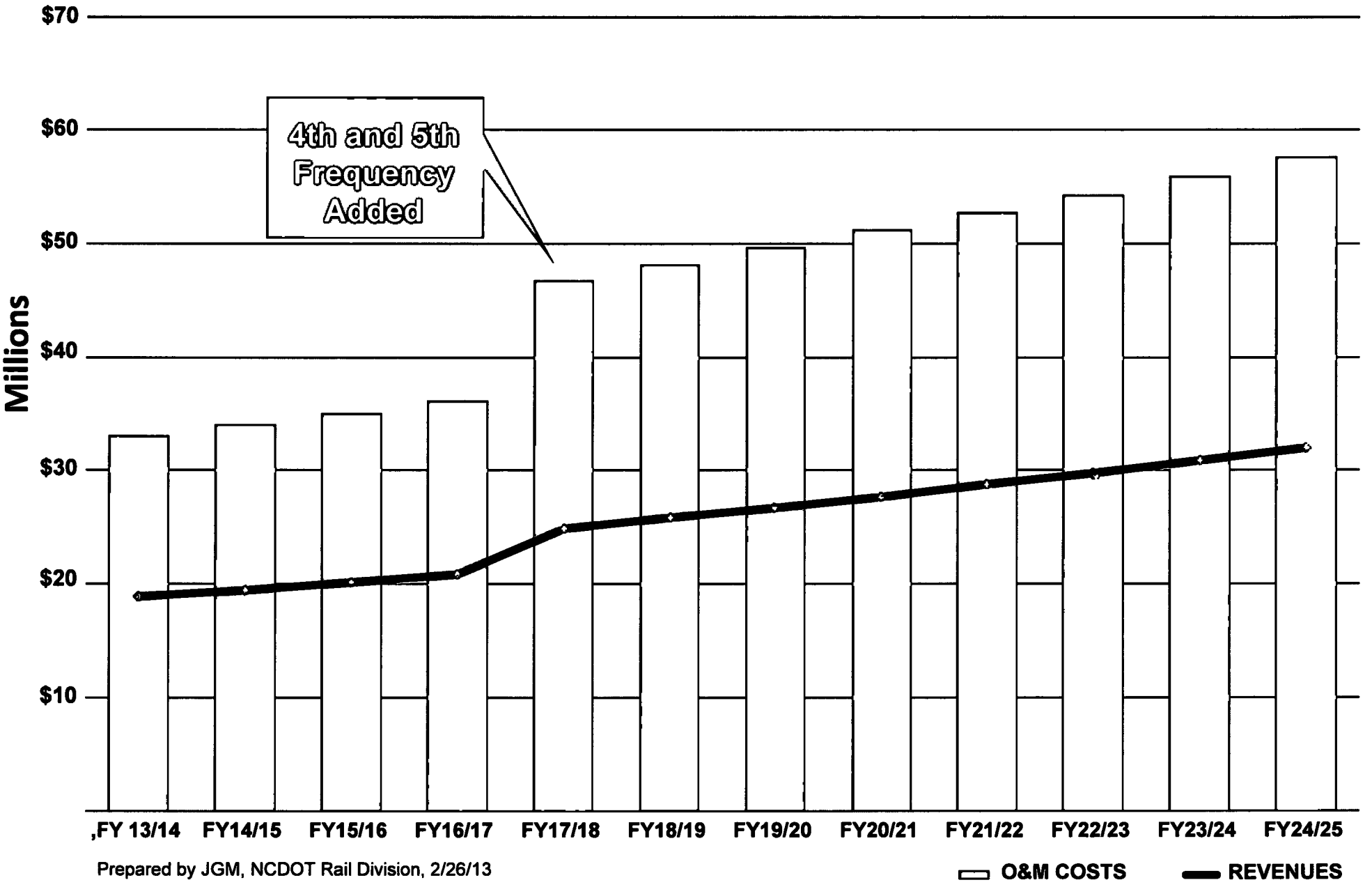
ARRA information (through the end of January 2013)

- One hundred seventy-eight (178) job-years have been funded by the program to date.
- Total ARRA expenditures - $49,844,971
- Total ARRA Funds Reimbursed - $38,415,149
- One Hundred Ninety-Seven (197) open purchase orders worth $26,213,614
- Total Payments to Vendors - $47,052,701

NCDOT State-supported Passenger Rail Service

Estimated Passenger Revenue and O&M Cost

FY13/14 – FY24/25



Estimated NC Passenger Train Operating and Track Maintenance Obligations

millions of $s

	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Rail Operations Cost and Funding:												
Operations Cost:												
Anticipated Operations Cost through 3rd Frequency[1]	32.480	33.454	34.458	35.492	36.557	37.653	38.783	39.946	41.145	42.379	43.650	44.960
Cost for ARRA Service Additions:												
- 4th & 5th Frequency (RGH to CLT)					9.382	9.663	9.953	10.252	10.560	10.876	11.203	11.539
Total Operations & Maintenance Cost	32.480	33.454	34.458	35.492	45.939	47.317	48.736	50.198	51.704	53.255	54.853	56.499
O&M Contingency[2]	0.650	0.669	0.689	0.710	0.919	0.946	0.975	1.004	1.034	1.065	1.097	1.130
Total Operations & Maintenance Cost w/ Contingency	33.130	34.123	35.147	36.202	46.857	48.263	49.711	51.202	52.738	54.320	55.950	57.629
Farebox Revenues:												
Carolinian	15.376	15.837	16.312	16.802	17.306	17.825	18.360	18.911	19.478	20.062	20.664	21.284
Piedmont (existing 2 daily RT's)	3.500	3.675	3.859	4.052	4.254	4.467	4.690	4.925	5.171	5.430	5.701	5.986
Estimated Piedmont 3rd & 4th Frequencies					3.370	3.539	3.715	3.901	4.096	4.301	4.516	4.742
Total Farebox Revenues[3]	18.876	19.512	20.171	20.853	24.930	25.830	26.766	27.737	28.745	29.793	30.881	32.012
Total Operations Obligation	14.254	14.611	14.978	15.348	21.927	22.433	22.945	23.466	23.993	24.528	25.069	25.616
Operations Funding:												
- CMAQ[4]					4.811	4.811	4.811					
- Highway Fund	9.445	9.445	9.445	9.445	9.445	9.445	9.445	9.445	9.445	9.445	9.445	9.445
Total Operations Funding	9.445	9.445	9.445	9.445	14.256	14.256	14.256	9.445	9.445	9.445	9.445	9.445
Net Funding Required	4.809	5.166	5.531	5.903	7.671	8.177	8.689	14.021	14.548	15.083	15.624	16.171
Rail Maintenance Cost and Funding:												
Maintenance Cost:												
- Current Track Maintenance	1.230	1.267	1.305	1.344	1.384	1.426	1.469	1.513	1.558	1.605	1.653	1.703
- Cost for ARRA Track Maintenance[5]	0.000	0.000	0.000	0.708	0.729	0.751	0.774	0.797	0.821	0.845	0.871	0.897
Total Maintenance Obligation	1.230	1.267	1.305	2.052	2.114	2.177	2.242	2.310	2.379	2.450	2.524	2.599
Maintenance Funding:												
- Highway Fund	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
Total Maintenance Funding	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400	2.400
Net Funding Required	-1.170	-1.133	-1.095	-0.348	-0.286	-0.223	-0.158	-0.090	-0.021	0.050	0.124	0.199

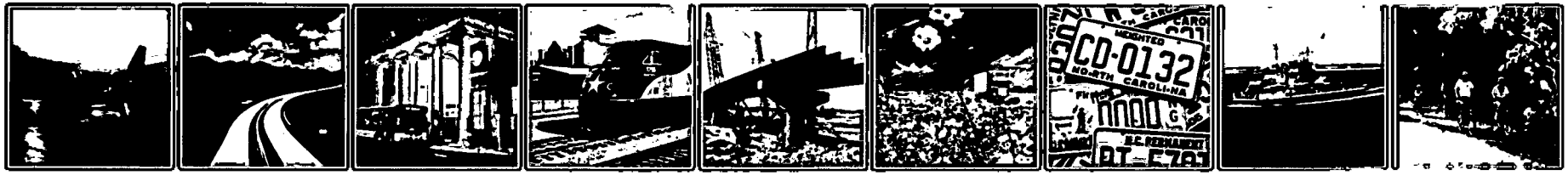
1) Operations Costs are based on anticipated (FY13/11) cost for Carolinian and Piedmont services escalated at 3% per year. Costs will be refined further when Amtrak state pricing is determined according to Passenger Rail Investment and Improvement Act (PRIIA) Section 209 and Charlotte Maintenance Facility operating cost estimates are available. Includes administrative and DOT owned facility maintenance.

2) Contingency based on 2% of O&M cost to allow for unanticipated cost increases (fuel and host rr payments are based on actual results and possible loss of revenue due to unplanned outages that occur from time to time.

3) Piedmont 4th and 5th RT revenue estimate based on Amtrak estimate with adjustment to reflect recent growth. Piedmont service inflated at 5% per year. Carolinian revenue inflated at 3% per year.

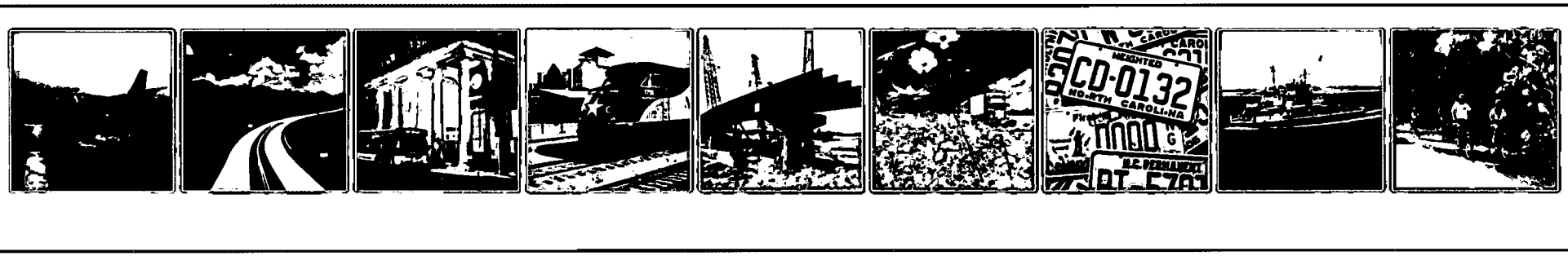
4) First three years of operations cost are covered at 80%. 4th and 5th RT.

5) Cost based on agreement with NS.

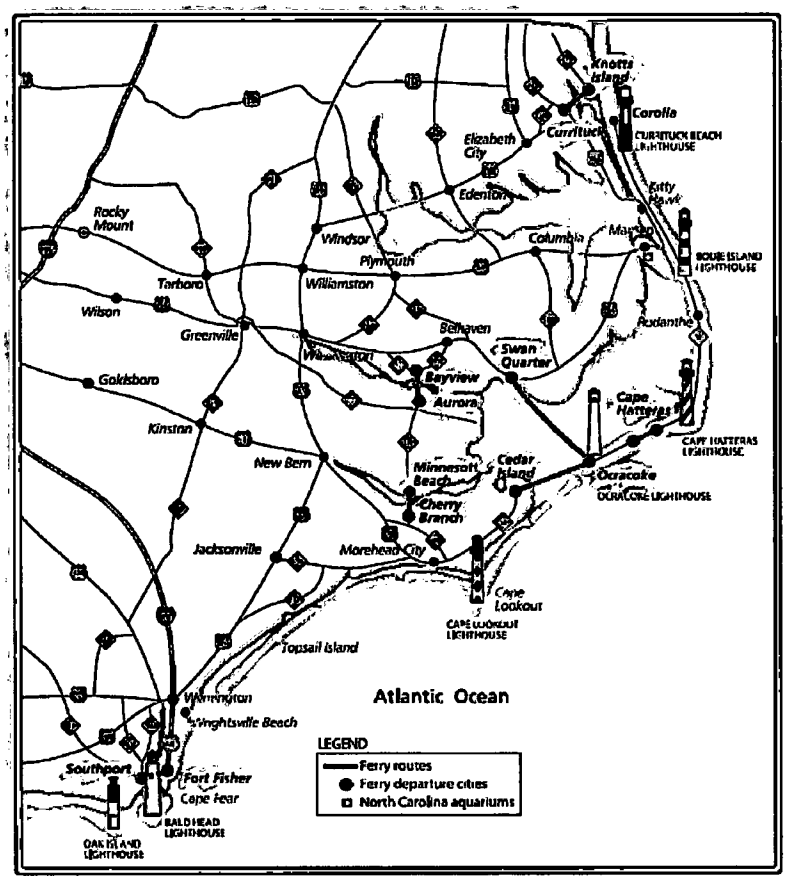


Joint Appropriations Subcommittee on Transportation
NCDOT-Ferry Division

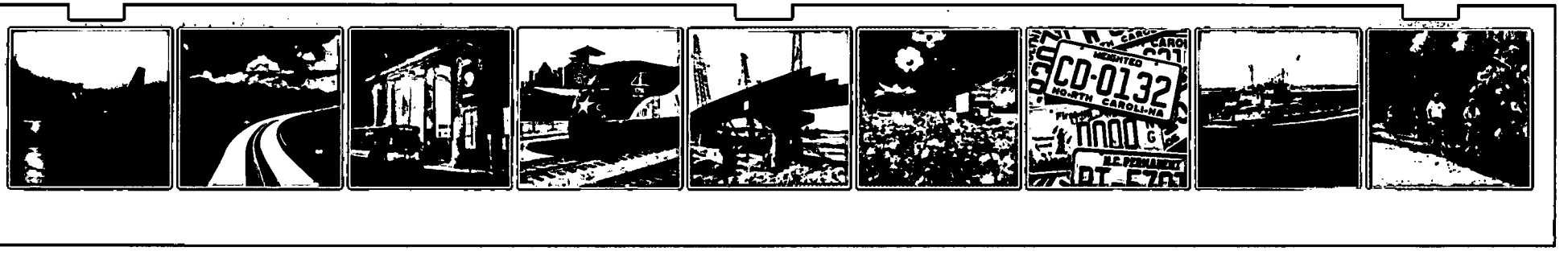
Harold B. Thomas
Ferry Director
March 5, 2013



Ferry Division



- *2nd largest US Ferry System*
- *7 scheduled routes*
- *1 emergency route*
- *7 terminals or comfort stations*
- *3 crew dormitories*
- *State owned shipyard*
- *4 field maintenance shops*



Director

Finance, Human Resources, Clerical (5)

Security & Emergency (24)

Deputy Director

District Operations (357)

Quality Assurance (4)

Materials & Maintenance (136)

District 1:

Currituck
Hatteras
Ocracoke
Swan Quarter

District 2:

Cedar Island
Cherry Branch
Pamlico River
Southport

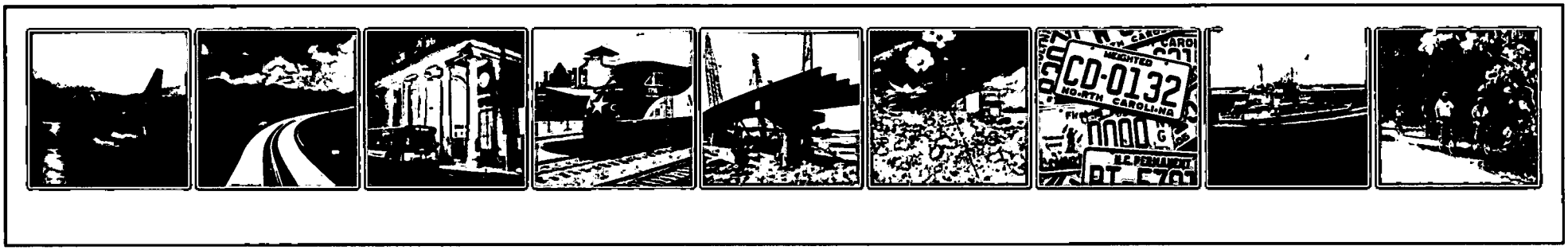
Marine Field

Facilities

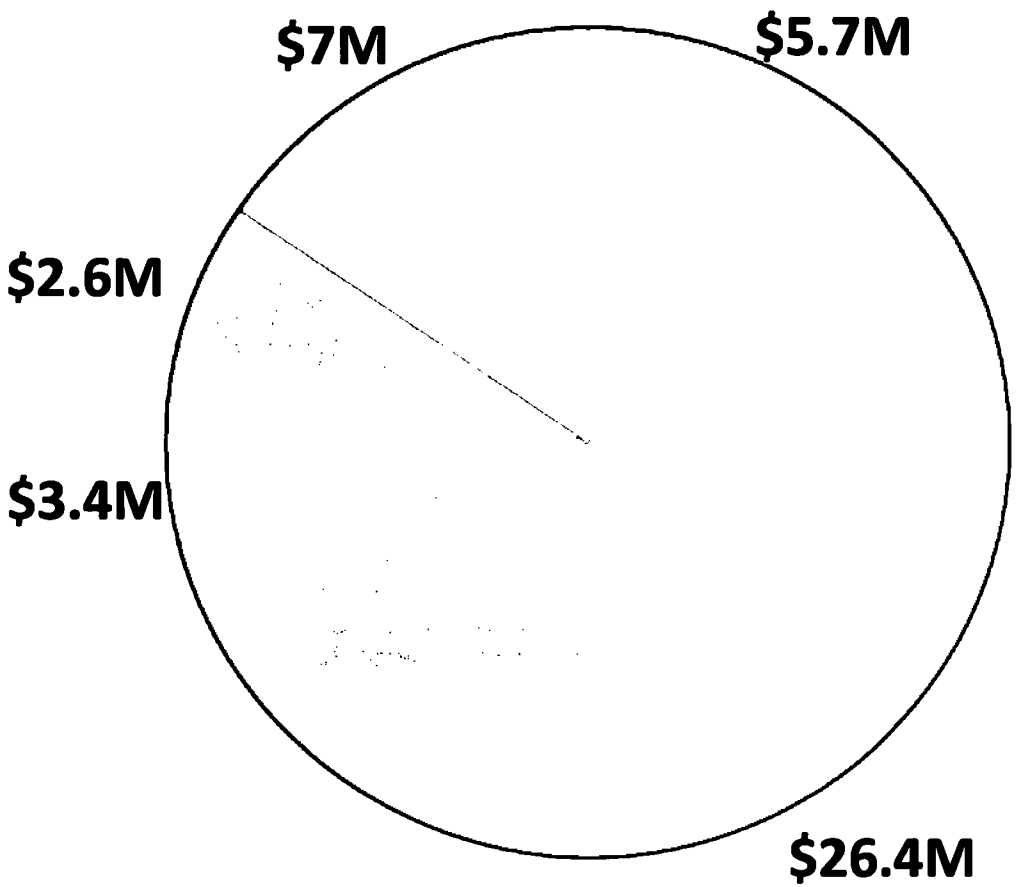
Shipyard

Inventory

Marine Highways



Operating Budget $45.1M



State Appropriation	$ 36M
Anticipated Tolls	$ 2M
State Funded Dredge Project	$ 7M
Total including Dredge Project	$ 45.1M

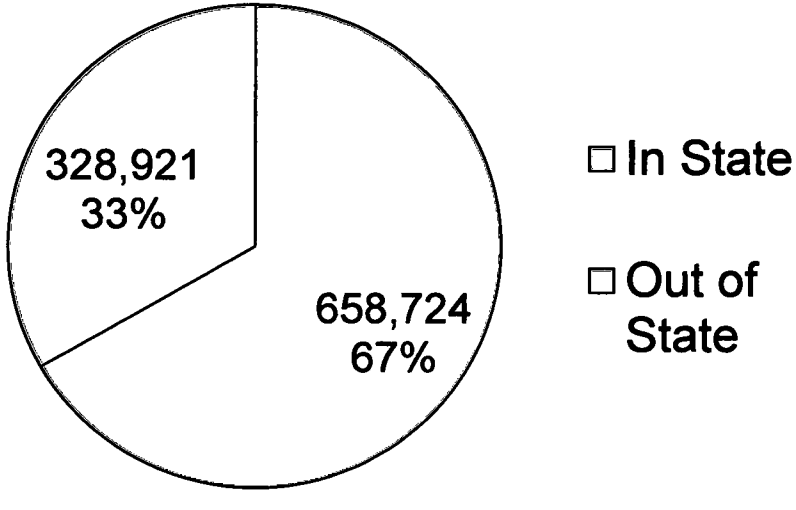
- ☐ Motor Fuel *15%*
- ☐ Standard Labor *69%*
- ☐ Maintenance *9%*
- ☐ Overhead *7%*
- ☐ Dredge Project*

**State Funded separately. Percentages based on operating budget*

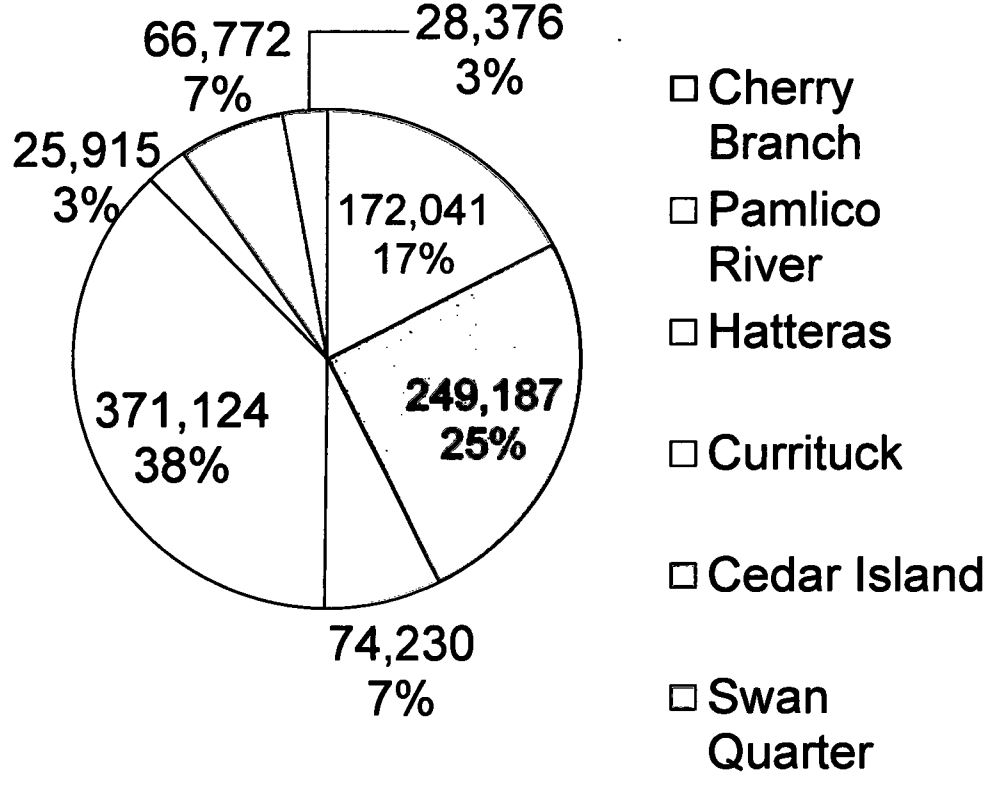


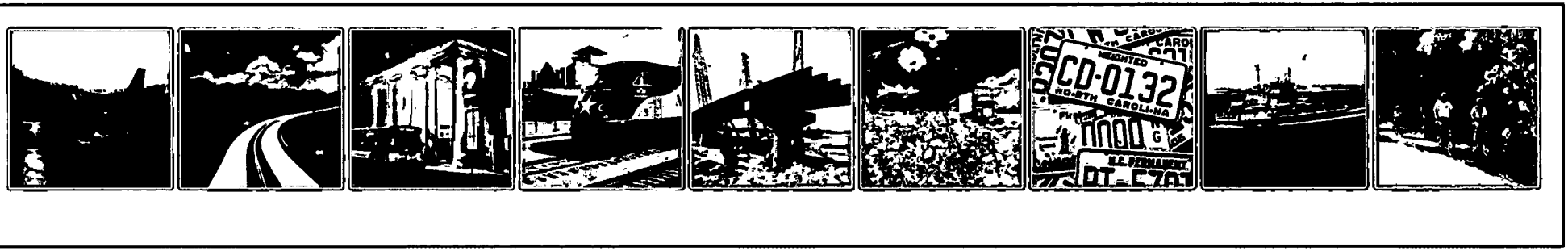
Route Composition

Overall System

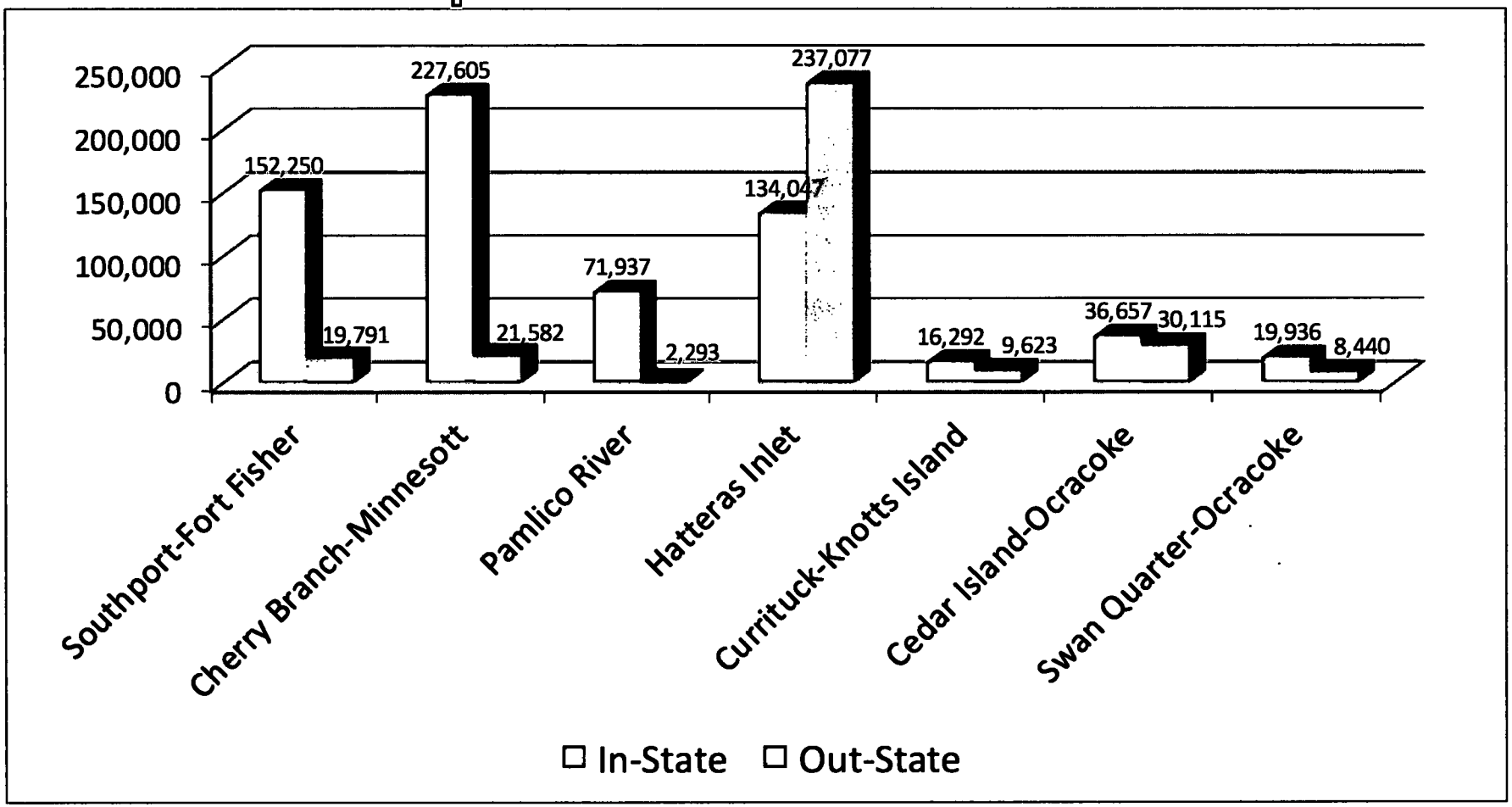


Overall Route



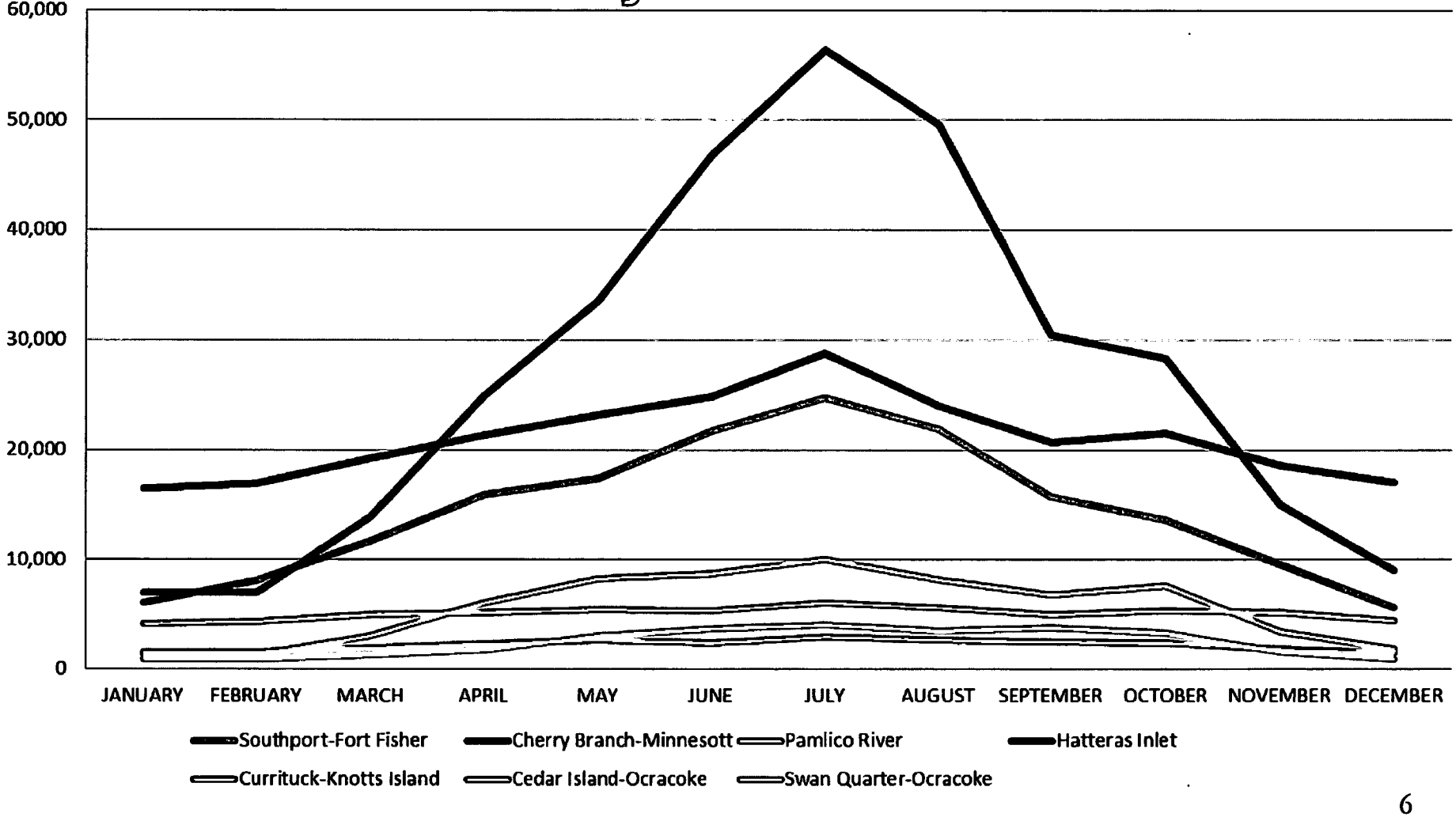


Route Composition





Traffic Seasonality





Ferry Routes

Economic Benefits

Table 3: Travel Time, Tourism, and Local Employment Contributions

FERRY ROUTE	TRAVEL TIME BENEFITS	VESSEL OPERATING COSTS	NET IMPACT (Benefit - Costs)	TOURISM EXPENDITURES SUPPORTED	ANNUAL WORK TRIPS SUPPORTED
Swan Quarter - Ocracoke	$ 1,358,000	$ 2,081,000	$ (723,000)	$ 6,584,000	720
Currituck - Knotts Island	$ 1,186,000	$ 2,274,000	$ (1,087,000)	$ 9,447,000	5,310
Cedar Island - Ocracoke	$ 8,405,000	$ 5,346,000	$ 3,059,000	$ 17,428,000	2,710
Bayview - Aurora	$ 3,438,000	$ 1,728,000	$ 1,710,000	$ 15,128,000	42,420
Southport - Fort Fisher	$ 3,227,000	$ 3,246,000	$ (19,000)	$ 71,913,000	37,090
Cherry Branch - Minnesott Beach	$ 8,716,000	$ 3,623,000	$ 5,093,000	$ 35,838,000	130,310
Hatteras - Ocracoke	N/A - No Alternative Driving Route			$ 168,720,000	17,660
TOTAL	***$ 26,330,000***	***$ 18,298,000***	***$ 8,033,000***	***$ 325,058,000***	***236,220***

Source: ITRE Benchmarking and Optimization of the North Carolina Ferry System



MAP-21 Review

Effective for FY 2013:

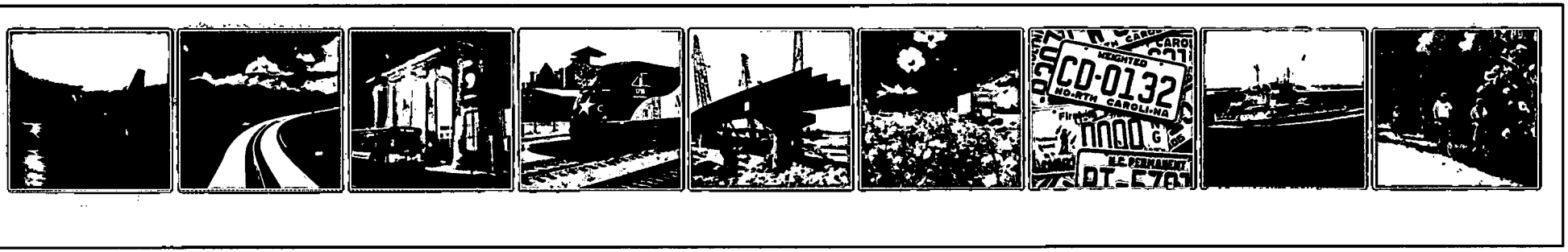
Annual allocation (vs. discretionary grant)

New formula based on:

- Total passengers carried
- Number of vehicle transported
- Total transit miles

FHWA FY 2013 funding $1.5M Allocation (vs. Average of $867K annually from Discretionary)

No coverage for emergency route maintenance.

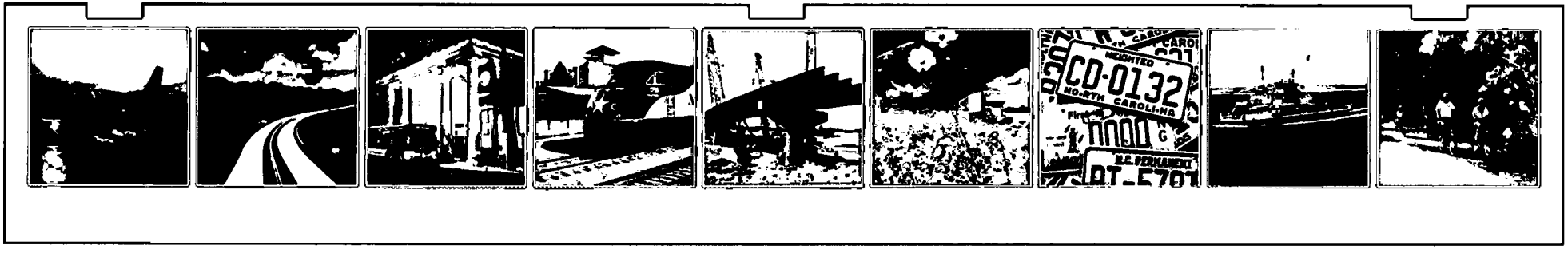


Tolling

Session Law 2011- 145

Appropriations Act 2011

- Collect tolls no later April 1, 2012
- Established tolls rates for all routes, excluding:
  - Ocracoke / Hatteras
  - Currituck / Knotts Island
- Consider needs of commuters and other frequent passengers.
- Generate $5M in annual tolling revenue.



Tolling

Session Law 2012- 145

Summarized - An act to modify the current operations and capital improvements appropriations act of 2011

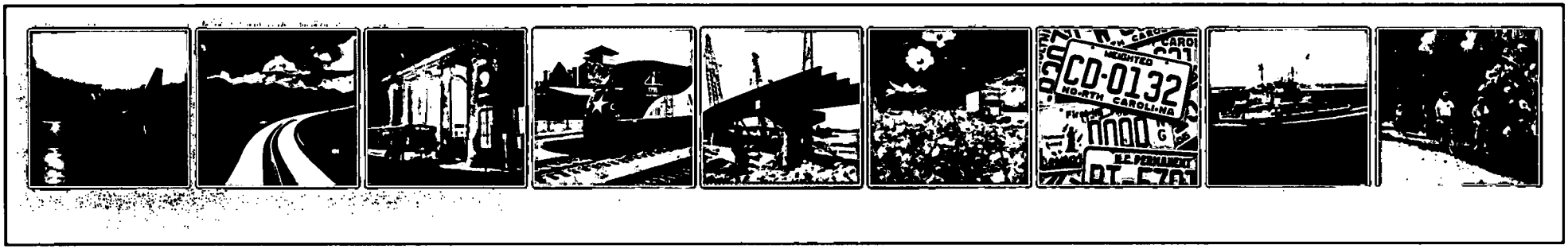
Clarify Ferry Tolling

Section 24.18.(b) G.S. 136.82

- Shall collect tolls as established by BOT, excluding
  - Ocracoke/Hatteras
  - Currituck/Knotts Island

Section 24.18.(b)

- Shall not collect increased tolls during fiscal year 2012-2013



Model Summary

Directive Model (being implemented)

- Meets revenue need
- Meets the directive (only five routes are tolled)
- Passes the elasticity test
- Base for developing pricing options

National Parity Model

- Revenue exceeds the need
- Requires fares to increase dramatically
- Fails the elasticity test

System Parity Model

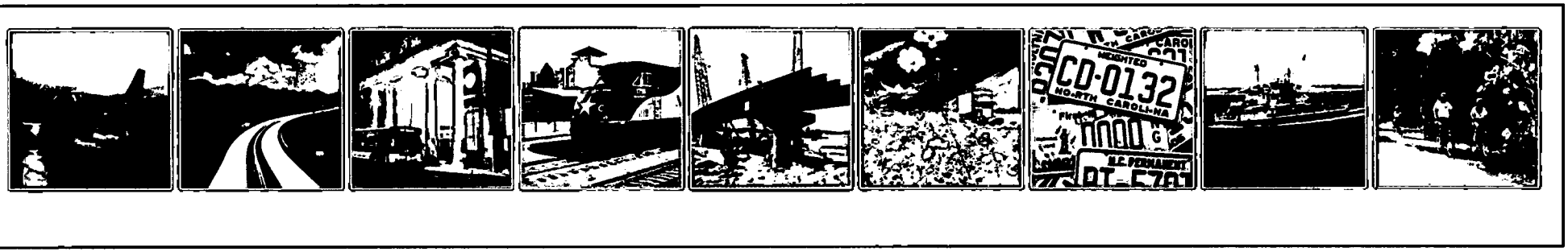
- Meets revenue need
- Does not meet the directive (all seven routes are tolled)
- Passes the elasticity test



System Parity Model

Tolling all seven routes (approximately $0.80 - $1.00 crossing mile)
Total Revenue $5 million

	Cherry Branch		Bayview Hatteras Currituck		Southport		Sound Routes	
Class Fare	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current
Pedestrian	$0.50	0	$1	0	$1	1	$5	1
Passenger	$0.50	0	$1	0	$1	0	$5	0
Bicycle	$0.75	0	$2	0	$2	2	$10	3
Motorcycle	$1	0	$3	0	$3	3	$15	10
< 20 feet	$2	0	$4	0	$4	5	$25	15
20 feet - 40 feet	$4	0	$8	0	$8	10	$50	30
>40 feet	$6	0	$12	0	$12	15	$75	45

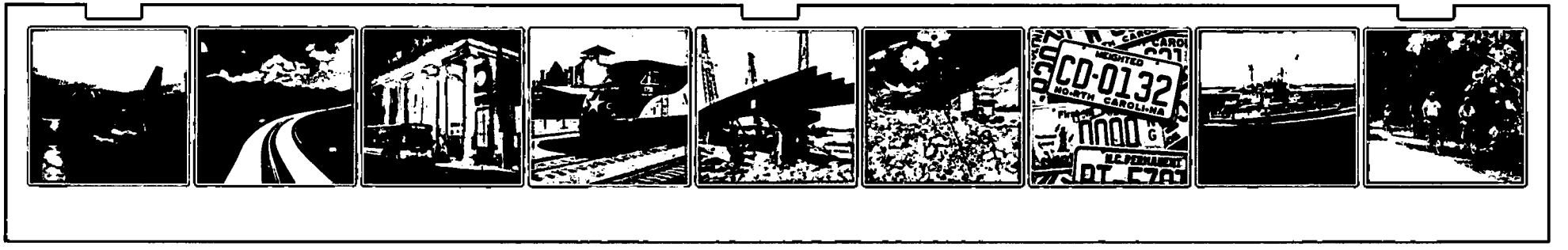


Directive Model

Tolling only five routes (approximately $1.20 - $2.00 crossing mile)
Total Revenue $5 million - Affected under 19A NCAC 02D.0532 Toll Operations

	Cherry Branch		Bayview		Southport		Sound Routes	
Class Fare	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current
Pedestrian	$1	0	$2	0	$2	1	$5	1
Passenger	$1	0	$2	0	$2	0	$5	0
Bicycle	$2	0	$3	0	$3	2	$10	3
Motorcycle	$2.5	0	$5	0	$5	3	$15	10
< 20 feet	$4	0	$10	0	$10	5	$27	15
20 feet - 40 feet	$8	0	$20	0	$20	10	$50	30
>40 feet	$12	0	$30	0	$30	15	$65	45

** Current Commuter Pass: $150 for < 20 feet, $200 for 20 feet - 40 feet & $250 for >40feet
** Commuter assumed to continue to be scaled based on vehicle length

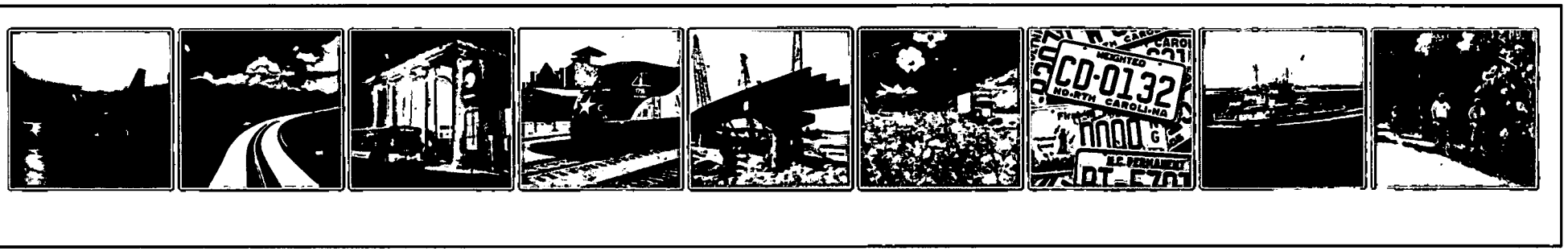


Directive Model: Commuter Passes

Affected under 19A NCAC 02D.0532 Toll Operations

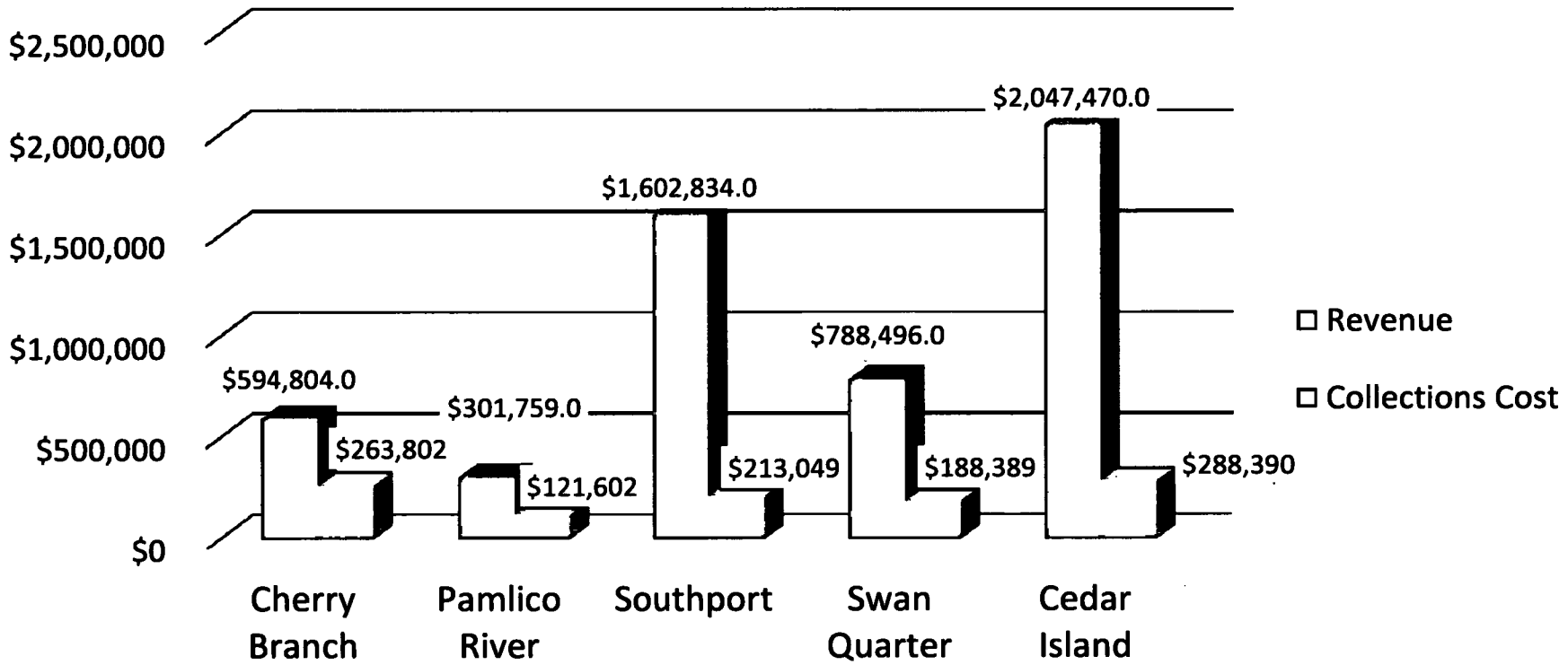
	Cherry Branch		Bayview & Southport		Sound Routes		System-Wide	
Commuter Pass	Proposed		Proposed		Proposed		Proposed	Current
Pedestrian Passenger*	$25		$50		$75		$100	0
Bicycle Motorcycle < 20 feet**	$150	N/A*	$200	N/A*	$300	N/A*	$500	150
20 feet - 40 feet	$200		$250		$400		$600	200
>40 feet	$250		$300		$500		$700	250

* **Site Specific Passes Not Currently Available**

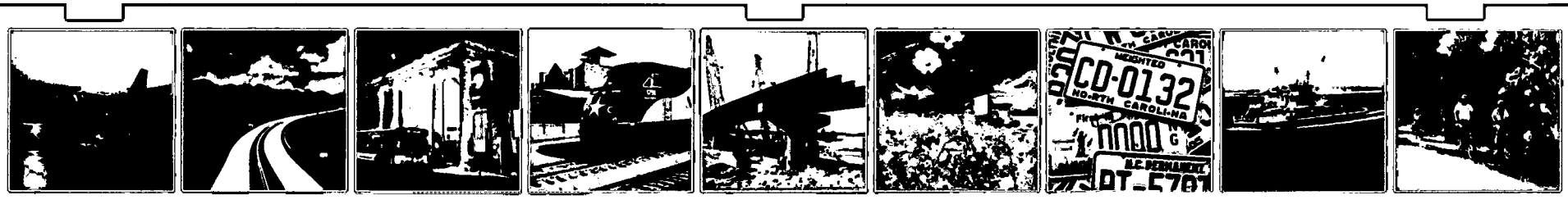


Projected Revenue Vs. Collection

Toll operations based on directive model: 5 routes - $5 million



Net Tolling Revenue = $3.9M



Tolling *Implementation Status*

- Tolling Infrastructure Completed
  - Toll Booth Construction
  - Procurement of IT Equipment and Data Circuitry
  - Total Cost to Date Approximately $70k
- Tolling Infrastructure Needed
  - Installation of Toll Booths and Lighting
  - Signage Fabrication and Installation
  - Hiring Process for Toll Booth Attendants
  - Estimated Cost to Complete $ 72k*

**Not including software development or research projects*



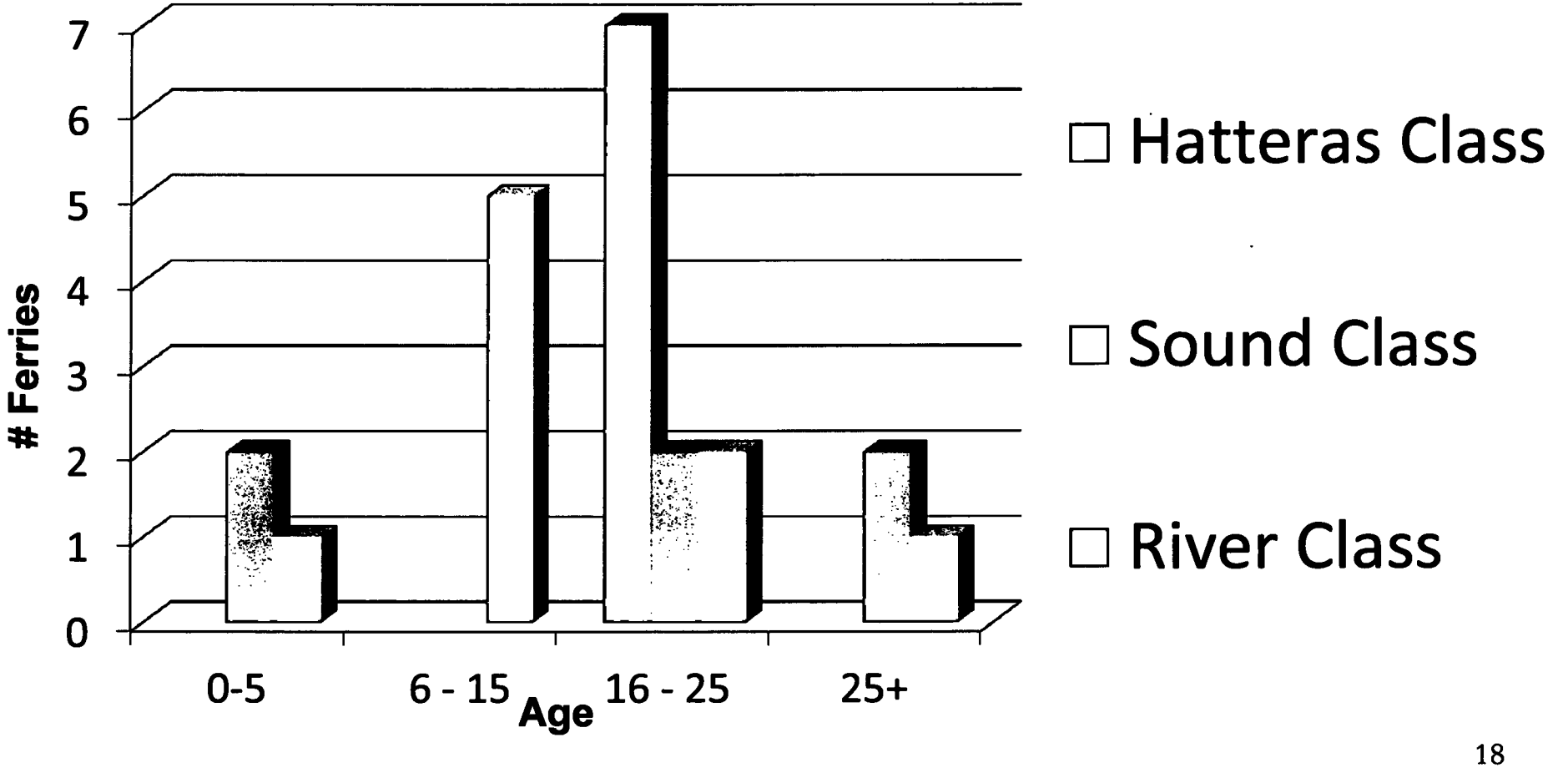
Capital Improvement

Current Capital Improvement Plan (CIP) Funding

- Needs
  - Modernized Fleet
  - Facilities
- Funding
  - Seek Special Appropriations, Grants or Federal Funding for Major Purchases
  - Focus is on Federal Highway Administration Funding Allocation



Current Fleet



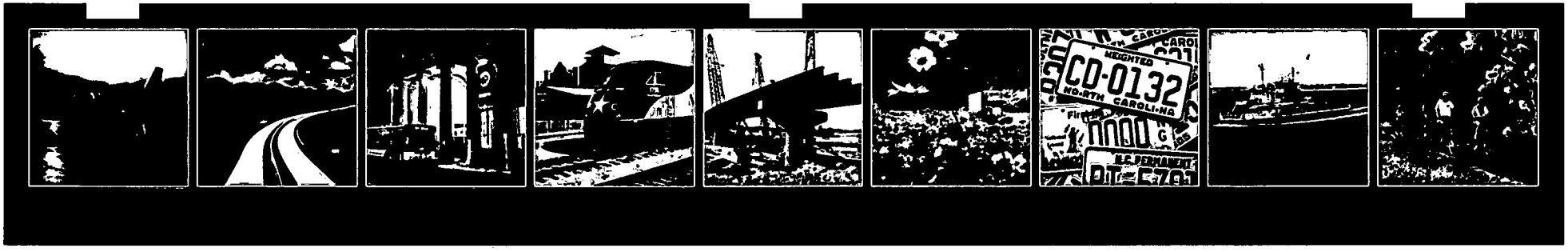


Fleet Replacement Needs

Age (years)	Hatteras Class	Sound Class	River Class	Condition
0 to 5	0	2	1	Good
6-15	0	0	5	Good
16-25	7	2	2	Average
25+	0	2	1	Critical

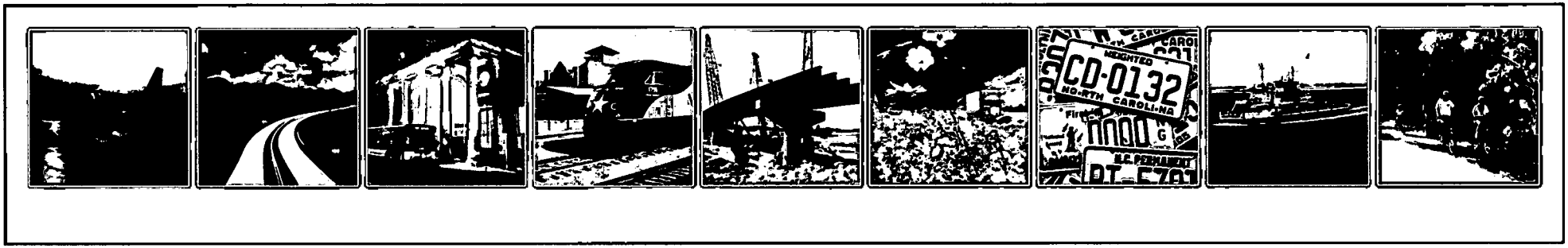
Replacement Cost

- Sound Class Vessel New Construction - $16M
- River Class Vessel New Construction - $12M

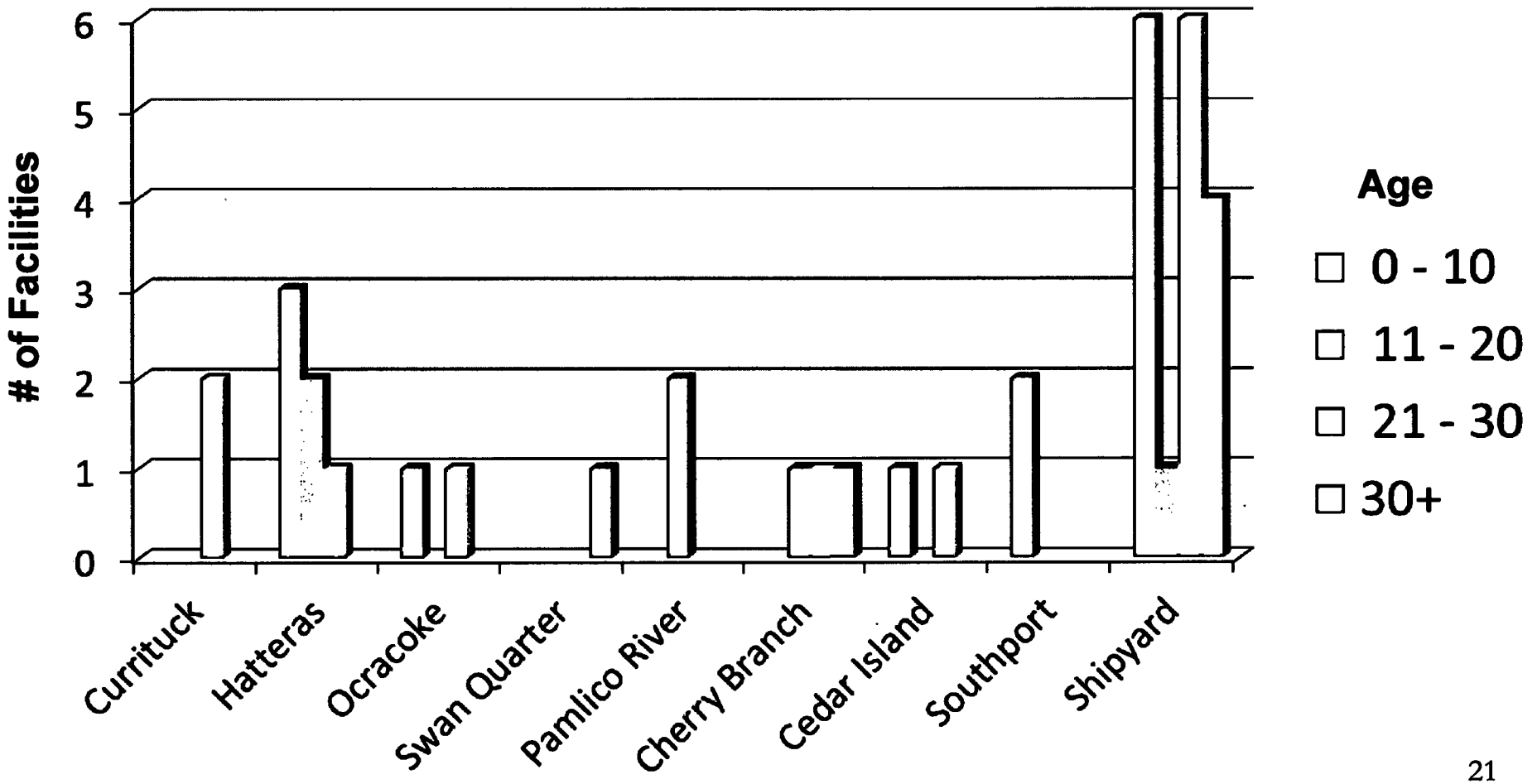


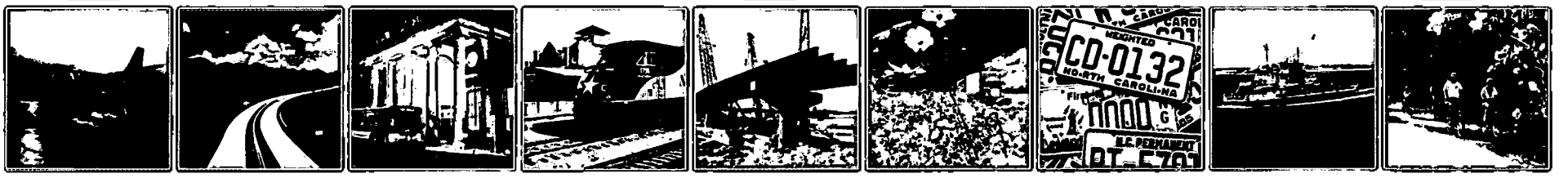
Support Fleet Replacement Needs

Equipment	Quantity	Age (years)	Estimated Replacement Cost	Condition
Dredge	1	45	$7,000,000	Critical: In-Progress
Tug-Assist	1	30-36	$5,000,000	Critical
Tug-Pusher	1	30-36	$500,000	Critical


CD-0132
NORTH CAROLINA

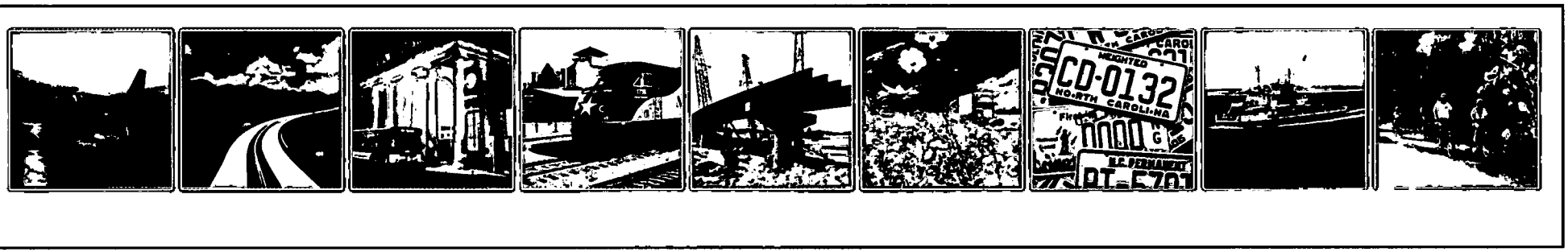
Facilities


# of Facilities
0
1
2
3
4
5
6
Currituck
Hatteras
Ocracoke
Swan Quarter
Pamlico River
Cherry Branch
Cedar Island
Southport
Shipyard
Age
0 - 10
11 - 20
21 - 30
30+



Miscellaneous Facilities Funding Needs

Item	Quantity	Cost	Condition
Ultra High Pressure Washers	2	$500,000	Critical
Shipyard (HVAC, Roof, Boiler)	1	$1,100,000	Critical
Fire System Refurbishment	1	$600,000	Critical
Refurbish Hatteras Ramps	1	$3,600,000	Critical



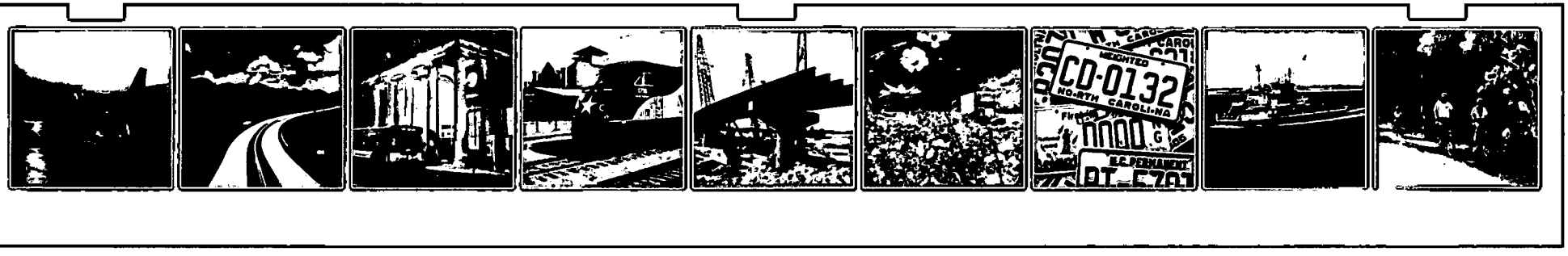
Marine Highway System

Major Priorities

- Dredging
  - Maintenance
  - Emergency Hotspots
- Pylon Repair and Replacement
- Spoil Site Maintenance

Responsible Agency

- Four Routes: Federal-US Army Corps of Engineers
- Twelve Routes or Basins: NCDOT
- Two Routes – Shared (NCDOT and UACOE)

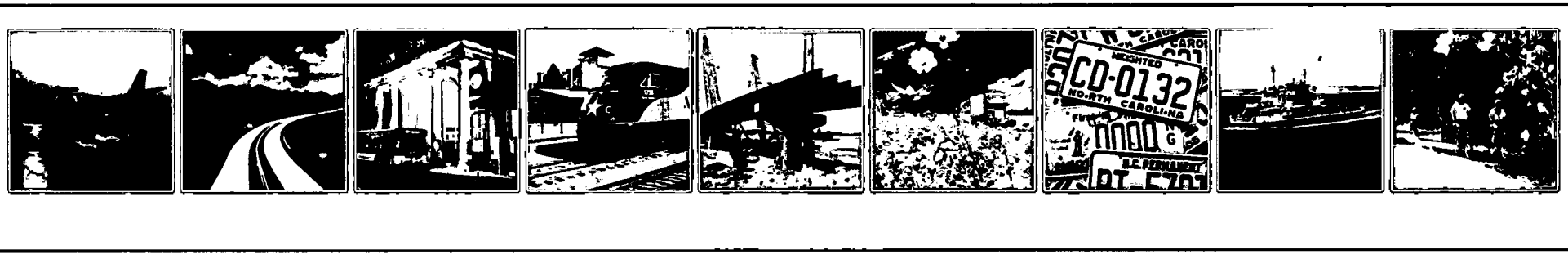


Marine Highway Maintenance - Dredging

Jurisdiction	Stable	Volatile	Total
NDOT	**10**	**4**	**14**
Federal	**1**	**3**	**4**
Total	**11**	**7**	

Marine Highway Maintenance

- Standard / Periodic Maintenance
- Emergency "Hot Spot" Response



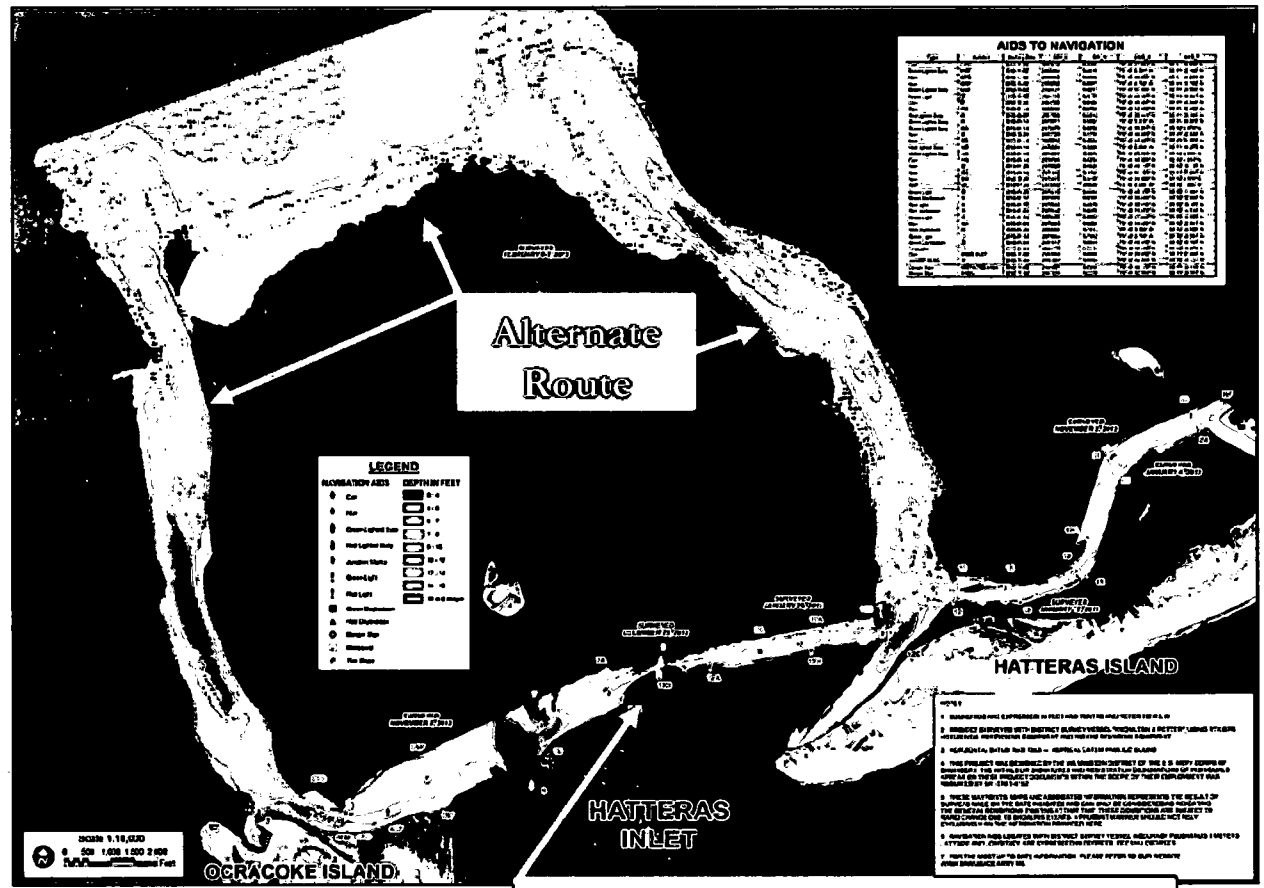
Hatteras Shoaling Issue

Hatteras Ferry Channel
4.5 - miles

- Emergency Area Federally Maintained
- Largest Passenger Volume
- Not Passable

Alternate Route
10.5-miles

- Natural Deep Water Chanel
- Higher Operating Cost
- Reduced Capacity



Hatteras Ferry Channel
Continual Dredging Required



Hatteras Shoaling Issue

Alternate Route Preparations

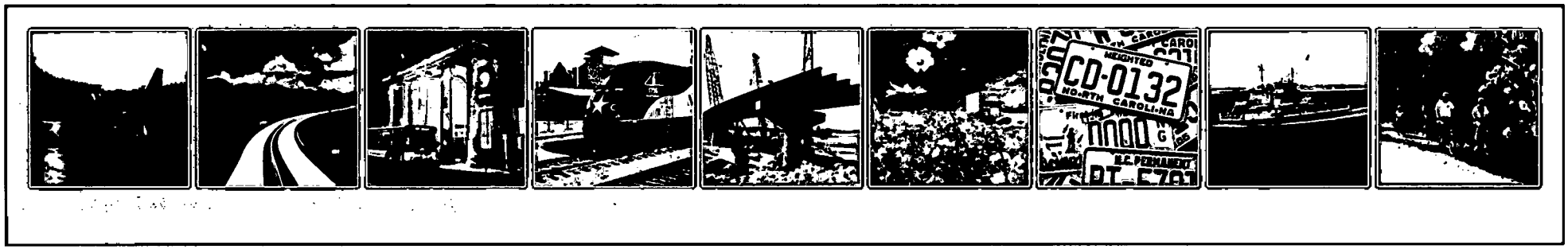
- Approval from Coast Guard / USCOE
- Complete Survey / Install Navigational Aids– USCOE
- Operational Trial Run – Ferry Division

Effect of using alternate route

- Some reduced service
- Additional cost ~ $30,000
- Toll exempt lost revenue ~$36,946

Toll exempt usage during Hatteras Channel Closure

Departing Terminal	Vehicles	Spaces
Swan Quarter	924	1,107
Cedar Island	88	92
Ocracoke	1,062	1,264



2012 Legislative Directed Efficiencies

Reduction in Force – Vacant Positions

- 24 Positions
- $1.17M in Salary Reductions

Morehead City Administration Office Closure

- Closed Private Sector Office Rental
- Moved to State Owned Facility (Maritime Building)
- Cost Savings to State - $29,700 annually



Expenditure Reductions and Efficiencies

Route Schedule Reductions

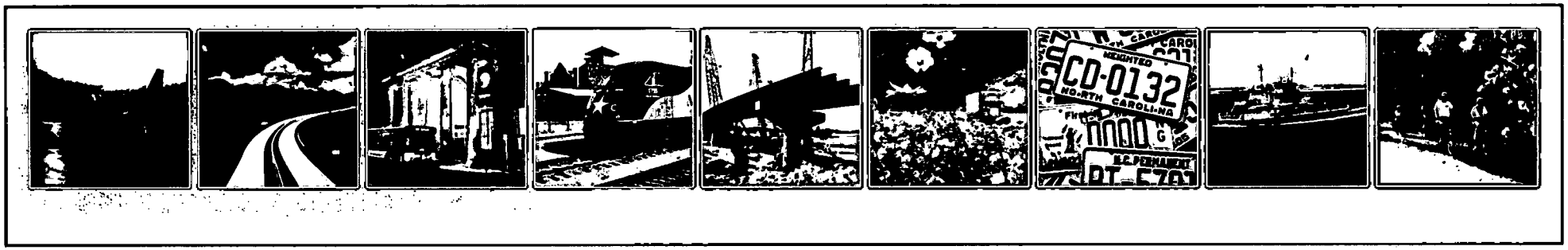
- Currituck – Knotts Island *Implemented 2012*
  - Estimated Savings $ 180,000
- Sound Routes *To be implemented Summer 2013*
  - Delay full summer schedule
  - Anticipate Fuel Savings to exceed $ 50,000

Integrating ferry into DOT equipment maintenance protocol

Automated fuel dispensing system

Sound class vessel engine RPM reduction

- Average daily savings 200 gallons ($ 250,000 per year)



Potential Revenue Options

Re-open Ship's Stores.

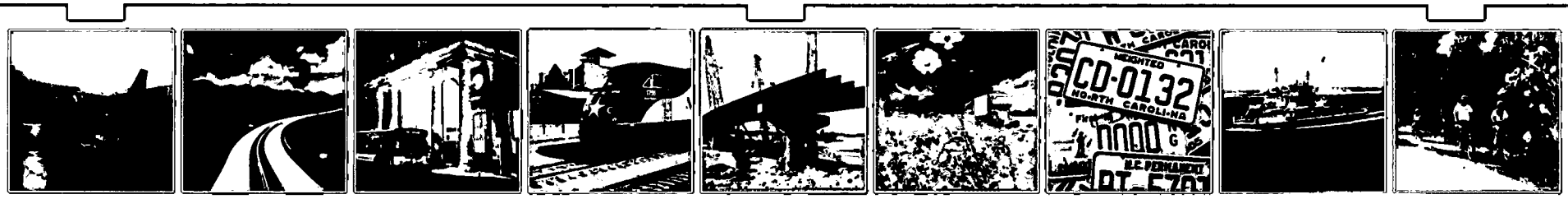
Advertise onboard or at terminals.

Pursue public/private partnerships for leasing available dry-dock space.

Leasing equipment to outside entities.

Services performed for outside entities.

Designate revenue from equipment sales to Ferry Division.



Long Range Strategic Plan

Transit Services

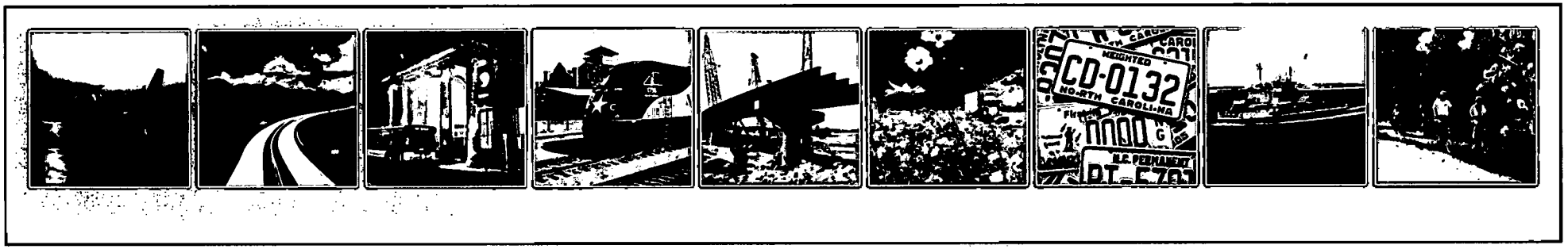
- Expanded tolling implementation
- Enhanced customer information system

Marine Highway Management

- Hotspot channel dredging
- Navigational upgrades

Fleet & Facilities

- Terminal replacements
- Ramp additions



Questions?

Ferry Division Operations/Maintenar ummary (FYs 2005-06 - 2011-12)

Cost Center		FY 05 - 06	FY 06 - 07	FY 07 - 08*	FY 08 - 09	FY 09 - 10**	FY 10-11***	FY 11-12****
OPERATIONS								
Cedar Island - Ocracoke		7,087,826	7,958,272	8,227,931	7,568,193	7,067,845	4,427,086	4,614,754
Swan Quarter - Ocracoke		940,370	943,869	2,080,175	1,422,147	1,156,330	1,728,545	1,538,251
Southport - Ft. Fisher		2,609,776	3,253,495	3,136,357	3,479,672	3,098,469	2,068,575	2,212,647
Cherry Branch - Minnesott Beach		2,924,995	3,332,034	3,613,494	3,546,115	3,348,141	3,252,124	3,709,242
Aurora - Bayview		1,633,165	1,571,340	1,725,068	1,805,974	1,989,358	2,140,758	2,237,685
Hatteras - Ocracoke		6,395,820	7,958,337	9,041,989	9,703,579	9,440,849	8,328,545	7,898,147
Currituck - Knotts Island		1,437,634	1,069,952	2,269,473	1,327,852	1,442,971	1,655,181	1,302,331
	SUBTOTAL	**23,029,586**	**26,087,299**	**30,094,487**	**28,853,532**	**27,543,963**	**23,600,814**	**23,513,056**
MAINTENANCE								
Shipyard		1,716,623	2,182,007	2,157,545	2,351,665	2,673,127	6,175,282	6,561,960
Field Maintenance		1,834,740	2,122,973	2,260,327	2,238,444	1,956,854	2,286,445	2,551,338
Facility Maintenance		502,966	777,482	474,288	1,066,313	1,045,357	1,147,143	876,471
Dredge		596,340	1,937,046	1,918,090	1,348,313	514,314	963,563	730,129
	SUBTOTAL	**4,650,669**	**7,019,508**	**6,810,250**	**7,004,735**	**6,189,652**	**10,572,432**	**10,719,899**
Ferry Security		202,263	148,024	158,189	226,706	245,484	702,399	944,295
Ferry IT Support		3,595	1,234	25,710	7,941	1,198	56,526	92,747
Reservations & Tolls		-	-	-	-	-	153,720	522,238
	TOTAL	**27,886,113**	**33,256,065**	**37,088,635**	**36,092,914**	**33,980,297**	**34,932,171**	**35,792,236**

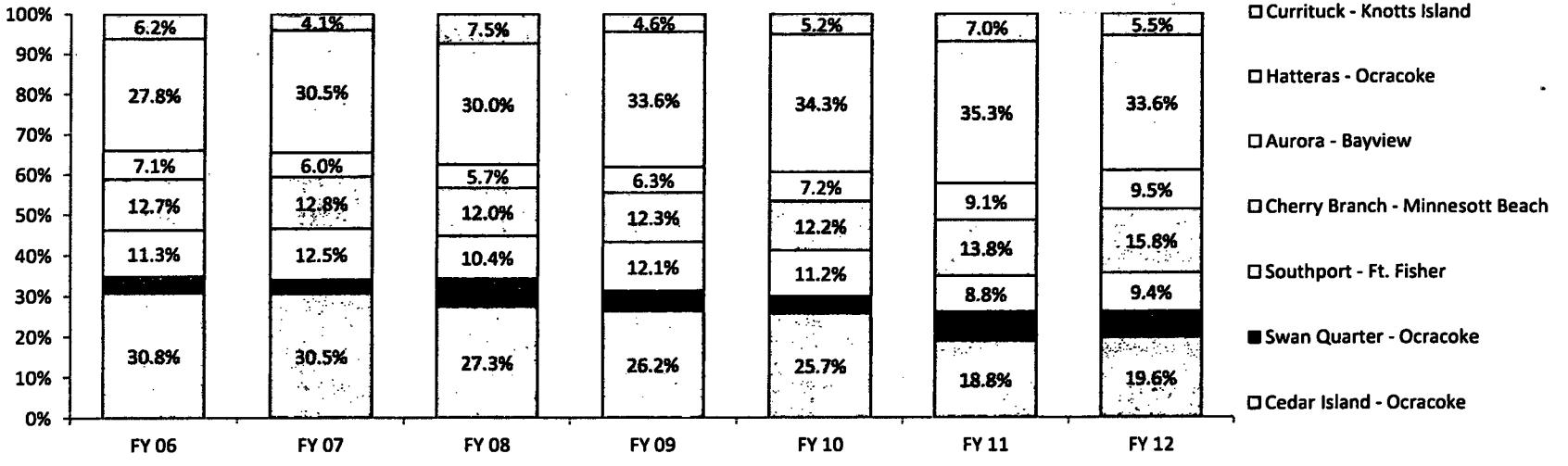
* 40 positions added due to increase in USCG manning requirement

** 79 positions added due to increase in USCG manning requirement (59 vessel positions & 24 security positions)

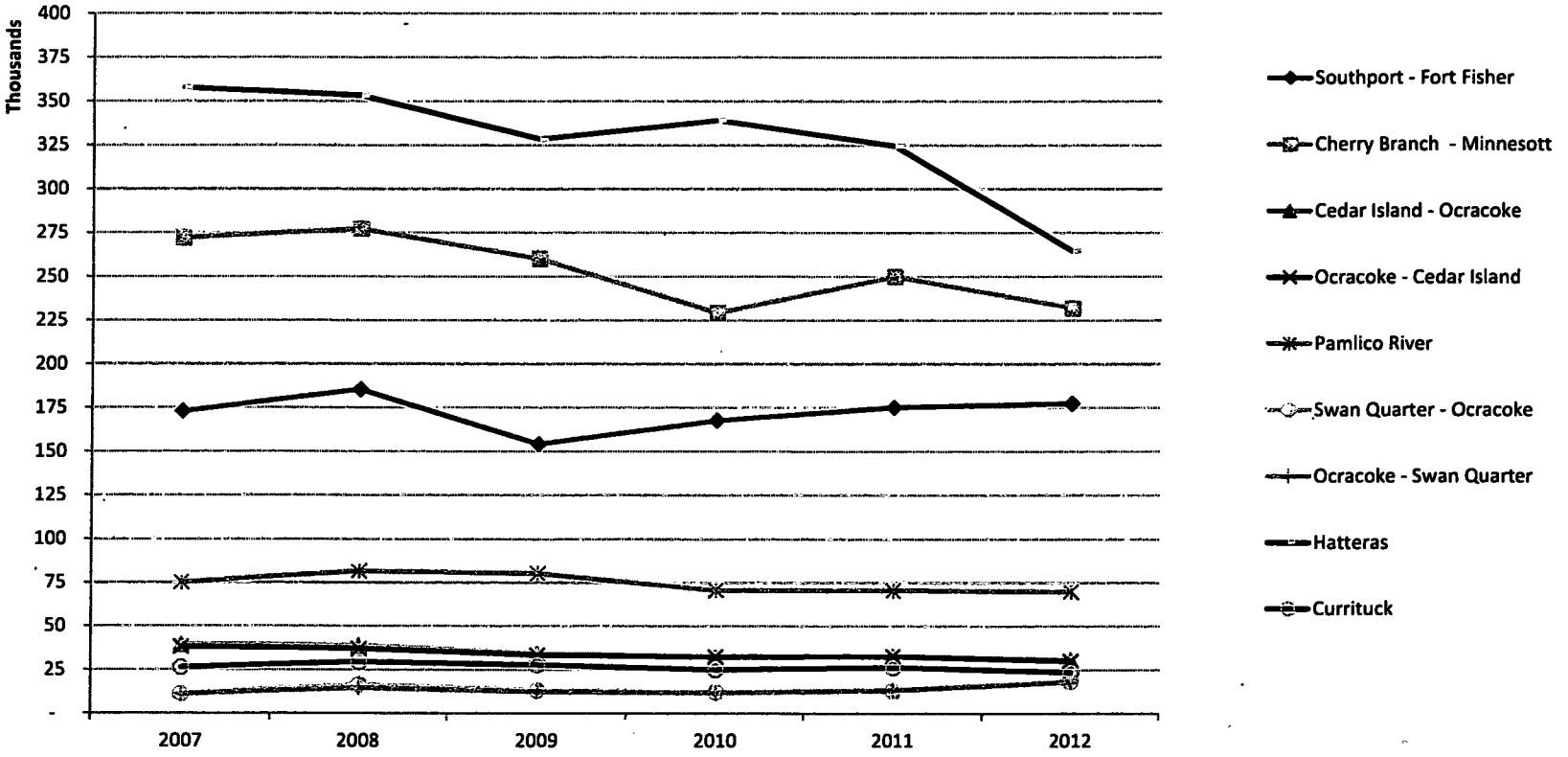
*** Began charging vessel repairs to Shipyard WBS Element. Previously charged to operating cost center. Turnpike reservations were also implemented.

**** Hatteras expenditures decreased due to crew utilization at the emergency route during Hurricane Sandy.

Operating Expenditures by Route

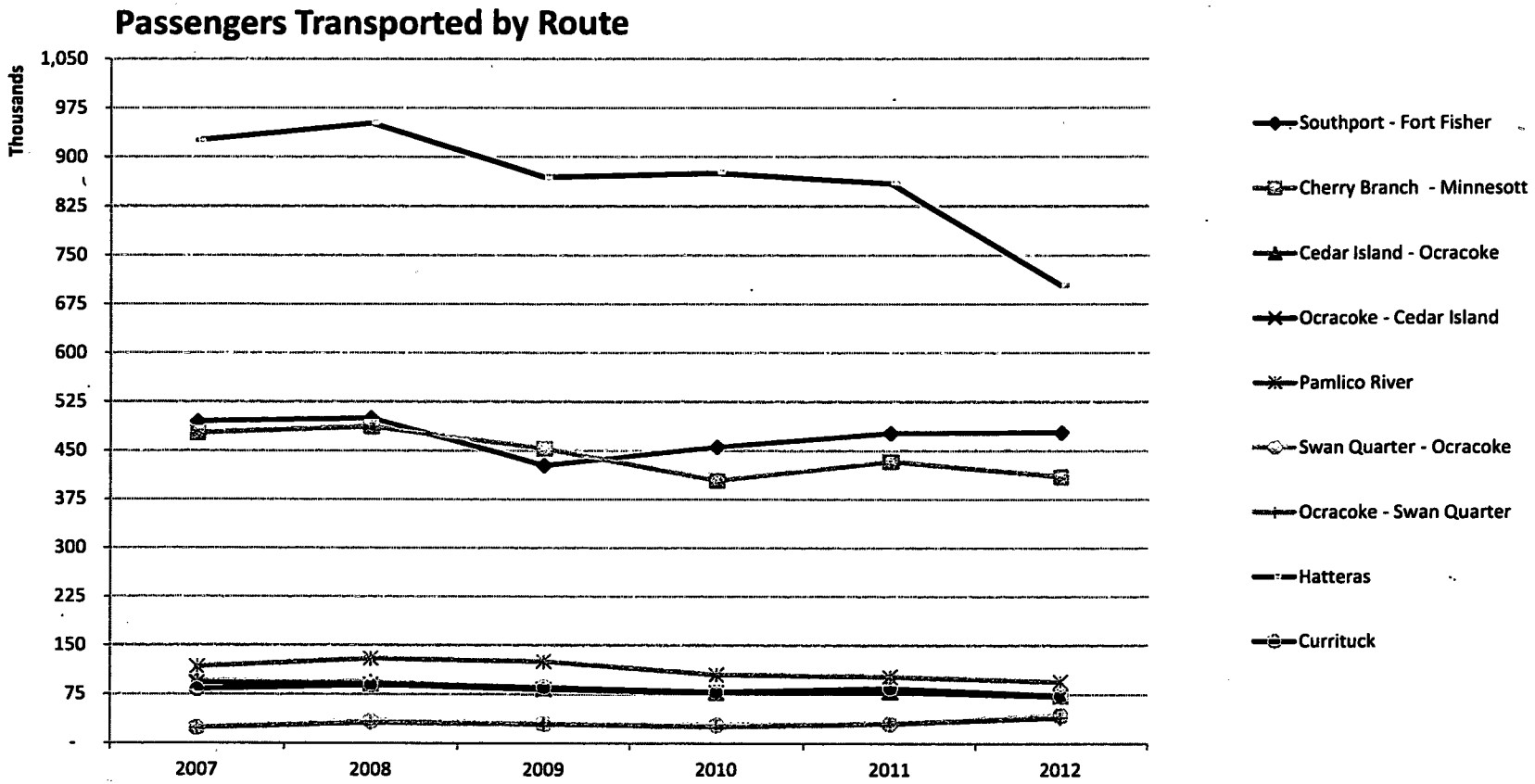


Vehicles Transported by Route



		Fiscal Year					
Route:	**Transported:**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Southport - Fort Fisher	Vehicles	173,005	185,447	154,318	167,773	175,168	177,499
Cherry Branch - Minnesott	Vehicles	272,175	277,254	260,134	229,270	249,945	231,948
Cedar Island - Ocracoke	Vehicles	39,418	38,763	34,235	32,354	32,725	30,660
Ocracoke - Cedar Island	Vehicles	38,024	37,020	33,303	32,354	32,700	30,012
Pamlico River	Vehicles	75,033	81,572	80,211	70,538	70,493	69,750
Swan Quarter - Ocracoke	Vehicles	11,069	16,217	12,908	11,936	12,722	18,355
Ocracoke - Swan Quarter	Vehicles	11,069	14,463	12,297	11,783	13,259	17,940
Hatteras	Vehicles	357,789	353,192	328,324	339,013	324,340	264,508
Currituck	Vehicles	26,308	29,490	27,773	25,033	26,312	23,593

Source: NCDOT Ferry Division



		Fiscal Year					
Route:	**Transported:**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Southport - Fort Fisher	Passengers	494,898	499,796	426,973	455,668	476,646	478,249
Cherry Branch - Minnesott	Passengers	476,962	486,782	453,043	403,984	432,991	409,685
Cedar Island - Ocracoke	Passengers	95,822	93,597	84,604	77,672	79,324	73,707
Ocracoke - Cedar Island	Passengers	92,596	89,986	82,308	77,672	78,601	72,052
Pamlico River	Passengers	117,394	129,564	124,994	105,291	101,850	94,163
Swan Quarter - Ocracoke	Passengers	23,529	33,397	29,314	27,719	29,777	42,217
Ocracoke - Swan Quarter	Passengers	23,529	31,237	28,803	25,326	29,595	39,454
Hatteras	Passengers	925,815	951,691	869,139	875,257	859,343	703,309
Currituck	Passengers	83,371	89,438	85,255	78,374	84,359	72,862

Source: NCDOT Ferry Division

NORTH CAROLINA FERRY SYSTEM

NORTH CAROLINA 2013 FERRY SYSTEM SCHEDULE

Cedar Island — Ocracoke

Cedar Island	Ocracoke
Jan. 1 – March 25, 2013 Oct. 29 – Dec. 31, 2013	
7:00 a.m.	7:30 a.m.
10:00	1:00 p.m.
4:00	4:00
Mar. 26 – May 20, 2013	
7:00 a.m.	7:30 a.m.
10:00	10:00
1:00 p.m.	1:00 p.m.
4:00	4:00

Fare: See One-Way Fares
Crossing: 2 hrs., 15 min.; Pamlico Sound

Swan Quarter — Ocracoke

Swan Quarter	Ocracoke
Jan. 1 – May 20, 2013 Oct. 8 – Dec. 31, 2013	
10:00 a.m.	7:00 a.m.
4:00 p.m.	12:30 p.m.
May 21 – Oct. 7, 2013	
7:00 a.m.	6:30 a.m.
10:00	9:30
1:00 p.m.	12:45 p.m.
4:30	4:00

Fare: See One-Way Fares
Crossing: 2 hrs., 30 min.; Pamlico Sound

Bayview — Aurora

Bayview	Aurora
Year-round Departures	
5:30 a.m.	6:15 a.m.
7:00	7:45
8:30	9:45
10:30	11:15
12:15 p.m.	12:50 p.m.
1:30	2:15
3:15	4:45
5:30	6:15
7:00	7:45
9:15	10:00
11:00	12:30 a.m.

Fare: Free
Crossing: 30 min.; Pamlico River

Currituck * — Knotts Island *

Currituck *	Knotts Island *
Monday – Friday	
6:00 a.m.	6:50 a.m.
9:00	10:00
11:00	Noon
1:00 p.m.	2:00 p.m.
3:45	4:30
5:45	6:30
Saturday, Sunday and Summer (Summer June 11 – Aug. 6, 2013)	
6:00 a.m.	7:00 a.m.
9:00	10:00
11:00	Noon
2:00 p.m.	3:00 p.m.
4:00	5:00

Fare: Free
Crossing: 45 min.; Currituck Sound

Southport — Fort Fisher

Southport	Fort Fisher
Jan. 1, 2013 – Mar. 31, 2013	
5:30 a.m.	—
—	6:15 a.m.
7:00	—
7:45	7:45
8:30	8:30
9:15	9:15
—	10:00
10:45	—
11:30	11:30
—	12:15 p.m.
1:00	—
1:45	1:45
2:30	2:30
3:15	3:15
4:00	4:00
4:45	4:45
—	5:30
6:15	—
—	7:00

Fare: See One-Way Fares
Crossing: 35 min.; Cape Fear River

Hatteras — Ocracoke

Hatteras	Ocracoke
Feb. 22, 2013	
5:00 a.m.	4:30 a.m.
6:00	6:30
8:00	7:30
9:00	9:30
11:00	10:30
Noon	12:30 p.m.
2:00 p.m.	1:30
3:00	3:30
5:00	4:30
6:00	6:30
8:00	7:30
9:00	9:30
11:00	11:30
Midnight	12:30 a.m.
Feb. 23 – TBA	
5:00 a.m.	4:30 a.m.
6:00	6:30
7:00	7:30
8:00	8:30
9:00	9:30
10:00	10:30
11:00	11:30
Noon	12:30 p.m.
1:00 p.m.	1:30
2:00	2:30
3:00	3:30
4:00	4:30
5:00	5:30
6:00	6:30
8:00	7:30
9:00	9:30
11:00	11:30
Midnight	12:30 a.m.

Fare: Free
Crossing: 60–70 min.; Hatteras Inlet

Cherry Branch — Minnesott Beach

Cherry Branch	Minnesott Beach
Year-round Departures	
5:05 a.m.	—
—	5:25 a.m.
5:45	—
6:10	6:10
6:45	6:45
7:15	7:15
7:45	7:45
8:15	8:15
8:45	8:45
9:15	9:15
9:45	9:45
10:15	10:15
10:45	10:45
11:15	11:15
11:45	11:45
12:15 p.m.	12:15 p.m.
1:15	1:15
1:45	1:45
2:15	2:15
2:45	2:45
3:15	3:15
3:45	3:45
4:15	4:15
4:45	4:45
5:25	5:15
—	5:45
6:15	—
—	6:45
7:15	—
—	7:45
8:15	—
—	8:45
9:15	—
—	9:45
10:15	—
—	10:45
11:45	—
—	12:15 a.m.

Fare: Free
Crossing: 20 min.; Neuse River

*** Priority loading will be given to those with proper priority passes and school buses.**

Cedar Island, Ocracoke, Swan Quarter — ONE-WAY FARES

Pedestrian	$1
(Under age 2 — free)	
Bicycle Rider	$3
Motorcycle	$10
Scooter	$10
Golf Cart or ATV	$10
3 Wheel Motorcycle	$10
Motorcycle with Trailor	$15
Motorcycle with Side Car	$15
Vehicle and/or combination less than 20 feet	$15
Vehicle and/or combination 20 feet up to 40 feet	$30
Vehicle and/or combination over 40 feet up to 65 feet	$45

Southport-Fort Fisher — ONE-WAY FARES

Pedestrian	$1
(Under age 2 — free)	
Bicycle Rider	$2
Motorcycle	$3
Scooter	$3
Golf Cart or ATV	$3
3 Wheel Motorcycle	$3
Motorcycle with Trailor	$5
Motorcycle with Side Car	$5
Vehicle and/or combination less than 20 feet	$5
Vehicle and/or combination 20 feet up to 40 feet	$10
Vehicle and/or combination over 40 feet up to 65 feet	$15

Schedules and times are effective February 22, 2013. Pricing effective July 01, 2012.

FERRY TERMINALS

Bayview-Aurora
(252) 964-4521

Cedar Island
(252) 225-7411
1-800-293-3779 (Reservations)

Cherry Branch-Minnesott Beach
(252) 447-1055
1-800-339-9156

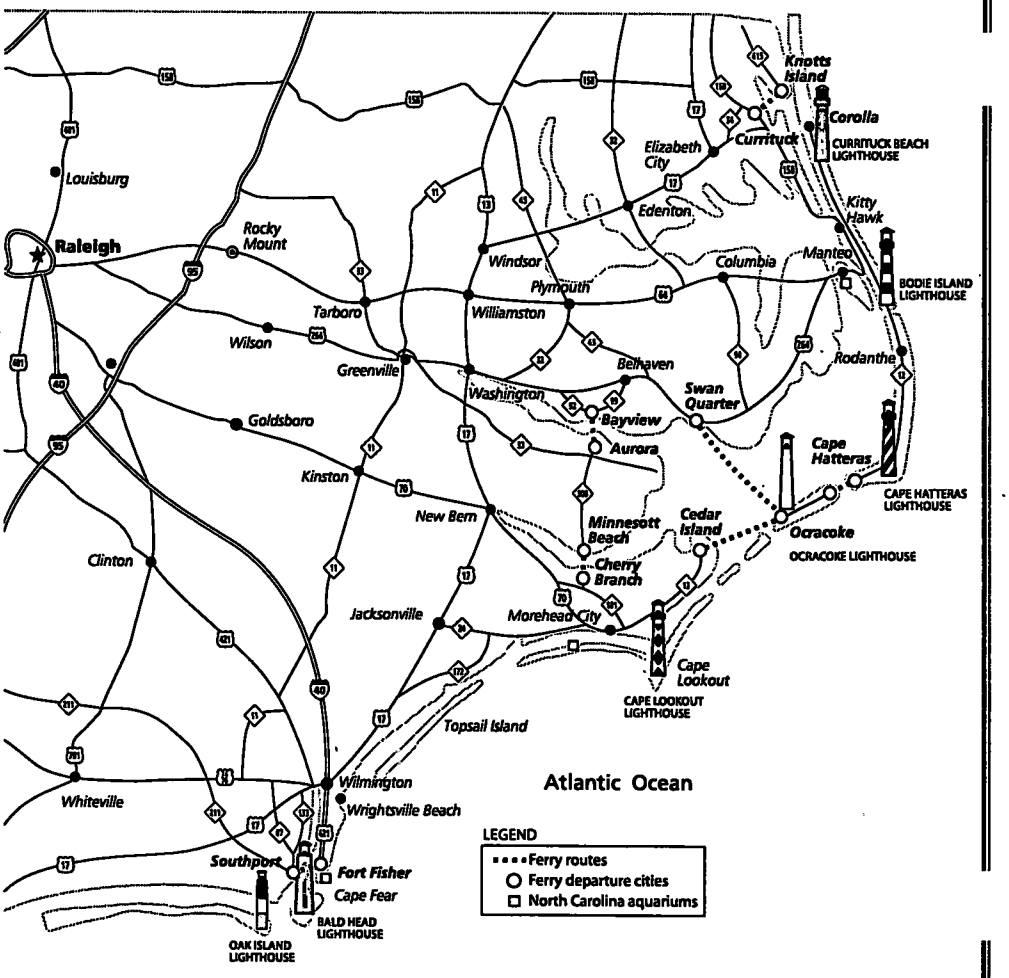
Currituck-Knotts Island
(252) 232-2683

Hatteras
(252) 986-2353
1-800-368-8949

Ocracoke
(252) 928-1665
1-800-293-3779 (Reservations)

Southport-Fort Fisher
(910) 457-6942 (Southport)
1-800-368-8969 (Southport)
(910) 458-3329 (Fort Fisher)

Swan Quarter
(252) 926-6021
1-800-293-3779 (Reservations)



GENERAL INFORMATION

- Ferries can accommodate motorcycles and any size car, trailer or recreational vehicle that can operate on the highway. Special permits are available for vehicles over 65 feet.
- Service is provided 365 days a year on all routes. Weather conditions, such as tides, winds and heavy rain can affect travel.
- Vending machines are on many ferries and at most ferry terminals. The Ferry Division does not serve meals on any route.
- Restroom facilities are at each ferry terminal and on vessels. Restrooms that meet the Americans with Disabilities Act accessibility requirements are at all terminals and on some vessels.
- Pets are permitted on the vessels and must be kept in the vehicle or leashed when out of the vehicle.

ADVANCE TICKET SALES

- Reservations are offered only on the Cedar Island-Ocracoke and Swan Quarter-Ocracoke routes. The Ferry Division strongly recommends reserving space to ensure desired departure time.
- Motorists must claim their reservation at least 30 minutes prior to departure or it will be canceled.
- Cash, Travelers Checks and credit cards accepted for tolls.
- For advance ticket sales call 1-800-293-3779 or visit www.ncferry.org

VESSEL AND FACILITY SECURITY

Since July 1, 2004, the Ferry Division has been operating under the U.S. Coast Guard Maritime Transportation Security Act. As part of this act, passengers may be asked for photo identification and vehicles may be subject to random screening prior to boarding. The Ferry Division reserves the right to refuse passage to individuals choosing not to provide identification or access.

CONTACT US

WWW.NCFERRY.ORG
1.800.BY.FERRY (RESERVATIONS)

Patrick L. McCrory
Governor

Anthony J. Tata
Secretary of Transportation

N.C. Department of Transportation
Ferry Division Administrative Office
113 Arendell Street, Room 120
Morehead City, NC 28557
(252) 726-6446

Joint Appropriations Subcommittee on Transportation

March 6, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon, Chairing

- Call to Order

- Division of Public Transportation

  Teresa Hart
  Director, Public Transportation Division
  Department of Transportation

- Division of Bicycle and Pedestrian Transportation

  Lauren Blackburn
  Director, Division of Bicycle and Pedestrian Transportation
  Department of Transportation

Next meeting: North Carolina State Ports Authority and Global TransPark Authority - Thursday, March 7th, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Wednesday, March 6, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on March 6, 2013 in Room 1228/1327. Senators Kathy Harrington and Bill Rabon, co-chairs; Senator Daniel, vice chair; and Senators Dan Blue, Joel Ford, and Rick Gunn, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Charles Jeter, Dean Arp, Alma Adams, Nathan Baskerville, Evelyn Terry, Kelly Hastings, Nathan Ramsey, were also present.

Senator Bill Rabon presided.

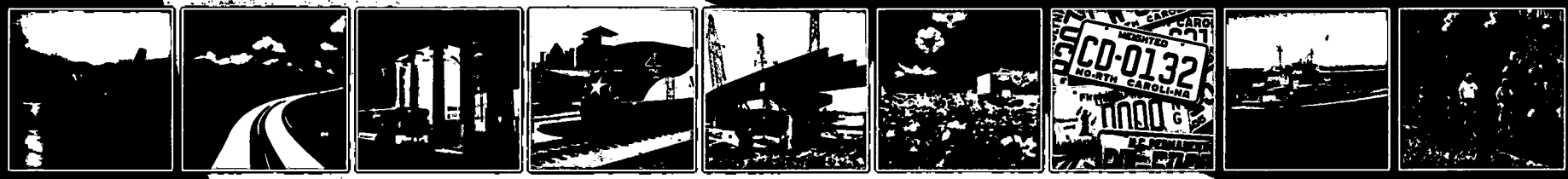
Senator Rabon recognized the Pages: Madison Williams, Trevon Williams, Audra Daniel, and Alyssa Stoltz. The Senator then recognized House Sergeant-at-Arms Carlton Adams, Martha Parrish, Jesse Hayes; and Senate Sergeant-at-arms Charles Harper and Anderson Meadows.

Senator Rabon welcomed everyone and introduced all the members and asked if they had comments to make regarding the committee. He then introduced Teresa Hart and turned the meeting over to her for a presentation on Public Transportation Division of the DOT. Following that presentation Senator Rabon introduced Lauren Blackburn and turned the meeting over to her for a presentation on the Bicycle and Pedestrian Transportation Division of the DOT.

The meeting adjourned at 9:30 a.m.

Senator Kathy Harrington
Presiding

David Larson, Committee Clerk

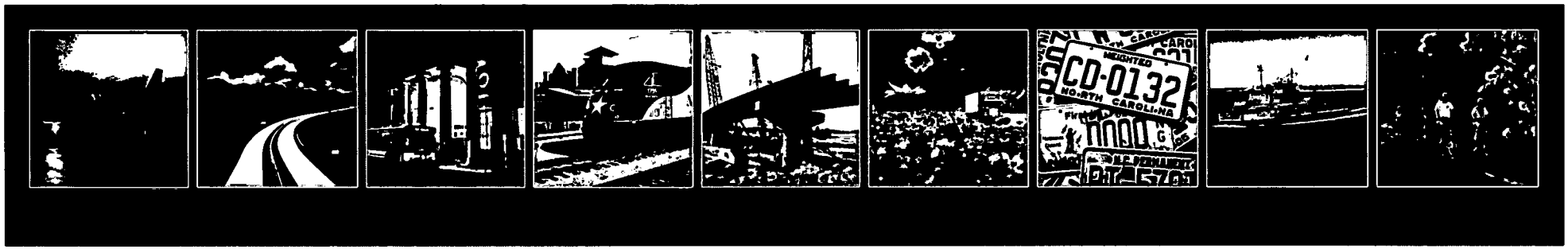


Public Transportation Division
Presentation to the

Joint Appropriations Subcommittee on Transportation

March 6, 2013

Teresa A. Hart, PE, CPM, Director



Public Transportation Division – Mission and Purpose

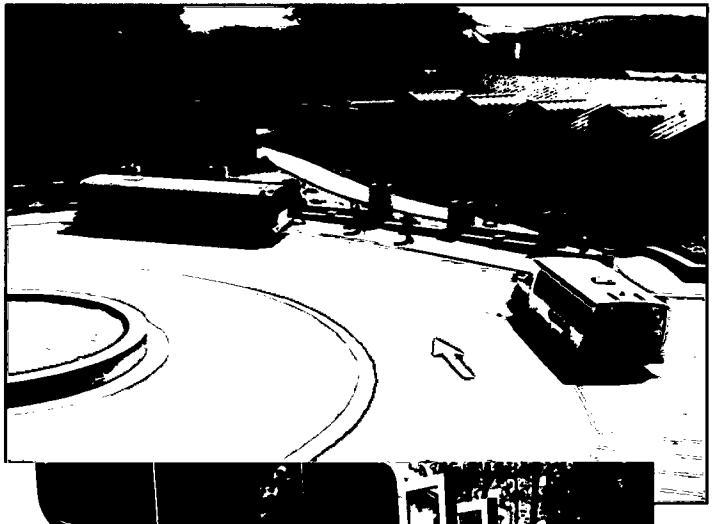
- Created in 1974
- Purpose of promoting intercity, urban and rural public transportation.
- Ensure safe public transportation throughout North Carolina.
- Administer state and federal grant funding.



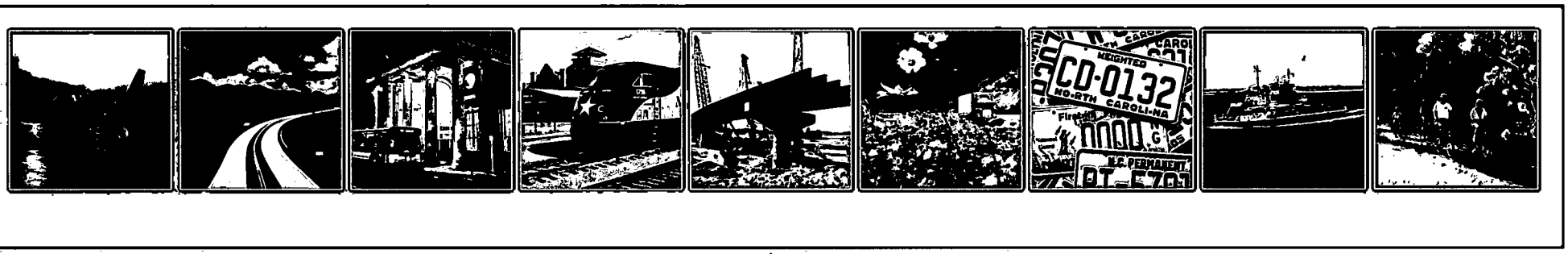


Public Transportation in North Carolina

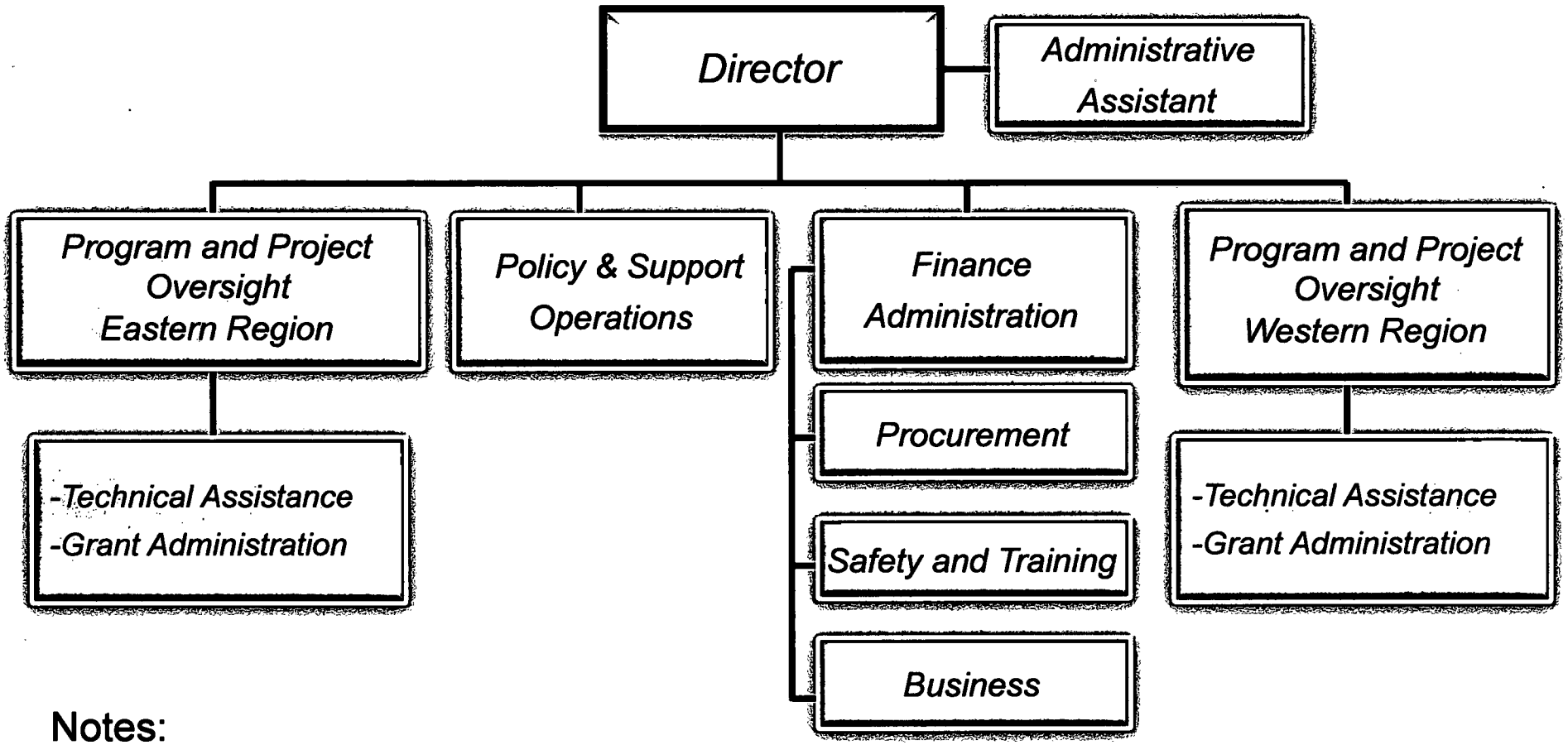
- Serves all 100 Counties - urban, rural and regional transit systems, intercity bus, light rail, etc.
- $358 million industry
- FY2012- 77.2 million individual trips
- 88.9 million miles of service
- 5,000 employed
- 2,398 vehicles
- FY2012- 5 New Facilities



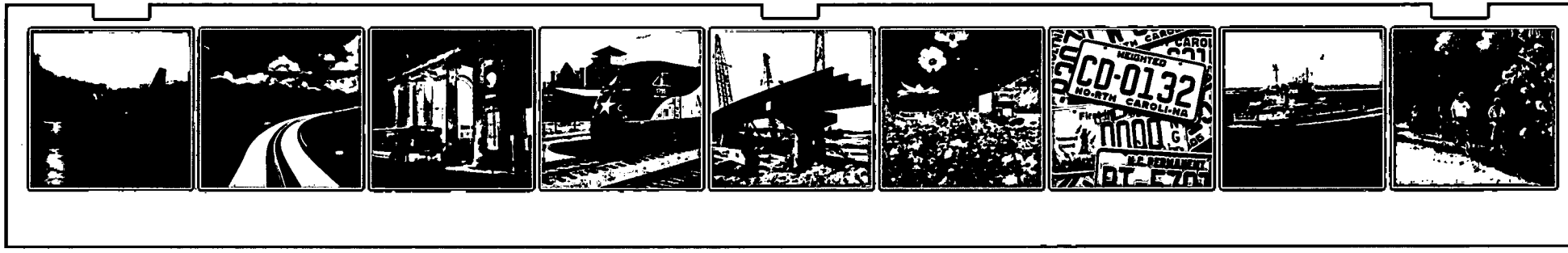




Public Transportation Division Organizational Chart

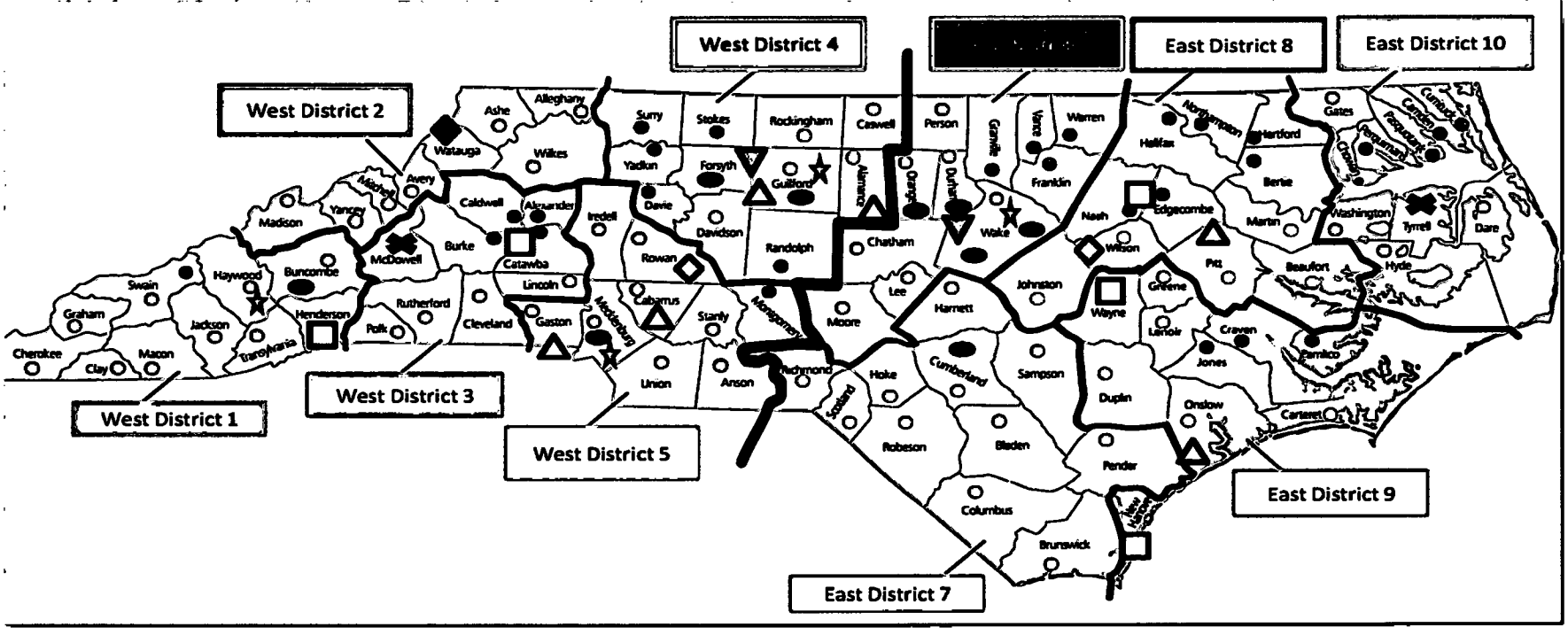


Notes:
29 FTE (25 Fed/4 State)

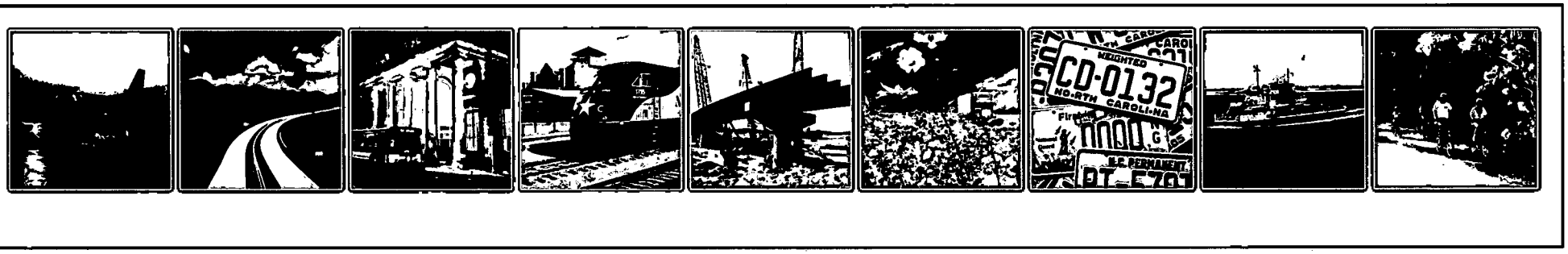


Public Transportation Regions and Systems

99 systems serving 100 counties

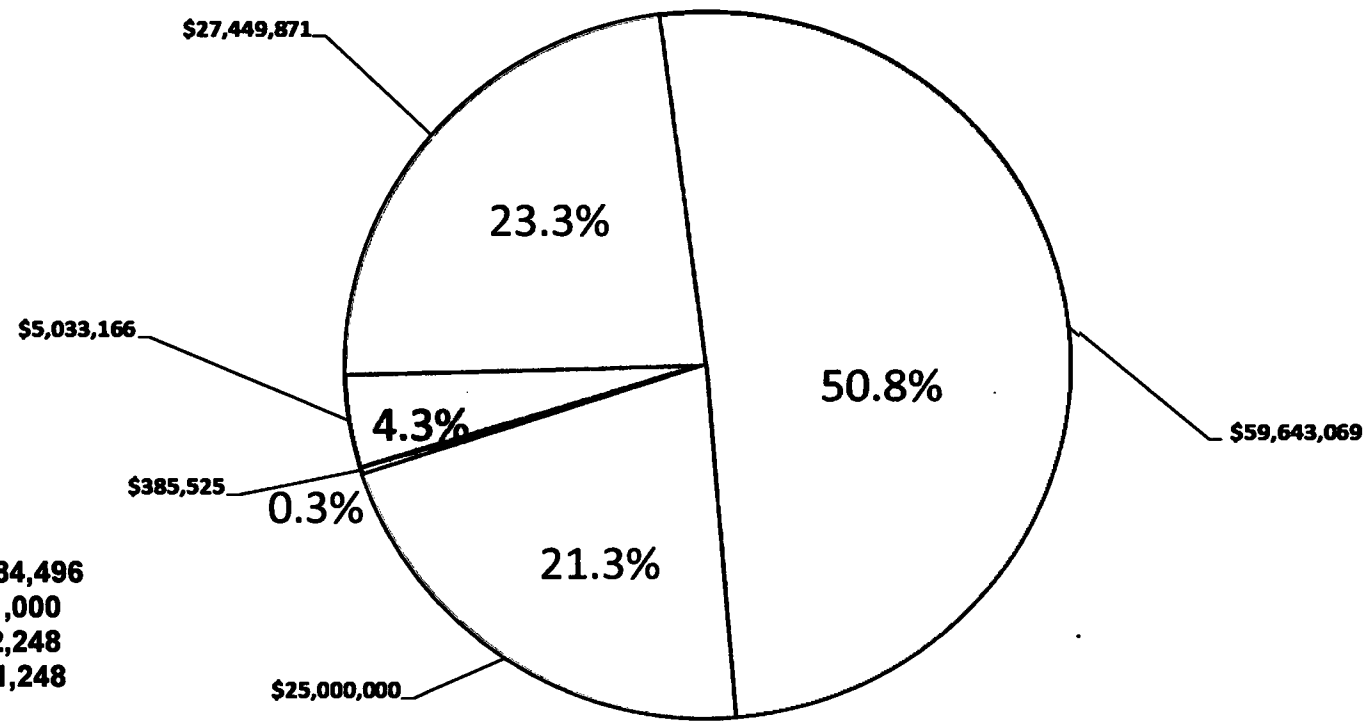


- Urban System
- Small Urban System
- MDS
- Consolidated Urban-Rural
- Small Fixed Route System
- Small FR / Single County
- Urban Regional Authority
- Rural Single County System
- Human Service Transportation Only
- Rural Tribal Transit
- Rural Multi-County System

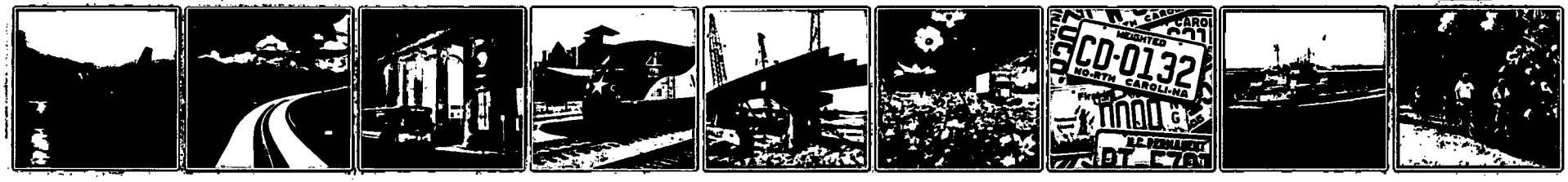


Public Transportation Division Budget Breakdown
FY 2012

- State Admin Budget
- Federal Admin Budget
- Federal Program Allocation
- State Program Allocation
- Charlotte Blue Line Extension

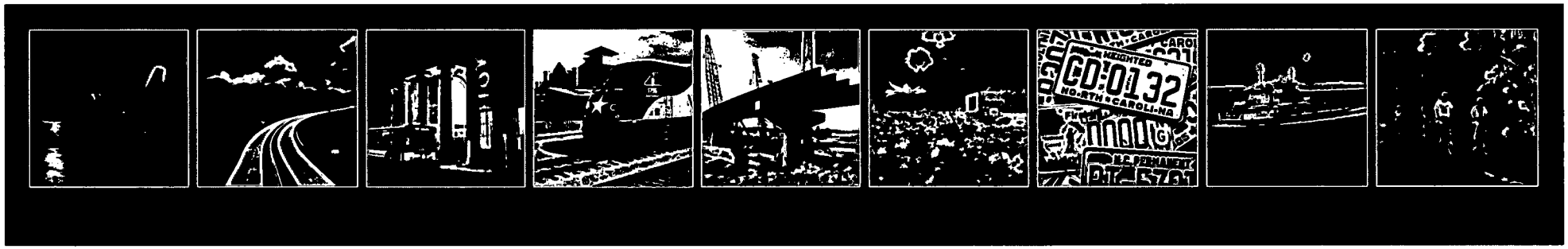


Total Project Cost:	**$1,160,084,496**
State Commitment:	**$299,071,000**
Federal Commitment:	**$580,042,248**
Local Commitment:	**$280,971,248**
Expenditures (2/28/13):	**$13,669,413**



Funding Allocations for Projects

PROGRAM	Purpose	FEDERAL	STATE	LOCAL
5311-Non-Urbanized Areas	Enhance Access in Rural Areas with Populations less than 50,000 & Develop Inter City Bus			
5311 CTSP Planning		80%	10%	10%
5311 Admin		80%	5%	15%
5311 Operating		50%		50%
5311 Capital		80%	10%	10%
5311(f) Intercity		50%		50%
5311(b)2 RTAP		100%		
Appalachian - Capital		80%	10%	10%
Appalachian - Admin		80%	5%	15%
Appalachian - Operating		50%		50%
5316-Job Access Reverse Commute	Transportation for Low Income traveling to and from Employment Centers			
5316 Capital		80%	10%	10%
5316 Operating		50%		50%
5310-Elderly & Disabled	Assist in transportation needs for Elderly and Persons with Disabilities			
5310 Capital		80%	10%	10%
5310 Operating		50%		50%
5317-New Freedom Program	Overcoming Barriers to assist Americans with Disabilities into Workforce and Society			
5317 Capital		80%	10%	10%
5317 Operating		50%		50%
5307-Urban Area Formula	Capital & Operating Assistance in Urbanized Areas for transportation planning			
5307 Capital		80%	10%	10%
5307 Planning		80%	10%	10%
STPDA		80%	10%	10%
CMAQ		83%	8%	9%
5309-Bus & Bus/Fixed Guideway	Replace Buses and Facilities/Construction or Extensions to Fixed Guideway systems	80%	10%	10%
5303-Metropolitan & Statewide	Develop Comprehensive Short and Long Range Transportation Plans	80%	10%	10%
ROAP-Rural Operating Assistance Program	Provides rural transportation for the Elderly, rural general public, and employment			
EDTAP			100%	
EMPL			100%	
RGP			90%	10%
ADVT - Advanced Technology	Advancing Technology		90%	10%
DEMO - Demonstration Grants	Apprentice/Internship Program		90%	10%
TDM -Transportation Demand Management	TDM Programs to Market Alternative Transportation		50%	50%
TAID - Travelers Aid	Bus Tickets for Disadvantaged Returning Home		90%	10%
SMAP-State Management Assistance Program	Provides Funding for Urban and Regional Transit Systems		100%	
HP-High Point Furniture Market	Support Transportation for Furniture Market		100%	
BLE - Blue Line Extension	Extension of Light Rail North of Charlotte	50%	25%	25%

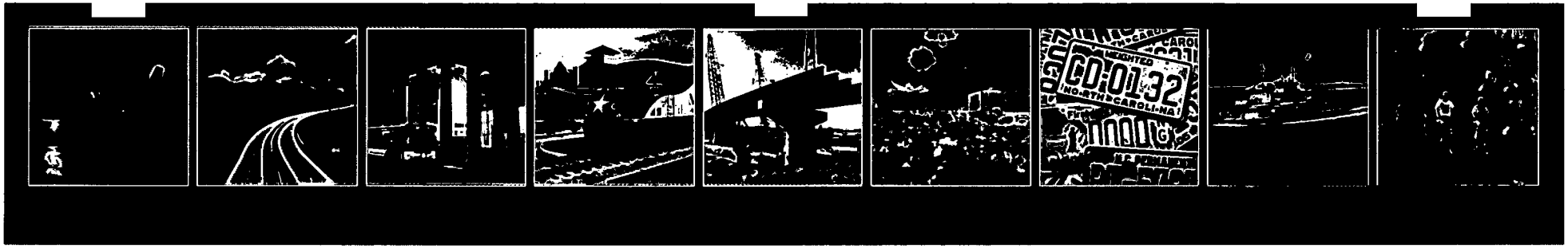


Public Transportation Funding

STATE $$$

(* Denotes Funds From Statewide Grant Program)

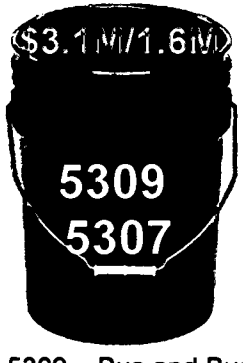
- $705K TAID — Travelers Aid
- $928 K HP — High Point Furniture Market
- $31.5 M SMAP — State Maintenance Assistance Program
- $16.7 M ROAP — Rural Operating Assistance Program
- $455 K* DEMO — Demonstration Grant Program
- $1 M* TDM — Transportation Demand Management Program
- $752 K ADVT — Advanced Technology Program
- $7.48 M BLE — CATS Blue Line Extension



Public Transportation Funding

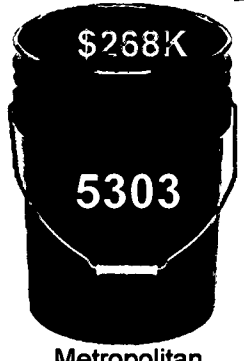
Federal $$$

State Match $$$
(State Wide Grant Program, Rural Capital Program, Urban Bus and Bus Facility Program)

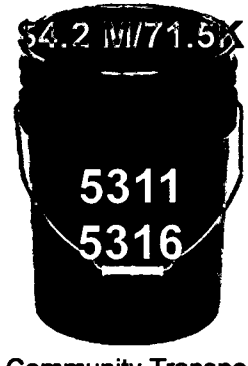


5309 – Bus and Bus Facilities

5307 - CMAQ

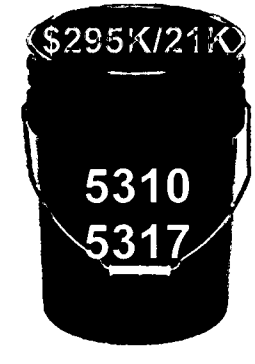


Metropolitan Planning Program



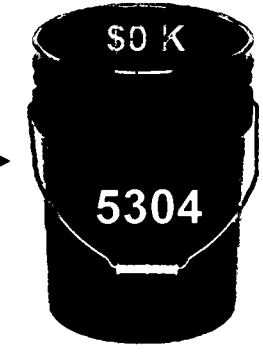
5311 – Rural Community Transportation

5316 – Job Access Reverse Commute

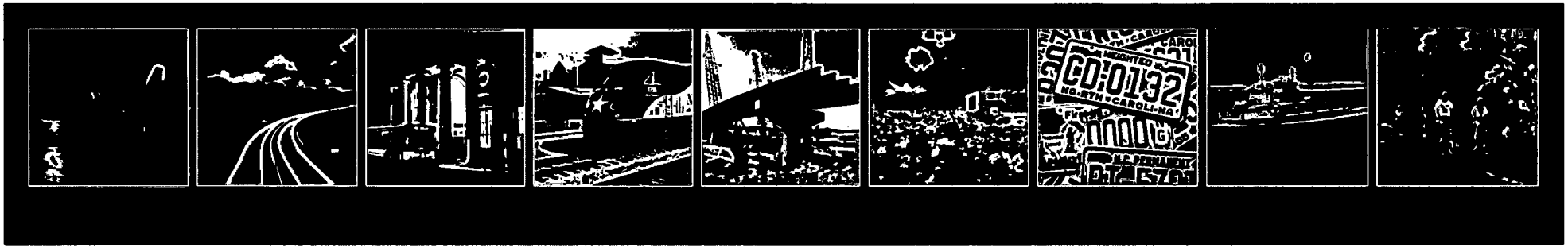


5310 – Elderly and Disabled Transportation

5317 – New Freedom Program



Metropolitan Research Program



Public Transportation – MAP-21

Moving Ahead for Progress in the 21st Century

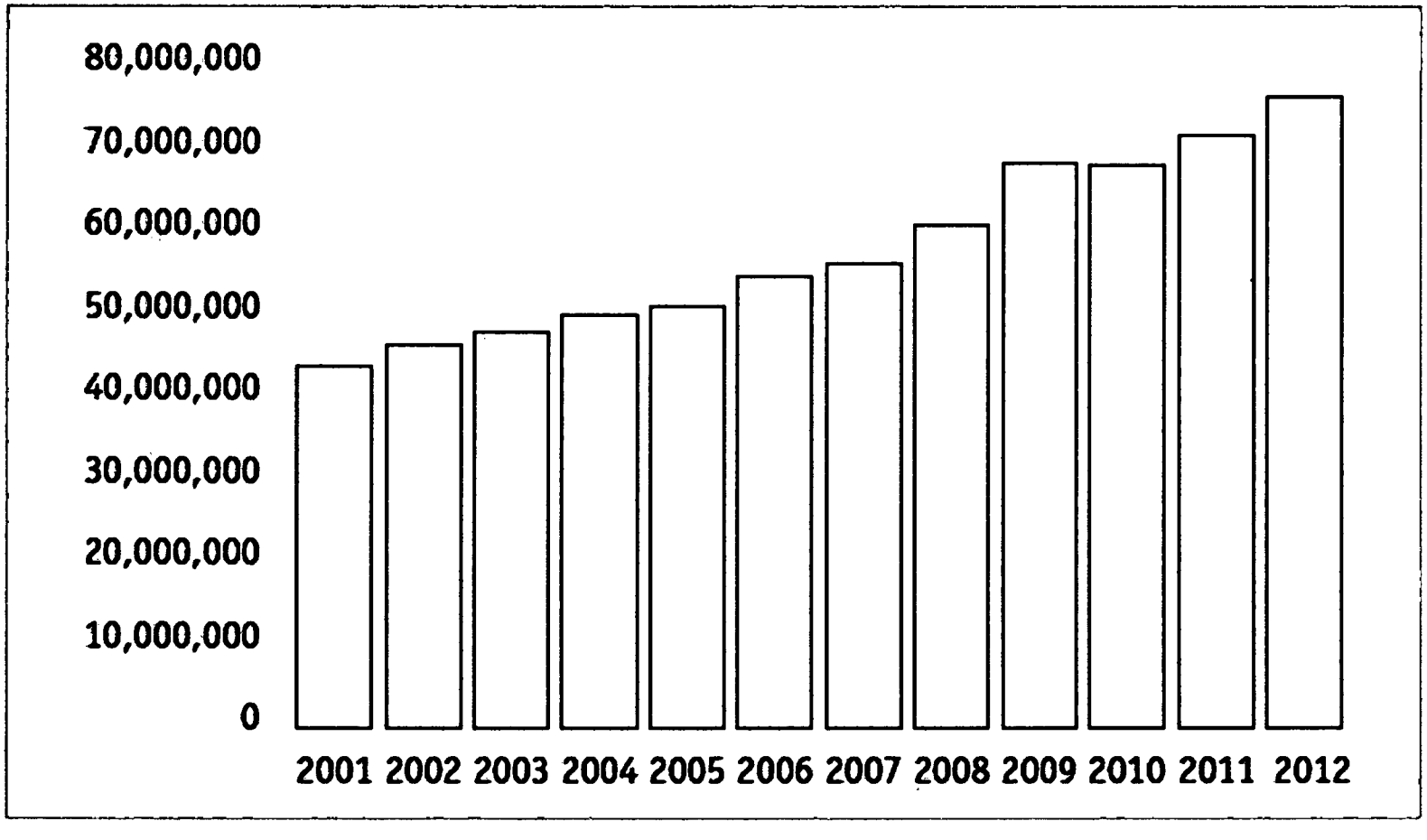
- Legislation – MAP-21, July 6, 2012
- Effective October 1, 2012
- Authorizes programs for two years, through September 30, 2014

Program and Formula Changes

Focus Areas (Safety, State of Good Repair, Asset Management, Streamlining and Program Efficiency, Formula and Discretionary Funding, 2010 Census, Reporting, Definitional Changes)



Statewide Public Transportation Ridership





Legislation Impacts to Fixed Guideways Program

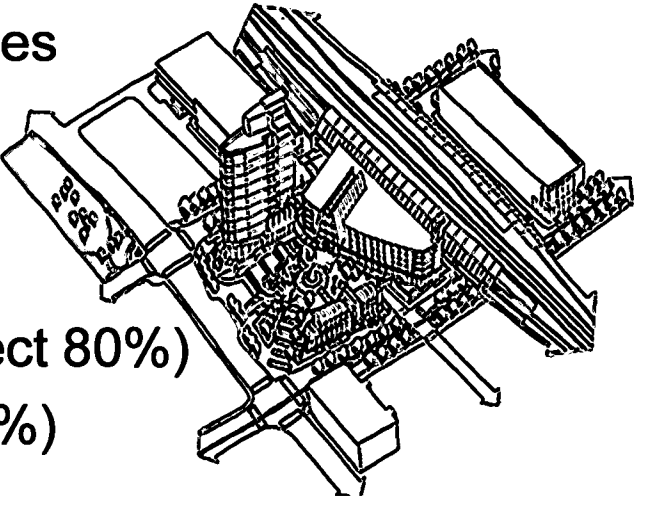
- State and Federal program definition is the same.
- Allows projects to be funded with Highway Trust Fund dollars.
- New Starts will now compete with highway funds.
- Subject to equity if federal matching funds are involved.
- Projects can be evaluated/prioritized with highway projects under either the Strategic Prioritization Process or Mobility Fund criteria.



DRAFT Scoring Processes – Fixed Guideways

Strategic Prioritization Process (subject to equity)

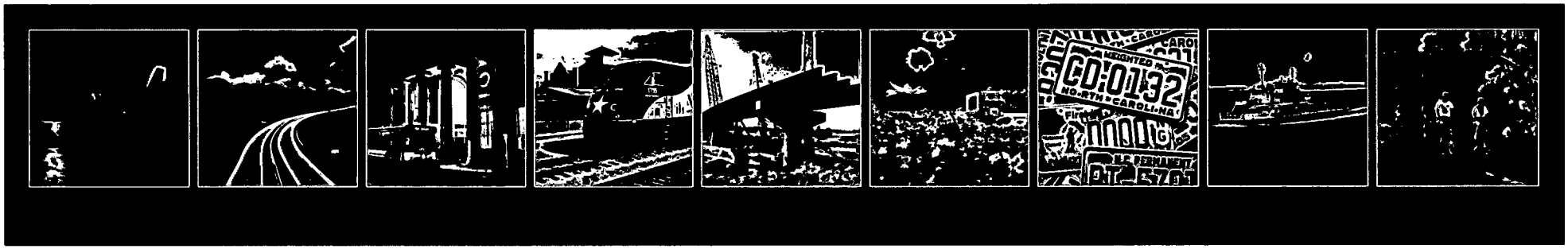
- Benefit/cost (70%) – Federal Transit guidelines
- Local input (30%)



Mobility Fund criteria (not subject to equity)

- Benefit/cost (travel time savings/cost of project 80%)
- Multi-modal (transit projects get full value 20%)

Transit projects without large commitment of non-state funds will not likely score well in either process



Potential or Planned Fixed Guideway Projects

Commuter Rail

Raleigh to Henderson

Raleigh to Clayton

Mebane to Wilson

Charlotte to Monroe

Greenville Parkway to Durham

Raleigh to Wake Forest

Raleigh to Hillsborough to Mebane

Fuquay to Sanford

Charlotte to Gastonia

Light Rail

Durham to Chapel Hill

Cary to Raleigh

Other

Charlotte East to West (streetcar)

Outer Banks - (ferry/bus)

Red Line Regional Rail (commuter/freight rail)



Non-Emergency Medical Transportation

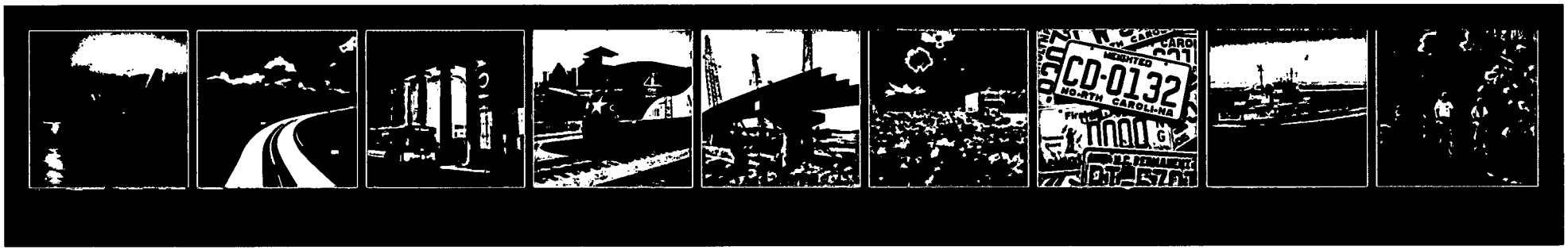
NEMT program – Present in all 100 counties

Federal law requires states to ensure the least expensive mode of transportation for Medicaid beneficiaries.

Medicaid only pays for transportation to a qualified Medicaid provider for the provision of a Medicaid covered service.

State Legislative ensures funds for NC NEMT Program:

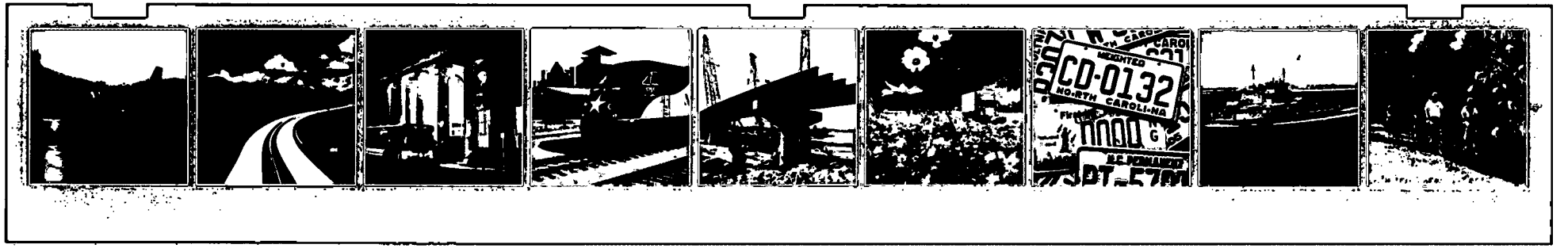
- FY 11-12: $44 million with **$15.7 million** in **state dollars**
- 1.4 millions trips were provided for 260,000 recipients (approx. 2%)



Non-Emergency Medical Transportation Continued

- Federal Audit was conducted of the NEMT Program, July 2011
- Stakeholders Committee was formed, July 2011
- Session Law 2012-142 (Section 10.7) required the Department of Health and Human Services (DHHS), in consultation with the Department of Transportation, to develop and issue a request for proposals (RFP) for the management of NEMT.





Public Transportation

Where Are We Now

- Legislative Mandate to Review the NEMT system
- Development of a RFP
- Review and approval of RFP and review of applications

What Steps Being Taken Now

- Brokerage System
- Regional Call-System – Regionalization in Transits
- Maintain Current System



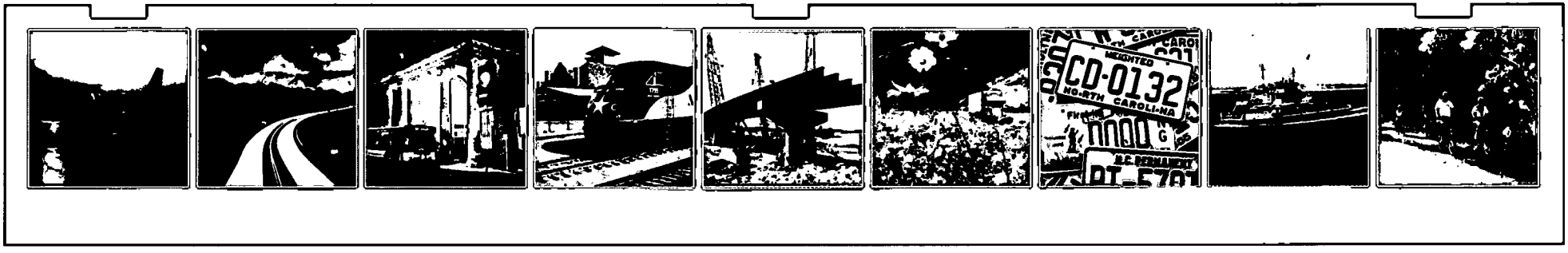
Public Transportation System Regionalization

What is Regionalization ?

- To provide an increased in mobility between existing transit systems with one county and between counties,
- To improve planning and coordination of transportation routes to better meet public demand
- To maximizing funding, and
- To develop a centralized staffing to create operational and administrative efficiencies

Past Transit Systems Impacted

Future Impacts on Transit Systems



System Regionalization

Stakeholder/Advisory Committee for Regional Development

Transit Systems Develop Regional Action Plans

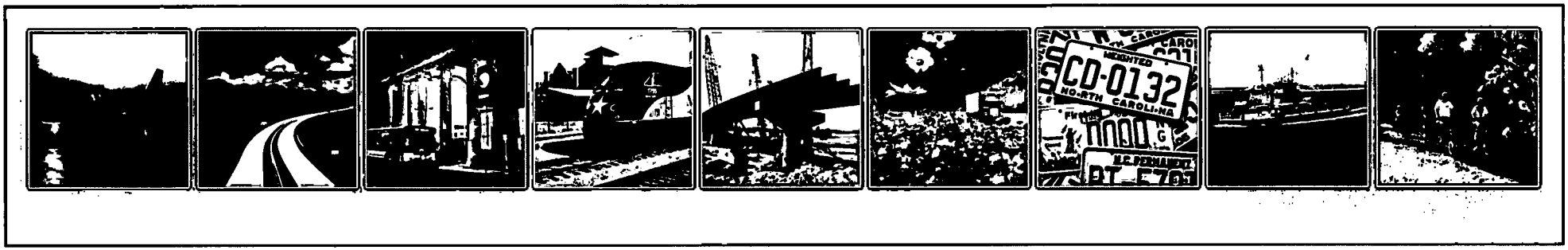
- Community Transportation Plans
- Locally Coordinating Plans

Program Incentives

Regional Action Plan Initiative – 2015



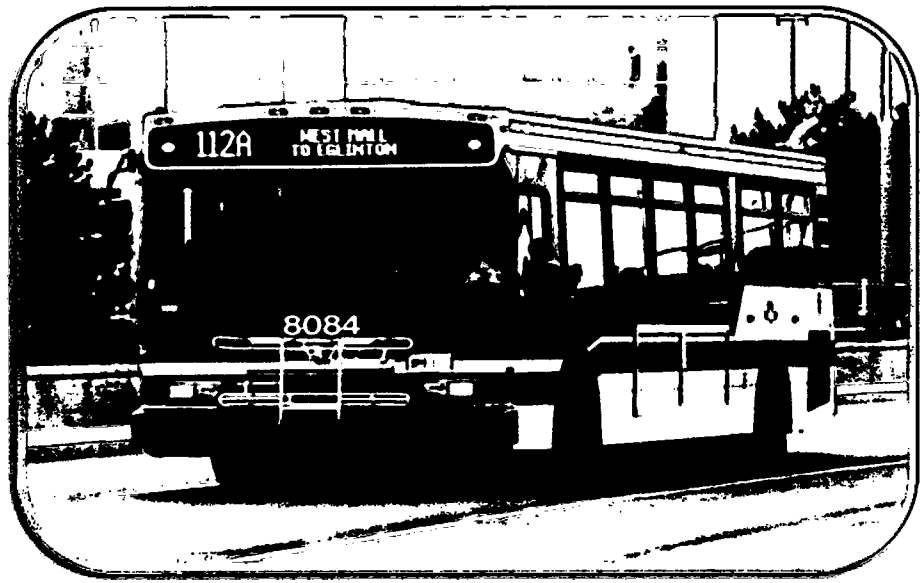
Greenway Public Transportation



Assessment of System

Condition Constraints

- Increase in Ridership
- Expansion/Replacement of Vehicle Fleet
- Advanced Technology
- Aging and New Infrastructure
- Division Organization Structure
- Funding $8/$1/$/





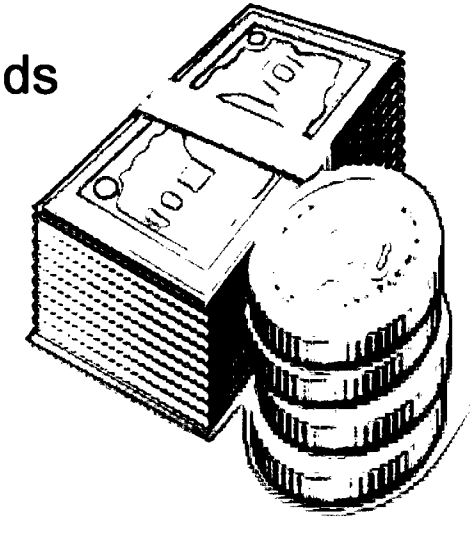
Maximizing Federal Operating Assistance

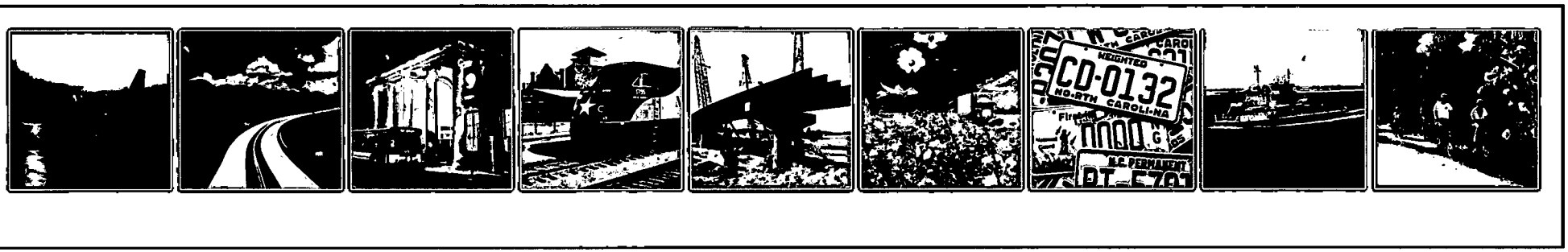
Partnering with other county agencies

Utilizing ROAP and SMAP as matching funds

Expand opportunities for utilization of matching funds

Recycle revenue earned





Questions?

State-Wide Public Transportation

FY 2012 NCDOT Public Transportation Division

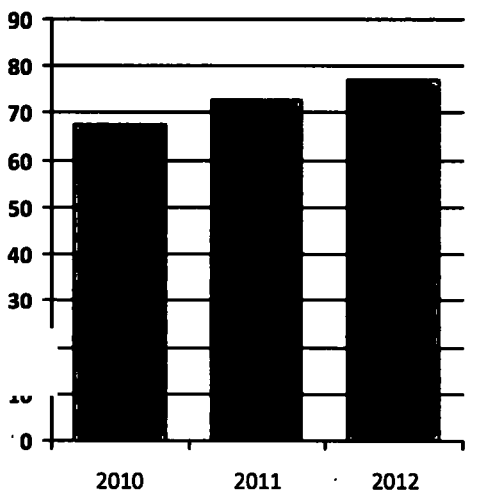
Public Transportation Operating and Financial Statistics Report

Systems By Type	
Consolidated Small City-Community:	1
Regional Urban:	2
Human Service:	2
Fixed Route in Small Cities:	2
Regional Community:	6
Consolidated Urban-Community:	5
Urban Single-City:	15
Community:	66
Total Public Transportation Systems:	**99**

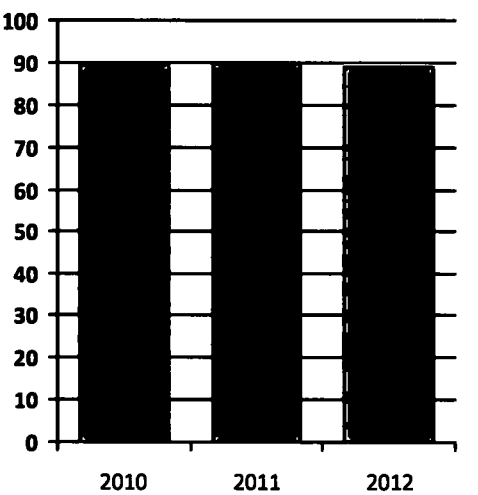
Highlights

Total Passengers:	77,191,873
Total Hours:	5,486,991
Total Miles:	88,900,885
Total Federal Funding:	$54,434,337
Total State Funding:	$50,598,457
Total Other Funding:	$18,127,193
Total Local Funding:	$235,296,431
Total Funding:	$358,456,418

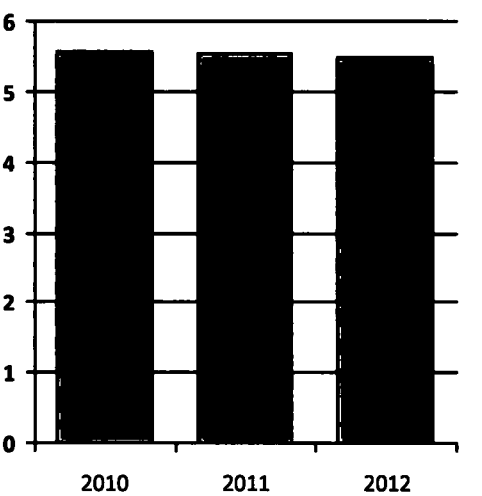
Passengers By Year In Millions



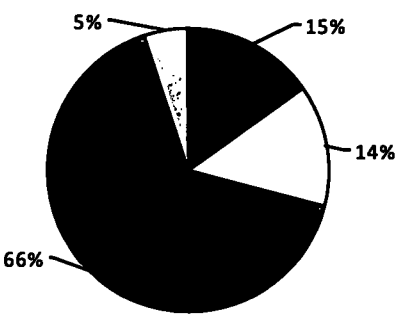
Miles By Year In Millions



Hours By Year in Millions

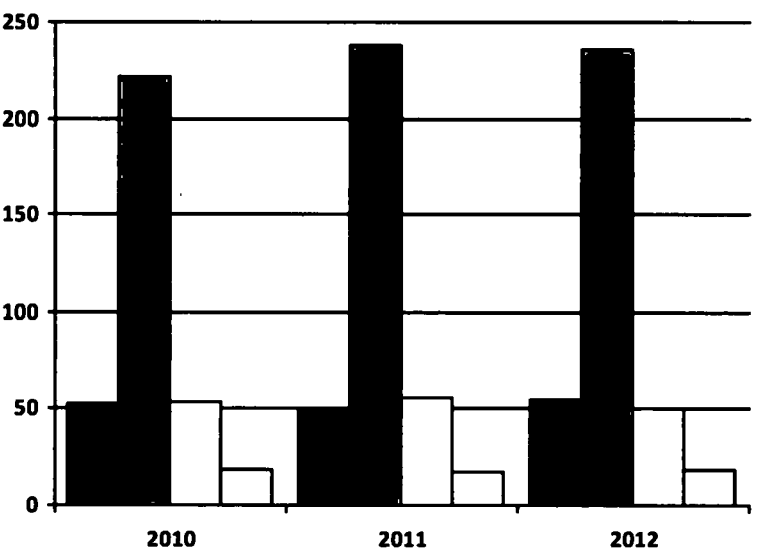


2010 Revenue Sources



Revenue Data Legend Federal Local State Other

Revenue Sources by Year in Millions



Data Summary

	2011	2012	% Change
Federal Revenue:	$50,914,195	$54,434,337	7%
Local Revenue:	$237,584,433	$235,296,431	-1%
State Revenue:	$55,958,283	$50,598,457	-10%
Other Revenue:	$17,809,589	$18,127,193	2%
[illegible] :	90,008,836	88,900,885	-1%
[illegible] :	5,549,912	5,486,991	-1%
Total Passengers:	72,957,653	77,191,873	6%

State-Wide Urban Transportation

FY 2012 NCDOT Public Transportation Division

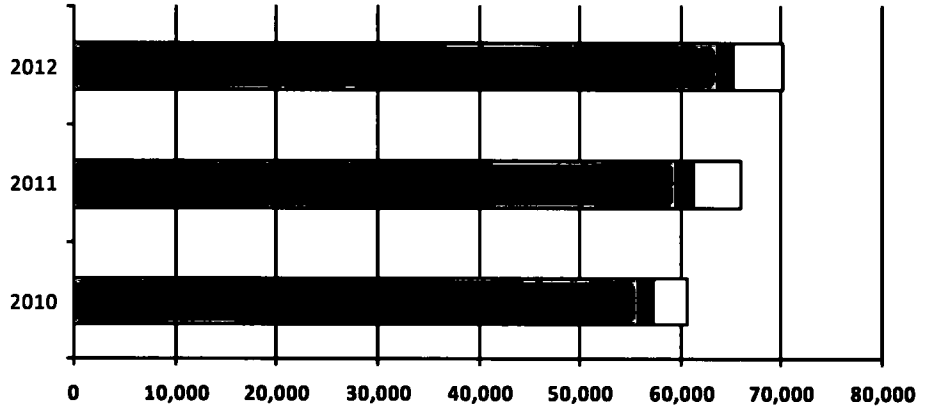
Urban Transportation Operating and Financial Statistics Report

ms By Type	
Regional Urban	2
Fixed Route in Small Cities	2
Consolidated Urban-Communit	5
Urban-Single City	15
Total Urban Transportation System	**24**

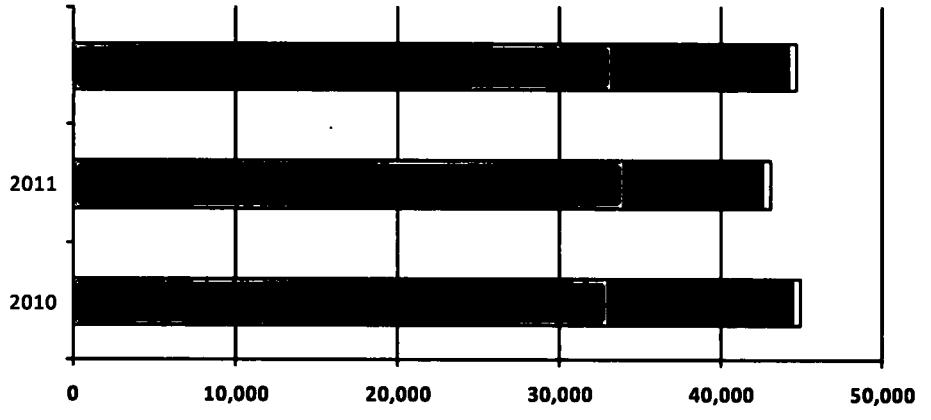
Highlights

Total Passengers:	70,043,440	*Total Federal Funding:*	$39,176,092
Total Hours:	3,132,737	*Total State Funding:*	$32,999,553
Total Miles:	44,671,624	*Total Other Funding:*	$7,758,376
		Total Local Funding:	$133,098,173
		Total Funding:	$213,032,195

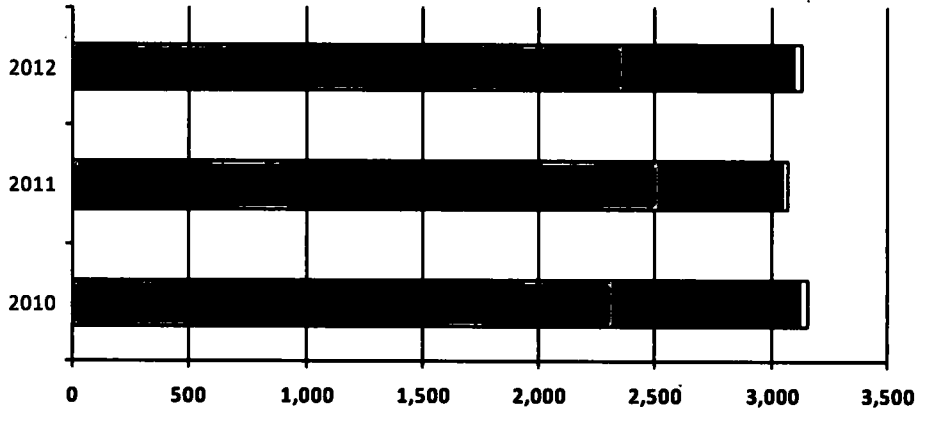
Passengers By Year In Thousands

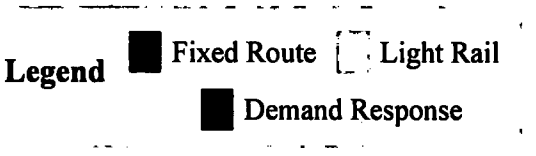


Miles By Year In Thousands

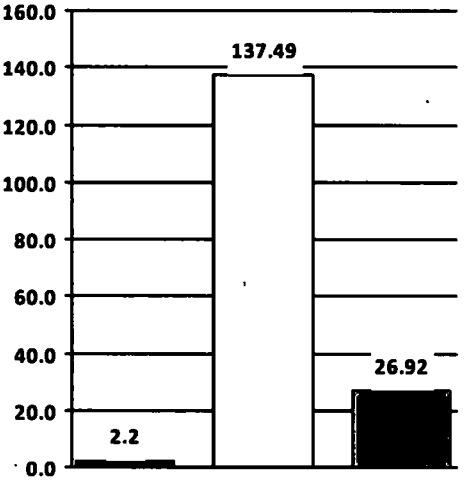


Hours By Year in Thousands

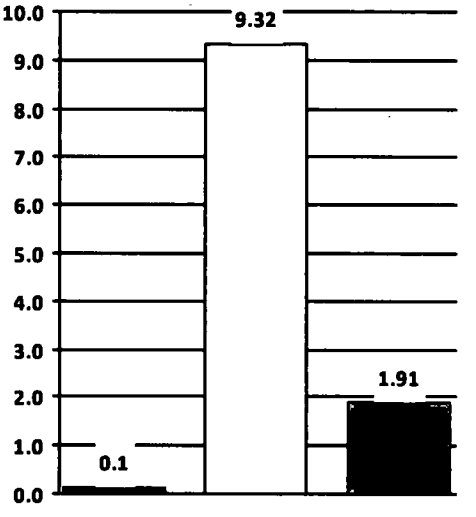




Efficiency By Mode
Passengers Per Hour



Passengers Per Mile

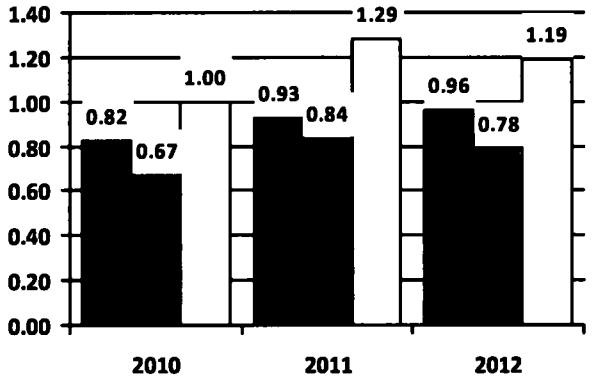


State-Wide Urban Transportation

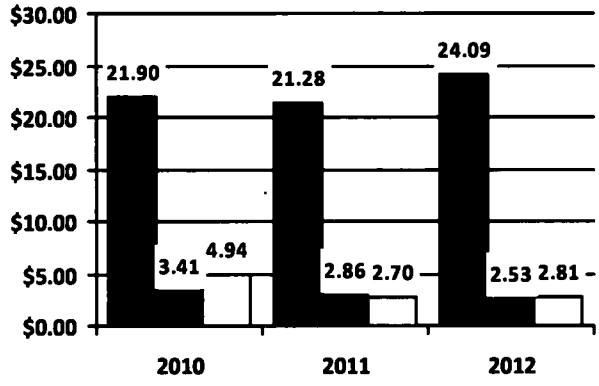
FY 2012 NCDOT Public Transportation Division

Urban Transportation Operating and Financial Statistics Report

Operating Ratio By Year and By Mode

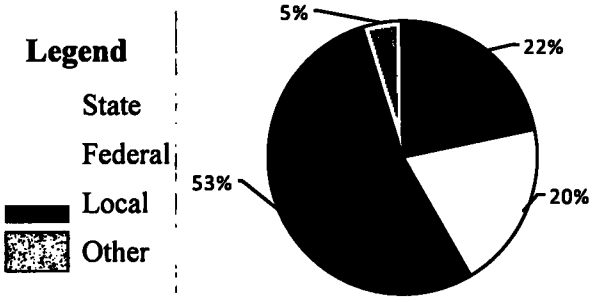


Cost Per Trip By Year and By Mode

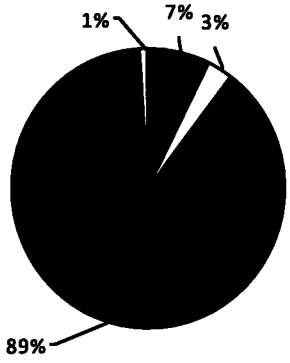


REVENUE DATA BY MODE

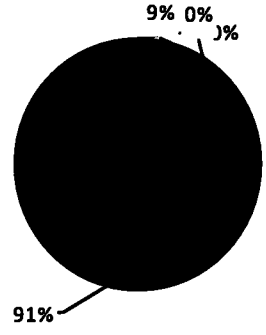
Fixed Route



Demand Response



Light Rail



DATA SUMMARY	Demand Response			Fixed Route			Light Rail		
	2011	2012	% Change	2011	2012	% Change	2011	2012	% Change
TOTAL EXPENSES:	$38,774,453	$41,724,772	8%	$203,455,330	$210,514,373	3%	$16,572,939	$17,537,021	6%
Federal Assistance:	$2,969,218	$2,866,280	-3%	$25,875,908	$35,109,812	36%	$0	$1,200,000	0%
State Assistance:	$2,150,448	$1,167,711	-46%	$32,304,664	$31,831,842	-1%	$0	$0	0%
Local Assistance:	$28,449,531	$33,949,400	19%	$105,033,802	$86,604,918	-18%	$12,894,511	$12,543,855	-3%
Other Assistance	$456,235	$294,823	-35%	$7,278,730	$7,463,553	3%	$0	$0	0%
Operating Revenues:	$3,352,373	$3,446,558	3%	$47,527,886	$49,504,249	4%	$3,678,428	$3,793,166	3%
TOTAL REVENUES	$37,377,806	$41,724,773	12%	$218,020,990	$210,514,374	-3%	$16,572,939	$17,537,021	6%
Operating Ratio:	**0.93**	**0.96**	4%	**0.84**	**0.78**	-7%	**1.29**	**1.19**	-8%
Subsidy Per Trip:	$3.20	$2.54	-21%	$0.98	$1.05	8%	$0.00	$0.25	0%
Cost Per Trip:	**$21.28**	**$24.09**	13%	**$2.86**	**$2.53**	-12%	**$2.70**	**$2.81**	4%
Miles:	8,581,440	10,885,833	27%	33,983,036	33,261,255	-2%	519,447	524,536	1%
Hours:	537,316	736,199	37%	2,509,641	2,360,975	-6%	27,924	35,563	27%
Passengers Per Hour:	**2.98**	**2.16**	-27%	**23.73**	**26.92**	13%	**170.80**	**137.49**	-20%
Passengers Per Mile:	0.186	0.146	-22%	1.752	1.911	9%	9.182	9.321	2%
Total Passengers:	1,599,108	1,588,841	-1%	59,546,571	63,565,146	6%	4,769,534	4,889,453	2%

Statistics in blue and bold are used for benchmarking purposes

Operating Ratio is calculated by summing all local funds and dividing by expenses

Cost per trip is calculated using the total system expenses divided by the total number of trips.

Capital expenses and revenues are not included

State-Wide Community Transportation Summary

FY 2012 NCDOT Public Transportation Division

Community Transportation Operating and Financial Statistics Report

ms By Type	
Consolidated Small City-Community	1
Human Service	2
Consolidated Urban-Community	5
Regional Community	6
Community	66
Total Community Transportation Systems:	**80**

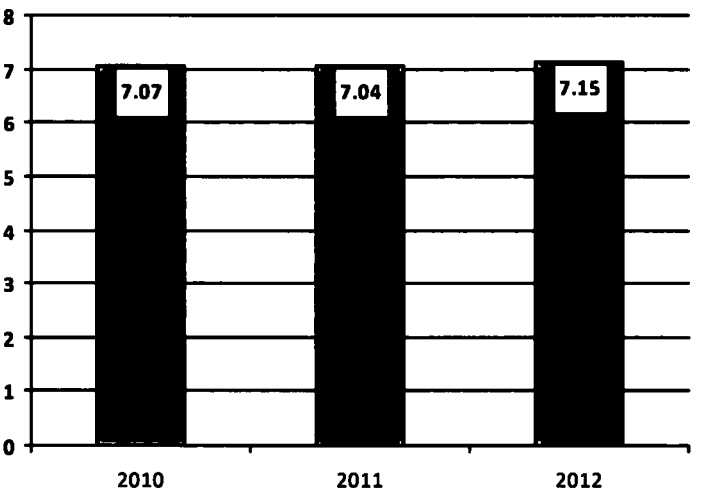
Highlights

Total Passengers:	7,148,433
Total Hours:	2,354,254
Total Miles:	44,229,261
Total Local Funding:	$45,826,636
Total State Funding:	$14,915,528
Total Federal Funding:	$15,258,245
Total Funding:	$76,000,410

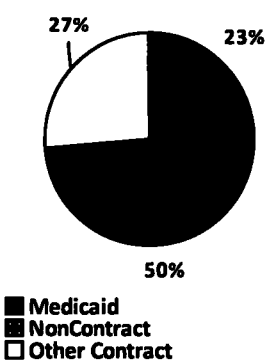
Passengers, Hours and Miles By Mode

Service Type	Passengers	Hours	Miles
Demand Response	4,755,787	2,225,036	42,330,381
Deviated Fixed	254,910	64,316	996,728
Fixed Route	1,645,752	64,902	902,152
Other	491,984	0	0

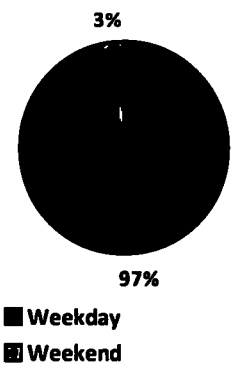
Passengers By Year in Millions



Trips By Funding Type

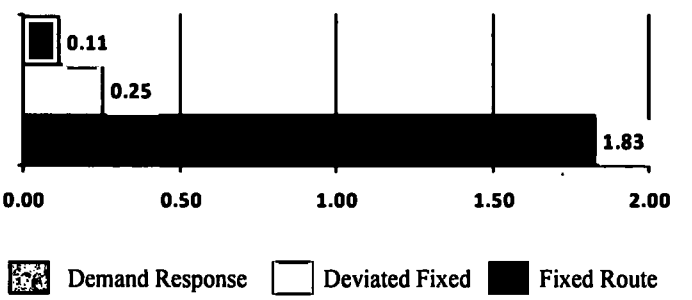


Passengers By Day Type

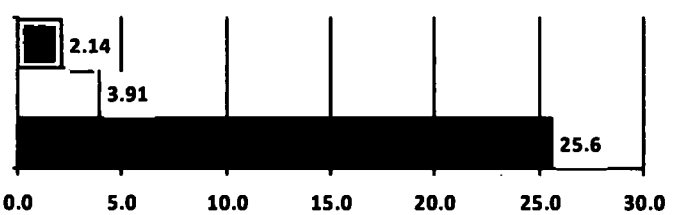


Efficiency By Mode

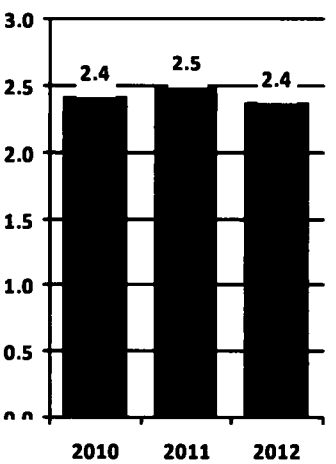
Passengers Per Mile



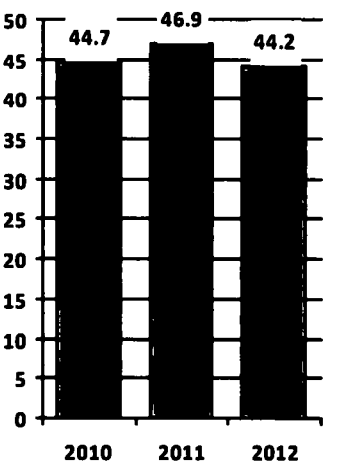
Passengers Per Hour



Hours Per Year in Millions



Miles Per Year in Millions

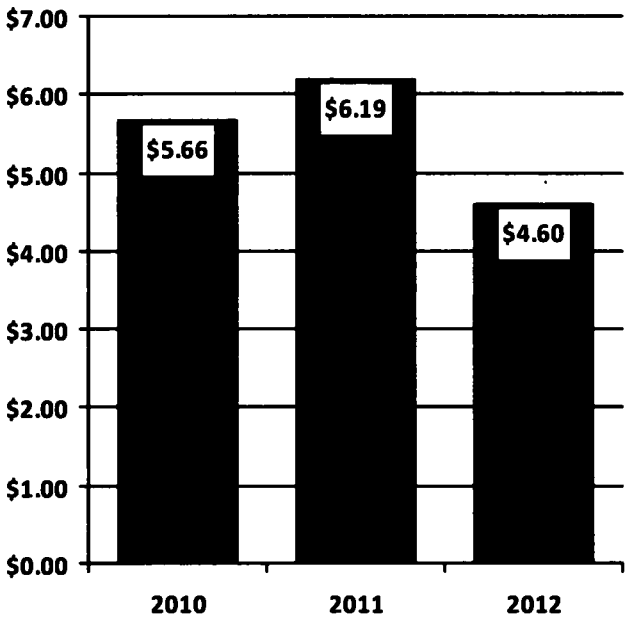


State-Wide Community Transportation Summary

FY 2012 NCDOT Public Transportation Division

Community Transportation Operating and Financial Statistics Report

Subsidy Per Trip By Year



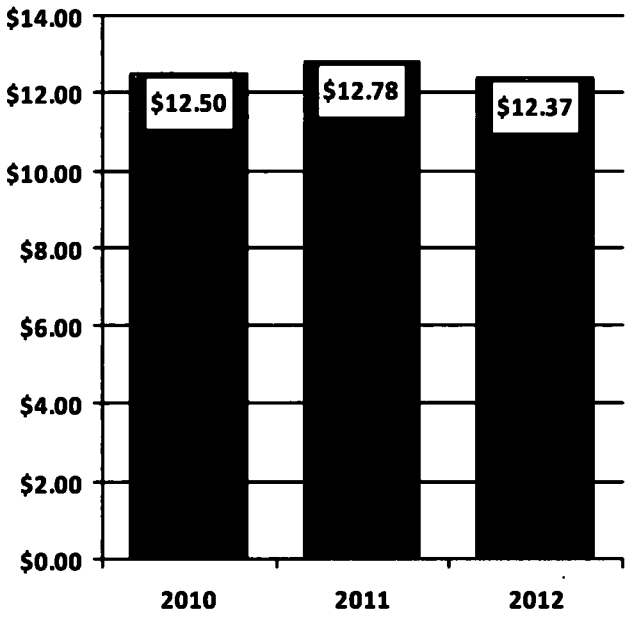
Data Summary

	2011	2012	% Change
Subsidy Per Trip:	$6.19	$4.60	-26%
Cost Per Trip:	$12.78	$12.37	-3%
Reportable Incidents:	58	59	2%
Reportable Fatalities:	0	0	#Num!
Reportable Injuries:	31	69	123%
Miles:	46,924,913	44,229,261	-6%
Hours:	2,475,031	2,354,254	-5%
Passengers Per Hour:	2.85	3.036	7%
Passengers Per Mile:	0.150	0.162	8%
Total Passengers:	7,042,440	7,148,433	2%
Non-Contract Trips Per Non-Urban Population:	1.07	1.13	5%

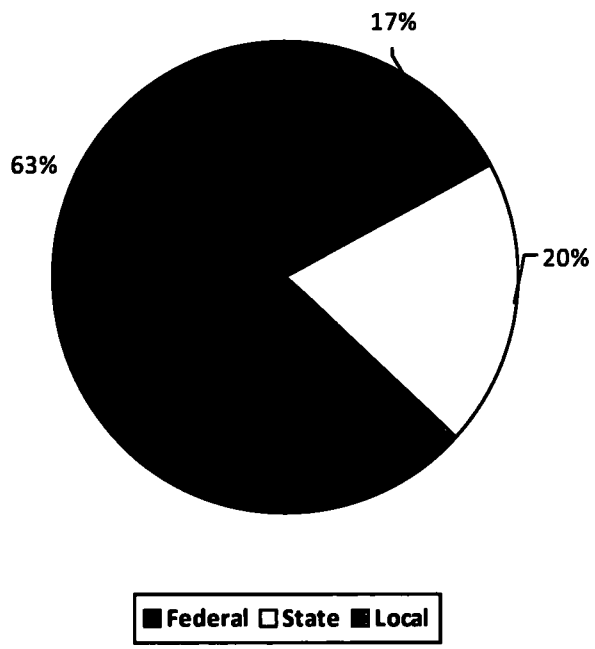
Note: Statistics in bold italics are used for benchmarking purposes

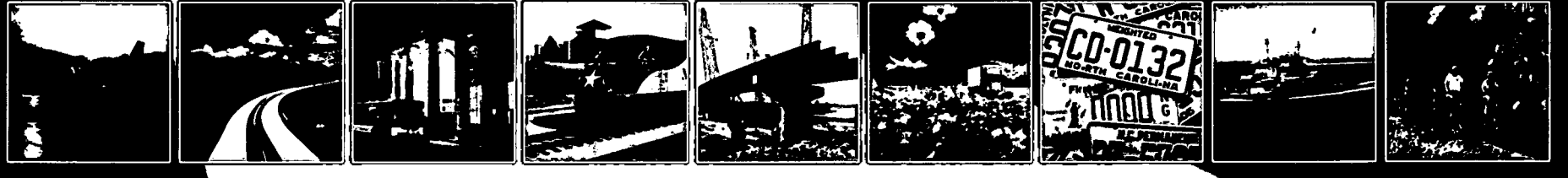
Subsidy per trip is calculated using the total amount of Federal and State administrative and operating funds a transit system received divided by the total number of trips. Cost per trip is calculated using the total system expenses divided by the total number of trips.

Cost Per Trip By Year



Administrative and Operating Funding Sources



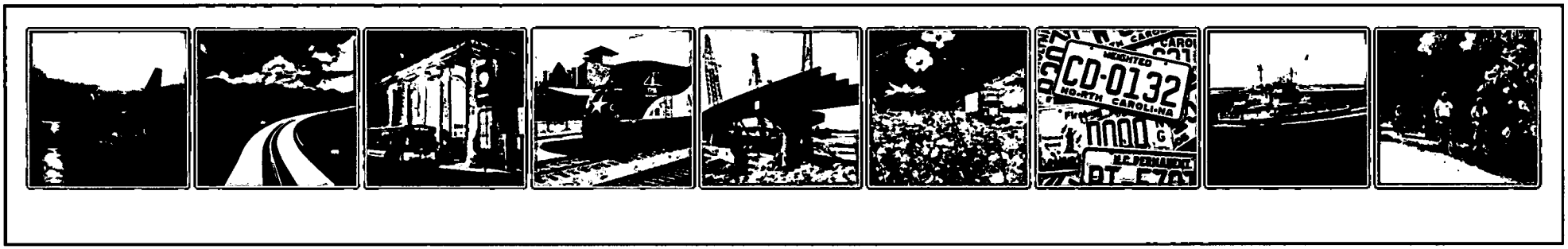


Joint Appropriations Subcommittee on Transportation

Division of Bicycle and Pedestrian Transportation

Lauren Blackburn
Director

March 6, 2013

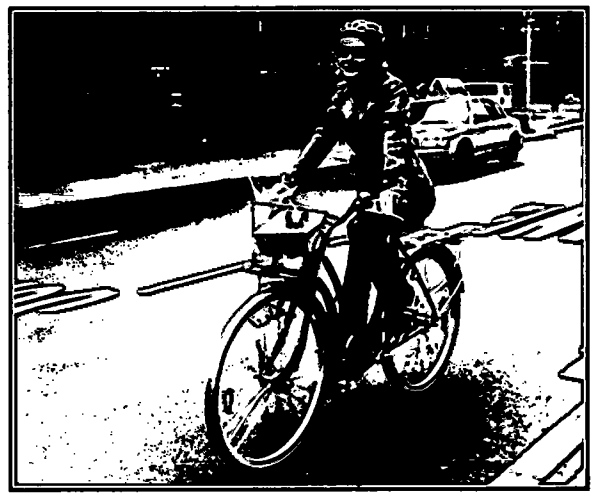


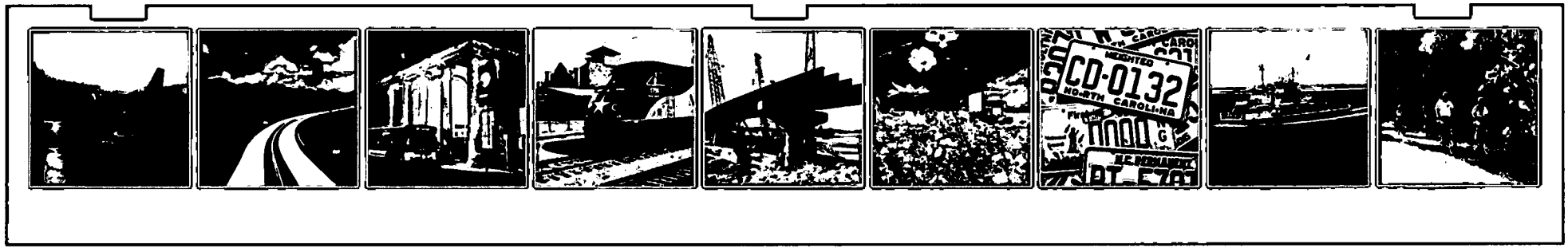
Division of Bicycle and Pedestrian Transportation (DBPT)

History and Purpose

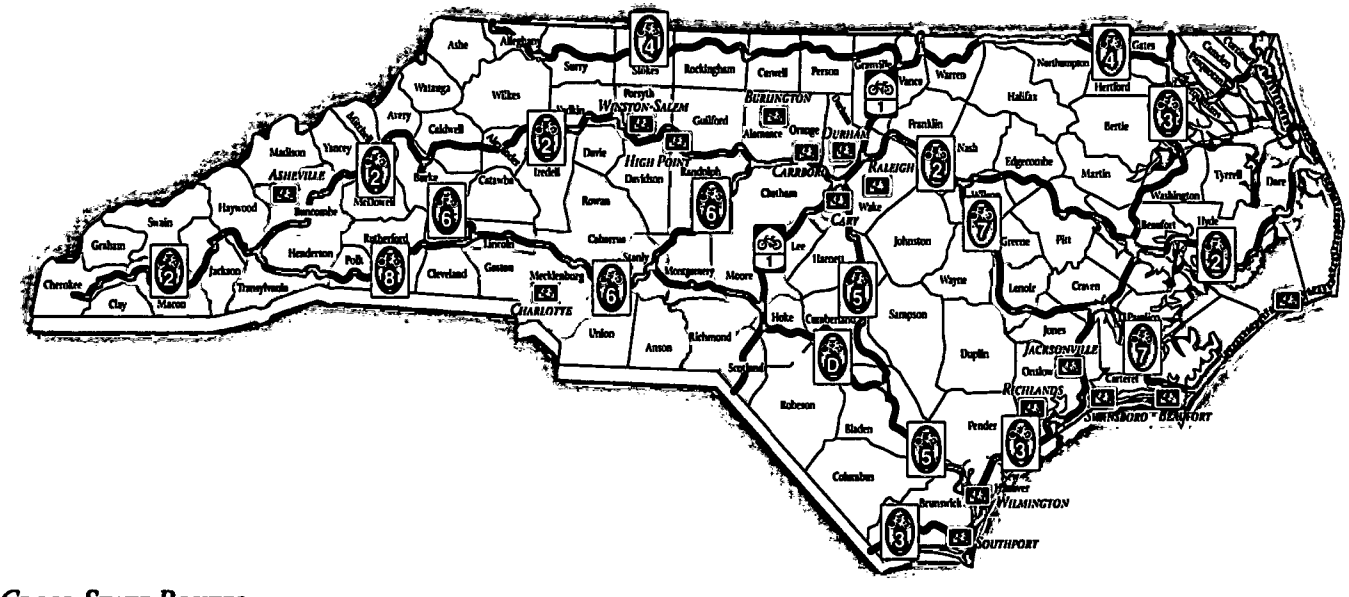
Created in 1974 by NC General Assembly thru *Bicycle and Bikeway Act*, expanded in 1992 to include pedestrian activities.

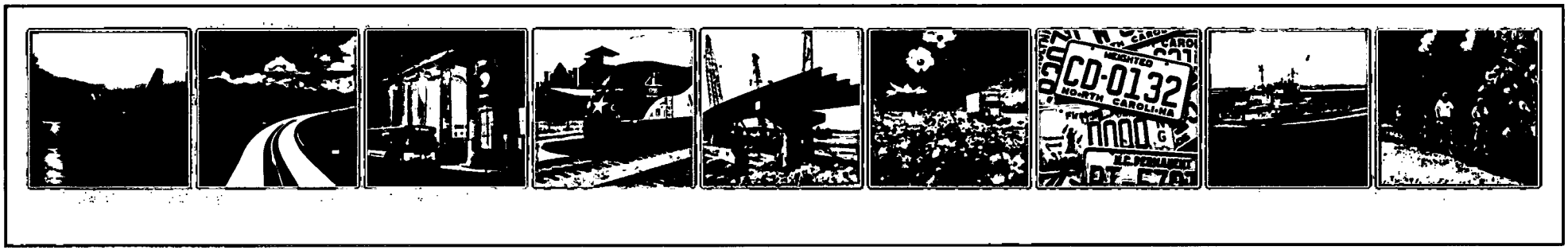
- Reduce injuries and fatalities.
- Create efficient bicycle & pedestrian travel options.
- Promote healthy and active lifestyles.
- Foster local economic growth.





Major Bike and Pedestrian Infrastructure


Asheville
Weaverville
Black Mountain
Swannanoa
Montreat
Waynesville
Sylva
Cherokee
Bryson City
Andrews
Murphy
Hayesville
Franklin
Highlands
Brevard
Hendersonville
Flat Rock
Saluda
Tryon
Columbus
Rutherfordton
Spindale
Forest City
Boiling Springs
Shelby
Kings Mountain
Gastonia
Cherryville
Lincolnton
Newton
Conover
Hickory
Morganton
Lenoir
Blowing Rock
Boone
Banner Elk
Linville
Elkin
Jefferson
West Jefferson
Sparta
Mount Airy
Pilot Mountain
Dobson
Yadkinville
Mocksville
Statesville
Troutman
Mooresville
Cornelius
Huntersville
Davidson
Concord
Kannapolis
Salisbury
Thomasville
Lexington
Winston-Salem
High Point
Trinity
Randleman
Asheboro
Pinehurst
Southern Pines
Aberdeen
Carthage
Sanford
Lillington
Dunn
Fayetteville
Spring Lake
Hope Mills
Laurinburg
Lumberton
Pembroke
Rowland
Whiteville
Tabor City
Shallotte
Ocean Isle Beach
Southport
Oak Island
Wilmington
Leland
Burgaw
Wallace
Rose Hill
Jacksonville
Richlands
Swansboro
Morehead City
Beaufort
Atlantic Beach
Havelock
New Bern
Vanceboro
Washington
Belhaven
Plymouth
Williamston
Windsor
Ahoskie
Murfreesboro
Roanoke Rapids
Weldon
Scotland Neck
Tarboro
Rocky Mount
Wilson
Goldsboro
Kinston
Greenville
Ayden
Grifton
Farmville
Bethel
Edenton
Elizabeth City
Manteo
Nags Head
Kill Devil Hills
Kitty Hawk
Currituck
Duck
Southern Shores
Corolla
Carolina Beach
Kure Beach
Wrightsville Beach
Topsail Beach
Surf City
North Topsail Beach
Holden Beach
Ocean Isle Beach
Sunset Beach
Calabash
Oak Island
Bald Head Island
Caswell Beach
Southport
Brunswick
Columbus
Bladen
Robeson
Scotland
Richmond
Anson
Union
Stanly
Montgomery
Moore
Lee
Harnett
Johnston
Wayne
Lenoir
Greene
Pitt
Craven
Pamlico
Jones
Onslow
Carteret
Duplin
Sampson
Cumberland
Hoke
Wake
Franklin
Vance
Warren
Halifax
Northampton
Gates
Chowan
Perquimans
Pasquotank
Camden
Currituck
Dare
Hyde
Tyrrell
Washington
Martin
Bertie
Edgecombe
Nash
Granville
Person
Caswell
Rockingham
Stokes
Surry
Alleghany
Ashe
Watauga
Wilkes
Yadkin
Iredell
Davie
Rowan
Cabarrus
Alexander
Catawba
Burke
McDowell
Polk
Rutherford
Henderson
Transylvania
Jackson
Macon
Clay
Graham
Swain
Haywood
Buncombe
Madison
Yancey
Mitchell
Avery
Caldwell
Alamance
Orange
Durham
Chatham
Randolph
Guilford
Forsyth
Davidson
Cleveland
Gaston
Mecklenburg
Union
Anson
Richmond
Scotland
Robeson
Bladen
Columbus
Brunswick
New Hanover
Pender
Sampson
Duplin
Onslow
Jones
Pamlico
Carteret
Craven
Lenoir
Greene
Pitt
Wayne
Johnston
Harnett
Lee
Moore
Montgomery
Stanly
Cabarrus
Rowan
Iredell
Davie
Forsyth
Guilford
Alamance
Orange
Durham
Chatham
Wake
Franklin
Vance
Warren
Halifax
Northampton
Gates
Chowan
Perquimans
Pasquotank
Camden
Currituck
Dare
Hyde
Tyrrell
Washington
Martin
Bertie
Edgecombe
Nash
Granville
Person
Caswell
Rockingham
Stokes
Surry
Alleghany
Ashe
Watauga
Wilkes
Yadkin
Alexander
Catawba
Burke
McDowell
Polk
Rutherford
Henderson
Transylvania
Jackson
Macon
Clay
Graham
Swain
Haywood
Buncombe
Madison
Yancey
Mitchell
Avery
Caldwell
Asheville
Weaverville
Black Mountain
Swannanoa
Montreat
Waynesville
Sylva
Cherokee
Bryson City
Andrews
Murphy
Hayesville
Franklin
Highlands
Brevard
Hendersonville
Flat Rock
Saluda
Tryon
Columbus
Rutherfordton
Spindale
Forest City
Boiling Springs
Shelby
Kings Mountain
Gastonia
Cherryville
Lincolnton
Newton
Conover
Hickory
Morganton
Lenoir
Blowing Rock
Boone
Banner Elk
Linville
Elkin
Jefferson
West Jefferson
Sparta
Mount Airy
Pilot Mountain
Dobson
Yadkinville
Mocksville
Statesville
Troutman
Mooresville
Cornelius
Huntersville
Davidson
Concord
Kannapolis
Salisbury
Thomasville
Lexington
Winston-Salem
High Point
Trinity
Randleman
Asheboro
Pinehurst
Southern Pines
Aberdeen
Carthage
Sanford
Lillington
Dunn
Fayetteville
Spring Lake
Hope Mills
Laurinburg
Lumberton
Pembroke
Rowland
Whiteville
Tabor City
Shallotte
Ocean Isle Beach
Southport
Oak Island
Wilmington
Leland
Burgaw
Wallace
Rose Hill
Jacksonville
Richlands
Swansboro
Morehead City
Beaufort
Atlantic Beach
Havelock
New Bern
Vanceboro
Washington
Belhaven
Plymouth
Williamston
Windsor
Ahoskie
Murfreesboro
Roanoke Rapids
Weldon
Scotland Neck
Tarboro
Rocky Mount
Wilson
Goldsboro
Kinston
Greenville
Ayden
Grifton
Farmville
Bethel
Edenton
Elizabeth City
Manteo
Nags Head
Kill Devil Hills
Kitty Hawk
Currituck
Duck
Southern Shores
Corolla
Carolina Beach
Kure Beach
Wrightsville Beach
Topsail Beach
Surf City
North Topsail Beach
Holden Beach
Ocean Isle Beach
Sunset Beach
Calabash
Oak Island
Bald Head Island
Caswell Beach
Southport
Brunswick
Columbus
Bladen
Robeson
Scotland
Richmond
Anson
Union
Stanly
Montgomery
Moore
Lee
Harnett
Johnston
Wayne
Lenoir
Greene
Pitt
Craven
Pamlico
Jones
Onslow
Carteret
Duplin
Sampson
Cumberland
Hoke



Organizational Structure

Total FTE's: 8

- State funded positions: 3
- Federal or Field positions: 5

Director

Policy & Planning Guidance

- *Municipal Bike/Ped Planning*
- *Regional Bicycle Planning*
- *Roadway and Bridge Scoping*
- *Project Prioritization*
- *Project Programming*
- *Interagency partnerships*

Program & Project Oversight

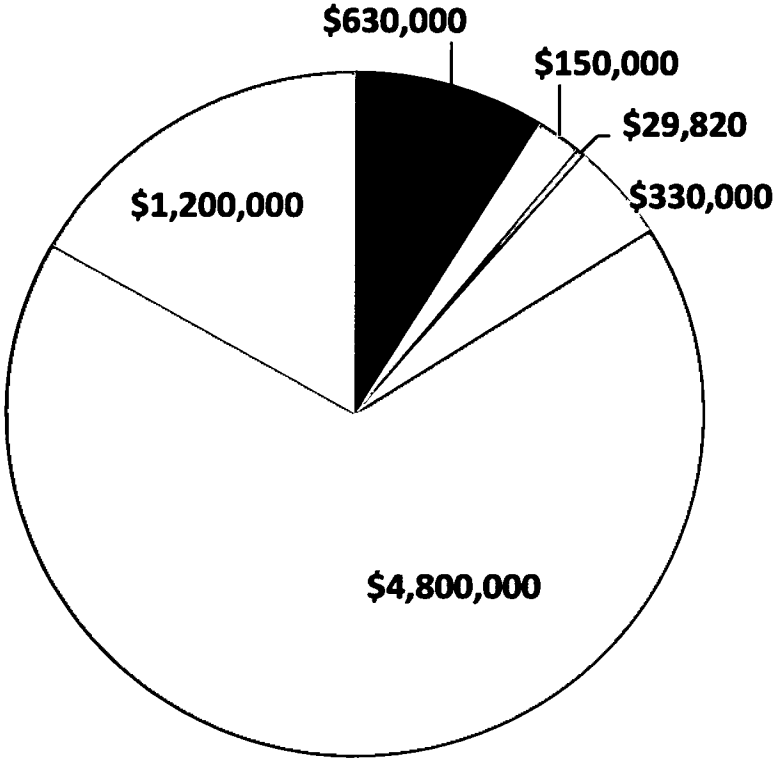
- *Infrastructure project delivery*
- *Safe Routes to School*
- *ADA*
- *Complete Streets*
- *Safety / Education*
- *Access to Transit*

Grants & Finance Administration

- *Contract Management*
- *Reimbursements*
- *Research Proposals*
- *Grant Proposals*



FY 12 Budget



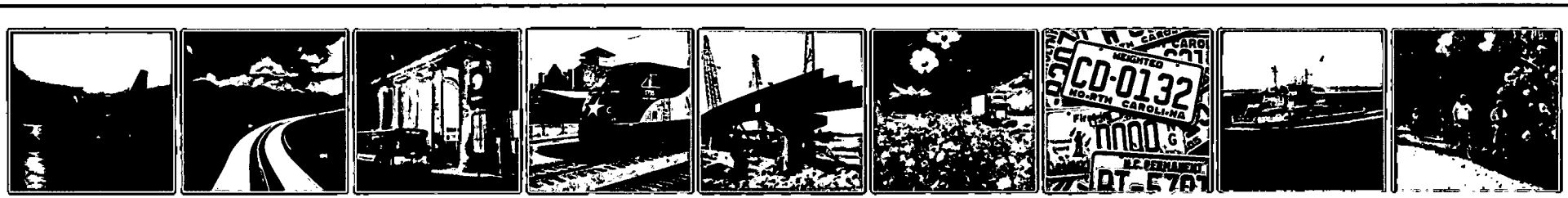
- ■ State Municipal and Regional Planning Grant Funds
- □ Federal Planning Grant Funds
- □ Share the Road License Plate
- □ Administration
- □ Federal Construction Funds
- □ State Construction Funds

Safe Routes to School (SRTS) Allocation - FY12: $4.7 M

SRTS per MAP 21 -FY13: Unfunded

FY 07-12
Greenways/Off-Road Paved Facilities = 90% of construction funding
Sidewalks/Pedestrian improvements = 8% of construction funding
Shoulder Enhancements = 2% of construction funding

Federal Funding appropriation to DBPT for FY 13 not known as of 3/1/2013. Safe Routes to School is now part of transportation alternatives through MAP-21 federal transportation authorization legislation.



Funding History

1970s and 1980s – NCGA/NCDOT creates bicycle program and funds projects.

1988- Bicycle TIP increased to $500,000 (TEA-21).

1990s- Bicycle TIP increased to $3 million (ISTEA).

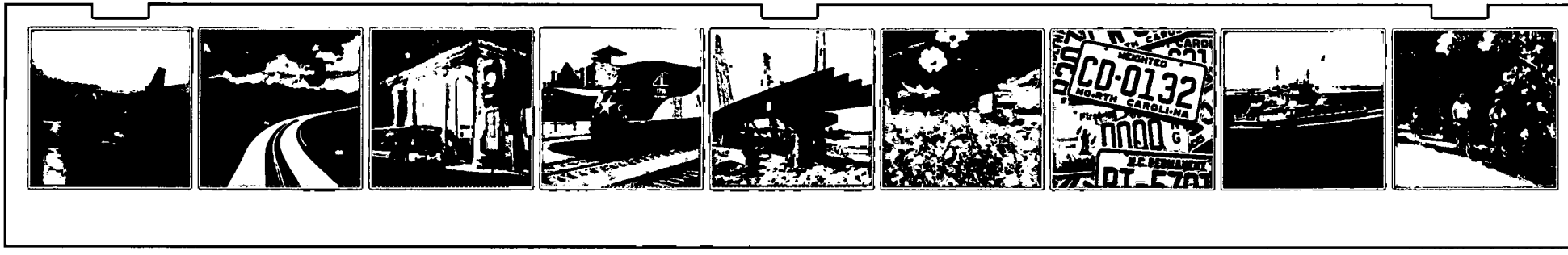
2002- Bicycle TIP increased to $6 million.

2004: NCGA / NCDOT authorize funding for municipal pedestrian and bicycle planning.

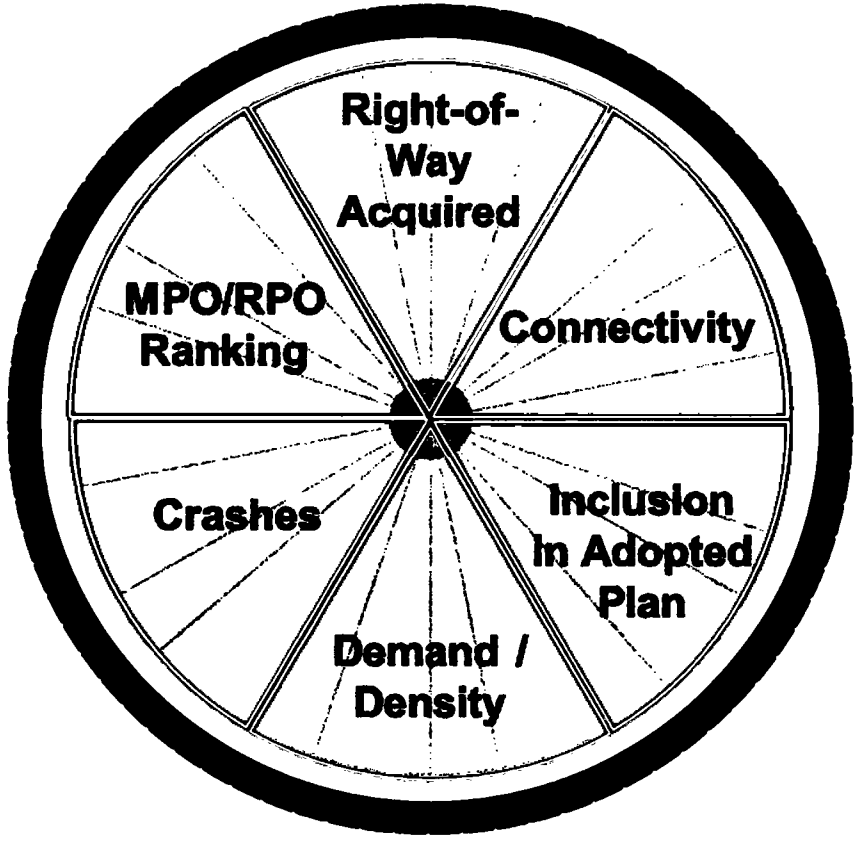
2005- Safe Routes to School program receiving 100 % federal funding allocations (SAFETEA-LU).

2008- NCGA/NCDOT authorize funding for regional bicycle planning.

2013- Safe Routes to School unfunded but permitted program (MAP-21).



DBPT Project Prioritization

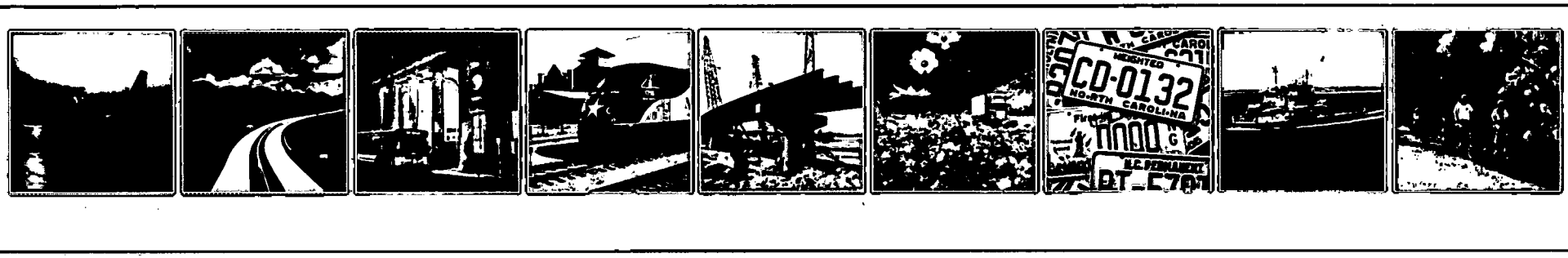


Eligible projects include **independent** (separate from roadway project) or **incidental** to roadway improvements.

FY 13-23

Greenways/Off-Road Facilities= 52.5% of construction funding

Sidewalks, Bicycle/Pedestrian Improvements = 47.5% of construction funding



Safe Routes to School Program

Education
Encouragement
Enforcement
Engineering
Evaluation

} 5 E's



- NC apportionment of federal program = $29 million.
- 100% grant; no local match required.
- At least 70% must be spent on infrastructure.
- At least 10% must be spent on non-infrastructure activities.



Municipal Planning Grant Program

Assists communities with development of comprehensive bicycle and pedestrian plans.

In 2012, awarded $365,200 to 12 cities and towns across N.C.

110 municipal plans complete, 24 in development.

Average grant is $25,000.

Grant funding provided on cost-reimbursement basis.

Pilot program with smaller communities (pop <2000) requiring no cost-share.

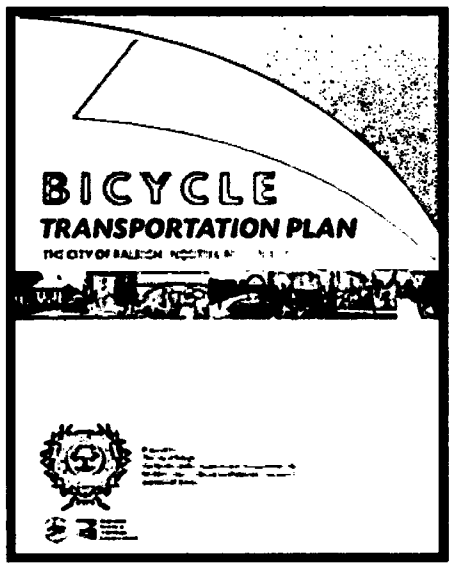
Grant Programs Match Criteria

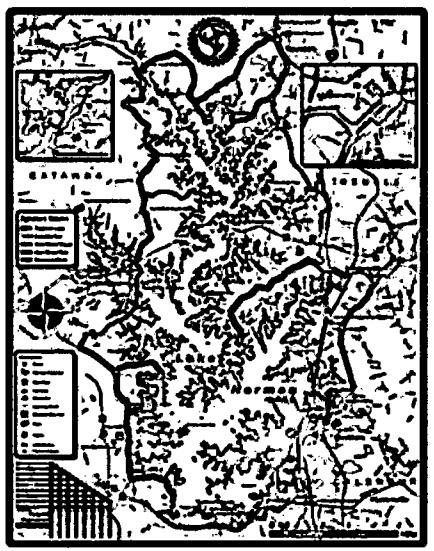
Municipal Population	DOT Funding	Local Match
Less than 10,000	80%	20%
10,000-50,000	70%	30%
50,000-100,000	60%	40%
Over 100,000	50%	50%



Local Plans Include:

- Vision Statement/Overall Goals
- Current Conditions, Community Priorities
- Existing Plans, Programs and Policies
- System Plans and Maps
- Facility Standards and Guidelines
- Ancillary Facilities and Programs
- Prioritized Projects, Funding Strategies
- Specific project recommendations
- Performance Measures







Regional Planning Grant Program

Assists MPOs, RPOs and Councils of Government with development of regional (4+ county regions) bicycle plans.

Average grant is $205,022.

Non-competitive, no local match.

1 completed plan to date, 7 in development.



Action Steps to Expand Utilization:

Add different types of planning programs/categories

Implement cost-share policy for smaller communities and regional plans.

Develop cash-flow system for planning program



Internal Coordination

Transportation Planning Branch: Municipal planning grant program.

PDEA: Scoping for roadway projects.

Roadway Design: Complete Streets implementation.

Traffic Safety: Safety audits and program development.

Highway Divisions: Construction management.

Public Transportation: Access to transit planning.

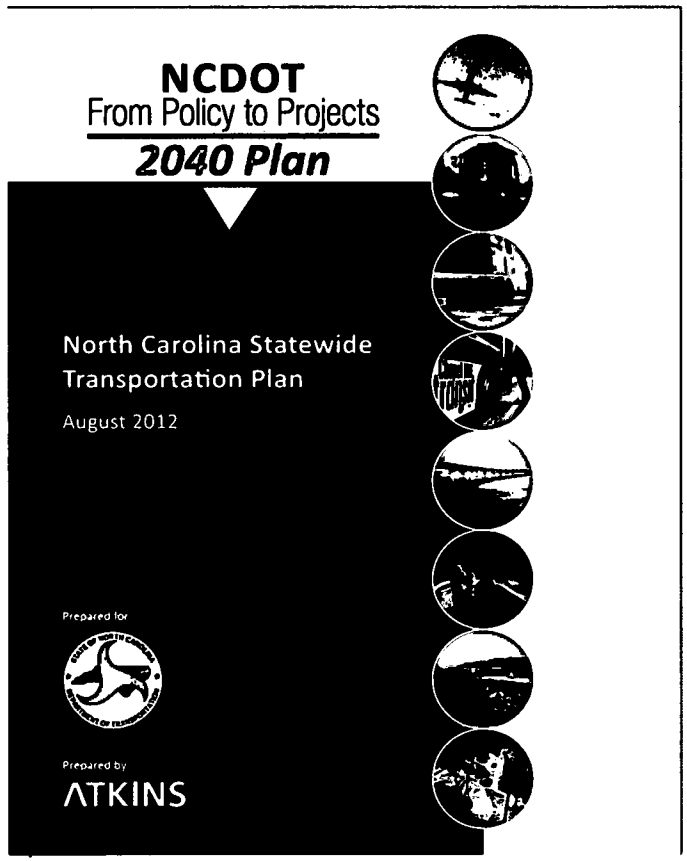


Project Need

Equal need to provide for *mobility, economic development* and *safety.*

Majority of projects programmed are sub-regional tier (bike lanes, sidewalks, greenways).

Minority of projects are regional or statewide tier (multi-jurisdictional greenways, shoulders).





Programmed Funding

DBPT Funding

- Enhancement Bicycle – DBPT Managed ($5-7 M)
- Safe Routes to School ($1-2 M)

Other Funding Sources outside DBPT

- CMAQ ($10-17 M) -
- Direct Attributable ($14-18 M)
- Highway Safety Improvement Program ($1-2 M)
- Enhancement ($2-4 M)
- Recreational Trails Program ($1-1.5 M)
- Surface Transportation Program ($5-10 M)
- Local, Other

Estimated Funding = $40 million per Year
State and Federal Funding Programmed for Bicycle and Pedestrian Projects in STIP 5 Year Work Program



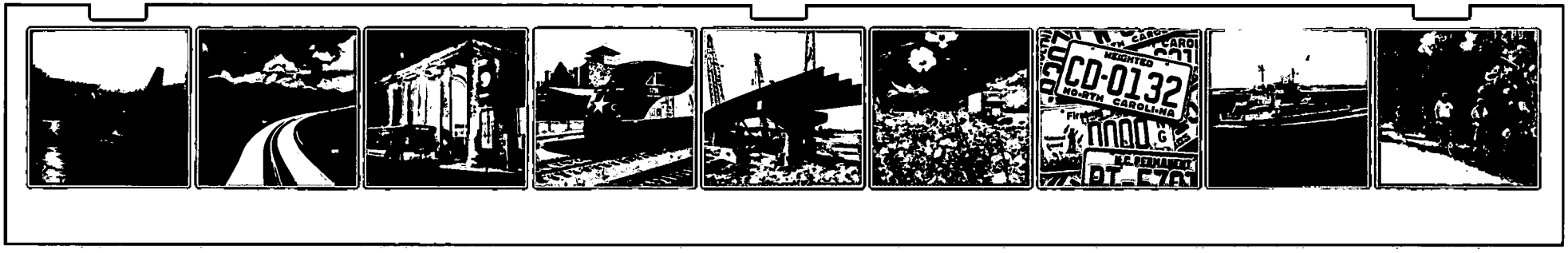
Other Bicycle-Pedestrian Funding Programs

Incidental Improvements: Use highway modernization prioritization process for projects > $1 M.

CMAQ-funded projects: Use process managed by Transportation Planning Branch.

Direct Attributable (DA)-funded projects: MPO/RPO-driven ranking process.

HSIP-funded projects: Use process managed by Traffic Safety and Mobility.



Board of Transportation Funding Discussions

October 2012

Board of Transportation (BOT) requested review of bike and pedestrian funding and impact of potential increase on the STIP.

November 2012

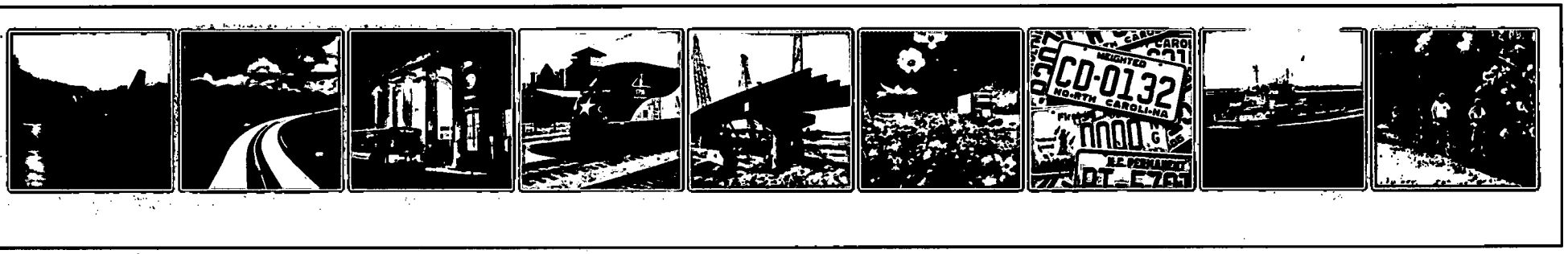
BOT discussed funding level adjustments.

December 2012

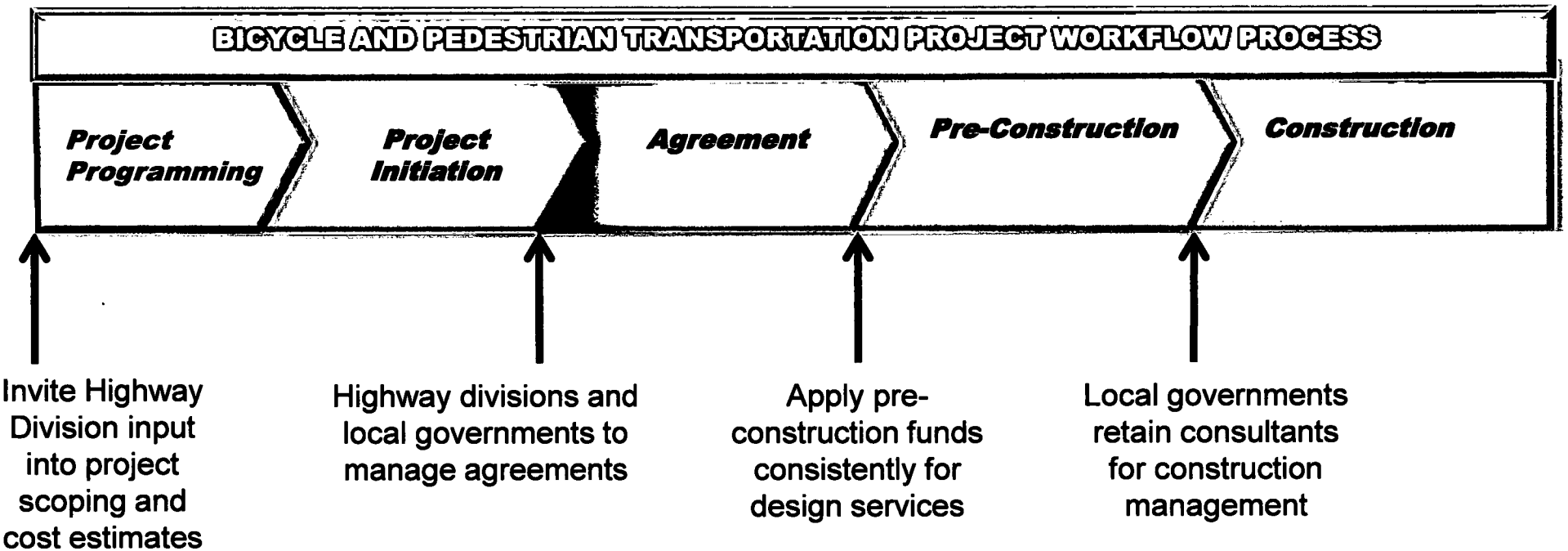
Funding level discussions were tabled.

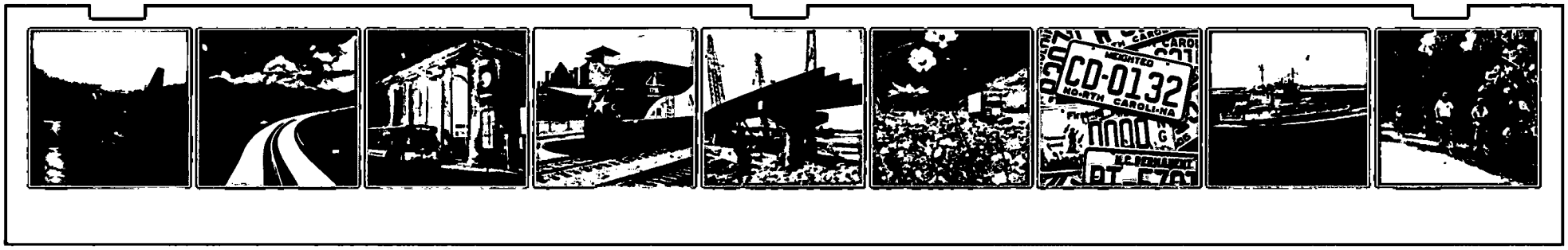
Program Improves as a result of discussion:

- Improve project delivery for all Stakeholders
  - DPBT - 83% (FY 11-12)
  - Other Stakeholders - Varies by program
- Leverage all funding sources



Project Delivery Improvements: Action Steps





Resource Coordination

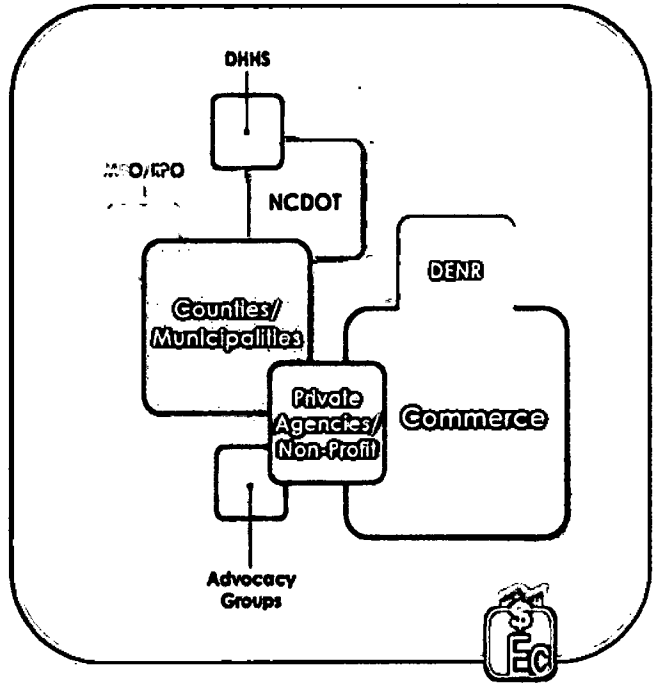
2012-2013 Statewide Plan for Walking and Cycling in North Carolina (***Walk Bike NC***):

- Involves multi-agency and private funding.
- Identifying action steps for improved coordination.

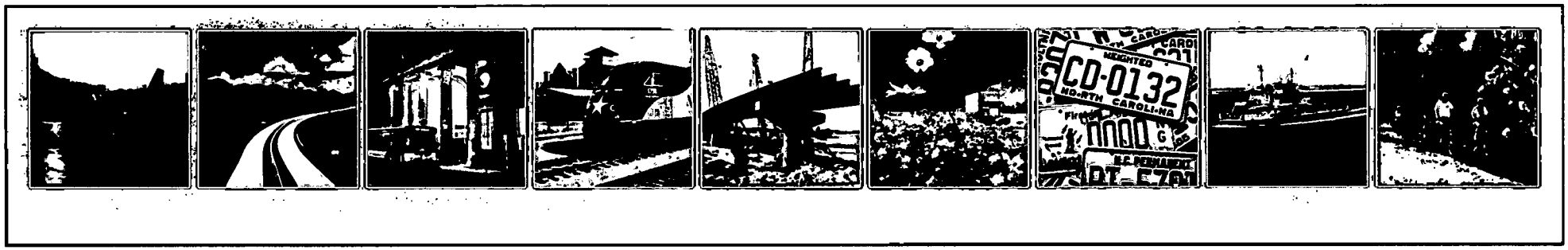
NC-DENR -- land acquisition with greenway construction.

NC-DHHS -- health and safety impacts.

NC-Department of Commerce – Main Street program, B&I coordination.



Foster Robust Economic Development by Promoting Walking and Bicycling



Questions?

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE Transp.

DATE: 3-6-13 **Room:** 1228

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

House Sgt-At Arms:

1. Name: Carlton Adams
2. Name: Jesse Hayes
3. Name: Martha Pamick
4. Name: Senate Anderson Meadows
5. Name: Charles Harper
6. Name: _____

Tuesday, March 5	**Room**	**Time**
JOINT APPROPRIATIONS TRANSPORTATION	1228	8:30 am

Name	County	Sponsor
Madison Williams	Randolph	Hurley
Trevon Williams	Forsyth	Lucas

PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228

DATE: 3-6 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Audra Daniel	Morgantown	Daniel
2 Alyssa Stoltz	Matthews	Tucker
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Name of Committee

Date 3.6.13

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ed Turlington	Brooks Pierce
JASON SOPER	NCDOT
Andrew Bell	NCDOT
Tazra Mitchell	NC Budget & Tax Center
Jay Stem	NCAA
Julie White	NCMMC
Linda Wallace	NCPTA
Jake Cashion	NC Chamber
Damian Cameron	TTA
Bill Sloggin	FSS
Berry Jenkins	Carolinas AGC

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Suzanne Brasley	JEANC
Susanna Davis	Williams Mullen

VISITOR REGISTRATION SHEET

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cheryl M. Lenard	NCDOT-PTD-Raleigh
Don Voelker	NCDOT- STRATEGIC PLANNING
Phillip Vereen	NCDOT -PTD - Raleigh
Mary Mallen Asbill	SELC
Mike BRUFF	NCDOT
[illegible]	RAIL - NCMA + Tim Hyatt
Keith Richards	City of Charlotte
[illegible]	[illegible]
Joe McCleES	McCleES Consulting

Joint Appropriations Subcommittee on Transportation

March 7, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard, Chairing	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon

- Call to Order

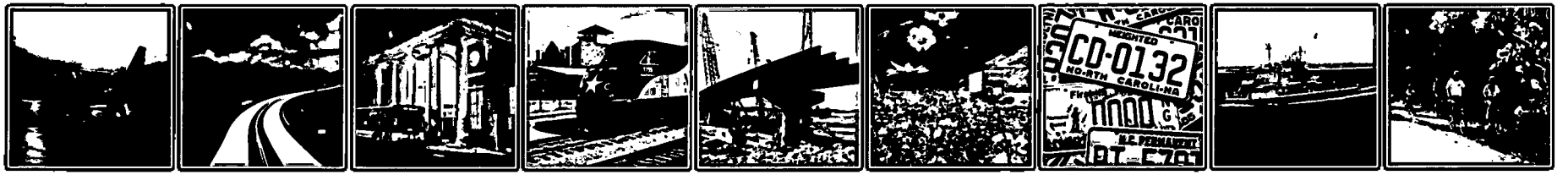
- North Carolina State Ports Authority

  Roberto Canales
  Coordinator of Strategic Initiatives
  Department of Transportation

- Global TransPark Authority

  Roberto Canales
  Coordinator of Strategic Initiatives
  Department of Transportation

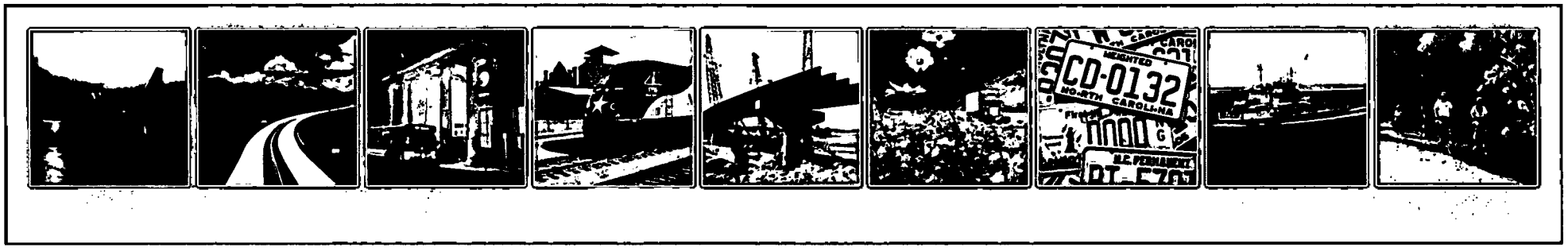
Next meeting: North Carolina Railroad Company - Tuesday, March 12th, 8:30 a.m.



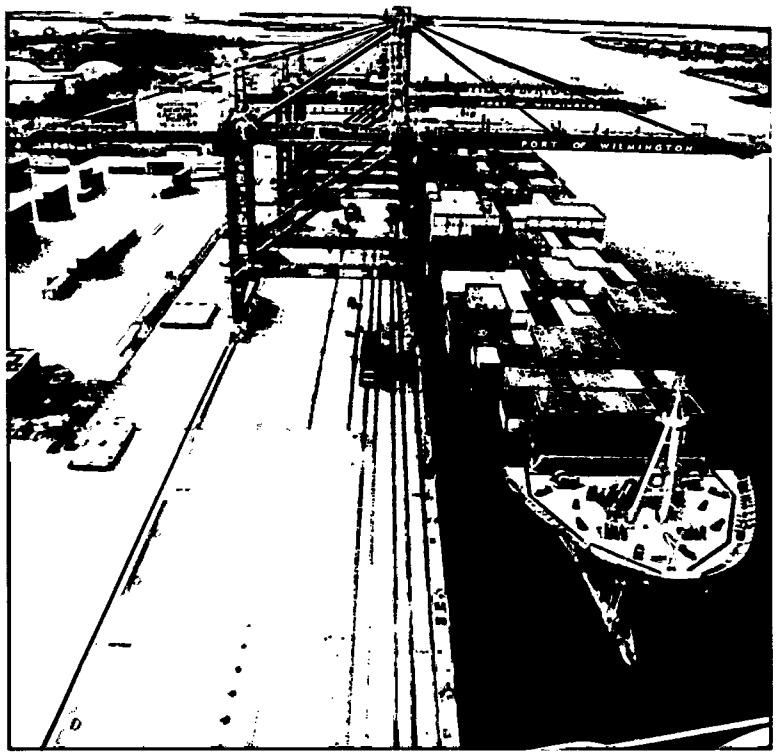
Joint Appropriations Subcommittee on Transportation

Logistics – DOT, Ports & Global TransPark

Roberto Canales, P.E. Coordinator of Strategic Initiatives - NCDOT



House Bill 1005 (Session Law 2007-551)

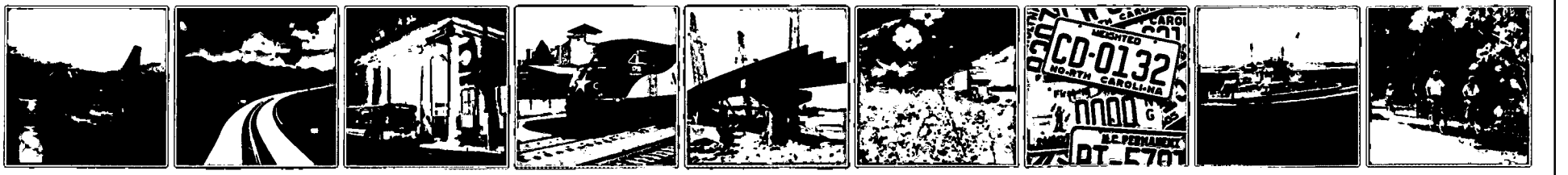


Instructed the North Carolina Office Of State Budget and Management to:

Develop a statewide logistics plan that addresses the State's long-term economic, mobility, and Infrastructure needs.

Report Completed in May 2008

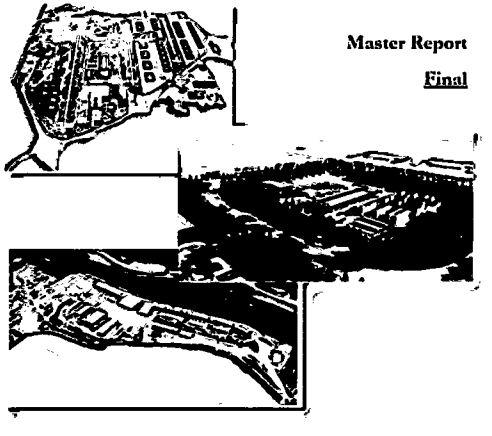
(www.ncdot.gov)



Statewide Logistics Studies

SEVEN PORTALS STUDY

An Investigation of How Economic Development Can be Encouraged in North Carolina Through Infrastructure Investment



Master Report

Final

December 31, 2011

NORTH CAROLINA MARITIME Strategy

NC Maritime Strategy
Final Report

Prepared for the
North Carolina Department of Transportation

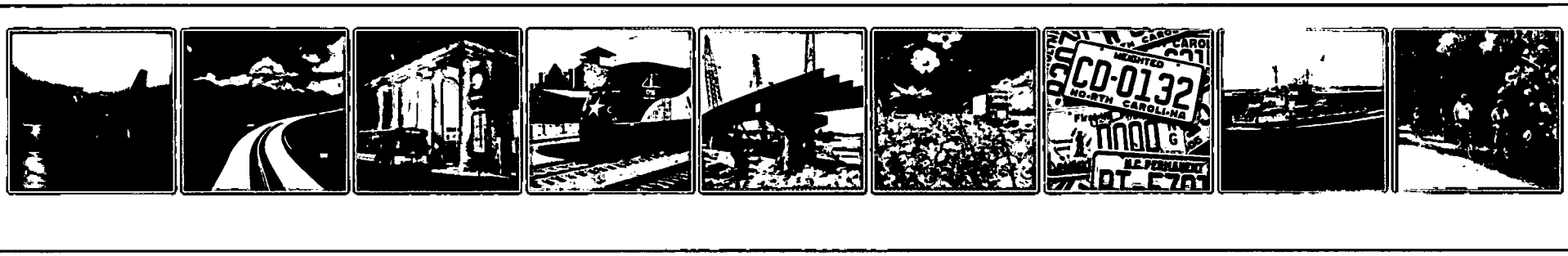
by

AECOM
in association with URS

June 26, 2012



FINAL REPORT



Maritime Strategy Scope

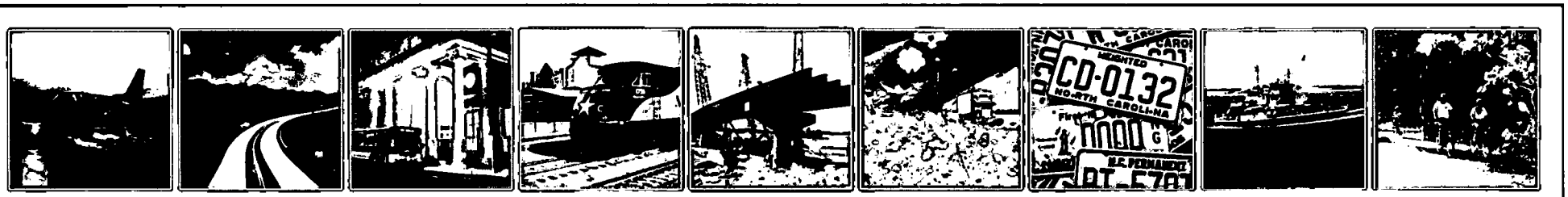
- Identify the industries most important to NC.
- Evaluate North Carolina's opportunities and challenges as a portal for global maritime commerce.
- Examine the role of North Carolina ports in sustaining and strengthening the State's economy and creating jobs.
- Identify specific strategies to optimize benefits received from the State's investments in port and associated transportation infrastructure.

http://www.ncmaritimestudy.com/

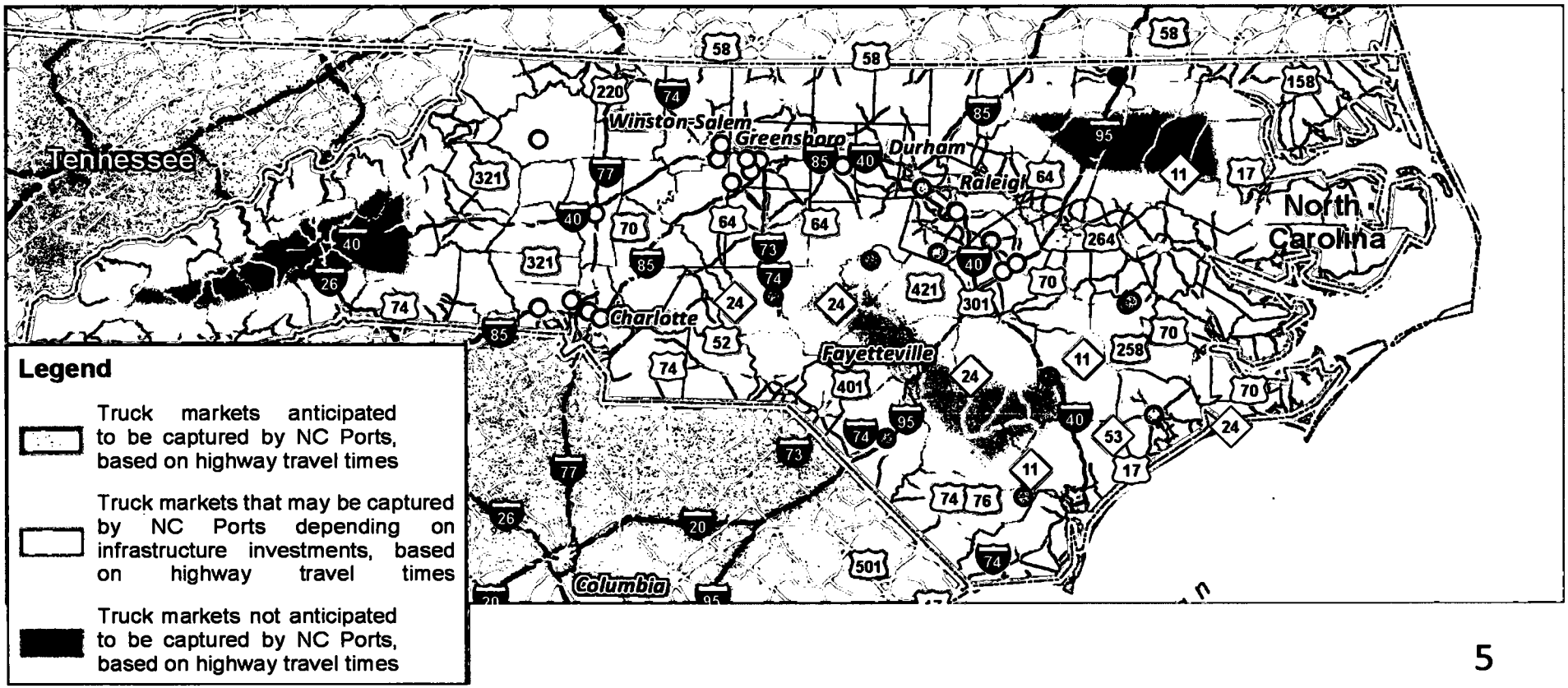


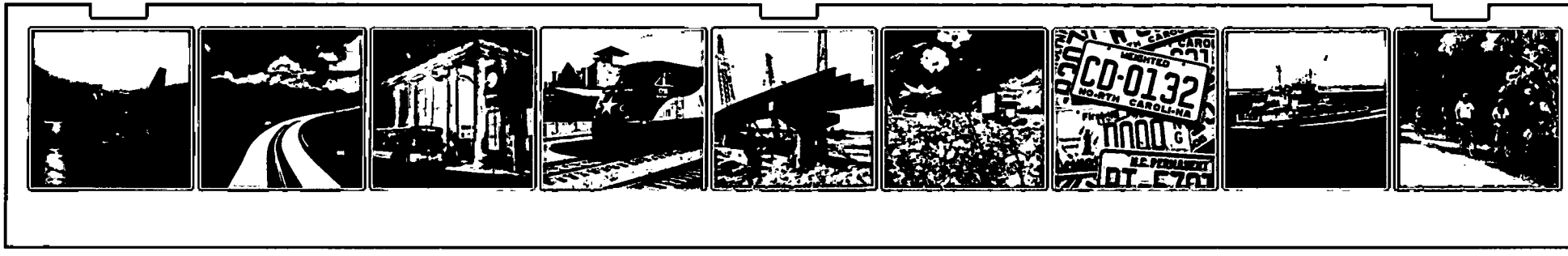
Summary of Stakeholder Input

- Jobs, economic growth, and environment are top concerns.
- Landside costs represent up to half total transportation cost of North Carolina exports – trucking cost is key.
- Rail freight cannot be competitive within NC without sufficient volumes to support regular rail service.
- Containerized trade requires regular service by ocean carriers.
- Targeted investments needed to support the State's major industries: refrigerated storage; roll-on roll-off facilities; bulk handling for grain and wood pellets.
- An integrated strategy will include Commerce, Transportation & Military.

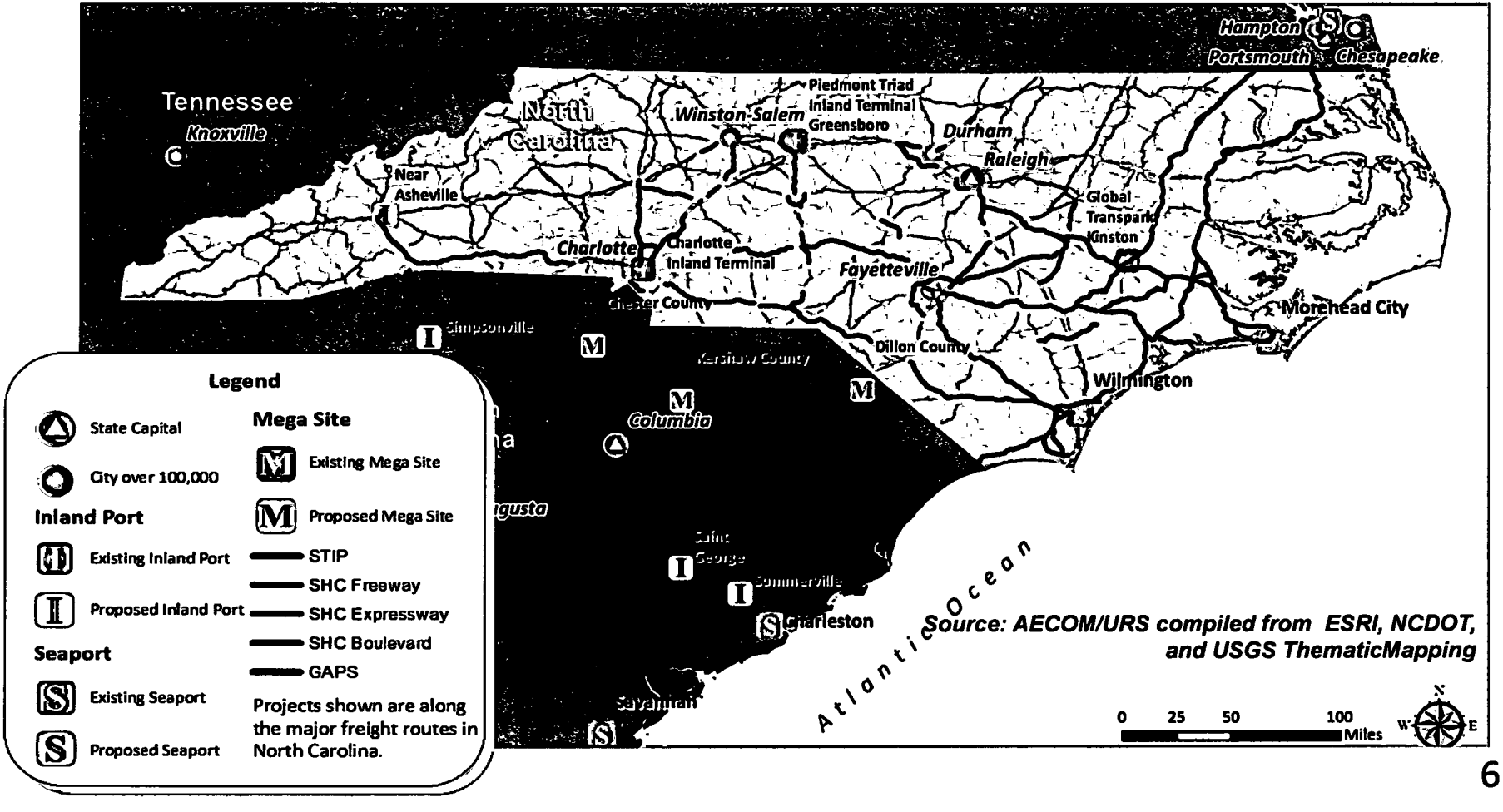


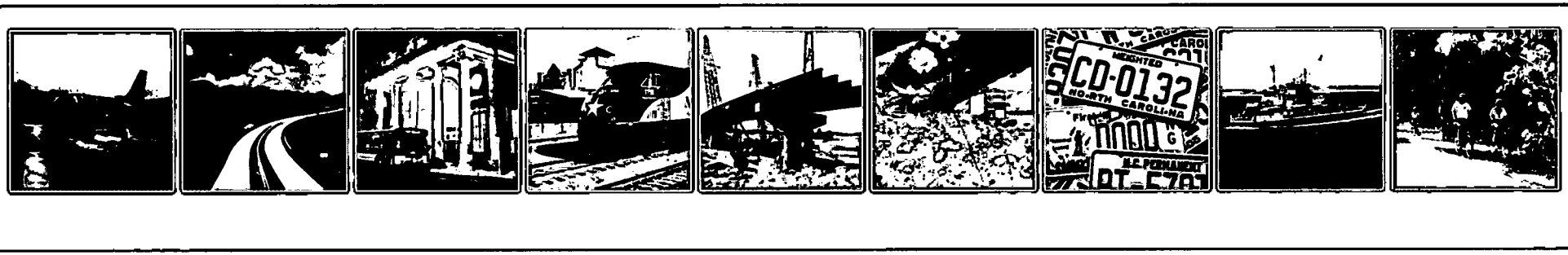
Highway investments that could benefit Ports



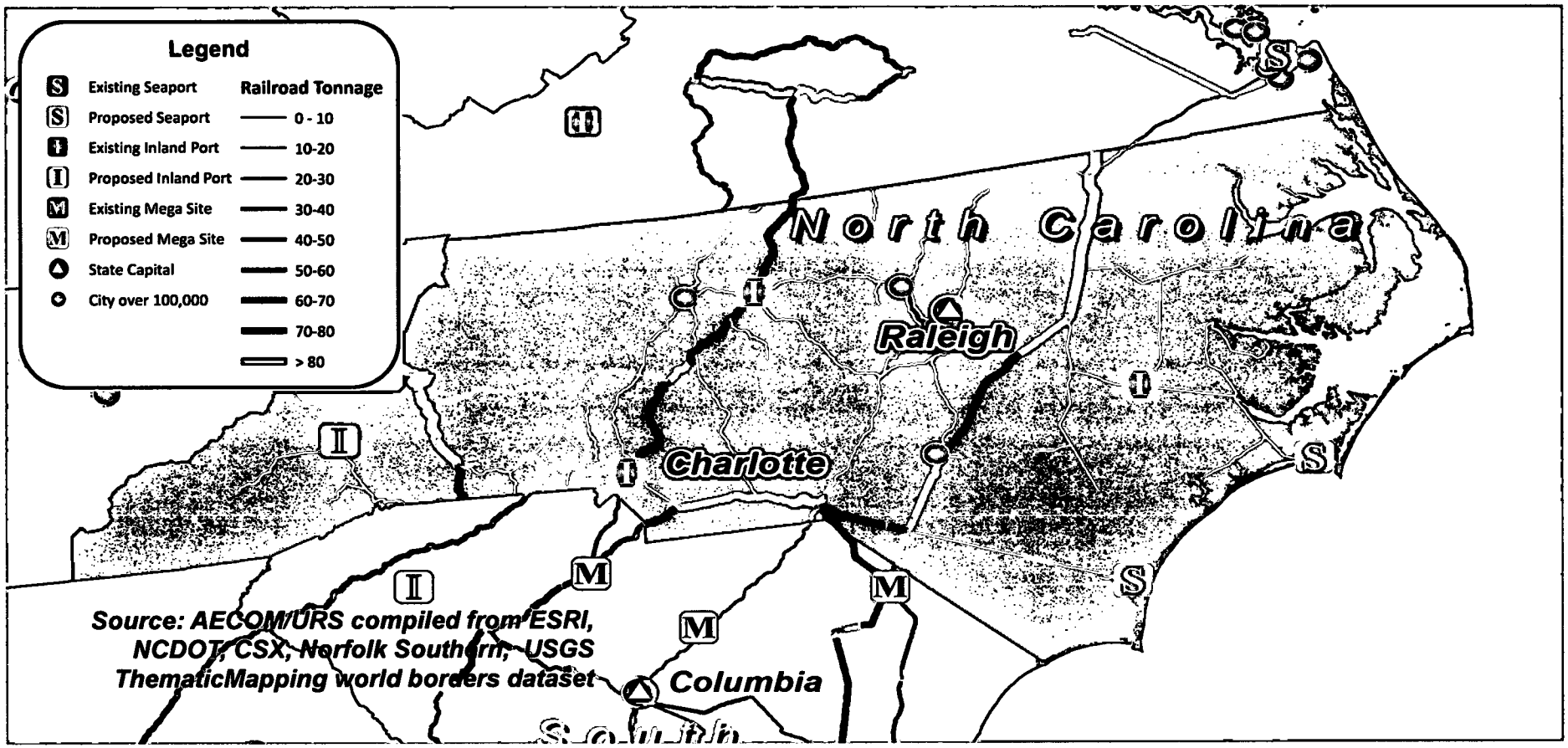


Highway projects of importance to Ports





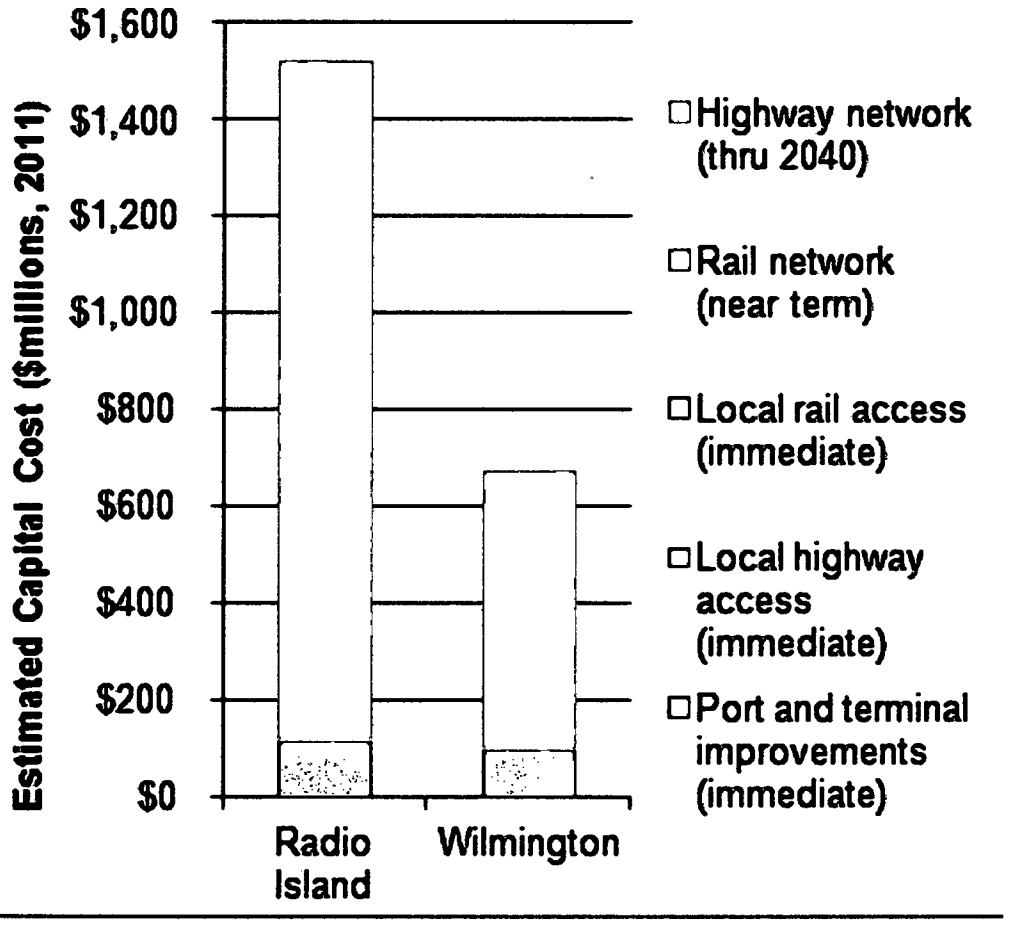
Evaluation of Freight Rail Network





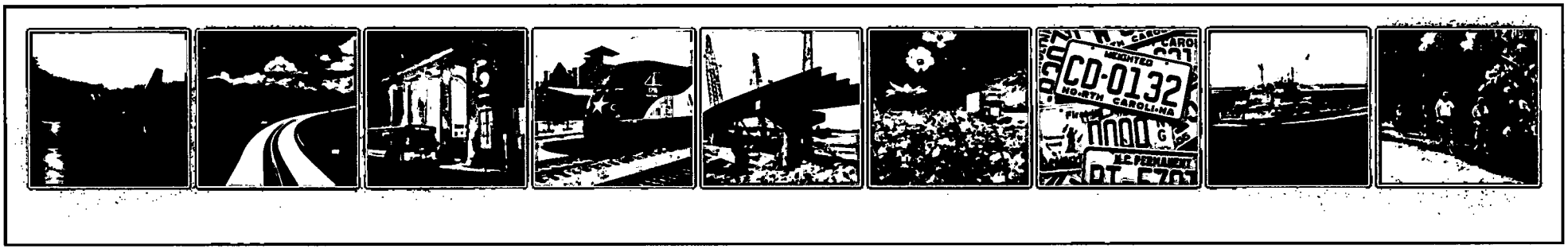
Grain and Soybeans

2.6 BCR

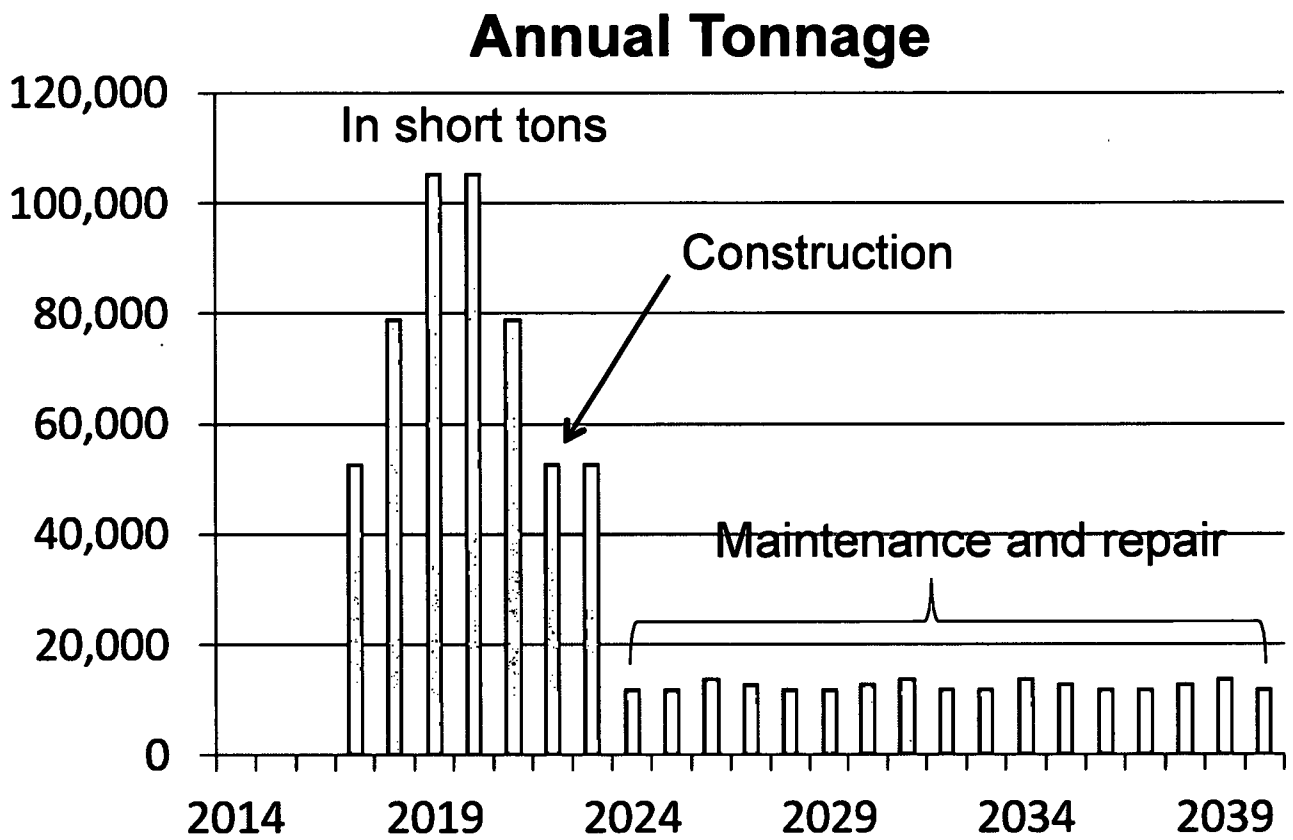


Requires a new bulk grain terminal, port rail connection and improved highway access.

- $ 97 million shipper benefits.
- $ 2.1 billion travel time savings.
- $ 105 million public benefits.
- 21,000 construction jobs.
- Supports retention and growth of food processing in NC – with 135 permanent jobs per typical plant.

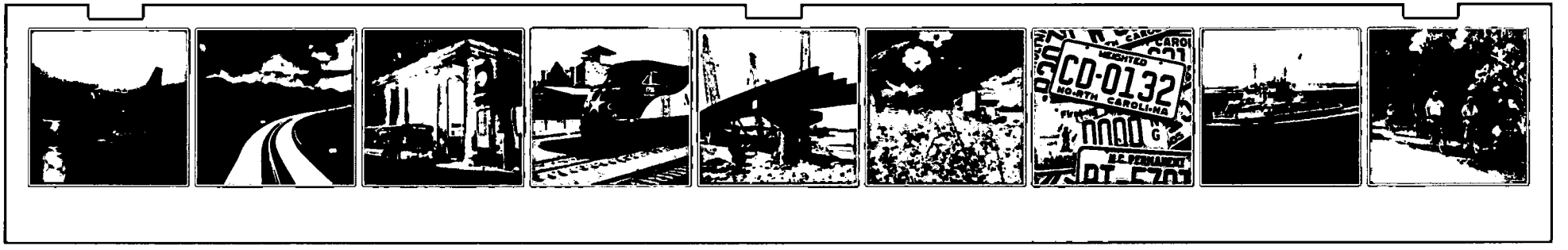


Wind Power Cargo

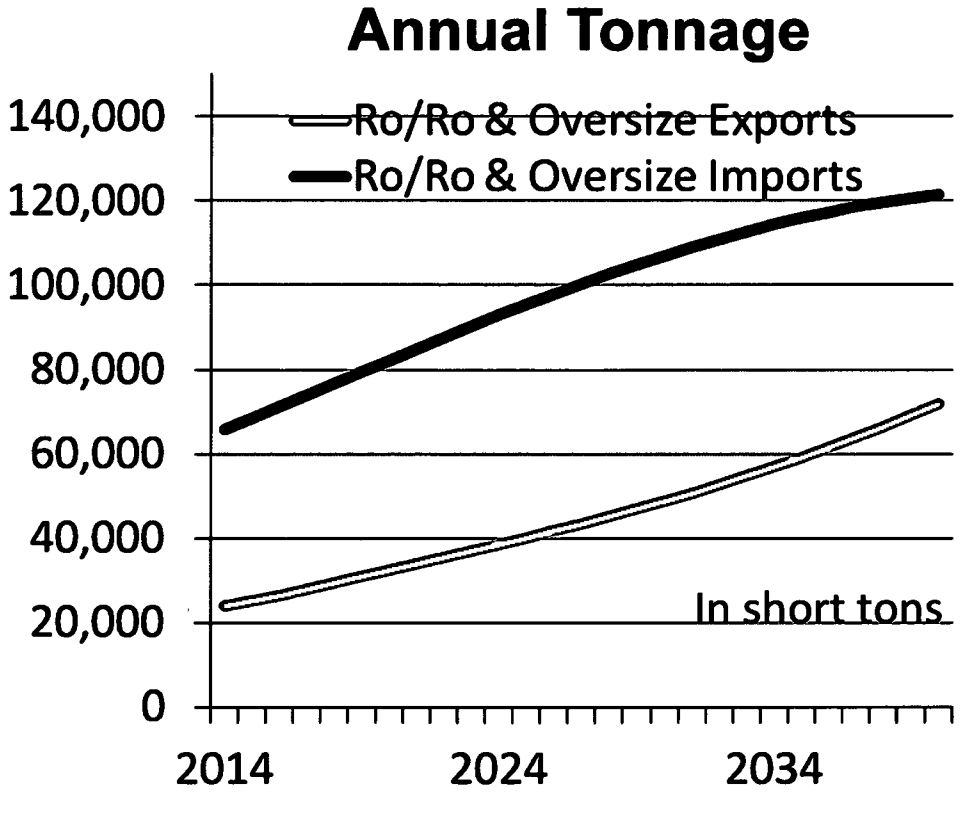


Projection of construction and maintenance of offshore wind farm, sized to assume 12.5% of state's retail electricity.

Source: AECOM, based on current dimensions of equipment, NC policy and market maturation forecasts

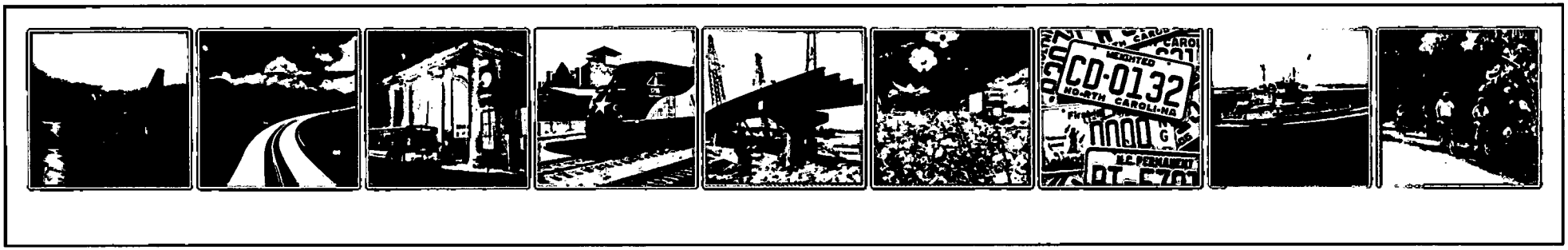


Ro/Ro and Oversize Cargo



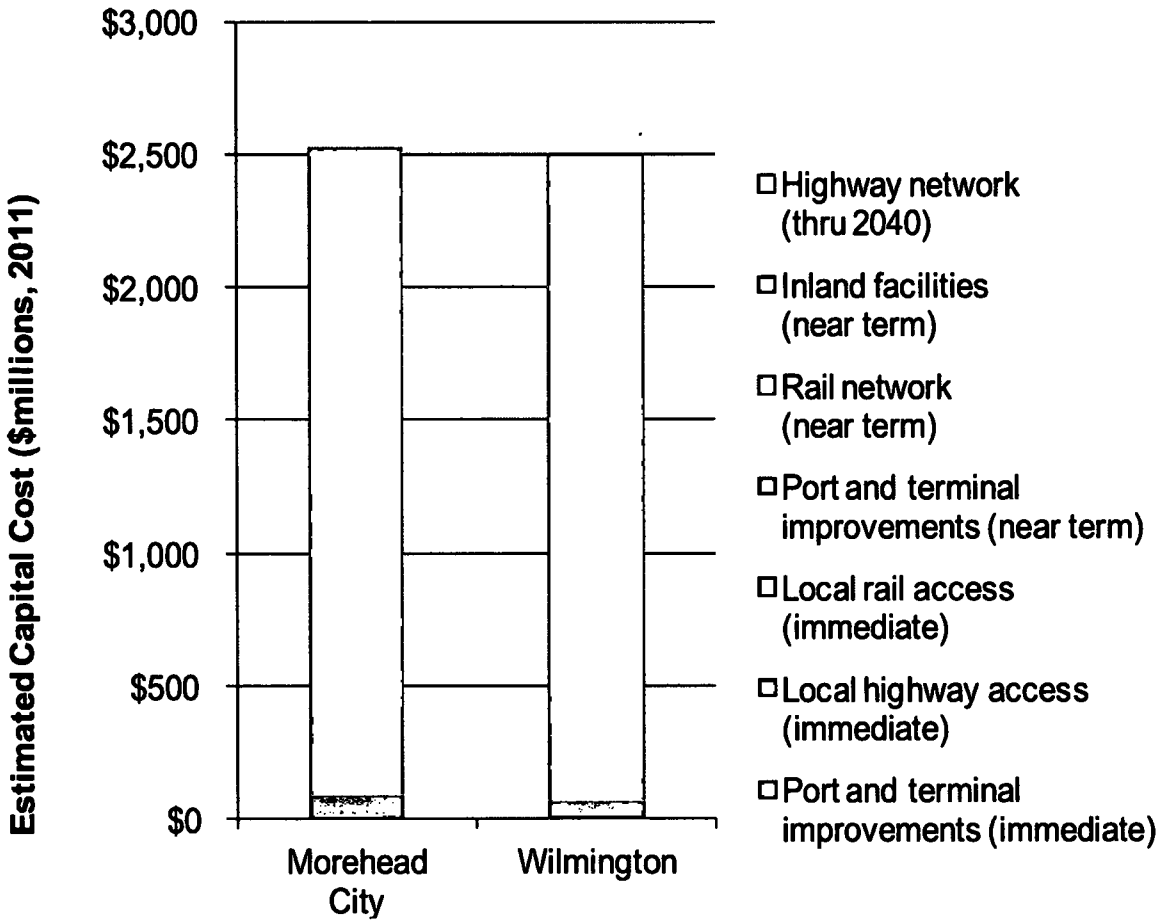
Source: AECOM, from IHS Global Insight projected growth and PIERS historical data

- Producers of manufactured goods, especially those who make large bulky products such as Caterpillar and Spirit AeroSystems, rely on port access to receive parts and to deliver products to customers.
- Opportunity includes wind power.
- These are attractive employers because they not only hire workers directly, but they also make large purchases of goods and services from the economy, which also indirectly supports jobs.
- **Requires port, road, and rail facilities that can handle large/heavy goods.**



Ro/Ro and Oversize Cargo

3.4 BCR



- Requires port, road, and rail facilities that can handle large/heavy goods.
- $ 68 million shipper benefits.
- $ 4.9 billion travel time savings.
- $ 91 million other public benefits.
- 35,000 construction jobs.
- Typical relocation of a new equipment manufacturing plant creates 400 direct jobs.



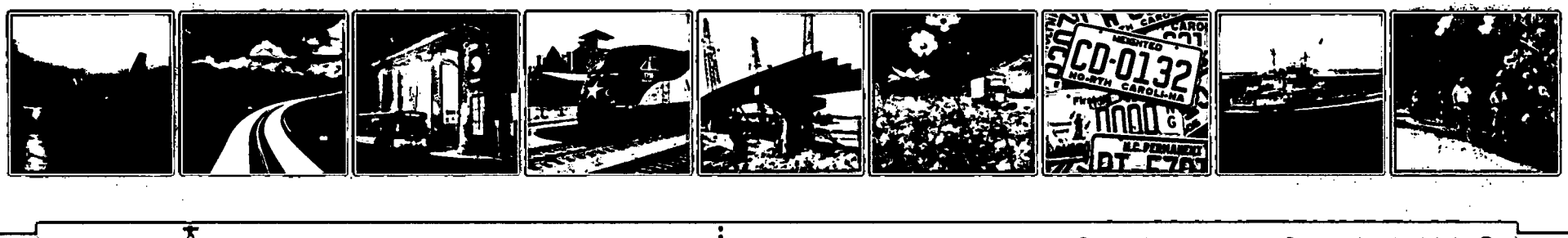
Containerized Cargo Benefits and Costs

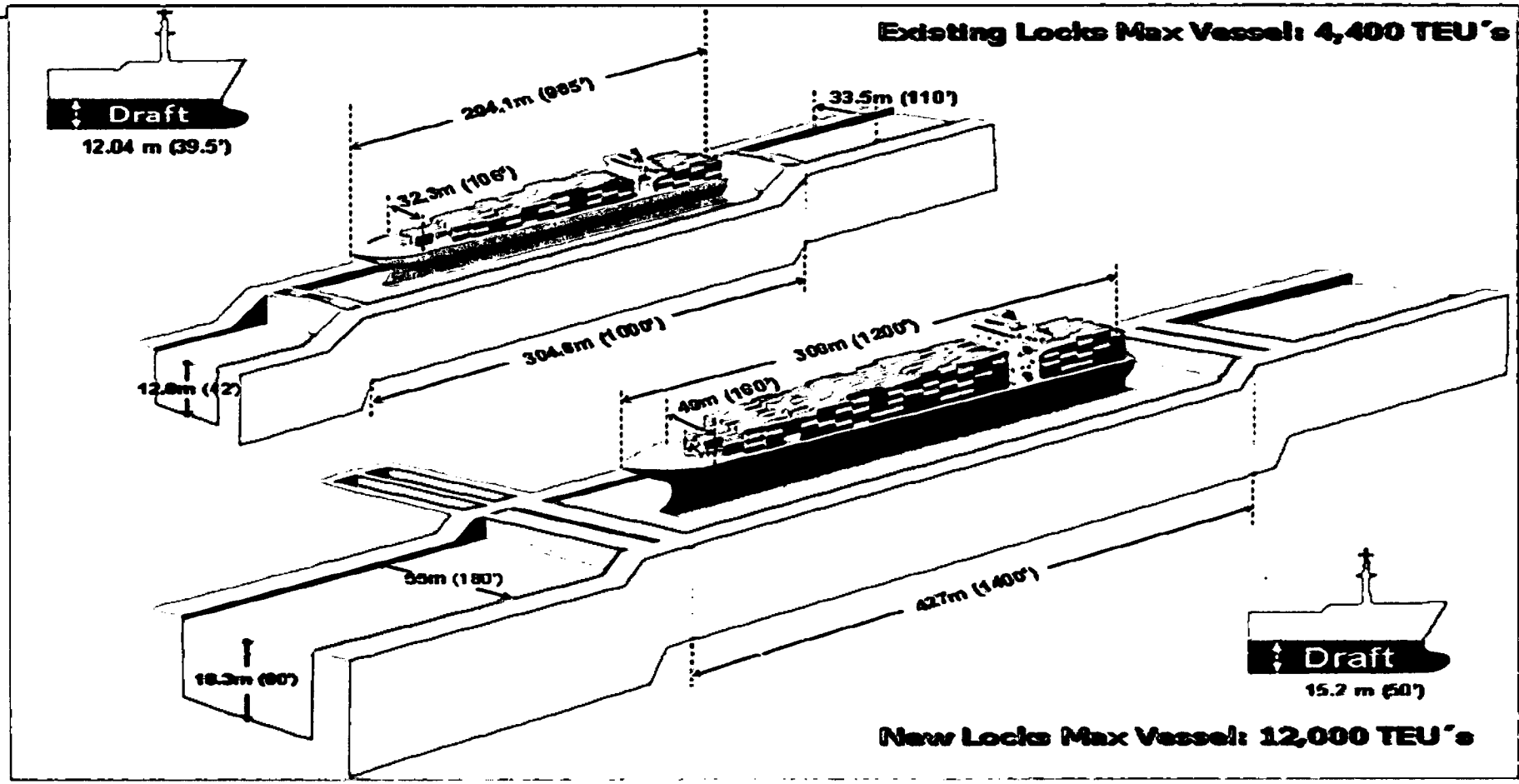
Infrastructure Needs:

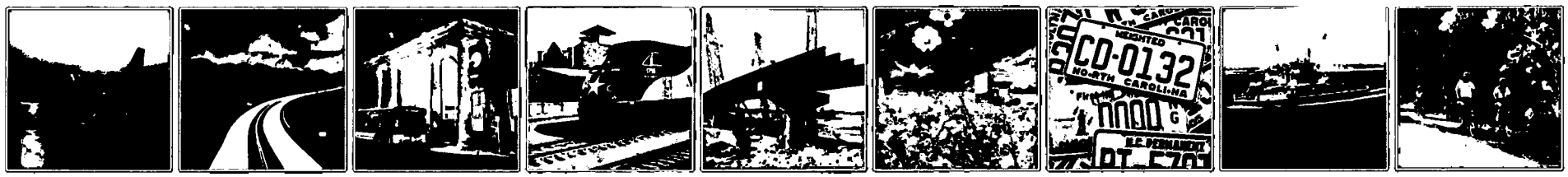
- New or expanded container terminal projected at 1.3 million TEU demand.
- Up to 51' deep channel to handle Post Panamax vessels.
- Efficient truck and rail access, incl. new intermodal terminal E. of Charlotte.

Economic Benefits: (based on POW alternative with 51' depth)

- $ 1.1 billion shipper savings.
- $ 78 million in additional supply chain benefits.
- $ 3.2 billion in travel time savings to non-freight highway users.
- $ 253 million in additional combined savings to State citizens through reduced accidents, emissions and highway maintenance.
- 24,000 construction jobs (job-years) and 2900 permanent jobs statewide.

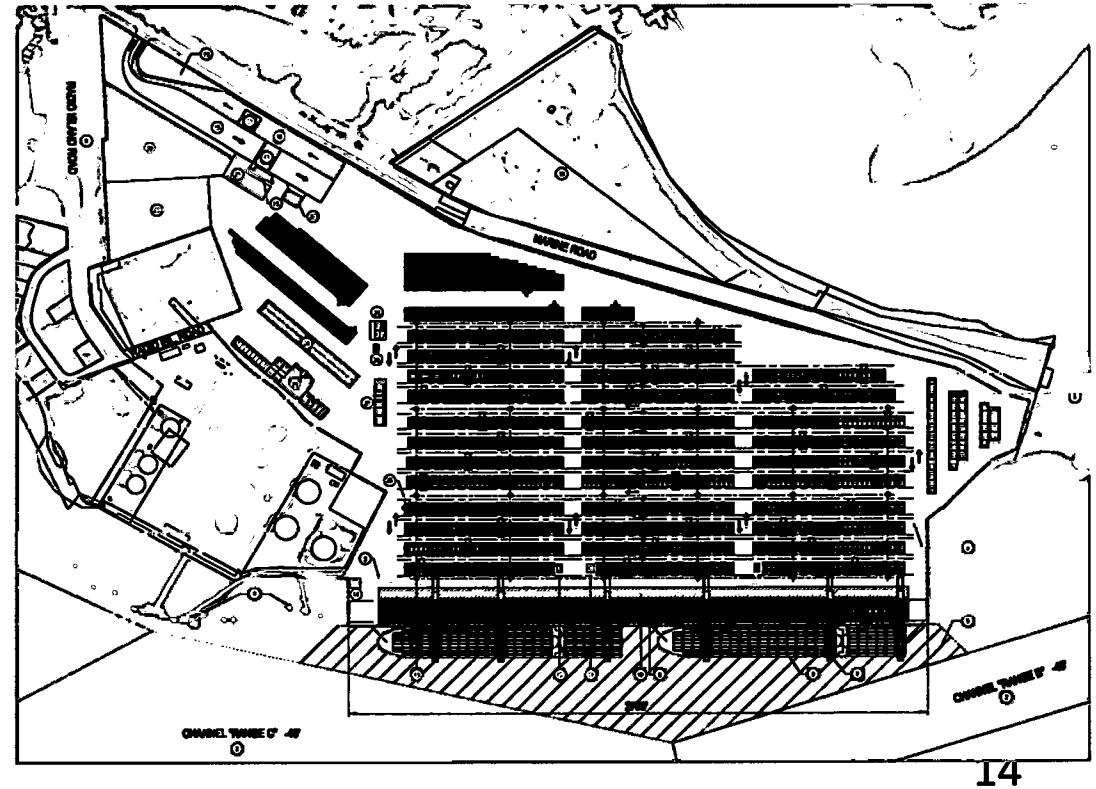

CD-0132
NORTH CAROLINA


Existing Locks Max Vessel: 4,400 TEU´s
Draft
12.04 m (39.5')
294.1m (965')
33.5m (110')
32.3m (106')
304.8m (1000')
366m (1200')
49m (160')
55m (180')
427m (1400')
Draft
15.2 m (50')
New Locks Max Vessel: 12,000 TEU´s



Container Terminal at Radio Island

- New terminal with rubber tire gantry (RTG) operations
- 2 premium berths
- Evaluated at 45' and 51' water depths
- 1.2 million TEU max. capacity

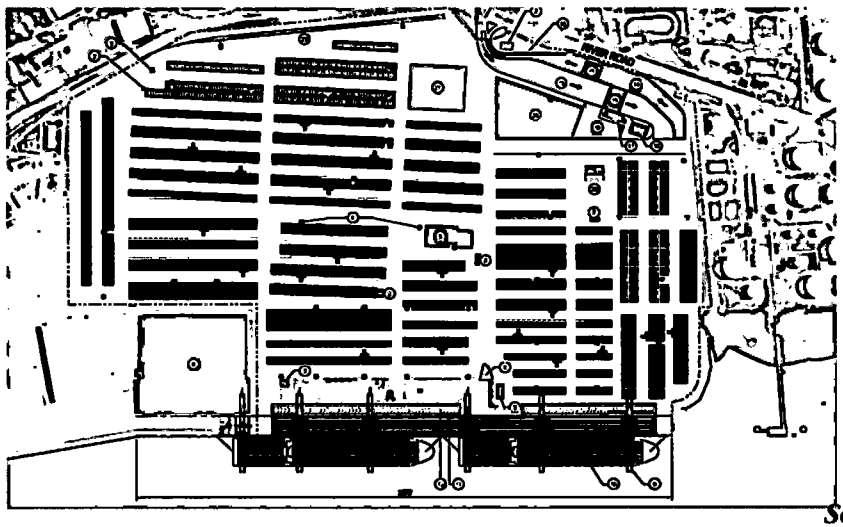


Source: AECOM

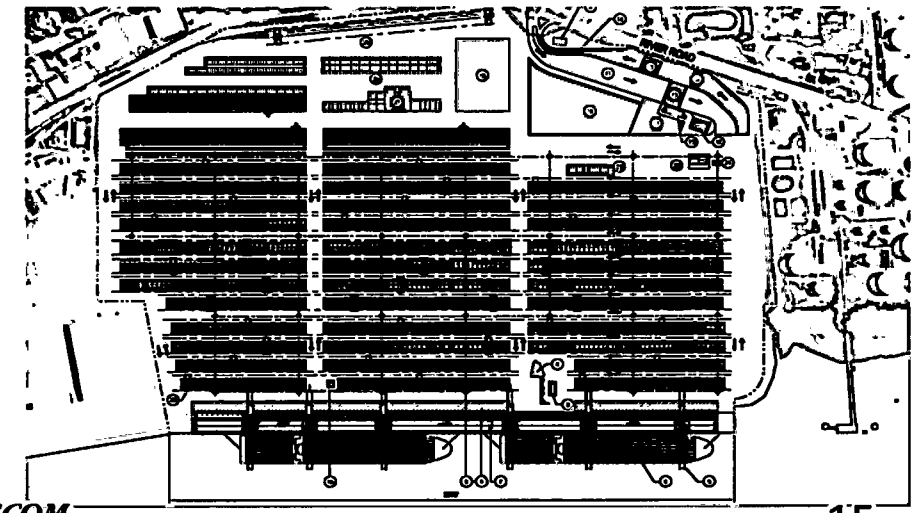


Container Terminal at Port of Wilmington

- Expanded terminal area
- Relocated gate
- Reach stacker operations
- 2 premium berths
- 42' water depth
- 750,000 max. TEU capacity



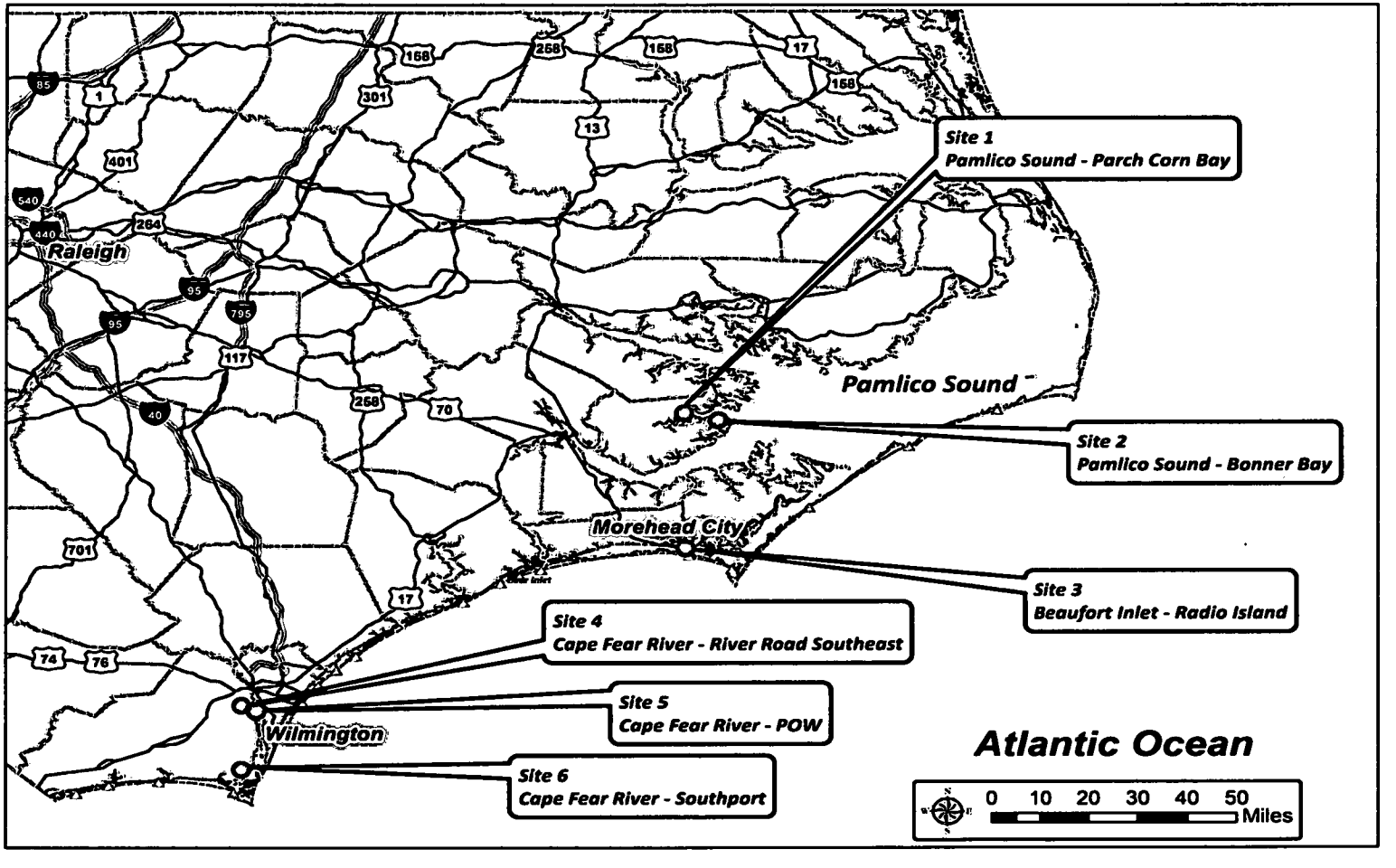
- Expanded terminal area
- Relocated gate
- Rubber tire gantry (RTG) operations
- 2 premium berths
- 42', 45', 47' or 51' water depth
- 1.1 million to 1.6 million TEU capacity

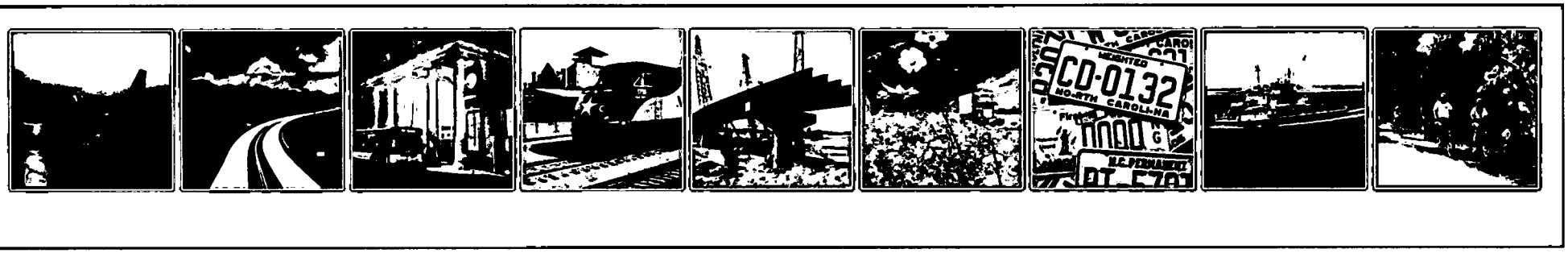


Source: AECOM

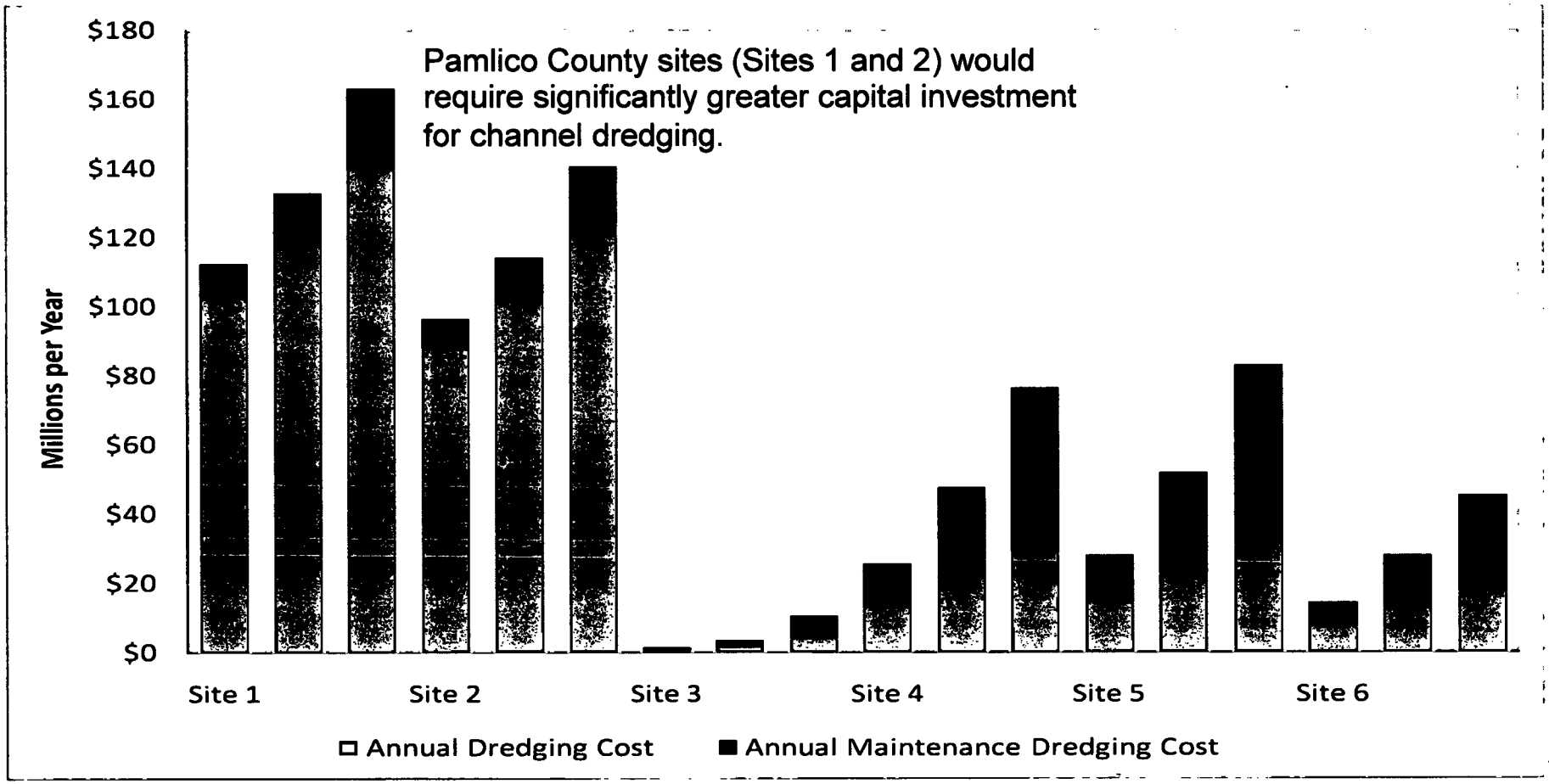


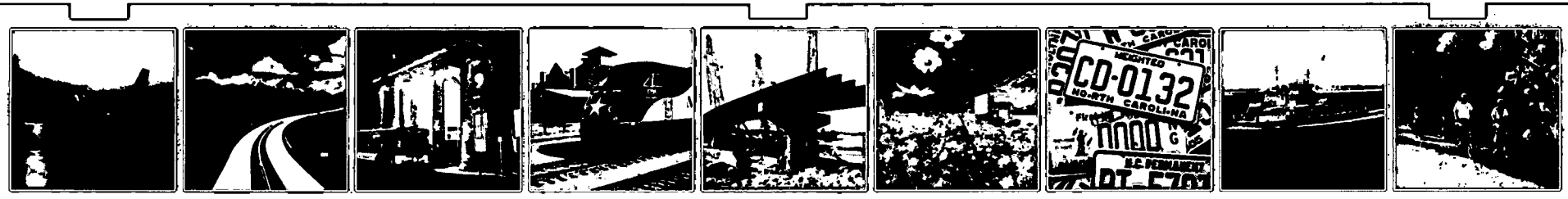
Candidate Container Port Sites



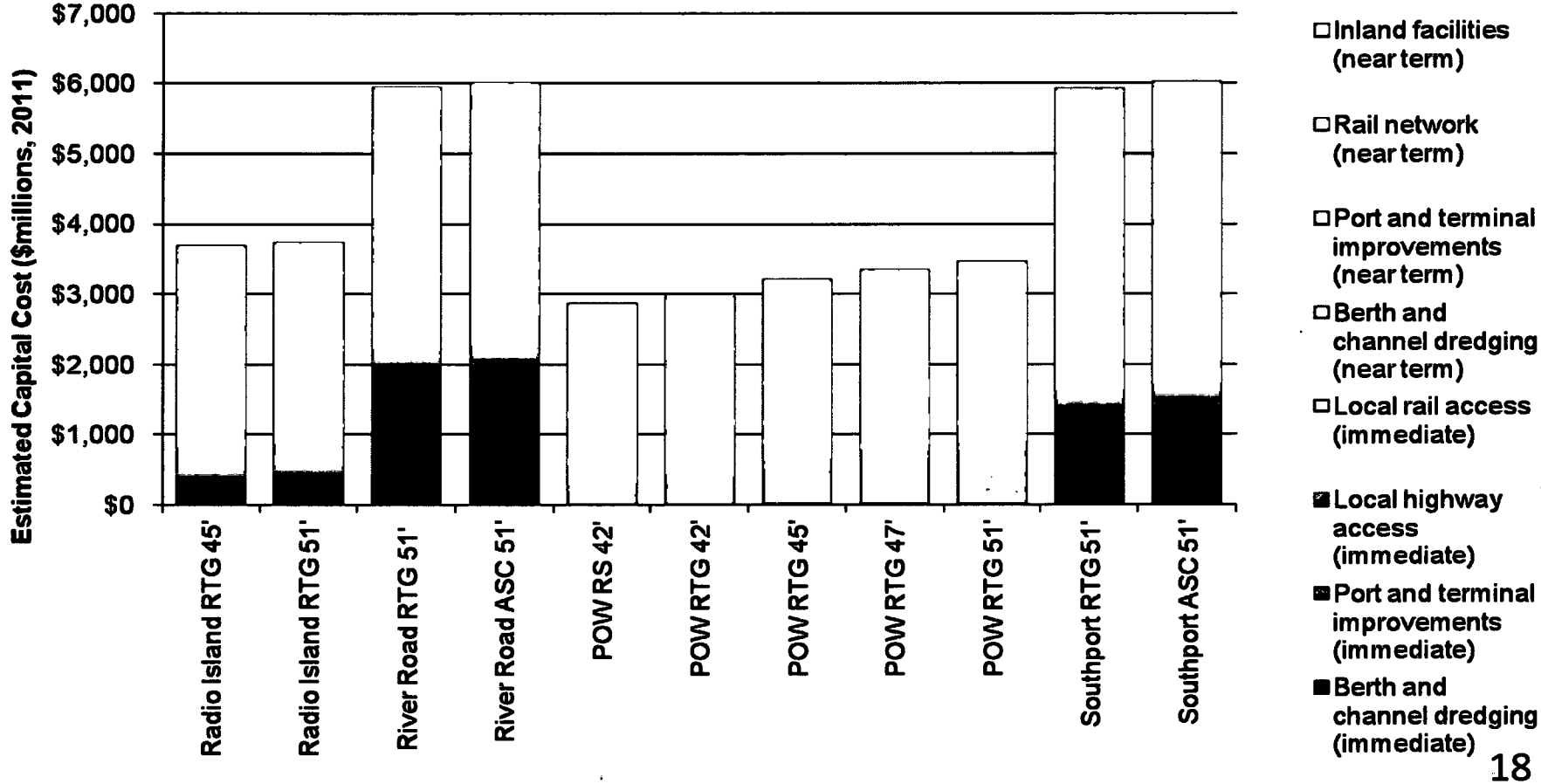


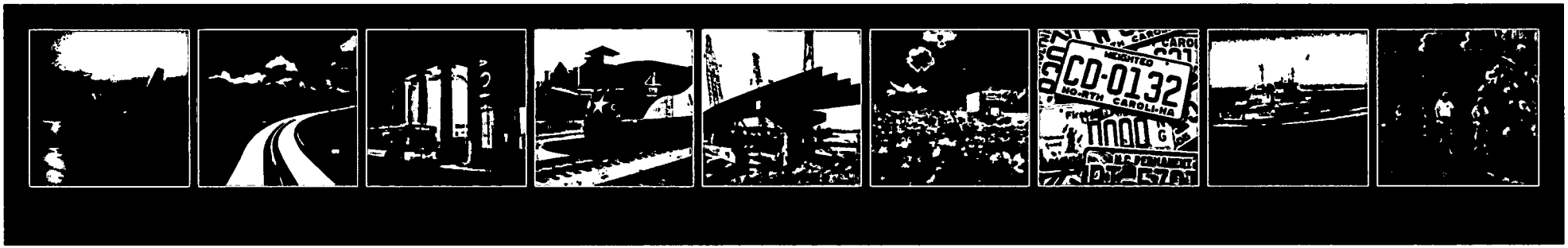
Annualized Dredging Costs





Containerized Cargo Infrastructure





Military Cargo

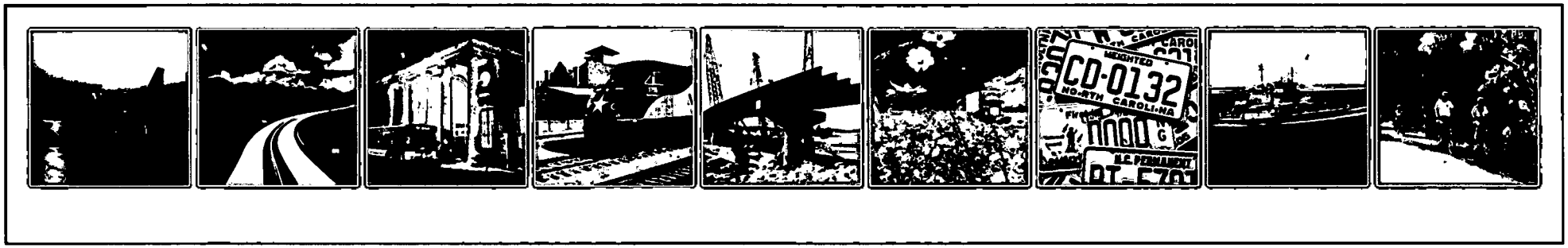


- Port of Wilmington and Port of Morehead City are designated as Strategic Seaports, two of 15 nationwide.
- Military facilities support over 416,000 workers, about 8% of total State employment.
- The economic return on investment to preserving the Ports' attractiveness to the military is important – part of separate, detailed analysis under the NC Defense Logistics Initiative.

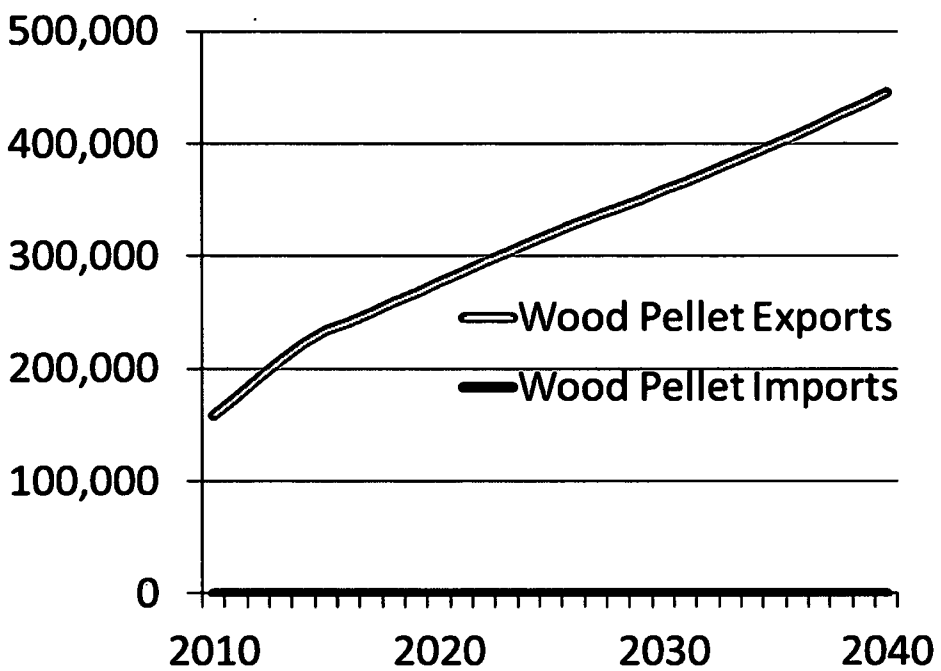


Military Reset Initiative

- Study regarding the maintenance, repair, and reset of military equipment (ground force specific).
- Developed with the NC Eastern Region Military Growth Task Force.
- DOT has supported the initiative with funds & staff.
- Ports & GTP involved in vision planning.



Wood Pellets – Maritime Strategy Findings

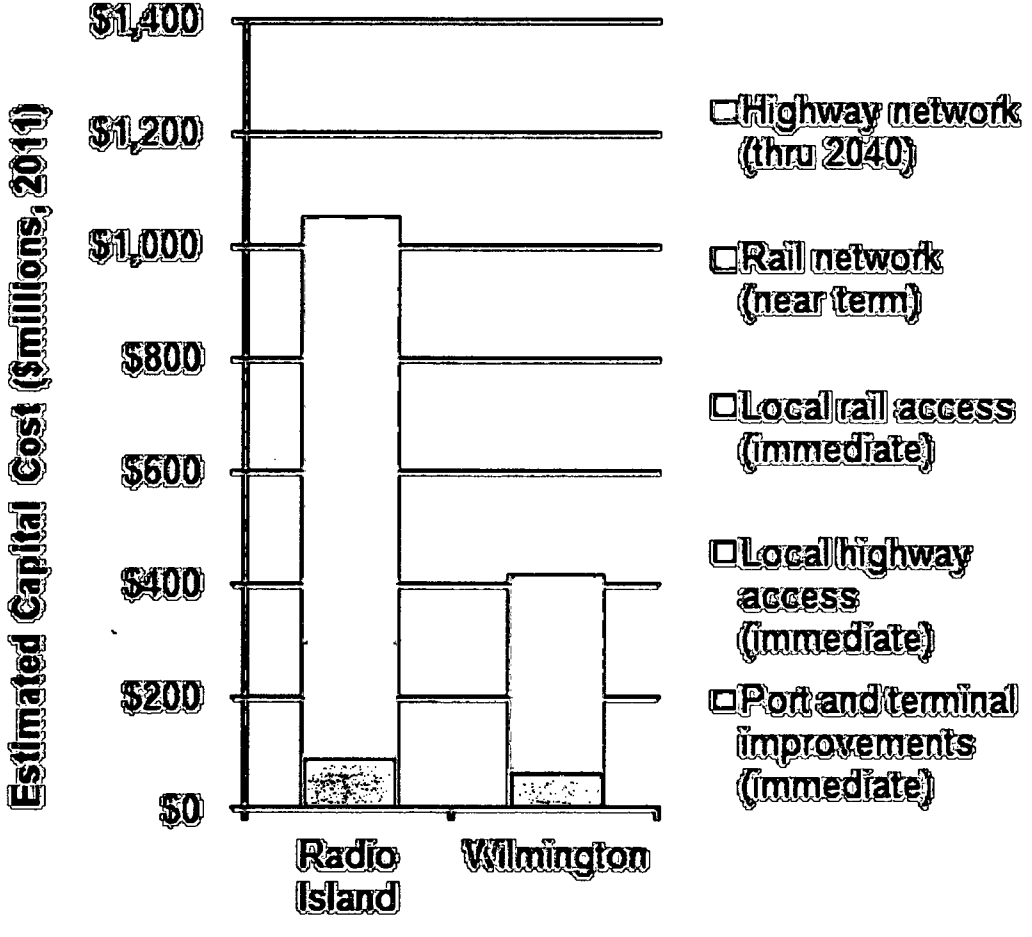


Source: AECOM, from IHS Global Insight projected growth and PIERS historical data

- World demand is expected to grow strongly in next 10 years.
- Assumes two small pellet facilities locate in the state and use in-state ports.
- Data indicates higher growth potential.
- A bulk wood pellet terminal and rail connection are needed to serve this market.



Wood Pellets – Cost / Benefit



- Requires a new bulk wood pellet terminal, port rail connection & highway improvements.
- $ 133 million shipper benefits.
- $ 628 million travel time savings.
- $ 31 million public benefits.
- 5800 construction jobs.
- 132 permanent jobs for a typical wood pellet plant.

3.1 BCR

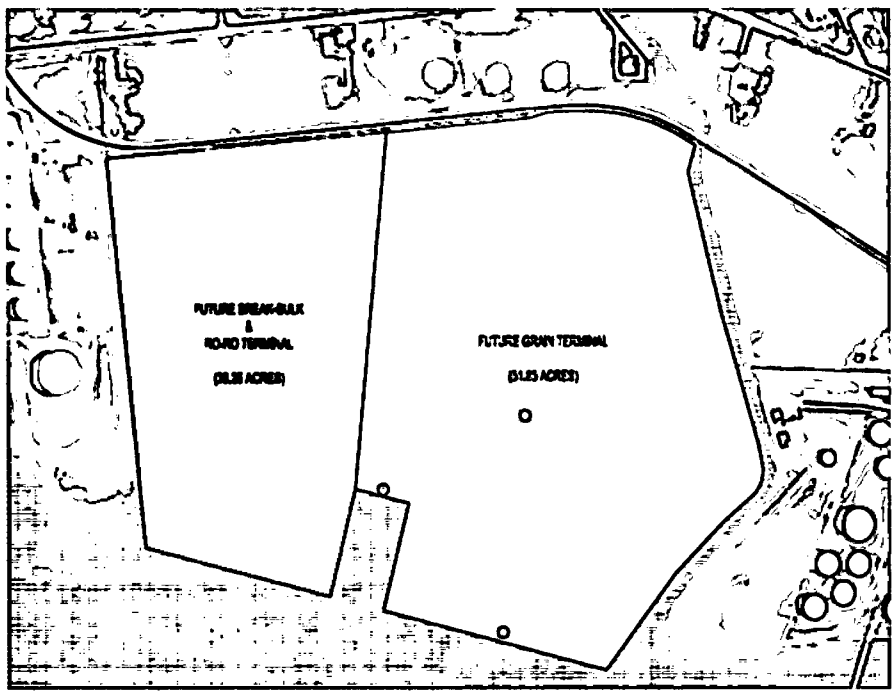


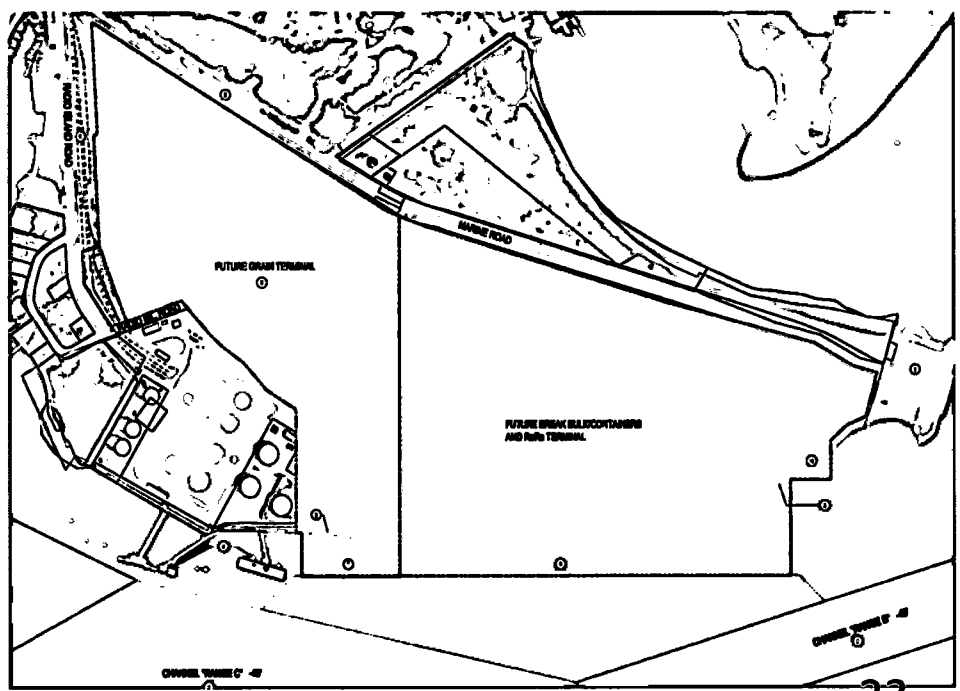
Wood Pellet Infrastructure

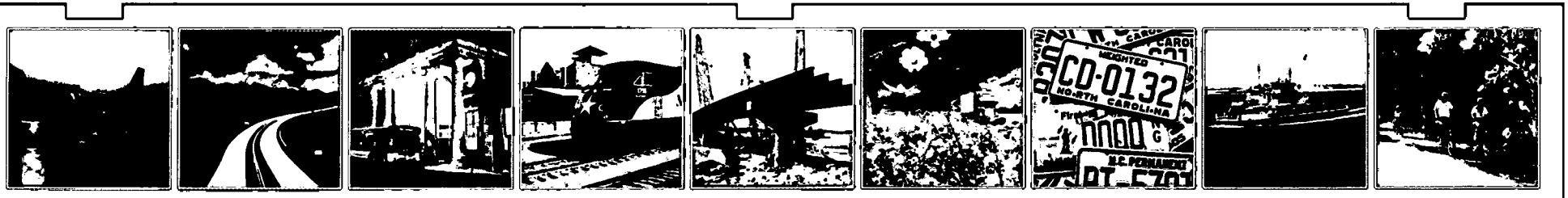
POW North Property
(wood pellet terminal shown at right)

Radio Island
(wood pellet terminal shown at left)

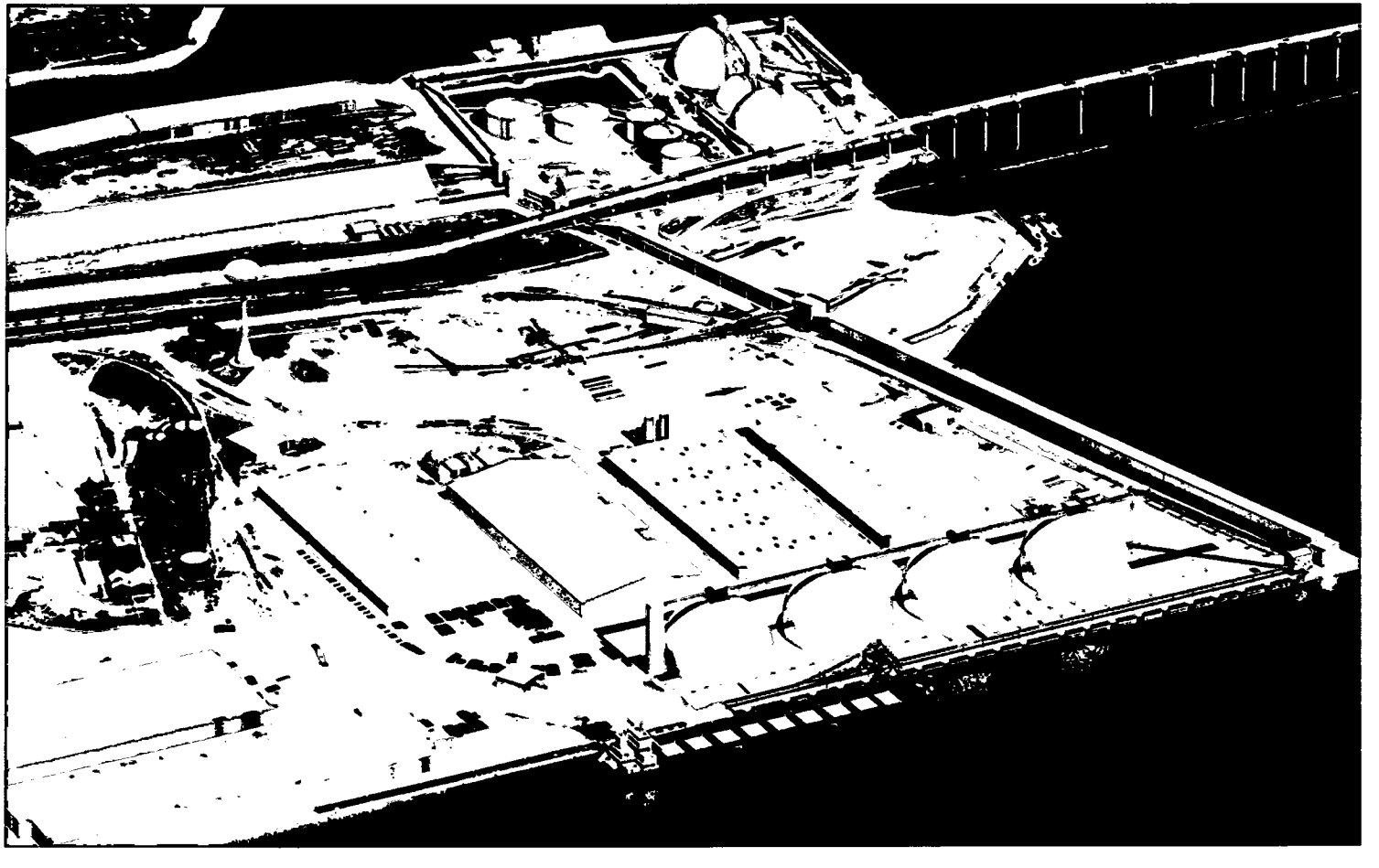
Source: AECOM







Wood Pellets – Operation (MHC)

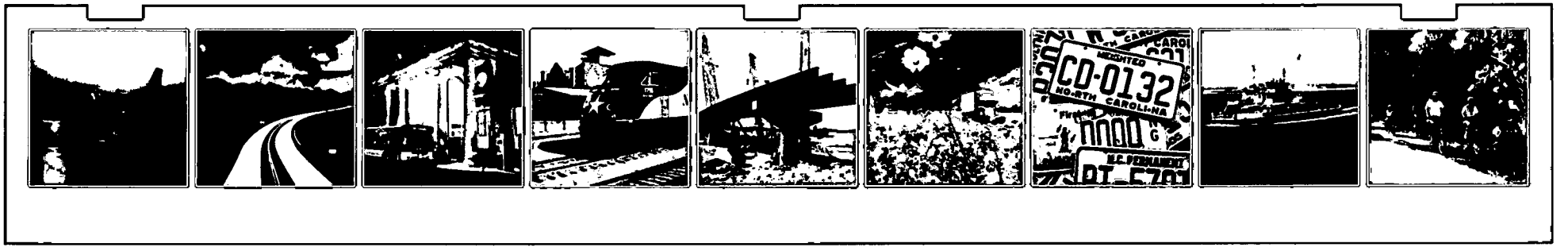




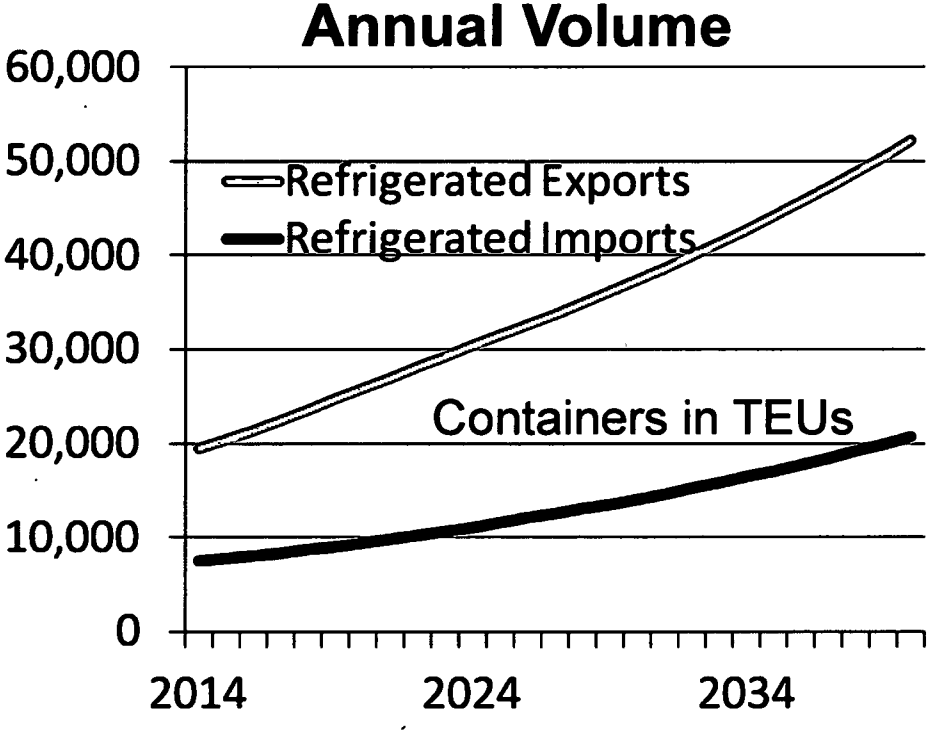
Wood Pellets – Potential Benefits

	Annual Wood Pellet Volumes (MT)	Railcar Volumes	Estimated Annual NS Revenues*	Job Impacts* Direct Jobs Created	Indirect Jobs
Customer 1	850,000	8,500	$ 7,225,000	60	180
Customer 2	500,000	5,000	4,250,000	43	129
Customer 3	400,000	4,000	3,400,000	38	114
TOTALS	**1,750,000**	**17,500**	**$ 14,875,000**	**141**	**423**
			Ports jobs	**24**	
				Total Employment	**588**

* Per International Woodfuels analysis



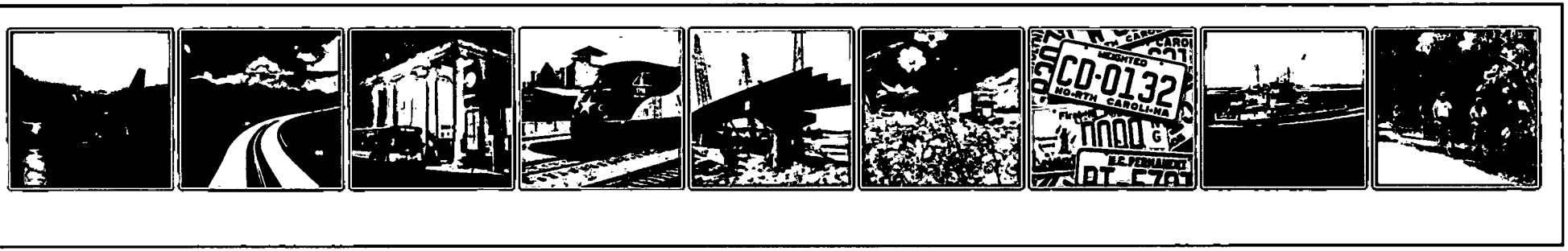
Refrigerated Cargo



Source: AECOM, from IHS Global Insight projected growth and PIERS historical data

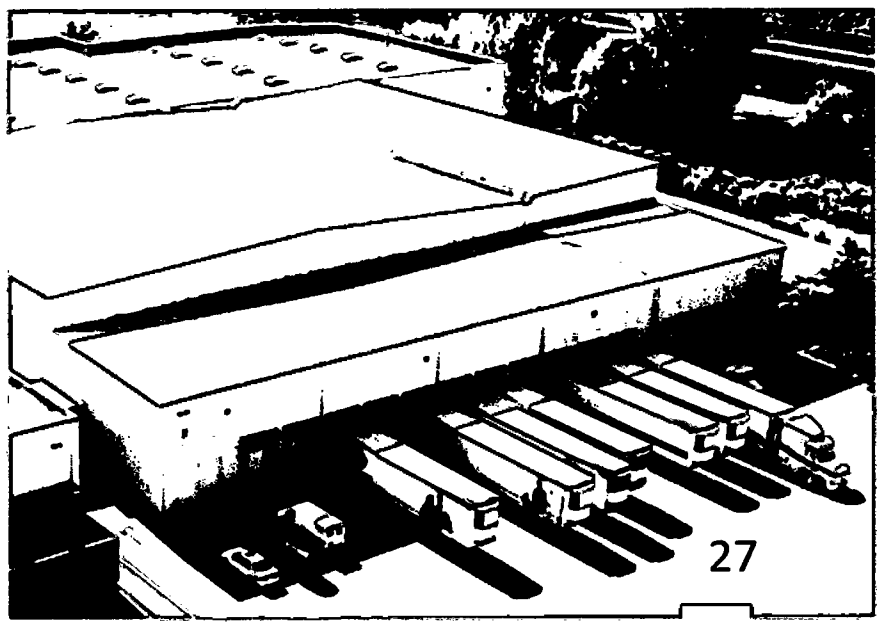
- Requires $24 million investment in cold storage facilities and plug-ins for refrigerated containers at or near the port.
- $ 136 million in shipper benefits.
- 1,000 permanent jobs statewide.

6.7 BCR



Project Penguin

- Focuses on the State's number one industry, Agriculture.
- Plans call for a 75,000 sq. ft. / Expand to 300,000 sq. ft..
- Opens up new opportunities for NC Ports & NC farmers.
- Private investment of $13 million.
- Public-Private Partnership.
- 110 new jobs.

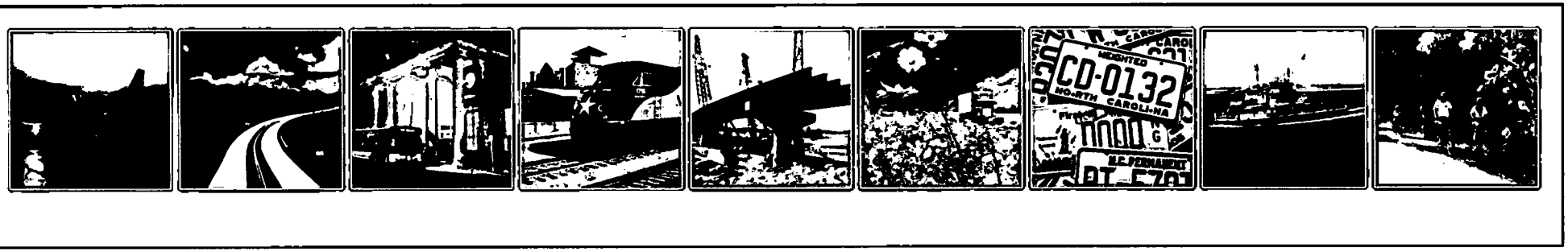




NORTH CAROLINA PORTS

We're more than ports. We're your *partners*.

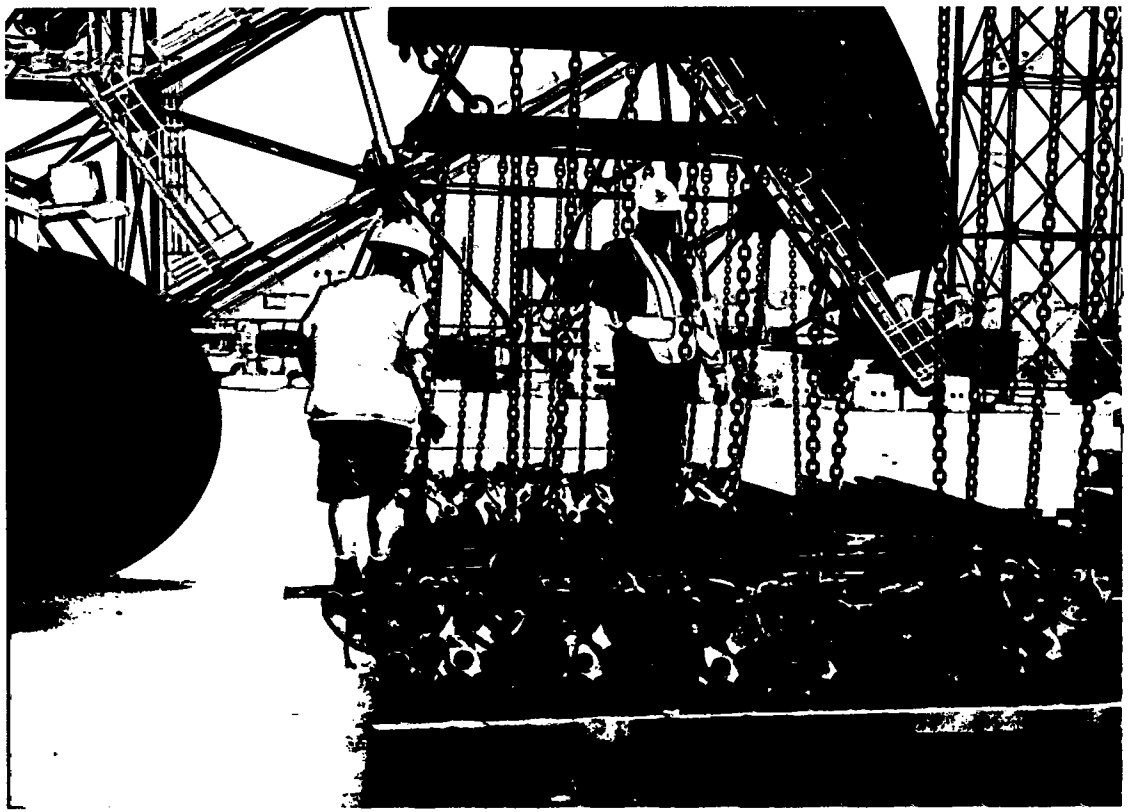
- Created in 1945 to generate economic benefits for North Carolina.
- Promotes, markets and sells port services to maritime dependent industry.
- Generates earnings that more than cover day-to-day operating expenses.
- Supports more than 65,000 jobs statewide.
- Generates more than $500 million in state and local tax revenue.

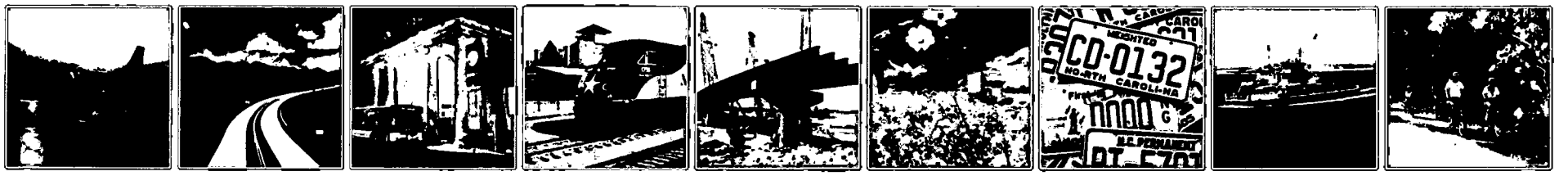


A Highly Skilled, Professional Workforce

The NCSPA workforce:

- Operates terminals.
- Provides port security.
- Provides engineering.
- Manages finances.
- Manages back-office (Admin, HR & IT)





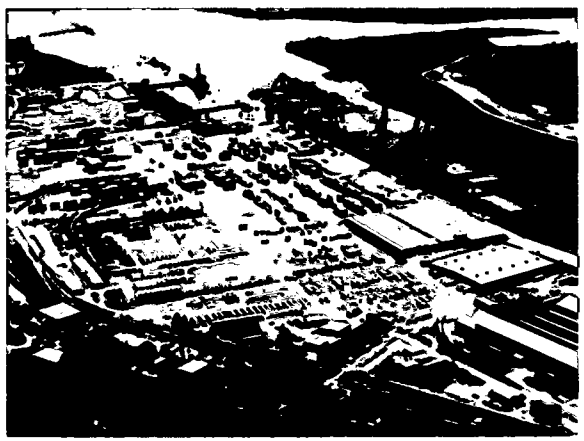
The Ports Relies on Vital Partners

- Labor (Checkers, Longshoremen, line handlers)
- Stevedores
- Private Terminal Operators
- U. S. Coast Guard
- Customs and Border Patrol
- U. S. Department of Agriculture
- U. S. Army Corps of Engineers
- Trucking companies
- Rail road companies
- Cape Fear River Pilots
- Tug Operators

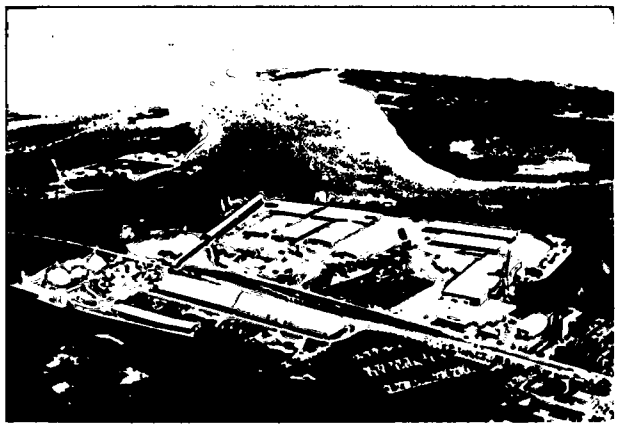




NCSPA Facilities



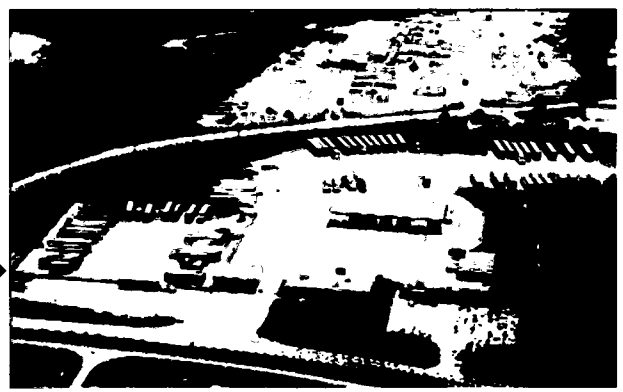
Port of Wilmington



Port of Morehead City



Charlotte Inland Terminal

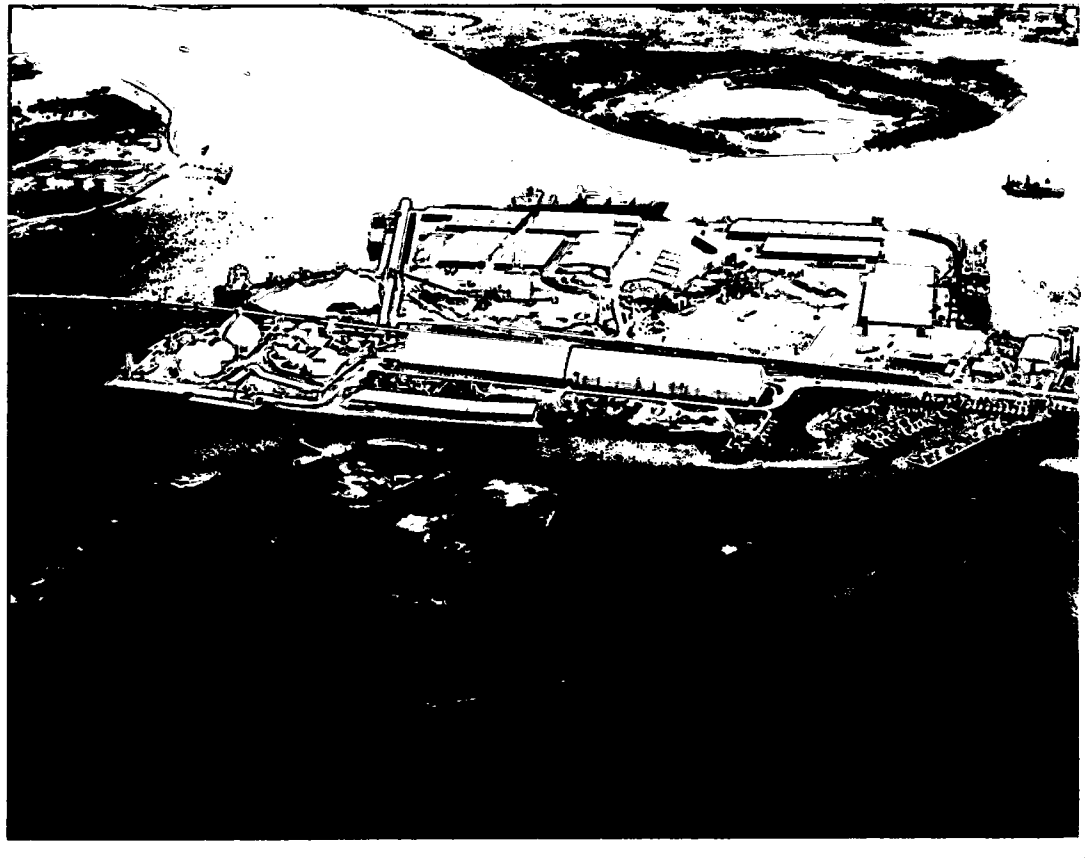


Greensboro Inland Terminal



The Port of Morehead City

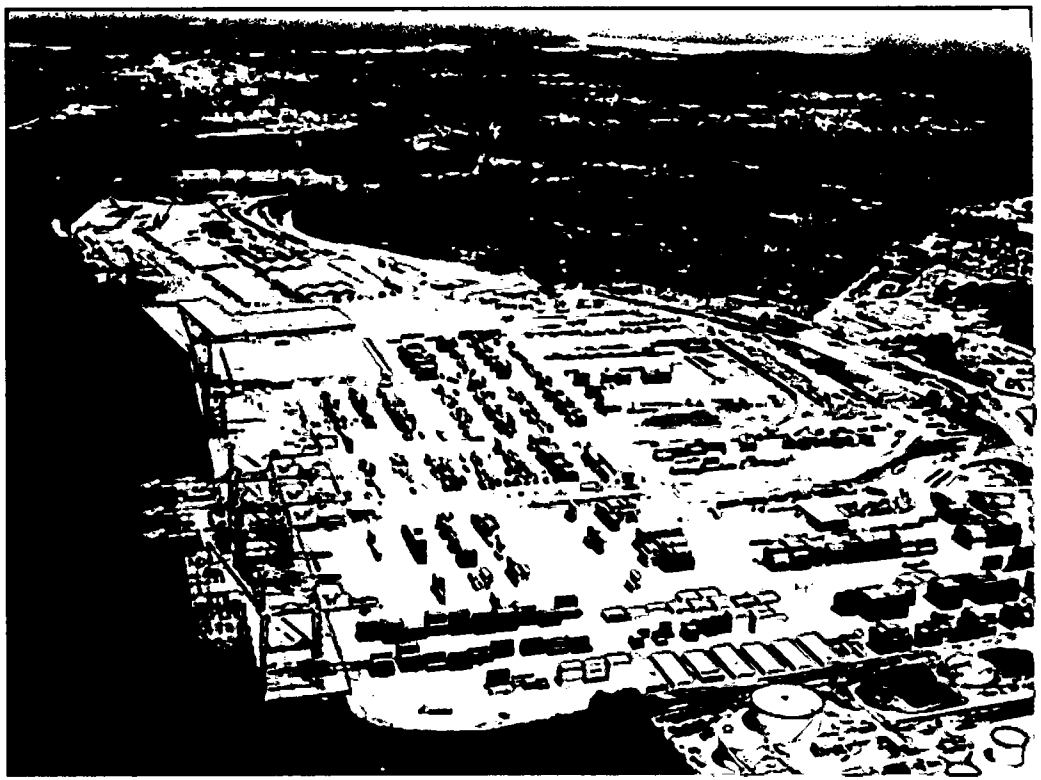
- One of the deepest ports on the east coast.
- Four miles from the ocean.
- Nine berths, 128 acres.
- 2nd largest US port for import of natural rubber.
- Inventory Management.
- Breakbulk & bulk cargo.

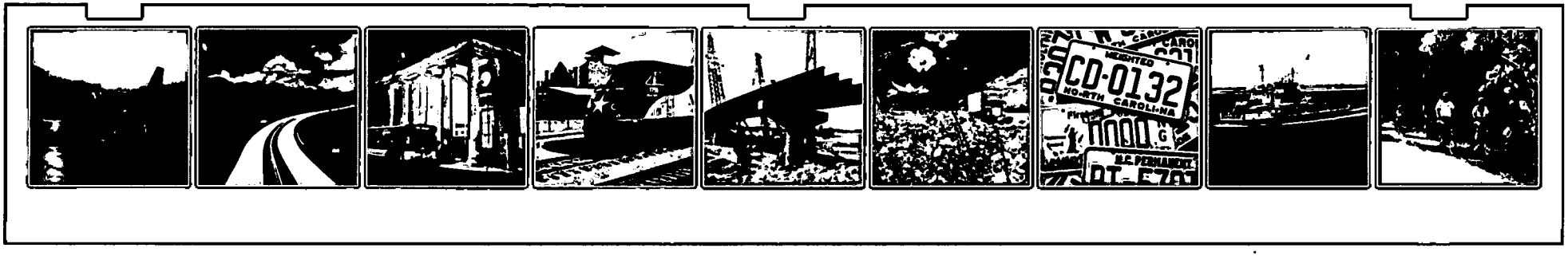




The Port of Wilmington

- 26 miles from the ocean.
- Nine berths, 284 acres.
- Containers, Bulk & Breakbulk.
- 500,000 TEU annual capacity.
- Fast, efficient vessel/truck turnarounds, crane and gate productivity.





TransPacific Services

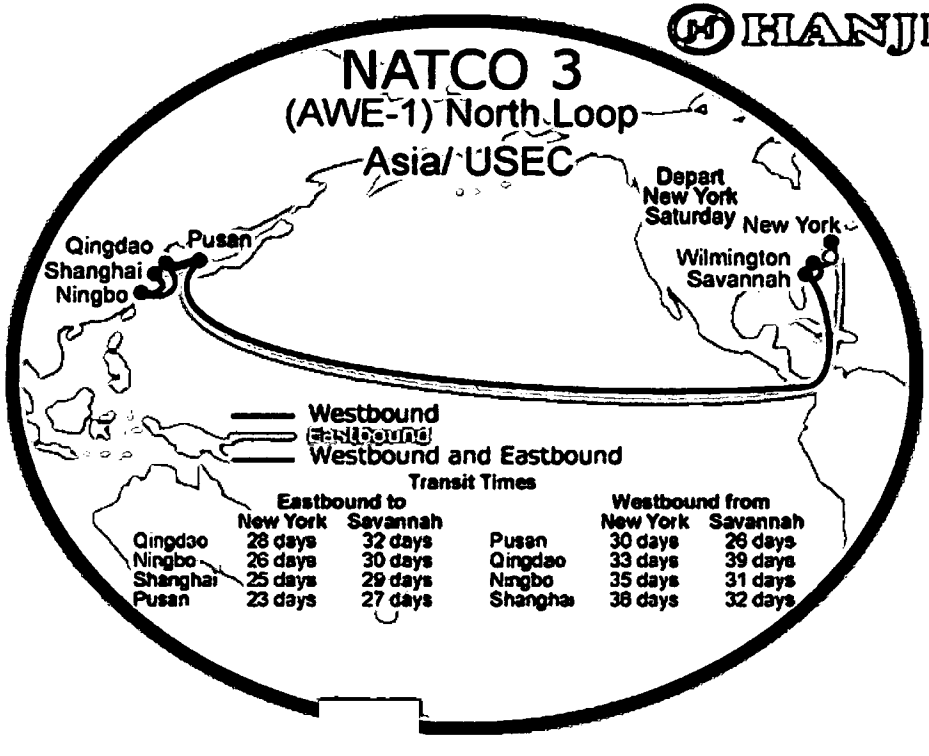
"K" LINE
KAWASAKI KISEN KAISHA, LTD.

YANG MING LINE

HANJIN

COSCO

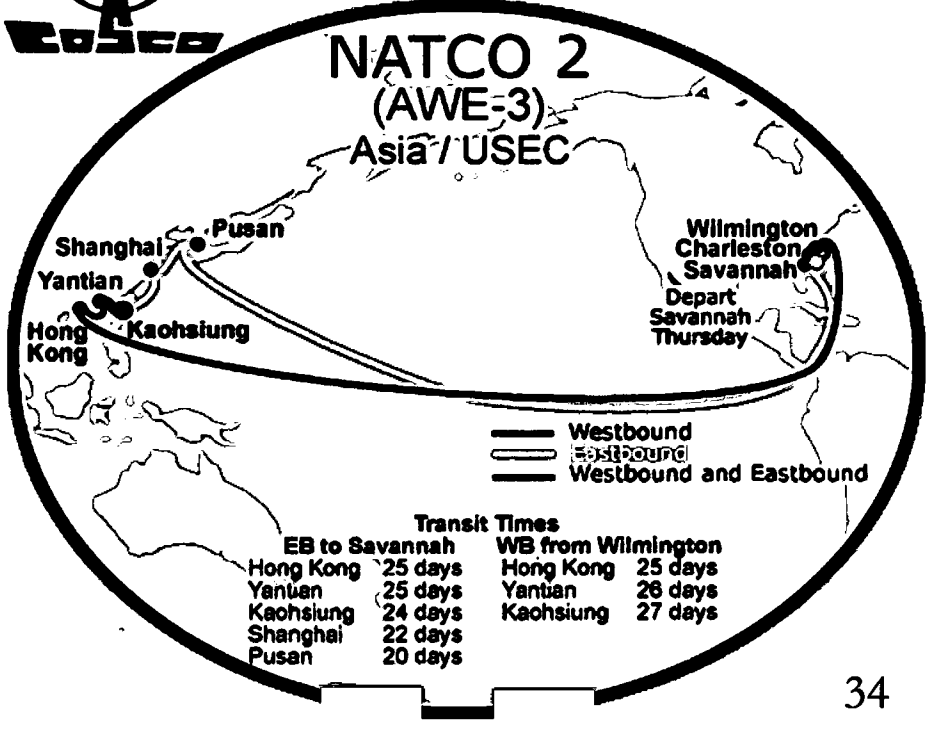
NATCO 3
(AWE-1) North Loop
Asia/ USEC



Transit Times

Eastbound to	New York	Savannah	Westbound from	New York	Savannah
Qingdao	28 days	32 days	Pusan	30 days	26 days
Ningbo	26 days	30 days	Qingdao	33 days	39 days
Shanghai	25 days	29 days	Ningbo	35 days	31 days
Pusan	23 days	27 days	Shanghai	36 days	32 days

NATCO 2
(AWE-3)
Asia / USEC



Transit Times

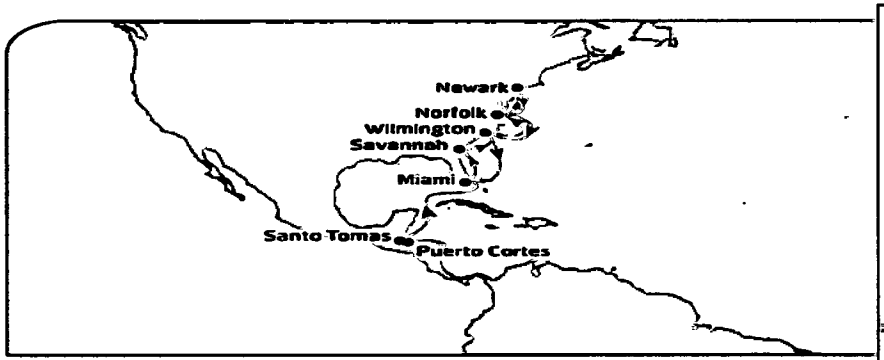
EB to Savannah		WB from Wilmington	
Hong Kong	25 days	Hong Kong	25 days
Yantian	25 days	Yantian	26 days
Kaohsiung	24 days	Kaohsiung	27 days
Shanghai	22 days		
Pusan	20 days		



European and Central American Services

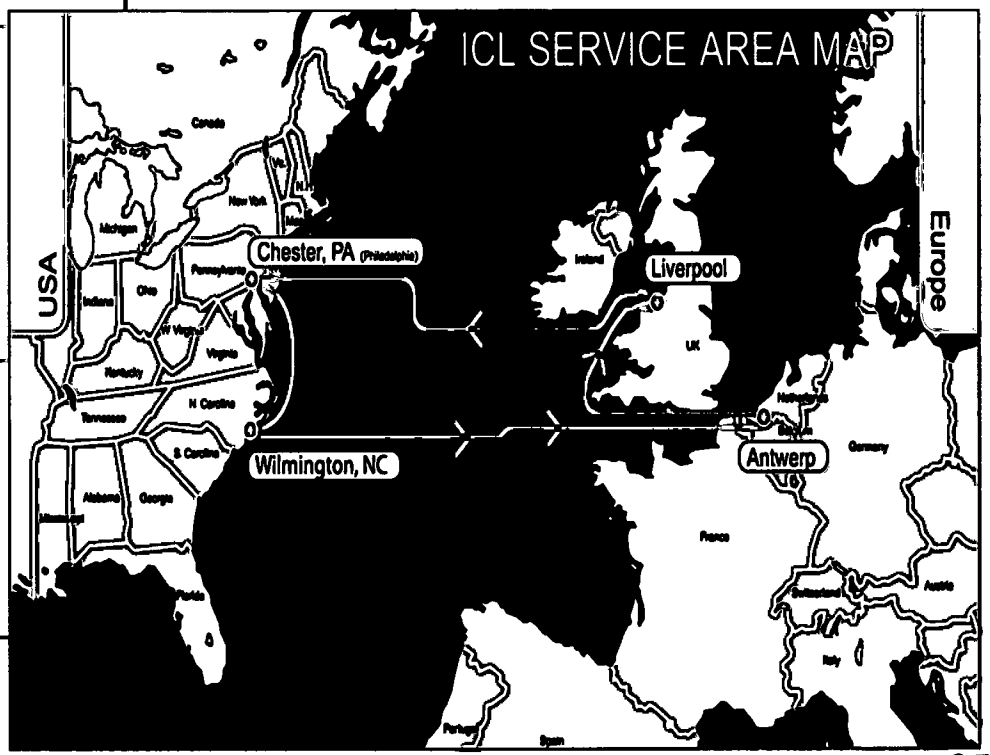
South Atlantic Express - Roundtrip

MAERSK LINE



South Atlantic Express - Roundtrip

PORT	ARRIVES	DEPARTS	TRANSIT
Puerto Cortes, Honduras	SAT 0600	SUN 0100	--
Santo Tomas, Guatemala	SUN 0700	MON 0200	1
Miami, FL, USA	WED 0800	WED 1600	3
Savannah, GE, USA	THU 1900	FRI 0400	4
Wilmington, NC, USA	SAT 1300	SAT 1900	6
Norfolk, VA, USA	MON 0800	TUE 0000	8
Newark, NJ, USA	WED 0800	THU 0000	10
Norfolk, VA, USA	FRI 0800	FRI 2300	12
Wilmington, NC, USA	SUN 1300	MON 0700	14
Miami, FL, USA	WED 0800	WED 1600	17

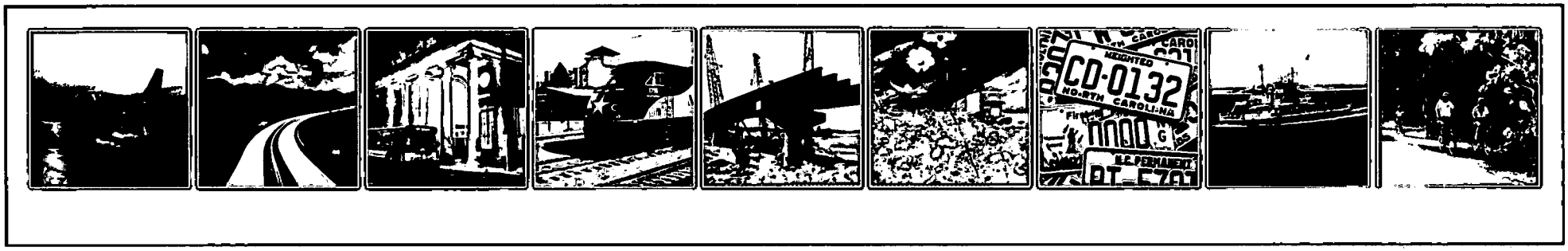




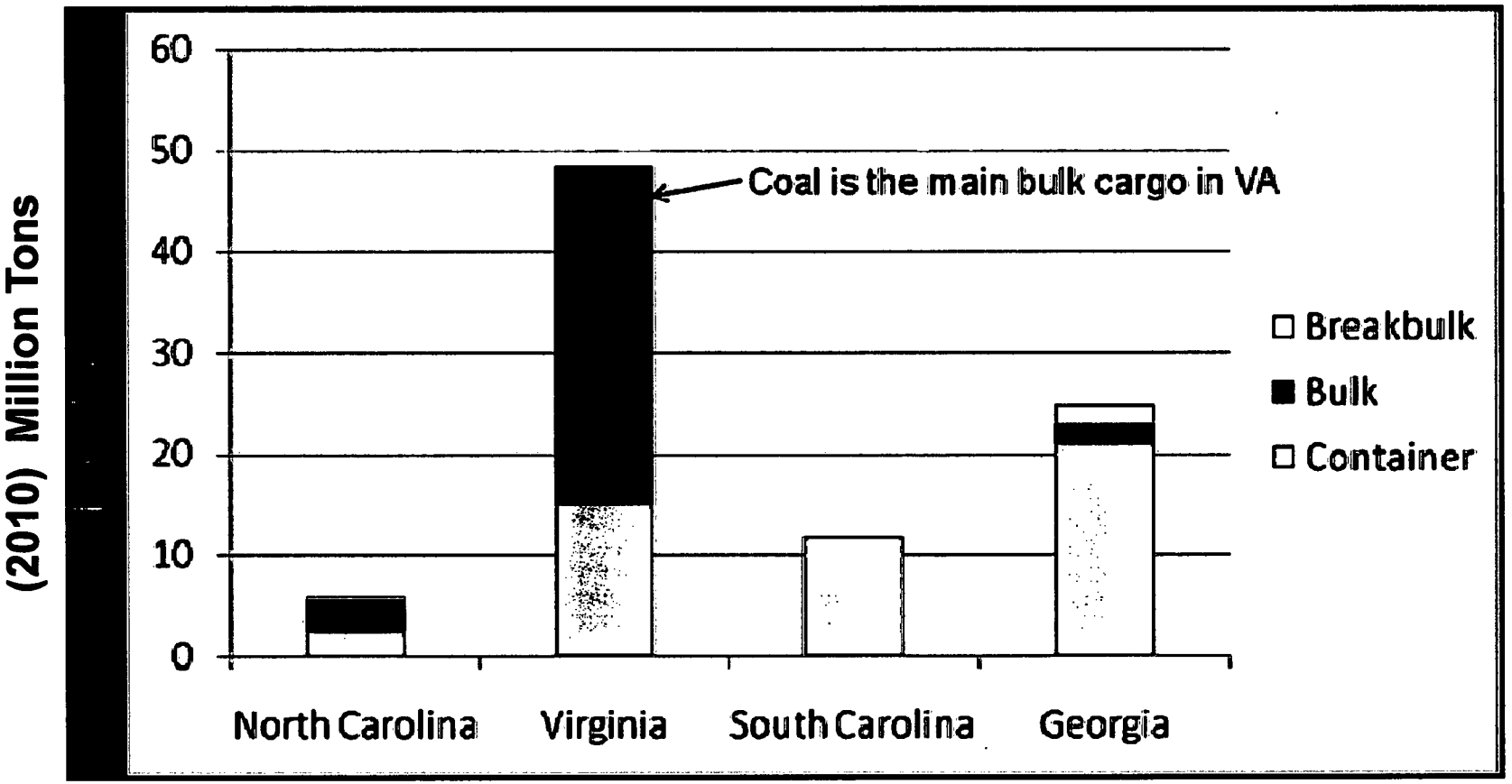
Today's Competitive Environment

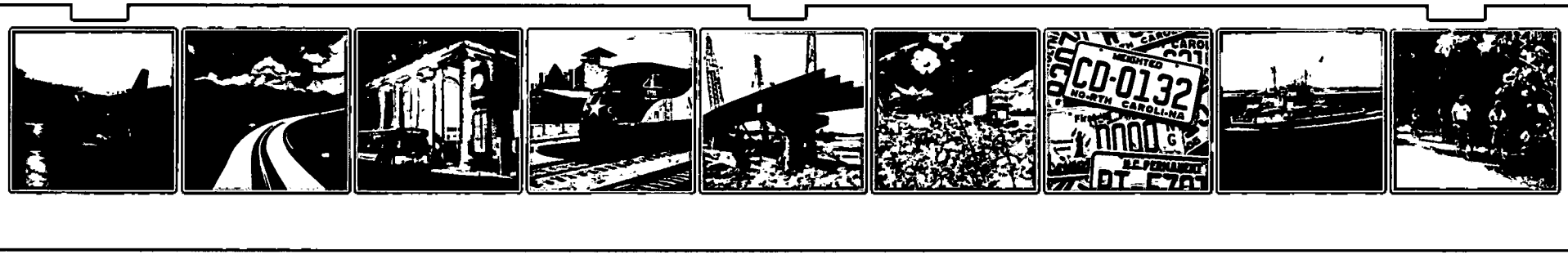


- Primary Competitors: VPA, SCSPA & GPA
- Industry is volatile, liner companies are experiencing financial pressures.
- Pricing of port services is under pressure.
- Competitive advantages include:
  - Proximity to market demand.
  - Road & Rail Infrastructure.
  - Port capacity & special handling capabilities.
  - Low port costs & ease of doing business.
  - Available carrier services.



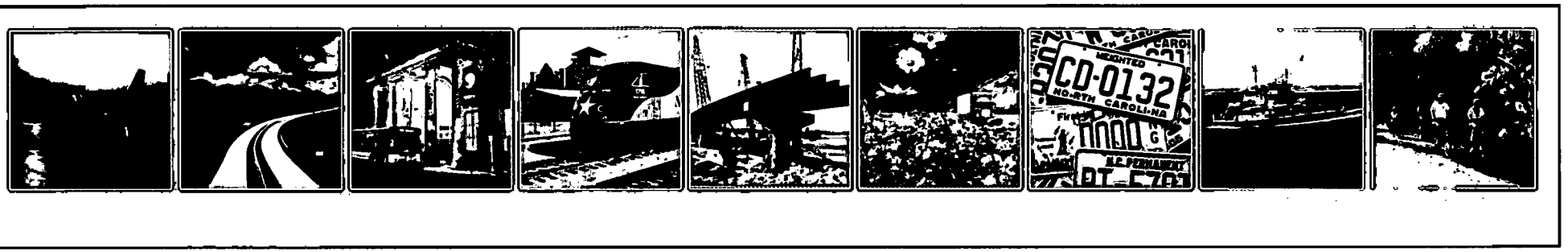
Commodity Volumes at Regional Ports



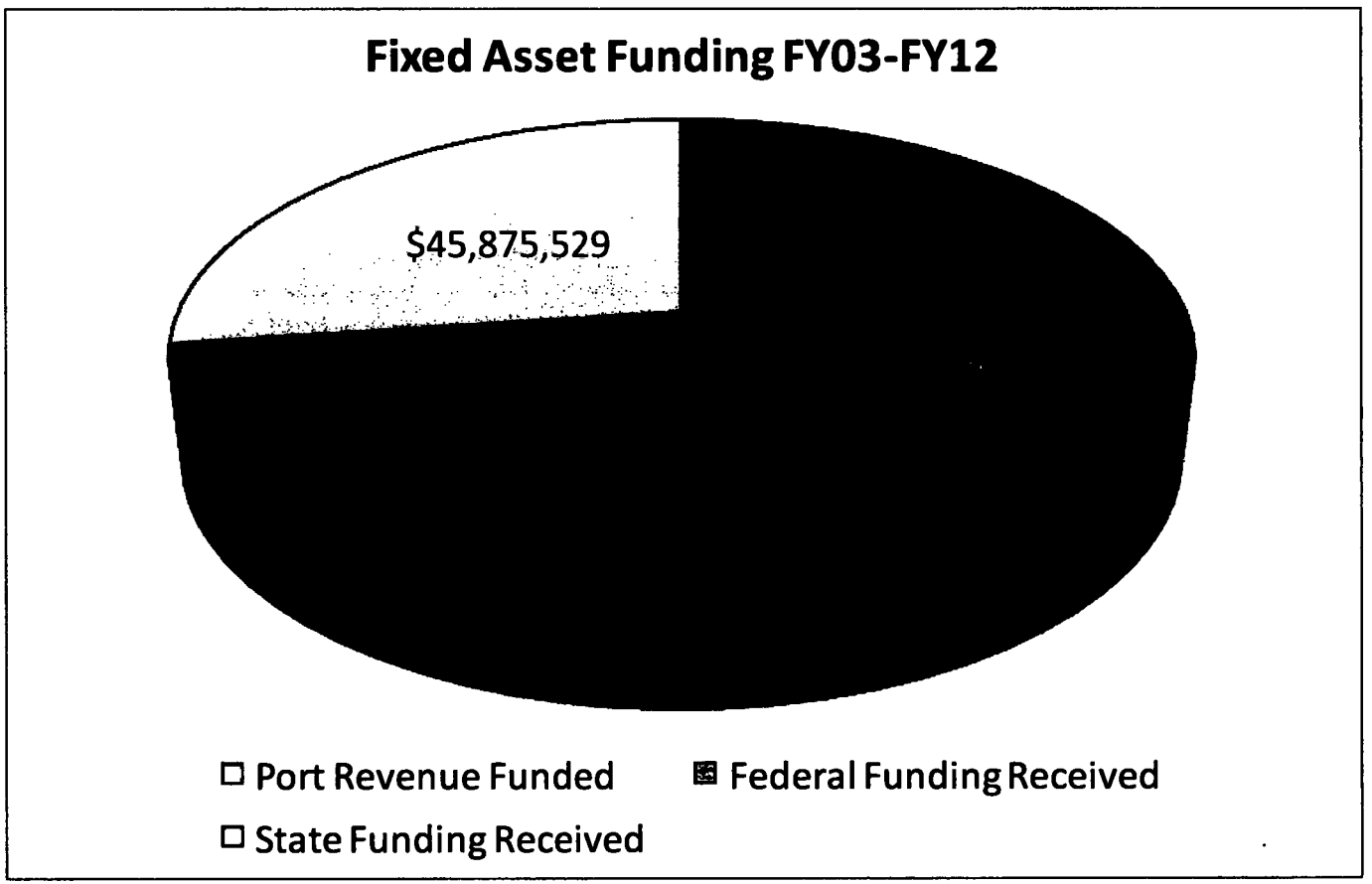


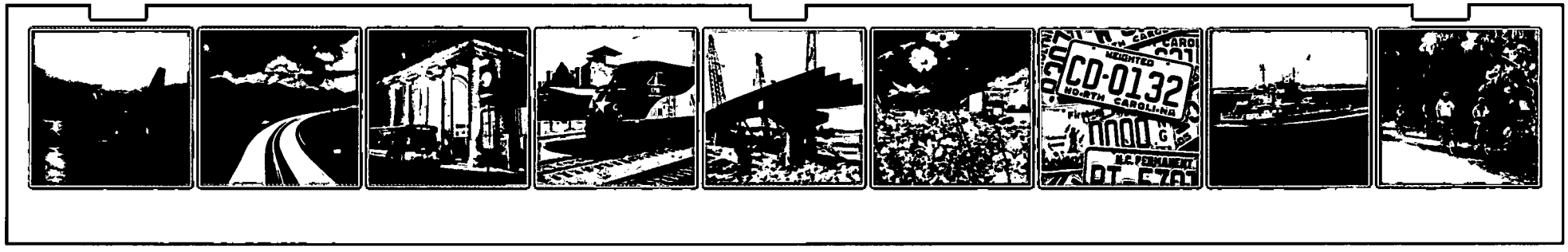
Peer Ports Revenue

2010	Revenue (in millions)	Revenue per ton
N.C. Ports	$33.32	$6.41
VPA	$193.79	$12.44
S.C. Ports	$111.74	$10.80
Georgia Ports	$238.32	$11.11
Port of Jacksonville	$50.60	$6.25

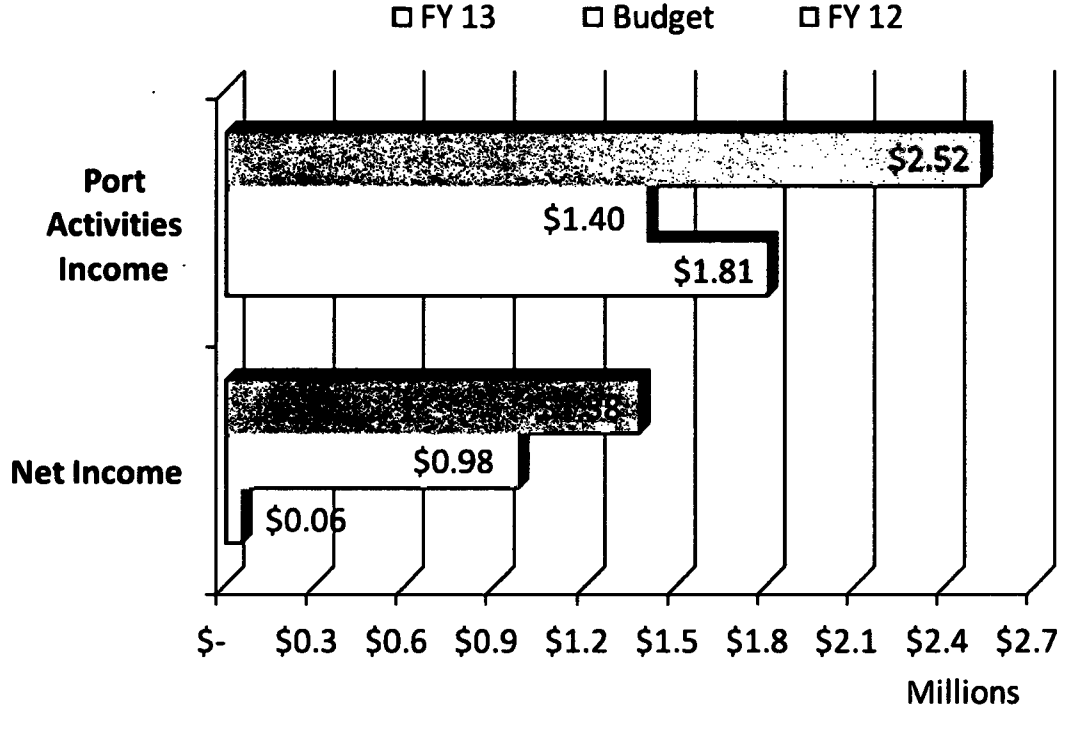


Fixed Asset Funding



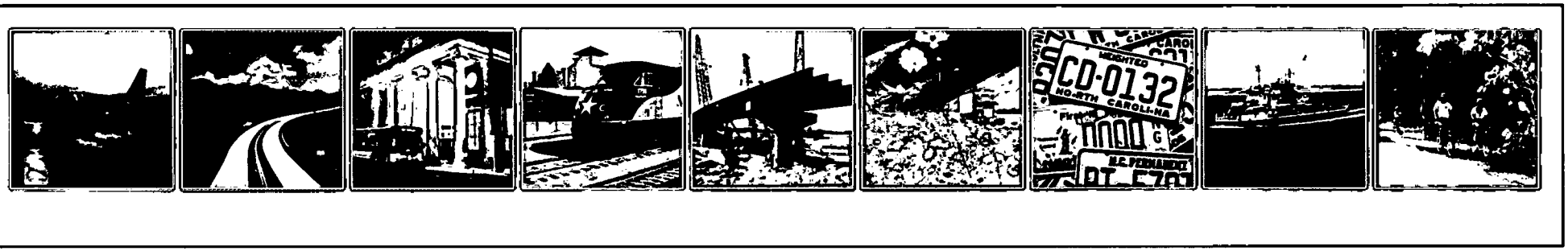


Ports FY 13 Financial Highlights



Compared to FY 12:
$1.4M increase in Operating Revenue

Compared to the FY13 projection:
$1.2M ahead in Operating Revenue



FY13 Financial Ratios

Liquidity Measure

Current Ratio: 4.8/1.0

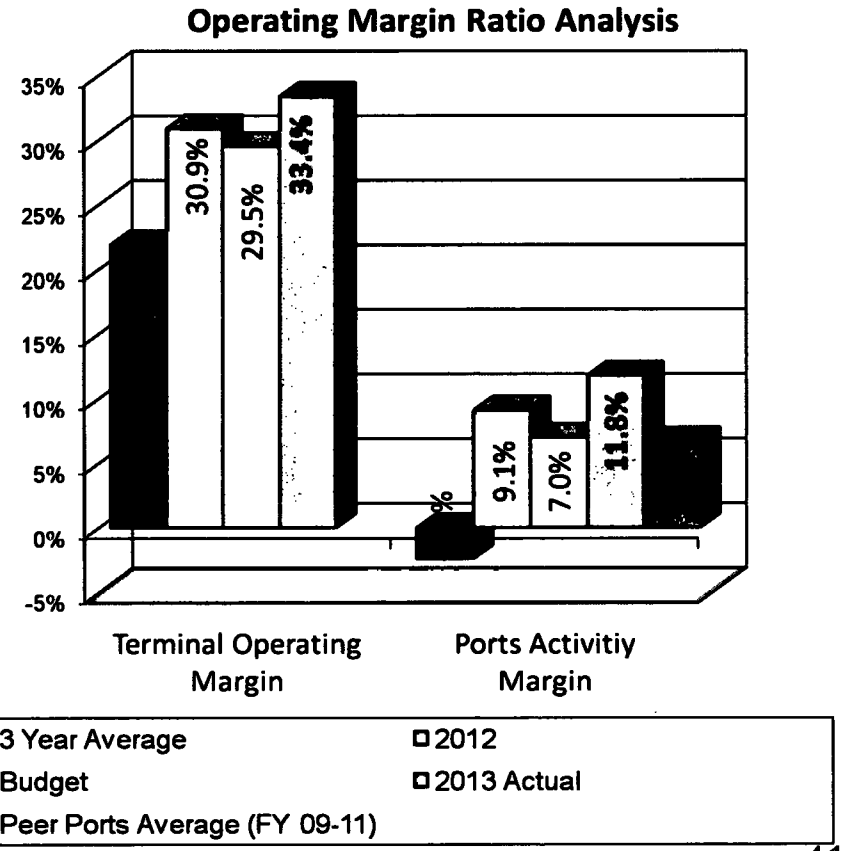
Peer Ports Average: 2.5/1.0 (FY 09-11)

Leverage Measures

Debt to Equity Ratio: 0.45/1.0 (current)

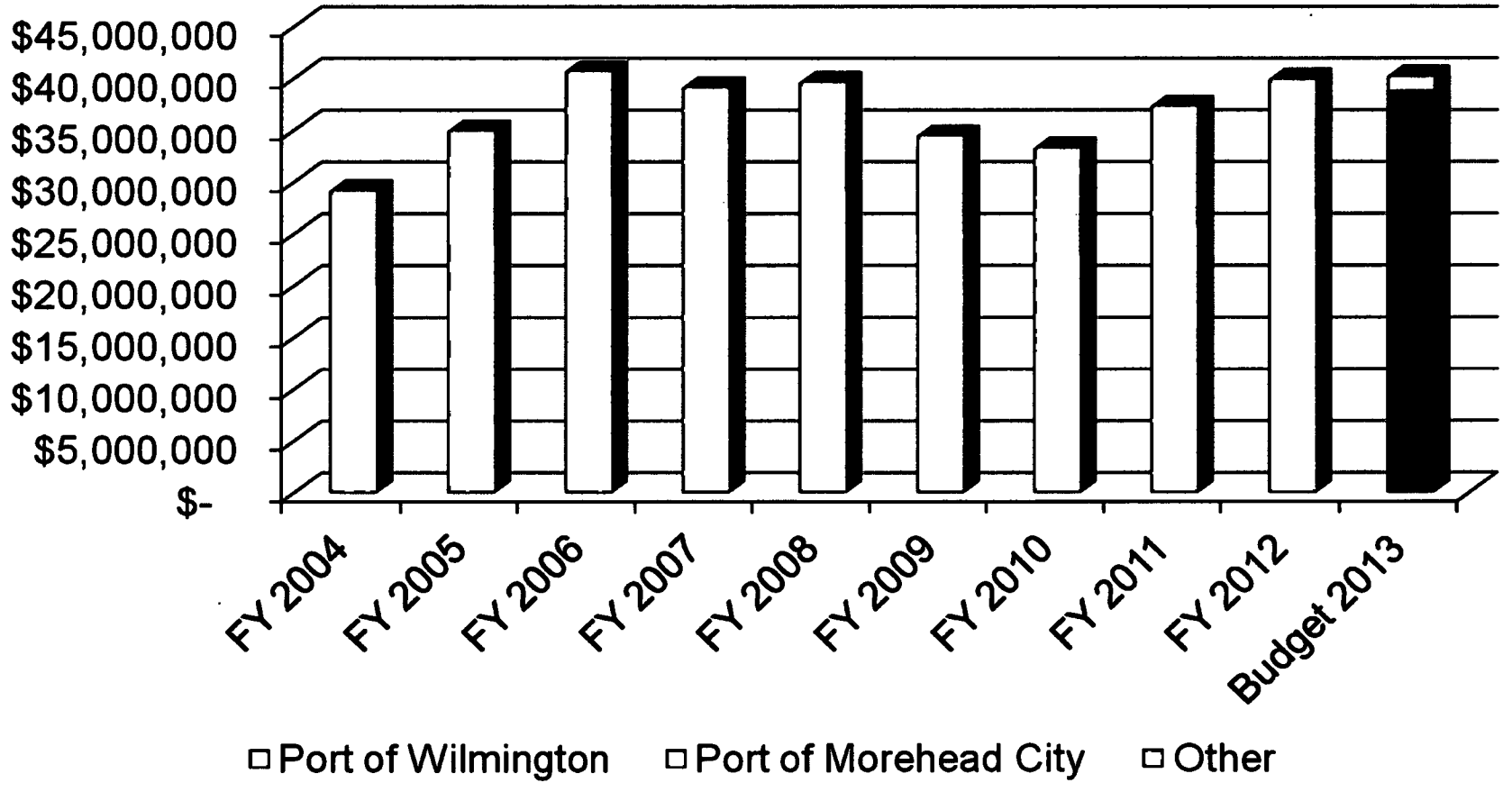
Peer Ports Average: 0.65/1.0 (FY 09-11)

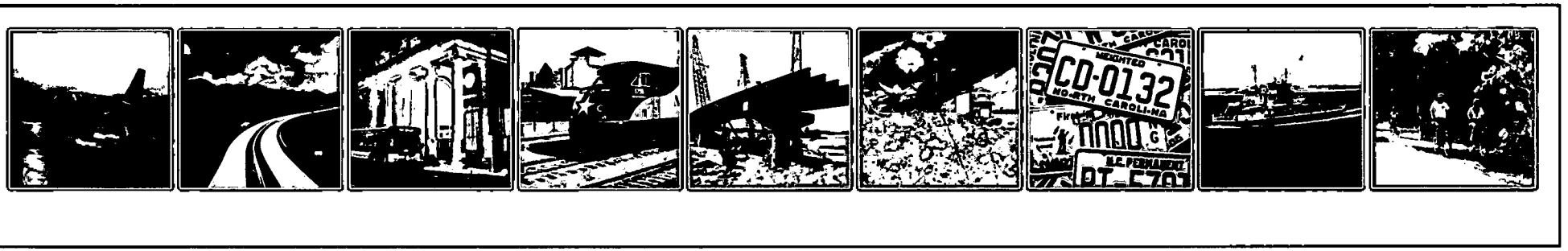
Debt Service Ratio: 2.03/1.0 (actual FY12)



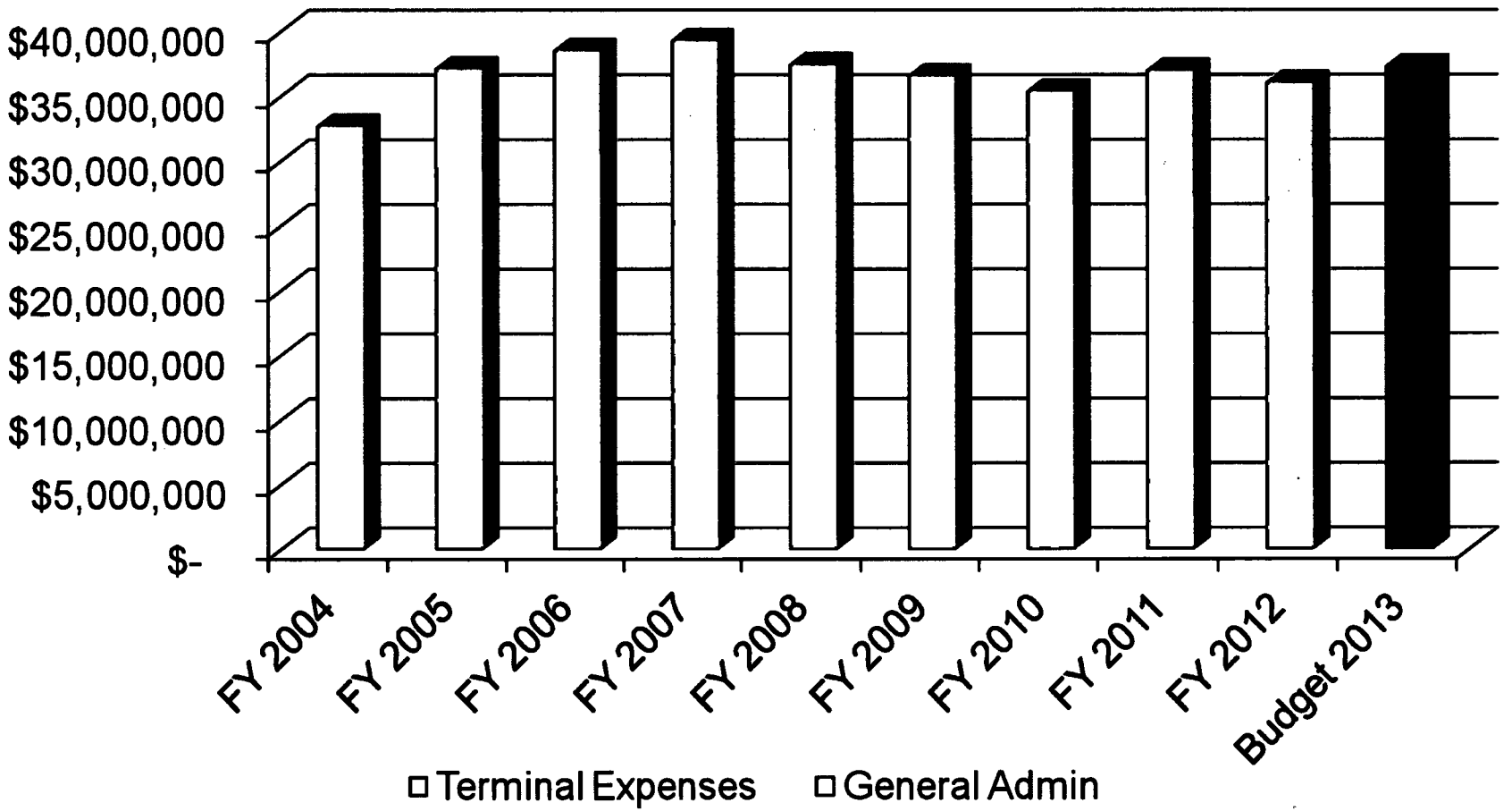


Operating Revenues by Terminal





Terminal Expenses & General Admin





FY 2012 Performance

Wilmington	Budget	Actual	Variance
Containers	160,000	152,563	95%
Breakbulk	310,000	271,879	88%
Bulk	1,264,000	1,958,672	155%

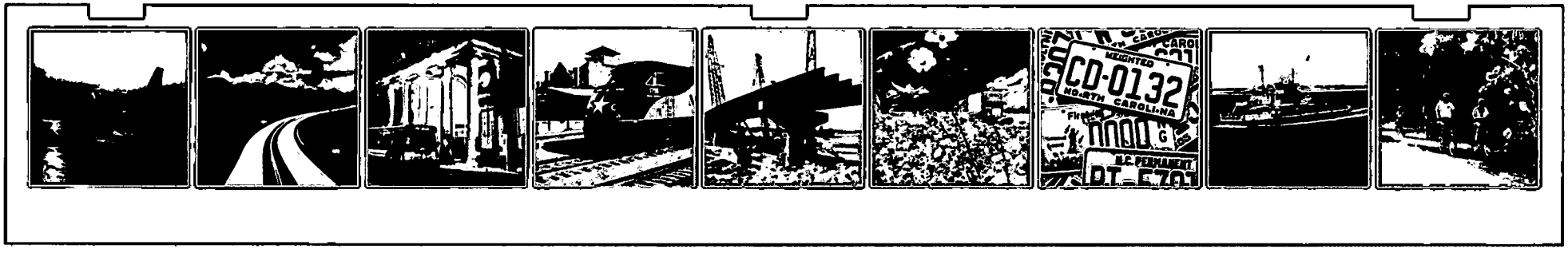
Morehead City	Budget	Actual	Variance
Breakbulk	172,500	222,553	129%
Bulk	450,000	433,197	96%
PCS	1,400,000	1,523,599	109%



FY 2013 Performance (as of Jan 31st)

Wilmington	Budget	Actual	% of Budget
Containers	87,208	84,837	97%
Breakbulk	225,197	193,225	86%
Bulk	1,099,583	1,593,960	145%

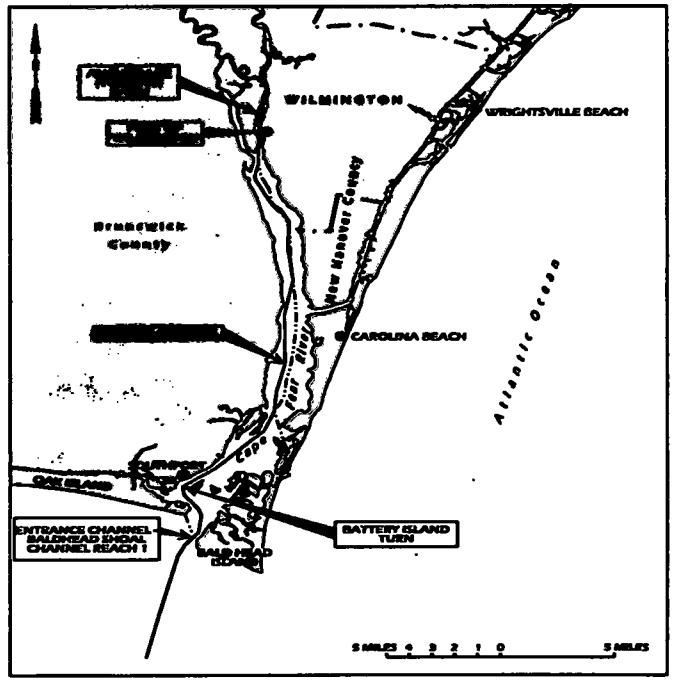
Morehead City	Budget	Actual	% of Budget
Breakbulk	106,458	140,569	132%
Bulk	256,667	272,828	106%
PCS	813,750	646,852	79%

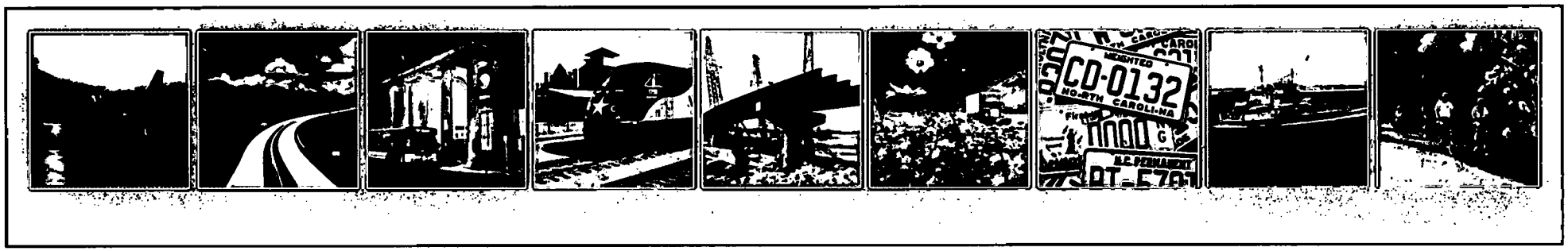


Wilmington Harbor Improvement Project

The study will examine:

- Widening the POW turning basin.
- Modifications to the turn at Battery Island.
- Examine the entrance to the channel. Realignment could be beneficial to Bald Head Island.





Seven Portals Study

Assess possible locations for transport-driven logistics portals Statewide.

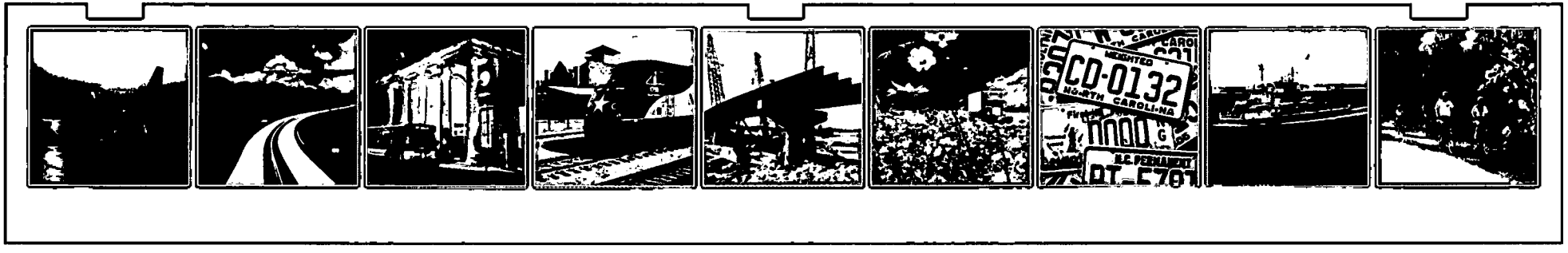
Base them on the Seven Economic Regions.

Coordinate with MPO / RPO / County E.D / Municipality / 7 Regions.

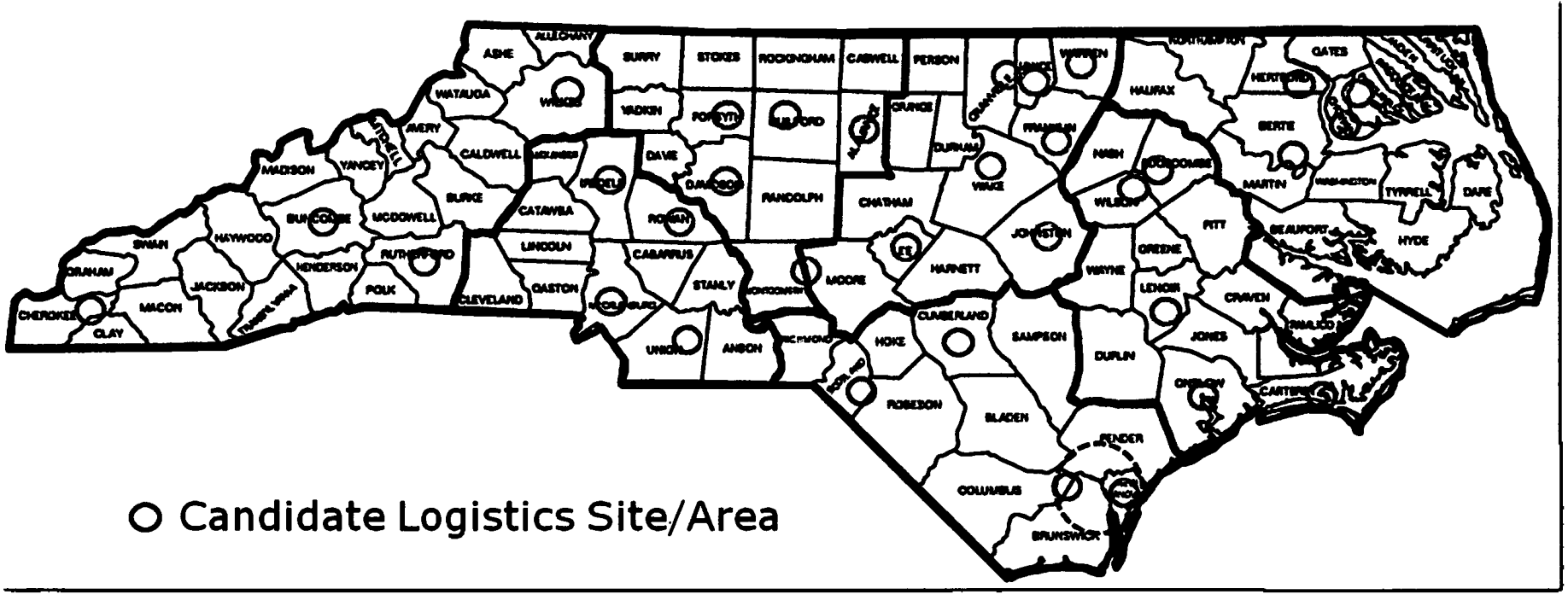
Examine modal connections, land availability, economic growth Impact potential, feasibility, benefits, up-fit costs, governance, Partnerships.

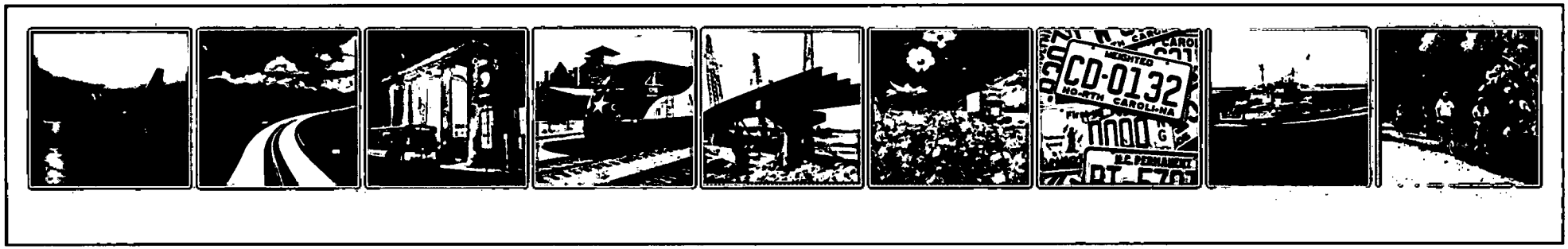
Enhanced logistics connectivity thru improved, integrated, statewide transportation support.

http://www.ncdot.gov/business/committees/statewidelogistics/



Sites Identified thru Local Guidance





GTP Overview

Mission – To enhance the economic well being of North Carolinians by providing multi-modal capabilities for global commerce.

Operations:

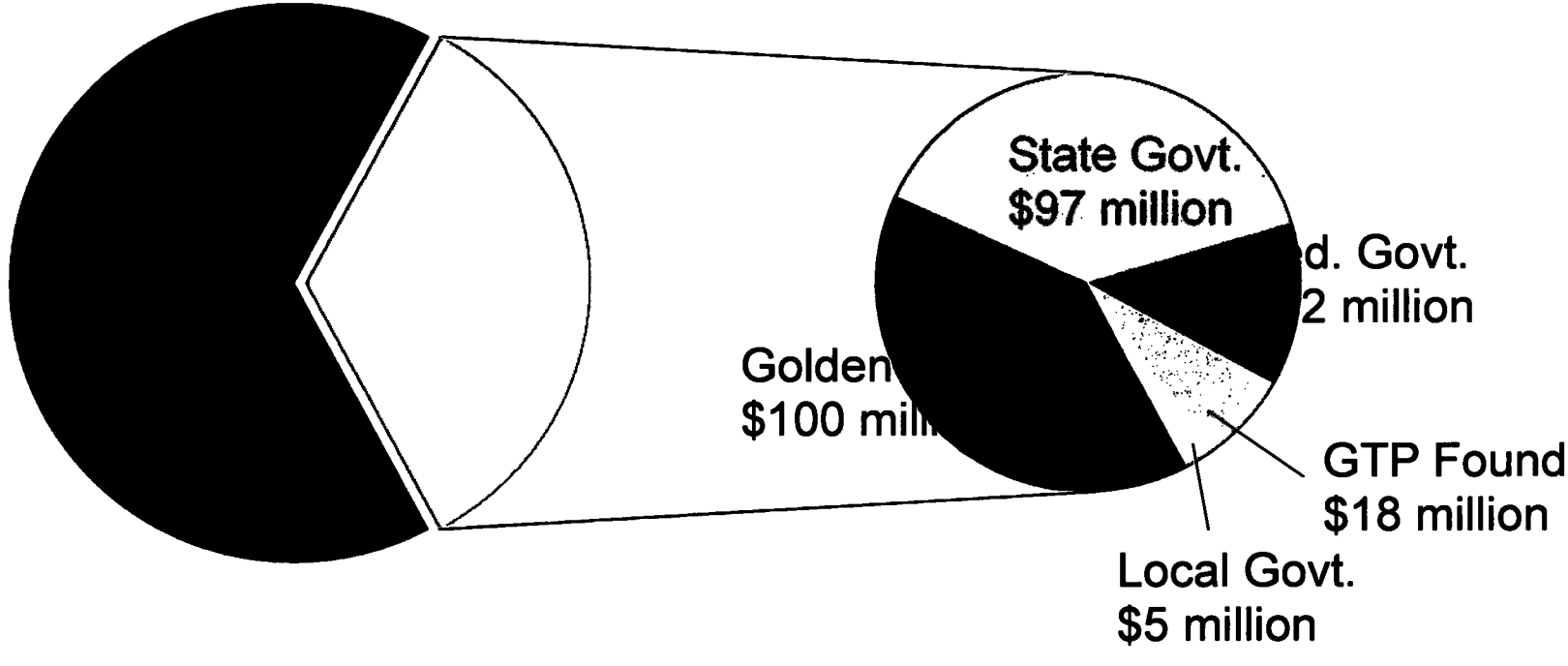
- 2500 acres, 16 buildings
- 12.75 FTEs
  - Airport Operation
  - Industry Recruitment
  - Marketing & Communications
  - Finance/Human Resources
  - Information Technology
  - Grounds keeping/Housekeeping
  - Real Estate Management/Development





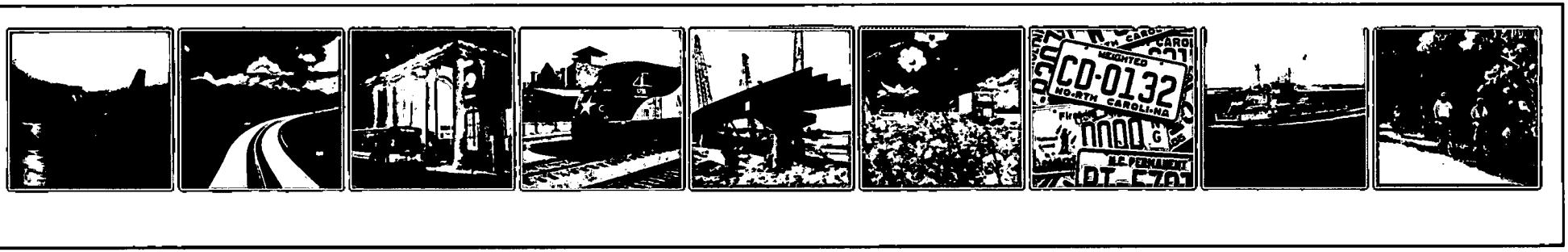
1991 Proposed Investment: $733 million*

2013 Actual Investment: $252 million

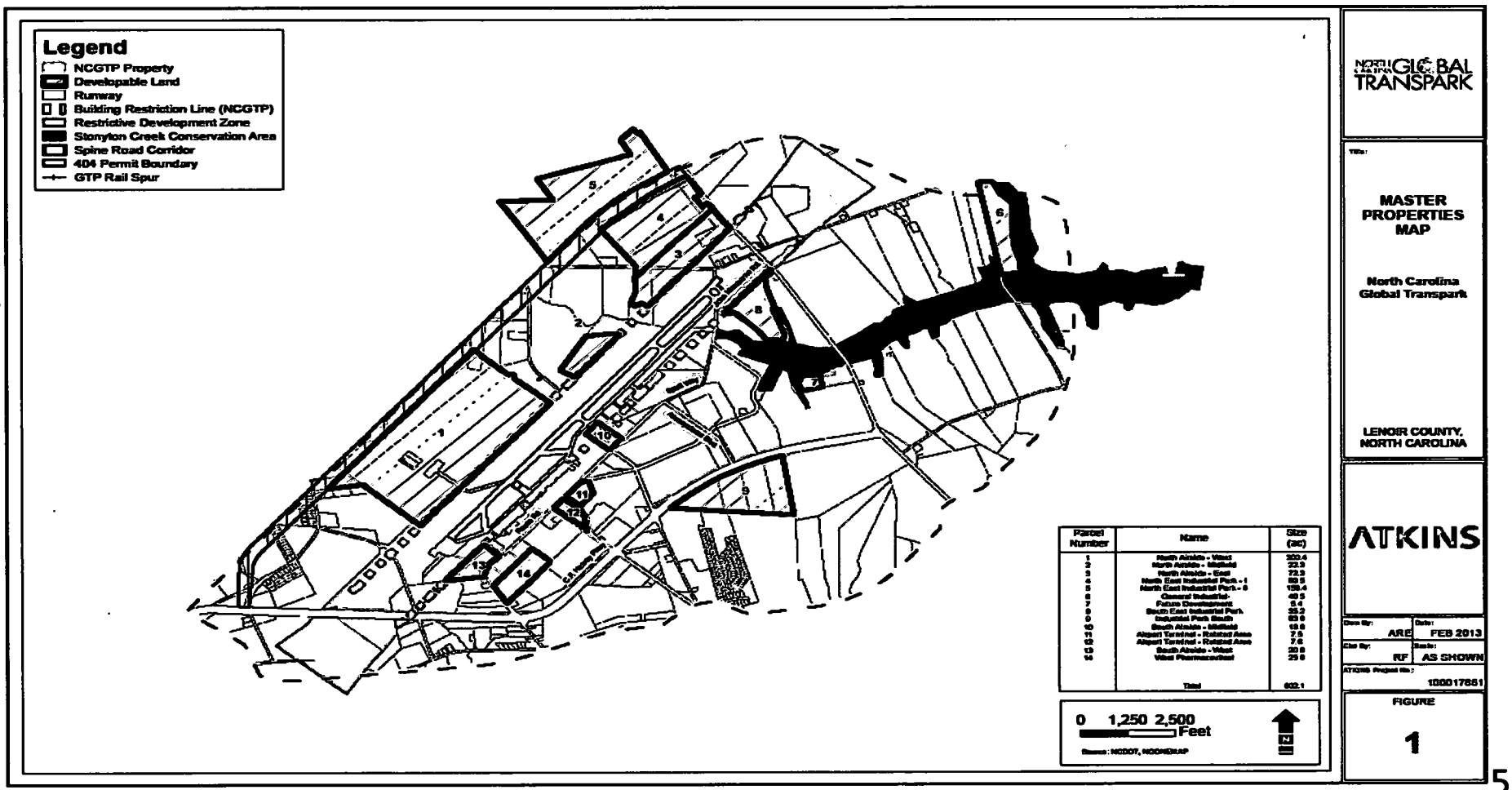


*1991 feasibility study commissioned by Gov. Jim Martin.

** Spirit facility

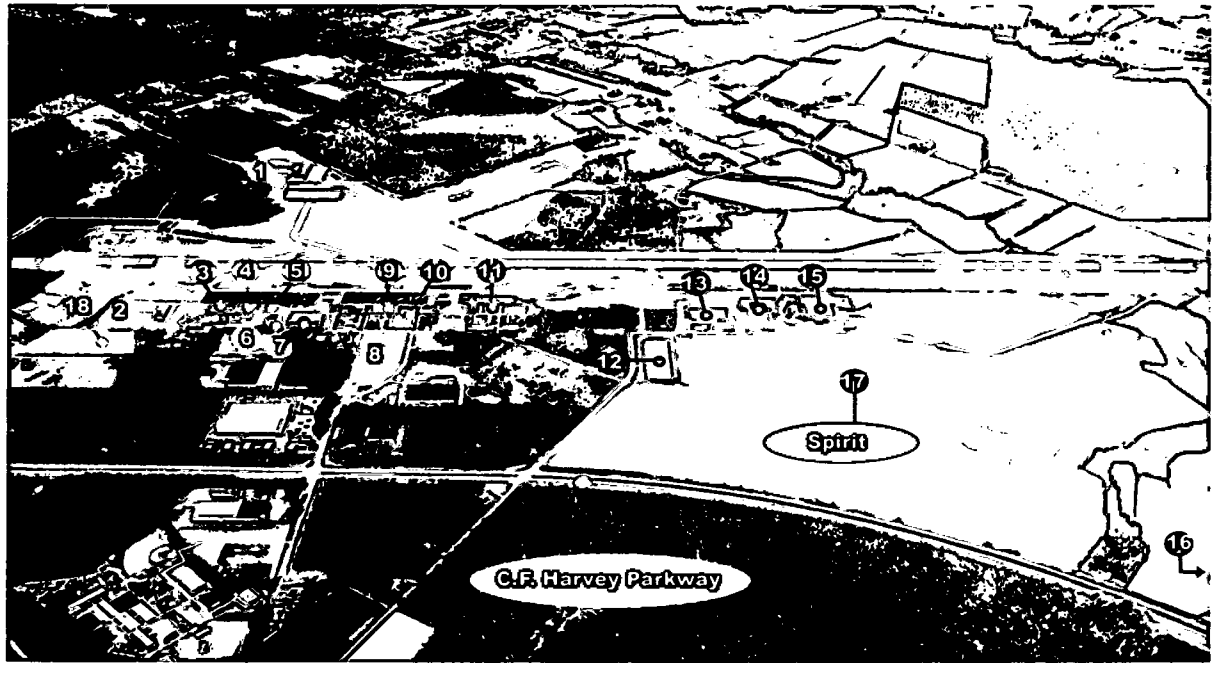


GTP Properties

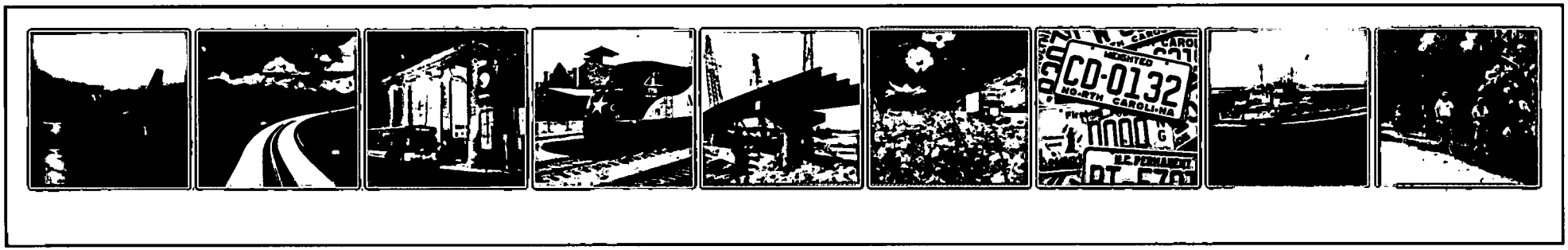




GTP Tenants & Facilities



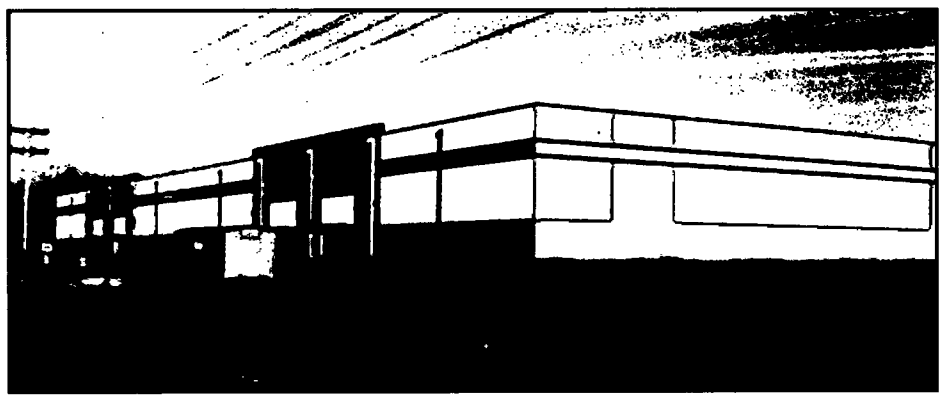
1. North Cargo Building
   (MJE Telestructure / Longistics / Spirit)
2. T-Hangars (Private Aircraft)
3. Highway Patrol
4. Delta Private Jets
5. FBO/GAT
6. Henley Aviation
7. GTP – 3 (Spirit)
8. GTP – 5
9. Airport Terminal
10. South Cargo Bldg.
11. Forestry Service
12. GTP–1 (Spirit)
13. GTP–2 (AARF & Schenker Logistics)
14. GTP–4 Hangar
15. Mountain Air Cargo
16. Composite Center
(Spirit / NC Eastern Reg. / NCEM)
17. Spirit AeroSystems
18. CrateTech



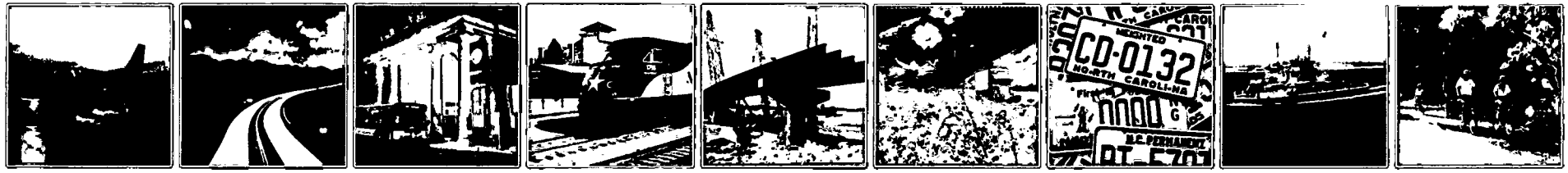
Facility Leasing

Facilities are nearly 90% occupied

- 123,600 sq. ft. currently available
- Most industrial leases at or above market rate
- Market comparison of industrial lease rates*
  - Global TransPark - $4.24
  - Charlotte Region - $3.09
  - Triangle Region - $2.95
  - Piedmont Triad Region - $2.71
  - Southeast Region - $2.40
  - Northeast Region - $2.35
  - Eastern Region - $2.28
  - Advantage West Region – $2.24



*Commerce Access NC database

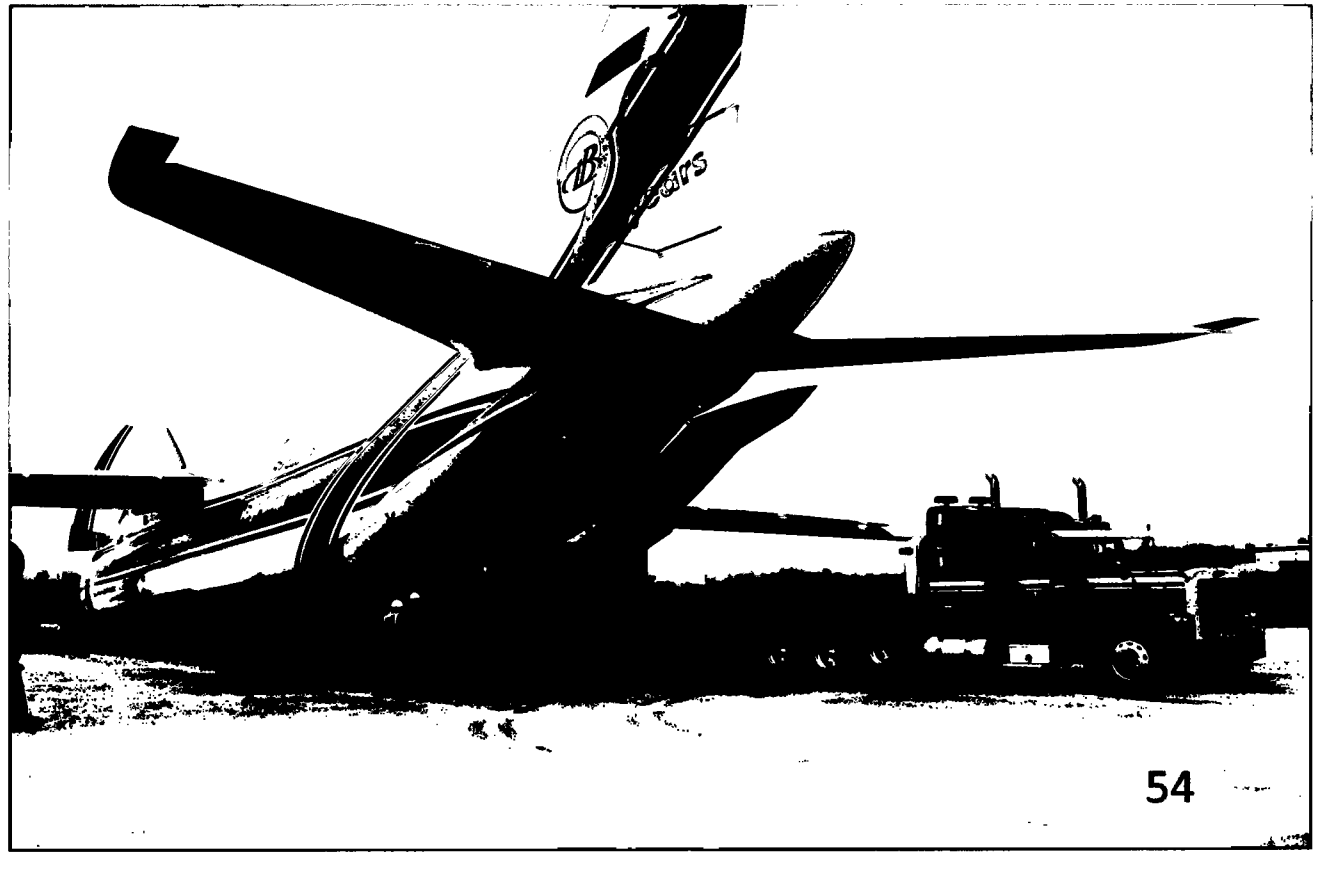


GTP Fits the Needs of the Client

Spirit's Multimodal Needs Addressed

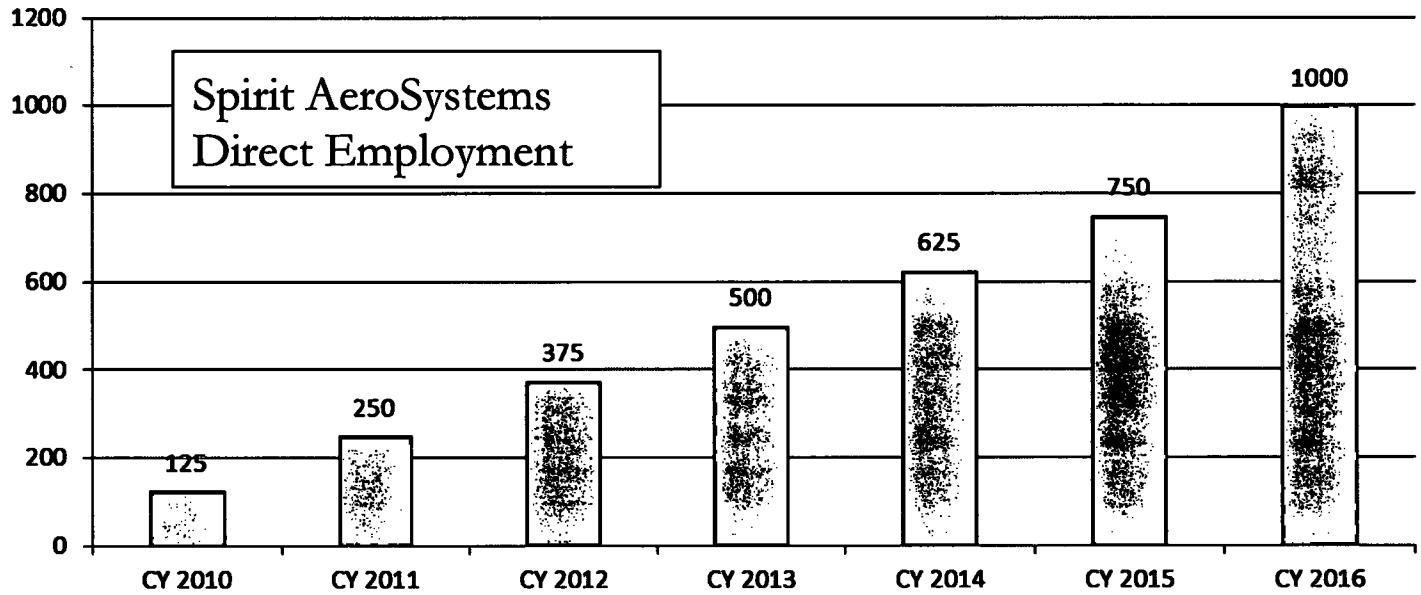
- Rail Spur
- Aviation
- Highway
- Water
- Land

22 Year Lease
4 – 20 Year Renewals





Spirit Growth



- Average annual salary of all hires as of 6/30/12 is $52,572.
- Lenoir County average salary is $31,044.
- Values from executed per Spirit Inducement Agreement



GTP Economic Impact

Private sector average annual salary

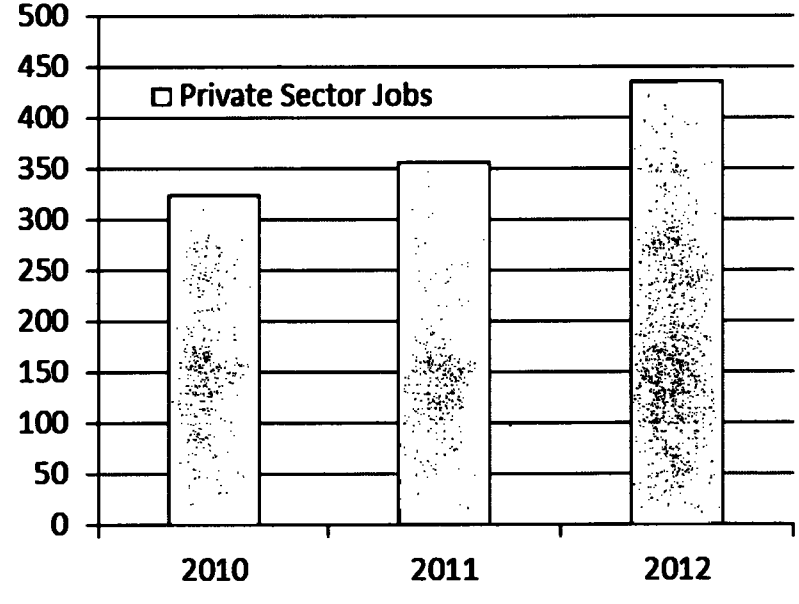
- $50,800 as of June 30, 2012
- 17% higher than state average
- 39% higher than Lenoir Co. average

2012 private sector payroll - $22 mil.

$2.4 mil. annually to General Fund*

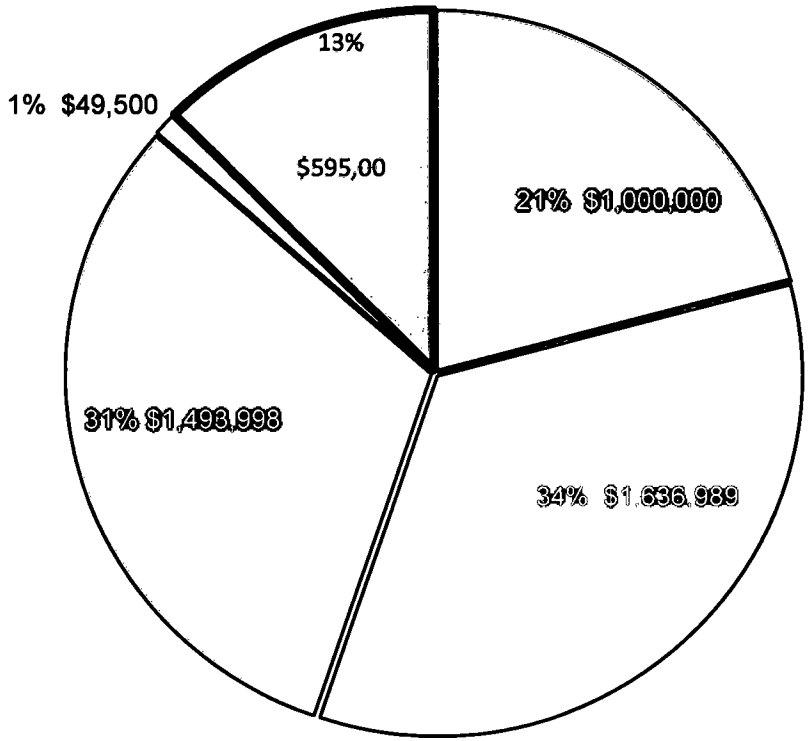
*2010 Program Evaluation Division Study

Private Sector Jobs at GTP



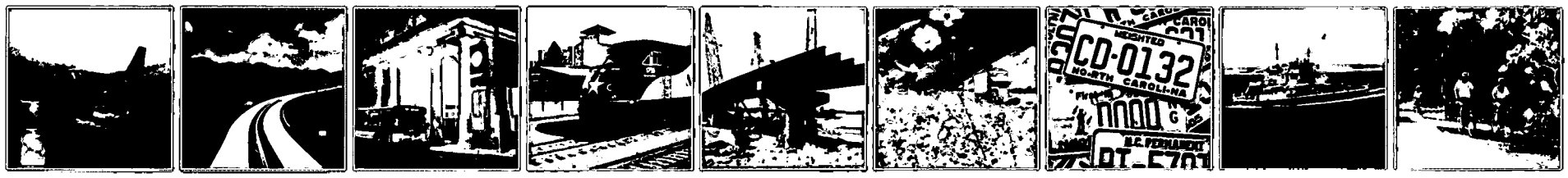


FY 2013 Budgeted Revenues

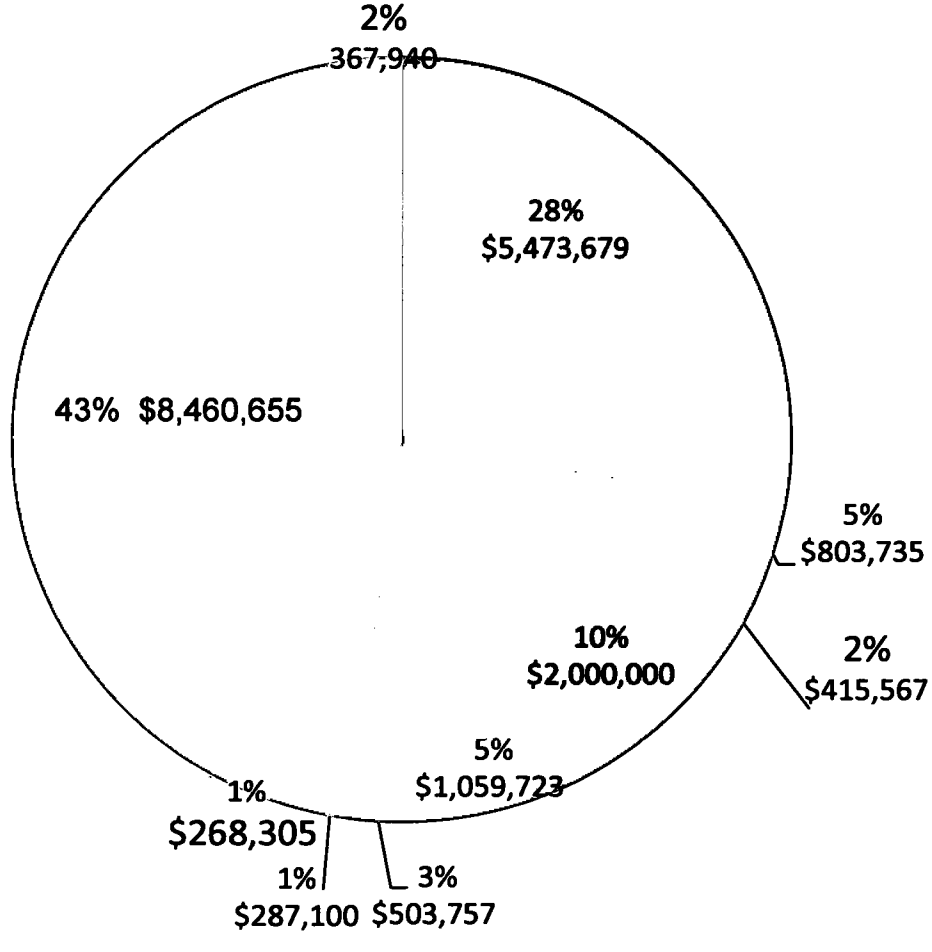


- State Appropriations
- Aviation Grants
- Rents
- Interest Income
- Miscellaneous

Total $4,775,487



FY 2013 Budgeted Expenses



- Projects
- Principal Debt
- Interest
- Interest-Escheat
- Salaries & Benefits
- Contracted Services
- Utilities
- Repairs/Supplies
- Depreciation
- Other

Total $19,640,461



Obligations

5 USDA low-interest loans for FBO Hangars, Administration Building, and GTP-2/ARFF.

- Principal $2,853,240

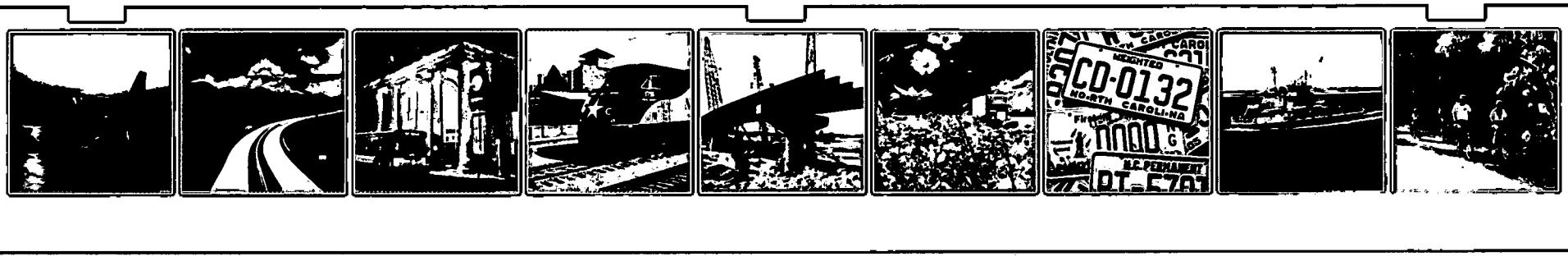
Bank Loans:

- Principal-GTP-5 $1,506,288
- Principal-GTP-7 $3,159,207

Other Loans:

- Principal-GTP-1 Up Fit $3,940,615
- Principal-Gas Line $ 195,222

*Principal balances are as of February 1, 2013



Obligations (Continued)*

19 facility / land / infrastructure lease agreements

Airport must remain open for public use

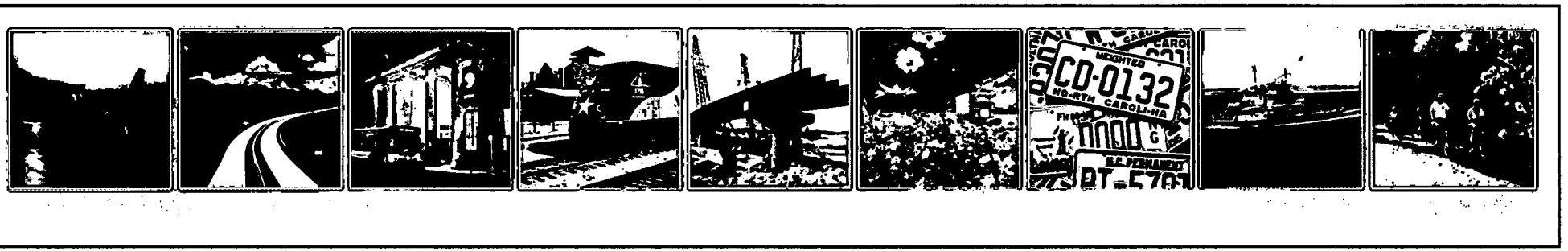
- DOD funding obligations
- FAA funding obligations

Training center must remain open for public use

- EDA funding obligation through 2017
- Spirit inducement agreement through 2020

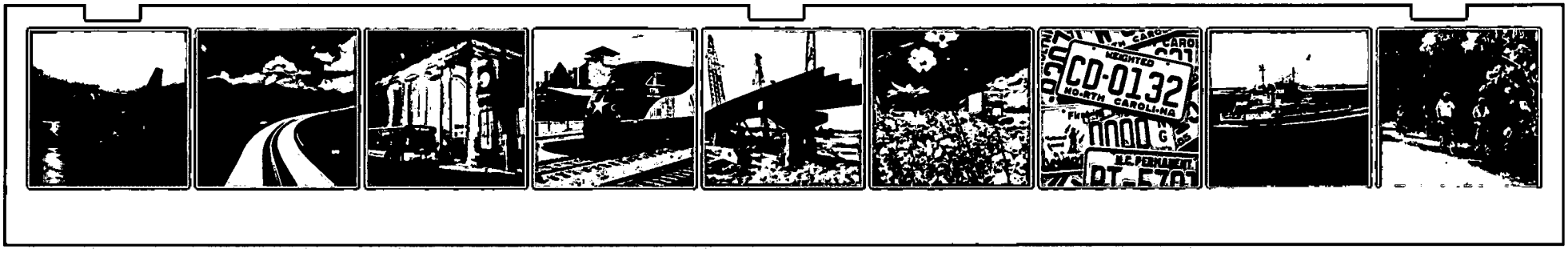
Escheat Fund:

• Principal	$21,741,952
• Interest	$ 4,276,477 (July 2011 through Jan. 2013)
Due October 2014	**$26,018,429**



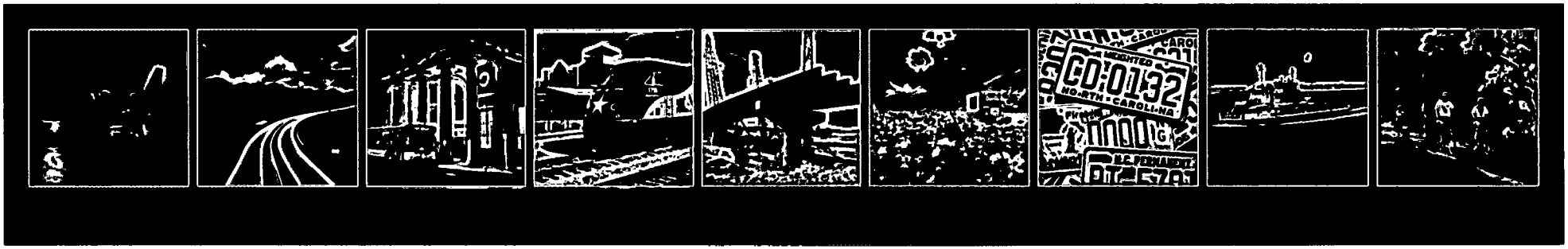
2013 Capital Projects

2013 Projects	Budget	Actual	%
Environmental	316,996	94,172	30%
GTP-7*	1,296,364	455,571	35%
GTP-1*	1,519,388	960,003	63%
Airport	1,230,027	58,896	5%
Airline Marketing	372,883	18,869	5%
Other	738,021	114,271	15%
Total	5,473,679	1,701,782	31%



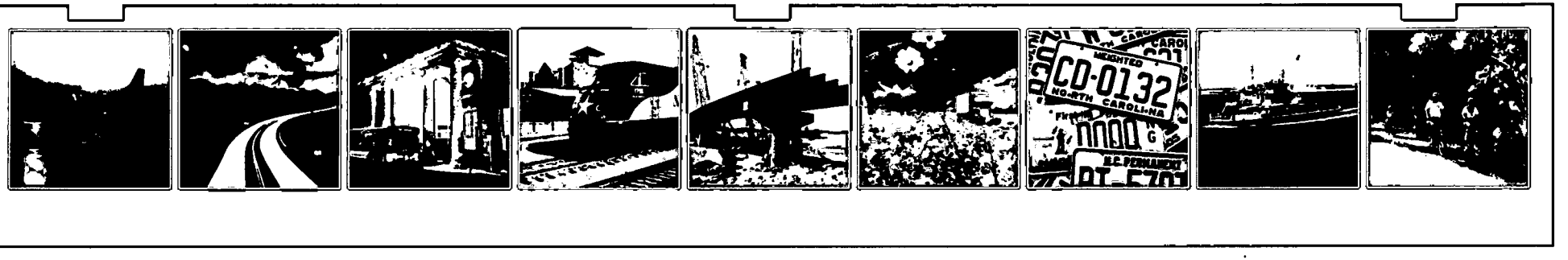
Recent Capital Projects

- GTP-1 upfit (Spirit – Gulfstream - $4.4 mil)
- GTP-7 new shell building completed (Crate Tech - $4.1 mil)
- Environmental (Atkins / Wooten Co. / Coastal Carolina Research - $30K)
- Airport projects (Federal Air Service Development Grant - $1 mil)
- Airport capital grants (Airfield signage - $300K)



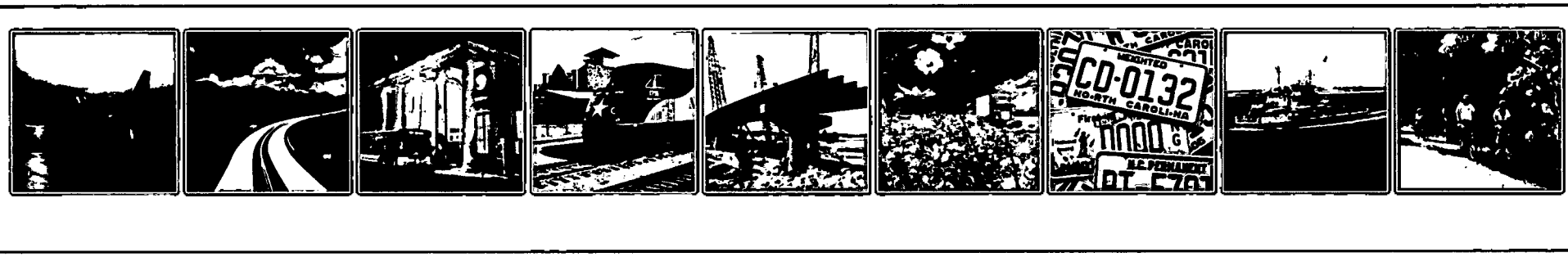
Major Capital Needs





Moving Toward Self Sufficiency

- Continue market-rate leasing
- Explore property master development through third party
- Explore alternative debt financing methods with lower interest rates
- Full service fixed-based operator (FBO) to expand services & profitability
- Increase air traffic & airport-related revenues
- Sale of mitigation credits
- Pursue private railroad operator & business recruitment
- Continue progress towards dual Class I railroad access
- Develop infrastructure & inland port functions
- Partner on Agriculture opportunities



Transfer Update

The NCSPA and the NCGTP were transferred to the NCDOT in 2011:

- **SECTION 1.(a)** G.S. 63A-3(a) reads as rewritten: …The Authority shall be located within the Department of Transportation and shall be subject to the direction and supervision of the Secretary.

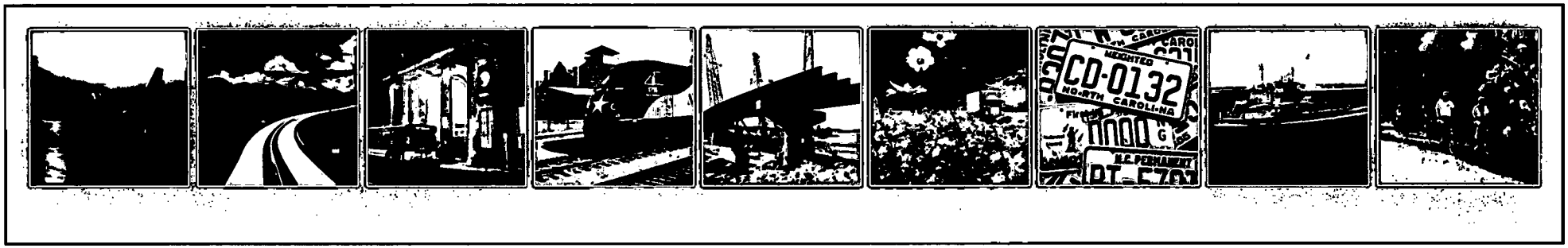
- **SECTION 14.6.(a)** The North Carolina State Ports Authority…is hereby transferred by a Type II transfer to the Department of Transportation. The North Carolina State Ports shall use the State's budgeting, accounting and human resources systems…

- **G.S. 136-260 (a)** The North Carolina State Ports is hereby created within the Department of Transportation and shall be subject to and under the direct supervision of the Secretary of Transportation.

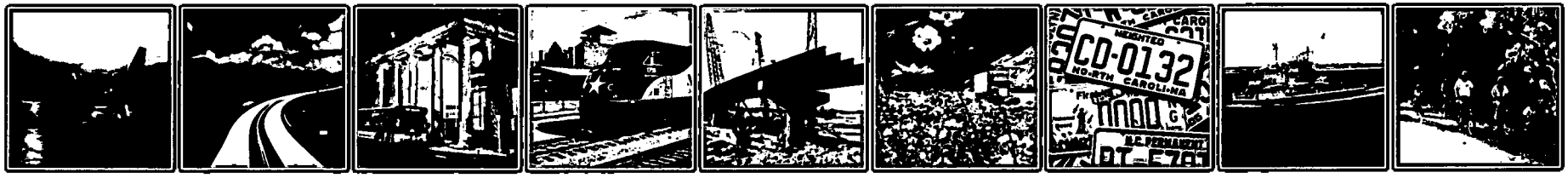


Combined Near Term Strategic Direction

- Utilize facts gathered in the NC Maritime & 7 Portals Studies
- Partner with County & Region Economic Developers
- Coordinate and implement Strategic Plans
- Collaborate and utilize diverse resources of each organization
- Align action plans to Authority and employee performance goals
- Develop public facing performance dashboards
- Enhance economic benefit metric in project prioritization process



Questions?



For more information contact:
Roberto Canales
919-707-2821

Jeff Miles
(910) 343-6430

Alanna King
(252) 522-4929, ext. 719

Laura Blair
(910) 251-7072

Darlene Waddell
(252) 522-4929, ext. 714

NORTH CAROLINA PORTS

The mission of the North Carolina State Ports Authority is to enhance the economy of the State of North Carolina.

The Ports Authority will be managed like a business focused on the equirements of our customers.

North Carolina's Ports will be recognized for their self-sustaining operations, environmental stewardship, highly efficient workforce, satisfied customers and modern, well-maintained facilities and equipment.

North Carolina's Ports in Wilmington and Morehead City, plus inland terminals in Charlotte and the Piedmont Triad in Greensboro, link the State's consumers, businesses and industry to world markets and serve as magnets to attract new business and industry.

Port expansion projects in Morehead City and Wilmington will make North Carolina a key player in international trade, and multiply related jobs and economic impact in the state.

In partnership with multiple state agencies and economic development groups across the State, the Authority works to enhance international trade in North Carolina. Global Distribution Centers and Advanced Manufacturing Facilities – key recruitment targets – depend on proximity to ports, good highways and intermodal connections.

Top trading partners are China, India, Great Britain, Brazil, Belgium, So. Korea, Turkey, Taiwan, Canada, Russia, Honduras, Venezuela & Indonesia.
Primary exports are phosphate, forest products, woodchips, woodpulp, general merchandise, food products, and scrap metal.
Top imports are chemicals, grains, urea, ore, mica, & schist, sulfur products, rubber, machinery parts, scrap metal, metal products & tools.

Cargo moving through North Carolina's Ports represents critical access to the global marketplace for such major North Carolina businesses as retailers QVC, Lowe's, and Variety Wholesalers; manufacturers PCS Phosphate, Nucor Steel, Goodyear Tire and Rubber, the companies of Furniture Brands International and other major furniture manufacturers; agribusiness like Smithfield Foods; and International Paper and other forest product producers.

Statewide, activities at North Carolina's Ports generate 65,000 jobs and $500 million annually in state and local tax revenues. Much of this economic impact occurs away from the Ports, in the interior regions of the state where the cargo is originated or destined.

North Carolina's Ports operate like a business, with operating expenses covered entirely by revenues generated by Ports business activities.

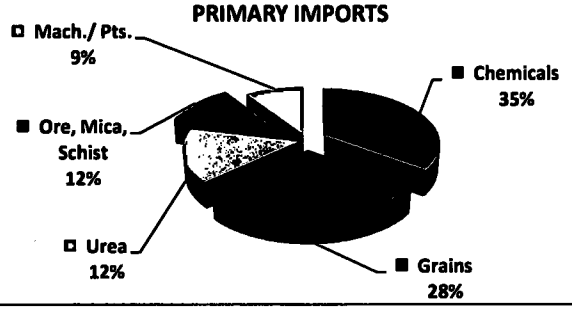
North Carolina's Ports support our State's interests in partnering with the Department of Defense, serving as two of the nation's 15 strategic ports for national defense – providing a platform for wartime and peacetime overseas military deployments.

Sept. 2012

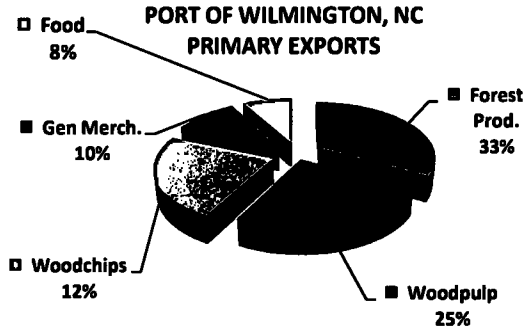
NORTH CAROLINA PORTS

NORTH CAROLINA STATE PORTS AUTHORITY
FISCAL YEAR 2012 STATISTICS

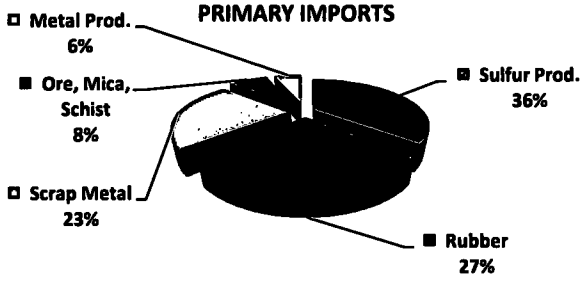
PORT OF WILMINGTON, NC
PRIMARY IMPORTS



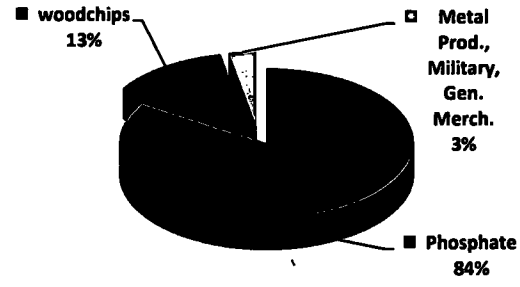
PORT OF WILMINGTON, NC
PRIMARY EXPORTS



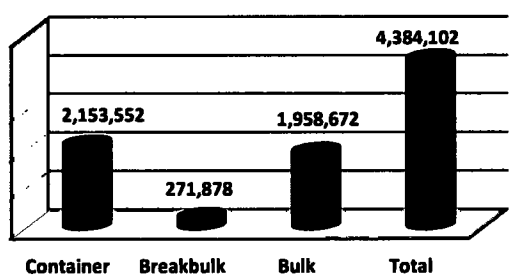
PORT OF MOREHEAD CITY, NC
PRIMARY IMPORTS



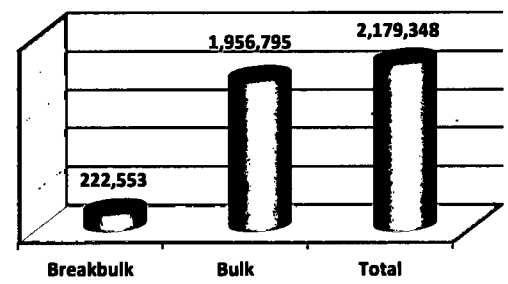
PORT OF MOREHEAD CITY, NC
PRIMARY EXPORTS



PORT OF WILMINGTON, NC
2012 FISCAL YEAR TONNAGE



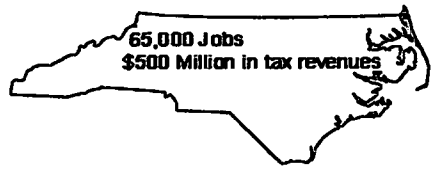
PORT OF MOREHEAD CITY, NC
2012 FISCAL YEAR TONNAGE



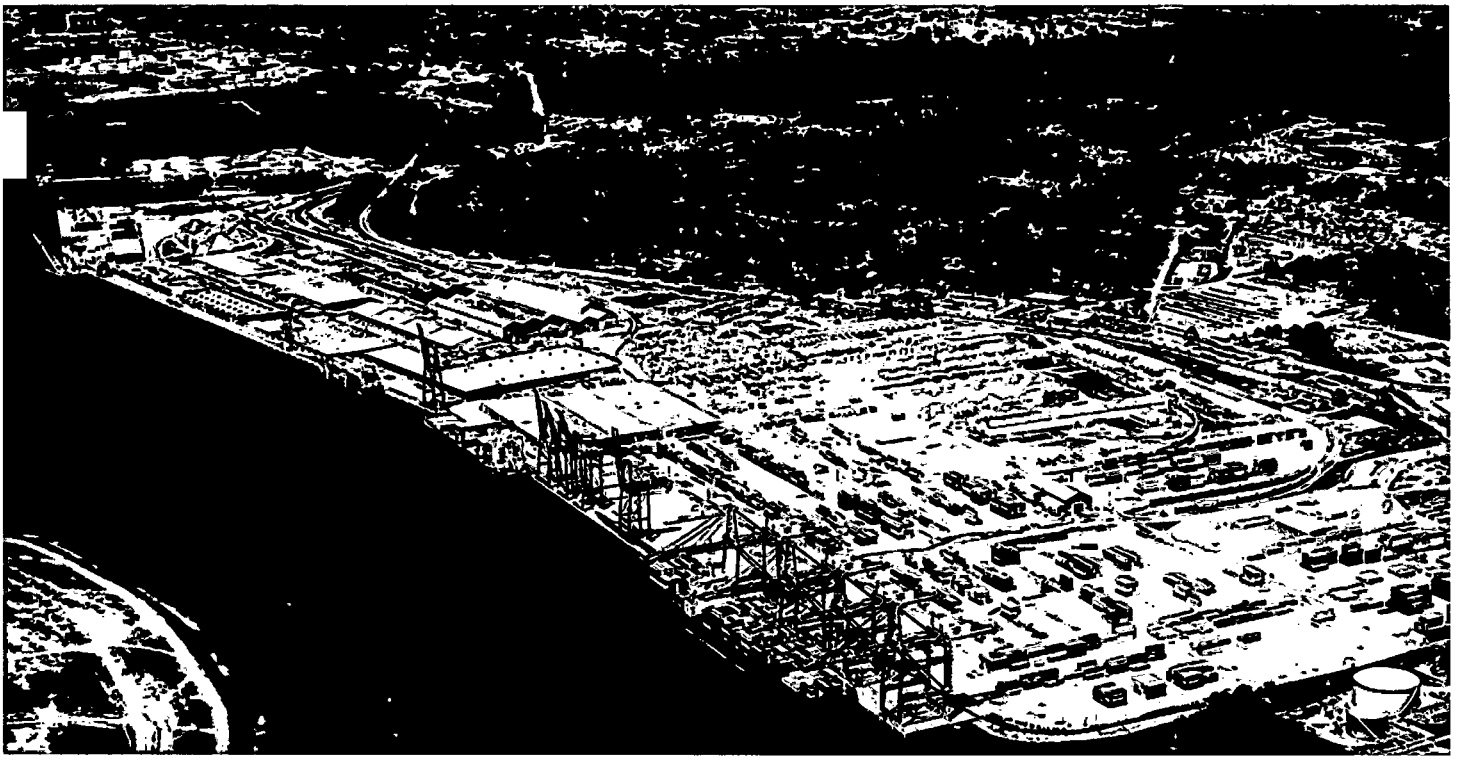
TOP 5 TRADING PARTNERS

WILMINGTON	TONNAGE	MOREHEAD CITY	TONNAGE
China	949,336	India	821,278
Great Britain	463,390	Brazil	426,407
Belgium	353,874	Turkey	248,951
So. Korea	341,252	Venezuela	117,670
Turkey	320,063	Indonesia	107,004

NORTH CAROLINA'S MAPS
STATEWIDE ECONOMIC IMPACT



For additional info. about the NC State Ports Authority, please visit our website at www.ncports.com



PORT OF WILMINGTON

Facilities

- 26 miles from the open sea on the Cape Fear River
- Channel is 42 ft., M.L.L.W.
- Nine berths with 6,768 ft. of wharf frontage
- Berths with contiguous open apron areas up to 300 ft. wide
- Open storage dry bulk facilities which can transfer up to 800 tons per hour
- Covered dry bulk facilities with import conveyor systems for grain and other bulk cargo capable of handling up to 1,000 tons per hour
- Well-lighted terminal and 24-hour security provided by North Carolina State Port Police
- C-TPAT Certification # 47705791
- Concrete pile wharf and deck construction with berth fronted by rubber fender system
- Berth deck heights average 12 ft. above M.L.L.W.
- 150 additional acres available for development

Logistics

- Within 700 miles of more than 70 percent of the industrial base of the United States
- Rail service provided by CSX Transportation
- Terminal switching railroad operated by Wilmington Terminal Railroad

  Substantial rail car storage available

  Two secured port gate entries to expedite arrival and departure of motor carriers
- Three certified truck scales with weighmasters available 24 hours per day
- Vehicular access via U.S. 17, U.S. 74 and I-40
- Efficient handling of project, dimensional, and heavy lift cargoes between vessels and inland transportation modes

Staging & Warehousing

- Almost one million sq. ft. of prime covered and sprinklered storage
- 100+ acres of paved and 25 acres of semi-improved open storage area
- Rail access to berths, transit sheds, warehouses and open storage
- Direct transfer of heavy lift and dimensional loads between vessel and rail or truck

Equipment

- One multi-purpose bridge crane for bulk, breakbulk and container, with 115 ft. outreach and 63 ft. backreach at 40 tons equipped for grapple or bucket lifts
- Two gantry cranes
  - One 150-ton capacity
  - One 100-ton capacity
- One 30-ton mobile crane
- 65 lift trucks with up to 52,000 lb. capacities and special attachments to accommodate a variety of cargoes requiring special attention
- 9 container cranes (including 4 new cranes that went into service April 2007)

Foreign Trade Zones

- Can lower, defer or avoid import duties
- Entire Wilmington Terminal approved as Foreign Trade Zone 66
  - Over 1 million sq. ft. of warehouse space within main terminal
  - Over 100 acres of open storage
- Provides for storage, manipulation, exhibition and limited manufacturing operations
- Can accommodate special purpose subzones

Harbor Features (US Army Corps of Engineers Project Dimensions)

- Ocean bar channel depth of 44 ft. M.L.L.W. and width of 500 ft.
- Inside harbor channel depth of 42 ft. M.L.L.W. and width of 500 ft.
- Anchorage/turning basin depth of 42 ft. M.L.L.W. and diameter of 1,200 ft.
- Depth of 38 ft. M.L.L.W. at berths 1 and 2; 42 ft. M.L.L.W. at berths 3 through 9
- Minimum air draft in channel of 164 ft.

Tides & Climate

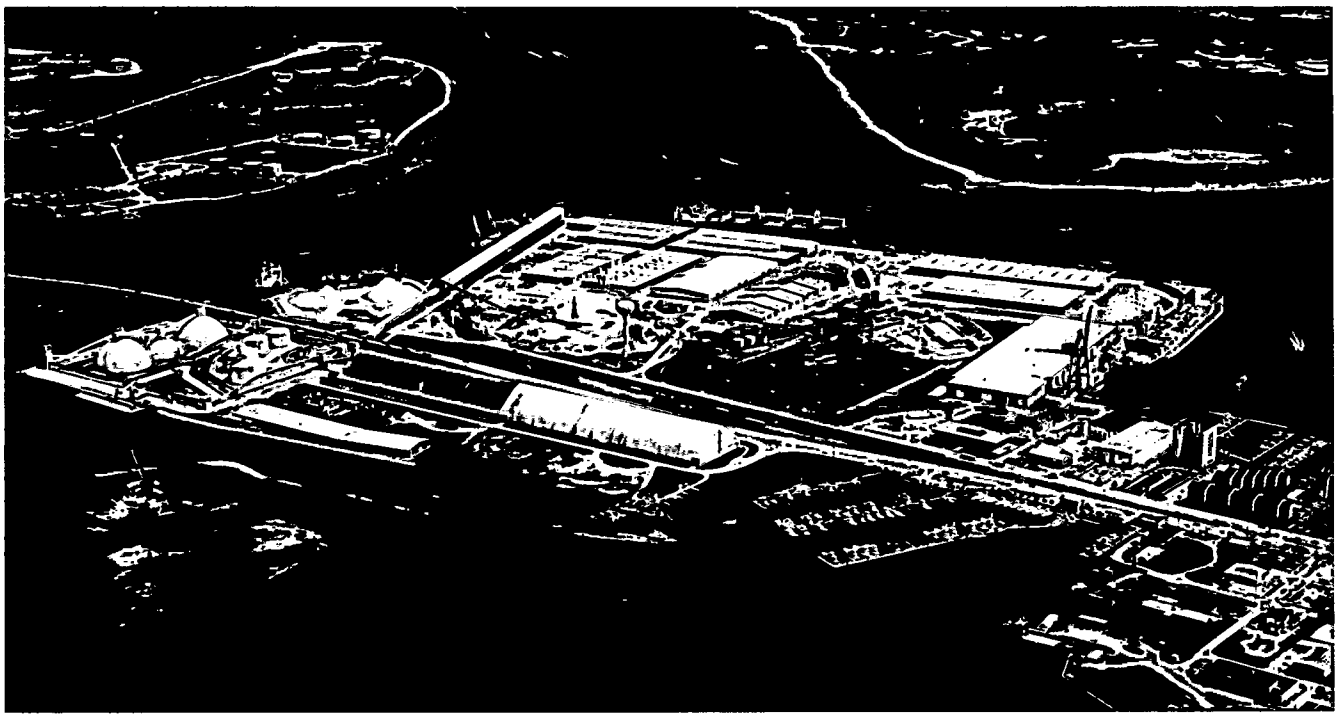
- Mean tide range 3.8 ft.
- Current velocities 2 to 3 knots
- Mild temperatures year round with rare snow accumulation

Address

North Carolina State Ports Authority
2202 Burnett Boulevard
Wilmington, NC 28401

www.ncports.com

1.800.334.0682



PORT OF MOREHEAD CITY

Facilities

- 4 miles from the open sea, just south of the Outer Banks
- Channel is 45 ft., M.L.L.W.
- Nine berths with 5,500 ft. of wharf frontage
- Berths with contiguous open apron areas from 35 ft. to unlimited width
- Two berths served by modern shiploader with maximum loadout rate of 3,000 tons per hour of dry bulk cargo
- Open storage dry bulk facilities which can transfer up to 800 tons per hour
- Covered dry bulk facilities with export conveyor systems capable of handling up to 1,000 tons per hour
- Well-lighted terminal and 24-hour security provided by North Carolina State Port Police
- C-TPAT Certification # 4770579 1
- Concrete pile wharf and deck construction with berth fronted by rubber fender system
- Berth deck heights average 10 ft. above M.L.L.W.
- 150 additional acres available for development

Logistics

- Within 700 miles of more than 70 percent of the industrial base of the United States
- Rail service provided by Norfolk Southern Railway
- Terminal switching railroad operated by Morehead & South Fork Railroad
- Certified railroad scale
- Substantial rail car storage available
- One secured port gate entry designed to expedite arrival and departure of motor carriers
- Two certified truck scales with weighmasters available 24 hours per day
- Vehicular access via U.S. 70
- Efficient handling of project, dimensional, and heavy lift cargoes between vessels and inland transportation modes

Staging & Warehousing

- Over one million sq. ft. of prime covered and sprinklered storage, including a new warehouse completed in September 2007
- 30 acres of paved and 9 acres of semi-improved open storage area
- Rail access to berths, transit sheds, warehouses and open storage
- Direct transfer of heavy lift and dimensional loads between vessel and rail or truck

Equipment

- One multi-purpose bridge crane for bulk, breakbulk and container, with 115 ft. outreach and 63 ft. backreach at 40 tons, equipped for grapple or bucket lifts
- Two 115-ton-capacity gantry cranes
- One 125-ton mobile crane
- 39 lift trucks with up to 70,000 lb. capacities and special attachments to accommodate a variety of cargoes requiring special attention

Foreign Trade Zones

- Can lower, defer or avoid import duties
- Zone 67 approved as Foreign Trade Zone
  - Site One: 190,000 sq. ft. of warehouse space within main terminal
  - Site Two: 40 acres of open storage
- Provides for storage, manipulation, exhibition and limited manufacturing operations
- Can accommodate special purpose subzones

Harbor Features (US Army Corps of Engineers Project Dimensions)

- Ocean bar channel depth of 47 ft. M.L.L.W. and width of 450 ft.
- Inside harbor channel depth of 45 ft. M.L.L.W. and widths of 400, 600, 775 and 820 ft.
- East turning basin depth of 45 ft. M.L.L.W. and diameter of 1,350 ft.; West turning basin depth of 35 ft. M.L.L.W. and 1,100 ft. radius
- Depth of 45 ft. M.L.L.W. at berths 1, 2 and 3; 35 ft. M. L. L.W. at Berths 4 through 9
- No air draft restriction in channel

Tides & Climate

- Mean tide range 2.9 ft.
- Current velocities 2 to 3 knots
- Mild temperatures year round with rare snow accumulation

Address

North Carolina State Ports Authority
113 Arendell Street
Morehead City, NC 28557

www.ncports.com

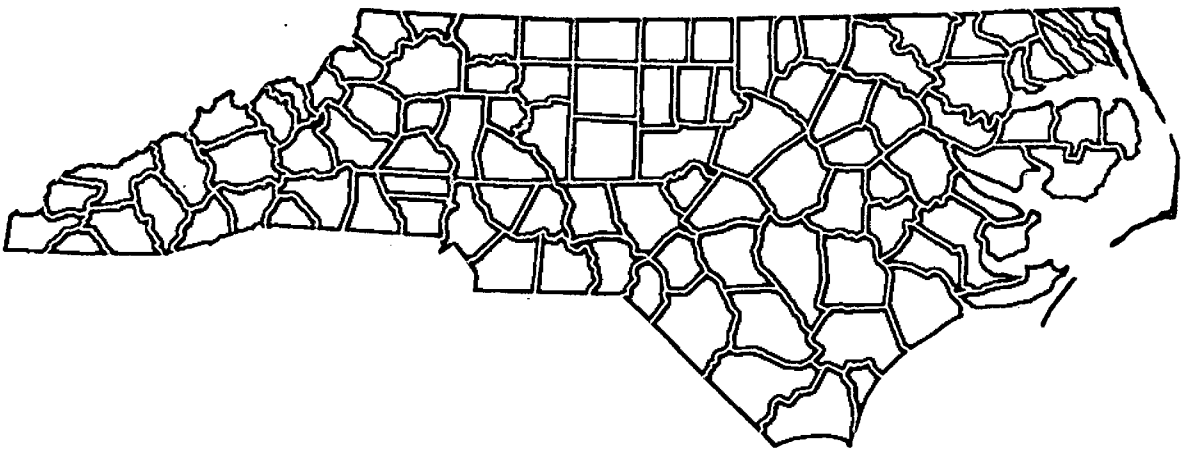
1.800.334.0682

Table 7: Summary of Regional Peer Port Characteristics

Characteristic	Wilmington	Morehead City	Norfolk	Charleston	Savannah
Landside Characteristics					
Employment (300 miles)	9,835,746	11,299,091	25,709,948	13,763,843	15,884,074
Employment (500 miles)	41,704,522	41,900,520	50,527,138	33,299,436	29,043,452
Distance to interstate from gate	7.8 miles to I-140 and US 17	111 miles to I- 795	5.8 miles to I-264	2.5 miles to US 17 and I-26	5.6 miles to I-95 from Garden City Terminal 1.2 miles to I-16; 10 miles to I-95; 1.5 miles to I-516 from Ocean Terminal
Rail access	CSX service; In-port switching by Wilmington Terminal Railroad; Substantial rail car storage	NS service; In-port switching by Carolina Coastal Railway; Railroad scale; Substantial car storage	CSX and NS service to Hampton Roads; NS and CSX service to Norfolk via Suffolk and the Commonwealth Railway	CSX and NS service to Union Pier, Columbus Street, North Charleston and Veterans; On-terminal rail yards at Columbus St. and North Charleston	CSX and NS service to Garden City and Ocean Terminal; On-terminal ICTF at Garden City
Port Characteristics					
Distance to sea buoy (miles)	26	4	18	16	20
Depth (maximum ft)	42	45	NIT: 50 (with authorization to dredge to 55) APMT: 55	45 (harbor channel and dockside)	Garden City Terminal: 42
Type of facilities	Container Limited Ro/Ro Breakbulk Limited refrigerated cargo Selected Bulk	Ro/Ro Breakbulk Selected Bulk	Bulk Grain Container Ro/Ro Breakbulk	Container Ro/Ro Breakbulk Bulk Refrigerated cargo Cruise	Container Ro/Ro Breakbulk Bulk Refrigerated cargo Cruise

NORTH CAROLINA PORTS

PORTS SUPPORT NC



65,300

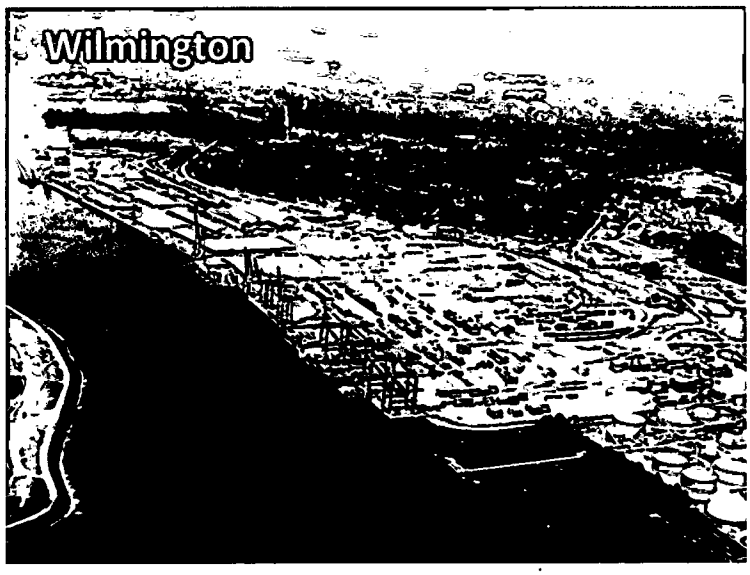
NC jobs provided directly or indirectly by the ports statewide

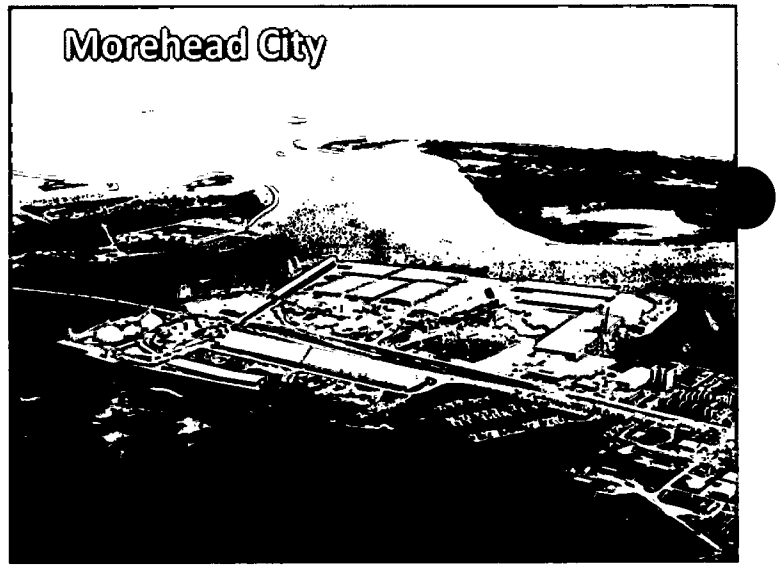
$500 million

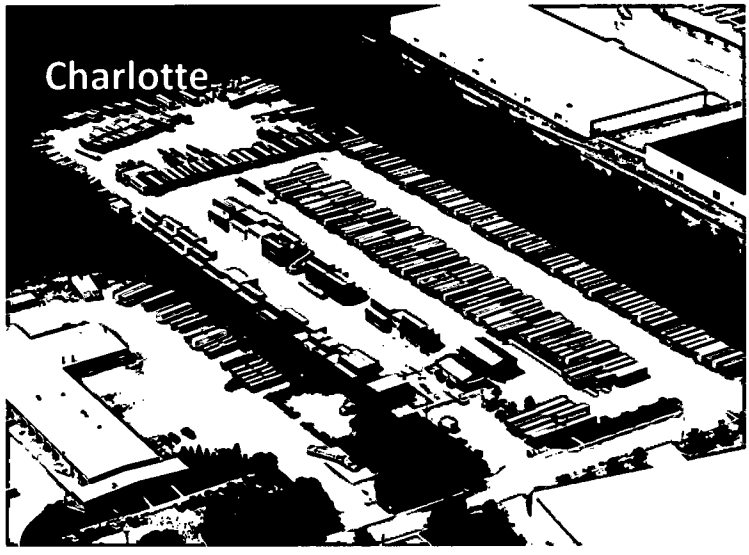
Annual tax revenues gained through the ports for the statewide economy

$7.5 billion

Annual economic contribution to state's economy associated with goods moving through NC ports









MISSION STATEMENT

The mission of the North Carolina State Ports Authority is to enhance the economy of the State of North Carolina. The Ports Authority will be managed like a business focused on the requirements of our customers. North Carolina's Ports will be recognized for their self-sustaining operations, environmental stewardship, highly efficient workforce, satisfied customers and modern, well-maintained facilities and equipment.

Economic Contribution of North Carolina's Ports

The economic contribution of North Carolina's ports has been defined by a recent study from the North Carolina State University Institute for Transportation Research and Education (ITRE). The study provides details about the jobs and tax revenue associated with the NC Ports, located in Wilmington and Morehead City and was commissioned by the North Carolina State Ports Authority (NCSPA) Board of Directors.

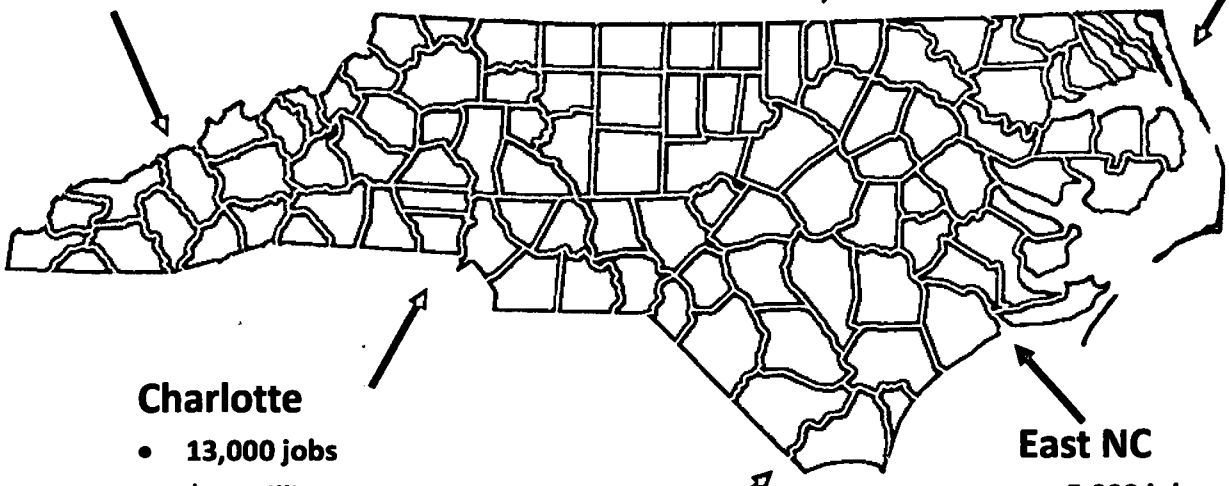
The ITRE study determined the economic contribution of NC Ports on the state's economy at the regional, statewide and county levels for the 2009 calendar year. According to the study, NC's ports support more than 65,000 jobs across the state, both directly and indirectly. The study also found that the wages from those jobs are higher than the average annual wages in 91 of the state's 100 counties.

Researchers utilized IMPLAN® modeling software, which is widely used to calculate economic contribution for ports and other transportation facilities throughout the United States. This allows for more accurate comparison with other transportation projects in North Carolina and in other states.

In 2009, there was approximately $7.5 billion in economic contribution output related to goods moving through NCSPA ports. The ITRE study also analyzed tax revenue associated with port activity. Nearly $500 million in sales, property, corporate and personal taxes went to state and local governments due to activity supported by the ports.

Partners in the study include North Carolina State University Institute for Transportation Research and Education, North Carolina State University Department of Civil Engineering, University of North Carolina Charlotte Center for Transportation Research and Transportation, North Carolina A&T State University School of Business and Economics, University of North Carolina Wilmington Swain Center for Business and Economic Services, as well as University of North Carolina Wilmington Cameron School of Business Administration, Western Carolina University Global Management and Strategy Department, and Moffatt & Nichol.

PORTS SUPPORT NC



Research Triangle
- 9,700 jobs
- $65 million revenues

Piedmont Triad
- 12,200 jobs
- $80 million revenues

Northeast NC
- 6,800 jobs
- $89 million revenues

Advantage West
- 10,300 jobs
- $66 million revenues

Charlotte
- 13,000 jobs
- $84 million revenues

East NC
- 5,000 jobs
- $42 million revenues

Southeast NC
- 8,200 jobs
- $72 million revenues

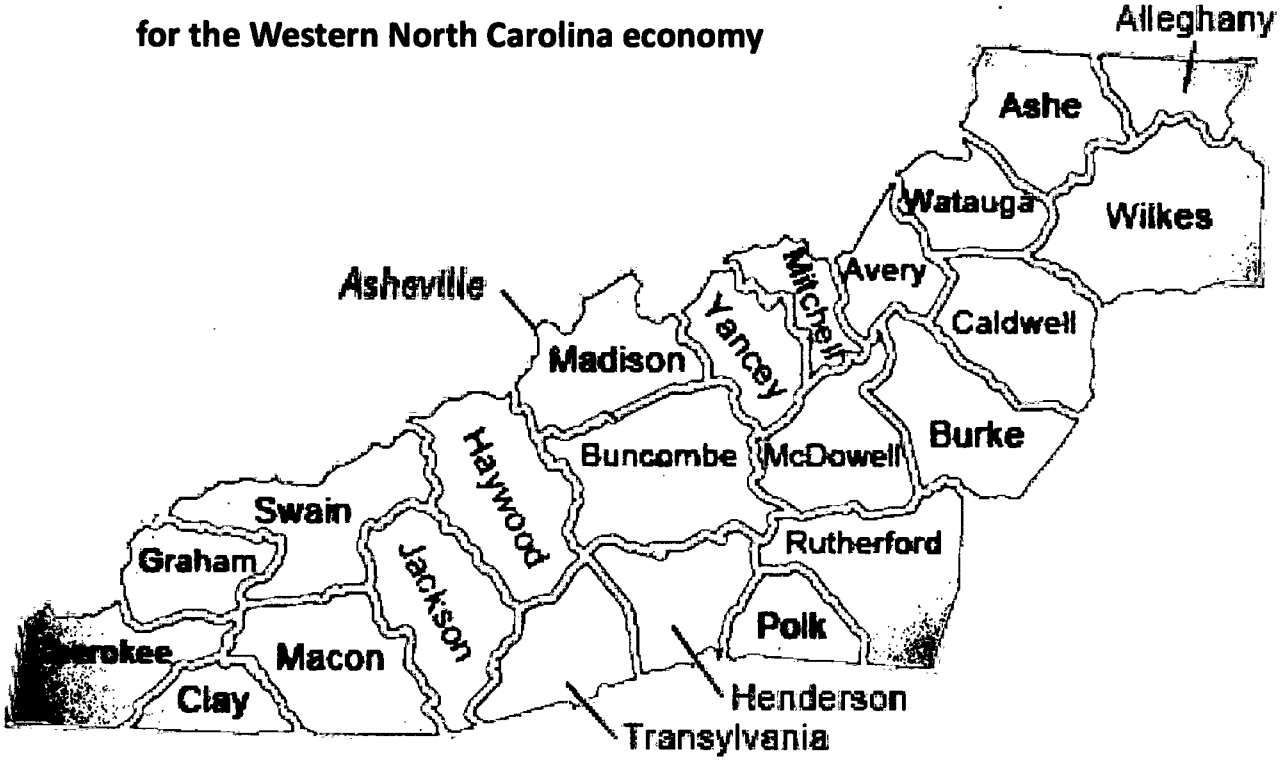
ADVANTAGE WEST

10,300

NC jobs provided directly or indirectly by the NC Ports in the Western North Carolina economy

$66 million

Annual tax revenues gained through the NC Ports for the Western North Carolina economy



Top Ports Customers in the Advantage West Region

- *Bernhardt Furniture (NC)*
- *Blue Ridge Paper Products (NC)*
- *Broyhill Furniture*
- *Century Furniture*
- *CK International LLC (NC)*
- *Continental Teves*
- *Drexel Heritage (Distrib. Ctr.)*
- *Henredon (Distrib. Ctr.)*
- *Hickory Springs (NC)*
- *Lane Venture (Distrib. Ctr.)*
- *Lowe's (N. Wilkesboro)*
- *Northwest Hardwoods*
- *Sherrill Occasional*

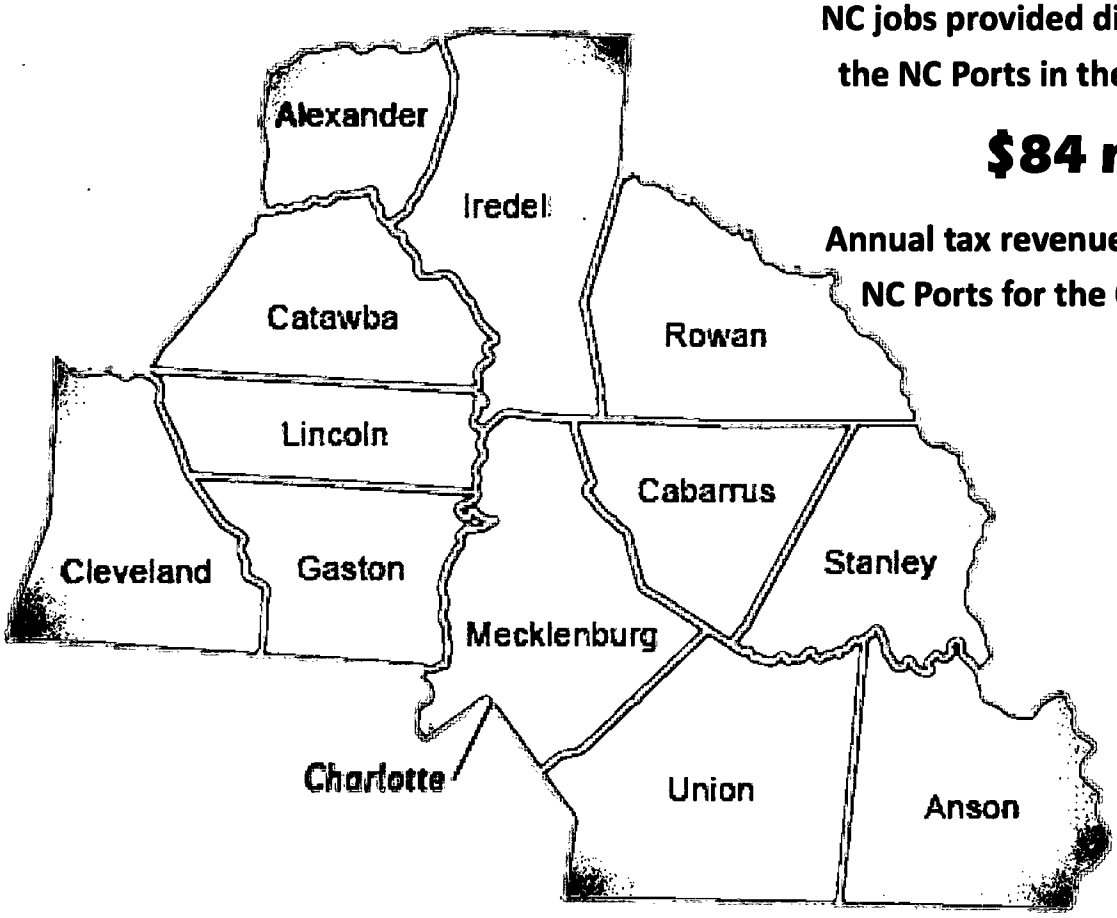
CHARLOTTE

13,000

NC jobs provided directly or indirectly by the NC Ports in the Charlotte economy

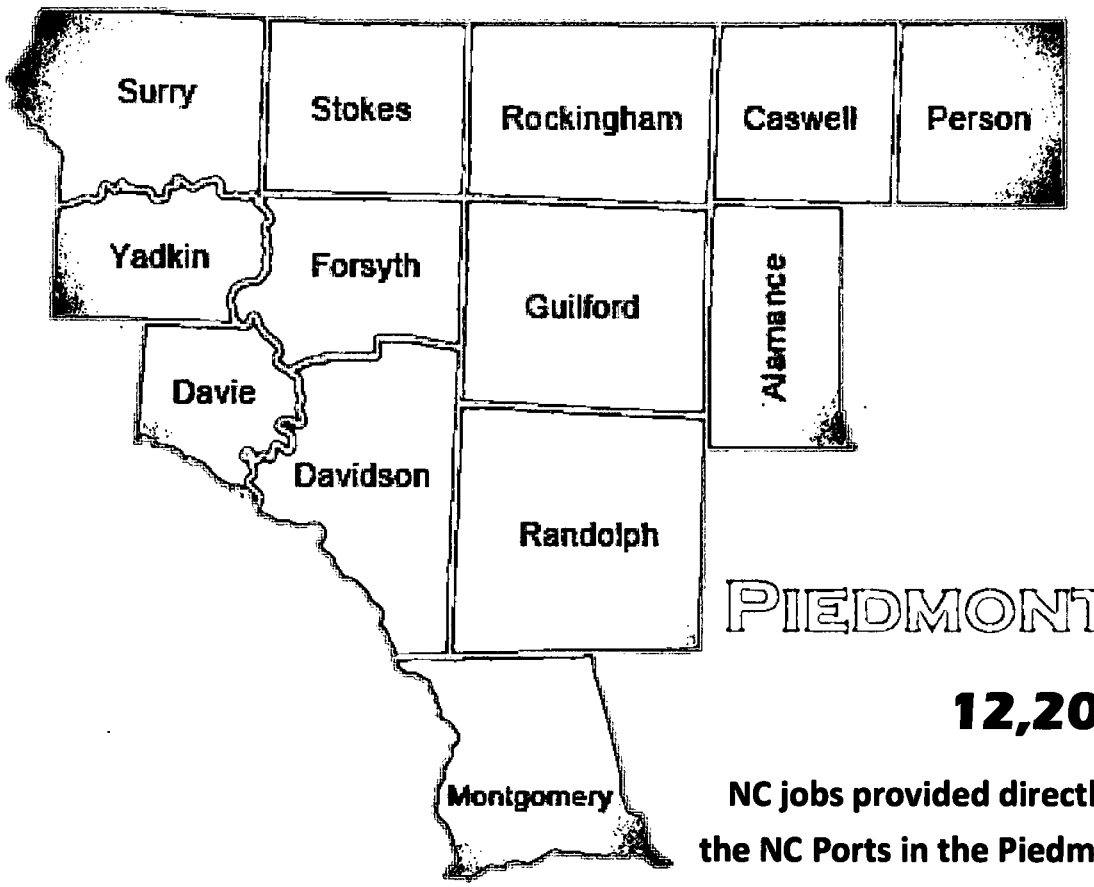
$84 million

Annual tax revenues gained through the NC Ports for the Charlotte economy



Top Ports Customers in the Charlotte Region

- *3A Composites*
- *American Tire Distributors*
- *Ansell (Distrib. Ctr.)*
- *ArvinMeritor*
- *A.W. Garcia Co.*
- *BIC Corporation*
- *Black & Decker (Distrib. Ctr.)*
- *Carolina By-Products*
- *Cato Corporation*
- *CCP Inc.*
- *Clariant (Sandoz) (N. Am.)*
- *Comer Industries Inc. (NC) (Distrib. Ctr.)*
- *Consolidated Textile Service Inc. (NC)*
- *Detroit Diesel*
- *Elmer's Glue*
- *Firestone Tires*
- *FMC Corp.*
- *Goulston Technologies (NC)*
- *John Deere*
- *Lowe's (Mooresville HQ)*
- *Lowe's (Statesville)*
- *Magla Products*
- *Masonite Door*
- *Minka Lighting*
- *Pass & Seymour Legrand*
- *Rite Aid*
- *Rooms to Go (Distrib. Ctr.)*
- *Spencer's Gifts*
- *Stanley Home Products*
- *Stein Fibers LTD*
- *Verbatim*



Piedmont Triad

12,200

NC jobs provided directly or indirectly by the NC Ports in the Piedmont Triad economy

$80 million

Annual tax revenues gained through the NC Ports for the Piedmont Triad economy

Top Ports Customers in the Piedmont Triad Region

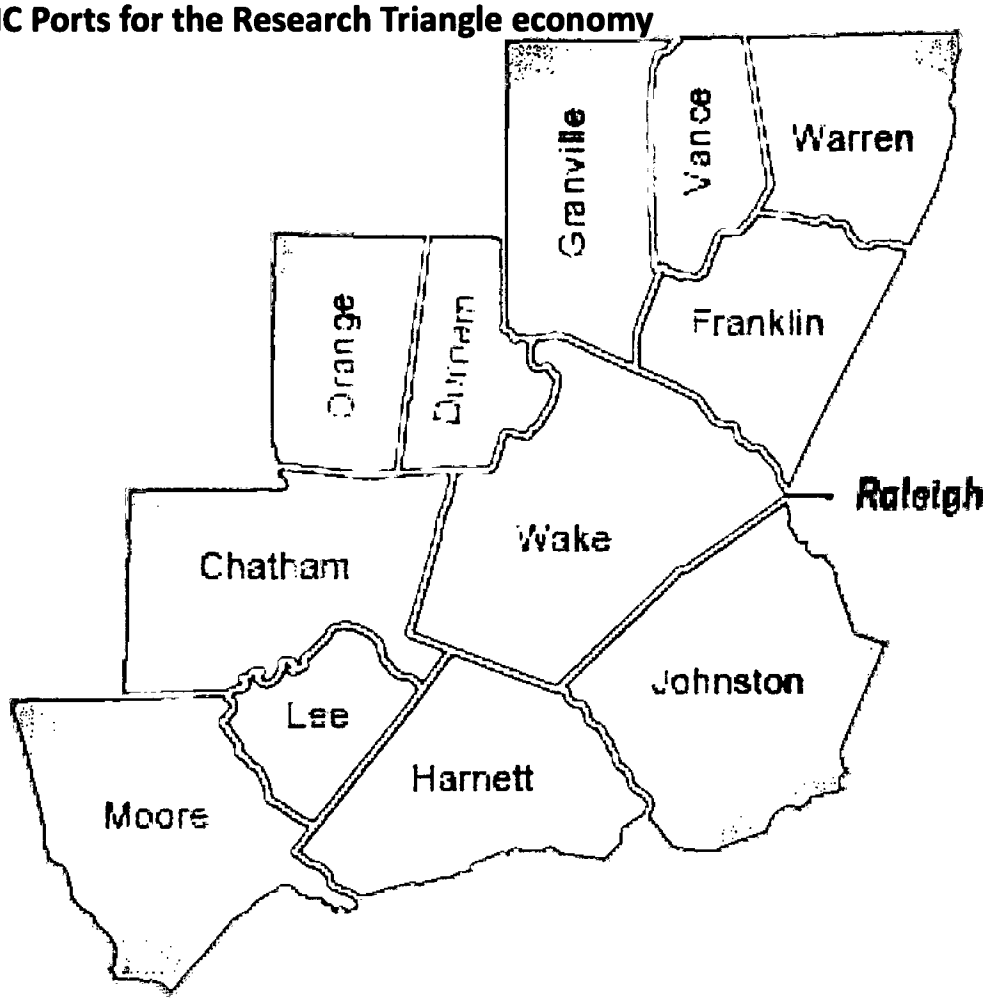
- *Acacia Home & Garden*
- *American Valve*
- *Bernards Furniture*
- *Carolina Fibres*
- *Cooper Tire*
- *Deere Hitachi*
- *Dystar LLC*
- *E.N. Beard Hardwoods*
- *Gildan Activewear*
- *J.C. Penney*
- *Kincaid Furniture*
- *Klaussner International*
- *K-Mart*
- *Lacquercraft*
- *Legacy Classic*
- *Liberty Hardware*
- *Mannington Floors*
- *Polo-Ralph Lauren*
- *Procter & Gamble*
- *Quick-Step (Unilin)*
- *R.J. Reynolds*
- *Thomasville Furniture*
- *Tyco Electronics*
- *Universal Furniture*
- *VF Corp. (Vanity Fair)*

9,700

NC jobs provided directly or indirectly by the NC Ports in the Research Triangle economy

$65 million

Annual tax revenues gained through the NC Ports for the Research Triangle economy



Top Ports Customers in the Research Triangle Region

- ***Caterpillar BCP***
- ***Ford Motor Co.***
- ***Frontier Spinning***
- ***Gold Toe Brands***
- ***Goldkist***
- ***Kidde & Company***
- ***Pergo Wood Flooring***
- ***Royal Home Fashions***
- ***Sigma Electrical Corp.***
- ***Sinai International***
- ***The Body Shop***
- ***Variety Wholesalers***
- ***Yang Enterprises***

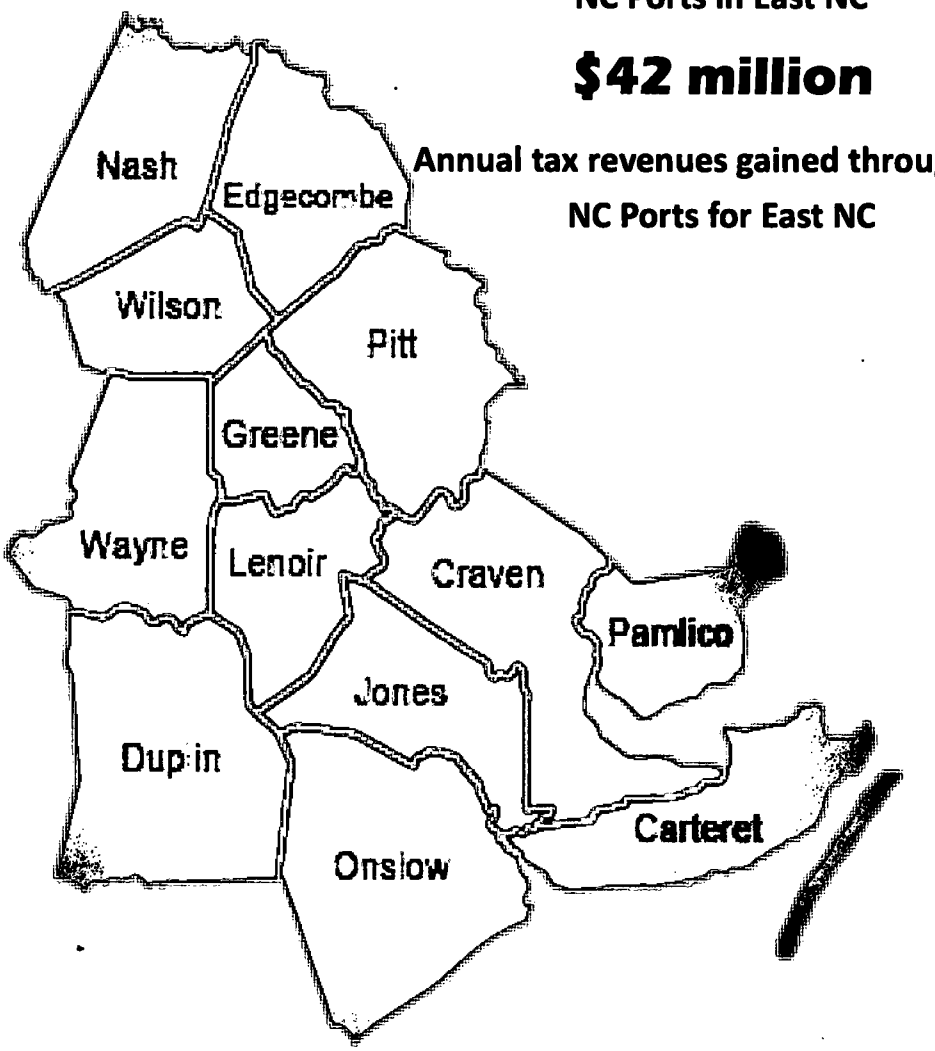
EAST NC

5,000

NC jobs provided directly or indirectly by the NC Ports in East NC

$42 million

Annual tax revenues gained through the NC Ports for East NC



Top Ports Customers in the East NC Region

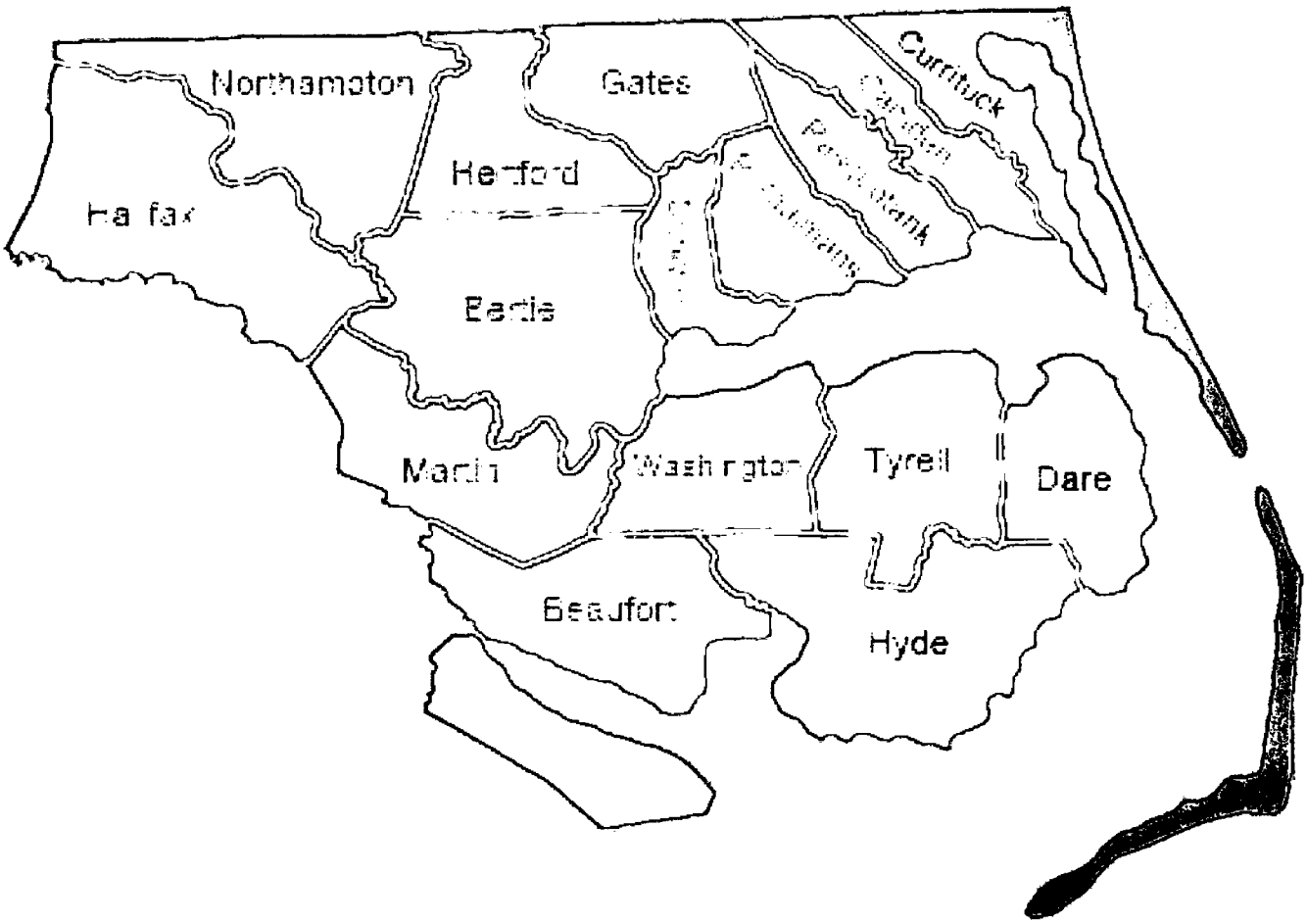
- ***Alliance One***
- ***Baillie Lumber***
- ***BSH Home Appliance***
- ***Carolina By-Products***
- ***Carolina Ocean Lines***
- ***Consolidated Diesel***
- ***Daedong (Kioti Tractor)***
- ***Electrolux***
- ***Excell Home Fashions***
- ***House of Raeford***
- ***Masterbrand Cabinets***
- ***Moen Incorporated***
- ***NACCO Materials Handling***
- ***QVC Inc.***
- ***Room Store***
- ***Spirit AeroSystems***
- ***Standard Commercial***
- ***Weyerhauser***

6,800

NC jobs provided directly or indirectly by the NC Ports in Northeast NC

$89 million

Annual tax revenues gained through the NC Ports for Northeast NC



Top Ports Customers in the Northeast NC Region

- ***Coastal Lumber***
- ***Lowe's (Garysburg)***
- ***Nucor Steel***
- ***PCS Phosphate***
- ***Safelite Auto Glass***
- ***The Contractor Yard***

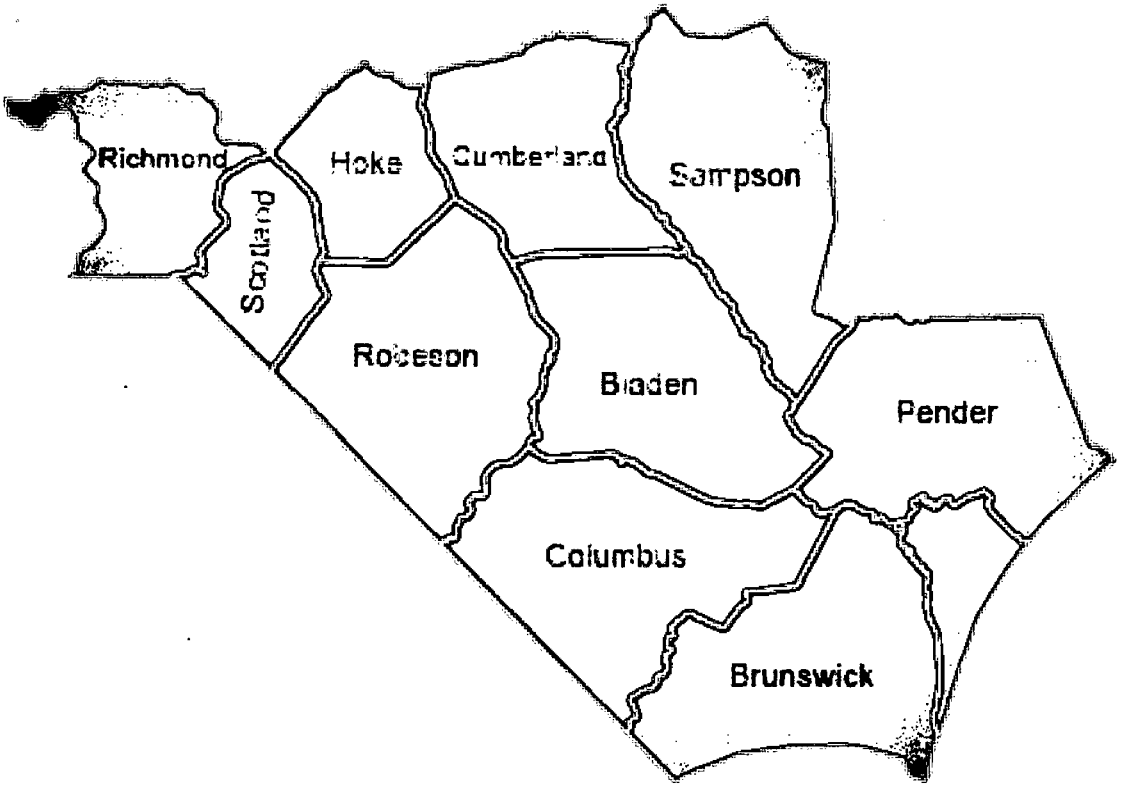
SOUTHEAST NC

8,200

NC jobs provided directly or indirectly by the NC Ports in Southeast NC

$72 million

Annual tax revenues gained through the NC Ports for Southeast NC



Top Ports Customers in the Southeast NC Region

- ***ADM***
- ***Aloha Housewares***
- ***Aludisc***
- ***Big Rock Sports (Distrib. Ctr.)***
- ***Elementis***
- ***House of Raeford (HQ)***
- ***International Paper***
- ***Invista***
- ***Leather Italia***
- ***Maidenform***
- ***Mountaire Farms***
- ***Quickie Mfg.***
- ***Smithfield Farms***
- ***Sue Bee Honey***
- ***TBC Corporation***
- ***Terex Americas***
- ***West Point Home (Distrib. Ctr.)***



www.ourncports.com

ECONOMIC IMPACT ANALYSIS – GLOBAL TRANSPARK

INTRODUCTION

This report estimates the economic impact of the North Carolina Global TransPark (GTP), a 2,500 acre, multi-modal industrial park in Kinston, North Carolina. The sole purpose of this report is to provide the estimated economic impact of the GTP's current operations, potential future operations, and recent/planned construction and investment. Results are estimates, and are derived from inputs provided by tenants of the GTP and in some cases based on forecasts. The following analysis estimates the impact of the GTP at the regional level; tables with statewide impacts are included for reference in an appendix table.

Summary of key findings:

- Existing tenant operations at the GTP result in a total of 391 annual jobs and contribute $27.5 million to the region's gross domestic product each year.
- Future/Planned tenant activities at the GTP are estimated to result in a total of 2,014 annual jobs and contribute $141.8 million to the region's gross domestic product each year in 2014 and beyond.
- By 2014, at full employment, existing tenant operations at the GTP are estimated to result in a total of 2,405 annual jobs and contribute $169.3 million to the region's gross domestic product.
- Recent, current and planned construction/investment activities are estimated to result in 1,085 one-time jobs and contribute $55.6 million to the region's gross domestic product.

ANALYSIS ASSUMPTIONS & METHODOLOGY

The North Carolina Department of Commerce uses IMPLAN software for economic impact modeling. IMPLAN allows researchers to develop local level input-output models to estimate the economic impact of new firms moving into an area, plant closures and existing activities. This model is widely used by local, state and federal government agencies as well as private industry and universities. The following table summarizes data and assumptions used in developing the economic impact model for this project.

TABLE 1: PROJECT DETAILS AND MODEL ASSUMPTIONS

Project Location/ Economic Impact Area	NC's Eastern Economic Development Region. Includes the following counties: Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Nash, Onslow, Pamlico, Pitt, Wayne and Wilson.
Participating Companies/Organizations (Existing Operations)	Commerce Overseas Corporation; Lenoir Community College; Longistics International, Inc; MJE Telestructures, LLC; Mountain Air Cargo; NC Division of Emergency Management; NC Forestry Service-DENR; NC Highway Patrol; NC Eastern Region; NC Global TransPark; Segrave Aviation; Spatial Integrated Systems.
Participating Company (Planned Future Operations)	Spirit AeroSystems
Participating Companies/Organizations (Current/Future Construction and M&E Investment)	Spirit AeroSystems; NC Global TransPark
Local Purchase Percent	All (100%) employment related to current and future operations and current/planned construction activity is expected to occur in the region of analysis. Per information provided by company, 2% of M&E investment is expected to be purchased from NC vendors.

Table 2 summarizes key data used to estimate the economist impacts of the GTP. Existing activities as well as planned employment and investment are included.

TABLE 2: GTP INVESTMENT AND OPERATIONS EMPLOYMENT SCHEDULE

Year	Real Property Construction	M&E Investment *(Only 2% of is expected to be purchase from NC vendors/suppliers)*	Employment *(Existing and Planned)*
2008		$8,864,000	
2009		$65,026,000	
2010	$47,259,617	$147,974,000	232 existing/ 254 planned
2011	$26,700,000	$95,418,000	21
2012	$7,200,000	$32,834,000	315
2013	$24,600000	$56,955,000	267
2014		$63,527,000	174

Source: Applications submitted by participating companies/organizations

REGIONAL ECONOMIC IMPACTS

This project consists of three analysis components: existing operations at GTP as of 2010; future/planned operations at full employment in 2014; and construction/investment impacts between 2008 and 2014.

KEY ECONOMIC IMPACT DEFINITIONS *Source: www.implan.com*

Direct Impacts: The known or predicted change in the economy that is being studied. In this analysis the direct impacts are the existing and future operations at GTP as well as M&E and construction.

Indirect Impact: Secondary impact caused to industries in the supply chain of the direct impact. In this case, facility operations would require purchases from North Carolina supplier firms, thus they would be indirectly impacted by this project.

Induced Impact: Direct and indirect employment (and increases in labor income) creates additional household spending on goods and services.

Employment: The number of full-time and part-time jobs; measured by place of employment. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not.

Labor Income: All forms of employment income, including employee compensation and proprietor income.

Output: The amount of production, including all intermediate goods purchased, as well as value added (compensation and profit). Output is equal to sales in service industries and equal to sales plus the change in inventory for manufacturers.

Value Added: Value added is the difference between total output and the cost of intermediate inputs. Value added is a measure of an individual producer, industry, or sector's contribution to the State's gross domestic product.

IMPACT OF EXISTING TENANT OPERATIONS

Tenants at the GTP currently employ approximately 232 workers in a variety of industries. Existing employment levels support an additional 159 indirect and induced jobs in the region. Existing tenants at GTP are estimated to contribute $27.5 million annually to region's gross domestic product. Total regional labor income and output supported by existing tenant operations are $20.5 million and $42.5 million respectively.

Table 3: Annual Economic Impact of Existing GTP Operations

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	232	$15,400,000	$18,600,000	$27,000,000
Indirect Effect	75	$2,600,000	$4,000,000	$7,200,000
Induced Effect	84	$2,500,000	$4,900,000	$8,300,000
Total Effect	**391**	**$20,500,000**	**$27,500,000**	**$42,500,000**

Source: MIG IMPLAN 3.0, Model Created June 2010.

Note: All monetary figures are reported in 2010 dollars; Dollar values are rounded to nearest $100,000.

Impact of Future/Planned Tenant Operations

Between 2010 and 2014, Spirit AeroSystems is forecasted to hire approximately 1,031 workers. At full employment in 2014, these 1,031 workers are expected to support an additional 983 indirect and induced jobs in the region annually. At full employment in 2014, activities supported by Spirit AeroSystems are estimated to contribute $141.8 million annually to region's gross domestic product, with a value of production nearing $466 million.

Table 4: Annual Economic Impact of Future GTP Operations at Full Employment in 2014

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	1031	$66,000,000	$78,800,000	$353,700,000
Indirect Effect	562	$25,000,000	$38,600,000	$70,900,000
Induced Effect	421	$12,400,000	$24,400,000	$41,300,000
Total Effect	**2014**	**$103,400,000**	**$141,800,000**	**$465,900,000**

Source: MIG IMPLAN 3.0, Model Created June 2010.
Note: All monetary figures are reported in 2010 dollars; Dollar values are rounded to nearest $100,000.

Impact of Recent, Current and Planned Construction and M&E Investment

Between 2008 and 2014 significant construction and M&E investment has or is anticipated to occur at the GTP. The vast majority of the construction and M&E investments are the result of plant construction related to Spirit AeroSystems manufacturing facility.[1] Approximately 1,085 one-time jobs will result from recent, current and future construction and investment activity at the GTP, of which more than 760 are direct jobs.[2] Construction and investment activity will positively impact the region's gross domestic product by $55.6 million and increase regional output by more than $146.3 million between 2008 and 2014. Economic impacts related to construction and M&E investments are one-time only and will cease to exist once construction is complete and investment purchases finalized.

Table 5: One-Time Economic Impacts from Construction and Investment

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	763	$29,800,000	$36,000,000	$110,900,000
Indirect Effect	149	$6,000,000	$9,600,000	$18,500,000
Induced Effect	173	$5,100,000	$10,000,000	$16,900,000
Total Effect	**1085**	**$40,900,000**	**$55,600,000**	**$146,300,000**

Source: MIG IMPLAN 3.0, Model Created June 2010.
Note: All monetary figures are reported in 2010 dollars; Dollar values are rounded to nearest $100,000.

Disclaimer: ***Economic modeling can provide general impact estimates for economic development projects. However, future results will be affected by political, social, and economic conditions. Economic modeling is most informative when used in conjunction with other forms of analysis, such as cost-benefit analysis and fiscal impact analysis, to estimate the overall impact of a project. The completion of this analysis by the North Carolina Department of Commerce is neither an endorsement for or against activities occurring at the North Carolina Global TransPark.***

[1] Based on data provide to the N.C. Dept. of Commerce it is expected that only 2% of the M&E investment will be purchase from NC vendors/suppliers.

[2] Jobs are measured in job-years. For operations, it is reasonable to expect jobs to occur for successive years once stabilized employment is reached. However, construction and initial investment jobs are one-time occurrences. When the construction project is completed the jobs associated with the project will cease.

APPENDIX TABLES: STATEWIDE IMPACTS

Annual Economic Impact of Existing GTP Operations

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	232	$15,400,000	$18,600,000	$27,000,000
Indirect Effect	82	$3,600,000	$5,800,000	$10,100,000
Induced Effect	136	$5,000,000	$9,200,000	$15,800,000
Total Effect	**450**	**$24,000,000**	**$33,600,000**	**$52,900,000**

Source: MIG IMPLAN 3.0, Model Created June 2010.
Note: All monetary figures are reported in 2010 dollars; Dollar values are rounded to nearest $100,000.

Annual Economic Impact of Future GTP Operations at Full Employment in 2014

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	1031	$66,000,000	$78,800,000	$353,700,000
Indirect Effect	896	$48,400,000	$73,600,000	$135,600,000
Induced Effect	816	$29,800,000	$55,100,000	$94,600,000
Total Effect	**2743**	**$144,200,000**	**$207,500,000**	**$583,900,000**

Source: MIG IMPLAN 3.0, Model Created June 2010.
Note: All monetary figures are reported in 2010 dollars; Dollar values are rounded to nearest $100,000.

One-Time Economic Impacts from Construction and Investment

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	763	$29,800,000	$36,100,000	$110,900,000
Indirect Effect	225	$11,100,000	$17,300,000	$32,300,000
Induced Effect	296	$10,800,000	$19,900,000	$34,200,000
Total Effect	**1283**	**$51,700,000**	**$73,300,000**	**$177,400,000**

Source: MIG IMPLAN 3.0, Model Created June 2010.
Note: All monetary figures are reported in 2010 dollars; Dollar values are rounded to nearest $100,000.

Note: Statewide impacts account for economic activity at the regional level. Statewide analysis and regional analysis are mutually exclusive and should not be combined.

Joint Appropriations Subcommittee on Transportation

March 13, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington, Chairing
	Representative John Torbett	Senator Bill Rabon

- Call to Order

- Division of Motor Vehicles

  James Forte
  Commissioner of Motor Vehicles
  Department of Transportation

Next meeting: Division of Motor Vehicles Information Technology Projects - Thursday, March 14th, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Wednesday, March 13, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on March 13, 2013 in Room 1228/1327. Senator Kathy Harrington, co-chair; and Senators Dan Blue, Joel Ford, and Rick Gunn, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Charles Jeter, Dean Arp, Alma Adams, Jerry Dockham, Duane Hall, Evelyn Terry, Kelly Hastings, Nathan Ramsey, were also present.

Senator Kathy Harrington presided.

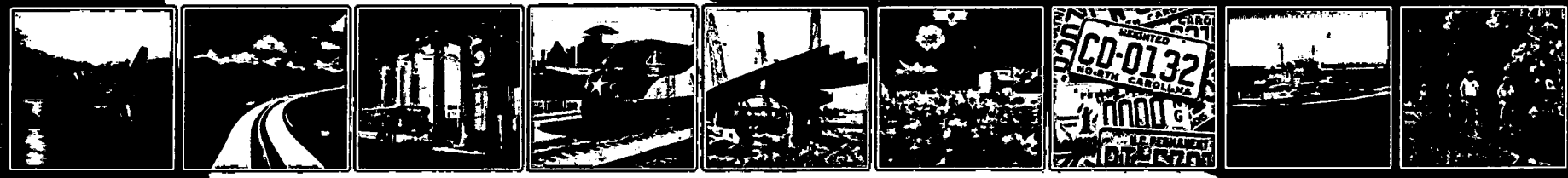
Senator Harrington recognized the Pages: Sarah Wilson, Andrew Smith, and Abagail Yeland. The Senator then recognized House Sergeant-at-Arms Carlton Adams, Martha Parrish, Jesse Hayes and Senate Sergeant-at-arms Charles Harper and Canton Lewis

Senator Harrington welcomed everyone and introduced all James Forte, Comissioner of Motor Vehicle with the Department of Transportation, who gave a presentation of the Division of Motor Vehicles.

The meeting adjourned at 9:15 a.m.

Senator Kathy Harrington
Presiding

David Larson, Committee Clerk



Division of Motor Vehicles
March 13, 2013

James L. Forte, Commissioner
Randy Dishong, Assistant Commissioner



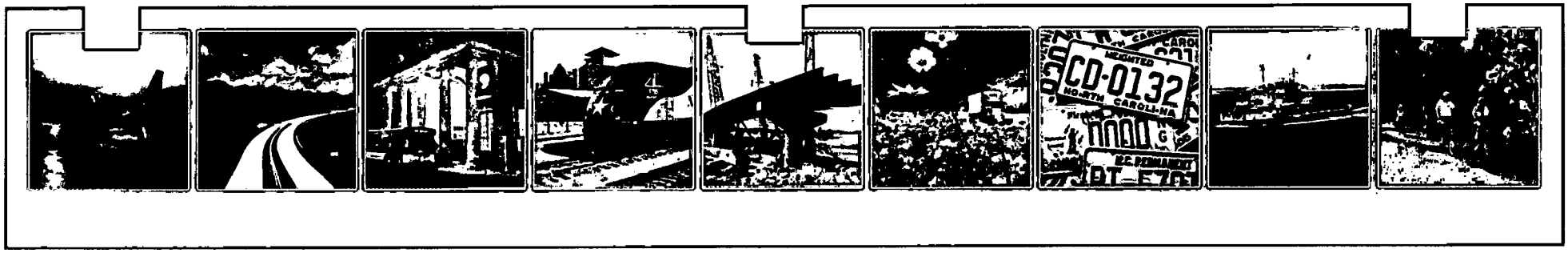
Division of Motor Vehicles

Mission

- The DMV team delivers quality motor vehicle services, promotes highway safety, and furnishes timely and accurate information by providing excellent customer service, enforcing motor vehicle laws, and maintaining the integrity of official DMV records.

Vision

- The vision for the North Carolina Division of Motor Vehicles is to become the most fully integrated, technologically advanced, customer-driven motor vehicle services and highway safety system in the country.



Organizational Chart

NCDMV
Commissioner

James L. Forte

Assistant Commissioner

Randy Dishong

Assistant Commissioner

Vacant

License & Theft Bureau

Hearings Section

Driver Services

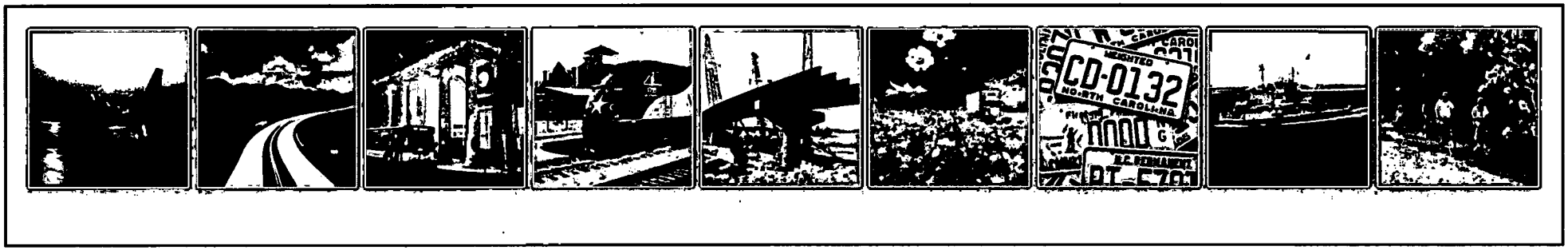
Vehicle Services

Emissions & Inspection Program

Administrative Hearings
Problem Resolutions
Medical Review
Field Hearings

School Bus & Traffic Safety
CDL & DL Training

Traffic Records
Title & Registration

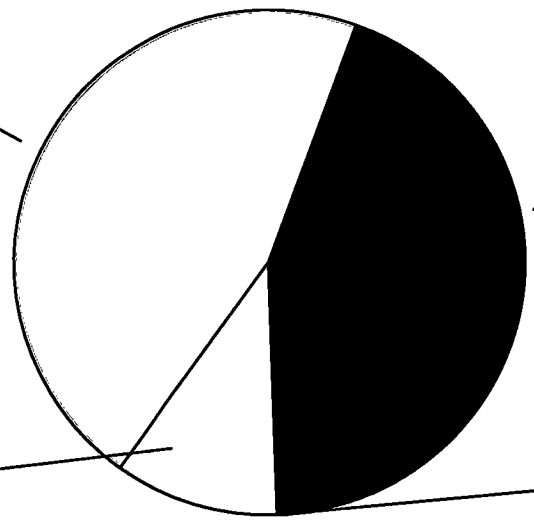


NC DIVISION OF MOTOR VEHICLES

Revenue Sources

2011-2012

Total $1.190 Billion



Vehicles 46%

$543,272,437

Title Fees ($77,300,744)
Auto/Truck Renewals ($211,569,187)
Lien Recordings ($3,958,194)
Motor Carrier/Weight Enforcement ($201,415,213)
Safety/Exhaust Emission Inspections ($10,034,816)
Financial Security Restoration ($5,267,290)
Dealer & Manufacturer Plates ($32,405,219)
Registration Information ($158,271)
Acknowledgement Fees ($133,555)
Traffic Records ($1,029,948)

***Hwy Use Tax 41%**

$489,072,18

Drivers 10%

$124,493,194

Driver License Fees ($122,122,288)
CDL, School Bus Training & Traffic Safety ($672,772)
DMV Organ Donor ($398,875)
Identification cards (11-15) ($77,809)
DWI Restoration ($1,221,450)

Other 3%

$33,653,954

Sales Tax ($247,184)
Process Service Fees ($6,477,238)
I/M Telecommunication Fees ($23,578,602)
Mercury Switch Fund & UCR 20-382 ($2,334,424)
Mobility Fund & Visitor Center Reserve ($1,016,506)

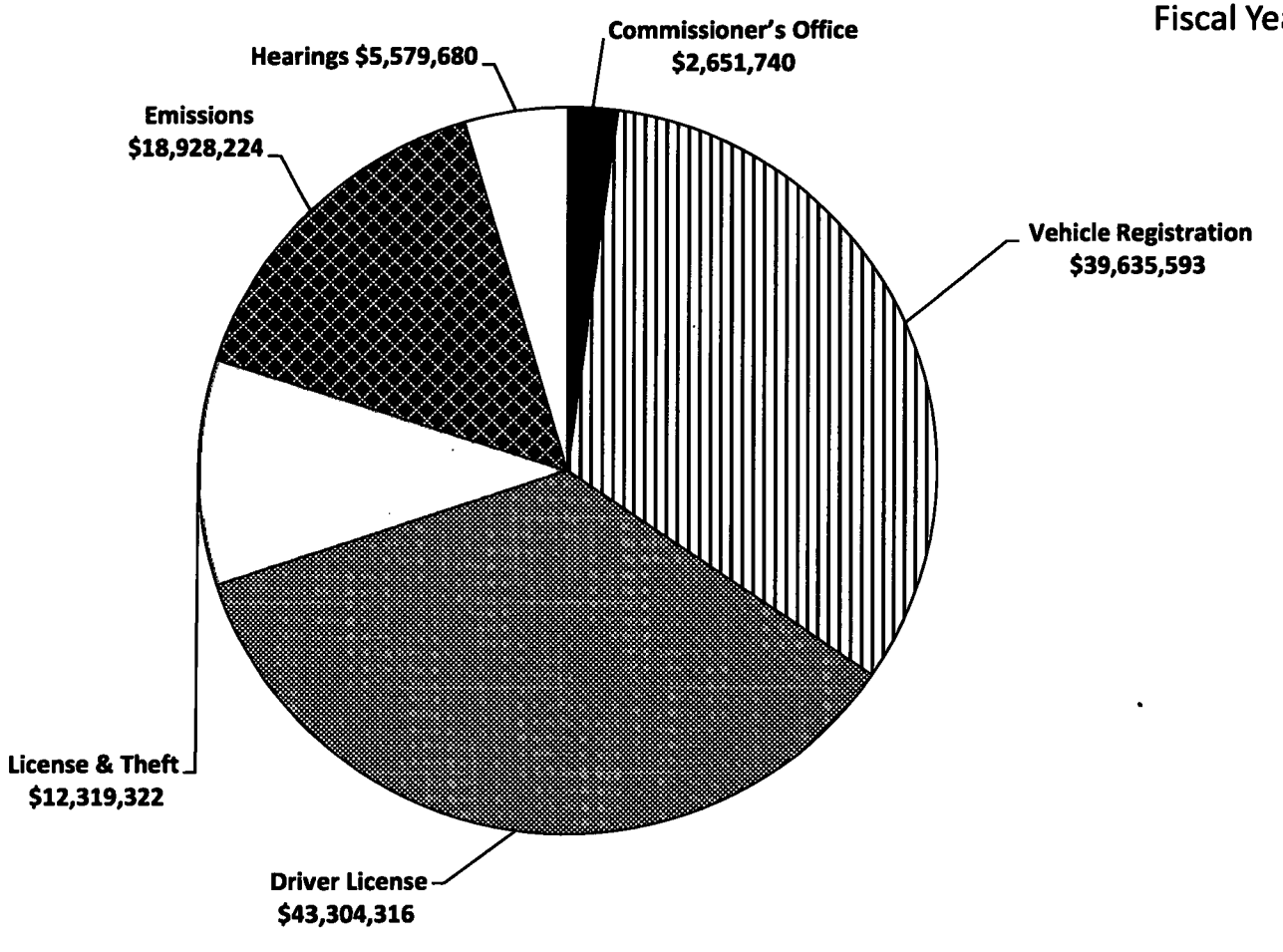
* Note: Only depicts portion of Hwy. Use Tax collected by Div. Of Motor Vehicles. Collection made by the Dept. of Revenue outlined in G.S. 105-187.5
not included in this total.

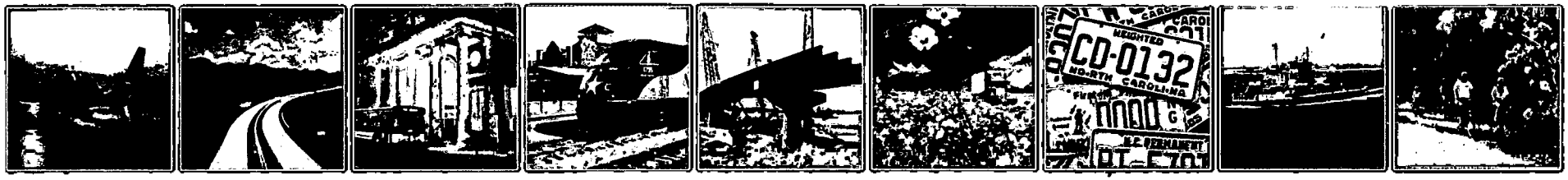


N.C. DIVISION OF MOTOR VEHICLES

Expenditure Breakdown
Total $122 Million

Fiscal Year 2011-12

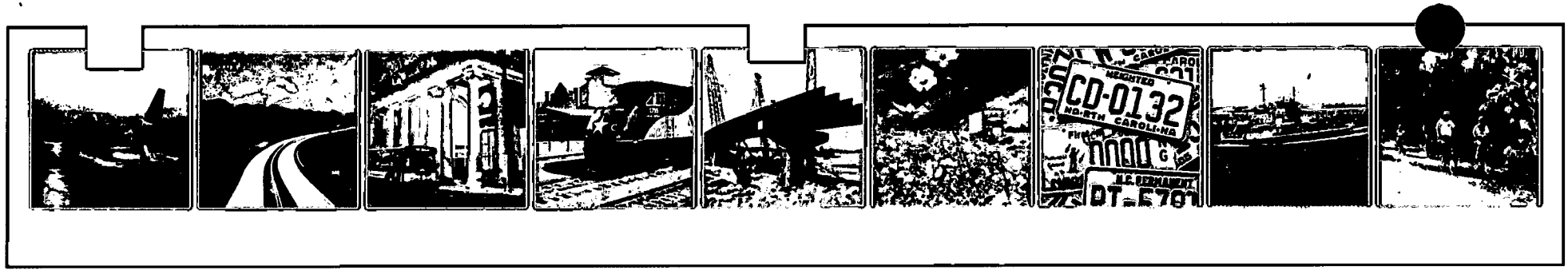




NCDMV Fee Comparison

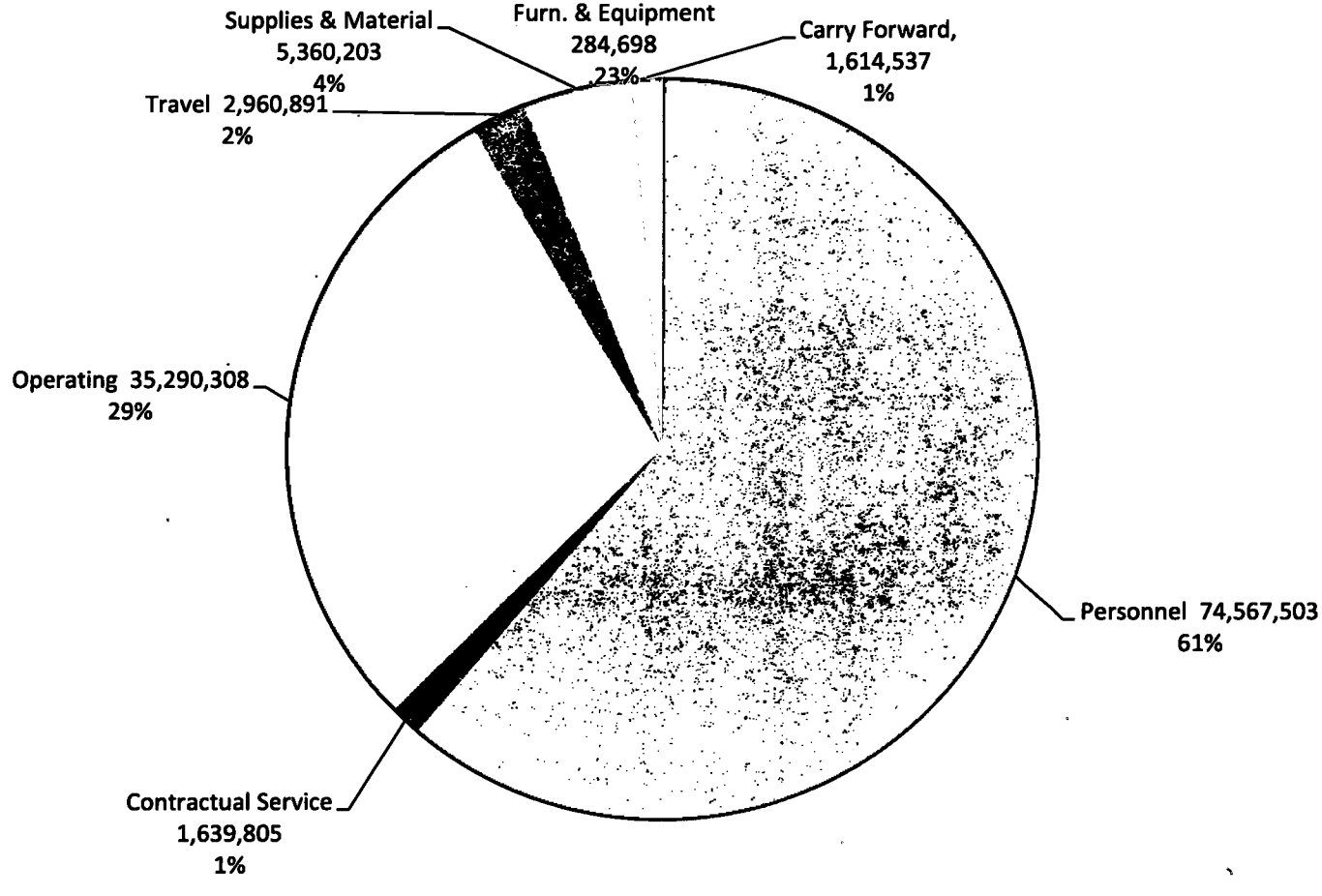
- Vehicle Registration and Driver License

Title and Registration Fees	NC	VA	SC
Title	$ 40.00	$ 10.00	$ 15.00
Passenger Cars	$ 28.00	$ 24.00	$ 24.00
Pickup truck 4,000 lbs or less	$ 28.00	$ 40.75	$ 30.00
Motorcycle	$ 18.00	$ 10.00	$ 10.00
Utility of Camper Trailer	$ 11.00	$ 10.00	$ 10.00
CDL Application Fee	$ 30.00	$ 8.00	$ 15.00
Driver License	$4/yr	$4/yr	$2.50/yr



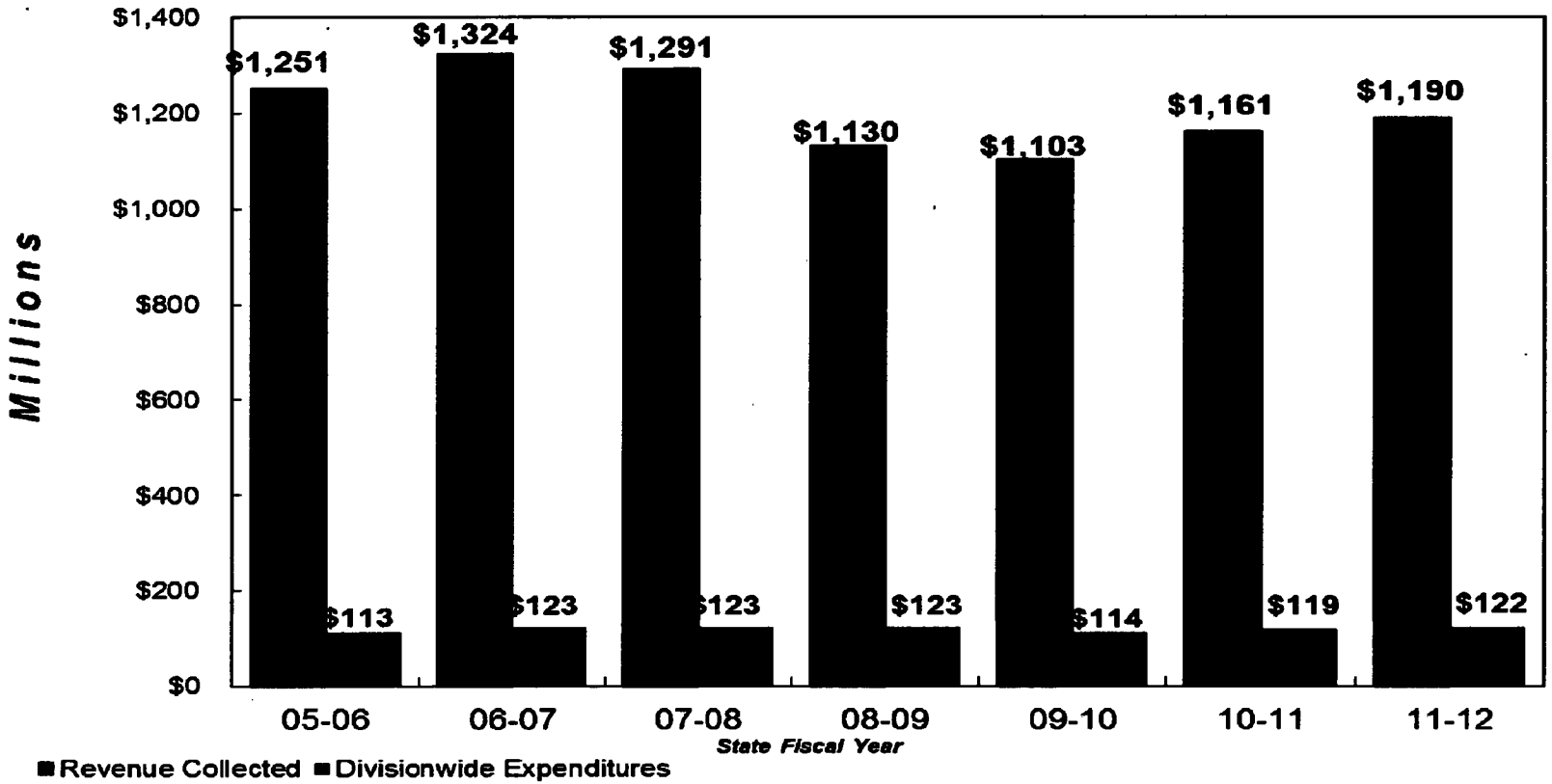
Expenditures

FY 2012





NC Division of Motor Vehicles
Revenue Collected vs. Expenditures
2005-06 through 2011-12





NC Division of Motor Vehicles

Driver and Vehicle Transactions, Revenues and Employee Trends

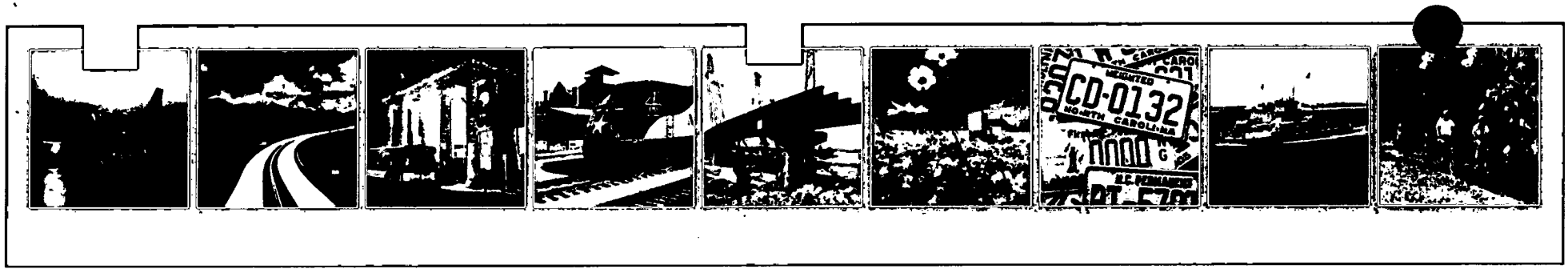
	2007-08	2008-09	2009-10	2010-11	2011-12
Driver License Transactions	2,901,000	2,702,000	2,546,000	2,415,598	2,275,364
Driver License Employees	811	808	773	732	692
Driver License Revenues	$133,457,409	$129,766,134	$126,617,706	$128,053,298	124,493,194
Vehicle Registration Issues and Renewals	8,545,000	8,451,000	8,255,000	8,207,805	8,740,382
Vehicle Registration Employees	283	277	259	390	393
Vehicle Registration Revenues	$517,934,409	$491,754,890	$475,219,940	$543,514,966	$543,272,437



Commissioner's Office

The Commissioner's Office oversees programs and directs policy for the Division of Motor Vehicles and its 1,407 employees.

- Short- and long-range planning
- Budget requests and planning
- Personnel actions
- Legislative program
- Safety planning
- Telecommunications



Commissioner's Office

BUDGET AND PERSONNEL TRENDS

	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Personnel	$ 1,600,393	$ 1,802,129	$ 2,038,868	$ 2,381,466	$ 2,360,543
Operating	$ 374,616	$ 242,192	$ 313,641	$ 273,697	$ 291,197
Total	$ 1,975,009	$ 2,044,321	$ 2,352,509	$ 2,655,163	$ 2,651,740
# of Positions	18	17	27	31	22

Major Expenditures FY11-12

8% - $23,909 Motor Vehicle Law books

8% - $24,189 AAMVA dues

16% - $45,740 Travel expenses

10% - $29,454 Telephone charges

17% - $50,177 Rental expenses

14% - $40,160 Office renovations

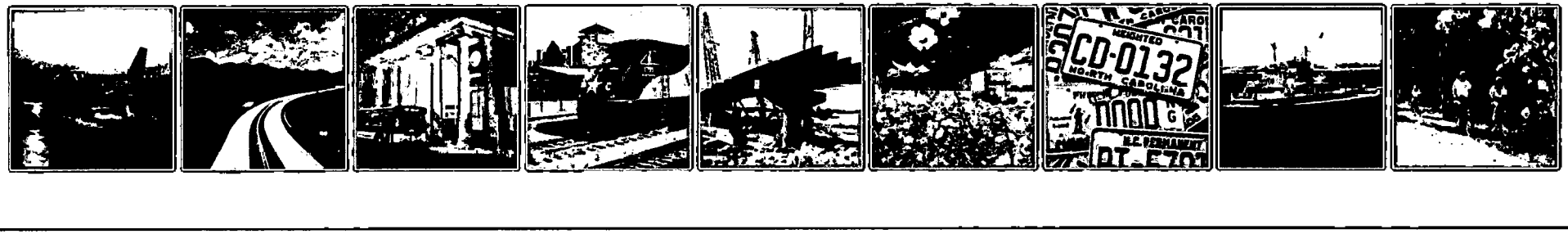
Commissioner's Office Personnel include:

Commissioner - 1 Assistant Commissioner - 2 Staff Support - 4

Director - 1 Deputy Director - 1 Staff Support - 2 Facilities Manager - 1

Telecommunications - 1 Safety Representative - 1 Budget Office - 2

Purchasing Office - 3 DL Audit Unit- 3

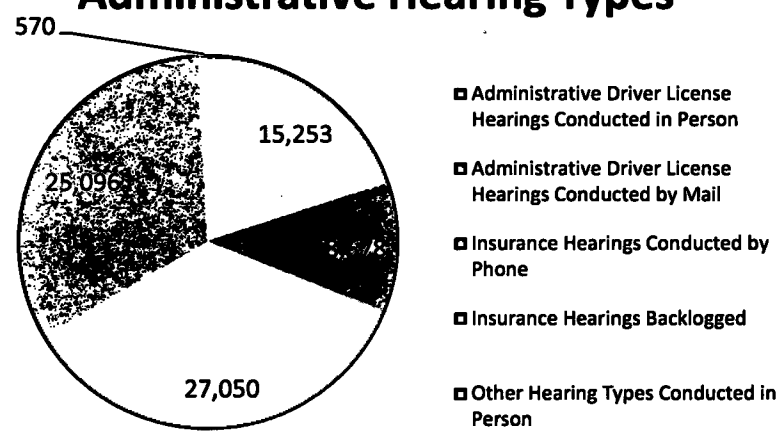


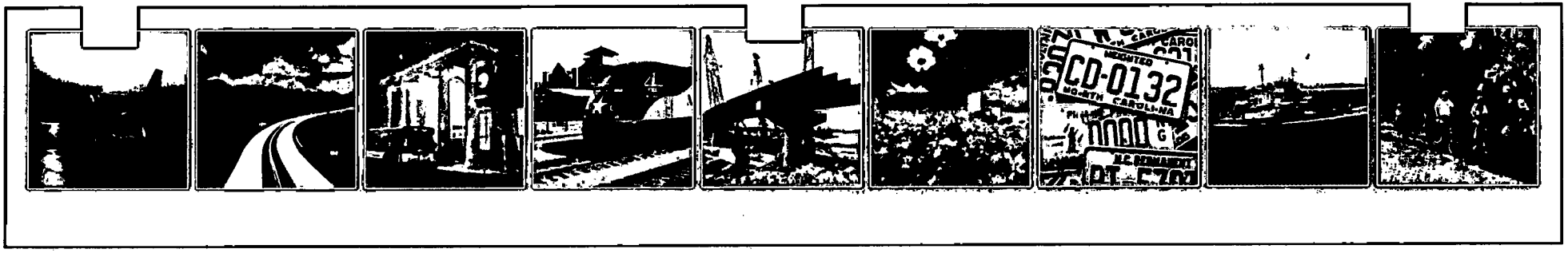
DMV Hearings Section

The Hearings Section conducts many types of administrative hearings that deal with different aspects of highway safety.

Hearings may be held in person, by telephone, conducted through a mail review or via web/video conferencing.

Hearing Type	Total Held in 2011-2012
Liability Insurance Backlog	27,050 25,096
Driver License	23,831
Auto Franchise Disputes	16
Dealer and Station	141
Medical Fitness to Drive	413
Total Number of Administrative Hearings	76,547





DMV Hearings Section

BUDGET AND PERSONNEL

	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Personnel	$ 506,060	$ 4,042,220	$ 4,174,904	$ 4,655,328	$ 5,275,528
Operating	$ 20,123	$ 267,241	$ 303,946	$ 251,145	$ 304,153
Total	$ 526,183	$ 4,309,461	$ 4,478,850	$ 4,906,473	$ 5,579,681
# of Positions	76	76	80	110	109

Major Operating Expenditures FY11-12

55% - $167,932 Travel expenses

26% - $77,333 Postage fees for a CDL law change

Hearings Section Personnel Include:

Director's Office - 8 Adjudication Hearing Officers - 15 Ignition Interlock - 5

Liability Insurance - 8 Medical Review - 16 CDL Medical Certification - 5

Administrative Support - 7 Information Processing - 12 AOC Program - 3

Field Hearing Officers – 30

* FY 2010-2011 Information Processing, Medical Review and Administrative Support were added to Hearings Section from Driver License section.



DMV Hearings Section

The section also performs a variety of activities that preserve the integrity of driving records for all license holders and protect the interests of the motoring public.

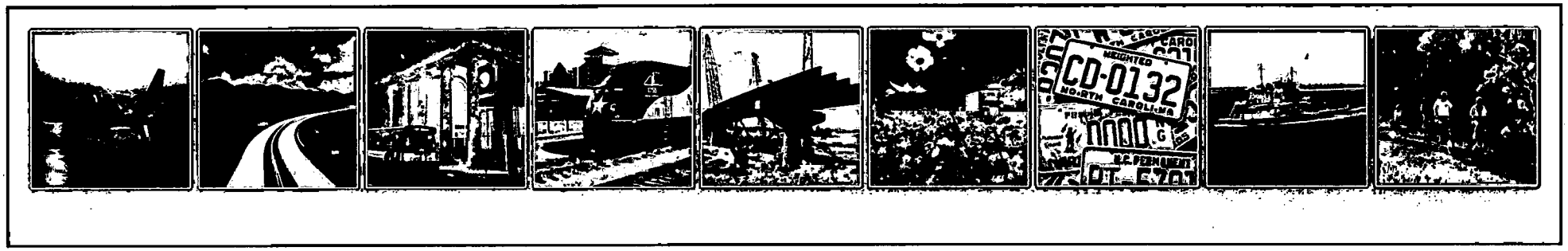
- Adjudication/Problem Resolution
- Ignition Interlock
- Administrative Office of the Courts Clerk of Court Program
- Information Processing
- Medical Certification and Evaluation

Administrative Support Unit responds to inquiries from customers, prepares original correspondence and transcribes hearings.



Fee-Supported Hearings

- Currently, there is no charge for DMV hearings.
- FY 2012 cost of Hearings Program: $5.6 million.
- 76,547 hearings conducted in FY 2012.
- Fees between $25 and $100 could potentially generate $3.2 million annually.



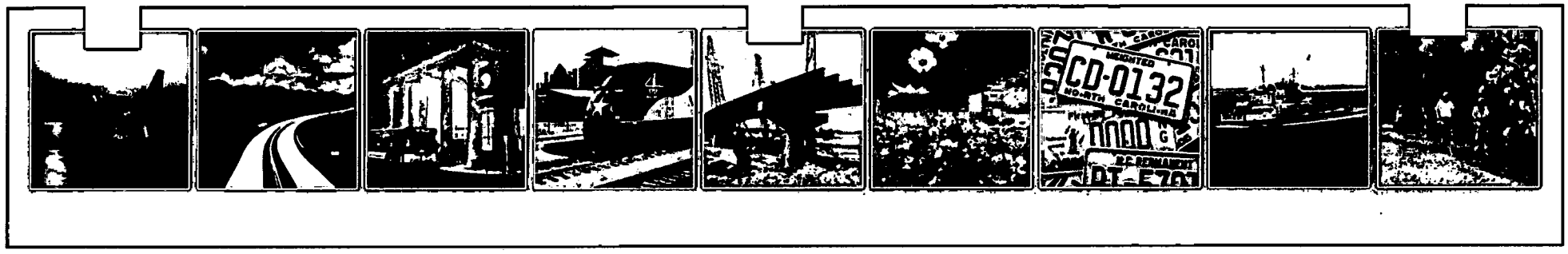
Driver License Section

The primary responsibility of the Driver License Section is to issue North Carolina driver licenses, commercial driver licenses, driving permits and ID cards.

- North Carolina has approximately 7.2 million licensed drivers.
- DMV had 2,057,893 issuances in FY 11-12, averaging 8,232 per day.

Site Status:

- 113 offices:
  - 65 are state-owned properties
  - 29 are leased properties
  - 19 are donated properties
  - 4 DMV mobile units service 25 areas



Driver License Section

BUDGET AND PERSONNEL TRENDS

	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Personnel	$ 35,683,631	$ 35,456,721	$ 35,148,927	$ 34,848,292	$ 33,979,254
Operating	$ 11,369,052	$ 10,020,061	$ 8,866,785	$ 9,133,246	$ 9,325,062
Total	$ 47,052,683	$ 45,476,782	$ 44,015,712	$ 43,981,538	$ 43,304,316
# of Positions	811	808	773	732	692

Major Operating Expenditures FY11-12

49% - $4,560,416 Driver License imaging contract

DL Had 2,228,675 issuance for FY11-12 at $1.95 per card. MorphoTrak card cost will increase approximately 9% to $2.12.

16% - $1,472,948 Rental expenses for Driver License offices

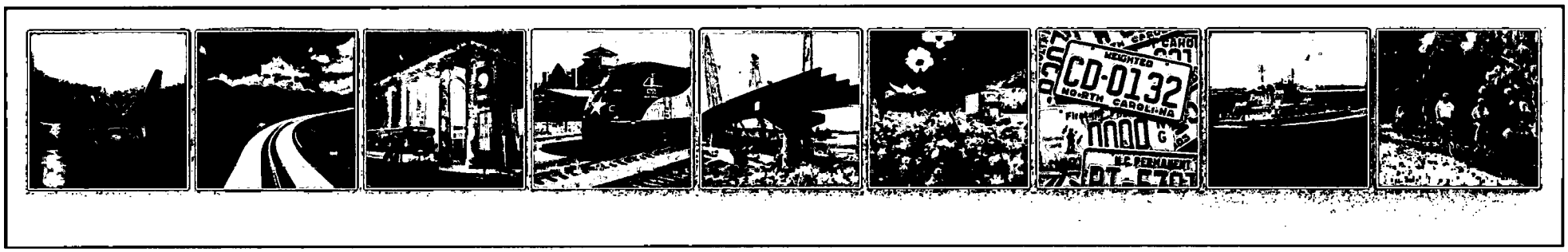
10% - $884,977 Travel expenses

3% - $302,895 Driver License Handbooks, Sign Cards and CDL Manuals

Driver License Section Personnel include:

Driver License Headquarters - 77 Driver License Field Staff - 529

School Bus and Traffic Safety Branch - 88

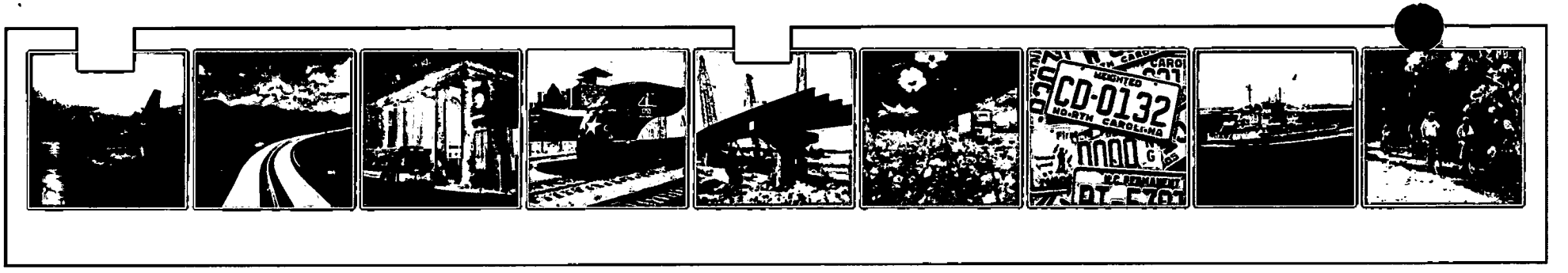


FY 2012 Issuance Volume Full-Time Offices

105 Full-Time Offices			
	44 Small Offices (< 15,000 trans yearly)	57 Medium Offices (15,000 < 45,000 trans yearly)	4 Large Offices (Greater than 45,000 trans yearly)
Average number of transactions per year	9,612	24,848	49,259
Average number of transactions per day	38	99	197

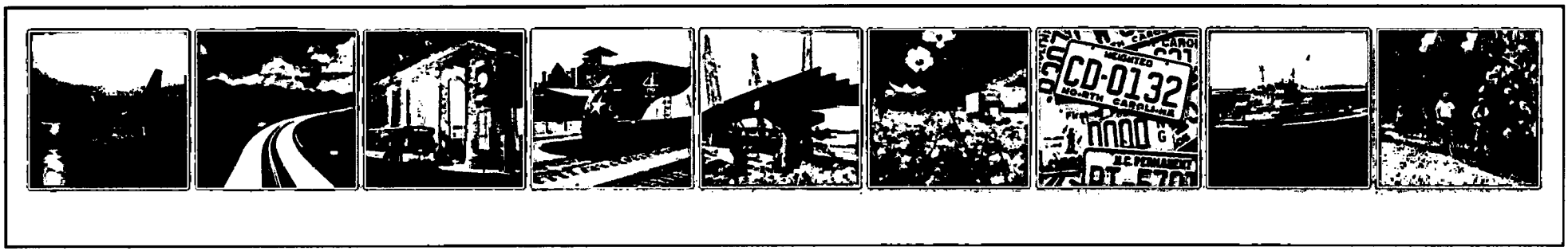
Note:

1-4 Examiners = Small Offices
5-8 Examiners = Medium Offices
9-13 Examiners = Large Offices



Issuance Volume and Staffing for Full-Time Offices

- Length of transaction is determined by type of issuance.
- Average statewide transactions per day is 8,145.
- Average transactions per examiner per day is 17.
- 41% of offices exceeds 17 transactions daily per examiner, 9% averages 17, 11% averages 16 and 4% of offices average 13 transactions daily per examiner.
- DMV continually evaluates the location of examiners based on staffing level, office proximity, type of service provided by an office and the daily transaction volume for the office.



FY 2012 Part-Time Driver License Offices

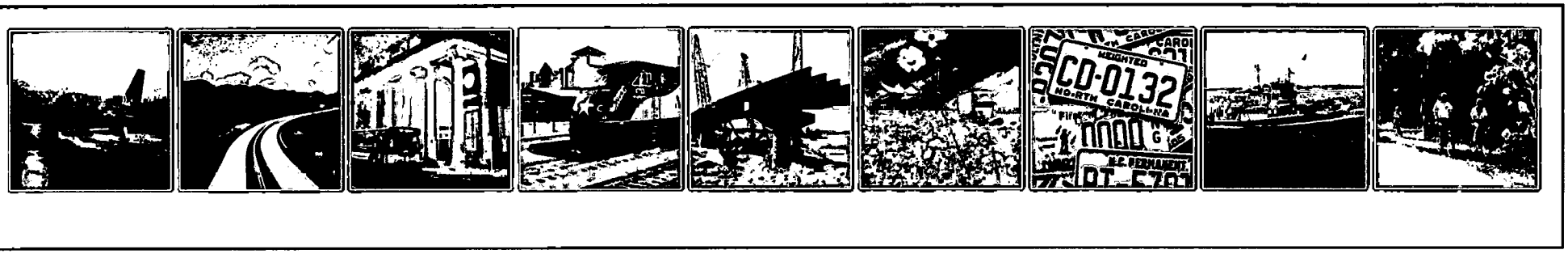
Seven Part-Time Offices	
Average number of transactions per month by office	23

Part-Time Offices		Total Issuances	Number Days Yearly	Average Monthly Issuance Volume	Nearest Full-Time Office	Distance to Nearest Full-Time Office
Burgaw/Pender Cty	donated	2,704	96	28	Wallace	17
Newland/Avery Cty	donated	3,025	144	21	Boone	26
Pembroke/ Robeson Cty	donated	1,398	48	29	Lumberton	15
Sparta/Alleghany Cty	donated	1,385	96	14	Elkin	30
Spruce Pine/Mitchell Cty	donated	2,158	96	22	Burnsville	14
Yanceyville/Caswell Cty	owned	321	12	27	Roxboro	25
Walnut Cove/Stokes Cty	donated	784	48	16	N. Winston Salem	20



Issuance Volume and Staffing for Part-Time Offices

- There are 7 part-time offices that provide a collective 540 days of driver license service per year.
- The average number of statewide transactions per day per examiner based on 540 days of service is 23.
- 43% of part-time offices exceed the monthly average of 23 transactions per examiner.
- DMV is evaluating part-time offices based on distance to full-time offices and daily transaction volumes.

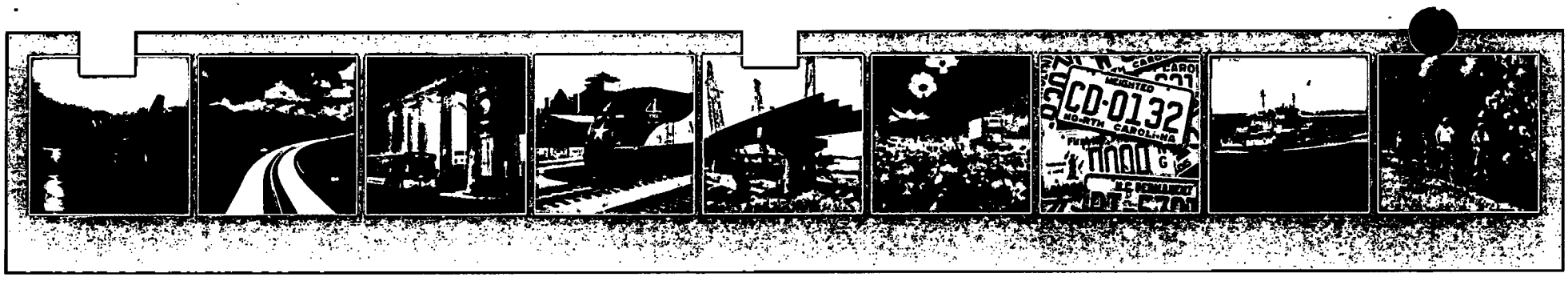


Cost Savings for Closing Part-Time Offices

- The cost to staff a part-time office includes travel and over-time pay. When resources are taken from full-time offices to staff part-time offices, service time and wait time are increased in full-time offices.

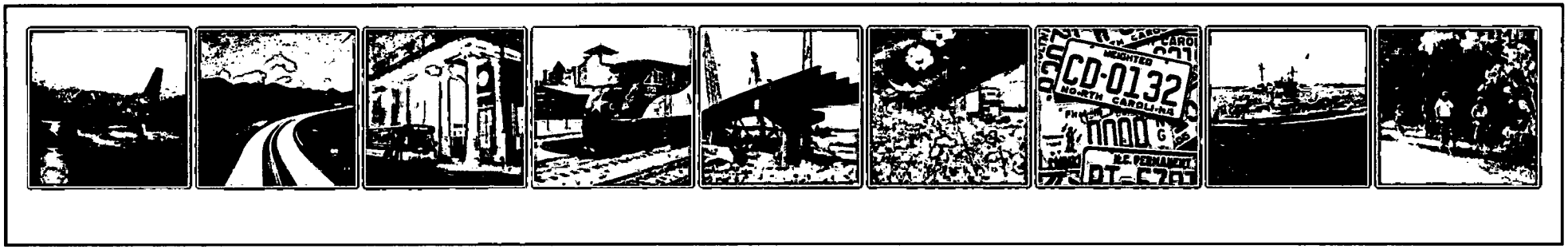
- The driver license program's mileage reimbursement costs for FY 10/11 totaled $380,268 and for FY 11/12 were $427,288.

- Overtime for part-time offices for FY 10/11 was $44,324. Overtime for FY 11/12 was $99,811.



Mobile Unit Driver License Offices

Mobile Units (Four units serving 25 locations)	
Average number of transactions per year by office	314
Average number of transactions per day by office	19



Target Dates & Planning for Initial Pilot

The extended hour schedule below is the confirmed schedule.

Phase (1) – Monday/Friday 8am to 6pm and Saturday 8am to Noon

	Location	Current Staffing	County	Saturday Rollout Date	Monday Rollout Date
1.	Raleigh N.	9	Wake	March 2nd	March 4th
2.	Greenville	8	Pitt	March 2nd	March 4th
3.	Charlotte W.	9	Mecklenburg	March 2nd	March 4th

Phase (2) – Monday/Friday 8am to 6pm and Saturday 8am to Noon

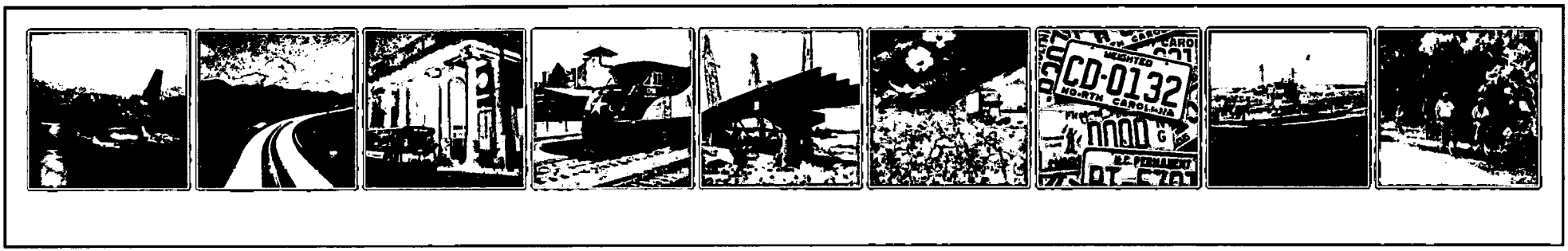
	Location	Current Staffing	County	Saturday Rollout Date	Monday Rollout Date
1.	Durham S.	8	Durham	April 6th	April 8th
2.	Fayetteville S.	13	Cumberland	April 6th	April 8th
3.	Charlotte N.	10	Mecklenburg	April 6th	April 8th



Driver License - Customer Service

Wait Times at DMV Facilities

- DMV's goal - 15 minutes or less for each customer
- Budget cuts beginning October 2008 increased wait times.
- FY 2010-2011 average wait time was 24:44 minutes.
- FY 2011-2012 average wait time was 25:08 minutes.
- Wait times are expected to improve with new driver license system.
- DMV is extending business hours to accommodate more customers: 8 am to 6 pm, Monday-Friday and 8 am to Noon on Saturday.



Average Wait and Service Time by Transaction

Service Type	Average Wait Time (hrs./mins./secs.)	Average Service Time (hrs./mins./secs.)
Quick Transactions (ID Cards, DL Renewals)	0:29:23	0:10:08
Original Transactions (Requires All Tests)	0:34:26	0:12:29
Road Tests	0:35:32	0:22:30
Appointments	0:05:24	0:13:53

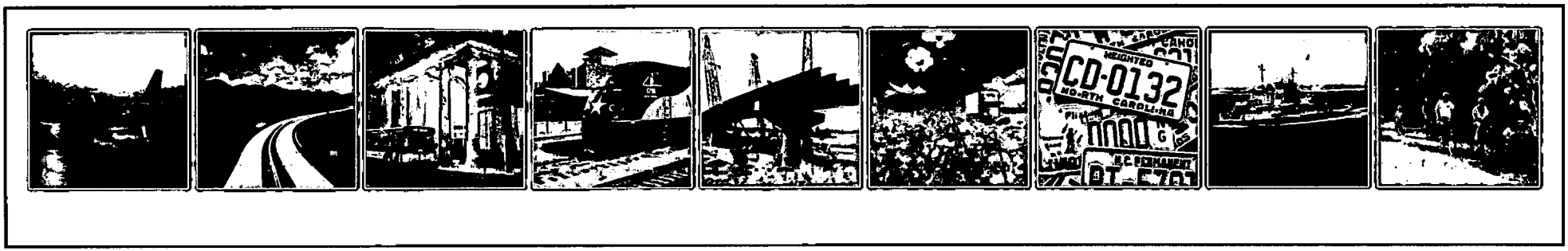
*These transactions were measured in 47 driver license offices, which have Nemo-Q technology (of a total 111 offices statewide).



Next Generation Secure Driver License Workflow

The Next Generation Secure Driver License System includes the following functionally:

- Customer self-check-in on entry to driver license office.
- Photo first ensures the identity process is launched prior to beginning the DL/ID issuance process.
- Documents are scanned including out-of-state DL/IDs.
- Barcodes on NC DL/IDs are read to auto populate data fields.
- Customer queuing throughout the customer's visit to ensure efficiency.
- Tracking throughout the driver license issuance process to enable workflow and user auditing.
- Biometric matching performed throughout the process to confirm the customer's identity.
- Latest version of automatic testing w/customer photo verification prior to initiating test.
- A 20-day temporary driving certificate is issued. The permanent DL is received via mail.
- A 20-day temporary identification certificate is issued. The permanent ID card is received via mail.



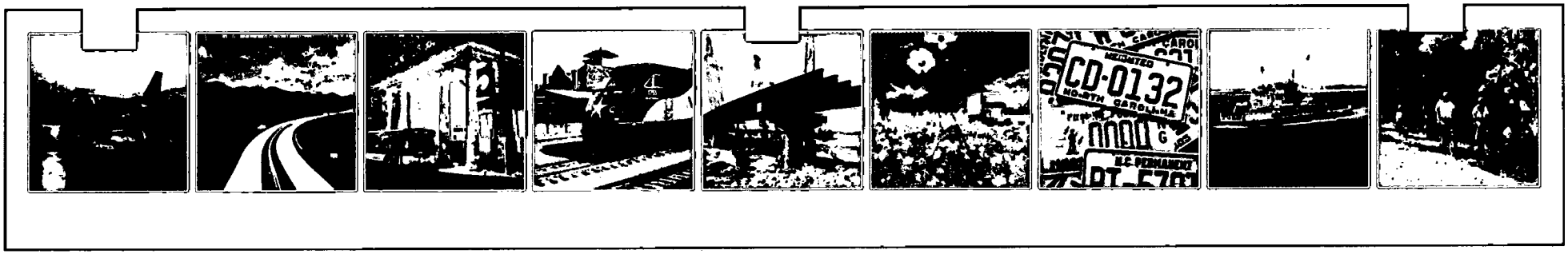
Actions to Reduce Wait Time, Enhance Customer Service

Reinstate Customer Reception Desk in large/medium size offices. This option requires a position allocation for a processing assistant IV at pay grade 59, minimum salary of $26,000.

- Customers are acknowledged promptly.
- Customer preparedness is determined and communicated instantly.
- Issuance eligibility is determined immediately.

Create express driver license offices across the state. An existing driver license office can be converted to offer express services only. DMV has initiated the required office and staff optimization plan.

- Customers with no driver problems can be serviced with little or no wait time.
- Dramatically reduces the amount of time a customer spends at DMV.



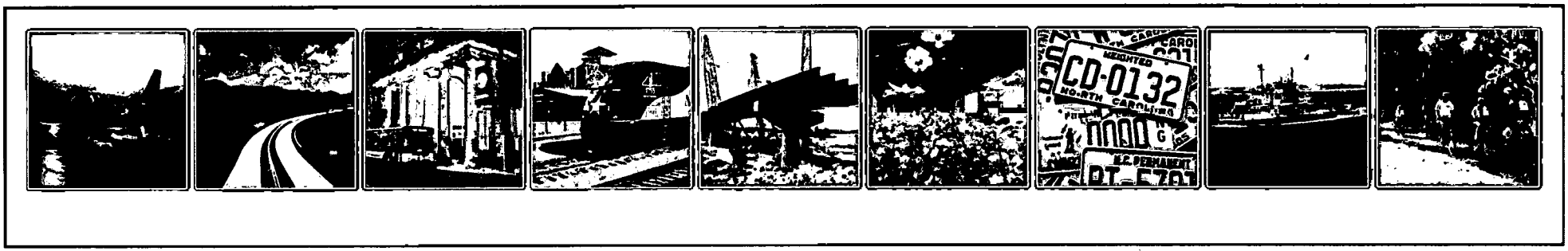
Actions to Reduce Wait Time, Enhance Customer Service

Establish Self-Service Kiosks . There are 5 kiosks included in the Next Generation Secure Driver License project. DMV will pilot the kiosks in Phase 2, tentatively scheduled for 1/2014.

- Disseminate driver license regulatory information
- Replace, issue duplicate ID cards and driver licenses
- Replace, issue duplicate Temporary Driving Certificates
- Make driver license appointments

Online Services

- Identification card renewals (DMV initiates regulations for this service)
- Schedule appointments (included in Next Gen)
- Check driver status and driver issuance eligibility (included in Next Gen)
- Check driver license office wait time (included in Next Gen)



Driver Education Program

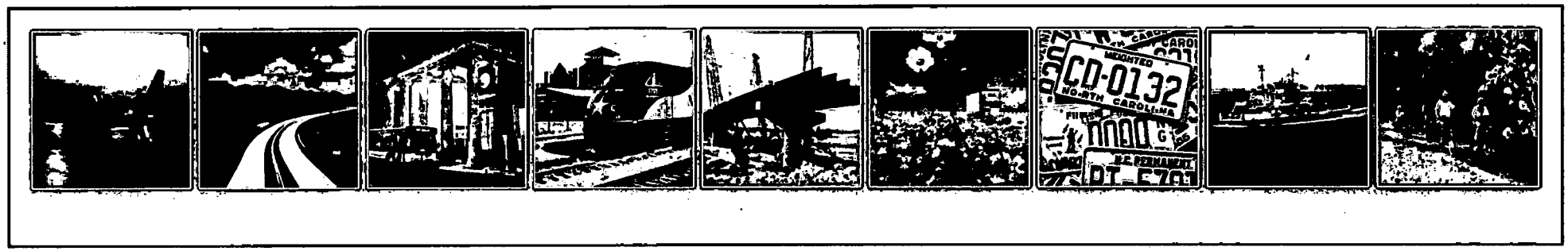
- The 2010 Budget Act directed OSBM to review the funding and administration of the state's driver education program.
- One recommendation from that report was for DPI to develop a standardized curriculum. DMV is now participating in the curriculum workgroup.
- DMV certifies driver education instructors for the public school system and commercial driving instructors.
- The program also checks the eyes of students who take classes through the local school system.



Recommendations

Provide fewer printed copies of the driver handbook.

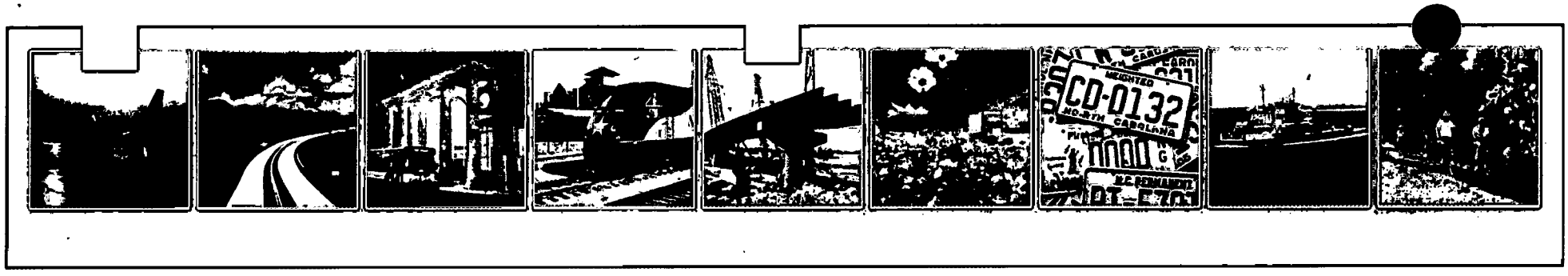
- Upgrade the DMV website to include more user-friendly versions of the handbook and handouts
- NC Statute requires DMV to furnish "free copies" of driver handbooks to the Department of Public Instruction
- Most recent cost for handbooks was $137,109 for 600,000 copies, which may last about 15 months
- Customers could receive printed copies for $1, which could cover the cost of production
- South Carolina began charging $5 for driver license handbook July 2011. South Carolina provides access to a free version online.



Recommendations

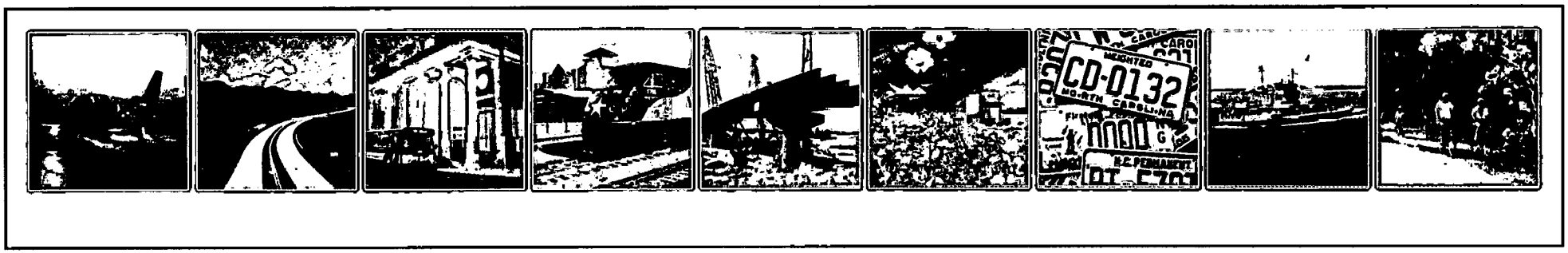
Notify customers of driver license expiration electronically.

- Mailing of driver license renewal notices is a courtesy service.
- Each notice costs 22.2 cents.
- Renewal notifications could be sent to the customer by request via electronic media.
- If 25% of customers choose this option, over $57,000 potentially could be saved.



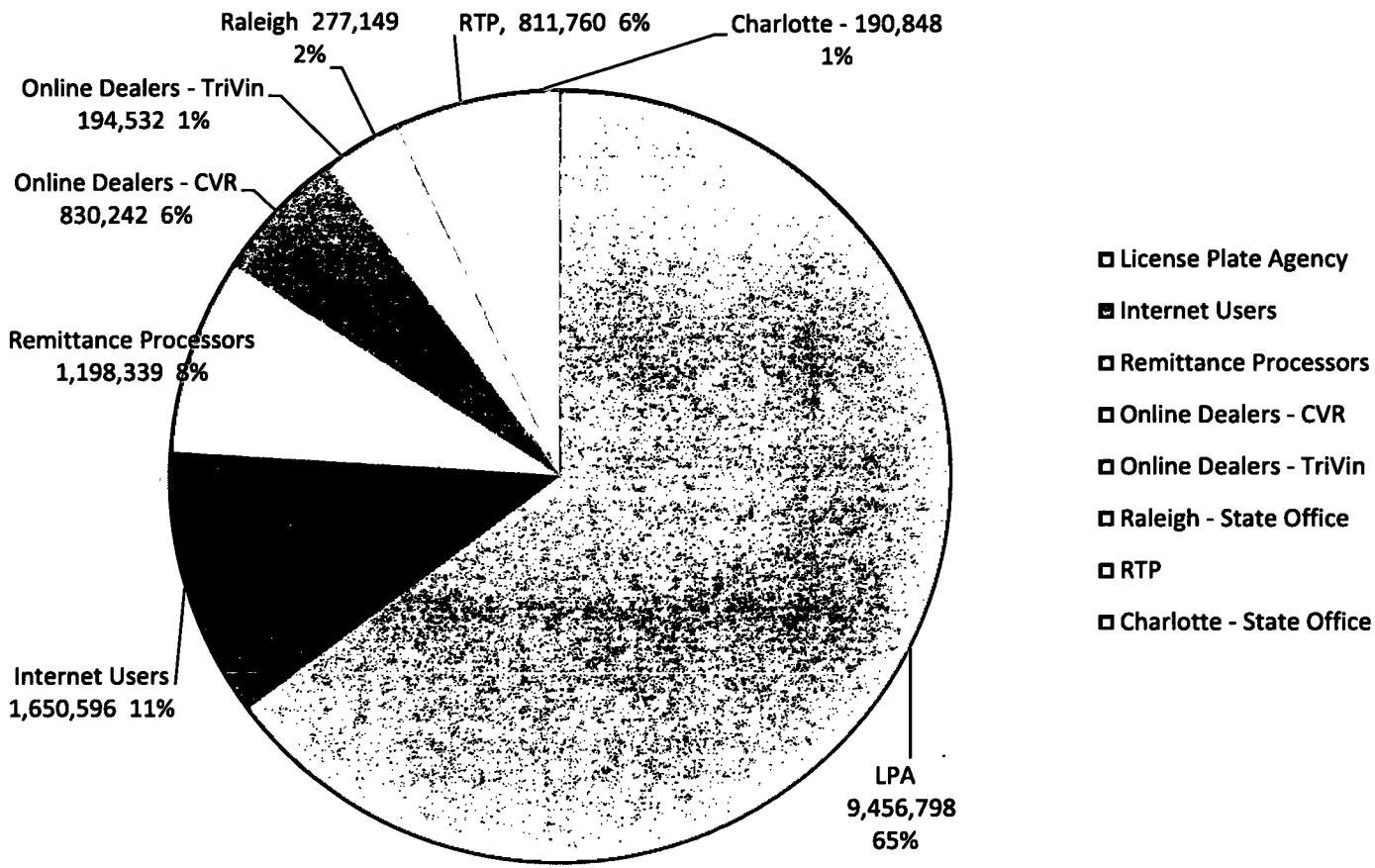
Vehicle Registration

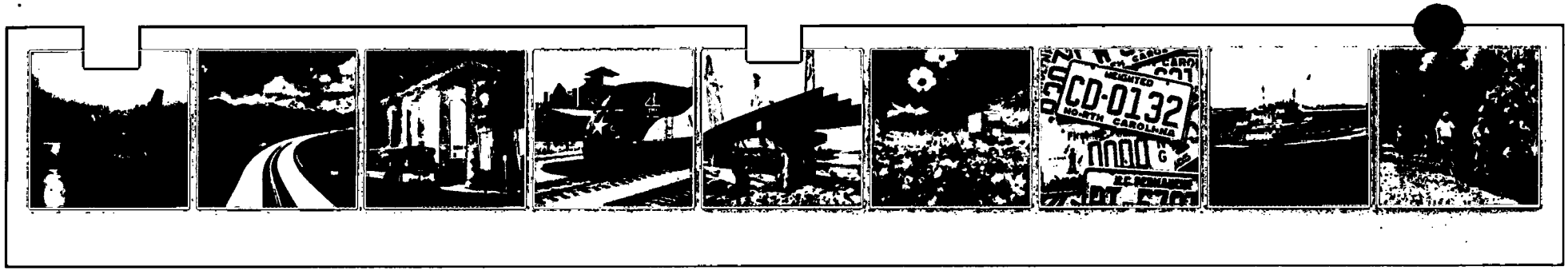
- The Vehicle Services mission is to deliver quality titling and licensing services; furnish timely and accurate information; provide excellent customer service; and maintain the integrity of official vehicle registration records.
- Titles, vehicle registrations and registration renewals are processed by mail, Internet, two DMV offices (Raleigh and Charlotte), 122 contract license plate agencies (LPAs), and 550 online auto dealers.
- Manages the call center, special and personalized license plate program, International Registration Plan (IRP), liability insurance tracking and traffic records.



Vehicle Registration Transactions

FY 2012





Vehicle Registration

BUDGET AND PERSONNEL TRENDS

	07 -08	08 - 09	09 - 10	10 - 11	11 - 12
Personnel	$ 11,269,294	$ 11,511,430	$ 11,172,056	$ 14,040,230	$ 17,583,678
Operating	$ 23,158,932	$ 23,420,667	$ 20,014,937	$ 22,723,023	$ 20,505,274
Total	$ 34,428,226	$ 34,932,097	$ 31,186,993	$ 36,763,253	$ 38,088,952
# of Positions	283	283	259	390	393

Major Operating Expenditures FY 11-12

63% - $12,831,408 License Plate Agent's (LPA) compensation

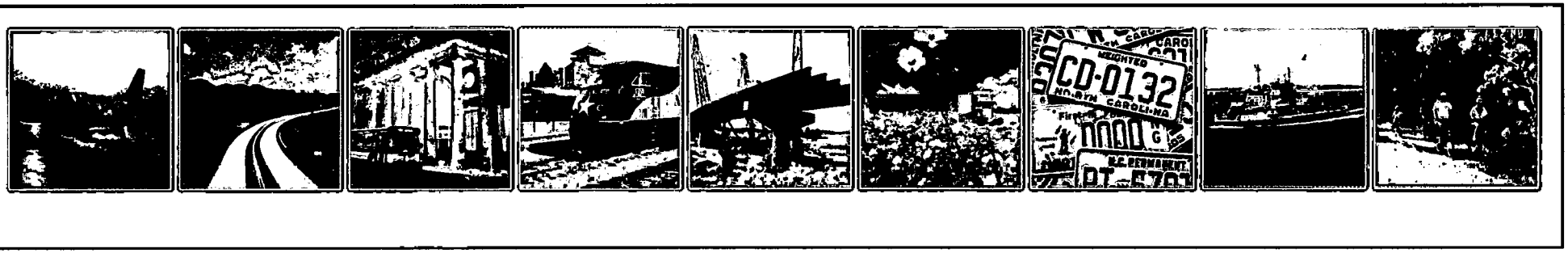
15% - $3,159,689 License plates and validation stickers

Vehicle Registration Section Personnel include:

Raleigh Window - 40 Charlotte Window - 29

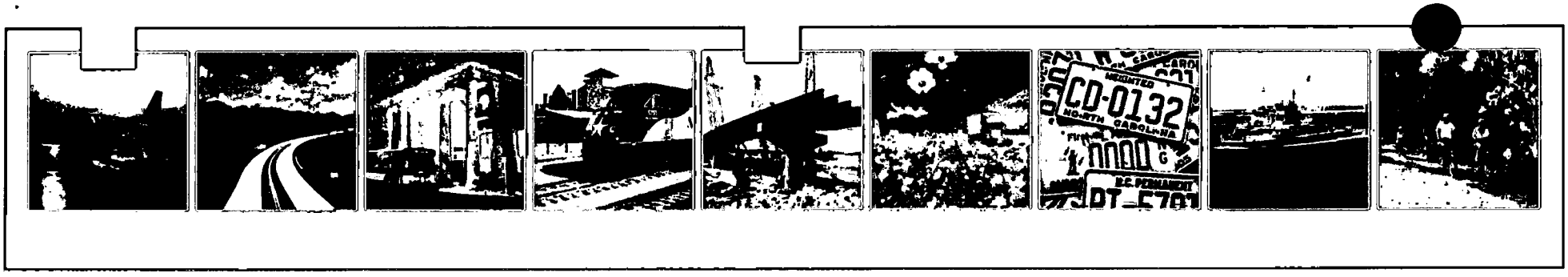
Raleigh Headquarters - 245

Field Auditors - 11 Call Center - 95



License Plate Agencies and Oversight

- Operate under contract with DMV.
- Reimbursed standard transaction fees of $1.43 for registrations; $1.27 for Highway Use Tax collection; and $1 for titles.
- Allowed to charge $5-$7 for notary signatures.
- DMV field supervisors audit documents, deposits, inventory; address customer complaints.
- Central office staff inspect work submitted to DMV.
- LPA's are audited every 45 days.
- Contractor compensation was last changed in 2001.



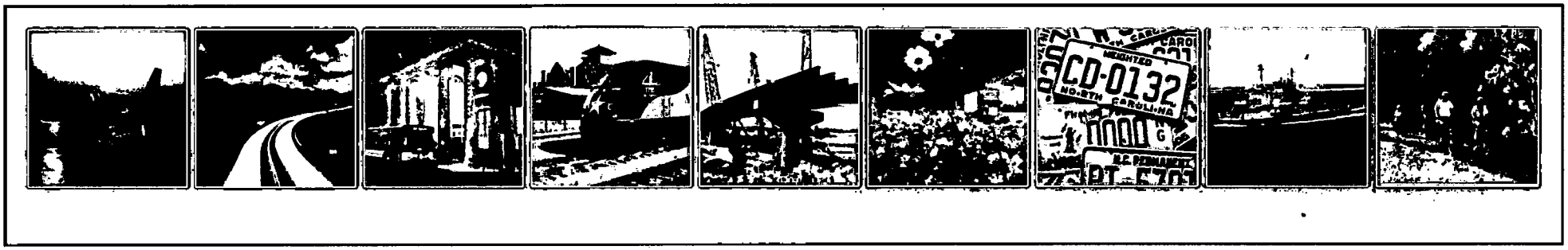
Wait Times and Customer Service

Vehicle Services cannot base wait times on transactions because of the variety of services offered.

Vehicle Services provides prompt, courteous and knowledgeable responses to all customers to ensure customer satisfaction.

Researching kiosk service to provide express services to customers.

Currently offer web-based service for International Registration Plan (IRP) renewals, license plate renewals, duplicate registrations, special plates, liability insurance and crash report data.



LPA Contract Terms

- Lack of a standardized, performance-based contract for all contractors limits accountability and oversight.

- Neither type of contract has performance measures, such as customer satisfaction, customer complaints or transaction error rates.

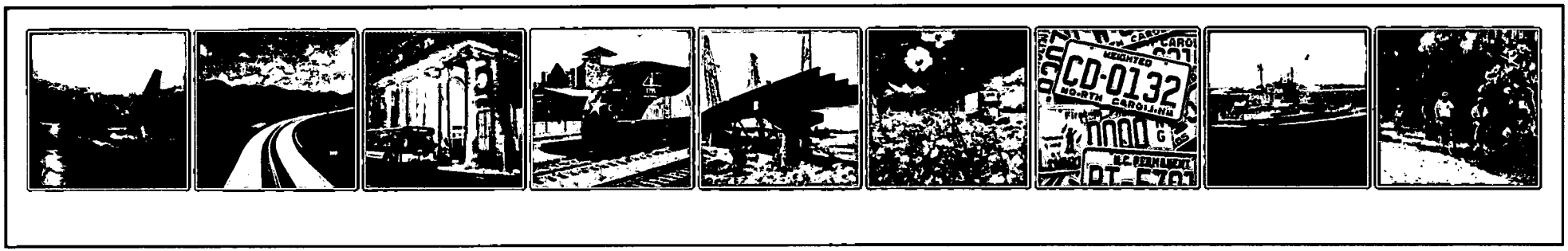
- Roughly two-thirds of LPAs operate under indefinite contracts, differing from the other third of LPAs that operate under term-limited contracts.

Indefinite Contracts	Term-Limited Contracts
81	41



Term-Limited Contracts vs. Indefinite Contracts

	Indefinite Contracts	Term-Limited Contracts
Duration	Automatic renewal year to year with no express date for termination	Three-year term with two one year automatic extensions
Computer Equipment	Contractor is responsible for safeguarding computer equipment provided by the State	Contractor must pay to lease computer equipment from the State
Public Restrooms	LPA is not required to have a public restroom	LPA must have a public restroom
Notary Fees	LPA is not required to report fees charged and collected	LPA is required to report fees charged and collected

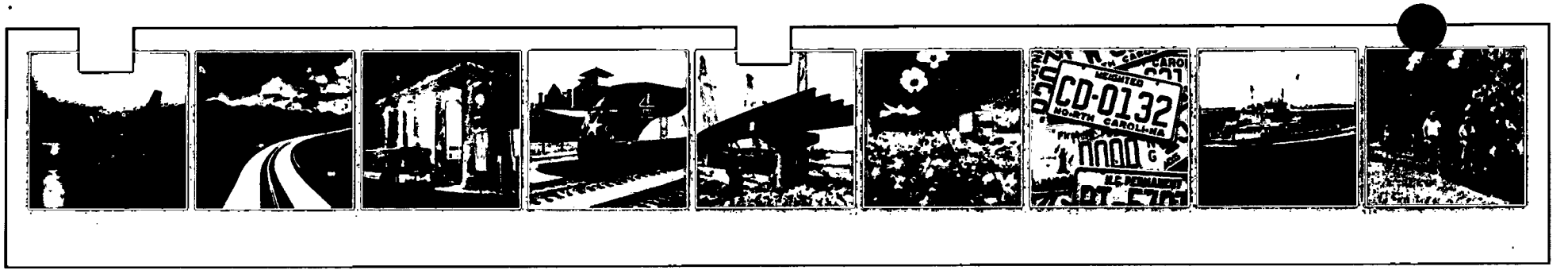


Solicitation and Selection of New LPAs

DMV posts LPA openings for 30 days.

Applicants are assessed based on their professional presentation, interview performance, relevant job experience and financial ability.

DMV performs a background check of the applicant and approves the chosen site for the LPA.



LPA Contract Restructure

Performance-based contracts would set expectations for LPAs and give DMV the ability to cancel contracts for less than criminal misconduct or fraud.

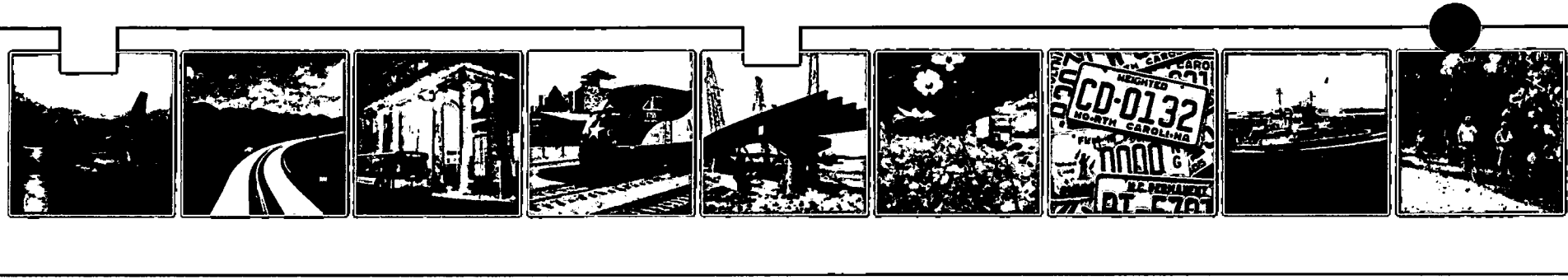
Performance measures include:

- Customer Satisfaction
- Customer Complaints
- Transaction Error Rate



PED Recommendations

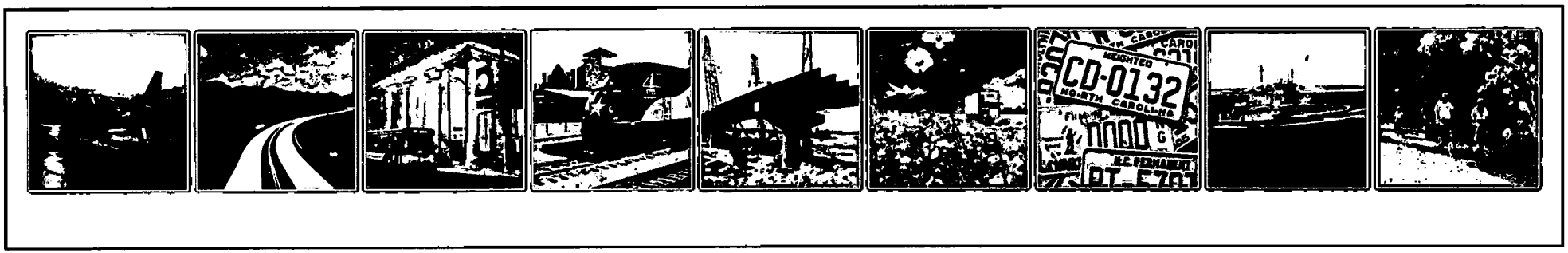
- A 5-year term with two one-year extensions subject to DMV's approval.
- Contractors pay the state to lease computer equipment.
- The General Assembly should direct the DMV to outsource the registration and titling services provided by the two state offices.



Improve Communication with Contract Agents, Resolve Security Concerns

- LPA Advisory Group -- A formal mechanism for the group to provide feedback to DMV and improve communications between DMV and LPAs; representatives include LPAs, field supervisors, Quality Assurance, and Field Operations Support to coordinate oversight mechanisms and focus on overall program quality improvement.

- Multiple Drops/One Daily Deposit -- To assist with security concerns, the LPA Association and Vehicle Services agreed that the LPAs could make multiple deposits by utilizing their night depository and combining those drops into a single bank deposit resulting in a single deposit slip and a single IMS certification.



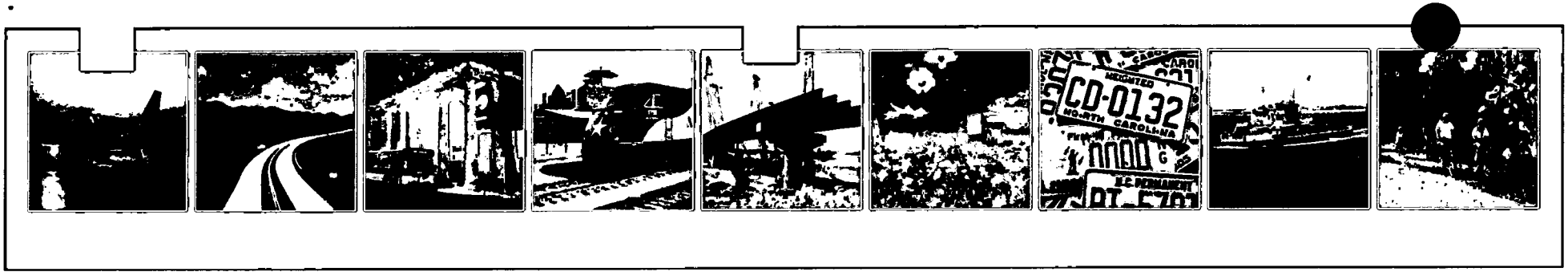
Options to Improve Efficiency

Outsource basic registration and titling services provided by state offices:

Charlotte/Raleigh Window:

Current cost:

- Personnel $1,263,188
  - Requirements:
    - Currently LPAs perform these services
    - Additional LPAs would be required
    - Extensive and on-going training required
    - Some savings would be offset by additional LPA fees
    - Remaining services: Instant title, salvage title, custom vehicles and brands

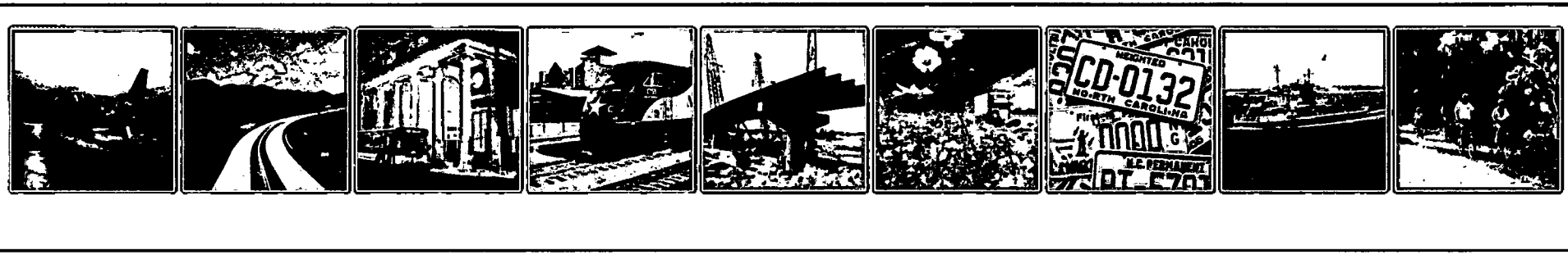


Options to Improve Efficiency

Outsourcing of call center functions:

Bladen County Call Center

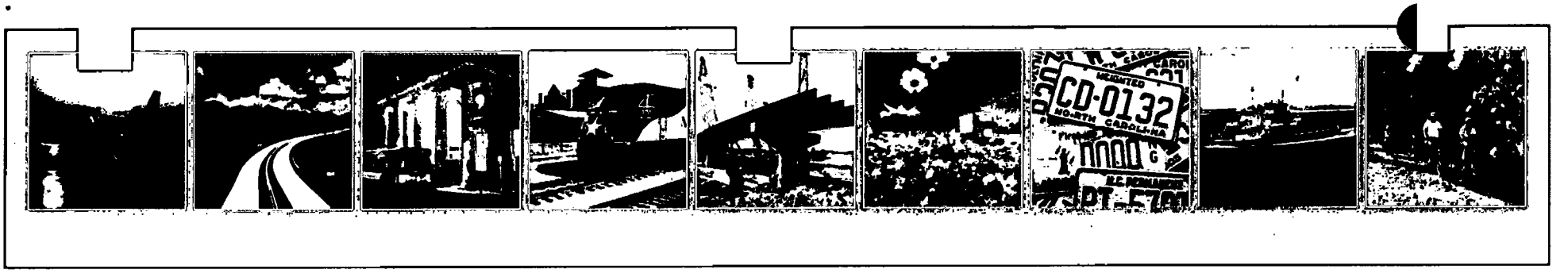
- Current cost:
  - Personnel $4,575,249
  - Building lease $90,797
  - Requirements:
  - Unrestricted access to all DMV systems in addition to the AOC system (Administrative Office of the Court) and CDLIS (Commercial Driver License Information System) would be required
  - Access would be required to privately-owned, third party databases
  - Extensive and on-going training needed
  - Additional state resources required to accommodate additional training needs.



Options to Improve Efficiency

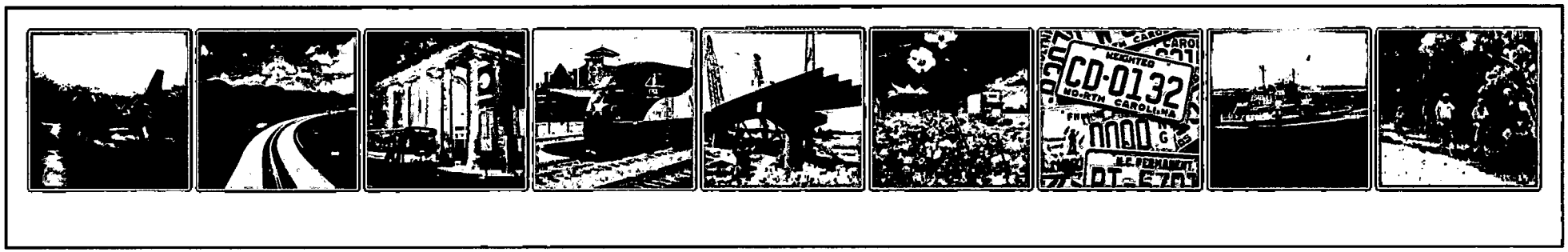
Central issuance of registration plates;
RTP (Renewals Titles and Plates)

- Plate Distribution
  - Current cost:
    - Personnel $171,118
    - Vehicle maintenance $3,640
  - Requirements:
    - Access to and interface with STARS (State Titling and Registration System)
    - Maintain warehouse space, stocking, delivery and mailing supplies
    - Receive, process and place orders
    - Maintaining supplies and inventory for all LPAs (License Plate Agencies) and state DMV offices



Revenue Options

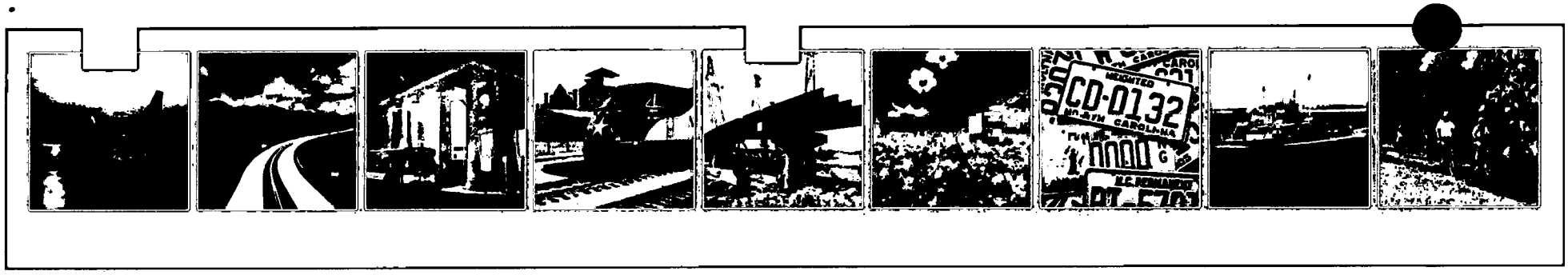
- Surcharge for online transactions
- Sponsorships
  - Advertise within the combined notices
  - Advertise on DMV's website
  - Advertise on correspondence letters
- Partner with the online dealer vendors to train their customer base
- Changes to license, registration, or title fees
  - Senate Bill 691 was introduced last session to increase registration fees



DMV License and Theft Bureau

The DMV License and Theft Bureau provides these services:

- Automotive Theft, Notice and Stored Vehicle Investigations
- Driver License Fraud and Identity Fraud Investigations
- Dealer Licensing and Investigations
- Automotive Salvage, Odometer and Title Fraud Investigations
- Licensing of Vehicle Inspection Stations/Mechanics; Enforcing Regulations



License & Theft Bureau

BUDGET AND PERSONNEL TRENDS

	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Personnel	$ 16,724,428	$ 14,032,546	$ 13,016,297	$ 10,547,859	$ 9,296,795
Operating	$ 3,774,070	$ 4,244,917	$ 3,725,818	$ 3,709,979	$ 3,019,760
Total	$ 20,498,498	$ 18,277,463	$ 16,742,115	$ 14,257,838	$ 12,316,555
# of Positions	276	275	250	135	135

Major Expenditures FY11-12

35% - $1,066,888 LEO automobiles and travel expenses

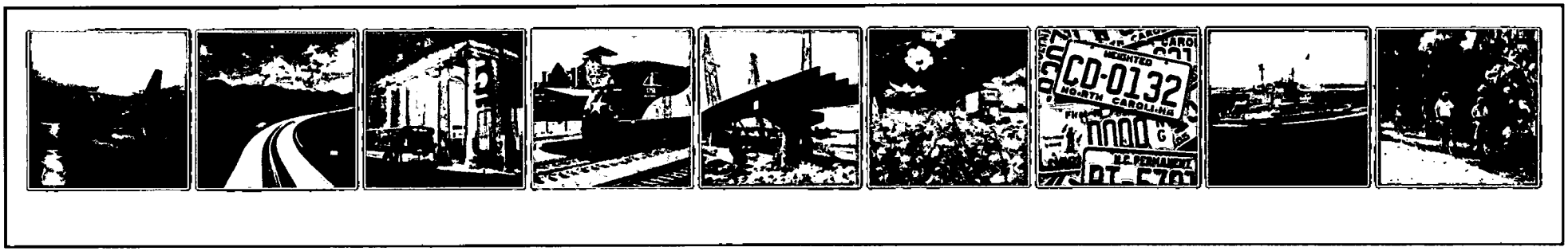
34% - $1,033,575 LEO separation allowances

12% - $351,815 Temporary Tags

License & Theft Personnel Include:

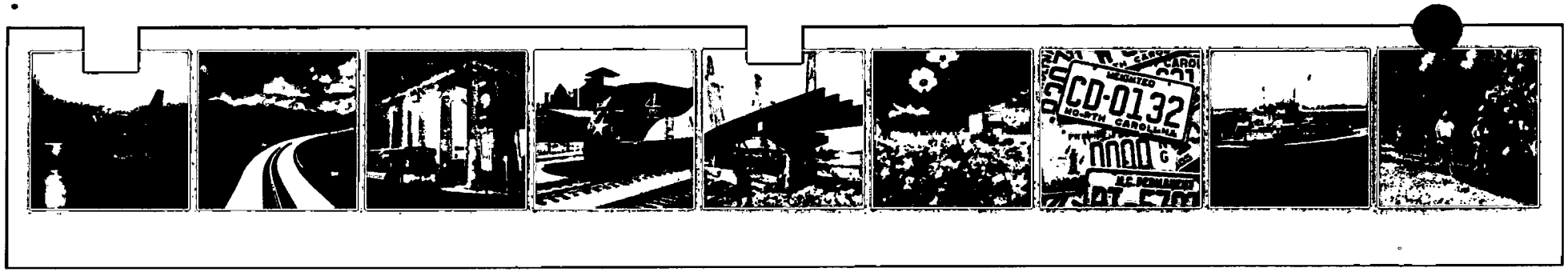
112 sworn law enforcement officers

23 civilian positions



License and Theft Bureau Investigations

- 2,410 Driver License investigations, 814 arrests in 2012
- 3 LPA closures, 1120 charges in 2012
- 102,865 investigations (0.4% increase from previous year)
- 20,832 arrests (30% increase from previous)
- 785 vehicles recovered for a total of $7.73 million
- 23 active out-of-trust dealers with 75 victims

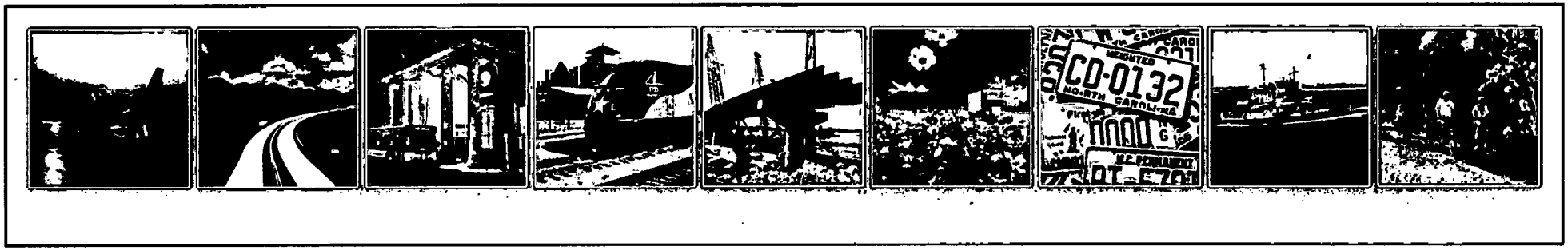


Vehicle Inspection Program

DMV awarded a contract to Systech International for the design, development and implementation of the Motor Vehicle Inspection and Law Enforcement System (MILES). This system eliminates dependency on third-party vendors to run the inspection program and allows the division to take ownership of the inspection database.

DMV incurred an average cost of $7,200,000 per year for the last five years while on the contract with Verizon (Legacy System).

- The DMV will incur the cost of $711,800 per year with the MILES State-Owned Inspection System.
- MILES implementation will save DMV $6.4 million annually, provide more efficient program oversight and enhance enforcement efforts.



License & Theft Bureau - Emissions Program

The License & Theft Bureau Emissions Program is receipt-funded as $3.00 per vehicle emission inspection is placed into a dedicated, non-reverting account for program purposes.

BUDGET AND PERSONNEL TRENDS

	07 - 08	08 - 09	09 - 10	10 -11	11 - 12
Personnel	$ 9,159,632	$ 8,659,702	$ 8,153,066	$ 8,436,177	$ 7,599,689
Operating	$ 8,649,900	$ 14,990,485	$ 7,051,041	$ 8,962,748	$ 11,326,215
Total	$ 17,809,532	$ 23,650,187	$ 15,204,107	$ 17,398,925	$ 18,925,904
# of Positions	163	163	178	128	128

Major Expenditures

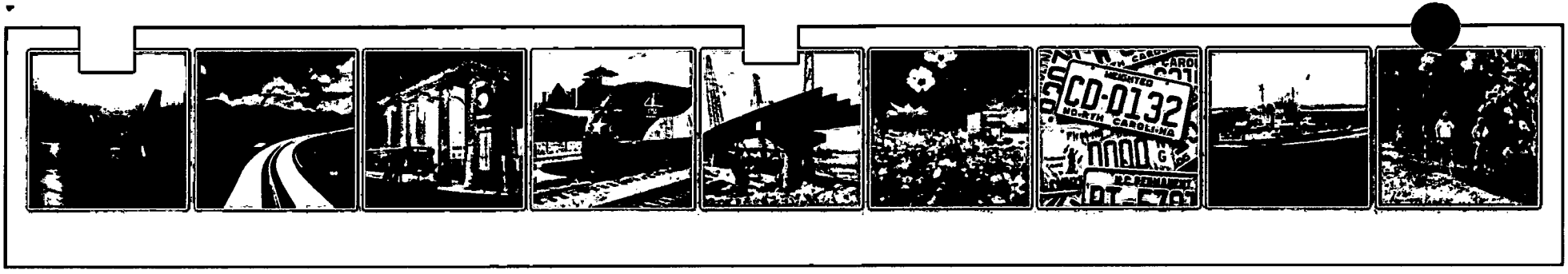
86% - $9,696,608 Emissions transactions (Verizon Contract)

6% - $676,003 LEO automobiles and travel expenses

License & Theft Emission Personnel included:

92 sworn law enforcement officers

36 civilian positions



Questions?

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE Transp.

DATE: 3-18-13 **Room:** 1228

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

*Name: _____

County: _____

Sponsor: _____

House Sgt-At Arms: Senate

1. Name: Jesse Hayes
2. Name: Carlton Adams
3. Name: Martha Parnell
4. Name: CANTON LEWIS
5. Name: CHARLES HARPER
6. Name: _____

SENATE PAGES ATTENDING

COMMITTEE: Joint D.O.T. ROOM: 1228

DATE: 3-13 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Savan Wilson	Greensboro	Wade
2 Andrew Smith	"	Robinson
3 Abigail Ueland	Raleigh	Murry
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Jt. Transportation — 3-13-13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JASON SEPER	NCDOT
Mac Bosley	NCAA
[illegible]	[illegible]
Jake Cashion	NC Chamber
[illegible]	NCAOA
[illegible]	NCDOT
[illegible]	NCMA
CHRIS NIDA	NCLM
[illegible]	NCDTSEA
Laura DeVivo	WCSR
Allison Waller	NelsonMullins

VISITOR REGISTRATION SHEET

Jt. Transportation — 3-13-13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Zeb Alley	NMRS
[signature]	Misc Trans. Chmbrs
Steve Watkins	NCDMV License & Theft Bureau
Debbie Jones	NCDMV Administrative Hearings
Barbara Webb	NCDMV Driver License Certification
Randy Dishong	NCDMV
Hope Mozejko	NCDMV / NCDOT
Mike Bryant	NCDMV / NCDOT
John Hardi	NMFS
Steve Hall	Deloitte
Stephanie King	NCDOT

Fred Bassett City of High Point

C S Hall 10 TSS

Reggie Flythe DPI

Joint Appropriations Subcommittee on Transportation

March 19, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett, Chairing	Senator Bill Rabon

- Call to Order
- Division of Motor Vehicles Information Technology Projects
  - Next Generation Secure Driver License System (NGSDLS)

    Patrick Bohmer
    Project Manager
    Department of Transportation
  - Combined Registration & Property Tax System

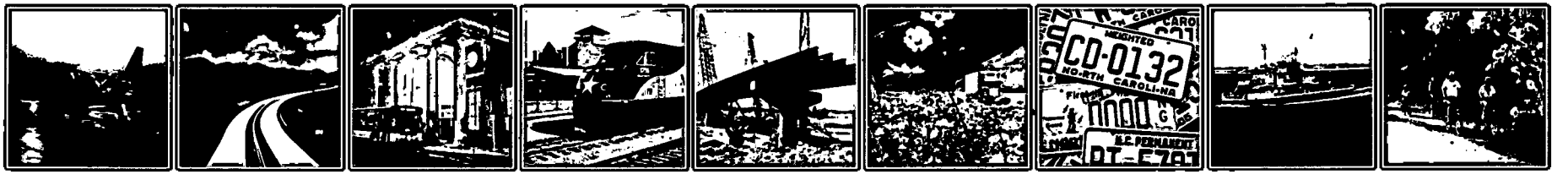
    Alison Roach
    Administrative Officer II
    Division of Motor Vehicles

    Todd Morgan
    Accounts Payable Manager
    Department of Transportation
  - Motor Vehicle Inspection and Law Enforcement System (MILES)

    Steve Watkins
    Director, License & Theft Bureau
    Division of Motor Vehicles
  - State Titling and Registration System (STARS) /State Automated Driver License System (SADLS)

    David Ulmer
    Chief Information Officer
    Department of Transportation

Next meeting: DOT Surplus Property & Transfers to Other State Agencies - Wednesday, March 20th, 8:30 a.m.



Division of Motor Vehicles
March 19, 2013

James L. Forte, Commissioner
Randy Dishong, Assistant Commissioner



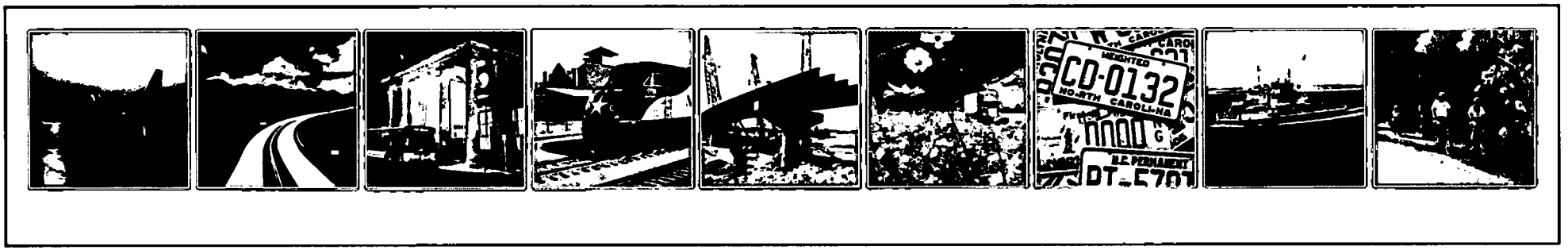
Next Generation Secure Driver License System

- Initiated 4/10 to comply with the Federal REAL ID Act of 2005.
- Replaces an existing contract.
- Improves process efficiencies (barcode, biometric tracking, automation).
- Payment Card Industry (PCI) compliant credit card/pin-based debit payment solution.
- Able to track customer wait times, process times, DL branch office dashboard.
- "Photo first" process to track customer throughout each step.



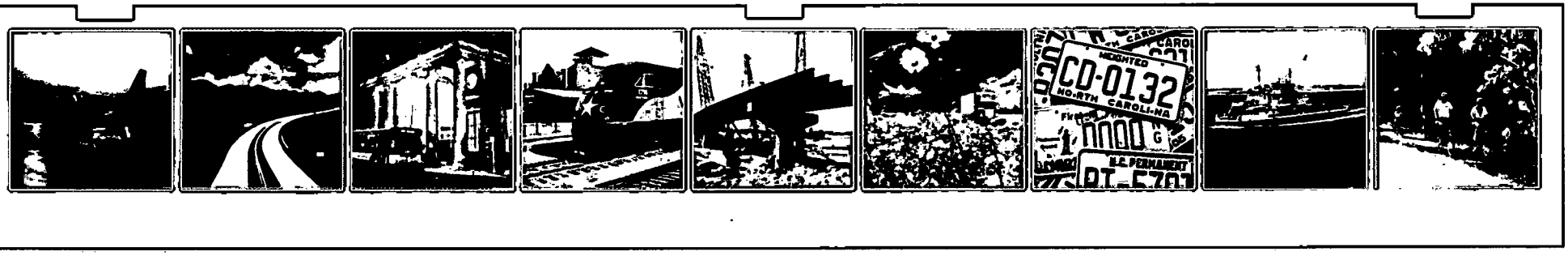
Next Generation Secure Driver License System

- Browser-based screens to assist examiners.
- Customer-facing screens to improve accuracy of customer information.
- Address verification technology.
- Laser engraved polycarbonate card with 3-D image and anti-counterfeit features.
- Roll out across state year end 2013.
- The cost increase per card of 17 cents ($1.95 to $2.12).



Next Generation Secure Driver License System

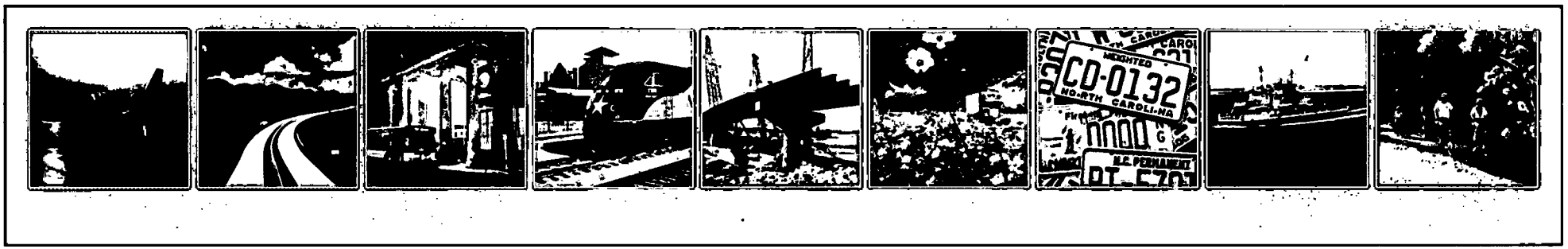
Item	Original	Current	Comments
Vendor target production date	6/30/11	6/3/13 (vendor is currently revising the schedule based on product quality issues)	The vendor communicated the aggressive date to minimize risks with the expiration of the existing contract.
Budget	$45,120,000 (Contract cost - $2.12/card) $3,800,000 (Project budget) $50,000,000 (operations and maintenance for five years) TOTAL: $98,920,000	$49,280,000 (proposed contract cost @ $2.20/card pending General Assembly approval of fiscal 2014 expansion budget) $6,189,650 (Project budget) $47,808,000 (operations and maintenance for five years) TOTAL: $103,277,650	Contract cost is based on a per card order and is paid based on the number of cards produced, originally estimated at 3.2 million/yr. New project budget includes addition of $2,300,000+ in REAL ID Grant funds needed for PCI security compliance, payment to MorphoTrak for additional Web SADLS scope plus additional personnel costs.
Paid to MorphoTrak to date	$0	$1,000,000	Paid with 2010 Federal REAL ID grant funds and authorized by DMV Commissioner Robertson (included in the $103,277,650).



Combined Registration & Tax System (HB1779)

"Tag & Tax Together" Program

- Law passed in 2005.
- DMV to collect county and municipal property tax on vehicles.
  - Increasing total dollars processed at license plate agencies significantly.
- Late payment penalty on property taxes funding startup costs.
  - $40.4 million collected to-date.
  - $11.2 million spent.
  - $29.2 million remains in account.
- Estimated project cost is $22.8 million.
- Implementation is scheduled for July 2013 registrations and renewals.



HB1779 Stakeholders

North Carolina Department of Revenue

- Local Government Division (LGD)
- IT Division

North Carolina Department of Transportation

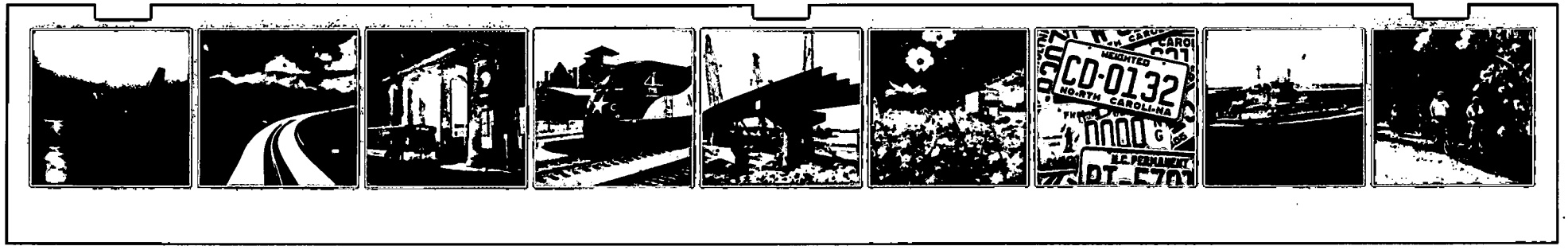
- Division of Motor Vehicles
- DOT Fiscal Division (NCDOT)
- NCDOT IT

North Carolina Counties

- North Carolina Association of County Commissioners

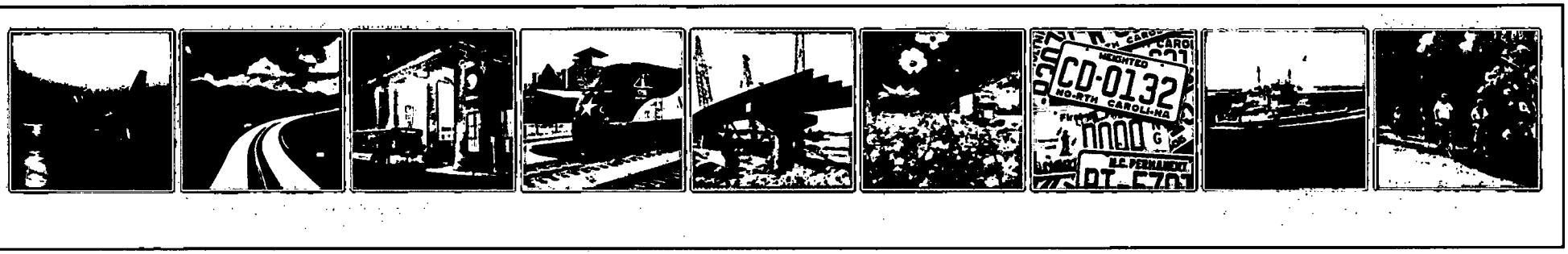
North Carolina Municipalities

- North Carolina League of Municipalities



Department of Revenue & Division of Motor Vehicles MOU

- The Local Government Division of DOR will annually adopt a schedule of values, standards and rules to be used in the valuations of all classified motor vehicles to ensure equitable statewide valuations.
- The LGD agrees to select DMV as the third party vendor responsible for preparing, printing and mailing the combined notice.
- The combined notice will be developed by the LGD and the DMV and be approved by all parties subject to this MOU. Any updates or changes to the combined notice must also be approved by these parties.
- The DMV will mail a combined notice on each vehicle to the owner of the vehicle at least 75 days before the registration expires.

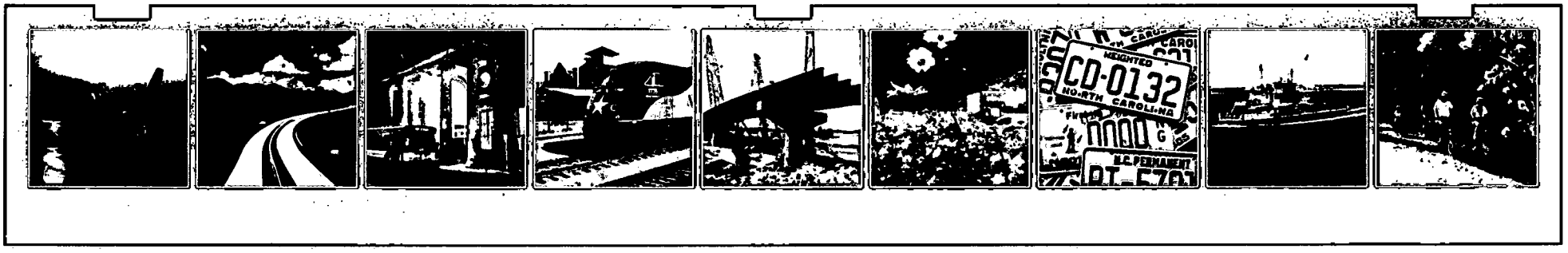


Key Points of MOU

- The LGD will use the accounting reports developed in the new system to ensure that tax payments and fees received are properly accounted for and to ensure that all taxes and fees due other taxing units and the DMV are remitted at least once a month by NCDOT.

- The LGD will assist in providing support and training to counties on all portions of the Vehicle Tax System (VTS) and to cooperate with counties, municipalities, DMV, and DOT to ensure all areas of the DMV system work together efficiently.

- The Department of Revenue's IT Division will be the owner of the VTS and will provide the technical support for the VTS once the system is up and running.



Key Points of MOU

Counties will pay remaining portion of any fees for card processing based on amount of taxes collected.

NCDOT's State Titling and Registration System (STARS) and other DOT applications must be enhanced to interface with VTS in order to meet the statutory requirements.

The DMV will take payments through the following methods:

- In person by cash, check, and credit or debit cards
- By mail by check
- Through on-line payments by credit and debit cards

The DMV will evaluate at least annually the cost of implementing the program and report necessary revisions to all parties.



Key Points of MOU

The DMV will pay its percentage of any and all bank-imposed fees or merchant card processor imposed fees associated with each completed transaction.

Each time a registration renewal is issued on a motor vehicle, DMV will collect the following information on the vehicle:

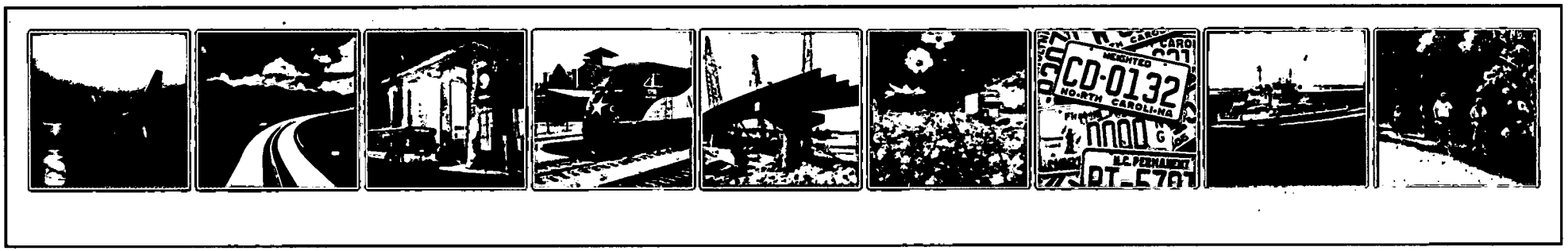
- Address of owner
- Situs/Location address if different than residence address
- Mailing address if different than residence address
- Licensed weight of the vehicle



Key Points of MOU

The combined motor vehicle registration renewal and property tax collection system developed by the parties will use all the information listed, as well as other DMV information necessary to situs, appraise and assess a property tax on each registered motor vehicle at the time a new registration is issued on a motor vehicle or the registration renewal is prepared or recalculated.

The DMV will refuse to process or register a motor vehicle if all the taxes, fees and interest are not paid in full. If paid by mail, the DMV will return the money to the customer and request full payment before the motor vehicle can be registered.



HB 1779 – DMV Staffing

3 Processing Assistant III
4 Processing Assistant IV

8 Administrative Assistant II
5 Staff Development Specialist
1 Administrative Officer

5 Information Processing Technician

- Field Operations Support Section
- Title and License Section
- Charlotte State Office
- Customer Contact Center
- Renewals Titles Plates Section

5 Information Processing Technician

45 Information Processing Asst.
3 Title Examining Supervisor I



DOT IT, DOT Fiscal, & DMV Projected Overhead Cost

Total Projected Overhead Cost $11,304,312:

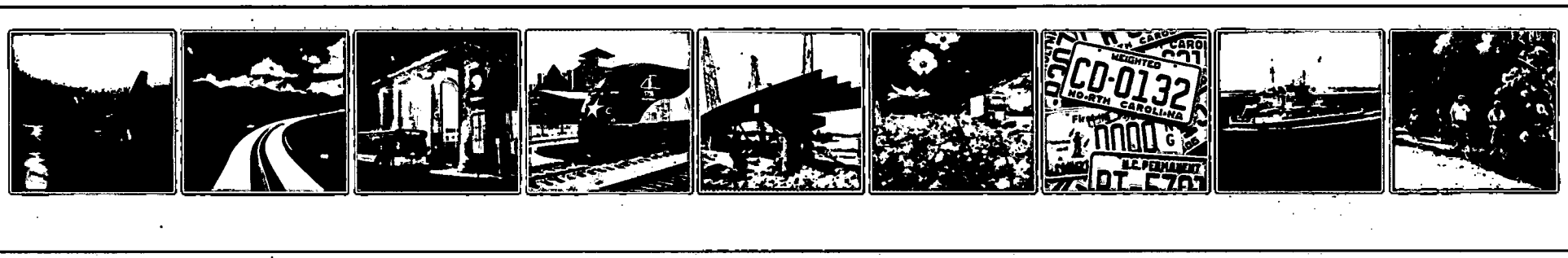
- DOT IT - $2,311,471
- DOT Fiscal - $659,216 FTE 9
- DMV - $ 7,273,592 FTE 75 (58 Time Limited Positions up to June, 2014)
- DOR - $1,096,033 FTE 4

DOR is responsible for selecting a third party vendor for preparing and mailing the combined notice. They have contracted with DMV for this capability.

- Estimated Overhead Rate $1.33 (this also includes continued personnel and operating cost).
- Estimated Total Notices 8.5 million to be a part of a overhead rate charged to the counties.

DMV will be compensated in two forms:

- Per transaction of .48 (minimum of 1/3 of the $1.43 compensation for LPA's).
- Overhead cost incurred from collections of vehicle property tax.



Setting the Collection Fee ($0.48)

The amount of the collection fee must equal at least one-third of the compensation paid for registration renewals conducted by contract agents under G.S. 20-63(h). The Property Tax Division must establish procedures to ensure that tax payments and fees received pursuant to this Article and Chapter 20 of the General Statutes are properly accounted for and taxes and fees due other taxing units and the Division of Motor Vehicles are remitted at least once each month.

It is not known whether this transaction fee will align with time required for each transaction until implementation. Each customer will receive our undivided attention until they are satisfied regardless.

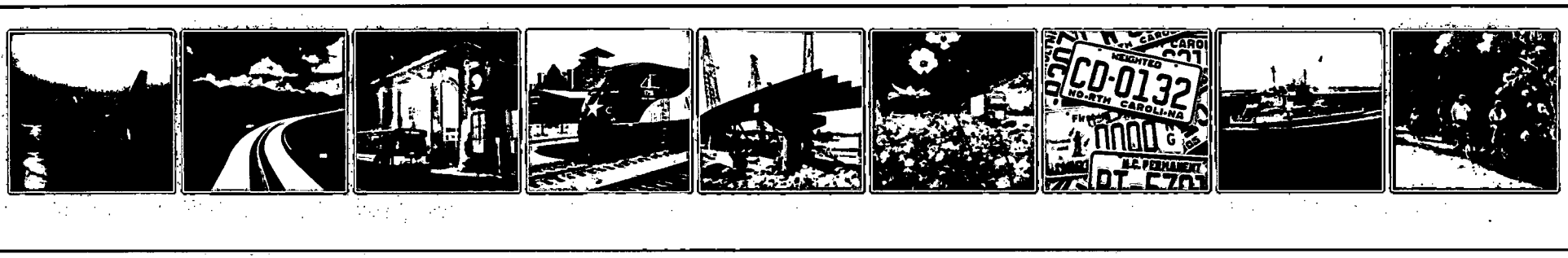
The counties are responsible for paying the collection fee.



Estimated POS Credit Card Revenue Collection & Average Transaction Cost FY11-12

Transaction volume remains the same, but the payment methods will change to use credit and debit card.

- Projecting 40% credit and debit card usage rate.
- To be monitored and reported monthly.
- Plan to use the .48 compensation and savings from DMV mailing to offset some of the cost (estimated net cost $4.1 million).
- ITS has stated that the Common Payment Service fee will decrease for the State due to the higher volume of activity.

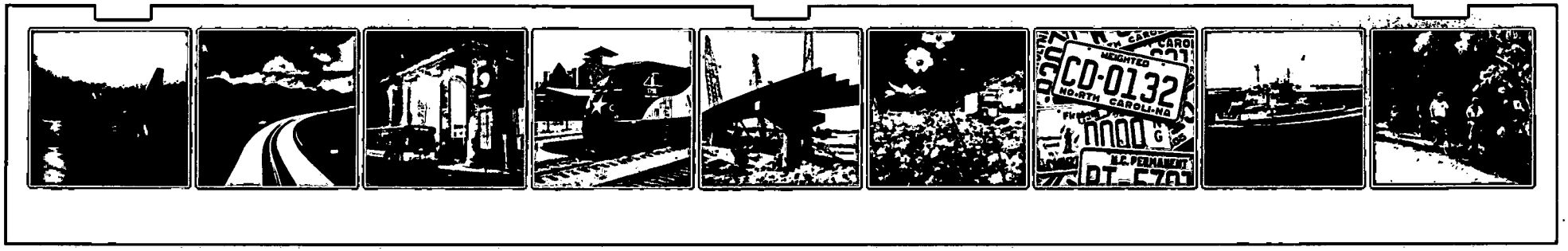


Proposed billing processes for credit/debit transactions and limited registration plate transactions.

The monthly credit card invoices will be analyzed to determine the cost of a credit transaction and debit transaction. This rate will be used to determine how much each county will owe DMV based on the amounts they collected by credit or debit.

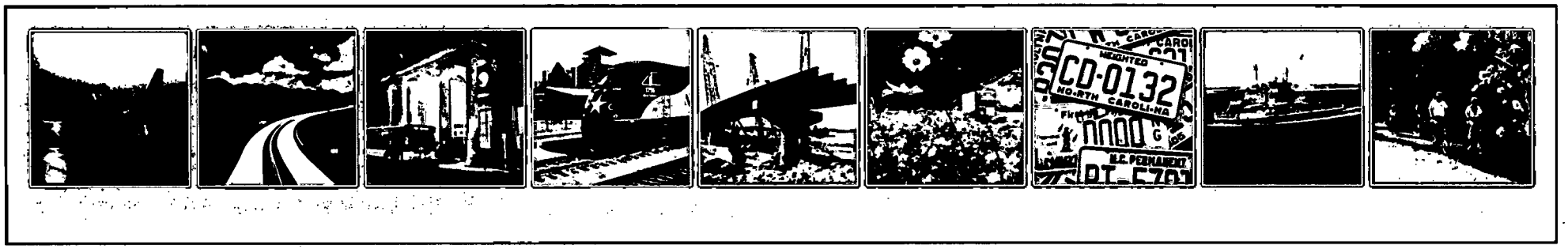
A typical transaction cost is about 2% on credit cards and 1% on a pin debit card.

A limited registration plate can be issued when a customer is titling and registering a vehicle for the first time after purchase. If the customer opts to defer payment of property tax for 60 days, he is issued a limited registration plate and sticker. The customer will not receive a year sticker until after he pays his vehicle property tax. The county is responsible for paying a $.50 fee for each limited registration plate issued.



Vehicle Inspection Program

- MILES went live 12/1/2012.
- Initial communication issues have been largely eliminated.
- DOT IT, DMV and Systech Management are working towards program deliverables as outlined in the contract.
- Completion of the MILES program is on schedule per the release date.
- The former $1.75 communication fee to Verizon is now reverting to the emissions account.

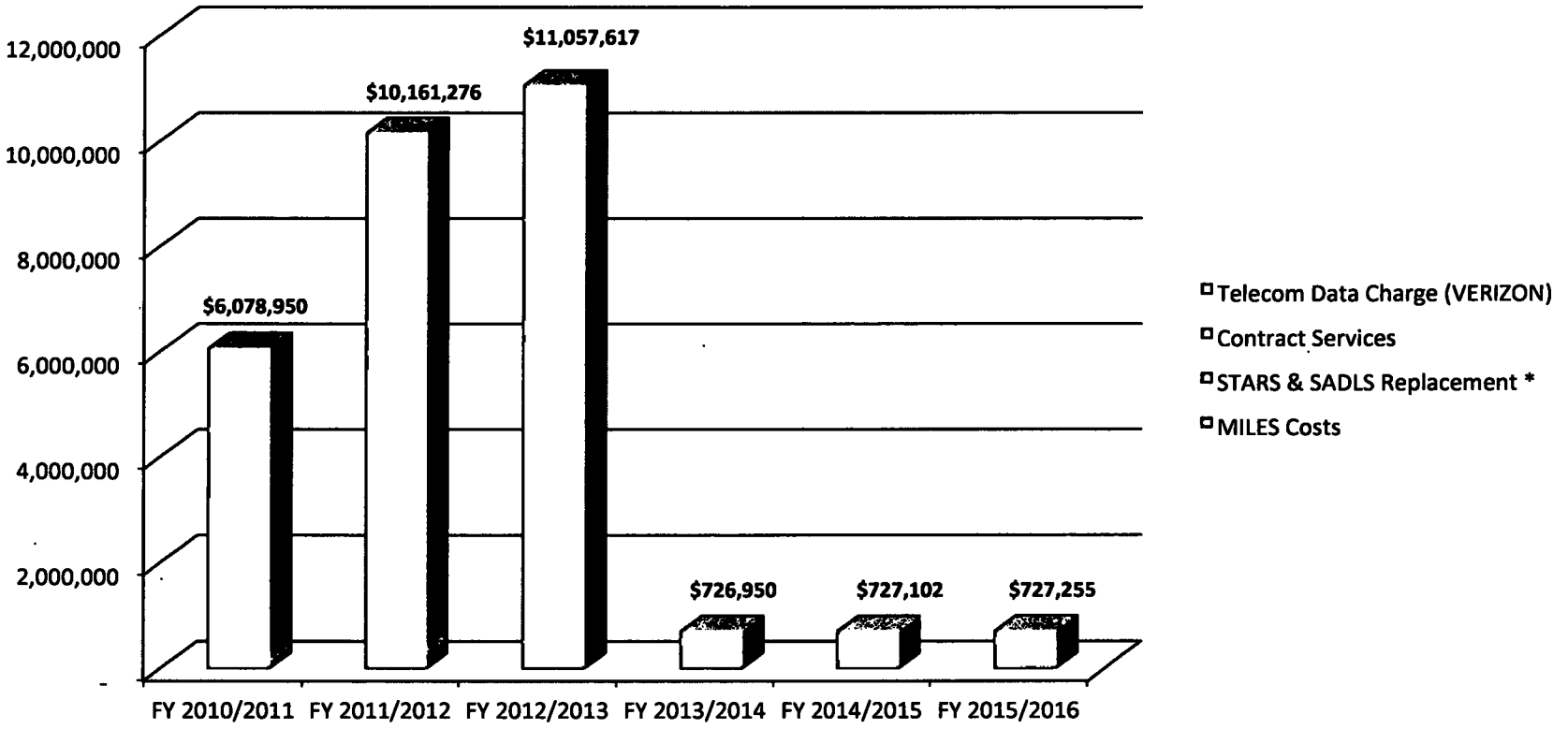


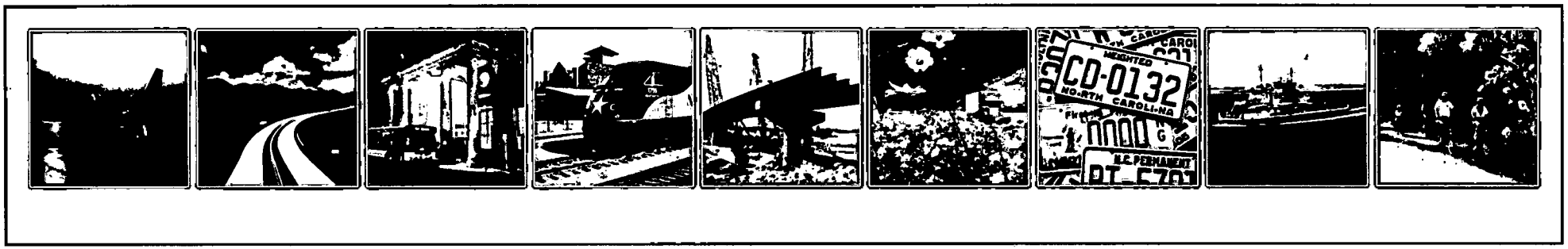
MILES Project Development Cost and Source Funding

- Initial Cost for MILES = $6,495,163
- Annual Maintenance = $711,800
- Funding for MILES is from the
  - Telecommunications Account
  - Emissions Program Account

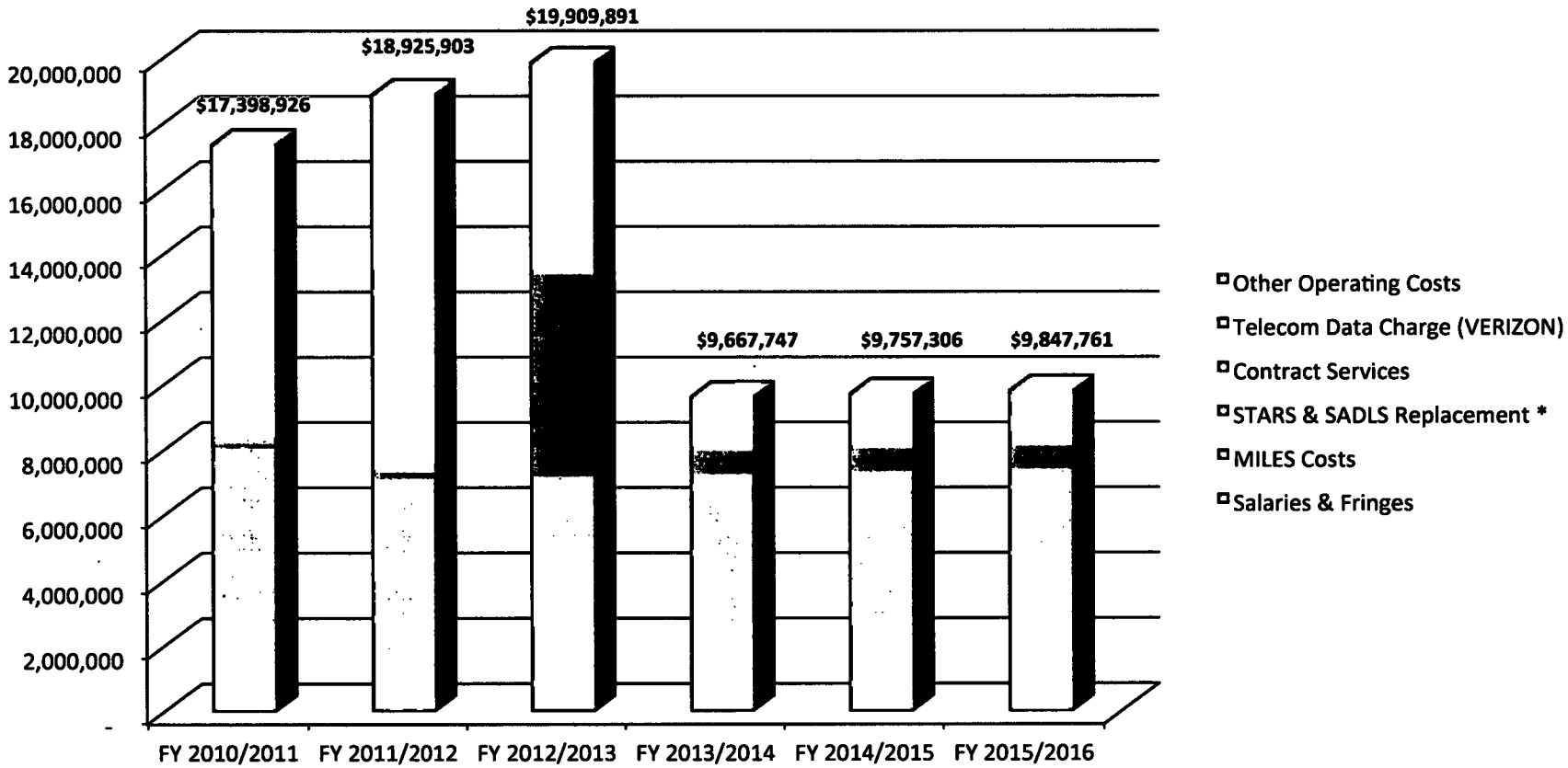


Vehicle Inspection Program
Verizon to MILES Savings





Vehicle Inspection Program
Total Program Transitional Cost Savings

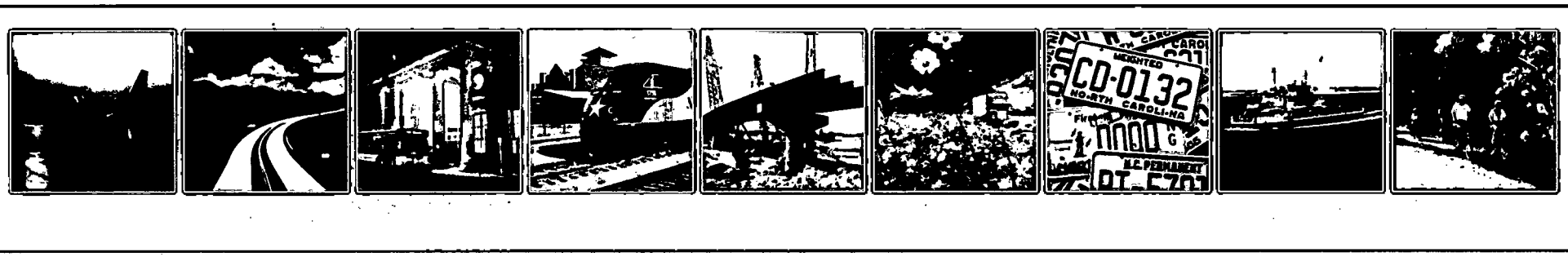




Fiscal Impacts of Exempting Three Newest Model Year Vehicles from Emissions Inspections

- Vehicle owners would save $16.40 (price point difference between OBD and safety-only inspection) per vehicle per year in years two and three for a total savings of $32.80 per new vehicle.
- Inspection stations in the 48 emissions counties would see a combined loss of revenue equaling $7,548,264 per year (per 2011 statistics, total number of registered vehicles per affected model years, 2009 & 2010).
- State revenues would be reduced annually as shown in the table.

Account/Agency	Amount/Inspection	Annual Net Loss
Inspection Program Account	**$3.00**	**$1,380,780**
Telecommunications Account	**$1.75**	**$805,455**
Division of Air Quality	**$0.65**	**$299,169**



Fiscal Impacts of proposals to eliminate the Safety Inspection Program

2012, 8,276,063 total safety/emissions and safety-only inspections were conducted by 6,319 inspection stations.

Safety-Only Stations:

- 3,057,078 inspections (37%)
- 1,556 stations.
- Employing 35,490 certified Inspector-Mechanics.
- Located in 52 counties.
- Potential revenue loss of $38,977,744.50.

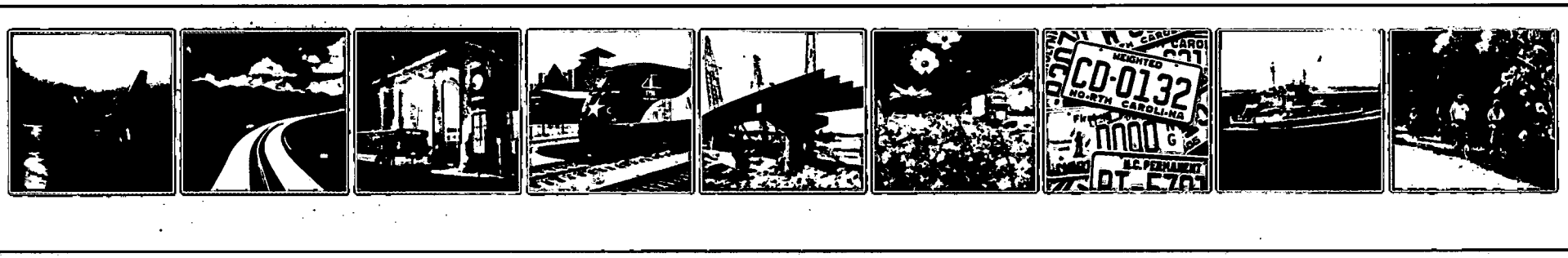
Safety/Emissions Stations would lose $76,301,560.70.

Total revenues lost for all stations would equal $115,279,305.20.



Public Safety Impacts of Eliminating the Safety Inspection

- 264,257 (9%) vehicles inspected failed the safety portion of the inspection due to a safety item.
- Total safety item failures: 409,585
- Examples of safety inspection item failures in 2012:
  - Tires – 84,319
  - Stop Light – 45,570
  - Steering Mechanism – 41,819
  - Windshield Wiper – 42,161
  - Foot Brake – 9,492
- Total number of failed items exceeds the total number of failed inspections. Some vehicles were failed for multiple safety items.



STARS/SADLS Project

Replacement of the STATE TITLING AND REGISTRATION SYSTEM (STARS) and the STATE AUTOMATED DRIVER LICENSE SYSTEM (SADLS) – Section 6A.17.(a)

Directs the DMV to:

- Begin replacement of State Titling and Registration System (STARS) and State Automated Driver License System (SADLS).
- Have a plan and timeline by October 1, 2011.
- Determine replacement cost for both systems and develop strategy that can include (but not be limited to) statutory sources and bulk data fees.
- Funding in 2011-2013 budget:
  - $24,000,000 from Inspection Program Account Fund.
    - Non-reverting account within Highway Fund
    - Fund may be used for vehicle inspection and maintenance program
    - Fund may be used for replacement of STARS/SADLS
- Up to ten million dollars ($10,000,000) from bulk data fees.



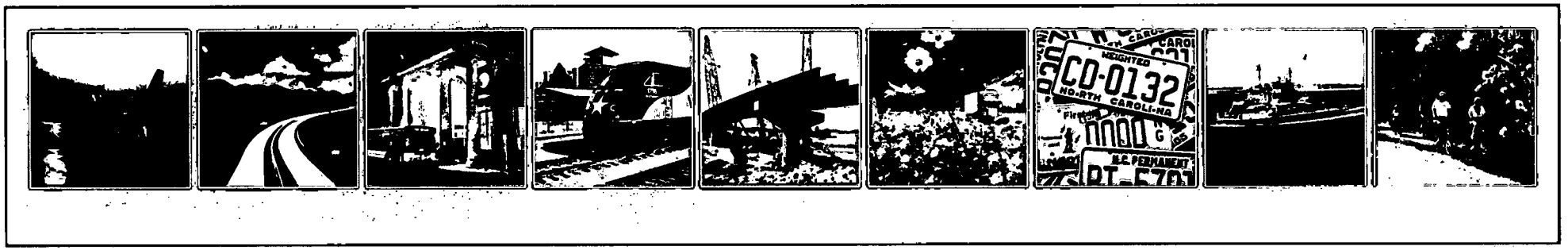
NCDMV STARS/SADLS Replacement Program

Project Status:

- 1st Quarter FY 12/13 (July-Sept.) Posted RFP and received vendor proposals.
- 2nd Quarter FY 12/13 (Oct.-Dec.) Evaluated proposals, selected vendor.
- 3rd Quarter FY12/13 (Jan – Mar.) Project on hold pending reassessment.

Cost to Date:

June–Sept. 2012	$45,152.73
Oct.–Dec. 2012	$31,897.20
Jan. 2013	$10,912.20



Questions?

Joint Appropriations Subcommittee on Transportation

March 20, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon, Chairing

- Call to Order

- Department of Transportation Residue & Surplus Property

  Jon Nance
  Deputy Chief Engineer
  Department of Transportation

- Transfers: Departments of Agriculture, Revenue, and Health & Human Services

  Amna Cameron
  Senior Fiscal Analyst
  Fiscal Research Division

- Transfers: Department of Public Safety, Inmate Litter Program

  Zachary Kendall
  Security Specialist, Division of Prisons
  Department of Public Safety

- Transfers: Leaking Underground Storage Tank Program

  Grover Nicholson
  Section Chief, Waste Management, Underground Storage Tanks Section
  Department of Environment & Natural Resources

- Transfers: Driver Education

  Bryce Ball
  Fiscal Analyst
  Fiscal Research Division

- Transfers: Department of Public Instruction, Driver Education Program

  Maria Pitre-Martin, Ph.D.
  Director, K-12 Curriculum and Technology
  Department of Public Instruction

Maureen Berner, Ph.D.
Faculty Advisor/Professor
UNC-CH, School of Government

Next meeting: Governor's Transportation Budget Presentation - Tuesday, March 26th, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Wednesday, March 20, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on March 20, 2013 in Room 1228/1327. Senator Kathy Harrington, co-chair; Senator Warren Daniel, vice-chair; and Senators Joel Ford, and Rick Gunn, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Dean Arp, Alma Adams, Nathan Baskerville, Jerry Dockham, Kelly Hastings, Nathan Ramsey, were also present.

Senator Kathy Harrington presided.

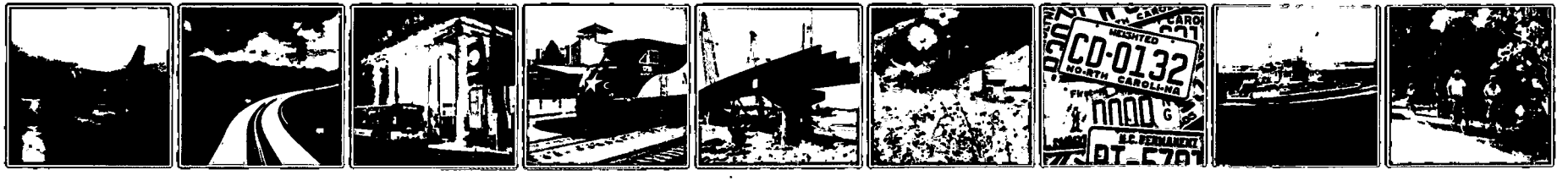
Senator Harrington recognized the Pages: Steven Andreas, Ethan Holland, Zachary Taylor, and McCain Kerr. The Senator then recognized House sergeant-at-arms Carlton Adams, Carl Morello, and Martha Parrish; and Senate sergeant-at-arms Charles Harper and Anderson Meadows.

Senator Harrington welcomed everyone and then introduced Jon Nance, Deputy Chief Engineer with the Department of Transportation, for a presentation on Residue and Surplus property. The Senator then recognized Anna Cameron from fiscal research for a presentation on Department of Transportation transfers to Departments of Agriculture, Revenue, and Health & Human Services. The Senator then recognized Zachary Kendall from the Department of Public Safety for a presentation on transfers from the Department of Transportation to the Department of Public Safety and the Inmate Litter Program. The Senator then recognized Grover Nicholson from the Department of Environment & Natural Resources for a presentation on transfers from the Department of Transportation to the Leaking Underground Storage Tank Program. The Senator then recognized Bryce Ball from fiscal research for a presentation on transfers from the Department of Transportation to the Driver Education Program. The Senator then recognized Marie Pitre-Martin, Ph.D., from the Department of Public Instruction for a presentation on transfers from the Department of Transportation to the Department of Public Instruction and the Driver Education Program.

The meeting adjourned at 9:45 a.m.

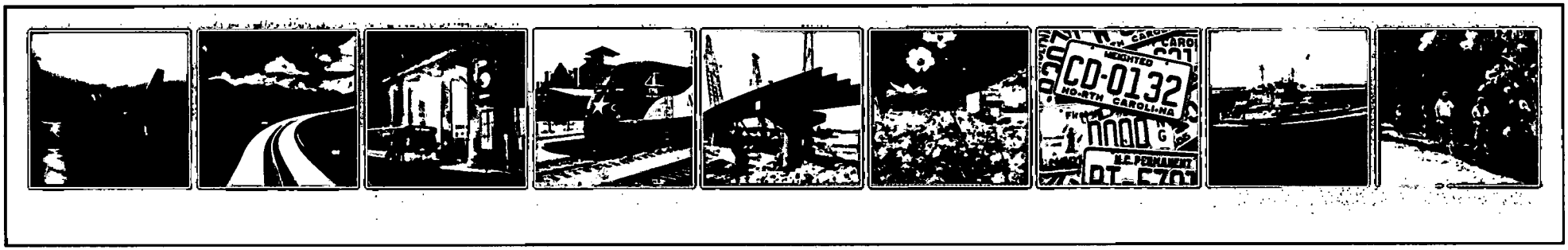
Senator Kathy Harrington
Presiding

David Larson, Committee Clerk



NCDOT Surplus and Residue Property and Procedures for Sale and Disposal

Jon Nance
March 20, 2013



Four Focus Areas

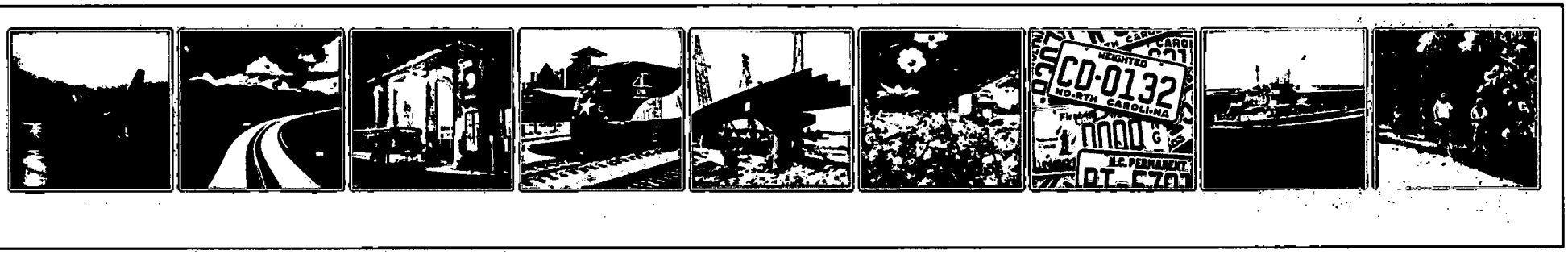
- Definitions of Residue & Surplus Right of Way
- Existing Residue Properties
- Processes for Sale of Residue & Surplus Right of Way Disposal
- Future Plans to facilitate sale



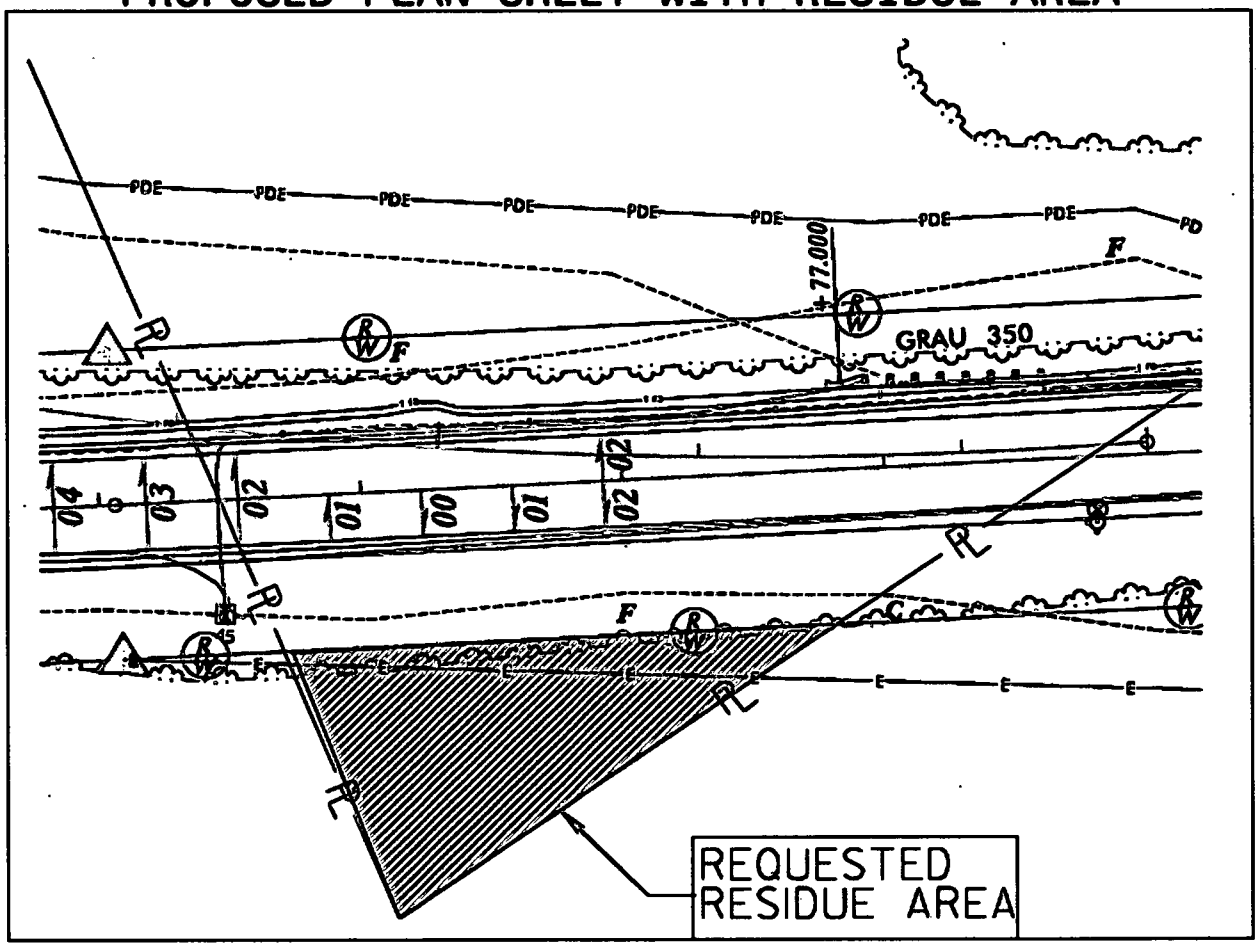
Residue Definition

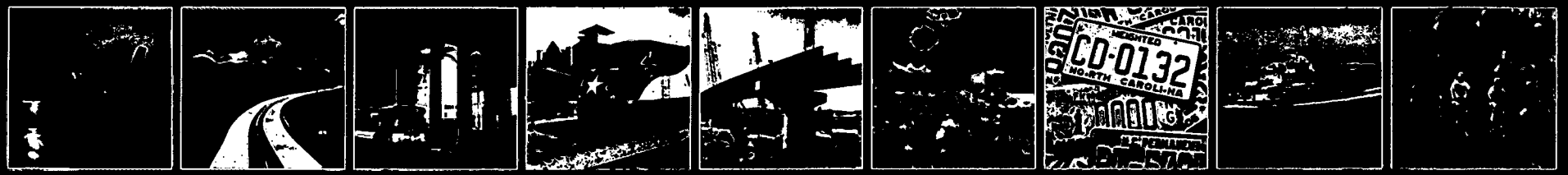
- Residue is defined as NCDOT owned property that is beyond the originally proposed right of way limits. This land does not fall within designated right of way limits

- This land was purchased due to limited economic value remaining after the necessary right of way was purchased



PROPOSED PLAN SHEET WITH RESIDUE AREA





http://www.ncdot.gov/business/rowsurplusproperty/

NCDOT: Right of Way Surpl...

File Edit View Favorites Tools Help

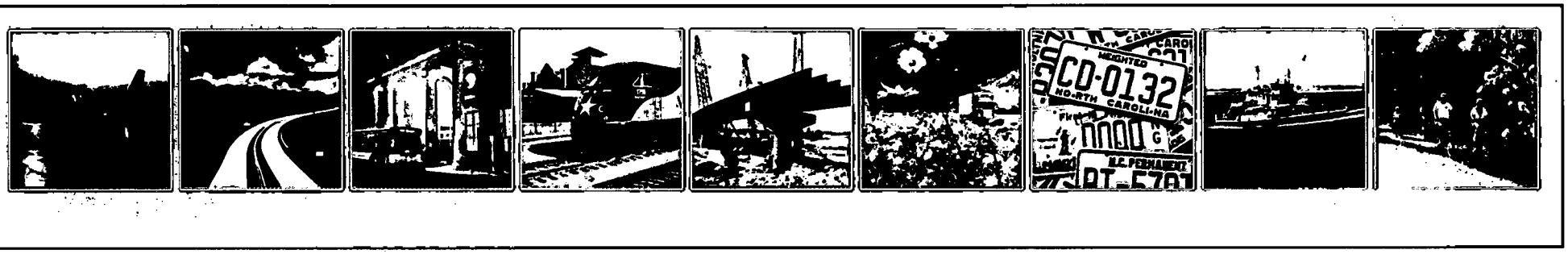
Suggested Sites

Right of Way Surplus Property

Current Available Property for Sale by Sealed Bid



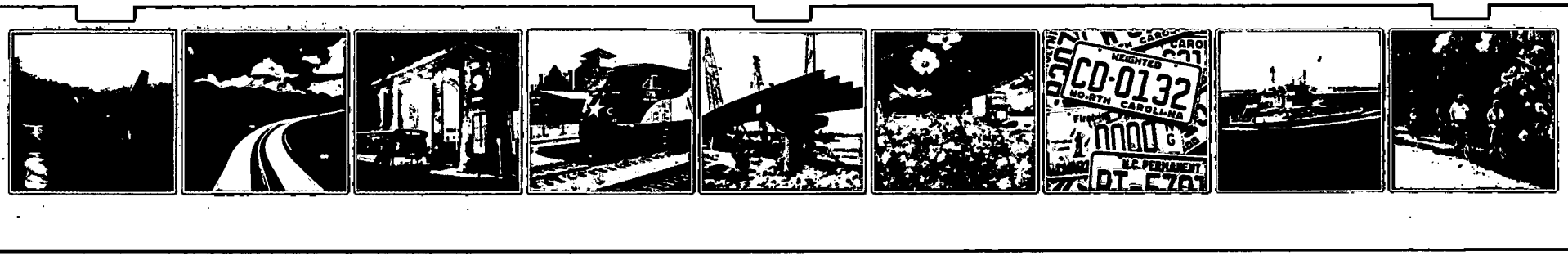
10:41 PM
3/18/2013



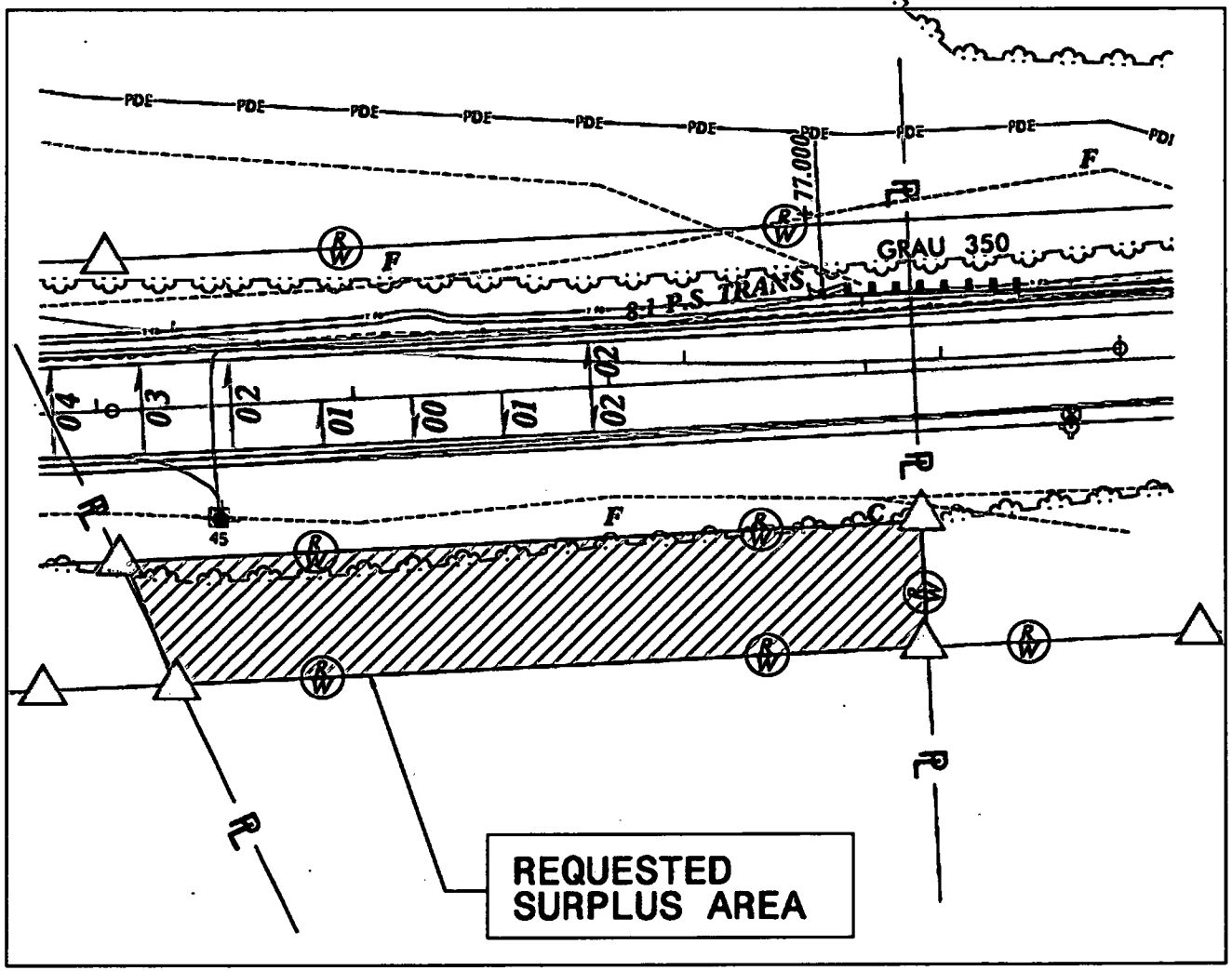
Surplus Right of Way Definition

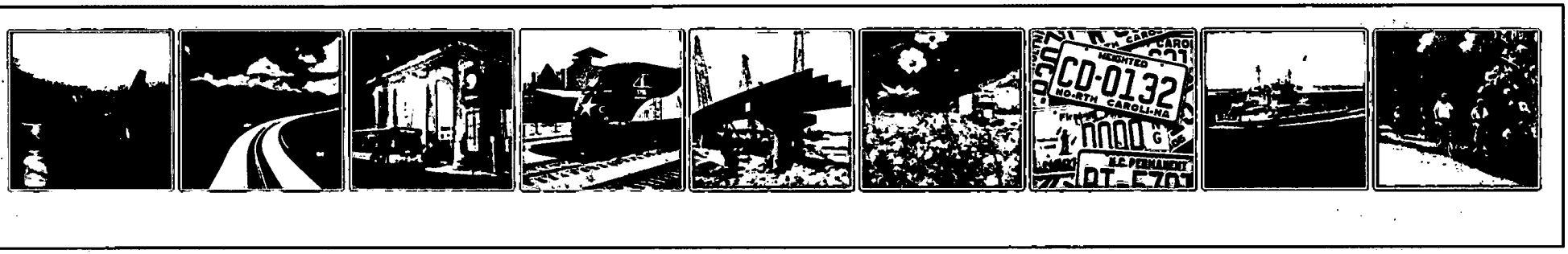
- Surplus Right of Way area is NCDOT owned property that is within the original right of way limits that has been determined to no longer be needed as right of way

- Surplus right of way is determined after a request is made to purchase an area



PROPOSED PLAN SHEET WITH SURPLUS R/W AREA





Right of Way Residue Property

Div. 11 (212)
124.4 AC
$950,939

Div. 9 (242)
226.5 AC
$2,960,194

Div. 7 (386)
398.2 AC
$7,639,255

Div. 5 (261)
289.5 AC
$3,156,106

Div. 4 (177)
288.7 AC
$779,922

Div. 13 (256)
320.8 AC
$665,447

Div. 1 (109)
391,9 AC
$369,587

Div. 14 (101)
87.5 AC
$866,697

Div. 12 (319)
382.3 AC
$2,225,704

Div. 2 (113)
307.8 AC
$862,602

Div. 10 (294)
373.9 AC
$4,326,219

Div. 8 (221)
361.7 AC
$664,290

Div. 3 (134)
270.4 AC
$1,391,077

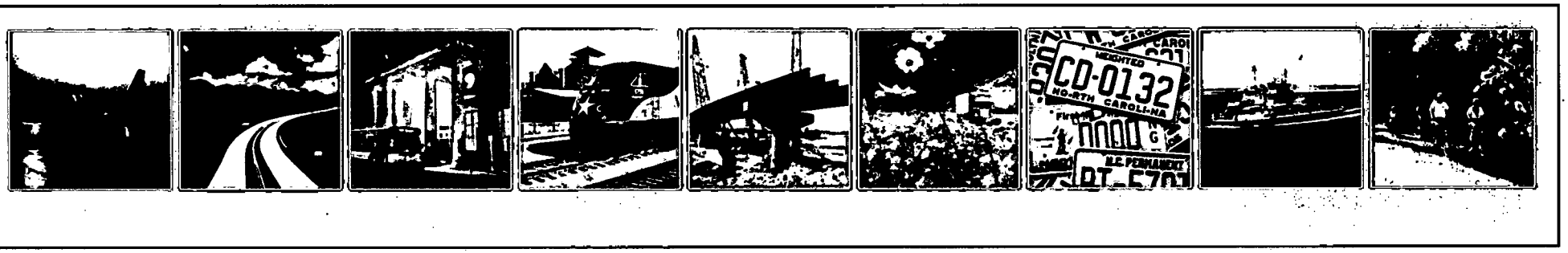
Div. 6 (206)
271.3 AC
$1,675,381

State Totals
3,031 Properties
4,094.8 Acres
$28,533,420 Avg= $9,413/prop., $6,968/Acre



Residue Property Sales Challenges

- Residue properties are located in remote locations
- Residue properties are generally smaller in size
- Residue properties have limited accessibility
- Determination of potential future transportation uses
- Lower land values generate lower interest levels
- Administrative valuation efforts often exceed land values



Right of Way Property Management

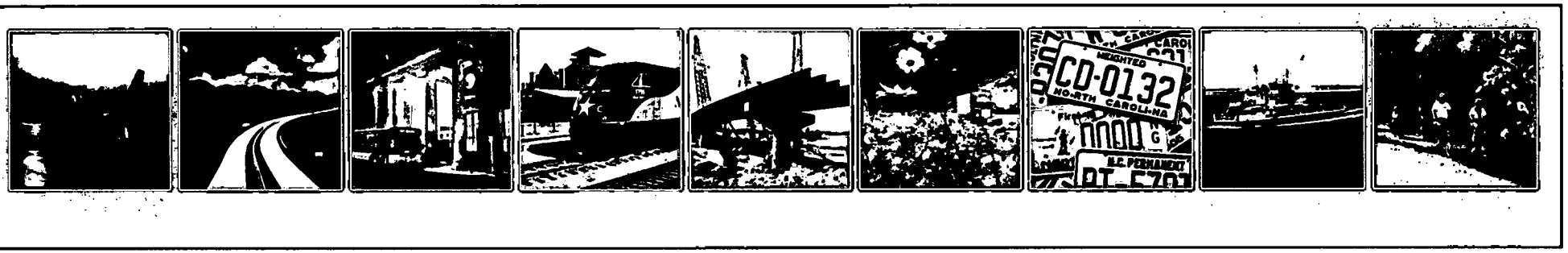
Buildings and other improvements acquired in connection with the Right of Way can be disposed of as follows:

- Resold to the property owner
- Sold by public or negotiated sale if no bids received after public advertisement
- Demolished by roadway contractor or demo contract
- Retained by DOT for public use
- Sold to a displacee for replacement housing



Residue Sales Process

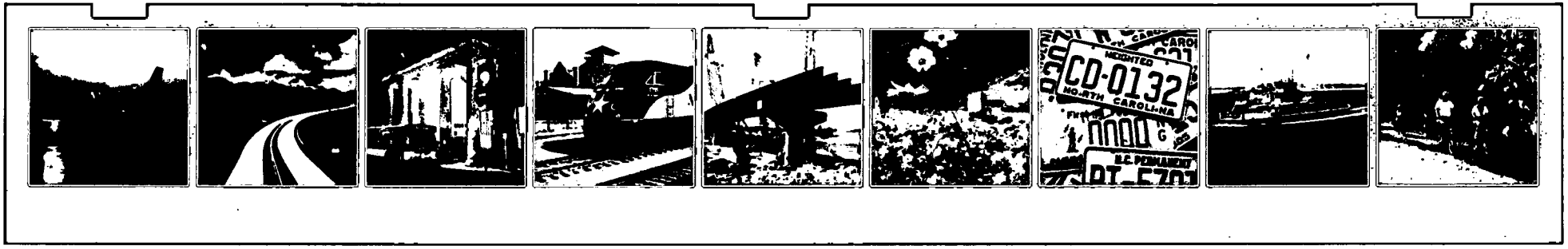
- Residue properties are categorized by their location on completed projects or active projects
- Residue properties on completed projects are reviewed by Division Engineer
- Parcels are not sold if needed for future construction projects, have environmental issues or are needed for environmental purposes
- If available for sale, property is appraised and advertised by sealed bid or auction (all adjoining owners are notified)
- High Bid approval is determined and deed is prepared for bidder if approved



Residue Sales

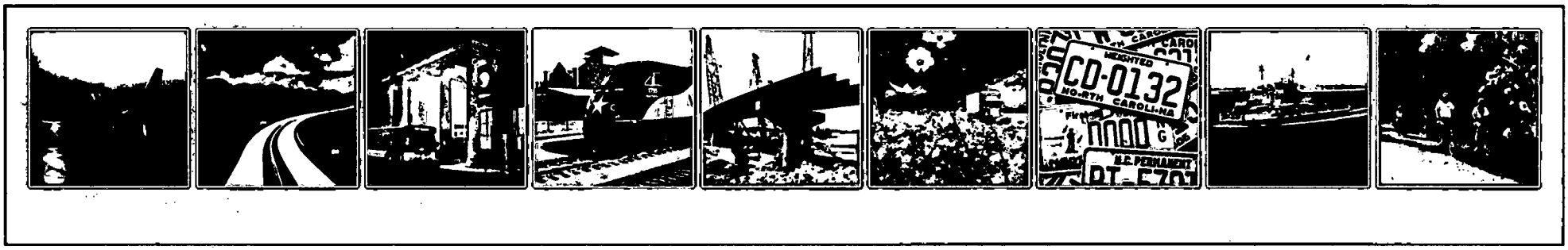
Residue properties resulting from Right of Way acquisition shall be disposed of as follows:

- Sale of residues by public sale unless noted otherwise
- Sold by either sealed bid or auction and can be rejected if bids are not in accordance with DOT appraised value
- Landlocked residues on controlled access projects can be sold to adjacent landowner through negotiation (not public sale) for at least the appraised value
- Residues can be sold to state agencies and other govt. units for at least the appraised value



Residue Sales (cont.)

- Residue property acquired in connection with highway purposes may be exchanged with a public utility owner or another property owner for land they own which is needed for right of way
- Residues ≤ ½ acre and ≤ $1000 value may be sold to an adjoining property owner through negotiation
- Manager of Right of Way can dispose of residues < $100 by a quit claim deed to the buyers
- Residues may be sold to displacees by negotiation
- BOT, Council of State & Governor approvals



Surplus Right of Way Disposal

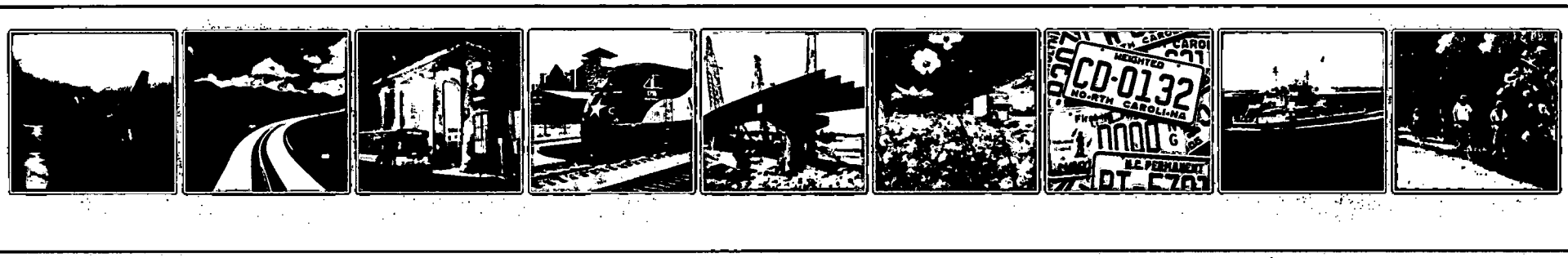
- NCDOT acts on individual requests made to purchase existing right of way areas

- NCDOT conducts a formal review to determine if right of way area is surplus or is still needed for NCDOT purposes



Surplus Right of Way Disposal Considerations

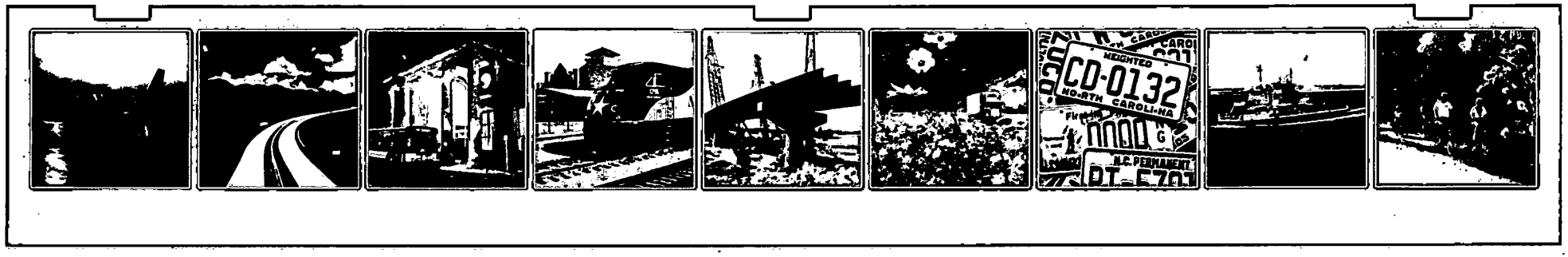
- Is area needed for future highway purposes (for example: future lane expansions)?
- Does release adversely affect highway operation, safety, maintenance, etc?
- Is area being used for environmental mitigation?
- Is area suitable for parks, conservation, recreation, and/or similar purposes?



Surplus Right of Way Disposal Process

After review, confirmation and approval that area is surplus, the following occurs:

- Requesting party pays for an appraisal to be done of requested surplus area
- Appraisals are completed and requesting party pays value as determined by appraisal
- Surplus right of way is conveyed to requesting party



Future Plans to Facilitate Sale of Residue

- Expand methods to market residue property through advertisement on radio, signs on the property, flyers, and conducting "live auctions"

- Screening work on residue properties to readily identify those that can be sold

- Current initiative for internet display of all available properties



http://www.ncdot.gov/business/rowsurplusproperty/ — NCDOT: Right of Way Surpl...

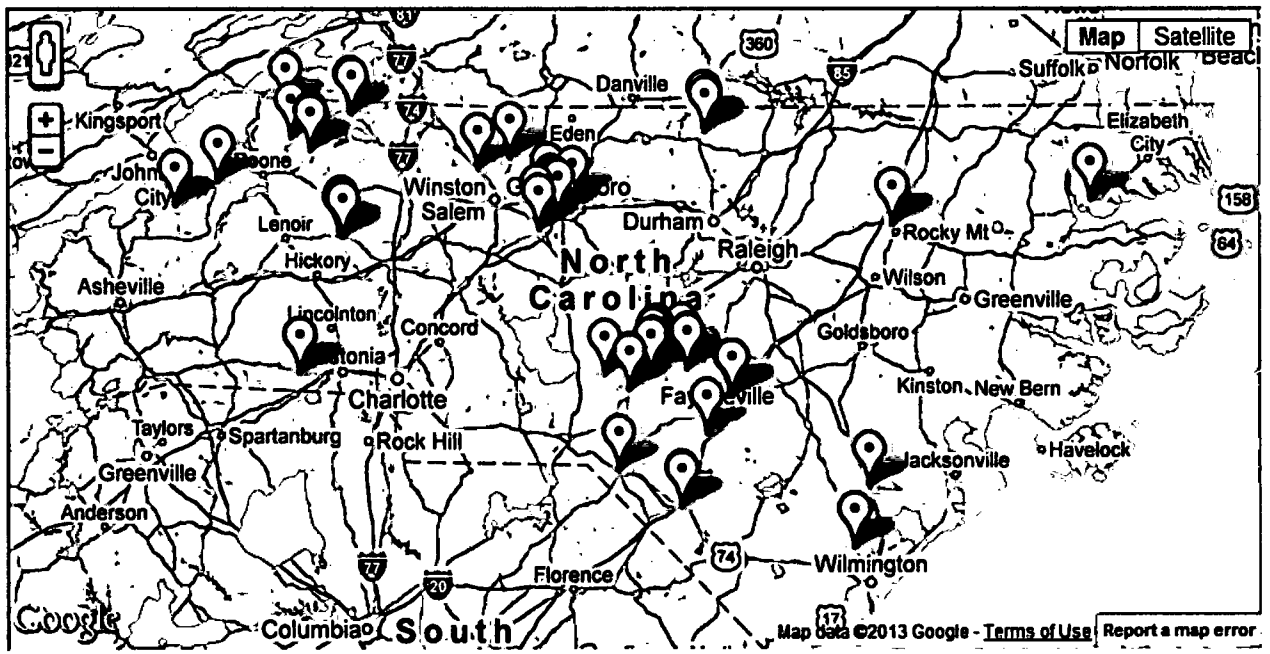
File Edit View Favorites Tools Help

Suggested Sites

- How to Get Started
- What's Next
- Directory of Transportation Firms
- Committees
- Electronic Forms
- Order Plans
- Order Publications
- Project Letting
- Bridge & Culvert Letting
- Right of Way Surplus Property
- Business FAQ

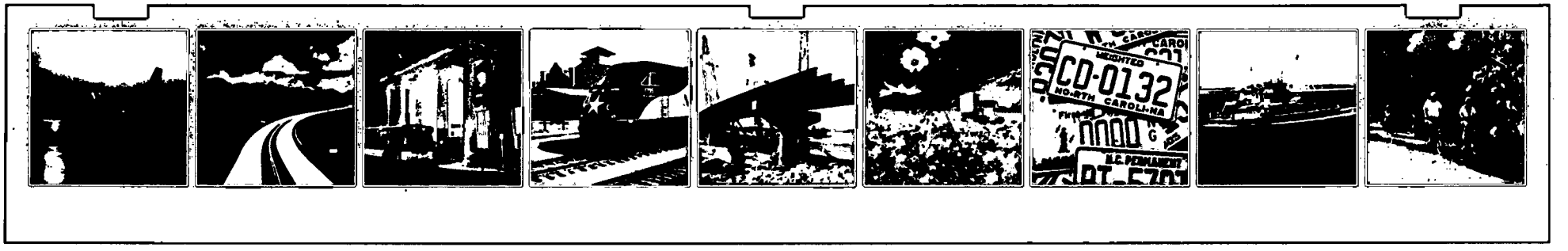
Right of Way Surplus Property

Current Available Property for Sale by Sealed Bid



Process to Purchase Property from NCDOT

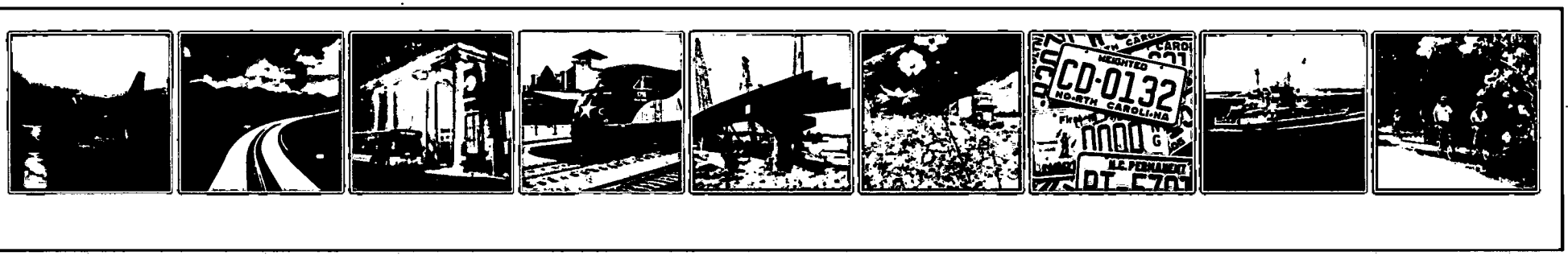
10:16 PM
3/18/2013



Potential Efficiencies

- Residues ≤ $10K sold through negotiation

  (½ acre and ≤ $1000 value may be sold to an adjoining property owner through negotiation)
- Manager of Right of Way can dispose of residues < $2,500 by a quit claim deed to the buyers *(vs. $100)*
- Updated Advertisement process (Website, TV, etc.)
  (currently required to advertise in newspaper)
- Department process changes to determine availability properties earlier
- Upset bid options



Questions

North Carolina Department of Agriculture & Consumer Services

Standards Division

For FY 2012-13, the Standards Division has a budget of $6,485,305 which is funded by appropriation, receipts, and a ¼ cent per gallon inspection tax paid on motor fuels and kerosene. The authority for the inspection tax is G.S. 119-18(a). The proceeds of this levy are applied according to G.S 119-18(b) to fund programs within the Standards Division and other state agencies.

Funding:	Total Expenditures	$6,515,629	
	Revenues	$5,075,457	(inspection tax)
	Receipts	$509,324	(license fees, penalties, carry forward)
	Appropriated	$930,848	
Staff:	Total FTE 95		(78 of which are funded through inspection tax)

Note: A total of 5 positions funded through the inspection tax were cut in FY 2011-12, totaling $261,701. Those funds did not benefit DOT, but rather were distributed to DENR per § 119-18. These positions are noted within the programs affected.

§ 119-18. Inspection tax and distribution of the tax proceeds.

(a) Tax. – An inspection tax of one fourth of one cent (1/4 of 1¢) per gallon is levied upon all of the fuel listed in this subsection regardless of whether the fuel is exempt from the per-gallon excise tax imposed by Article 36C or 36D of Chapter 105 of the General Statutes.

(1) Motor fuel.
(2) Alternative fuel used to operate a highway vehicle.
(3) Kerosene.
(4) Jet fuel.
(5) Aviation gasoline.

(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General Statutes. The remainder of the proceeds shall be credited on a monthly basis to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund.

The Standards Division operates all or part of four programs (Motor Fuels Quality, LP-Gas Inspection, Measurement, and the Metrology Laboratory), from the inspection tax as well as funding administrative staff positions at the Division and Department levels. In the fall of FY 2010-11, the Division began budgeting at a program level, rather than at the division level. Therefore the budget for each program began with an estimate which is being refined each fiscal year.

- **The Motor Fuels Quality Section** is responsible for enforcing motor fuel quality standards (gasoline, diesel fuel, and alternative fuels), heating fuel quality standards (kerosene and fuel oil), and motor oil quality standards. This program is entirely funded through the inspection tax.

  Staff:
  - 1 program manager
  - 1 laboratory manager
  - 3 octane analysts
  - 4 chemists
  - 1 processing assistant III
  - 1 field supervisor
  - 10 field chemists (chemistry technician II)
  - 1 courier driver
  - 1 general utility worker

  Funding: Total Expenditures $1,782,902 (inspection tax)

  Note: This program lost 3 positions (octane rating analyst, chemistry technician I and chemistry technician II) in FY 2011-12, totaling $149,248.

- **The LP - Gas Section** performs safety inspections of LP-Gas (propane) installations including bulk plants, propane dispenser locations and commercial/residential tanks; and inspects LP-Gas transportation vehicles and measuring systems. This program is also responsible for issuing LP-Gas Dealer's Licenses and approval of plans for LP-Gas bulk plants.

  Staff:
  - 1 program manager
  - 5 bulk plant inspectors
  - 3 truck/meter inspectors

  Funding:

Total Expenditures	$567,522	
Revenues	$561,227	(inspection tax)
Receipts	$6,295	(civil penalties)

  Efficiencies: This program has recently gone to a web-based inspection database, reducing the use of paper forms. It automatically assigns the next inspection, based on any violations that may have been found. In addition, the database is integrated with the processes of tracking violations, assessing and generating warning letters or civil penalties, generating settlement letters, generating receipt of payment letters and receipt transmittals. Communication has improved with staff as they now have email accounts.

- **The Measurement Section** inspects weighing and measuring devices for accuracy (scales, scanners, retail fuel dispensers, and fuel oil meters on trucks and at distribution terminals) and performs inspections of packaged goods to ensure that they contain the stated net contents. Those staff listed in **bold** are funded through the inspection tax.

Staff: 1 program manager
3 field supervisors
4 calibrators (inspect truck and terminal meters)
10 gas & oil inspectors (dedicated to retail fuel dispensers)
12 dual role inspectors (located in rural areas where they perform inspections on retail fuel dispensers and scales, packages, price scanning systems).
3 dual role inspectors
6 weights & measures inspectors (dedicated to scales, packages and price scanning systems)
2 weights and measures inspectors
4 heavy scale inspectors (vehicle, livestock and other large capacity scales)

Funding:	Total Expenditures	$2,473,542	
	Revenues	$1,530,124	(inspection tax)
	Receipts	$231,558	(license fees, penalties, carry forward)
	Appropriated	$721,045	

Note: this program lost 1 position (standards inspector I) in FY 2011-12 totaling $55,414.

Efficiencies: A long distance truck driver position was reallocated to a heavy scale inspector position. Historically we had four 2 man teams performing these duties, which had been reduced to the point of 1 team and 2 single inspectors. Separating the last team will allow for more inspections of these type scales. This position is funded through appropriations.

The program continues to seek field computes and inspection software to reduce paper forms, capture inspection results, and reduce data entry at the office. This will also allow for better communication, through email, with the goal of reducing other paper forms, such a weekly reports, and thus reducing mailing costs to and from staff. It is possible that some of this equipment may be purchased this fiscal year, most of which would be funded through the inspection tax.

- The Standards Laboratory (Metrology Lab) performs mass, length, volume, and temperature measurement calibrations that are traceable to national standards. The laboratory supports the Measurement Section through calibration of inspectors' standards (including various weights, test measures from 5 – 1320 gallons, LP-Gas provers) used in inspections of retail and commercial devices. The Grain Moisture Meter Inspection program operates within the Standards Laboratory and is responsible for these devices as well as scales, test weights and charts used in the grain buying industry. Those staff listed in **bold** are funded through the inspection tax.

Staff:	**1 program manger**	1 grain moisture program supervisor
	1 metrologist II (Quality Manager)	2 grain moisture meter inspectors
	3 metrologist I	**1 processing assistant III**
	1 metrologist I	**1 maintenance mechanic II**

Funding:	Total Expenditures	$886,446	
	Revenues	$429,643	(inspection tax)
	Receipts	$249,471	(license fees, calibration fees, carry forward)
	Appropriated	$209,803	

- In addition to these programs, there are administrative costs funded by the inspection tax. At the Division level, this includes the Division Director, Admin. Assistant, 2 Processing Assistants and an Applications Analyst. These positions perform administrative tasks for the Division. For reasons of time and efficiency, expenses such as phone bills, office supplies and similar costs are paid out of the administration budget rather than the individual program budgets.

Staff (Division):	1 division director
	1 administrative assistant
	1 processing assistant IV
	1 processing assistant III
	1 business & technology applications analyst

Funding (Division):	Total Expenditures	$445,721	
	Revenues	$423,721	(inspection tax)
	Receipts	$22,000	(surplus properly)

The below positions support, but not exclusively, the Standards Division. There are a number of other positions in the department that support the division that do not without receiving a portion of the inspection tax.

Staff (Department):	1 deputy secretary/commissioner II
	1 administrative officer II
	1 accountant II

Funding (Department):	Total Expenditures	$347,840	(inspection tax)

Note: the salary and benefits for 1 position (executive assistant I) was cut from this group in FY 2011-12, totaling $57,039.

North Carolina Department of Agriculture & Consumer Services

Standards Division

Fund 1160 Explanations – Program Statistics for FY 2011-2012

These statistics serve as a sample for each program and represent a majority of the workload for the programs. I would note that each inspection program also responds to all complaints or requests that fall within their area of responsibility.

Motor Fuel Quality

- Gasoline, diesel, kerosene and oil samples tested at lab 21,899 failure rate 3.45%
- Gasoline, diesel and kerosene samples tested in the field 8,749 failure rate 4.97%
    - Field failure rate gone from 2% in FY 2006-07 to 9% in 2009-10 largely due to increased use of ethanol throughout the state. Water in storage tanks can cause phase separation (water/ethanol layer separate from gasoline). Inspectors now check tanks at each location selling ethanol fuels to determine if phase separation has occurred. It is often found before it is a problem at the pump. Education of the retail outlets and fuel suppliers has caused that number to fall to about 5% in 2011-12.
- Total number of determinations (lab and field) 112,910
- Complaints investigated 268
- Visits 8,641

LP-Gas Inspections

- Bulk Plant inspections 1473
- Truck/meter inspections 1048
- Dispensing sites inspected 970
- Inspections are also conducted on smaller tanks in residential, business and industrial use.

	2005	2010
Number bulk plants	1305	1325
Number of trucks	1660	1150

Measurement Section

- Retail Motor Fuel Dispensers inspected 104,666 failure rate 9.20%
- Large Fuel Meters (trucks, terminals) 4,349 failure rate 13.3%
- Scales inspected (all capacities) 30,338 failure rate 8.91%
- Total visits 17,382

	1992	2000	2005	2010
Number of Stations	9760	7493	7171	6528
Number of Nozzles	75,508	96,244	114,925	121,059

Standards Laboratory

- Total weights calibrated 20,719
- 5 gal. test measures calibrated 399
    - These measures are use by licensed Petroleum Device Technicians to calibrate retail motor fuel dispensers.

DENR Testing

The Division receives $90,000 per year from DENR Division of Air Quality (DAQ) for doing equipment inspection checklists retail fuel locations with underground storage tanks. The form is preprinted by DAQ, with Standards Division personnel noting what vapor recovery equipment is on the site. This is done after inspection of the fuel dispensers is completed for that location. Forms are returned to DAQ when inspections in the county are complete.

Agriculture Standards Division 1160 Funded Positions
As of 3-19-2013

Position Number	Position	Working Title	Budgeted Salary	Fringe Benefits	Total Salary & Benefits
60012382	Standards Division Director	Standards Division Director	73,825	21,345	95,170
60012383	Administrative Officer I	Administrative Officer I	42,357	14,460	56,817
60012384	Processing Assistant III	Processing Assistant III	29,023	11,542	40,565
60012385	Processing Assistant IV	Processing Assistant IV	34,624	12,768	47,392
60012454	Business And Technology Applic Analyst	Business And Technology Applic Analyst	74,047	21,393	95,440
60012389	Chemistry Supervisor I	Lab Supervisor	47,556	15,597	63,153
60012390	Courier Driver	Courier Driver	27,425	11,193	38,618
60012391	Chemist I	Chemist I	41,667	14,309	55,976
60012392	Chemist I	Chemist I	43,624	14,737	58,361
60012393	Chemist I	Chemist I	42,634	14,520	57,154
60012394	Chemist I	Chemist I	62,012	18,760	80,772
60012395	Octane Rating Analyst	Octane Rating Analyst	32,001	12,194	44,195
60012396	Octane Rating Analyst	Octane Rating Analyst	32,591	12,323	44,914
60012398	Octane Rating Analyst	Octane Rating Analyst	32,877	12,385	45,262
60012401	General Utility Worker	General Utility Worker	23,445	10,322	33,767
60012402	Chemistry Technician Supervisor	Field Supervisior	50,953	16,341	67,294
60012403	Chemistry Technician II	Field Chemist	40,824	14,124	54,948
60012404	Chemistry Technician II	Field Chemist	32,001	12,194	44,195
60012405	Chemistry Technician II	Field Chemist	49,125	15,941	65,066
60012406	Chemistry Technician II	Field Chemist	32,001	12,194	44,195
60012407	Chemistry Technician II	Field Chemist	44,196	14,862	59,058
60012408	Chemistry Technician II	Field Chemist	32,102	12,216	44,318
60012409	Chemistry Technician II	Field Chemist	32,001	12,194	44,195
60012411	Chemistry Technician II	Field Chemist	37,483	13,393	50,876
60012412	Chemistry Technician II	Field Chemist	32,001	12,194	44,195
65004618	Chemistry Technician II	Field Chemist	45,540	15,156	60,696
60012387	Chemistry Supervisor II	Program Mgr	58,226	17,932	76,158
60012388	Processing Assistant III	Processing Assistant III	29,312	11,605	40,917

60012386	Processing Assistant III	Processing Assistant III	35,764	13,017	48,781
60012413	Metrology Laboratory Manager	Metrology Laboratory Manager	55,660	17,370	73,030
60012414	Metrologist II	Quality Manager	51,106	16,374	67,480
60012415	Metrologist I	Metrologist I	39,627	13,862	53,489
60012416	Metrologist I	Metrologist I	43,982	14,815	58,797
60012417	Maintenance Mechanic II	Maintenance Mechanic II	27,875	11,291	39,166
60012449	Metrologist I	Metrologist I	35,920	13,051	48,971
60012399	Liquified Gas Inspector	Bulk Plant Inspector	36,497	13,178	49,675
60012418	Engineer	LP-Gas Engineer	66,087	19,652	85,739
60012419	Liquified Gas Inspector	Bulk Plant Insp	34,995	12,849	47,844
60012420	Liquified Gas Inspector	Truck Insp	32,037	12,202	44,239
60012421	Liquified Gas Inspector	Bulk Plant Insp	31,293	12,039	43,332
60012422	Liquified Gas Inspector	Truck Insp	43,693	14,752	58,445
60012423	Liquified Gas Inspector	Truck Insp	30,425	11,849	42,274
60012424	Liquified Gas Inspector	Bulk Plant Insp	32,037	12,202	44,239
60089842	Liquified Gas Inspector	Bulk Plant Insp	35,521	12,964	48,485
60012425	Standards Area Supervisor	Field Superv	48,704	15,848	64,552
60012426	Standards Inspector II	Dualrole Insp	30,927	11,959	42,886
60012427	Standards Inspector II	Dualrole Insp	29,856	11,724	41,580
60012428	Standards Inspector II	Dualrole Insp	37,223	13,336	50,559
60012429	Standards Inspector II	Dualrole Insp	33,008	12,414	45,422
60012430	Standards Inspector I	Gas & Oil	32,439	12,290	44,729
60012432	Standards Inspector I	Gas & Oil	30,455	11,856	42,311
60012433	Standards Inspector I	Calibrator	32,787	12,366	45,153
60012441	Standards Inspector I	Gas & Oil	29,004	11,538	40,542
60012453	Standards Inspector II	Dualrole Insp	40,172	13,982	54,154
60012374	Standards Inspector II	Dualrole Insp	29,856	11,724	41,580
60012431	Standards Inspector I	Gas & Oil	30,000	11,756	41,756
60012434	Standards Inspector I	Calibrator	27,875	11,291	39,166
60012436	Standards Area Supervisor	Field Superv	40,480	14,049	54,529
60012437	Standards Inspector II	Dualrole Insp	37,937	13,493	51,430
60012438	Standards Inspector II	Dualrole Insp	29,856	11,724	41,580
60012440	Standards Inspector II	Weights & Measures	30,662	11,901	42,563

60012443	Standards Inspector I	Gas & Oil	27,875	11,291	39,166
60012445	Standards Inspector I	Gas & Oil	27,875	11,291	39,166
65004619	Standards Inspector I	Gas & Oil	27,875	11,291	39,166
60012379	Standards Inspector II	Dualrole Insp	29,856	11,724	41,580
60012435	Standards Inspector I	Gas & Oil	27,875	11,291	39,166
60012439	Standards Inspector II	Calibrator	30,972	11,969	42,941
60012442	Standards Inspector I	Gas & Oil	27,875	11,291	39,166
60012444	Standards Inspector II	Dualrole Insp	29,856	11,724	41,580
60012446	Standards Area Supervisor	Field Superv	44,083	14,837	58,920
60012447	Standards Inspector II	Dualrole Insp	30,927	11,959	42,886
60012448	Standards Inspector II	Calibrator	39,109	13,749	52,858
60012450	Standards Inspector I	Gas & Oil	30,056	11,768	41,824
60012451	Standards Inspector II	Dualrole Insp	36,702	13,222	49,924
60012452	Standards Inspector II	Dualrole Insp	30,866	11,945	42,811
			2,801,035	618,058	3,419,093

Position			Date Vacant	Budget Amount $	Number of Days Vacant
60012415	Metrologist I		05/01/2012	39,627.00	322
60012374	Standards Inspector II		09/28/2012	29,856.00	172
65004619	Standards Inspector I		02/28/2013	27,875.00	19

NCDA&CS

Positions Funded by Gasoline and Oil located in other divisions

		Salary	Benefits	Total
60011483	Deputy Secretary/Commissioner II	$ 113,157	$ 29,951	$ 143,108
60011519	Administrative Officer II	$ 54,515	$ 17,120	$ 71,635
60011520	Accountant II	$ 80,960	$ 22,906	$ 103,866
		$ 248,632	$ 69,977	$ 318,609

Department of Revenue Functions Funded by Highway Funds

The purpose of the Department of Revenue positions supported by highway funds is to administer the motor fuels (gasoline and diesel), alternative fuels, motor carrier and inspection tax laws. The motor fuels excise tax and motor carrier road use tax are collected by the Department of Revenue for deposit with Department of Transportation for road construction and maintenance on a daily basis. Fuel suppliers, distributors and trucking companies operating and based in North Carolina pay these taxes.

Over the last couple of years, the Department has been integrating the Motor Fuels division staff within the operational divisions of the agency for which each position most efficiently operates. Auditors were reorganized under the Examination Division. The Fuel Tax Investigators were reorganized under the Tax Enforcement Division creating synergies and efficiencies having all law enforcement personnel including criminal investigators, unauthorized substance tax agents and fuel tax investigators working under the same division and leadership. An Excise Tax division was created to handle the administration of the tax from the aspects of taxpayer assistance to handling requests for reviews of audits.

Examination Division

In May 2011, the agency transitioned 33 motor fuel tax auditors to the Examination Division to enhance operational efficiencies, track motor fuel tax auditor performance and results, and increase return on investment of the Motor fuel audit program. This change placed all audit responsibilities within one division. The Motor Fuels section was created within the Examination Division with three primary objectives, 1) identification of motor fuels non-compliance, 2) recovery of lost revenue as a result of non-compliance, and 3) conduct audits in accordance with IFTA and IRP agreements. The unit was streamlined. Eleven management positions were reduced to five.

During the fiscal year ended June 30, 2012, the Motor Fuels section of the Examination Division completed 1,077 audits for a total of $4,537,346 in assessments. This was an increase of 685 cases over the previous fiscal year and an increase of $3,397,231 in assessments over the previous fiscal year. This section has begun using similar audit tools and methodologies as used by other tax auditors within the Examination Division which has created more efficiencies.

Tax Enforcement Functions

In 2010, the Department of Revenue reorganized all law enforcement personnel into one division named the Tax Enforcement Division. This effort was undertaken to create operational efficiencies in the responsibilities discharged by law enforcement officers assigned across the state. This division is comprised of motor fuels investigators, special agents responsible for investigating criminal tax

violations and the unauthorized substance tax agents. This new division is comprised of 39 positions with 8 being supported by highway funds.

The seven motor fuels investigators are sworn law enforcement officers who are responsible for ensuring compliance with the motor fuels tax law by conducting investigations for possible fuel tax evasion. These seven investigators are covering anywhere from 10 to 15 counties each. These investigators inspect fuel terminals, rail shipments, fuel transports, retail fuel stations, and bulk-end users of motor fuels. The enforcement efforts include routine inspections of motor fuel users and also special operations conducted in conjunction with the North Carolina Highway Patrol Motor Carrier Enforcement Division and the Internal Revenue Service. Investigators conduct inspections and impose penalties as a deterrent effect to those trying to circumvent the motor fuels tax system.

A special agent with the criminal investigations unit of the Tax Enforcement Division supported by highway funds is responsible for the planning and conducting of criminal tax investigations for alleged violations of all North Carolina tax law, including motor fuels tax law and related offenses. The agent performs complex financial investigations that include conducting research, interviewing, gathering and analyzing evidence, documenting findings, making prosecution recommendations, affecting arrests, preparing cases for trial, testifying as the State's chief witness at criminal proceedings and supporting the Department in civil resolution of certain cases.

The Excise Tax Division

The Excise Tax Division is responsible for the administration of the motor fuels (gasoline, diesel, and blended fuel), alternative fuels, motor carrier, inspection tax, privilege license, piped natural gas, alcohol, and tobacco tax laws of North Carolina. The division is comprised of several units responsible for the processing of returns, accounting of revenues, issuing licenses and bonding, to providing assistance to taxpayers by issuing decals to providing more technical tax inquiry assistance.

Some of the staff are currently involved in the implementation of the Department's new tax administration system, Enterprise Tax Management System (ETM) of TIMS, and are considered to be some of the leaders on the project. The Motor Fuels tax schedules previously on the VISTA system were migrated to the Department's new Tax Information Management System (TIMS) in the summer of 2011.

Information Technology, Business Operations, and Collection Division Bankruptcy Unit Functions

The Department has several positions throughout the agency supporting the administration of the motor fuels and motor carrier taxes. Three positions are within the Information Technology Division supporting the new Enterprise Tax Management System (ETM) of TIMS, the IFTA web, and the Fuel Tracking System. The Department has one position within the bankruptcy unit of the Collection Division which is responsible for processing all bankruptcy filings relative to motor fuels taxes, for posting the bankruptcy information to the VISTA tax system, and for all other administrative work

relative to bankruptcy filings. The Business Operations Division has two positions which provide audit support with computer assisted audits and account resolution.

Revenues

Below you will find a report of the net revenue collections of the motor fuel and motor carrier taxes collected by the Department of Revenue by fiscal year.

Net Revenue

	Budget Code	FY 11-12	FY 10-11	FY 09-10	FY 08-09	FY 07-08
General Fund Inspection Tax	19954	$1,331,796	$1,222,610	$1,002,905	$901,426	$784,734
Motor Fuels Tax	80000	$1,377,202,504	$1,227,703,124	$1,144,056,963	$1,117,851,170	$1,166,972,979
Highway Fund Inspection Tax	80004	$13,926,130	$13,976,788	$14,105,867	$13,674,635	$14,200,122
Water & Air Quality Account	24301	$8,005,008	$8,118,375	$8,067,104	$7,918,867	$8,290,772
Commercial LUST Cleanup Fund	64305	$15,208,234	$15,423,613	$15,326,206	$15,044,580	$15,751,141
Non-Commercial LUST Cleanup Fund	64305	$2,402,783	$2,436,811	$2,421,422	$2,376,927	$2,488,558
ghway Trust Fund	84201	$459,360,491	$409,658,208	$382,078,920	$372,984,161	$389,156,771
otal		**$1,877,436,946**	**$1,678,539,528**	**$1,567,059,387**	**$1,530,751,765**	**$1,597,645,077**

Revenue's Proactive Savings Steps

There have been several cost saving measures implemented by the Department over the past several years. The Department offered a reduction of 8 full time positions within the Examination and Tax Enforcement Divisions in response to the report to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Commission on Governmental Operations March 1, 2012.

Another cost saving measure instituted in the Tax Enforcement Division has been the elimination of over-night travel for special operations. The division currently assigns personnel to operations located within driving distance of their office to reduce overnight travel.

For the fiscal year-ended June 30, 2013, the Examination Division has reviewed the Motor Fuels section's operations, and in an attempt to right size the section with the proper number of staff corresponding to the tax compliance objectives, the division proposes the elimination of 2 vacant motor fuel audit positions.

The Department is in the process of upgrading the current Fuel Tracking System which is used by all oil companies that remit gas tax to the Department of Revenue. The oil companies are mandated to file their tax returns electronically through EDI using a Fuel Tracking System. The Department's current version of the vendor software will no longer be supported by the current vendor without the Department upgrading the software. The Department is working with the vendor on this upgrade to ensure taxpayers can continue to meet the electronic filing mandate. Savings generated from operational costs mentioned above (travel) are being used to offset the costs of the upgrade of the Fuel Tracking System.

March 18, 2013

North Carolina Department of Revenue
Positions Funded by Highway Funds

Highway Funded Positions				MAR 2013	MAR 2013	MAR 2013
	Position		Fund	Fund Percent	Budgeted Amount	Total FTE Positions
Excise Tax Division						
REV ADM TA Excise Tax	60083114	Director	451700005	100.00	103,602.00	1.0000
REV ADM TA Excise Tax	60083119	Administrative Secretary III	451700005	100.00	44,099.00	1.0000
REV ADM TA Excise Tax	60083147	Agency Legal Specialist II	451700005	100.00	68,730.00	1.0000
REV ADM TA Excise Tax Accounting	60083125	Information Processing Technician	451700005	100.00	32,231.00	1.0000
REV ADM TA Excise Tax Accounting	60083126	Information Processing Technician	451700005	100.00	33,196.00	1.0000
REV ADM TA Excise Tax Accounting	60083127	Information Processing Technician	451700005	100.00	33,899.00	1.0000
REV ADM TA Excise Tax Accounting	60083145	Processing Assistant V	451700005	100.00	41,424.00	1.0000
REV ADM TA Excise Tax Accounting	60083146	Processing Assistant V	451700005	100.00	36,867.00	1.0000
REV ADM TA Excise Tax Motor Fuels	60083157	Asst Director	451700005	100.00	70,796.00	1.0000
REV ADM TA Excise Tax Support Services	60083129	Processing Assistant III	451700005	100.00	26,557.00	1.0000
REV ADM TA Excise Tax Support Services	60083130	Processing Assistant III	451700005	100.00	35,112.00	1.0000
REV ADM TA Excise Tax Support Services	60083136	Processing Assistant III	451700005	100.00	28,336.00	1.0000
REV ADM TA Excise Tax Support Services	60083137	Processing Assistant IV	451700005	100.00	27,946.00	1.0000
REV ADM TA Excise Tax Support Services	60083139	Processing Assistant IV	451700005	100.00	27,946.00	1.0000
REV ADM TA Excise Tax Ops Management	60083116	Revenue Administration Officer III	451700005	100.00	54,419.00	1.0000
REV ADM TA Excise Tax Ops Management	60083117	Revenue Administration Officer I	451700005	100.00	50,900.00	1.0000
REV ADM TA Excise Tax Ops Management	60083118	Revenue Administration Officer I	451700005	100.00	48,499.00	1.0000
REV ADM TA Excise Tax Ops Management	60083122	Administrative Assistant I	451700005	100.00	36,481.00	1.0000
REV ADM TA Excise Tax Ops Management	60083142	Processing Assistant V	451700005	100.00	33,131.00	1.0000
REV ADM TA Excise Tax Operations	60083115	Asst Director	451700005	100.00	77,251.00	1.0000
REV ADM TA Excise Tax Ops Asst Mgr	60083121	Program Assistant V	451700005	100.00	32,432.00	1.0000
REV ADM TA Excise Tax Returns Processing	60083133	Data Entry Supervisor II	451700005	100.00	35,519.00	1.0000
REV ADM TA Excise Tax Returns Processing	60083140	Data Entry Specialist	451700005	100.00	29,990.00	1.0000
REV ADM TA Excise Tax Returns Processing	60083144	Data Entry Specialist	451700005	100.00	26,557.00	1.0000
REV ADM TA Excise Tax Accounting	60083195	Accounting Technician	451710005	100.00	37,980.00	1.0000
REV ADM TA Excise Tax Accounting	60083198	Information Processing Technician	451710005	100.00	37,552.00	1.0000
REV ADM TA Excise Tax Accounting	60083199	Information Processing Technician	451710005	100.00	37,705.00	1.0000
REV ADM TA Excise Tax Support Services	60083197	Processing Unit Supervisor V	451710005	100.00	32,926.00	1.0000
REV ADM TA Excise Tax Ops Asst Mgr	60083212	Revenue Administration Officer II	451710005	100.00	51,700.00	1.0000
Business Operations						
REV ADM TC BusOp Computer Assisted Audit	60083154	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC BUS OP Acct Resolution Team	60083120	Information Processing Technician	451700005	100.00	44,345.00	1.0000
Examination Division						
REV ADM TC EXAM Motor Fuels West Ops 2	60083148	MF Tax Auditor	451700005	100.00	46,479.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083150	MF Tax Auditor Team Leader	451700005	100.00	51,741.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083151	MF Tax Auditor	451700005	100.00	42,833.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083170	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083183	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083158	MF Tax Auditor Supervisor	451700005	100.00	50,095.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083160	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083161	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083162	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083167	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083169	MF Tax Auditor In-Training	451700005	100.00	42,833.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083152	MF Tax Auditor In-Training	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083156	MF Tax Auditor	451700005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083159	MF Tax Auditor	451700005	100.00	45,541.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083163	MF Tax Auditor Supervisor	451700005	100.00	58,693.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083164	MF Tax Auditor	451700005	100.00	46,346.00	1.0000

REV ADM TC EXAM Motor Fuels West Ops 1	60083165	MF Tax Auditor In-Training	451700005	100.00	42,833.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083184	MF Tax Auditor	451700005	100.00	45,541.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083179	MF Tax Auditor	451708005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083181	MF Tax Auditor	451708005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083180	MF Tax Auditor	451708005	100.00	49,633.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083208	MF Tax Auditor	451710005	100.00	47,195.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 2	60083209	MF Tax Auditor	451710005	100.00	47,195.00	1.0000
REV ADM TC EXAM Motor Fuels East Ops	60083211	MF Tax Auditor In-Training	451710005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels West Ops 1	60083210	MF Tax Auditor	451710005	100.00	43,347.00	1.0000
REV ADM TC EXAM Motor Fuels East	60083206	MF Tax Auditor Supervisor	451710005	100.00	58,909.00	1.0000
REV ADM TC EXAM Motor Fuels West	60083207	MF Tax Auditor Supervisor	451710005	100.00	58,940.00	1.0000
Information Technology Support						
REV ADM INFO TECH ADS Database Mgmt	60081369	Business And Technology Applic Analyst	451700005	100.00	76,806.00	1.0000
REV ADM INFO TECH ADS TIMS Applications	60081357	Business and Technology Applic Analyst	451700005	100.00	75,900.00	1.0000
REV ADM INFO TECH TSS Legacy Appl's	60081376	Business And Technology Applic Analyst	451710005	100.00	53,136.00	1.0000
Tax Enforcement						
REV ADM TC TE MF INVEST EAST	60083171	Asst Director	451700005	100.00	50,643.00	1.0000
REV ADM TC TE MF INVEST EAST	60083175	Law Enforcement Agent	451700005	100.00	41,815.00	1.0000
REV ADM TC TE MF INVEST EAST	60083176	Law Enforcement Agent	451700005	100.00	48,711.00	1.0000
REV ADM TC TE CRIM INVEST EAST	60083225	Special Agent	451700005	100.00	54,511.00	1.0000
REV ADM TC TE MF INVEST EAST	60083200	Law Enforcement Agent	451710005	100.00	44,971.00	1.0000
REV ADM TC TE MF INVEST EAST	60083202	Law Enforcement Agent	451710005	100.00	42,570.00	1.0000
REV ADM TC TE MF INVEST EAST	60083203	Law Enforcement Agent	451710005	100.00	40,250.00	1.0000
REV ADM TC TE MF INVEST EAST	60083204	Law Enforcement Agent	451710005	100.00	43,403.00	1.0000
Collection Division						
REV ADM TC COLLECT Bankruptcy Unit 1	60083196	Processing Assistant V	451710005	100.00	33,443.00	1.0000

Joint Appropriations Subcommittee on Transportation
March 20, 2013

NC Department of Health and Human Services
Division of Public Health
Forensic Tests for Alcohol Branch

Per NC General Statutes: 20-16.2(a), 20-38.5 and 20-139.1 sections (a), (b1), (b2), (b6), (c1), (c4) and (e1) and 10A NCAC 41B the Forensic Tests for Alcohol (FTA) Branch is the state agency designated to provide the following:

- Train approximately 3,000 law enforcement officers annually and issue permits giving them authority to conduct tests using the Intox EC/IR II on individuals charged with Driving While Impaired (DWI).
- Perform mandated preventive maintenance on 369 evidential instruments located at sites throughout North Carolina.

The FTA Branch also provides the following:

- 40 Drug Recognition Experts trained annually in two two-week courses
- Standardized Field Sobriety Testing training to law enforcement officers
- Other specialized training on impaired drivers provided to law enforcement officers, judges, magistrates, and state prosecutors
- DWI Checking Stations utilizing Breath Alcohol Testing Mobile Units, or "BAT Mobile Units"
    - October 1996 through March 2013 - 14,045 DWI arrests, 97,273 traffic violations, 12,945 criminal charges, 684 educational events
    - January through December 2012 - 1,313 DWI arrests, 6,983 traffic violations, 1,152 criminal charges, 36 educational events

The FTA program is currently staffed with 29 full time employees, approximately one third of which are funded by the Department of Transportation transfer of funds.

Department of Health and Human Services
Forensic Tests for Alcohol (FTA) Branch
SFY 12-13 Positions

Revenue Source	Beacon #	Title	Pay Grade	Salary & fringes (includes longevity)
NCDOT Governor's Highway Safety Program (Federal Pass-Thru)	60039666	Exten Educ & Train Spcl I	GR68	$ 53,452
NCDOT Governor's Highway Safety Program (Federal Pass-Thru)	60039667	Staff Development Tech II	GR64	$ 49,643
Total				**$ 103,095**
NCDOT Transfer - Chemical Tests for Alcohol	60039653	Exten Educ & Train Spcl I	GR68	$ 51,298
NCDOT Transfer - Chemical Tests for Alcohol	60039656	Exten Educ & Train Spcl I	GR68	$ 68,690
NCDOT Transfer - Chemical Tests for Alcohol	60039658	Exten Educ & Train Spcl I	GR68	$ 57,203
NCDOT Transfer - Chemical Tests for Alcohol	60039659	Exten Educ & Train Spcl I	GR68	$ 59,069
NCDOT Transfer - Chemical Tests for Alcohol	60039660	Exten Educ & Train Spcl I	GR68	$ 60,585
NCDOT Transfer - Chemical Tests for Alcohol	60039657	Processing Assistant IV	GR59	$ 47,345
NCDOT Transfer - Chemical Tests for Alcohol	60041210	Public Hlt Prog Consul II	GR72	$ 53,339 *
NCDOT Transfer - Chemical Tests for Alcohol	60039664	Staff Development Tech II	GR64	$ 49,957
NCDOT Transfer - Chemical Tests for Alcohol	60039665	Staff Development Tech II	GR64	$ 52,350
NCDOT Transfer - Chemical Tests for Alcohol	60039654	Administrative Officer I	GR67	$ 60,202
Total				**$ 560,038**
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039655	Ext Educ & Tr Spec II	GR71	$ 67,317
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039675	Staff Development Tech II	GR64	$ 52,505
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039676	Staff Development Tech II	GR64	$ 49,102
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039677	Staff Development Tech II	GR64	$ 55,886
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039678	Staff Development Tech II	GR64	$ 49,178
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039679	Exten Educ & Train Spcl I	GR68	$ 73,512
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039680	Staff Development Tech II	GR64	$ 55,917
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039681	Staff Development Tech II	GR64	$ 54,970
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039682	Exten Educ & Train Spcl I	GR68	$ 62,443
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039683	Staff Development Tech II	GR64	$ 54,795
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039684	Processing Assistant IV	GR59	$ 41,014
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039685	Processing Assistant IV	GR59	$ 42,111
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039662	Staff Development Tech II	GR64	$ 61,518
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039663	Staff Development Tech II	GR64	$ 52,756
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039673	Electronics Technician II	GR68	$ 59,864
NCAOC License Restoration Fees (G.S. 20-16.5(j))	60039674	Exten Educ & Trng Specialist I	GR68	$ 56,963
Total				**$ 889,851**
NCDOT/DMV License Restoration Fees (G.S. 20-7(i1))	60041210	Public Hlt Prog Consul II	GR72	$ 26,272 *
NCDOT/DMV License Restoration Fees (G.S. 20-7(i1))	60039672	Public Health Prog Mgr I	GR76	$ 92,256
Total				**$ 118,528**
Grand Total				**$ 1,671,512**

Source: 11/30/2012 BEACON Report. Grand total salary & fringes differs from total personnel requirements in Tab 1 SFY 12-13 FTA Budget by $46,074 and is attributed to salary reserve.

NOTES:
NCDOT - NC Department of Transportation
NCAOC - NC Administrative Office of the Courts
NCDOT/DMV - NC Department of Transportation, Division of Motor Vehicles
* Position #60041210 covered by NCDOT Transfer - Chemical Tests for Alcohol at 67% FTE and NCDOT/DMV License Restoration Fees (G.S. 20-7(i1)) at 33%

Department of Health and Human Services
Forensic Tests for Alcohol (FTA) Branch
SFY 12-13 Certified Budget (through February 2013)

Requirements

Personnel Salary and Fringe	$	1,717,586
Purchased Services	$	996,824
Supplies	$	333,896
Property, Plant & Equip	$	791,519
Other Expenses	$	2,418
Total Requirements	**$**	**3,842,243**

Revenues

NCDOT Governor's Highwy Safety Program (Federal Pass-Thru)	$	1,608,904
NCDOT Transfer - Chemical Tests for Alcohol	$	572,321
NCDOT/DMV Driver Medical Evaluation	$	85,651
NCAOC License Restoration Fees (G.S. 20-16.5(j))	$	1,003,628
NCDOT/DMV License Restoration Fees (G.S. 20-7(i1))	$	566,988
Miscellaneous Receipts	$	3,383
otal Revenues	**$**	**3,840,875**

Appropriations

Appropriations	$	1,368
Total Appropriations	**$**	**1,368**

Source: BD701-03 2/28/2013, as of 3/14/2013

Inmate Litter Program

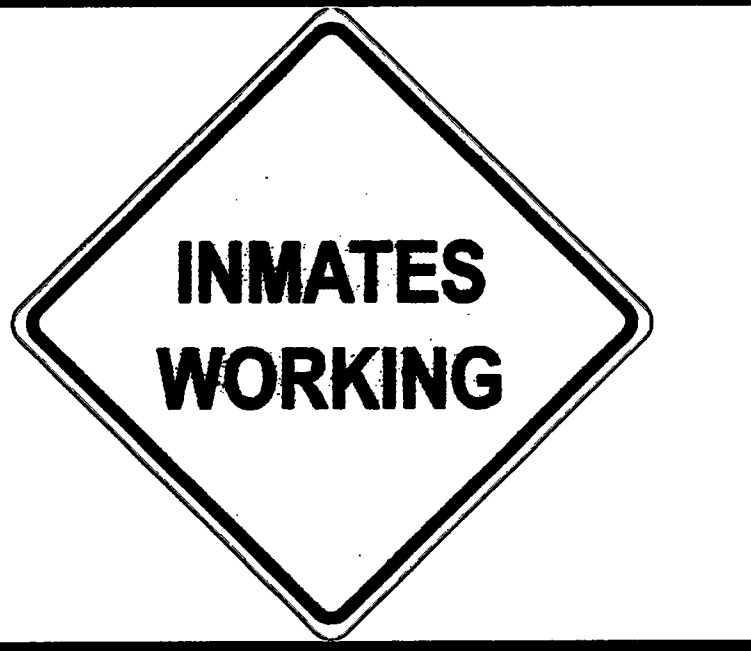
-Division of Adult Correction, Prisons Section-

Presented by Zachary Kendall, Prisons Security Specialist

N★C DPS

DEPARTMENT OF PUBLIC SAFETY

PREVENT · PROTECT · PREPARE



Program History & Background

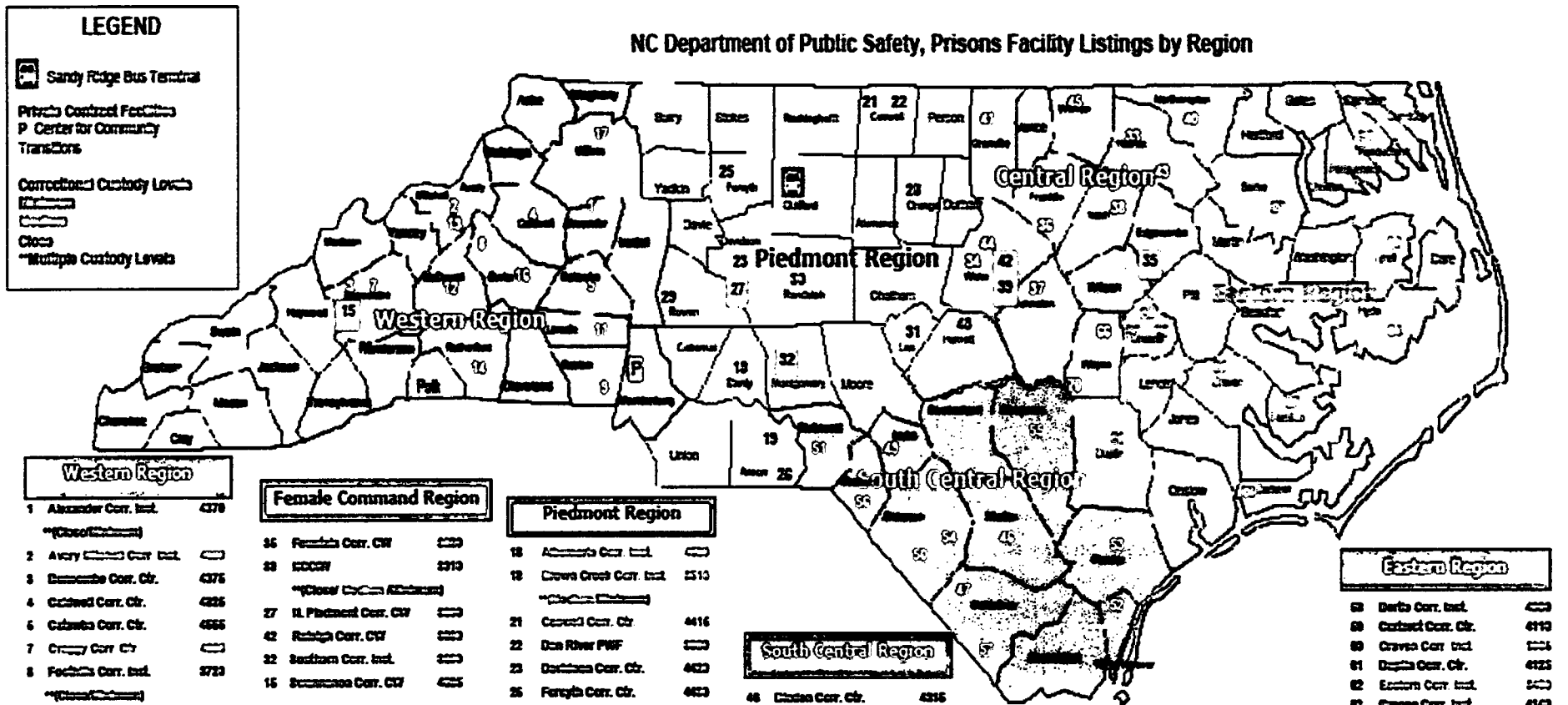
- Historically, inmate labor has been an important component of the construction and maintenance of the state's roadways.
- Beginning in the 1980's, in an effort to provide a cost- effective method for improving the safety and appearance of state roadways, an emphasis was placed on using Prisons-supervised inmate labor for light maintenance and litter pickup.
- In its current configuration, the inmate litter program has been in existence since 2002.
- Separate and distinct from the Litter Program, 724 minimum-custody inmates from 34 facilities are currently assigned to work squads under direct NCDOT supervision.

Overview of Prisons & Program's Scope

- 66 correctional facilities statewide
- 17,632 total Prisons staff positions (13,766 certified positions)
- Approximately 37,634 inmates overall (count varies daily)

- 44 facilities are involved in the Litter Program
- 199 certified staff positions
- 920 inmates currently enrolled

NC Department of Public Safety, Prisons Facility Listings by Region



Western Region

1	Alexander Corr. Inst.	4370
	**(Close/Minimum)	
2	Avery Mitchell Corr. Inst.	[illegible]
3	Buncombe Corr. Ctr.	4375
4	Caldwell Corr. Ctr.	4325
5	Columbus Corr. Ctr.	4566
7	Cross Corr. Ctr.	[illegible]
8	Foothills Corr. Inst.	3723
	**(Close/Minimum)	
9	Gaston Corr. Ctr.	4516
11	Lincoln Corr. Ctr.	4325
12	Marion Corr. Inst.	3713
	**(Close/Minimum)	
13	Mt. View Corr. Inst.	[illegible]
14	Rutherford Corr. Ctr.	4256
16	Western Youth Inst.	5005
	**(Close/Minimum)	
17	Wilkes Corr. Ctr.	4225

Female Command Region

35	Pender Corr. Ctr	5220
36	NCCIW	5310
	**(Close/Medium/Minimum)	
37	N. Piedmont Corr. Ctr	5220
42	Raleigh Corr. Ctr	5223
32	Southern Corr. Inst.	5220
15	Susannah Corr. Ctr	4225

Piedmont Region

18	Albemarle Corr. Inst.	[illegible]
19	Craven Correctional Inst.	2510
	**(Medium/Minimum)	
21	Central Corr. Ctr	4416
22	Dan River PWF	5220
23	Davidson Corr. Ctr.	4423
25	Forsyth Corr. Ctr.	4423
43	Harnett Corr. Inst.	5225
28	Lanesboro Corr. Inst.	4226
23	Orange Corr. Ctr.	4243
29	Richmond Corr. Inst.	5220
	**(Medium/Minimum)	
30	Randolph Corr. Ctr	4446
31	Sanford Corr. Ctr.	4223

South Central Region

46	Bladen Corr. Ctr.	4316
47	Columbus Corr. Inst.	4256
49	Hoke Corr. Inst.	4223
50	Lumberton Corr. Inst.	4225
51	Morrison Corr. Inst.	5220
	**(Medium/Minimum)	
52	Dan Hoke Corr. Ctr.	4170
53	Pender Corr. Inst.	4153
54	Robeson Corr. Ctr.	4343
55	Scotland Corr. Inst.	4446
56	Scotland Corr. Inst.	4223
	**(Close/Medium/Minimum)	
57	Tyner Corr. Inst.	4226
	**(Close/Medium)	

Central Region

33	Caledonia Corr. Inst.	5225
34	Central Prison	5103
35	Franklin Corr. Ctr	4215
37	Johnston Corr. Inst.	4223
38	Nash Corr. Inst.	3710
39	Neuse Corr. Inst.	5220
40	Odom Corr. Inst.	5310
41	Polk Corr. Inst.	5220
43	Tillery Corr. Ctr.	5223
44	Wake Corr. Ctr.	4226
45	Warren Corr. Inst.	4210
	**(Medium/Minimum)	
70	Wayne Corr. Ctr	4176

Eastern Region

58	Bertie Corr. Inst.	4220
59	Carteret Corr. Ctr.	4110
60	Craven Corr. Inst.	5226
61	Duplin Corr. Ctr.	4125
62	Eastern Corr. Inst.	5420
63	Greene Corr. Inst.	4143
64	Hyde Corr. Inst.	4103
65	Lenoir Corr. Inst.	4376
67	Pamlico Corr. Inst.	4220
53	Pasquotank Corr. Inst.	5743
	**(Close/Minimum)	
69	Tyrrell PWF	5370

Updated 7/24/2012

Program Structural Components

- 74 Medium-Custody Road Squads. Up to eight medium-custody inmates are supervised by two armed correctional officers.

- 51 Minimum-Custody Litter Crews. Up to ten minimum-custody inmates are supervised by one unarmed correctional officer.

Program Cost Components

- Lead Correctional Officers and Correctional Officers to supervise the inmate squads and crews
- Vehicles and equipment necessary to deploy and supervise the inmates
- An incentive wage of seventy cents ($.70) per day per inmate

Hurricane Irene(2011): Selected NCDPS / Prisons Labor Projects

- 2 crews from Pasquotank worked in the town of Columbia cleaning up town properties. 480 inmate hours, 80 hours staff labor. Completed on 9/2.
- 1 crew from Pasquotank worked in the town of Winton cleaning up town properties. 400 inmate hours, 40 hours staff labor. Completed on 9/2.
- 1 crew from Duplin CC worked in the town of Snow Hill cleaning up town properties. 192 inmate hours, 24 hours staff labor. Completed on 9/6.
- 1 crew from Carteret CC worked for Div. of Marine Fisheries picking up 500+ tires from Atlantic Beach. 64 hours inmate labor, 8 hours staff labor. Completed on 8/29.

Use of Program for Disaster Recovery

- Minimum Custody Litter Crews are mobile, flexible, safe and effective for debris cleanup in a variety of settings and therefore are often deployed to assist the general public after hurricanes and tornados.
- Projects are requested by affected localities through North Carolina Emergency Management and are coordinated by Prisons.

Thank You

Zachary R. Kendall
Security Specialist
NCDPS / Prisons Security Services

zachary.kendall@ncdps.gov

Presentation to the Joint Appropriations Subcommittee on Transportation

of the North Carolina General Assembly

on the program income and expenditures of the

Underground Storage Tank Program

within the

Division of Waste Management

Department of Environment and Natural Resources

presented by

Grover Nicholson, Section Chief

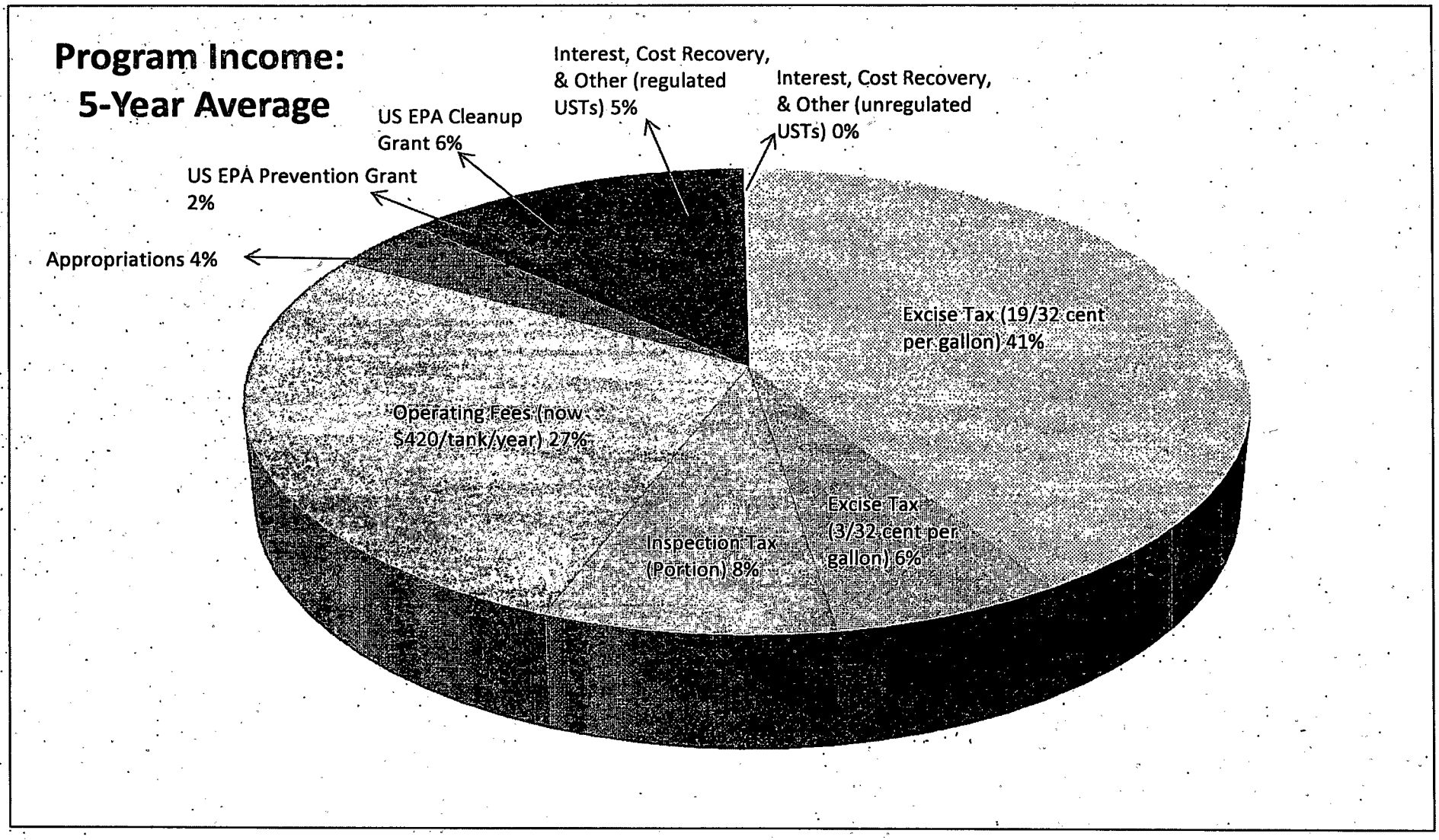
919-707-8263

grover.nicholson@ncdenr.gov

20 March 2013

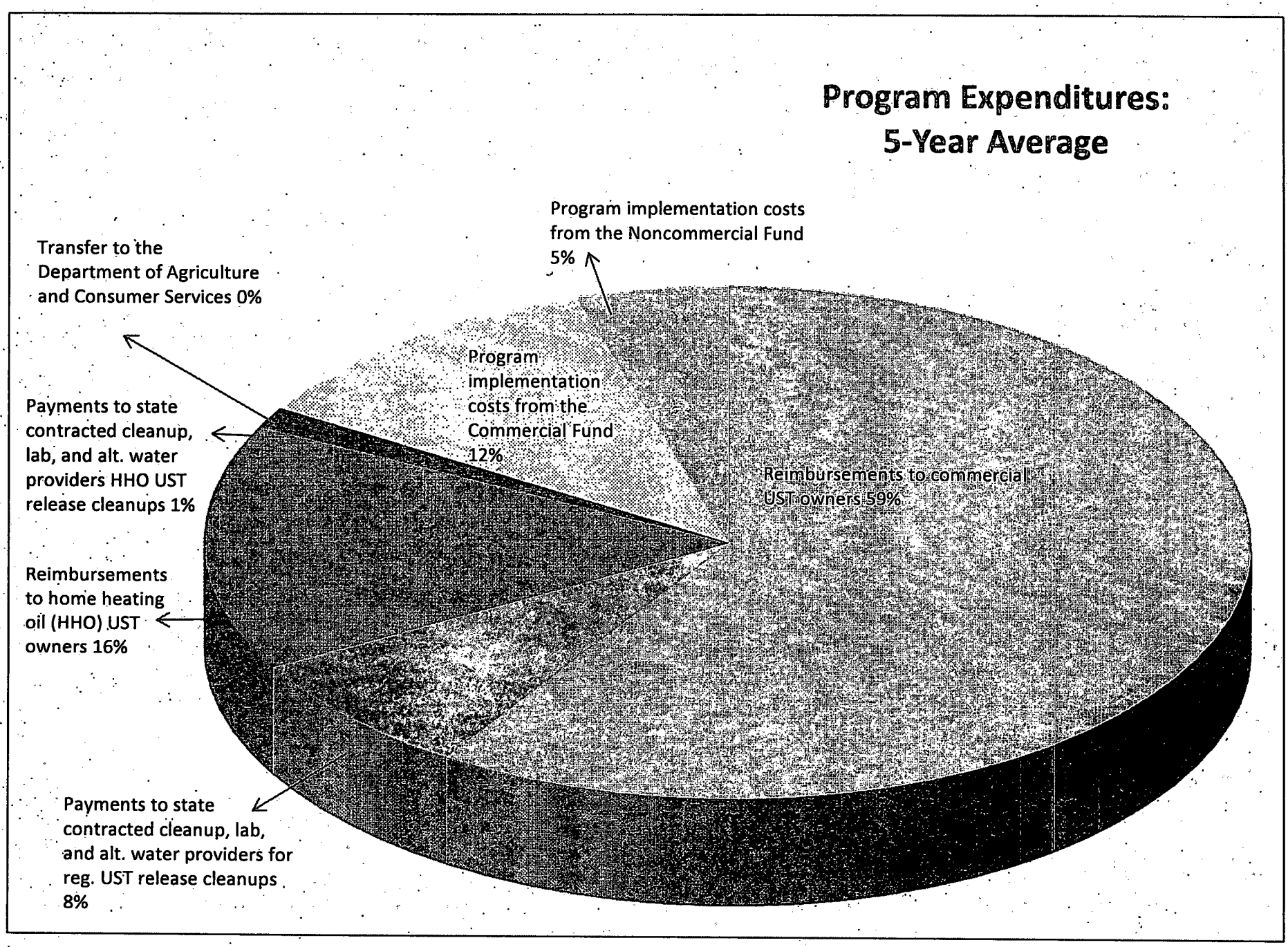
Division of Waste Management erground Storage Tank Program

INCOME	USE	SFY 2008	SFY 2009	SFY 2010	SFY2011	SFY2012	5-Year Average	%
Excise Tax (19/32 cent per gallon)	Reg. UST petro.release cleanup and program implementation	$15,751,141	$15,044,580	$15,326,206	$15,423,613	$15,208,234	$15,350,755	41%
Excise Tax (3/32 cent per gallon)	Unreg. UST petro. release cleanup and program implement	$2,488,558	$2,376,927	$2,421,422	$2,436,811	$2,402,783	$2,425,300	6%
Inspection Tax (Portion)	Unreg. UST petro. release cleanup and program implement	$3,320,457	$3,702,096	$4,283,393	$3,946,303	$0	$3,050,450	8%
Operating Fees (now $420/tank/year)	Reg. UST petro.release cleanup and program implementation	$7,686,324	$10,686,223	$11,505,666	$10,680,351	$10,602,997	$10,232,312	27%
Appropriations	Non-UST petroleum release cleanup and program implement	$442,607	$448,505	$421,443	$466,014	$5,310,559	$1,417,826	4%
US EPA Prevention Grant	Regulated UST release prevention, training & program implement	$1,006,500	$1,006,500	$813,334	$790,000	$0	$723,267	2%
US EPA Cleanup Grant	Regulated UST release cleanup and program implementation	$2,476,598	$2,742,600	$2,069,000	$2,269,000	$2,134,000	$2,338,240	6%
Interest, Cost Recovery, & Other (regulated USTs)	Reg. UST petro.release cleanup and program implementation	$2,082,716	$4,290,433	$1,137,547	$847,540	$500,725	$1,771,792	5%
Interest, Cost Recovery, & Other (unregulated USTs)	Unreg. UST petro. release cleanup and program implement	$221,531	$99,707	$22,163	$5,521	$0	$69,784	0%
TOTAL INCOME		$35,476,432	$40,397,571	$38,000,174	$36,865,153	$36,159,298	$37,379,726	100%


Program Income:
5-Year Average
Interest, Cost Recovery, & Other (regulated USTs) 5%
Interest, Cost Recovery, & Other (unregulated USTs) 0%
US EPA Cleanup Grant 6%
US EPA Prevention Grant 2%
Appropriations 4%
Excise Tax (19/32 cent per gallon) 41%
Operating Fees (now $420/tank/year) 27%
Excise Tax (3/32 cent per gallon) 6%
Inspection Tax (Portion) 8%

Division of Waste Management :rground Storage Tank Program

EXPENDITURES	USE	SFY 2008	SFY 2009	SFY 2010	SFY2011	SFY2012	5-Year Average	%
Reimbursements to commercial UST owners	Cleanup of owned regulated UST releases	$7,945,220	$13,060,352	$14,882,030	$27,944,394	$26,167,796	$17,999,958	59%
Payments to state contracted cleanup, lab, and alt. water providers for reg. UST release cleanups.	Cleanup of orphan regulated UST releases	$2,040,524	$852,342	$2,788,195	$3,049,103	$2,938,288	$2,333,690	8%
Reimbursements to home heating oil (HHO) UST owners	Cleanup of owned home heating oil UST releases	$5,627,963	$5,517,741	$4,076,951	$5,562,054	$2,976,559	$4,752,254	16%
Payments to state contracted cleanup, lab, and alt. water providers for HHO UST release cleanups.	Cleanup of orphan home heating oil UST releases	$477,332	$361,067	$294,346	$360,881	$36,520	$306,029	1%
Transfer to the Department of Agriculture and Consumer Services	UST compliance assistance (vapor recovery)	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	0%
Program implementation costs from the Commercial Fund	Salaries, benefits, and operating costs	$2,859,460	$3,380,143	$3,703,817	$3,859,161	$3,891,756	$3,538,867	12%
Program implementation costs from the Noncommercial Fund	Salaries, benefits, and operating costs	$1,416,685	$1,324,956	$1,451,830	$1,512,722	$1,525,499	$1,446,338	5%
TOTAL EXPENDITURES		$20,457,184	$24,586,601	$27,287,169	$42,378,315	$37,626,418	$30,467,137	100%


Program Expenditures:
5-Year Average
Program implementation costs from the Noncommercial Fund 5%
Transfer to the Department of Agriculture and Consumer Services 0%
Program implementation costs from the Commercial Fund 12%
Payments to state contracted cleanup, lab, and alt. water providers HHO UST release cleanups 1%
Reimbursements to commercial UST owners 59%
Reimbursements to home heating oil (HHO) UST owners 16%
Payments to state contracted cleanup, lab, and alt. water providers for reg. UST release cleanups 8%

Division of Waste Management :rground Storage Tank Program

PROGRAM CHALLENGES & ACCOMPLISHMENTS	SFY 2008	SFY 2009	SFY 2010	SFY2011	SFY2012	5-Yr Average
Regulated UST releases remaining open from previous years	6538	6356	6145	5925	5726	NA
Regulated UST releases reported this year	343	304	289	304	268	302
Regulated UST releases cleaned up and closed this year	525	515	509	503	497	510
Home heating oil UST releases remaining open from previous years	2269	2342	2302	2394	2433	NA
Home heating oil UST releases reported this year	553	487	518	477	423	492
Home heating oil UST releases cleaned up and closed this year	480	527	426	438	490	472
Non-UST releases remaining open		1859	1926	1929	1947	NA
Non-UST releases closed		1906	2067	2289	2507	NA

Division of Waste Management erground Storage Tank Program

PROGRAM STAFFING LEVELS (in full time equivalents)	Receipt Funded	EPA Grant Funded	Appropriation Funded	Totals	%
Section management & support	4.00	2.00	0.40	6.40	6.18%
Prevention program	31.00	2.00	0.00	33.00	31.87%
Cleanup program (UST owners)	26.10	18.05	4.00	48.15	46.50%
Cleanup program (orphan USTs)	4.00	4.00	0.00	8.00	7.73%
Cleanup Funds management	8.00	0.00	0.00	8.00	7.73%
Totals	73.10	26.05	4.40	103.55	100.00%

SENATE SERGEANT-AT-ARMS

COMMITTEE: **SENATE APPROPRIATIONS ON**

TRANSPORTATION

DATE: 05/20/13 ROOM: 1228

1. ASHLEY MICKENS
2. BILLY FRITSCHER
3. _____
4. _____
5. _____
6. _____

VISITOR REGISTRATION SHEET

Sen Trans Approps — 5/20/13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bill McGee	DS Treas.
David H. Ulmer	NCDOT CIO
LaNica Allison	NCDOT
John Harden	MF&S
Mark Foster	NCDOT
Richard Wolfe	NCDOT
[illegible]	NCDOT

VISITOR REGISTRATION SHEET

Sen Trans Approps — 5/20/13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kent Teeter	NCDTSEA
[signature]	NCDTSEA
[signature]	NCDTSEA
Sam Deyton	NCDTSEA
Jason Sofley	NCDOT
Keith Richards	City of Charlotte
Keith King	NCDMV
Steve Watkins	NCDMV
Alison Roach	NCDMV
Michael Jarman	NCDMV
Kym Hunter	SELC

VISITOR REGISTRATION SHEET

Sen Trans Approps — 5/20/13

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Fred Steen	NC Governor's office
Delbert Reddenberry	NCDOT
Lauren Blackburn	NCDOT
Amy Sims	DENR
Hugh Johnson	Gov. office
Jim Trogdon	NCDOT
Thomas Check	OSBM
Roger Henderson	NC Active Transportation Alliance
Adam Pridgen	NCASA
Will Cruthirm	MWC
Johanna Reese	NCACC

VISITOR REGISTRATION SHEET

Sen Trans Approps / 5/20/13

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Berry Jenkins	Carolinas AGC
Suzanne Beasley	SEANC
Bobby Lewis	NCDOT
Walker Jones	Jordan Price
Andrew Bell	NCDOT
Gary Harris	NC Petroleum & Convenience Marketers
Crystal Collins	NC Trucking Assn.
Jay Stem	NCAA
Joe McClees	McClees Consult.
	RANC
	RANC - NCTA - NCMA

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE Transp.

DATE: 3.20-13 **Room:** 1228

*Name:

County:

Sponsor:

*Name:

County:

Sponsor:

*Name:

County:

Sponsor:

*Name:

County:

Sponsor:

*Name:

County:

Sponsor:

*Name:

County:

Sponsor:

Senate

House Sgt-At Arms:

1. Name: Carlton Adams
2. Name: Carl Morello
3. Name: Martha Parrish
4. Name: Charles Harper
5. Name: Anderson Meadows
6. Name:

Wednesday, March 20	**Room**	**Time**
JOINT APPROPRIATIONS TRANSPORTATION	1228	8:30 am

Name	County	Sponsor
Steven Andreas	Wake	Stam
Ethan Holland	Iredell	Turner

SENATE PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228

DATE: 3-20 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!

Page Name	Hometown	Sponsoring Senator
1 Zachary Taylor	Raleigh	Berger
2 McCain Kerr	Monroe	Tucker
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David A. Brown	UNC School of Gov't
Stephen Benjamin	NC Dept Agriculture & Consumer Services
Catherine Stagner	NC Dept. of Agriculture & Consumer Serv.
Zachary Kendall	NCDPS
Jaice Cashion	NC Chamber
[illegible] Muldrow	NRA
[illegible]	[illegible]
[illegible]	[illegible]
[illegible] Sines	DENR
[illegible]	[illegible]
Paul Brunin	TAF Hendersonville, NC

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Maria Pitre-Martin	NC DPI
Rachel Blanton	"
Reginald Flythe	NCDPI
Maureen Berner	School of Government UNC-CH
Paul Glover	Forensic Tests for Alcohol
FRITZ LaBARGE	FORENSIC TESTS FOR ALCOHOL
Dexter Matthews	NC DENR- Waste Management
GROVER NICHOLSON	NC DENR, WASTE MANAGEMENT, UST PROGRAM
Neal Strickland	NCDOT Right of Way Unit
ED LEIBORN	NCDOT R/W APPRAISAL
Terry Niles	NCDOT R/W Property Management

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
BERRY JAKINS	CAROLINAS AGC
Doug Galbraith	NCNPS
JASON SOPER	NCDOT
	RAM + OTHERS - NCMA - TAPPA
	NCMMC
	NCDTSEA
Erin Wynia	NCLM
	CCT
	NCAPA
	MFAC

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Thomas Cheek	OSBM
[signature]	[illegible]
Marshall Reid	NC Department of Revenue
Jocelyn Andrews	NC Dept of Revenue
Alan Woodard	NC Dept. of Revenue
Donna Alderman	DOR
John D. Panza	NC Dept. of Revenue
Andrew Burl	NC DOT
Will Grathan	MWC
Alexis Schwarz	DPI
Susanna Davis	Williams Mullen

Joint Appropriations Subcommittee on Transportation

March 26, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard, Chairing	Senator Kathy Harrington
	Representative John Torbett	Senator Bill Rabon

- Call to Order
- Review of Items Affecting the Department of Transportation in Governor's Budget

Tony Tata
Secretary
Department of Transportation

Mercidee Benton
Assistant State Budget Officer
Office of State Budget and Management

Thomas Cheek
Budget Analyst
Office of State Budget and Management

Tim Johnson
Deputy Director, Facilities Management Division
Department of Transportation

Next meeting: North Carolina Railroad Company (NCRR) & Program Evaluation Division Studies: NCRR and Global TransPark - Wednesday, March 27th, 8:30 a.m.

THE GOVERNOR'S RECOMMENDED BUDGET



Pat McCrory
Governor

The State of North Carolina
2013-2015

Table 10

Governor's Recommended Highway Fund and Highway Trust Fund Budget

2013-14

Function	FY 2013-14 Recommended Base Appropriation	Reductions			Other Continuation/Expansion			Net Change	2013-14 Recommended Appropriation	Net Position Change
		Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions			
DOT Administration	85,067,084	-	-	-	581,995	8,832,000	-	9,413,995	94,481,079	-
Division of Highways										
Administration	35,139,990	(426,429)	-	(10.00)	-	-	-	(426,429)	34,713,561	(10.00)
Construction	121,745,183	(8,763,242)	-	-	5,569,535	-	-	(3,193,707)	118,551,476	-
Maintenance	838,366,592	(36,848,809)	-	-	242,094,845	-	-	205,246,036	1,043,612,628	-
Planning and Research	4,055,402	-	-	-		-	-	-	4,055,402	-
OSHA Program	372,792	(7,455)	-	-		-	-	(7,455)	365,337	-
State Aid to Municipalities	88,886,298	(1,486,064)	-	-	-	-	-	(1,486,064)	87,400,234	-
Multi-Modal										
Airports	22,212,883	(446,221)	-	-	-	-	-	(446,221)	21,766,662	-
Bicycle	880,513	-	-	-	-	-	-	-	880,513	-
Ferry	35,606,301	(820,763)	-	-	-	1,150,000	-	329,237	35,935,538	
Public Transportation	85,044,235	(2,692,861)	-	-	-	1,000,000	-	(1,692,861)	83,351,374	-
Railroads	21,885,317	(424,023)	-	-	-	-	-	(424,023)	21,461,294	-
Governor's Highway Safety Program	284,932	-	-	-	-		-	-	284,932	-
Division of Motor Vehicles	97,122,623	-	-	-	7,501,262	557,083	4.00	8,058,345	105,180,968	4.00
Other State Agencies	41,078,482	(625,322)	-	-	-		-	(625,322)	40,453,160	-
Transfer to General Fund	218,134,644							-	218,134,644	
Other Reserves	313,853	-	-	-	8,201,845	-	-	8,201,845	8,515,698	-
Capital Improvements	-	-	-	-	-	18,055,500	-	18,055,500	18,055,500	
Total Highway Fund	1,696,197,124	(52,541,189)	-	(10.00)	263,949,482	29,594,583	4.00	241,002,876	1,937,200,000	(6.00)
Administration	53,599,200	(619,200)	-	-	-	-	-	(619,200)	52,980,000	-
Construction										
Intrastate System	515,520,933	(8,390,482)	-	-	-	-	-	(8,390,482)	507,130,451	-
Urban Loop System	164,864,838	(3,392,762)	-	-	-	-	-	(3,392,762)	161,472,076	-
Secondary Roads	78,972,723	-	-	-	382,801	-	-	382,801	79,355,524	-
State Aid to Munipalities	56,072,216	(880,357)	-	-	-	-	-	(880,357)	55,191,859	-
Bonds										
Bond Redemption	62,417,880	-	-	-	-	-	-	-	62,417,880	-
Bond Interest	16,752,210	-	-	-	-	-	-	-	16,752,210	-
NC Turnpike Authority (GAP Funds)	112,000,000	-	-	-	-	-	-	-	112,000,000	-
NC Mobility Fund	58,000,000	-	-	-	-	-	-	-	58,000,000	-
Reserve for Visitor's Centers	400,000	-	-	-	-	-	-	-	400,000	-
Total Highway Trust Fund	1,118,600,000	(13,282,801)	-	-	382,801	-	-	(12,900,000)	1,105,700,000	-

Table 11

Governor's Recommended Highway Fund and Highway Trust Fund Budget

2014-15

Function	FY 2014-15 Recommended Base Appropriation	Reductions			Other Continuation/Expansion			Net Change	2014-15 Recommended Appropriation	Net Position Change
		Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions			
DOT Administration	85,067,084	-	-	-	5,581,995	8,798,400	-	14,380,395	99,447,479	-
Division of Highways										
Administration	35,139,990	(426,429)	-	(10.00)	-	-	-	(426,429)	34,713,561	(10.00)
Construction	121,567,411	(9,267,191)	-	-	6,036,171	-	-	(3,231,020)	118,336,391	-
Maintenance	838,666,592	(42,448,809)	-	-	197,865,469	-	-	155,416,660	994,083,252	-
Planning and Research	4,055,402	-	-	-		-	-	-	4,055,402	-
OSHA Program	372,792	(7,455)	-	-		-	-	(7,455)	365,337	-
State Aid to Municipalities	88,708,526	(1,990,013)	-	-	-	-	-	(1,990,013)	86,718,513	-
Mult-Modal										
Airports	20,116,204	(446,221)	-	-	-	-	-	(446,221)	19,669,983	-
Bicycle	880,513	-	-	-	-	-	-	-	880,513	-
Ferry	35,606,301	(820,763)	-	-	-	-	-	(820,763)	34,785,538	-
Public Transportation	85,044,235	(2,692,861)		-	-	500,000	-	(2,192,861)	82,851,374	-
Railroads	21,885,317	(424,023)			-	-		(424,023)	21,461,294	
Governor's Highway Safety Program	284,932	-	-	-	-		-	-	284,932	-
Division of Motor Vehicles	97,127,001	-	-	-	7,575,309	-	4.00	7,575,309	104,702,310	4.00
Other State Agencies	41,614,587	(595,583)	-	-	-		-	(595,583)	41,019,004	-
Transfer to General Fund	215,871,719							-	215,871,719	
Other Reserves	313,853	-	-	-	12,901,845	-	-	12,901,845	13,215,698	-
Capital Improvements	-	-	-	-	-	19,937,700	-	19,937,700	19,937,700	
Total Highway Fund	1,692,322,459	(59,119,348)	-	(10.00)	229,960,789	29,236,100	4.00	200,077,541	1,892,400,000	(6.00)
Administration	55,202,400	(2,236,800)	-	-	-	-	-	(2,236,800)	52,965,600	-
Construction										
Intrastate System	530,210,557	(27,849,812)	-	-	-	-	-	(27,849,812)	502,360,745	-
Urban Loop System	191,571,718	(11,261,304)	-	-	-	-	-	(11,261,304)	180,310,414	-
Secondary Roads	86,253,540	(2,329,990)	-	-	-	-	-	(2,329,990)	83,923,550	-
State Aid to Munipalities	58,054,337	(2,922,094)	-	-	-	-	-	(2,922,094)	55,132,243	-
Bonds										
Bond Redemption	46,676,132	-	-	-	-	-	-	-	46,676,132	-
Bond Interest	13,631,316	-	-	-	-	-	-	-	13,631,316	-
NC Turnpike Authority	112,000,000	-	-	-	-	-	-	-	112,000,000	-
NC Mobility Fund	58,000,000	-	-	-	-	-	-	-	58,000,000	-
Reserve for Visitor's Centers	400,000	-	-	-	-	-	-	-	400,000	-
Total Highway Trust Fund	1,152,000,000	(46,600,000)	-	-	-	-	-	(46,600,000)	1,105,400,000	-

Highway Fund Revenue Forecast
2013-2015

The Highway Fund receives support from three revenue sources. The primary source is the excise tax on motor fuels, of which the Highway Fund receives seventy-five percent. The second source is licenses and fees collected by the Division of Motor Vehicles. The third source is interest earned on investments of Highway Fund cash balances held by the State Treasurer. Table 14 shows the percentages of the various components of the Highway Fund revenue collections projected for the 2013-15 biennium.

Current Fiscal Year Update

Fiscal year 2012-13 revenues are expected to slightly exceed last year's totals by 0.8%. Despite this growth, revenue is expected to finish 1.8% below the official forecast as motor fuel consumption remained lower than expected. Specifically, motor fuel consumption is anticipated to fall 2.4% after declining 1.5% in the previous year. Licenses and fees are expected to finish 2.9% below fiscal year 2011-12 collections and 2.5% below the official forecast.

Fiscal Year 2013-15 Revenue Projections

Projected total Highway Fund revenue collections are expected to decline in fiscal year 2013-14 (-0.9%) and fiscal year 2014-15 (-2.3%). This result is mainly driven by declining motor fuel consumption as the motor fleet continues to become more fuel efficient. Despite a growing population and slowly improving economy, consumption has declined each fiscal year since 2009-10. The forecast assumes a continuation of this trend, with a 0.8% decline in fiscal year 2013-14 and 1.3% drop in fiscal year 2014-15. Fueled by slow economic recovery and increases in domestic and international truck registrations, licenses and fees are expected to increase 0.8% and 1.4%, respectively, over the biennium.

Table 14
Highway Fund Revenue by Fiscal Year: Recent History and Forecast
(In Millions)

Source	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget	Percent Change	2014-15 Budget	Percent Change
Motor Fuels Tax							
Motor Fuels	1,376.9	1,413.7	1,387.7	1,368.2	-1.4%	1,316.1	-3.8%
Gasoline Inspection	13.9	13.8	14.0	13.8	-1.9%	13.2	-4.3%
Highway Use Reg.	0.3	0.2	0.3	0.3	-1.9%	0.3	-4.3%
Total Motor Fuel Taxes	1,391.1	1,427.7	1,402.0	1,382.3	-1.4%	1,329.6	-3.8%
Licenses and Fees							
Staggered Registration	196.3	192.0	194.6	194.6	0.0%	197.6	1.6%
International Registration Plan	61.8	64.6	63.3	65.7	3.7%	68.0	3.5%
Driver Licenses	122.1	129.6	121.2	122.5	1.1%	123.8	1.1%
Truck Licenses	130.8	135.6	131.6	131.6	0.1%	132.4	0.6%
Other Licenses and Fees	51.3	38.6	35.6	36.5	2.6%	37.0	1.2%
Total Licenses and Fees	562.3	560.3	546.3	550.9	0.8%	558.8	1.4%
Investment Income	4.7	6.0	6.0	4.0	-33.3%	4.0	0.0%
Total HF Availability	1,958.1	1,994.0	1,954.3	1,937.2	-0.9%	1,892.4	-2.3%

Totals may differ from the sum of their parts due to rounding.

Highway Trust Fund Revenue Forecast
2013-2015

The Highway Trust Fund, established in 1989, receives support from four sources. The primary source is the highway use tax, or sales tax, on vehicle sales. The second source is the excise tax on motor fuels. The Highway Trust Fund receives twenty-five percent of this excise tax. The third source is fees on certificates of title and other miscellaneous titles. The final source is the interest earned from investments of the Highway Trust Fund cash balances held by the State Treasurer. Table 15 shows the percentages of the various components of the Highway Trust Fund revenue collections projected for the 2013-15 biennium.

Current Fiscal Year Update

Fiscal year 2012-13 revenues are expected to exceed last year's levels by 2.9%, $33.3 million above the budgeted forecast. The modest surplus is primarily fueled by better than anticipated highway use tax collections. After several years of well below average car sales, sales have improved markedly, and highway use tax is expected to grow 4.7% in fiscal year 2012-13. Despite an increase in car sales, motor fuel consumption is expected to fall 2.4%. Title registrations are expected to grow 4.8%, slightly exceeding the budgeted target.

Fiscal Year 2013-15 Revenue Projections

Projected revenue is expected to grow 1.6% in fiscal year 2013-14 before remaining flat in fiscal year 2014-15. As the economy and consumer spending continue to improve, the highway use tax is expected to increase 3.9% and 2.7% in fiscal year 2013-14 and 2014-15, respectively. Motor fuel consumption, however, is anticipated to decline over the biennium. Despite a growing population and slowly improving economy, consumption has declined each fiscal year since 2009-10. The forecast assumes a continuation of this trend, with a 0.8% decline in fiscal year 2013-14 and a 1.3% drop in fiscal year 2014-15. When the highway use tax and motor fuel tax are considered together, the growth in the highway use tax outpaces the decline in motor fuels in fiscal year 2013-14, leading to modest total revenue growth. However, in fiscal year 2014-15, these two major revenue sources essentially cancel each other, resulting in no total revenue growth. Title registrations are expected to post modest gains.

Table 15

Highway Trust Fund Revenue by Fiscal Year: Recent History and Forecast

(In Millions)

Source	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget	Percent Change	2014-15 Budget	Percent Change
Fuel Taxes and Fees							
Motor Fuel Tax	459.4	471.2	462.6	456.1	-1.4%	438.7	-3.8%
Highway Use	505.7	490.0	529.7	550.2	3.9%	565.3	2.7%
Certificate of Title Fees	77.3	78.6	81.0	83.7	3.3%	85.3	1.9%
Miscellaneous Title Fees	13.7	14.5	14.3	14.7	3.1%	15.1	2.5%
Subtotal	1,056.0	1,054.3	1,087.6	1,104.7	1.6%	1,104.4	0.0%
Interest on Investments	2.2	1.0	1.0	1.0	0.0%	1.0	0.0%
Total HTF Availability	1,058.2	1,055.3	1,088.6	1,105.7	1.6%	1,105.4	0.0%

Totals may differ from the sum of their parts due to rounding.

Figure 11

Transportation Funding Sources for 2013-14

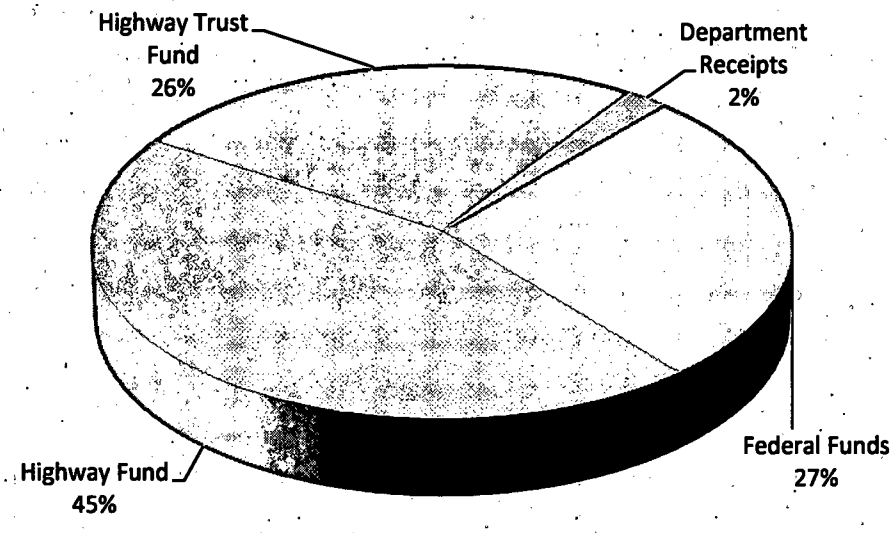


Figure 12

Transportation Appropriations for 2013-14

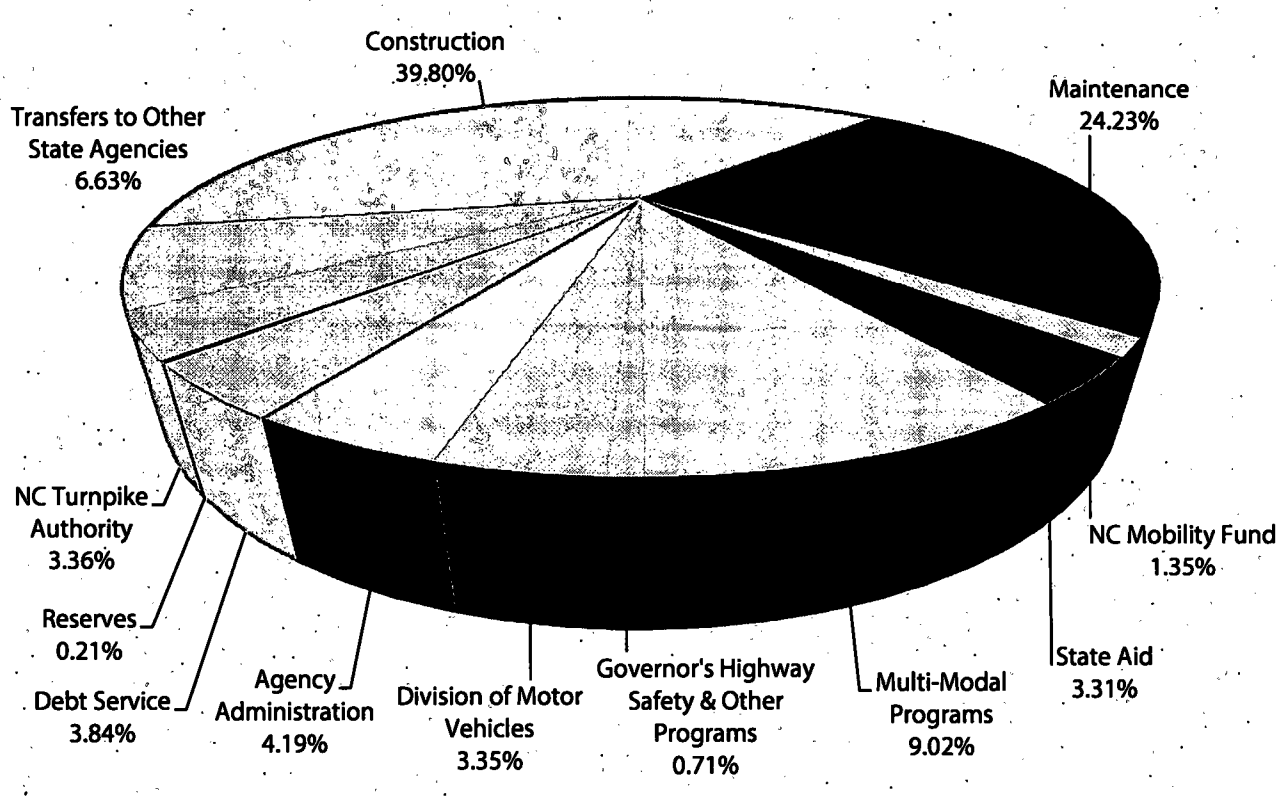


Table 16

Highway Fund
Recommended Availability and Appropriations, 2013-15

Description	2013-14 Recommended	2014-15 Recommended
Budget Availability		
Beginning Credit Balance:		
Unappropriated Balance from FY 2012-13	$ -	-
Anticipated Reversions from FY 2012-13	-	-
Anticipated Overcollections from FY 2012-13	-	-
Anticipated Beginning Unreserved Credit Balance	-	-
Recommended Budgeted Revenue:		
Tax Revenue	1,382,300,000	1,329,600,000
Non-tax Revenue	554,900,000	562,800,000
Total Highway Fund Revenue	1,937,200,000	1,892,400,000
Total Availability	1,937,200,000	1,892,400,000
Recommended Appropriations:		
Original Certified Budget	1,696,197,124	1,692,322,459
Recommended Reductions	(52,541,189)	(59,119,348)
Recommended Expansion	293,544,065	259,196,889
Total Appropriations Recommended	1,937,200,000	1,892,400,000
Total Ending Balance	$ -	$ -

Table 17

Highway Trust Fund
Recommended Availability and Appropriations, 2013-15

Description	2013-14 Recommended	2014-15 Recommended
Budget Availability		
Beginning Credit Balance:		
Unappropriated Balance from FY 2012-13	$ -	$ -
Anticipated Reversions from FY 2012-13	-	-
Anticipated Overcollections from FY 2012-13	-	-
Anticipated Beginning Unreserved Credit Balance	-	-
Recommended Budgeted Revenue:		
Tax Revenue	1,006,300,000	1,004,000,000
Non-tax Revenue	99,400,000	101,400,000
Total Highway Trust Fund Revenue	1,105,700,000	1,105,400,000
Total Availability	1,105,700,000	1,105,400,000
Recommended Appropriations:		
Original Certified Budget	1,118,600,000	1,152,000,000
Recommended Reductions	(13,282,801)	(46,600,000)
Recommended Expansion	382,801	-
Total Appropriations Recommended	1,105,700,000	1,105,400,000
Total Ending Balance	$ -	$ -

Recommended Adjustments

Justice and Public Safety

Judicial Branch

Judicial Branch - Indigent Defense

Department of Justice

Department of Public Safety

Juvenile Justice and Delinquency Prevention

Correction

Crime Control and Public Safety

Appropriation Items -- Recommended Adjustments

Reductions

		2013-14	2014-15
1. Shift Focus to Core Mission Functions			
In order to allow the Department of Justice to focus on its core mission, attorneys and support staff who provide routine legal services are transferred to the state agencies they serve, effective October 1, 2013. A reserve account is established within the Office of State Budget and Management to facilitate an orderly transition of positions and funds to affected agencies.			
	Requirements	**($15,413,521)**	**($20,551,362)**
	Receipts	**($7,963,202)**	**($10,617,603)**
	Appropriation	**($7,450,319)**	**($9,933,759)**
	Positions	**(210.630)**	**(210.630)**
2. Implement Staff Efficiencies			
Through more efficient utilization of resources, the number of vacant positions in administrative/support functions within the agency is reduced.			
	Appropriation	**($947,698)**	**($947,698)**
	Positions	**(13.000)**	**(13.000)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($16,361,219)	($21,499,060)
Receipts	(7,963,202)	(10,617,603)
Appropriation	($8,398,017)	($10,881,457)
Positions	(223.630)	(223.630)
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Recommended Adjustments

Transportation

Highway Fund

Highway Trust Fund

Turnpike Authority

Department of Transportation

Governor's Recommended Adjustments to Base Budget

Highway Fund Budget Changes (84210)

Recommended Highway Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$6,452,218,400	$6,438,221,254
Receipts	$4,756,021,276	$4,745,898,795
Appropriation	$1,696,197,124	$1,692,322,459
Adjustments		
Requirements	$241,243,172	$200,317,837
Receipts	$240,296	$240,296
Appropriation	$241,002,876	$200,077,541
Total		
Requirements	$6,693,461,572	$6,638,539,091
Receipts	$4,756,261,572	$4,746,139,091
Recommended Appropriation	$1,937,200,000	$1,892,400,000
Positions		
Base Budget Positions	13,077.000	13,055.000
Continuation	-	-
Reductions	(10.000)	(10.000)
Expansion	6.000	6.000
Recommended Positions	13,073.000	13,051.000

Appropriation Items -- Recommended Adjustments

Reductions

		2013-14	2014-15
Statutory Adjustments Based on Revised Forecast			
1. State Aid to Municipalities			
A statutory adjustment was required to the appropriation for State Aid to Municipalities based on the revised February 2013 revenue estimate for the Highway Fund. The allocation to the program is $1.75 per gallon of net motor fuel sold. The new forecast estimated a lower consumption of motor fuel gallons, requiring an adjustment to bring the program in line with available revenue for the 2013-15 biennium.			
	Appropriation	**($1,486,064)**	**($1,990,013)**
2. Secondary Construction Program			
A statutory adjustment was required to the appropriation for the Secondary Construction Program based on the revised February 2013 revenue estimate for the Highway Fund. The allocation to the program is $1.75 per gallon of net motor fuel sold. The new forecast estimated a lower consumption of motor fuel gallons, requiring an adjustment to bring the program in line with available revenue for the 2013-15 biennium.			
	Appropriation	**($1,486,064)**	**($1,990,013)**
3. System Preservation			
A statutory adjustment was required to the System Preservation Program based on the revised February 2013 revenue estimate for the Highway Fund. This program receives the balance of funds generated from the Gasoline Inspection Fee after deducting expenses for the Department of Revenue for collecting the tax and the expenses for the Department of Agriculture for fuel inspection. This adjustment will bring the appropriation in line with the latest forecast.			
	Appropriation	**($500,000)**	**($1,400,000)**
4. Department of Public Instruction - Driver Education			
The new forecast for 9th grade Average Daily Membership (ADM) is less than originally estimated. Therefore, the present base budget requires a reduction to bring the level of funding in-line with expected requirements. Funding will be reallocated to other priorities within the Department.			
	Appropriation	**($625,322)**	**($595,583)**

Maintenance

1. General Maintenance Reserve

A 5% appropriation adjustment was made to the General Maintenance Reserve based on the 2012-13 authorized budget. The reserve provides flexible funding that can be allocated by system (primary and secondary) based on need for specific highway maintenance activities that preserve or improve the overall condition of the highway system. This adjustment will

bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($7,104,931)**	**($7,104,931)**

2. **Primary Maintenance Funds**

An 8% appropriation adjustment was made to the Primary Maintenance Fund based on the 2012-13 authorized budget. Funds for the program are used for routine highway and bridge maintenance activities such as patching, mowing, snow removal, signing, pavement marking, rest area operations, and bridge repair on the state primary system comprised of all Interstate, US, and NC designated highways. This adjustment will bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($16,488,083)**	**($19,308,083)**

3. **Secondary Maintenance**

A 4% appropriation adjustment was made to funds for the Secondary Maintenance Program based on the 2012-13 authorized budget. Secondary maintenance funds are used for routine highway and bridge maintenance activities such as patching, mowing, snow removal, signing, pavement marking, bridge repair, machining, and stabilization on the state secondary system comprised of all paved and unpaved routes carrying the "SR" designation. This adjustment will bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($12,755,795)**	**($14,635,795)**

Construction

1. **Small Urban Construction Funds**

Reallocates recurring appropriation for the Division's Small Urban Construction Program. Approximately $2 million dollars will go to the Contingency Program; $1.4 million in 2013-14 and $964,000 in 2014-15 will go toward improved service at the Division of Motor Vehicles. Additionally, $3.6 million in 2013-14 and $4 million in 2014-15 will go toward Economic Development funding.

Appropriation	**($7,000,000)**	**($7,000,000)**

2. **Public Service Roads Program**

A 2% adjustment was made to funds for the Public Service Roads Construction Program. Funds are used to construct roads to new industrial or public facilities such as office and medical complexes, pave entrance aprons for volunteer fire departments, and construct driveways and parking areas for school buses at public schools. This adjustment will bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($35,178)**	**($35,178)**

3. **Spot Safety Program**

A 2% appropriation modification was made to the Spot Safety Program. Program funds are used to reduce crashes and injuries in North Carolina through the design and construction of cost-effective safety measures on the state highway system. Examples of projects include installation or improvement of traffic signals, improving roadway geometrics and

channelization, installing guardrails, adding rumble strips, and constructing turn lanes. This adjustment will bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($242,000)**	**($242,000)**

Multi-Modal Transportation

1. **Aviation, Ferry, Public Transportation, and Rail Program Funds**

A 2% adjustment in Highway Fund appropriations was made to the multi-modal programs based on the 2012-13 authorized budget. This adjustment will bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($3,383,868)**	**($3,383,868)**

2. **High Point Furniture Market Transportation Funding**

Grant funding for the High Point Furniture Market is being modified from an annual recurring appropriation to non-recurring for both years of the biennium. In 2014-15 the grant will be adjusted from $1,000,000 to $500,000 non-recurring. The funding not granted to the event in the second year will be reallocated toward other Department priorities.

Appropriation	**($1,000,000)**	**($1,000,000)**
Appropriation - Nonrecurring	**$1,000,000**	**$500,000**

Other Programs

1. **Occupational Safety and Health (OSHA) Program**

A 2% modification in the appropriation for the OSHA Program based on the 2012-13 authorized budget. The program provides departmental funding to address safety deficiencies that impact the workplace environment. Eligible projects include mitigation of deficiencies discovered in routine inspections by OSHA, building code, or health code inspectors and employee safety training. This adjustment will bring the appropriation in-line with available funding based on the February 2013 forecast.

Appropriation	**($7,455)**	**($7,455)**

Division of Highways Administration

1. **Staffing Efficiencies**

The Department has streamlined administrative position counts by removing 10 positions and associated salary and fringe benefit costs that have been vacant for more than 180 days. These positions are not directly related to customer service delivery or any related functions to citizens of the state.

Appropriation	**($426,429)**	**($426,429)**
Positions	**(10.000)**	**(10.000)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($52,541,189)	($59,119,348)
Receipts	-	-
Appropriation	($52,541,189)	($59,119,348)
Positions	(10.000)	(10.000)
Nonrecurring		
Requirements	$1,000,000	$500,000
Receipts	-	-
Appropriation	$1,000,000	$500,000
Positions	-	-

Expansion

	2013-14	2014-15
Maintenance		
1. Reserve for Maintenance		
Additional funds for the maintenance program will restore non-recurring funds and bring the overall requirements for the Highway Fund in line with the availability for the biennium. Also, increases the appropriation with funds reallocated from recommended agency reductions.		
Appropriation	**$59,094,845**	**$14,865,469**
2. System Preservation		
Additional funding for the System Preservation component of the maintenance program will restore non-recurring funds removed from the base budget and will bring the overall requirements for the Highway Fund in line with the availability for the biennium.		
Appropriation	**$102,000,000**	**$102,000,000**
3. Contract Resurfacing		
Additional funding for the Contract Resurfacing component of the maintenance program will restore non-recurring funds and bring the overall requirements for the Highway Fund in line with the availability for the biennium.		
Appropriation	**$81,000,000**	**$81,000,000**

Construction

1. **Reallocation of Funds to the Contingency Program**

Reallocates funding from the Division's Small Urban Program to the Contingency Program, which will bring the revised recommended appropriation for this program to $14 million ($1 million per Division). Requests from Board Members will be coordinated with the Secretary of Transportation.

Appropriation	**$2,000,000**	**$2,000,000**

2. **Economic Development Fund**

Reallocates funding from the Division's Small Urban Program to establish the Economic Development Fund. This program will provide funding to promote economic factors for job growth by facilitating increased business activity for transportation efforts throughout the State. The funds will be used for highway improvements and infrastructure that promotes safety and mobility initiatives with an emphasis on job creation.

Appropriation	**$3,569,535**	**$4,036,171**

Motor Vehicle Services

1. **Statesville Regional Driver License Skills Testing Facility**

Funding is provided for four driver's license examiners to operate the dedicated Statesville Regional Commercial Driver License (CDL) Skills Testing facility.

Appropriation	**$231,190**	**$231,190**
Appropriation - Nonrecurring	**$16,400**	
Positions	**4.000**	**4.000**

2. **Vehicle Registration - Fees for Acceptance of Credit Card Payments**

Funds appropriated to cover fees associated with the acceptance of credit cards for transactions at DMV. DMV will begin accepting credit cards for in-person transactions beginning July 1, 2013. Previously credit cards were only accepted for internet renewal transactions.

Appropriation	**$6,380,290**	**$6,380,290**

3. **Information Technology Mainframe Application Modernization**

Funding to replace several critical DMV mainframe applications. The Department was instructed in the 2011-12 budget bill to develop a plan to replace the systems. This appropriation will provide funds to move to the implementation phase. The current mainframe systems are written in outdated programming language, are not easily changed to meet current needs, and are costly to maintain.

Appropriation		**$5,000,000**
Appropriation - Nonrecurring	**$8,832,000**	**$8,798,400**

4. **Division of Motor Vehicles (DMV) Customer Improvement Initiative**

Funding is being reallocated from the Division's Small Urban Program to enhance customer service at 30 Division of Motor Vehicle offices by the end of the biennium. The plan will add an extra day of service, Saturdays, at 20 offices in 2013-14 and an additional 10 offices (30 in total) in 2014-15. The request also includes additional funding to replace three outdated digital scanners and funding for public service announcements to alert the public about the weekend service.

Appropriation	**$889,782**	**$963,829**
Appropriation - Nonrecurring	**$540,683**	

Capital, Repair and Renovation

1. **Capital, Repair and Renovation - Biennial Plan**

Funds repairs, renovations and capital improvement projects for the Department of Transportation-owned facilities for the biennium.

Appropriation - Nonrecurring	**$18,055,500**	**$19,937,700**

Multi-Modal Transportation

1. **Ferry - Spoils Site Capability Enhancement for Ferry Vessels**

Re-establish capacity of spoil sites at Fort Fisher, Southport, Cherry Branch and Swan Quarter. Address needs at Fort Fisher ($100,000), Southport ($150,000), Cherry Branch ($400,000) and Swan Quarter ($500,000). Following primary re-establishment of spoil sites, Dredge personnel will maintain spoil sites during non-dredging season to prevent deterioration, eliminating recurring costs.

Appropriation - Nonrecurring	**$1,150,000**	

Department of Transportation Administration

1. **IT - Personnel for Combined Registration and Tax Collection System**

Provides IT staff to support the maintenance of the Combined Registration and Tax Collection System that came on-line in 2012-2013. This is a totally receipt supported activity from transaction fees that will be collected from the counties.

Requirements	**$240,296**	**$240,296**
Receipts	**$240,296**	**$240,296**
Appropriation	**-**	**-**
Positions	**2.000**	**2.000**

2. **Facility Security**

Funding to maintain the existing level of contract security for seven DOT buildings. Funds were previously provided from the department's available year-end credit balance. Legislative changes implemented during the 2012-13 Session have limited the ability of the department to continue to utilize credit balance funds for this purpose.

Appropriation	**$303,896**	**$303,896**

3. **Appalachian Regional Commission Assessment - Fiscal Division**

Funding to pay for the department's share of the Appalachian Regional Commission Assessment. Funds were previously provided from the department's available year-end credit balance. Legislative changes implemented during the 2012-13 Session have limited the ability of department to continue to utilize credit balance funds for this purpose.

Appropriation	**$278,099**	**$278,099**

Reserves and Transfers

1. **Employee Legislative Increase - Supported by Highway Fund**

Provides a 1% salary increase for employees in the Department of Transportation and other state agencies supported from Highway Fund appropriations. The increase will be effective July 1, 2013.

Appropriation	**$3,801,845**	**$3,801,845**

2. **Retiree Cost of Living - Retirees Supported by the Highway Fund**

Provides for a 1% cost-of-living adjustment for retirees of the Teachers' and State Employees' Retirement System effective July 1, 2013. The amount listed represents the cost of living for employees in the Department of Transportation and other state agencies supported by Highway Fund appropriations.

Appropriation	**$1,000,000**	**$1,000,000**

3. **Retirement System Contributions - Supported by Highway Fund**

Provides funds to increase the State's contribution to the Teachers' and State Employees' Retirement System for the 2013-15 biennium as recommended by the System's actuary. The funding listed represents retirement contributions for employees in the Department of Transportation and other state agencies supported by Highway Fund appropriations.

Appropriation	**$1,200,000**	**$1,200,000**

4. **State Health Plan -- Supported by Highway Fund**

Funding to cover the employer contribution to the Teachers' and State Employees' Comprehensive Major Medical Plan for employees in the Department of Transportation and other state agencies supported by Highway Fund appropriations.

Appropriation	**$2,200,000**	**$6,900,000**

Total Recommended Expansion

	2013-14	2014-15
Recurring		
Requirements	$264,189,778	$230,201,085
Receipts	240,296	240,296
Appropriation	$263,949,482	$229,960,789
Positions	6.000	6.000
Nonrecurring		
Requirements	$28,594,583	$28,736,100
Receipts	-	-
Appropriation	$28,594,583	$28,736,100
Positions	-	-

Total Recommended Adjustments for Highway Fund Budget Changes (84210) 2013-15

	2013-14	2014-15
Recurring		
Requirements	$211,648,589	$171,081,737
Receipts	240,296	240,296
Appropriation	$211,408,293	$170,841,441
Positions	(4.000)	(4.000)
Nonrecurring		
Requirements	$29,594,583	$29,236,100
Receipts	-	-
Appropriation	$29,594,583	$29,236,100
Positions	-	-
Total Appropriation Adjustments	$241,002,876	$200,077,541
Total Position Adjustments	(4.000)	(4.000)

Governor's Recommended Adjustments to Base Budget

Highway Trust Fund Budget Changes (84290)

Recommended Highway Trust Fund Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$1,118,600,000	$1,152,000,000
Receipts	-	-
Appropriation	$1,118,600,000	$1,152,000,000
Adjustments		
Requirements	($12,900,000)	($46,600,000)
Receipts	-	-
Appropriation	($12,900,000)	($46,600,000)
Total		
Requirements	$1,105,700,000	$1,105,400,000
Receipts	-	-
Recommended Appropriation	$1,105,700,000	$1,105,400,000
Positions		
Base Budget Positions	-	-
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	-	-

Appropriation Items -- Recommended Adjustments

Reductions

		2013-14	2014-15
Statutory Adjustments Based on Revised Forecast			
1. **Intrastate Program**			
An additional statutory adjustment was required to the Intrastate Program based on the revised revenue estimate for the Highway Trust Fund issued on February 11, 2013. The allocation is 61.95% of the remaining revenue after deduction of the direct $15 title fee for Secondary Roads.			
	Appropriation	**($8,390,482)**	**($27,849,812)**
2. **Urban Loops Program**			
An additional statutory adjustment was required for the Urban Loops Program based on the revised revenue estimate for the Highway Trust Fund issued on February 11, 2013. The allocation is 25.05% of the remaining revenue after deduction of the direct $15 title fee for Secondary Roads.			
	Appropriation	**($3,392,762)**	**($11,261,304)**
3. **State Aid to Municipalities**			
An additional statutory adjustment was required for State Aid to Municipalities based on the revised revenue estimate for the Highway Trust Fund issued on February 11, 2013. The allocation is 6.5% of the remaining revenue after deduction of the direct $15 title fee for Secondary Roads.			
	Appropriation	**($880,357)**	**($2,922,094)**
4. **Secondary Roads Program**			
An additional statutory adjustment was required for the Secondary Roads Program based on the revised revenue estimate for the Highway Trust Fund issued on February 11, 2013. The program receives a direct allocation of $15 of each title issued. Additionally, there is a 6.5% allocation on the remaining revenue after deducting the initial $15 direct fee.			
	Appropriation	**$382,801**	**($2,329,990)**
5. **Program Administration**			
An additional statutory adjustment was required to Program Administration based on the revised revenue estimate for the Highway Trust Fund issued on February 11, 2013. The allocation is 4.8% of the remaining revenue after deduction of the $15 title fee direct appropriation for Secondary Roads and the revenue earned by the fund from investments.			
	Appropriation	**($619,200)**	**($2,236,800)**

Total Recommended Reductions

	2013-14	2014-15
Recurring		
Requirements	($12,900,000)	($46,600,000)
Receipts	-	-
Appropriation	($12,900,000)	($46,600,000)
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

Total Recommended Adjustments for Highway Trust Fund Budget Changes (84290) 2013-15

	2013-14	2014-15
Recurring		
Requirements	($12,900,000)	($46,600,000)
Receipts	-	-
Appropriation	($12,900,000)	($46,600,000)
Positions	-	-
Nonrecurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Total Appropriation Adjustments	($12,900,000)	($46,600,000)
Total Position Adjustments	-	-

Governor's Recommended Adjustments to Base Budget

Turnpike Authority Budget Changes (64208)

Recommended Turnpike Authority Budget and Positions

	2013-14	2014-15
Base Budget		
Requirements	$151,879,602	$1,404,739,602
Receipts	$151,879,602	$1,404,739,602
Chng Fund Bal	-	-
Adjustments		
Requirements	-	-
Receipts	-	-
Chng Fund Bal	-	-
Total		
Requirements	$151,879,602	$1,404,739,602
Receipts	$151,879,602	$1,404,739,602
Recommended Appropriation	-	-
Positions		
Base Budget Positions	-	-
Continuation	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	-	-

Recommended Adjustments

Capital Improvements

General Fund

Non-General Fund

8. **Sandhills Depot - Building Replacement**

Fish and Wildlife Service grant receipts and license fee receipts are recommended to replace an old, inefficient maintenance building at Sandhills Gamelands. The new facility will allow for better use of space and resources and accommodate additional staff, equipment, and work done at this location.

Requirements - Nonrecurring	**$600,000**	
Receipts - Nonrecurring	**$600,000**	
Appropriation - Nonrecurring	**-**	**-**

Department of Transportation

1. **Lexington Equipment Subshop**

Construction of a new 10,000 square foot division equipment shop.

Requirements	**$2,288,000**	
Receipts - Nonrecurring	**$2,288,000**	
Appropriation	**-**	**-**

2. **Division 2 Equipment Shop**

Construction of a new 36,000 square foot division equipment shop in Greenville, NC on the existing maintenance yard. If funds are available, the existing facility will be renovated for beneficial use.

Requirements	**$7,044,300**	
Receipts - Nonrecurring	**$7,044,300**	
Appropriation	**-**	**-**

3. **Clay County Equipment Shop**

Construction of a 4,550 square foot equipment shop in Clay County.

Requirements	**$1,210,000**	
Receipts - Nonrecurring	**$1,210,000**	
Appropriation	**-**	**-**

4. **Halifax County Salt Storage Shed - 5 Bay**

Construction of a 5-bay salt storage shed on the current Halifax County maintenance yard.

Requirements	**$186,000**	
Receipts - Nonrecurring	**$186,000**	
Appropriation	**-**	**-**

5. **Lake Junaluska Bulk Salt Storage Shed**

Purchase and installation of a new bulk storage shed at Lake Junaluska. The building will be pre-engineered, but design and construction of the foundational support will be required. This project is funded through BMP federal funding from SRMU.

Requirements	**$266,000**	
Receipts - Nonrecurring	**$266,000**	
Appropriation	**-**	**-**

6. **Nantahala 1-Bay Salt Storage Shed**

Construction of a 1-bay salt storage shed on the Nantahala site. This project is funded through BMP federal funding from SRMU.

Requirements	**$35,000**	
Receipts - Nonrecurring	**$35,000**	
Appropriation	**-**	**-**

7. **Currituck Ferry Welcome Center**

Land purchase, design, and construction of a new welcome center for the Currituck/Knotts Island Terminal. This project is necessary to construct a larger operations building and welcome center with sufficient parking to accommodate the school children, residents, and visitors traveling between Currituck County's mainland and Knott's Island. The project was approved by the Board of Transportation and will be funded by a federal grant (80%) and state funds (20%).

Requirements	**$1,200,000**	
Receipts - Nonrecurring	**$1,200,000**	
Appropriation	**-**	**-**

8. **McDowell County Maintenance/Bridge Maintenance Assembly Office**

Design and construction of a new 6,000 square foot facility to house the maintenance and bridge maintenance operations in McDowell County. The facility will include a bull pen and staff lockers for mobilization.

Requirements	**$1,500,000**	
Receipts - Nonrecurring	**$1,500,000**	
Appropriation	**-**	**-**

9. **Huntersville Satellite Maintenance Facility**

Design and construction of a 7,540 square foot maintenance facility on land owned by the department in Huntersville. Additional costs will be incorporated to address requirements from the Town of Huntersville, an additional 3% to the design fees.

Requirements	**$96,300**	**$1,107,700**
Receipts - Nonrecurring	**$96,300**	**$1,107,700**
Appropriation	**-**	**-**

10. **Elizabeth City District/Resident Engineers Office**

Design and construction of a 4,000 square foot resident engineer's office on existing NCDOT land in Elizabeth City.

Requirements	**$1,000,000**	
Receipts - Nonrecurring	**$1,000,000**	
Appropriation	**-**	**-**

11. **Southport Dormitory**

Design and construction of a 3,000 square foot facility to house staff for the Southport Ferry on the existing parcel. This project is included in the State Transportation Improvement Plan and will be federally funded.

Requirements	**$862,000**	
Receipts - Nonrecurring	**$862,000**	
Appropriation	**-**	**-**

12. **Asheboro Maintenance Warehouse and Sign Subshop**

Design and construction of a 2,500 square foot maintenance warehouse and sign subshop in Asheboro on the existing yard.

Requirements	**$489,000**	
Receipts - Nonrecurring	**$489,000**	
Appropriation	**-**	**-**

13. **Hatteras Toll Booth**

Construction of a new booth at the Hatteras Ferry to accommodate the requirement to collect tolls from customers of this ferry.

Requirements	**$76,000**	
Receipts - Nonrecurring	**$76,000**	
Appropriation	**-**	**-**

14. **Graham County Maintenance Assembly**

The division's current presence in Graham County is located on a parcel that is too small for its operations and is bisected by a road. In 2012, a parcel of land was purchased that was adequate in size to house the Graham County operations. Since the land has been purchased, construction of facilities on the site is the next step. The first facility to be constructed on this site is a maintenance assembly facility, 3,000 square feet, which will contain a large bull pen and lockers for the county maintenance staff.

Requirements	**$704,000**	
Receipts - Nonrecurring	**$704,000**	
Appropriation	**-**	**-**

15. **Division 8 Office**

Construction of an 11,000 square foot facility for the Division 8 office. The Sheriff's Office of Moore County has expressed an interest in the current location. A new facility would be relocated on the existing property in Carthage (Moore County maintenance yard).

Requirements	**$141,000**	**$2,601,000**
Receipts - Nonrecurring	**$141,000**	**$2,601,000**
Appropriation	**-**	**-**

16. **Swan Quarter Equipment Shop**

Design and construction of a 4,550 square foot equipment shop on the existing Hyde County maintenance yard.

Requirements		**$1,200,000**
Receipts - Nonrecurring		**$1,200,000**
Appropriation	**-**	**-**

17. **Iredell County Bridge Maintenance Office and Warehouse**

Design and construction of a 5,000 square foot bridge maintenance office and warehouse on the existing Iredell County maintenance yard.

Requirements		**$1,007,000**
Receipts - Nonrecurring		**$1,007,000**
Appropriation	**-**	**-**

18. **Orange County Storage Shed**

Design and construction of a 5,000 square foot storage building on the existing Orange County maintenance yard. All antiquated and dilapidated storage buildings will be demolished from the yard.

Requirements		**$725,000**
Receipts - Nonrecurring		**$725,000**
Appropriation	**-**	**-**

19. **Durham County Maintenance /RUE/IMAP Warehouse**

Design and construction of a 5,000 square foot warehouse on the existing Durham County maintenance yard for maintenance, roadside environmental, and IMAP. Existing outdated and antiquated storage buildings will be demolished.

Requirements		**$725,000**
Receipts - Nonrecurring		**$725,000**
Appropriation	**-**	**-**

20. **Sampson County Equipment Shop**

Design and construction on 12,0000 square foot equipment shop on the existing yard.

Requirements		**$3,100,000**
Receipts - Nonrecurring		**$3,100,000**
Appropriation	**-**	**-**

21. **Wilson County Maintenance Assembly Office**

Design and construction of a 10,000 square foot maintenance assembly office on the existing Wilson County maintenance yard.

Requirements		**$1,639,000**
Receipts - Nonrecurring		**$1,639,000**
Appropriation	**-**	**-**

22. **Chowan County Maintenance Assembly Office**

Design and construction of a 3,000 square foot maintenance assembly office on the existing Chowan County maintenance yard.

Requirements		**$700,000**
Receipts - Nonrecurring		**$700,000**
Appropriation	**-**	**-**

23. **Mitchell County Maintenance / Bridge Maintenance Assembly Office**

Design and construction of a new 6,000 square foot facility to house the maintenance and bridge maintenance operation in Mitchell County. The facility will include a bull pen and staff lockers for mobilization.

Requirements		**$1,500,000**
Receipts - Nonrecurring		**$1,500,000**
Appropriation	**-**	**-**

24. **Graham County Maintenance Complex Phase I and II**

The division's current presence in Graham County is located on a parcel that is too small for its operations and is bisected by a road. In 2012, a parcel of land was purchased that was adequate in size to house the Graham County operations. Since the land has been purchased, construction of facilities on the site is the next step. After maintenance assembly is completed, the remaining infrastructure will need to be built. Utilities improvements will be funded by the statewide water and sewer funds. Phase I will encompass site work, and Phase II will begin the construction.

Requirements		**$1,150,000**
Receipts - Nonrecurring		**$1,150,000**
Appropriation	**-**	**-**

25. **Dallas Equipment Shop**

Design and construction of 4,550 square foot equipment shop in Gaston County.

Requirements		**$1,210,000**
Receipts - Nonrecurring		**$1,210,000**
Appropriation	**-**	**-**

26. **Local Storage Sheds Replacement Program**

Replacement of existing, dilapidated truck storage sheds statewide.

Requirements		**$1,580,000**
Receipts - Nonrecurring		**$1,580,000**
Appropriation	**-**	**-**

Appendix

Tables

A. Explanation of Tables

1. Fund conditions
   a. General Fund
   b. Highway Fund
   c. Highway Trust Fund
   d. Savings Reserve Account
2. Appropriations
   a. Total Authorized (budgeted) Appropriations by Object
   b. Total Authorized (budgeted) Appropriations by Source
   c. General Fund authorized (budgeted) Appropriations
3. Revenues
   a. Actual General Fund Tax and Nontax Revenue
   b. Actual Highway Fund Tax and Nontax Revenue
   c. Actual Highway Trust Fund Tax and Nontax Revenue
   d. Forecast vs. Actual Tax and Nontax Revenue
4. Debt and Debt Service
   a. Debt
   b. Debt Service
5. Trends in Total State Budget
   a. Trends in General Fund Budget
6. Trends in General Fund Appropriations for Education
   a. Trends in Public Schools, Universities and Community Colleges
   b. Five-year Expenditure History and Current Authorized Budget, Universities
   c. Five-year Expenditure History and Current Authorized Budget, NC Community Colleges System
7. Budget Details
   a. Total NC State Budget by Function, Department, and Source of Funds, 2013-14
   b. Total NC State Budget by Function, Department, and Source of Funds, 2014-15
   c. Total NC Transportation Budget by Function, Department, and Source of Funds, 2013-14
   d. Total NC Transportation Budget by Function, Department, and Source of Funds, 2014-15
   e. Recommended Total Budget for the Biennium

Appendix Table 1B

Condition of the Highway Fund, 1974-75 to 2009-10

(Includes Federal Aid Participation)

Fiscal Year	Beginning Balance July 1	Net Collections*	Total Appropriation Expenditures	Ending Balance June 30
1974-75	$ 110,948,079	$ 672,255,228	$ 628,849,033	$ 154,354,274
1975-76	154,354,274	493,536,624	550,259,908	97,630,990
1976-77	97,630,990	692,175,363	623,935,040	165,871,313
1977-78	165,871,313	613,161,176	676,460,378	102,572,111
1978-79	102,572,111	698,424,160	681,582,831	119,413,440
1979-80	119,413,440	688,864,174	696,345,679	111,931,935
1980-81	111,931,935	666,935,631	612,035,936	166,831,612
1981-82	166,831,612	729,968,258	674,034,180	222,765,690
1982-83	222,765,690	862,394,389	762,384,819	322,775,260
1983-84	322,775,260	918,012,956	945,996,357	294,791,859
1984-85	294,791,859	1,053,678,404	1,041,253,080	307,217,183
1985-86	307,217,183	1,016,891,045	1,031,831,352	292,276,879
1986-87	292,276,879	1,190,806,504	1,169,873,310	313,210,073
1987-88	313,210,073	1,232,282,636	1,222,631,851	322,860,858
1988-89	322,860,858	1,409,839,386	1,315,847,645	416,852,599
1989-90	416,852,599	1,232,848,473	1,345,684,467	304,016,605
1990-91	304,016,605	1,399,958,822	1,351,535,540	352,439,887
1991-92	352,439,887	1,605,877,793	1,528,101,820	430,215,860
1992-93	430,215,860	1,697,651,523	1,770,759,812	357,107,571
1993-94	357,107,571	1,752,701,588	1,747,469,878	362,339,281
1994-95	362,339,281	1,619,505,085	1,748,159,076	233,685,290
1995-96	233,685,290	1,851,464,315	1,773,223,724	311,925,881
1996-97	311,925,881	2,310,485,801	2,429,520,589	192,891,093
1997-98	192,891,093	2,206,983,140	2,099,049,223	300,825,010
1998-99	300,825,010	2,301,524,041	2,142,510,030	459,839,021
1999-00	459,839,021	2,458,253,201	2,467,131,526	450,960,697
2000-01	450,960,697	2,535,313,224	2,452,760,524	533,513,397
2001-02	533,513,397	2,684,784,992	2,722,939,943	495,358,446
2002-03	495,358,446	3,905,749,064	2,736,727,380	1,664,380,130
2003-04	1,664,380,130	3,437,047,830	2,374,362,841	2,727,065,119
2004-05	2,727,065,119	2,817,543,977	2,615,335,066	2,929,274,030
2005-06	2,929,274,030	2,931,337,147	2,314,562,645	3,546,048,532
2006-07	3,546,048,532	2,881,769,156	2,668,129,423	3,759,688,265
2007-08	3,759,688,265	3,081,350,232	3,027,576,468	3,813,462,029
2008-09	3,813,462,029	2,768,398,451	3,619,679,756	2,962,180,724
2009-10	2,962,180,724	2,857,471,850	3,701,424,028	2,118,228,546

*Includes Local Aid Participation and Interfund Transfers.

NOTE: 2007-08 and 2009-10 Collections do not include Garvee proceeds or related investment income.

Appendix Table 1C
Condition of the Highway Trust Fund, 1989-90 to 2011-12

Fiscal Year	Beginning Balance July 1	Total Revenue and Other Sources	Contracting Authorization From Future Years Cash Flow	Total Appropriation Expenditures*	Ending Balance June 30
1989-90	$ -	$ 243,893,008	$ -	$ 204,692,423	$ 39,200,585
1990-91	39,200,585	286,946,282	137,223,500	434,021,519	29,348,848
1991-92	29,348,848	537,809,797	(79,055,757)	428,739,384	59,363,504
1992-93	59,363,504	574,157,887	(37,617,743)	501,440,081	94,463,567
1993-94	94,463,567	645,111,384	45,600,000	648,731,304	136,443,647
1994-95	136,443,647	689,536,522	50,150,000	771,874,365	104,255,804
1995-96	104,255,804	813,462,828	45,800,000	718,955,090	152,963,542
1996-97	152,963,542	1,011,488,313	119,185,000	943,081,732	102,185,123
1997-98	102,185,123	935,138,876	62,740,759	828,875,931	145,707,309
1998-99	145,707,309	803,338,157	30,421,905	760,821,140	218,646,231
1999-00	218,646,231	936,444,582	(38,513,690)	895,301,189	221,275,934
2000-01	221,275,934	968,998,273	(26,981,351)	841,958,656	321,334,200
2001-02	321,334,200	1,194,186,165	86,323,105	996,670,638	415,574,991
2002-03	415,574,991	1,150,573,168	5,995,280	1,044,791,298	350,675,082
2003-04	350,675,082	1,473,132,995	79,302,827	1,294,732,751	608,378,153
2004-05	165,119,241	1,475,311,921	145,551,538	1,463,384,096	322,598,604
2005-06	322,598,604	837,522,911	(217,758,541)	874,083,224	68,279,750
2006-07	68,279,750	983,151,773	(143,871,619)	839,403,996	68,155,908
2007-08	68,155,908	1,064,124,303	(49,646,510)	1,045,530,335	37,103,366
2008-09	37,103,366	906,047,860	-	815,680,835	127,470,391
2009-10	127,470,391	910,046,182	29,580,521	798,792,129	268,304,965
2010-11	268,304,965	970,873,482	158,522,836	1,082,218,366	315,482,907
2011-12	315,482,907	1,027,217,763	6,489,821	1,064,433,293	284,757,198

*Expenditures include all Interfund Transfers for both Highway and General Funds. Expenditures do not include bond funds, SB 1005, or Moving Ahead.

Appendix Table 3B

Actual Highway Fund State Tax and Nontax Revenue, 1974-75 to 2012-13

(In Millions)

Fiscal Year	Motor Fuel Taxes	Licenses, Fees, and Other Revenue	Treasurer's Investments	Total Revenue	Annual Percentage Change
1974-75	265.8	95.2	23.9	384.9	10.0%
1975-76	286.4	103.8	15.1	405.4	5.3%
1976-77	298.3	106.5	11.9	416.6	2.8%
1977-78	312.0	114.2	9.9	436.2	4.7%
1978-79	322.8	120.5	21.7	465.0	6.6%
1979-80	304.0	125.7	17.9	447.6	-3.7%
1980-81	291.2	130.0	13.9	435.1	-2.8%
1981-82	380.8	151.7	22.3	554.8	27.5%
1982-83	388.6	161.1	28.5	578.2	4.2%
1983-84	411.8	200.0	30.2	642.0	11.0%
1984-85	421.7	212.7	33.3	667.7	4.0%
1985-86	438.7	219.7	26.5	684.9	2.6%
1986-87	569.3	234.3	26.2	829.8	21.2%
1987-88	612.2	250.5	33.9	896.6	8.1%
1988-89	625.8	257.2	30.7	913.7	1.9%
1989-90	619.7	257.9	26.6	904.2	-1.0%
1990-91	629.4	252.6	21.4	903.4	-0.1%
1991-92	650.6	273.6	19.6	943.8	4.5%
1992-93	648.8	275.9	17.6	942.3	-0.16%
1993-94	677.6	283.8	18.4	979.8	4.0%
1994-95	681.1	295.6	19.7	996.5	1.7%
1995-96	709.2	320.4	19.7	1,049.3	5.3%
1996-97	742.8	320.2	13.1	1,076.1	2.6%
1997-98	774.5	328.4	10.1	1,113.0	3.4%
1998-99	775.5	340.0	15.5	1,131.0	1.6%
1999-00	793.5	352.5	18.6	1,164.6	3.0%
2000-01	880.8	364.3	15.4	1,260.5	8.2%
2001-02	901.3	379.7	17.2	1,298.2	3.0%
2002-03	861.9	379.4	18.8	1,260.1	-2.9%
2003-04	949.6	400.9	11.5	1,362.0	8.1%
2004-05	975.1	423.3	9.5	1,407.9	3.4%
2005-06	1,108.6	558.0	14.1	1,680.7	19.4%
2006-07	1,199.7	601.0	24.8	1,825.5	8.6%
2007-08	1,194.5	597.1	10.5	1,802.1	-1.3%
2008-09	1,189.5	610.9	10.5	1,810.9	0.5%
2009-10	1,158.0	558.6	15.2	1,731.8	-4.4%
2010-11 [1]	1,193.7	592.8	6.0	1,792.5	3.5%
2011-12 [1]	1,305.9	586.8	6.0	1,898.7	5.9%
2012-13 [1]	1,367.2	594.3	6.0	1,967.5	3.6%

1) Authorized

Appendix Table 3C

Actual Highway Trust Fund Tax and Nontax Revenue, 1989-90 to 2012-13

(In Millions)

Fiscal Year	Gasoline Tax	Highway Use Tax	Other Revenue	Treasurer's Investments	Total Revenue	Annual Percentage Change
1989-90	$ 184.9	$ 164.7	$ 51.5	$ 7.4	$ 408.5	-
1990-91	206.6	231.1	55.4	20.8	513.9	25.80%
1991-92	213.4	242.4	58.4	23.1	537.3	4.55%
1992-93	212.4	273.3	62.2	24.1	572.0	6.46%
1993-94	222.0	330.5	68.1	22.5	643.1	12.43%
1994-95	223.0	364.6	77.1	28.7	693.4	7.82%
1995-96	232.7	396.0	76.7	32.7	738.1	6.45%
1996-97	243.7	407.6	85.7	35.7	772.7	4.69%
1997-98	254.6	453.3	87.0	40.9	835.8	8.17%
1998-99	254.7	489.5	90.3	39.3	873.8	4.55%
1999-00	260.7	545.3	93.2	37.4	936.6	7.19%
2000-01	289.6	545.2	90.6	41.4	966.8	3.22%
2001-02	296.3	555.3	90.7	31.5	973.8	0.72%
2002-03	283.1	552.7	90.9	11.7	938.4	-3.64%
2003-04	310.8	578.4	95.9	8.9	994.0	5.92%
2004-05	334.0	587.0	97.2	6.8	1,025.0	3.12%
2005-06	362.6	611.1	113.0	6.5	1,093.2	6.65%
2006-07	397.5	605.0	110.4	3.3	1,116.2	2.10%
2007-08	393.1	621.0	113.1	1.1	1,128.3	1.08%
2008-09	394.8	570.0	106.2	2.1	1,073.1	-4.89%
2009-10	381.9	440.9	85.3	1.0	909.15	-15.28%
2010-11 [1]	393.4	445.0	88.9	1.4	928.73	2.15%
2011-12 [1]	430.5	474.3	91.5	1.0	997.26	7.38%
2012-13 [1]	450.9	485.0	93.4	1.0	1,030.34	3.32%

1) Authorized

Table 7C
Total North Carolina Transportation Program Budget by Function and Source of Funds, 2013-14

Function	Highway Fund	Highway Trust Fund	* Other	Federal	Total
DOT Administration	$ 94,481,079	$ 12,318,437	$ 4,824,858	$ -	$ 111,624,374
Division of Highways					
Administration	34,713,561	19,703,787	335,192	-	54,752,540
Construction	118,551,476	747,958,051	-	826,320,000	1,692,829,527
Maintenance	1,043,612,628	-	-	-	1,043,612,628
Planning and Research	4,055,402	-	-	17,680,000	21,735,402
OSHA Program	365,337	-	-	-	365,337
State Aid to Municipalities	87,400,234	55,191,859	-	-	142,592,093
Multi-Modal					
Airports	21,766,662	-	-	18,000,000	39,766,662
Bicycle	880,513	-	-	40,000,000	40,880,513
Ferry	35,935,538	-	5,000,000	-	40,935,538
Public Transportation	83,351,374	-	-	31,000,000	114,351,374
Railroads	21,461,294	-	-	131,158,494	152,619,788
Governor's Highway Safety	284,932	-	-	12,000,000	12,284,932
Division of Motor Vehicles	105,180,968	4,356,905	34,825,020	-	144,362,893
NC Turnpike Authority	-	114,283,916	14,379,408	16,000,000	144,663,324
NC Mobility Fund	-	58,000,000	-	-	58,000,000
Other State Agencies	40,453,160	-	26,800,000	-	67,253,160
Transfer to General Fund	218,134,644	-	-	-	218,134,644
Other Reserves	8,515,698	400,000	-	-	8,915,698
Capital Improvements	18,055,500	-	-	-	18,055,500
Debt Service	-	79,170,090	-	86,325,200	165,495,290
Uncommitted Trust Fund Administration	-	14,316,955	-	-	14,316,955
Total Transportation	**$ 1,937,200,000**	**$ 1,105,700,000**	**$ 86,164,478**	**$ 1,178,483,694**	**$ 4,307,548,172**

* Other does not include $3,492,041,645 in receipts related to projects that represent a duplication of other budgeted funds.

Table 7D
Total North Carolina Transportation Program Budget by Function and Source of Funds, 2014-15

Function	Highway Fund	Highway Trust Fund	* Other	Federal	Total
DOT Administration	$ 99,447,479	$ 12,318,437	$ 4,855,153	$ -	$ 116,621,069
Division of Highways					
Administration	34,713,561	19,703,787	335,192	-	54,752,540
Construction	118,336,391	766,594,709	-	826,320,000	1,711,251,100
Maintenance	994,083,252	-	-	-	994,083,252
Planning and Research	4,055,402	-	-	17,680,000	21,735,402
OSHA Program	365,337	-	-	-	365,337
State Aid to Municipalities	86,718,513	55,132,243	-	-	141,850,756
Multi-Miodal					
Airports	19,669,983	-	-	18,000,000	37,669,983
Bicycle	880,513	-	-	40,000,000	40,880,513
Ferry Operations	34,785,538	-	5,000,000	-	39,785,538
Public Transportation	82,851,374	-	-	31,000,000	113,851,374
Railroads	21,461,294	-	-	121,954,342	143,415,636
Governor's Highway Safety	284,932	-	-	12,000,000	12,284,932
Division of Motor Vehicles	104,702,310	4,356,905	33,878,634	-	142,937,849
NC Turnpike Authority	-	114,283,916	1,267,239,408	16,000,000	1,397,523,324
NC Mobility Fund	-	58,000,000	-	-	58,000,000
Other State Agencies	41,019,004	-	26,800,000	-	67,819,004
Transfer to General Fund	215,871,719	-	-	-	215,871,719
Other Reserves	13,215,698	400,000	-	-	13,615,698
Capital Improvements	19,937,700	-	-	-	19,937,700
Debt Service	-	60,307,448	-	86,322,962	146,630,410
Uncommitted Trust Fund Administration	-	14,302,555	-	-	14,302,555
Total Transportation	**$ 1,892,400,000**	**$ 1,105,400,000**	**$ 1,338,108,387**	**$ 1,169,277,304**	**$ 5,505,185,691**

* Other does not include $3,492,041,645 in receipts related to projects that represent a duplication of other budgeted funds.

Joint Appropriations Subcommittee on Transportation

March 27, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington, Chairing
	Representative John Torbett	Senator Bill Rabon

- Call to Order

- North Carolina Railroad Company

  Scott Saylor
  President
  North Carolina Railroad Company

- Program Evaluation Division Studies: North Carolina Railroad Company & Global TransPark Authority

  Bryce Ball
  Fiscal Analyst
  Fiscal Research Division

Next meeting: Driver Education - Thursday, March 28th, 8:30 a.m.

Joint Committee on Appropriations on Department of Transportation
Wednesday, March 27, 2013 at 8:30 a.m.
Room 1228/1327 LB

MINUTES

The Joint Committee on Appropriations on Department of Transportation met at 8:30 a.m. on March 27, 2013 in Room 1228/1327. Senators Kathy Harrington, co-chair; Senators Dan Blue and Rick Gunn, members; were present. Representatives John Torbett, Phillip Shepard, Frank Iler, Charles Jeter, Alma Adams, Nathan Baskerville, Jerry Dockham, Evelyn Terry, Kelly Hastings, Nathan Ramsey, were also present.

Senator Kathy Harrington presided.

Senator Harrington recognized the Pages: Katie Honaker, Mattie Tart, Justin Cianfarra, Brandon Croom, Sasha Duncan. The Senator then recognized House sergeant-at-arms Carlton Adeams, Barry Moore, and Martha Parrish; and Senate seargent-at-arms Charles Harper and Anderson Meadows.

Senator Harrington welcomed everyone and then introduced Scott Saylor from the North Carolina Railroad Company for a presentation. The Senator then introduced Bryce Ball from fiscal research for a presentation on program evaluation division studies related to the North Carolina Railroad Company and Global TransPark Authority.

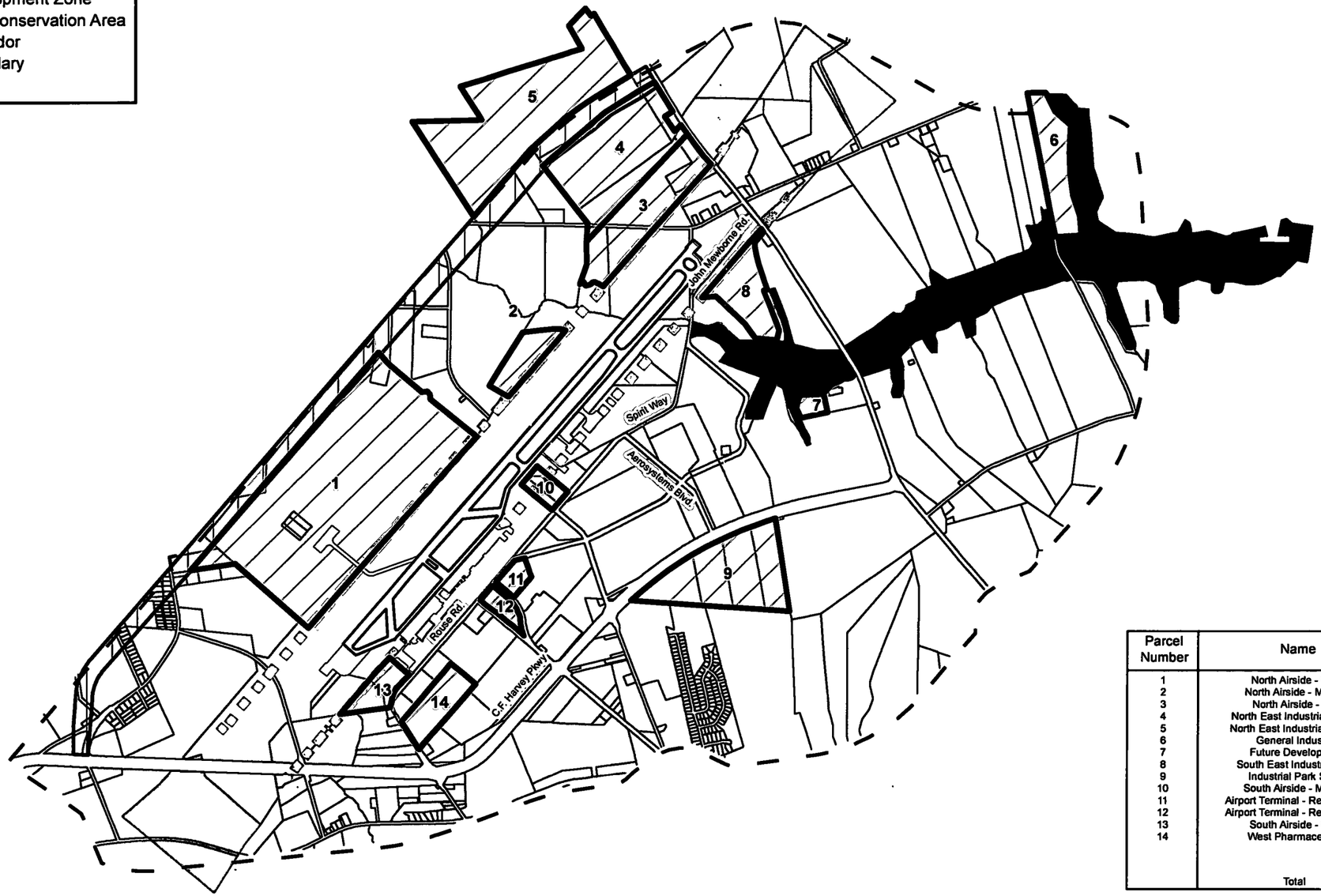
The meeting adjourned at 9:30 AM.

Senator Kathy Harrington
Presiding

David Larson, Committee Clerk

Legend

- NCGTP Property
- Developable Land
- Runway
- Building Restriction Line (NCGTP)
- Restrictive Development Zone
- Stonyton Creek Conservation Area
- Spine Road Corridor
- 404 Permit Boundary
- GTP Rail Spur



Parcel Number	Name	Size (ac)
1	North Airside - West	300.4
2	North Airside - Midfield	22.3
3	North Airside - East	72.3
4	North East Industrial Park - I	93.5
5	North East Industrial Park - II	158.4
6	General Industrial	40.5
7	Future Development	5.4
8	South East Industrial Park	35.2
9	Industrial Park South	93.8
10	South Airside - Midfield	18.8
11	Airport Terminal - Related Area	7.5
12	Airport Terminal - Related Area	7.6
13	South Airside - West	20.6
14	West Pharmaceutical	25.8
	Total	902.1

0 1,250 2,500 Feet

Source: NCDOT, NCONEMAP

N

NORTH CAROLINA GLOBAL TRANSPARK

Title:

MASTER PROPERTIES MAP

North Carolina Global Transpark

LENOIR COUNTY, NORTH CAROLINA

ATKINS

Dwn By:	Date:
ARE	FEB 2013
Ckd By:	Scale:
RF	AS SHOWN

ATKINS Project No.: 100017861

FIGURE 1

North Carolina Railroad Company & Global TransPark Authority

"RECAP"

Joint Appropriations Subcommittee on Transportation

March 27, 2013



PED NCRR Study (2012-10): Charge

S.L. 2011-145, Sec. 28.12A* directed that Program Evaluation:

- Examine whether NCRR is meeting its corporate mission and maximizing its value to the State....
  - State Oversight
  - Investments
  - Economic Benefit
  - Market Value
- Determine whether NCRR should be sold, transferred, or maintain its corporate structure.

** Repealed by S.L. 2012-142, Sec. 24.20. Study completed per JLPEOC direction.*

PED Study (2012-10): Key Findings

- ❖ No direct financial benefit (dividend) since 2006....
  - Statute (G.S. 124-5.1) requires reinvestment of any dividends for NCRR capital improvements, subject to NCRR Board approval.
  - $95M paid between 1998 & 2006
    - $57.1M returned / $37.9M used for corridor improvements
  - SAFETEA-LU (2005) granted tax-exempt status
- ❖ Potential legal and financial implications of changing NCRR's corporate status may outweigh benefits, and selling may not be in the State's best interest.
- ❖ Limited mechanisms for oversight.

PED Study (2012-10): Rec's

- ❖ Enhance State oversight:
  - Strengthen reporting requirements using SEC Form 10-K template
  - Require strategic planning and performance measurement
- ❖ Direct-financial benefit*:
  - One-time dividend of $15.5M
  - Annual dividend of 25% of the trackage rights agreement fee
  - Conveyance of 14 low-income, non-corridor properties to be sold by the Department of Administration

** All proceeds credited to the General Fund.*

Decision Points

- Governance
- Dividend Requirement
- Use of Funds

Global TransPark (GTP): Basics

- Created in 1991 to develop an industrial park that leverages multimodal transportation for manufacturing and distribution.
  - Conceptual investment of $733M
  - $252M invested to date (State/Federal/Local/Private)
- Distinct public agency under NCDOT
  - Zoning powers; tax exempt status; debt authority (municipal model)
- Site Features:
  - 2,500 acre complex; 14 parcels; 90% facility occupancy
  - 11,500 x 150 ft. runway; rail spur; multi-lane highway access
  - On-site training center (33,000 sq. ft.)
  - Foreign Trade Zone status (#214)

PED GTP Study (2011-02): Charge

S.L. 2010-31, Sec 28.3(b) directed that Program Evaluation:

- Conduct a comprehensive program and financial review of the Authority
- Evaluate progress toward meeting its mission & goals
- Examine long-term operating needs and potential efficiencies
- Assess the Authority's ability to become self-sustaining and repay the Escheat Fund loan

PED Study (2011-02): Key Findings

- ❖ GTP has made progress toward its mission and goals.
- ❖ Fiscal impact of direct private sector employment will exceed the State investment by 2025.
- ❖ GTP cannot be self-sustaining under its current operating environment.
- ❖ GTP is incapable of repaying the Escheat Fund loan.
- ❖ Immediate divestiture is infeasible.

Recent Legislative Actions

Global TransPark Governance Reform & Loan Repayment

(S.L. 2011-340)

- Moved GTP under direct supervision of the Secretary of Transportation.
- Reconstituted the GTP Board.
- Forgave a portion ($17.5M) of the outstanding Escheat Fund debt.*

Principal	Interest	Balance**
21,741,952	4,276,476.67	26,018,428.67

* Maturity date extended to October 1, 2014 by S.L. 2012-142, Sec. 6.4.

** As of January 31, 2013

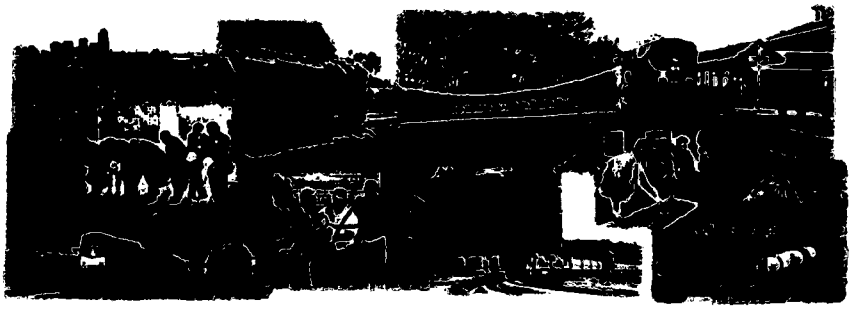
Decision Points

- Governance
- Escheat Fund Loan Repayment
- Operational Support

NORTH CAROLINA RAILROAD COMPANY

Joint Appropriations Subcommittee on Transportation Overview Handout

March 27, 2013



Our Mission

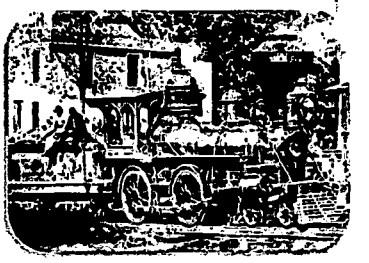
To maximize the value of the North Carolina Railroad Company's properties for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger service, improve safety and respect the natural environment.

NORTH CAROLINA RAILROAD COMPANY

3

Company History

- Business corporation chartered in 1849
- Founded with both private and state stock owners
- Operated by Southern Railway under a 99-year net lease, which expired in 1995
- Remaining private shares acquired in 1998 ($61 million note)
- New (net) agreement with Norfolk Southern in 1999; Renewals to 2044

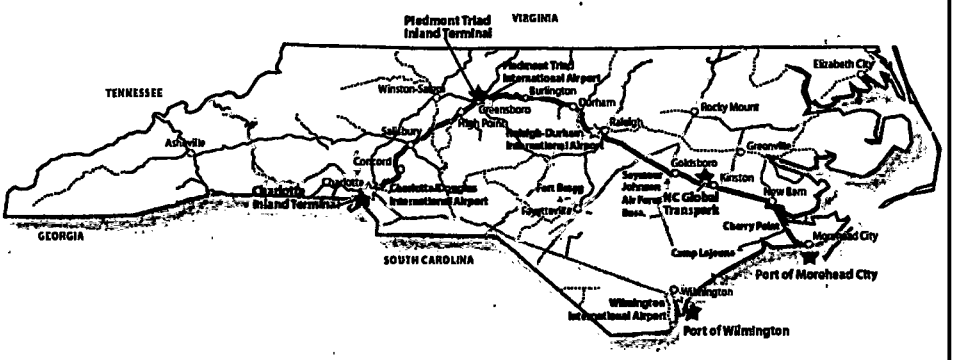




NORTH CAROLINA RAILROAD COMPANY

4

NCRR Franchise

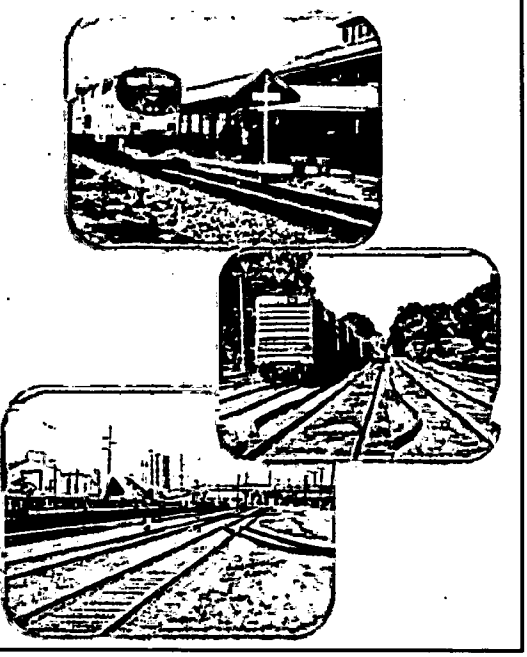


NORTH CAROLINA RAILROAD COMPANY

5

NCRR Assets

- 317-mile, 200-foot wide corridor from Charlotte to Morehead City
- Stations & Buildings
- Yards & Maintenance Facilities
- Other Land & Property



NORTH CAROLINA RAILROAD COMPANY

6

NCRR Property

- Original Corridor - 7,662 acres
  - Roadways in the Corridor - 460.1 acres
- Corridor Additions - 189.5 acres
- Other Property - 203.2 acres

All NCRR property is included in ad valorem tax base (city/county)

NORTH CAROLINA RAILROAD COMPANY

7

Organization

- 13 member Board of Directors
  - 6 appointed by Legislature; 7 appointed by Governor
  - 4 year staggered terms
- Long-term, renewable lease with Norfolk Southern, that runs through 2044.
  - Lease generates approximately $12-14 million each year in working capital
  - Corporate revenue funds NCRR's expenses, including its 14 full-time employees
- NCRR receives no state appropriations

NORTH CAROLINA RAILROAD COMPANY

8

N.C. General Statute 124-5.1

(a) Notwithstanding the provisions of G.S. 136-16.6, in order to increase the capital of the North Carolina Railroad Company, any dividends of the North Carolina Railroad Company received by the State shall be applied to reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Any dividends of the North Carolina Railroad Company received by the State shall be used by the Department of Transportation for the improvement of the property of the North Carolina Railroad Company as recommended and approved by the Board of Directors of the North Carolina Railroad Company. The improvements may include the following project types:

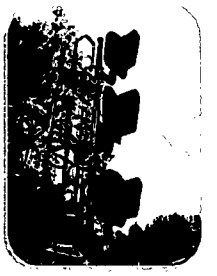
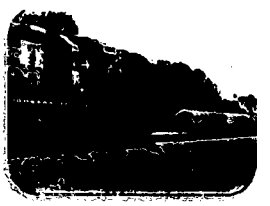
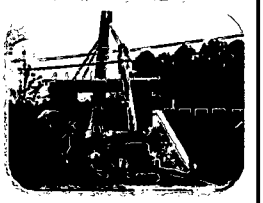
(1) Railroad and industrial track rehabilitation.
(2) Railroad signal and grade crossing protection.
(3) Bridge improvements.
(4) Corridor protection.
(5) Industrial site acquisition.

(b) Effective January 1, 2000, interest shall not be accrued or otherwise charged on the remaining balance of the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Interest accrued on those obligations relating to periods prior to January 1, 2000, shall be deemed paid and contributed by the State to the capital of the North Carolina Railroad Company.

9

NCRR's Benefit to the State is Driven by Capital Investment

- NCRR invests 80+% of its revenue into capital improvements
  - Bridges (height, width, and weight restrictions)
  - Underpasses (safety)
  - New passing and main tracks (capacity)
  - Control signals (efficiency)
  - Crossing improvements (safety)

NORTH CAROLINA RAILROAD COMPANY

10

NCRR Capital Investments 2001-2020*

Total Cost of Completed Projects: $111 million

NCRR expenditure in Completed Projects: $68 million

Total Cost of Projects Currently Under Contract/Committed: $356 million

NCRR commitment to Current Projects: $63.5 million

Estimated Cost of Future Projects: $200+ million

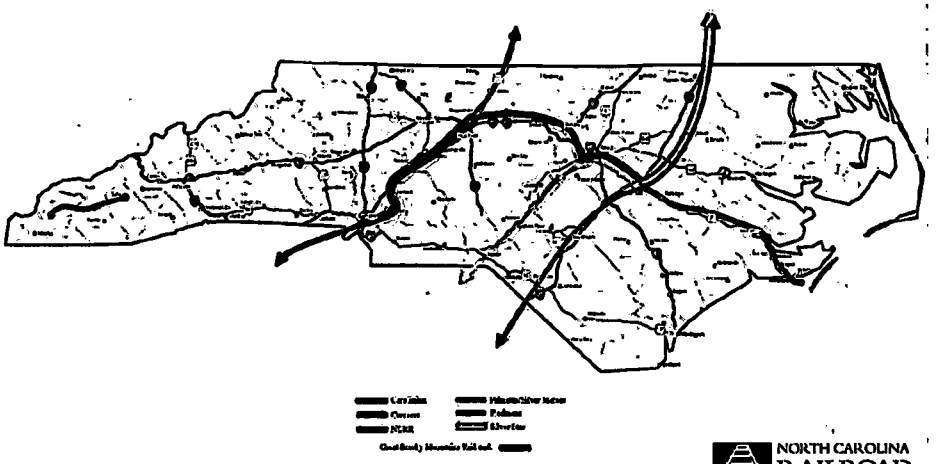
NCRR min. budget for these Future Projects: $41.5 million

Additional funds required (by partners and/or NCRR): $158.5 + million

*Excludes engineering & overhead costs

11

NC Amtrak Routes



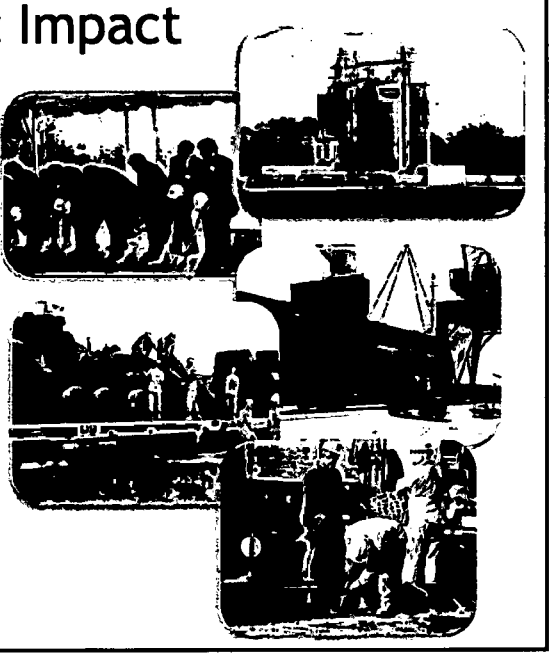
NORTH CAROLINA RAILROAD COMPANY

12

NCRR Economic Impact

- 24% of N.C. industrial economic output relies on the N.C. Railroad line for freight service
- The 254,000 freight cars on the NCRR equals 762,000 trucks on N.C.'s highways
- NS/NCRR customers spend $74.7 million on freight in NC
- Total NC economic impact: $143 million annually

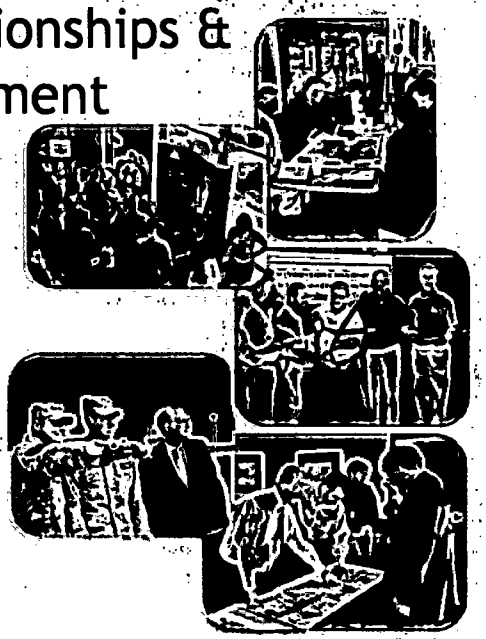
Source: 2007 study, Research Triangle Institute



13

Community Relationships & Business Development

- Chambers of Commerce
- Rail Projects - NC Dept. of Commerce
- Local Economic Development Commissions & Regional Partnerships
- MPOs & County/Municipal Governments



14

Railroads Mean Business & Jobs

DIXIEPLY

Kimberly-Clark

golden state foods

SPIRIT AEROSYSTEMS

TRANSMONTAIGNE

Duke Energy

Weyerhaeuser

Electrolux

Hanson

Sanderson Farms

Progress Energy

Cargill

15

Our Partners

nc> North Carolina Chamber
A force for business.

NS NORFOLK SOUTHERN

AMTRAK

STATE OF NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

CATS CHARLOTTE AREA TRANSIT SYSTEM

NORTH CAROLINA DEPARTMENT OF COMMERCE

NORTH CAROLINA NCEDA ECONOMIC DEVELOPERS ASSOCIATION

triangle transit

North Carolina Main Street

NC LEAGUE OF MUNICIPALITIES

delivering. CSX

NORTH CAROLINA 811

16

NORTH CAROLINA RAILROAD COMPANY

www.ncrr.com

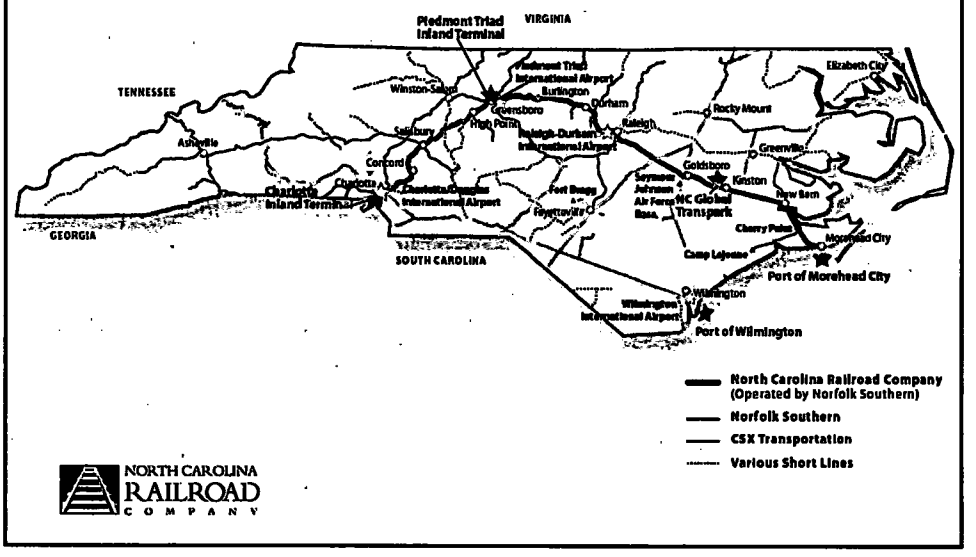
Joint Appropriations Subcommittee on Transportation

March 27, 2013

NORTH CAROLINA RAILROAD COMPANY

Building A Better Railroad *www.ncrr.com*

North Carolina Railroad Company Corridor



NORTH CAROLINA RAILROAD COMPANY

North Carolina Railroad Company Major Capital Investments



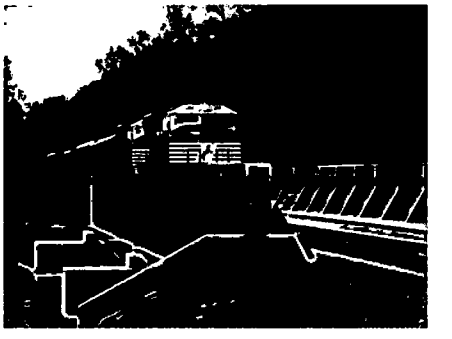
NORTH CAROLINA RAILROAD COMPANY

Neuse River Bridge, Kinston

Before



Completed in 2004



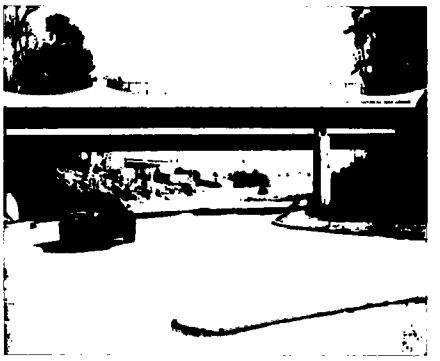
NORTH CAROLINA RAILROAD COMPANY

Highway 54 Bridge, Research Triangle Park

Before



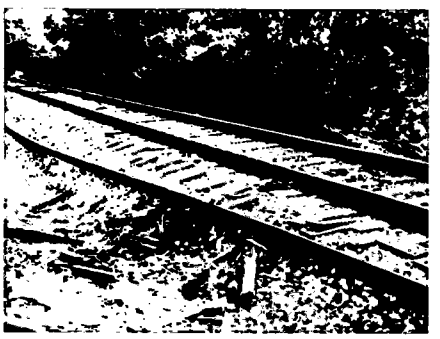
Completed in 2006



NORTH CAROLINA RAILROAD COMPANY

New Welded Rail, Lenoir & Craven Counties

During Construction



Completed in 2004 and 2006



NORTH CAROLINA RAILROAD COMPANY

Passing Siding & Signals, Selma

Before



Completed in 2007



NORTH CAROLINA RAILROAD COMPANY

Passing Sidings & Signals, Eastern Wake & Johnston Counties

Before



Completed in 2007



NORTH CAROLINA RAILROAD COMPANY

Main Line Double Track, Greensboro to High Point

During Construction



Completed in 2009



NORTH CAROLINA RAILROAD COMPANY

Bridges & Culverts, Johnston to Carteret Counties

Before



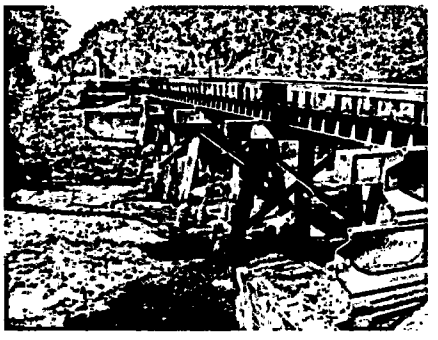
Completed in 2009



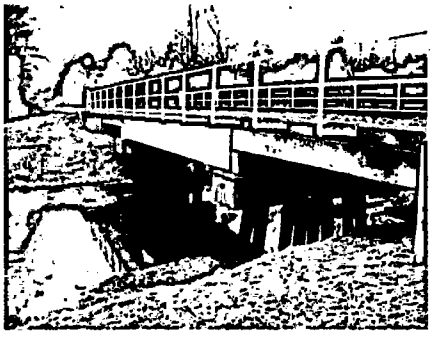
NORTH CAROLINA RAILROAD COMPANY

Bridges & Culverts, Johnston to Carteret Counties

Before



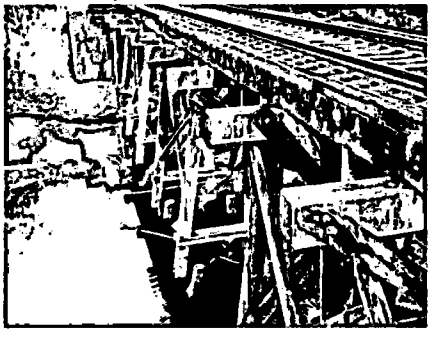
Completed in 2009



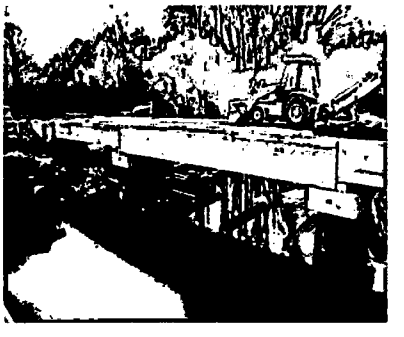
NORTH CAROLINA RAILROAD COMPANY

Bridges & Culverts, Johnston to Carteret Counties

Before



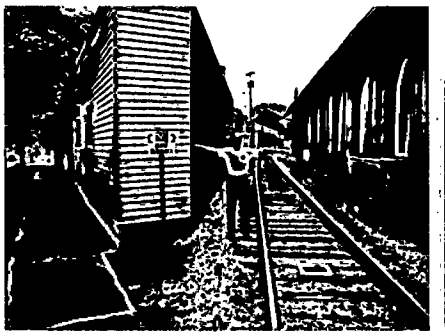
Completed in 2010



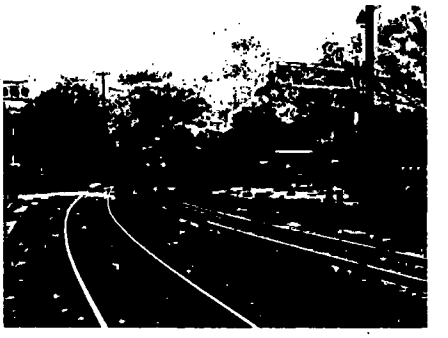
NORTH CAROLINA RAILROAD COMPANY

Track Realignment, Kinston

Before



Completed in 2010



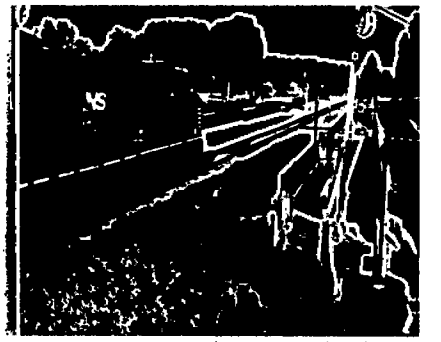
NORTH CAROLINA RAILROAD COMPANY

Elon University Pedestrian Underpass

Before



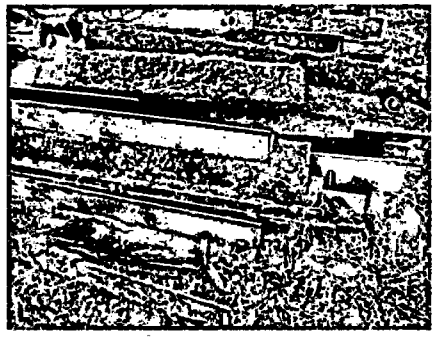
Completed in 2010



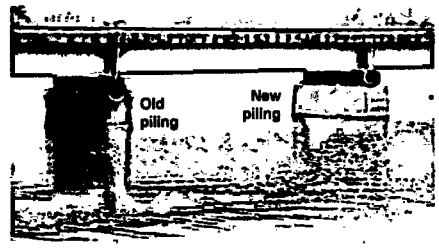
NORTH CAROLINA RAILROAD COMPANY

Trent River Bridge, New Bern

Before



Completed in 2012



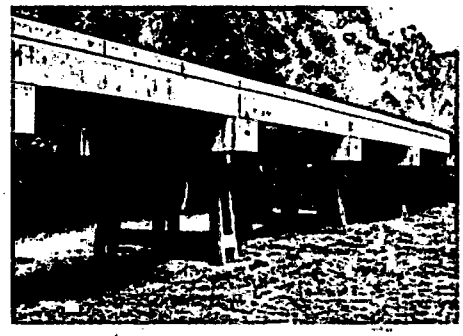
NORTH CAROLINA RAILROAD COMPANY

Little River Bridge, Goldsboro

Before



Completed in 2012



NORTH CAROLINA RAILROAD COMPANY

Encroachments & Monumentation

Encroachment Issues



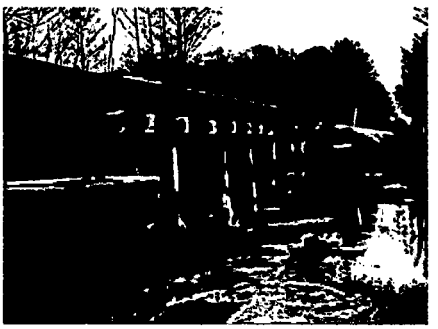
Monumentation 2010-2014



NORTH CAROLINA RAILROAD COMPANY

Newport River Bridge, Carteret County

Before



Under Construction in 2013



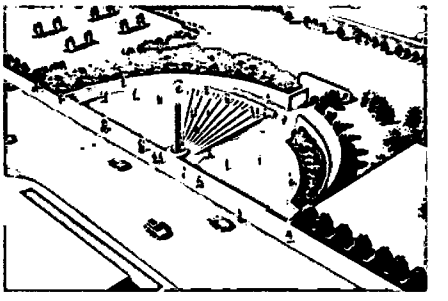
NORTH CAROLINA RAILROAD COMPANY

UNC – Greensboro
Pedestrian Underpass

Under Construction in 2013



Est. Completion - Fall 2013



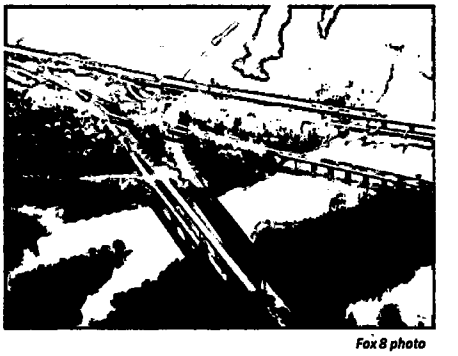
NORTH CAROLINA RAILROAD COMPANY

Track Realignment,
I-85 Bridge - Yadkin River

I-85 Bridge Under construction (2012)



Rail Work 2013



Fox 8 photo

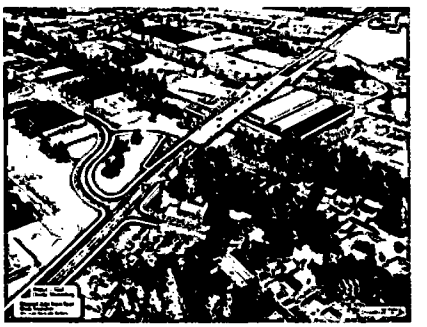
NORTH CAROLINA RAILROAD COMPANY

Sugar Creek Road Bridge, Charlotte

Today



Est. Completion - 2017

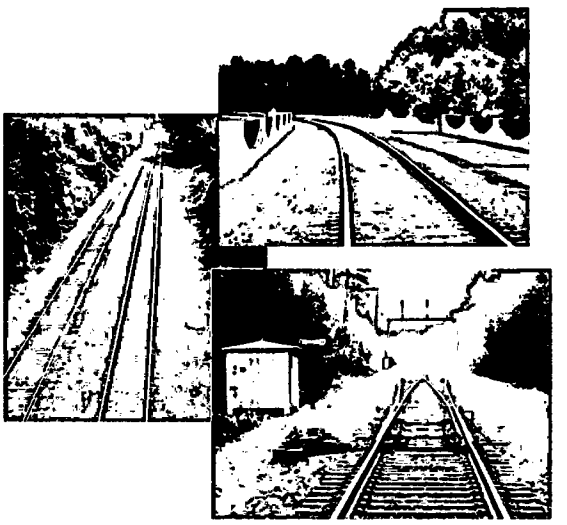


NORTH CAROLINA RAILROAD COMPANY

Main Line Double Track, 2013 -2017

NCRR Commitment = $33 million
NCDOT/Federal Funding = $235 million

- N. Charlotte to Concord (12 miles) Total Cost = $95 million
- Kannapolis to Salisbury (10 miles) Total Cost = $92 million
- Thomasville to Lexington (4 miles) Total Cost = $47 million
- Durham County – Hopson Road Bridge, Track Realignment, and Morrisville to RTP Siding Total Cost = $14 million



Summary of Norfolk Southern –NCRR Trackage Rights Agreement, dated July 27, 1999

1. History of Prior Lease Agreements

   In 1871, NCRR signed a 30-year lease for operations and equipment with the Richmond and Danville Railroad (R&D). J.P. Morgan's Southern Railway System acquired the R&D in 1894, and NCRR then entered into a 99-year lease with Southern Railway (now Norfolk Southern) commencing on January 1, 1896, of all assets and property owned by the NCRR.

2. Term

   The current Trackage Rights Agreement became effective in July, 1999. Agreement term is until December 31, 2044 if all options are exercised by Norfolk Southern. Norfolk Southern (NS) has the option to extend the agreement in 15-year periods, but must provide notice to NCRR of their intentions 2 years prior to each expiration date. In July 2012 NS gave notice of the first extension through December 31, 2029.

3. Compensation

   $11,000,000 base (minimum) began January 1, 2000. The escalation formula uses the Implicit Price Deflator of the GDP. There is 4 ½% annual cap (arbitration of cap if it exceeds average of 4 ½ % over any 7-year period).
   2012 gross revenue from the Agreement was $14,311,367.

4. Rights Granted

   Exclusive freight trackage rights are granted to Norfolk Southern to operate all freight business over the NCRR(i.e. not a lease of assets); Amtrak & Norfolk Southern contract will continue, consistent with Amtrak's franchise to operate over NSR operated lines under federal law; NSR has the duty to continue to provide rail service to all industries on the NCRR line.

5. Party Responsibilities

   - Dispatching - NS is responsible for dispatching (except 8 miles between Raleigh and Cary which is dispatched by CSX).
   - Industrial Development - NS and NCRR will work cooperatively with the NC Departments of Commerce and Transportation and with regional economic development interests to enhance economic development.

- Maintenance - NS responsible for maintenance of the NCRR line to certain standards outlined in the Agreement. NS will not maintain additional tracks or facilities for passenger trains at NS expense.

- Capital Improvements - NS may make capital improvements to NCRR line at their own expense, but improvements will be owned by NCRR. NCRR can make capital improvements to the line, but construction will be done by/through NS (unless written consent otherwise). Passenger-related investments can not preclude future freight capacity growth; construction of passenger projects cannot interfere with exiting freight traffic.

- Passenger Rail - Agreement allows for addition of more inter-city (Amtrak) passenger trains (not over 90 mph) and commuter trains, but must meet all future freight capacity needs. NCRR/3rd Party is responsible for making improvements to ensure freight capacity needs for business development are met with the addition of more passenger trains.

- Property Taxes - NS pays all property (ad valorem) taxes on NCRR operating corridor property. NCRR is responsible for property taxes on non-system property.

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket Nos. 33788 and 33789]

Norfolk Southern Railway Company—Trackage Rights Exemption—Over North Carolina Railroad Company; Atlantic and East Carolina Railway Company—Trackage Rights Exemption—Line of North Carolina Railroad Company Operated Under Trackage Rights by Norfolk Southern Railway Company

In STB Finance Docket No. 33788, North Carolina Railroad Company (NCRR) has agreed to grant to Norfolk Southern Railway Company (NSR) exclusive local and overhead freight trackage rights over its entire line of railroad between Charlotte and Morehead City, NC.[1] The line extends between mileposts EC–0.0± and EC–94.7±; mileposts H–0.0± and H–129.5±; and mileposts 284.0± and 376.5±, a distance of approximately 317.2 miles in Alamance, Cabarrus, Carteret, Craven, Davidson, Durham, Guilford, Johnston, Jones, Lenoir, Mecklenburg, Orange, Randolph, Rowan, Wake, and Wayne Counties, NC.

Under the agreement, NSR is permitted to grant trackage rights to its subsidiaries. Accordingly, in STB Finance Docket No. 33789, NSR has agreed to grant to its wholly owned subsidiary, Atlantic and East Carolina Railway Company (AECR), local and overhead trackage rights over a portion of NCRR's line between Goldsboro, NC, and Morehead City. That portion extends between mileposts EC–0.0± and EC–94.7±, a distance of approximately 94.7 miles in Carteret, Craven, Jones, Lenoir, and Wayne Counties.

The exemption was effective on August 19, 1999, and the trackage rights operations are scheduled to begin on September 1, 1999.

The purpose of the trackage rights is to allow NSR and AECR to continue as the providers of local and overhead freight service on the NCRR lines, as they have previously done under now-expired leases.[2]

As a condition to these exemptions, any employees affected by the trackage rights will be protected by the conditions imposed in *Norfolk and Western Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc.—Lease and Operate*, 360 I.C.C. 653 (1980).

These notices are filed under 49 CFR 1180.2(d)(7). If either contains false or misleading information, both exemptions are void *ab initio*. Petitions to revoke the exemptions under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.[3]

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33788, STB Finance Docket No. 33789, or both (as applicable) must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423–0001. In addition, a copy of each pleading must be served on G. Paul Moates, Esq., Sidley & Austin, 1722 Eye Street, N.W., Washington, DC 20006.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: August 23, 1999.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams,

Secretary.

[FR Doc. 99–22340 Filed 8–26–99; 8:45 am]

BILLING CODE 4915–00–P

[1] NSR is permitted to continue in effect existing and certain future agreements pertaining to passenger operations by the National Railroad Passenger Corporation (Amtrak) over the line. The Board's jurisdiction is not implicated as to this provision of the agreement.

[2] *See North Carolina Railroad Company—Petition to Set Trackage Compensation and Other Terms and Conditions—Norfolk Southern Railway Company, Norfolk & Western Railway Company, and Atlantic and East Carolina Railway Company*, STB Finance Docket No. 33134 (STB served May 29, 1997) (*NCRR Compensation*).

[3] In a pending motion in *NCRR Compensation*, intervener Walker F. Rucker seeks an order that he and the State of North Carolina be allowed and directed to participate in the negotiations for the trackage rights agreements that are the subject of this notice of exemption. The parties hereto replied, and Mr. Rucker responded to their replies. That collateral dispute provides no basis for rejection of the notice of exemption in this proceeding.

8-K 1 masteragreement8k.htm

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
July 30, 2012 (July 27, 2012)



NORFOLK SOUTHERN CORPORATION

(Exact name of registrant as specified in its charter)

Virginia	**1-8339**	**52-1188014**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

Three Commercial Place **Norfolk, Virginia** **23510-9241** (Address of principal executive offices)	**(757) 629-2680** (Registrant's telephone number, including area code)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

(17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

As of July 27, 2012, the Registrant's operating subsidiary, Norfolk Southern Railway Company ("NSR"), exercised its right under that certain Master Agreement dated as of July 27, 1999, by and between North Carolina Railroad Company and NSR, as amended (the "Agreement"), to extend the term of the Agreement for an additional 15 years so as to continue until December 31, 2029. NSR has the further right, subject to the terms and conditions of the Agreement, to extend the term of the Agreement for another 15 years until December 31, 2044. Please see Exhibit 10(i) to the Registrant's Form 10-K for the year ended December 31, 1999; Exhibit 10.3 to the Registrant's Form 10-Q for the quarterly period ended June 30, 2007; and Exhibit 10(q) to the Registrant's Form 10-K for the year ended December 31, 2009.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNATURES
NORFOLK SOUTHERN CORPORATION
(Registrant)

/s/ Howard D. McFadden
Name: Howard D. McFadden
Title: Corporate Secretary

Date: July 30, 2012

North Carolina Railroad Company

Property Summary

Original Corridor Property

Rail Corridor	County	Land Area Acres	Roadway Area	Net of Roadways	Ad Valorem Taxes
	Alamance	413.0	36.6	376.4	
	Cabarrus	417.0	15.4	401.6	Taxed
	Carteret	361.0	36.4	324.6	
	Craven	1,108.0	64.5	1,043.5	as Part
	Davidson	604.0	22.8	581.2	
	Durham	394.0	30.4	363.6	of
	Gilford	810.0	37.9	772.1	
	Johnston	639.0	45.0	594.0	Norfolk
	Jones	99.0	1.1	97.9	
	Lenoir	456.0	27.9	428.1	Southern
	Mecklenburg	278.0	14.6	263.4	
	Orange	417.0	17.8	399.2	System
	Randolph	15.0	-	15.0	
	Rowan	501.0	30.3	470.7	Property
	Wake	663.0	38.6	624.4	
	Wayne	487.0	40.8	446.2	
Total Corridor Property		7,662.0	460.1	7,201.9	

Corridor Additions

Property Description	County	Nearest Town	Land Area Acres	Year Acq.	Land Current Use	Ad Valorem Tax Value
Queen Street Property	Craven	New Bern	9.2	1850s	Land & Warehouse Former Depot Bldg	Corridor/System Property
N. Craven Street (SW)	Craven	New Bern	0.2	1850s	Vacant Lot	Corridor/System Property
National Avenue Property	Craven	New Bern	0.7	1850s	NSR Facility Property	Corridor/System Property
Neuse Lot	Lenoir	Kinston	2.6	1850s	Vacant Land Only	Corridor/System Property
W. Holly Street & N. Center (NW) Goldsboro Yard Area	Wayne	Goldsboro	1.0	1850s	Vacant NSR Facility Property	Corridor/System Property
N. Center between Beech St. & W. Holly S Goldsboro Yard Area	Wayne	Goldsboro	2.5	1850s	Vacant NSR Facility Property	Corridor/System Property
N. Center & Beech St. (NE) Goldsboro Yard Area	Wayne	Goldsboro	0.6	1850s	Vacant NSR Facility Property	Corridor/System Property
N. Center between Beech & E. Vine (west) Goldsboro Yard Area	Wayne	Goldsboro	4.4	1850s	Vacant NSR Facility Property	Corridor/System Property
Center between Beech & E. Vine (east) Goldsboro Yard Area	Wayne	Goldsboro	4.1	1850s	Vacant NSR Facility Property	Corridor/System Property

Property Description	County	Nearest Town	Land Area Acres	Year Acq.	Land Current Use	Ad Valorem Tax Value
W. Vine & N. Center St (SW) Goldsboro Yard Area	Wayne	Goldsboro	0.9	1850s	Vacant NSR Facility Property	Corridor/System Property
Asbury Lot	Wake	Raleigh	0.9	1850s	Land Landlocked	Corridor/System Property
Graham Former Station Lot	Alamance	Graham	1.9	1850s	Licensed Land Only	Corridor/System Property
McLeansville Former Depot Lot	Guilford	McLeansville	0.8	1850s	Vacant Land Only	Corridor/System Property
Greensboro Former Depot Lot	Guilford	Greensboro	1.7	1850s	Licensed Land Only	Corridor/System Property
Greensboro Downtown Property	Guilford	Greensboro	0.1	1850s	NSR Facility Property	Corridor/System Property
Thomasville Former Freight Depot Parcel	Davidson	Thomasville	1.9	1850s	Vacant Landlocked	Corridor/System Property
Lexington Depot	Davidson	Lexington	1.3	1850s	Leased	Corridor/System Property
Davidson Wide Area in Corridor (slope)	Davidson	Lexington	8.4	1850s	Vacant Landlocked	Corridor/System Property
High Point Depot AMTRAK Station	Guilford	High Point	2.5	1850s	Leased Land Only	Corridor/System Property
Kannapolis Former Station	Cabarrus	Kannapolis	-	1850s	NSR Facility Property	Corridor/System Property
Harrisburg Former Depot Site	Cabarrus	Harrisburg	1.9	1850s	Vacant Land Only	Corridor/System Property
Selma Downtown/Station	Johnston	Selma	1.8	1867	Licensed Land Only	Corridor/System Property
Raleigh Amtrak Station	Wake	Raleigh	0.6	1868	Amtrak Station	Corridor/System Property
Wharf Lot	Craven	New Bern	4.0	1899	Vacant Land Only	Corridor/System Property
Hilltop Road Track Relocation	Guilford	Greensboro	5.0	1906	Licensed Land Only	Corridor/System Property
Guilford College Rd Track Relocation	Guilford	Greensboro	2.3	1906	Landlocked Land Only	Corridor/System Property
West Ward Ave. Track Relocation	Guilford	High Point	3.1	1906	Vacant Land Only	Corridor/System Property
W. Market Center Dr. Track Relocation	Guilford	High Point	1.3	1906	Vacant Land Only	Corridor/System Property
Upper Lake Rd Track Relocation	Davidson	Lake	35.2	1906	Vacant Land Only	Corridor/System Property

Property Description	County	Nearest Town	Land Area Acres	Year Acq.	Land Current Use	Ad Valorem Tax Value
xington Heights Track Relocation	Davidson	Lexington	6.8	1906	Vacant Land Only	Corridor/System Property
I-85 Track Relocation	Davidson	Linwood	27.9	1906	Vacant Landlocked	Corridor/System Property
Albertson Road Track Relocation	Davidson	Thomasville	4.2	1907	Vacant Landlocked	Corridor/System Property
Rock River Road Property (slope)	Cabarrus	Rocky River	31.0	1909	Landlocked Land Only	Corridor/System Property
East 1st Street Property	Cabarrus	Kannapolis	0.1	1916	Vacant Land Only	Corridor/System Property
Garner Track Relocation	Johnston	Garner	3.2	1985	Landlocked Land Only	Corridor/System Property
Hopson Road Curve & Bridge Property (Acquisition cost of $2,065,276)	Durham	Morrisville	13.1	2004	Vacant Land for main curve & new bridge	Corridor/System Property
Holt Street Lot	Alamance	Mebane	2.0	2005	Vacant Land Only (industrial spur access)	59,130
Pine Level Property	Johnston	Pine Level	0.7	2006	Vacant Small lot at crossing	Corridor/System Property
Total Corridor Additions Property			189.5			

North Carolina Railroad Company - Other Property

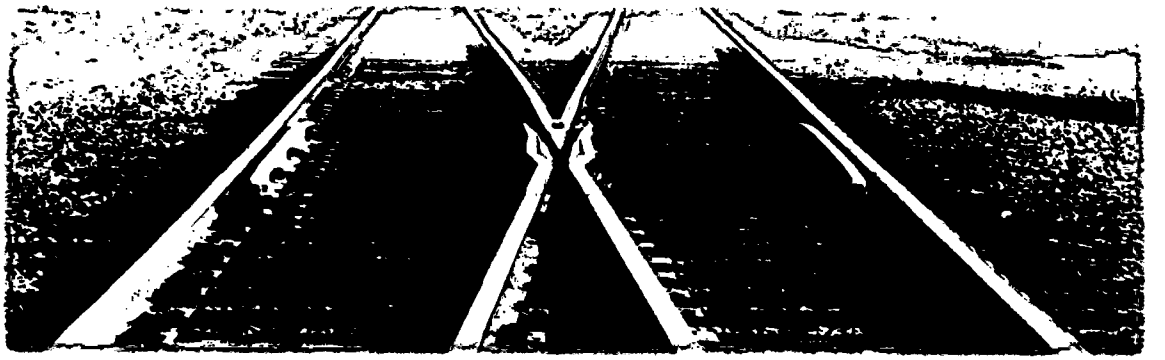
Property Description	County	Nearest Town	Annual Revenue	Tenant	Land Area Acres	Year Acq.	Land Current Use	Ad Valorem Tax Assessment Land	Bldg./ Improv.	Total Value	Relevant Characteristics
Raw Land											
Waynesboro Lot Former Water Station	Wayne	Goldsboro	0	None	0.7	1850's	Vacant Land Only	1,130	-	1,130	Vacant No Road Frontage
Morrisville Former Depot Former Pass/Freight Depot	Wake	Morrisville	0	None	0.3	1850's	Vacant Land Only	3,006	-	3,006	Vacant Too small to build on
S. Front & Hancock Sts. Lot Former Yard	Craven	New Bern	0	None	0.3	1880	Vacant Land Only	333,780	-	333,780	Vacant
Wye Property Former Wye	Carteret	Morehead	3,000	Billboard	4.4	1887	Vacant Land Only	994,500	-	994,500	Largely Vacant (billboard)
N. Craven St. Lot Former Yard/Wharf	Craven	New Bern	0	None	4.0	1899	Vacant Land Only	915,390	-	915,390	Vacant - River Frontage
Tiffany & Bright Sts. Property Former Wye	Lenoir	Kinston	0	None	6.7	1901	Vacant Land Only	31,025	-	31,025	Vacant
Newport Lot Former Freight Warehouse	Carteret	Newport	0	None	0.6	1903	Vacant Land Only	50,440	-	50,440	Vacant too small to build on
Clarks Lot Former Freight Depot	Craven	Clarks	0	None	0.4	1911	Vacant Land Only	8,000	-	8,000	Vacant - no road frontage
Union Station Lot Former Pass Station	Lenoir	Kinston	0	None	0.6	1916	Vacant Land Only	7,421	-	7,421	Vacant too small to build on
Rosewood Property Industrial Land	Wayne	Rose	0	None	73.3	1977	Industrial Land I.R.C. 1033 Exchange	216,420	-	216,420	No roadway frontage
Clayton Hwy 42 Industrial Land	Johnston	Clayton	0	None	75.2	1979	Industrial Land I.R.C. 1033 Exchange	1,239,890	-	1,239,890	Vacant
Harrisburg Industrial Park Three Lots - Industrial Land	Cabarrus	Harrisburg	0	None	9.0	2000	Industrial Land I.R.C. 1033 Exchange	547,190	-	547,190	Vacant
Burke Street Lot Depot Swap	Alamance	Gibsonville	0	None	1.3	2005	Vacant I.R.C.1031 Exchange	38,793	-	38,793	Vacant
Total					**176.8**			**4,386,985**	-	**4,386,985**	

Property Description	County	Nearest Town	Annual Revenue	Tenant	Land Area Acres	Year Acq.	Land Current Use	Ad Valorem Tax Assessment Land	Bldg./ Improv.	Total Value	Relevant Characteristics
Leased Property											
Durham Former Depot Former Pass/Freight Depot	Durham	Durham	102,420	Blackwell St Mngmnt Co	2.2	1850's	Leased Land Only	964,691	73,416	1,038,107	Public Parking original passenger station site
Burlington Engine House Lot Amtrak Station	Alamance	Burlington	93,563	City of Burlington & NCDOT	0.6	1850s	Leased	95,967	2,018,628	2,114,595	Passenger Rail Station & Parking
Raleigh Warehouse Redevelopment Proper Former Freight Depot	Wake	Raleigh	320,472	Various	2.3	1850's	Building and Parking Leased	2,293,455	1,208,980	3,502,435	Renovated in 2003
Hillsborough Former Depot Lot Former Pass/Freight Depot	Orange	Hillsborough	4,244	West End Group LLC	5.4	1850s	Licensed Land Only	278,040	-	278,040	Parking
Wye Ppty Extension	Carteret	Morehead	700	Becker Builders	1.2	1887	Licensed Land Only	278,472	-	278,472	
Station & Former Industrial Lot Public Parking	Carteret	Morehead	27,243	Town of Morehead City	1.7	1902	Leased Land Only	1,030,172	17,784	1,047,956	Public Parking
Waterfront & Riparian Rights Former Industrial Warf	Carteret	Morehead	32,721	Crystal Coast Tournament	0.6	1902	Leased Riparian Only	517,142	494,742	1,011,884	Leased
Bridges St Lot Former Atlantic Hotel	Carteret	Morehead	22,000 5,700	Marine Mngmnt Kivett Offices	2.0	1903	Leased Public Parking	1,119,081	29,040	1,148,121	Leased
4th Street Lot Former Atlantic Hotel	Carteret	Morehead	2,700	Dmacharter, LLC	0.2	1903	Leased Land Only	246,000	3,420	249,420	Public Parking
Hillsborough Rd & LaSalle St. Building/Warehouse	Durham	Durham	241,164	Advance Auto Parts	3.2	2000	Leased Building I.R.C. 1033 Exchange	842,600	454,990	1,297,590	Public Parking This prop. is owned by NC Railroad, inc
Office Building	Wake	Raleigh	0	None	1.7	2000	NCRR Office I.R.C. 1033 Exchange	602,872	2,642,892	3,245,764	Offices
Total			**855,927**		**374.1**			**17,041,332**	**6,943,892**	**23,985,224**	
Charlotte (99-Year Lease)											
Charlotte Downtown Property Former Pass/Freight Depot	Mecklenburg	Charlotte	81,000	Norfolk Southern Corp.	5.2	1850s	Leased Land Only	32,643,200	-	32,643,200	Leased for 99 years in 1968
Total					**5.2**			**32,643,200**	-	**32,643,200**	

NORTH CAROLINA RAILROAD COMPANY

House Select Committee on State Owned Assets

December 12, 2011



Our Mission

To maximize the value of the North Carolina Railroad Company's properties for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger service, improve safety and respect the natural environment.

NCRR Property

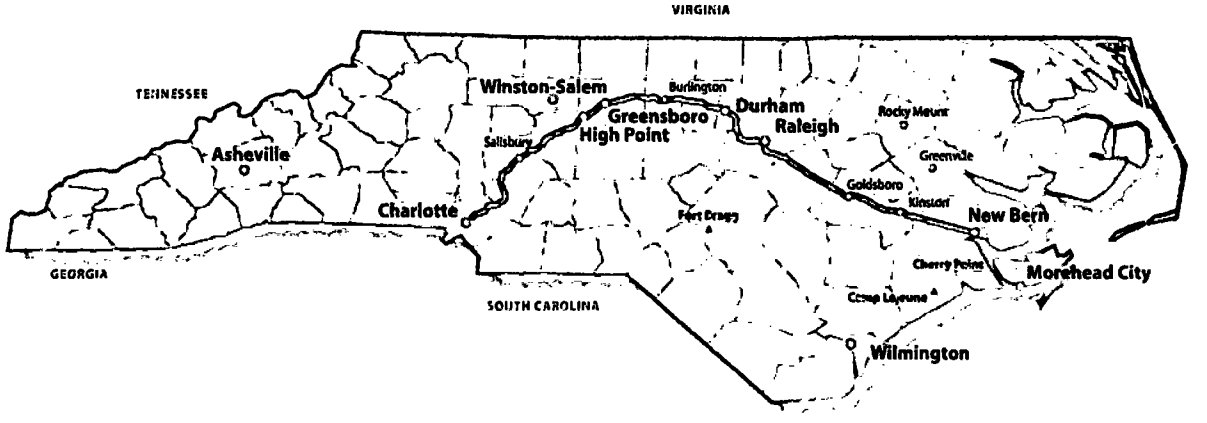
3 Categories*

- Original Corridor - 7,662 acres
- Corridor Additions - 189.5 acres
- Other Property - 203.2 acres /25 parcels (focus of today's discussion)

* All NCRR property is included in tax base

NORTH CAROLINA RAILROAD COMPANY

Original Corridor & Corridor Additions



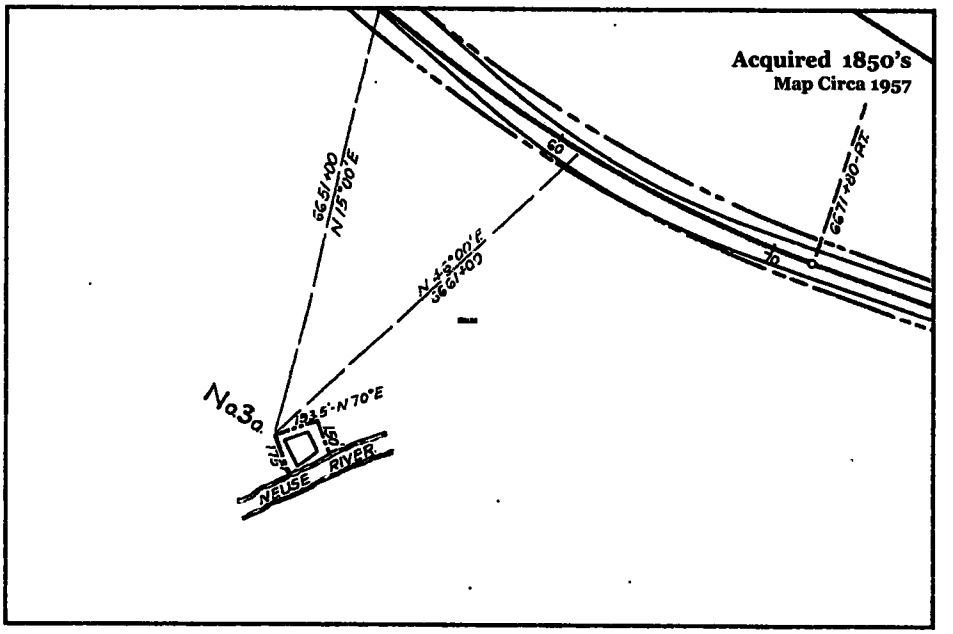
North Carolina Railroad Company

NORTH CAROLINA RAILROAD COMPANY

Other Property

Waynesboro Lot
Former Water Station

Goldsboro



Other Property

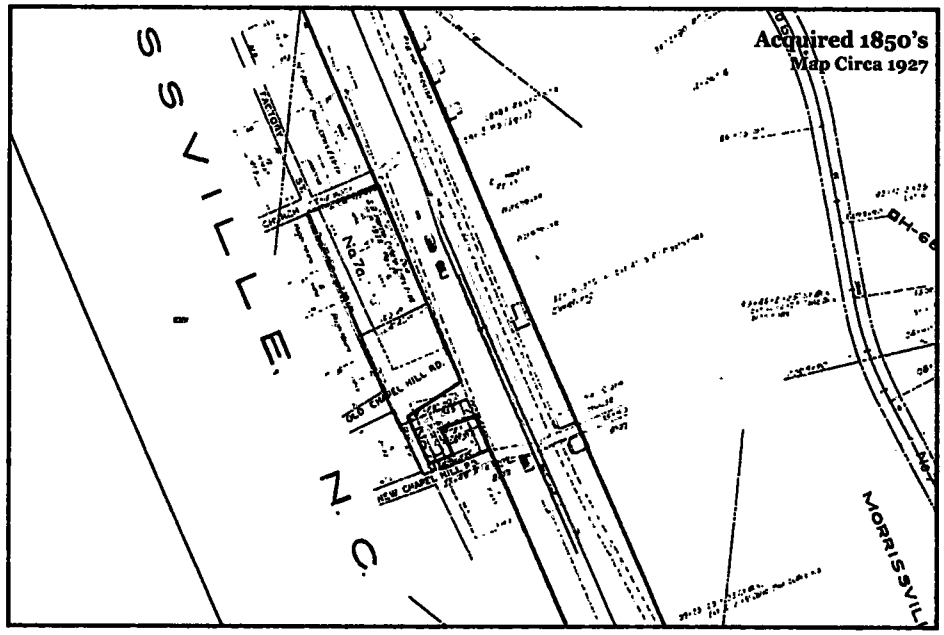
Waynesboro Lot
Former Water Station

Goldsboro



Other Property

Morrisville Former Depot
Former Passenger/Freight Depot



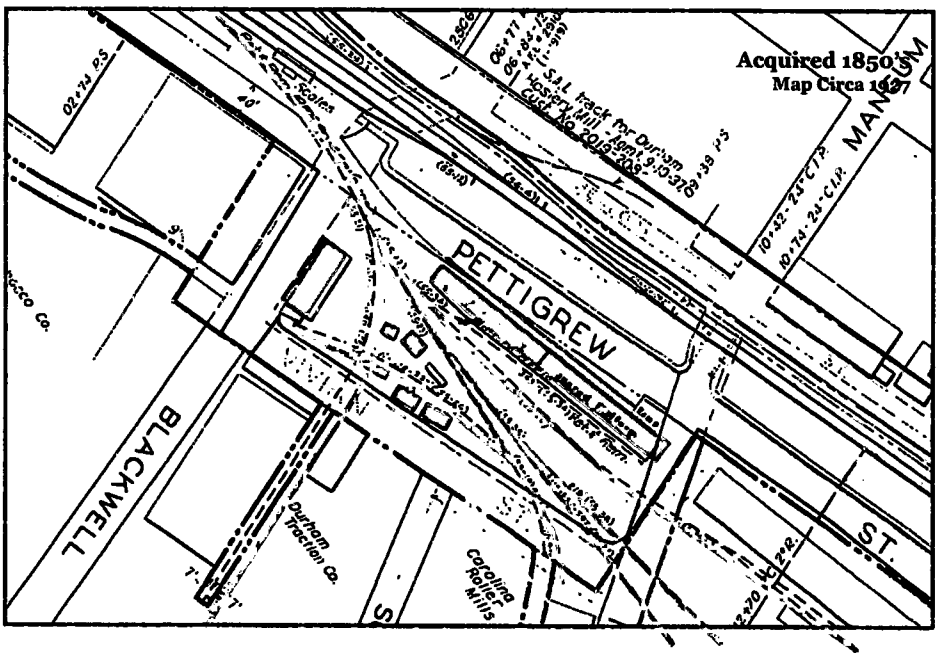
Other Property

Morrisville Former Depot
Former Passenger/Freight Depot



Other Property

Durham Former Depot
Former Passenger/Freight Depot



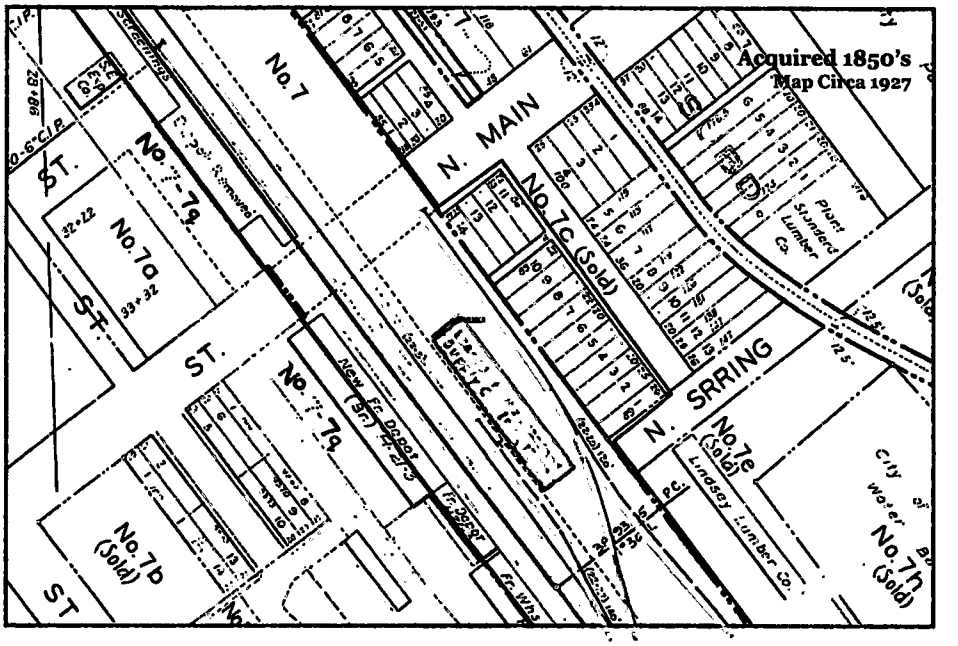
Other Property

Durham Former Depot
Former Passenger/Freight Depot



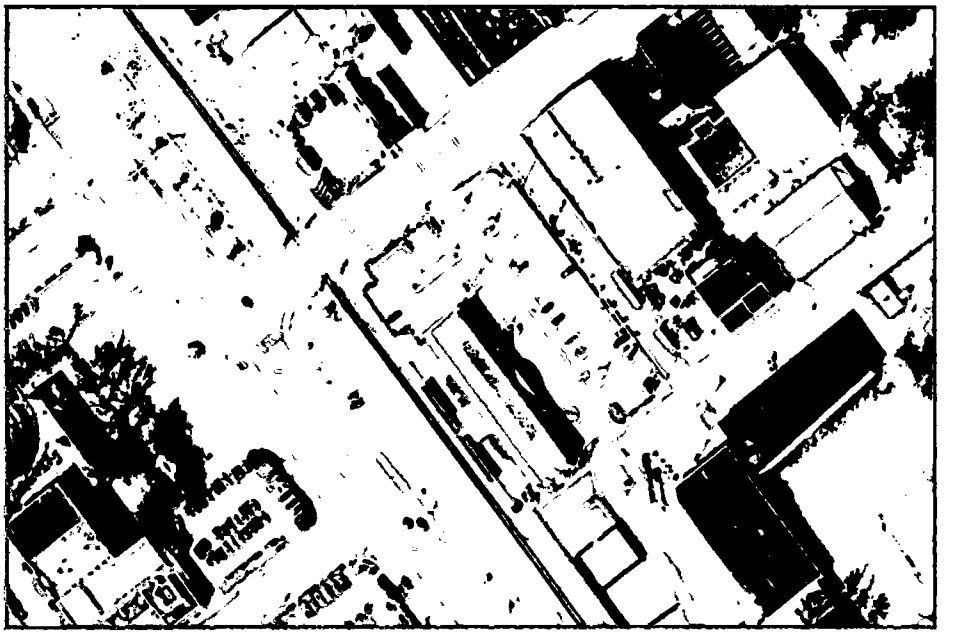
Other Property

Burlington Engine House Lot
Amtrak Station



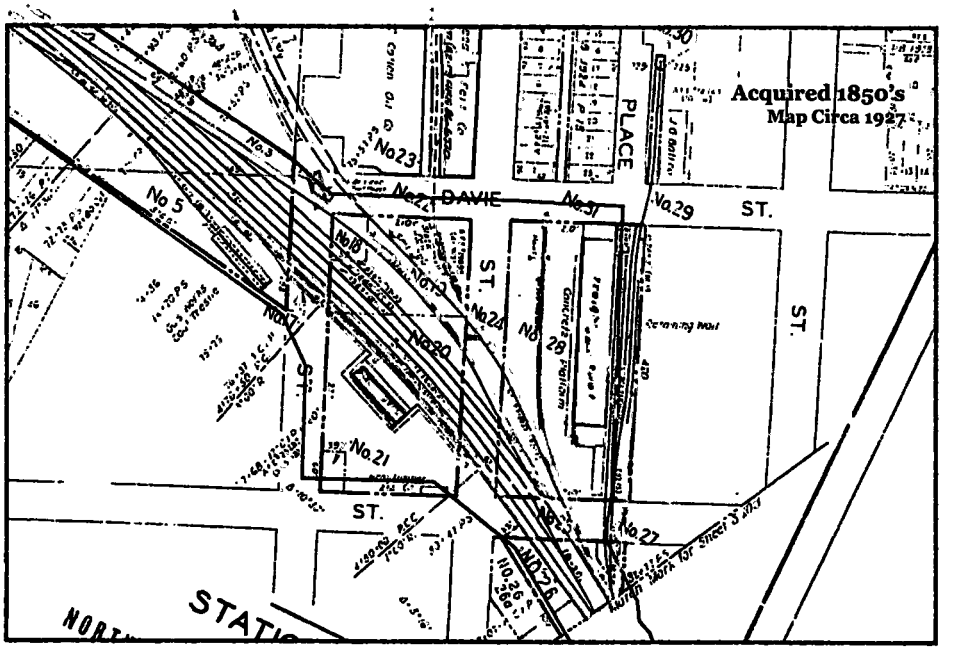
Other Property

Burlington Engine House Lot
Amtrak Station



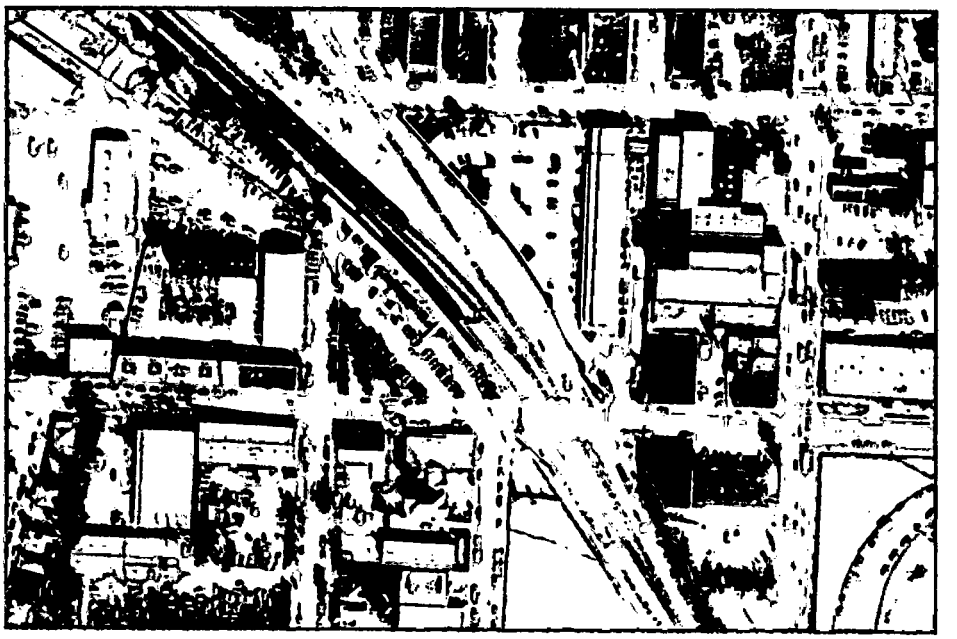
Other Property

Raleigh Warehouse Redevelopment Property
Former Freight Depot



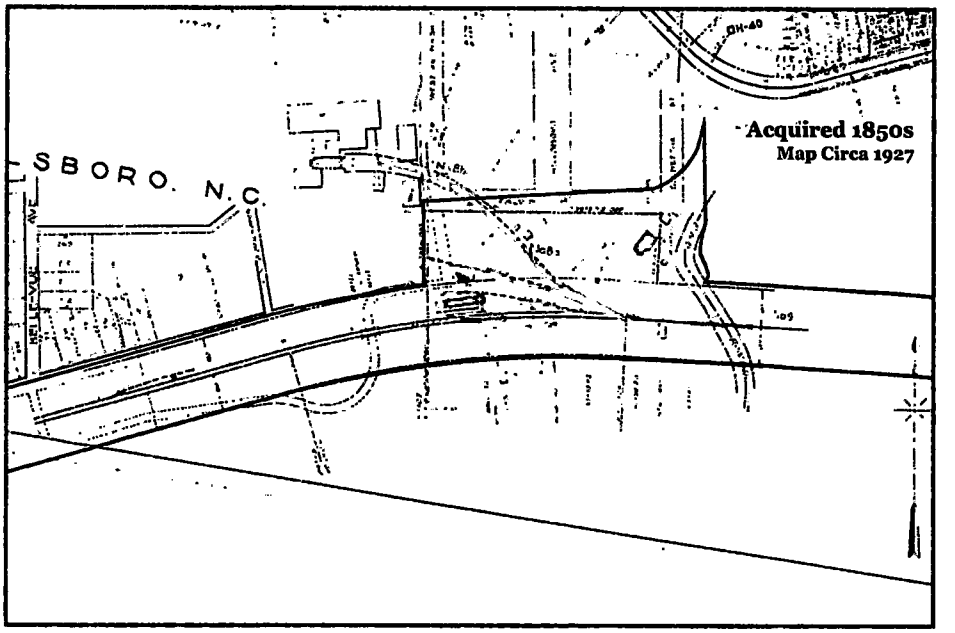
Other Property

Raleigh Warehouse Redevelopment Property
Former Freight Depot



Other Property

Hillsborough Former Depot Lot
Former Passenger/Freight Depot



Other Property

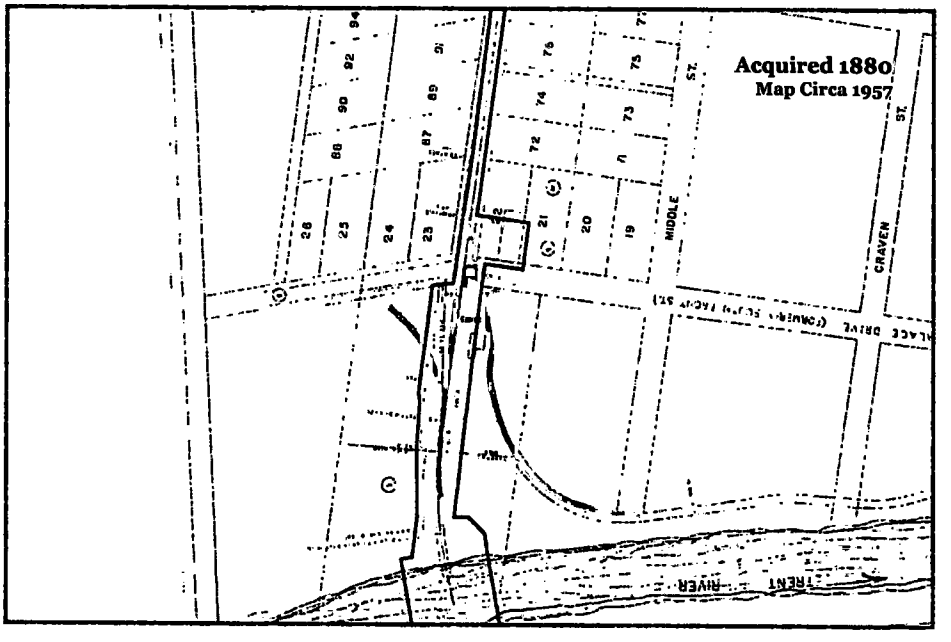
Hillsborough Former Depot Lot
Former Passenger/Freight Depot



Other Property

S. Front & Hancock Sts. Lot Former Yard

New Bern



Other Property

S. Front & Hancock Sts. Lot Former Yard

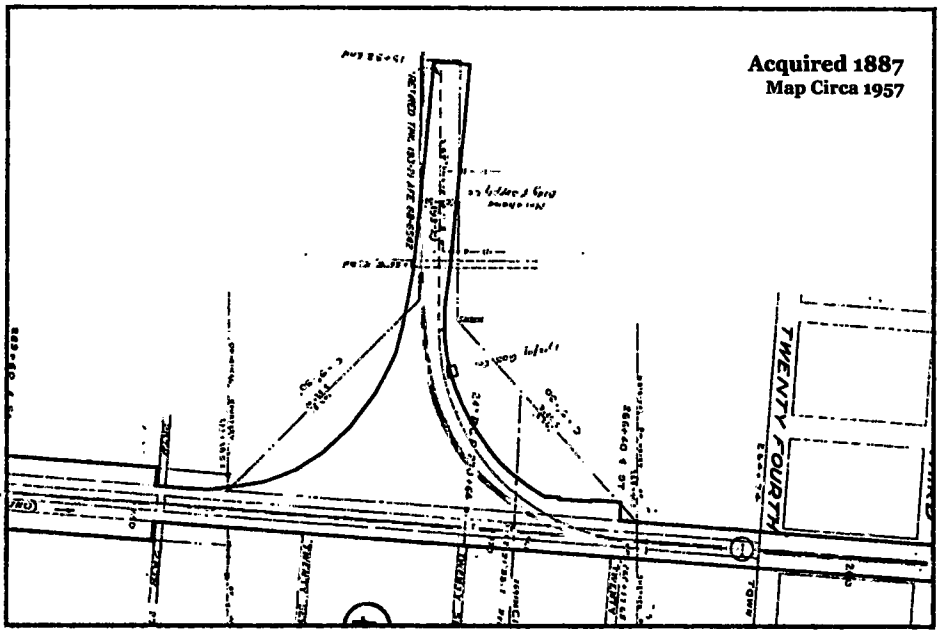
New Bern



Other Property

Wye Property

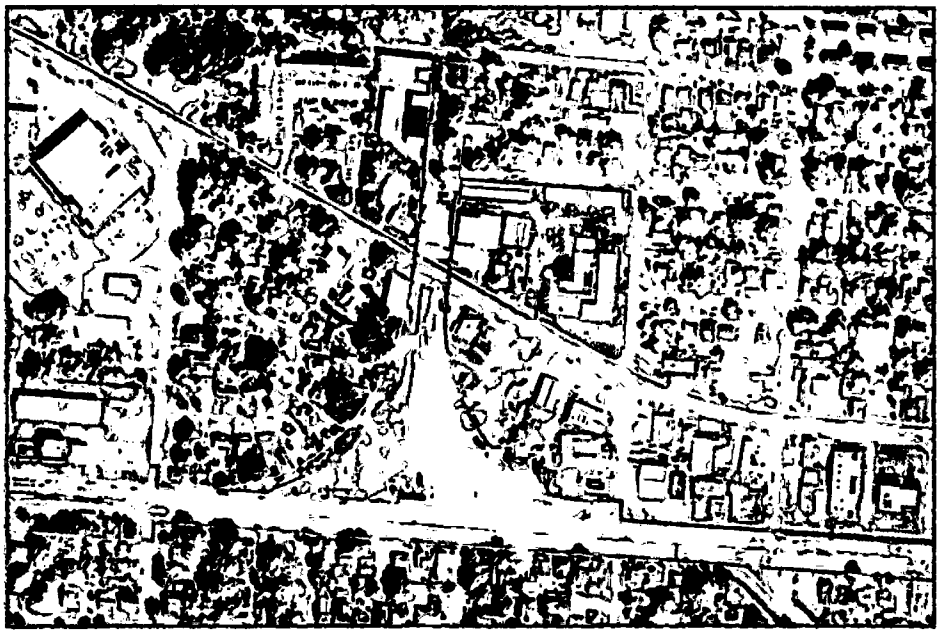
Morehead City



Other Property

Wye Property

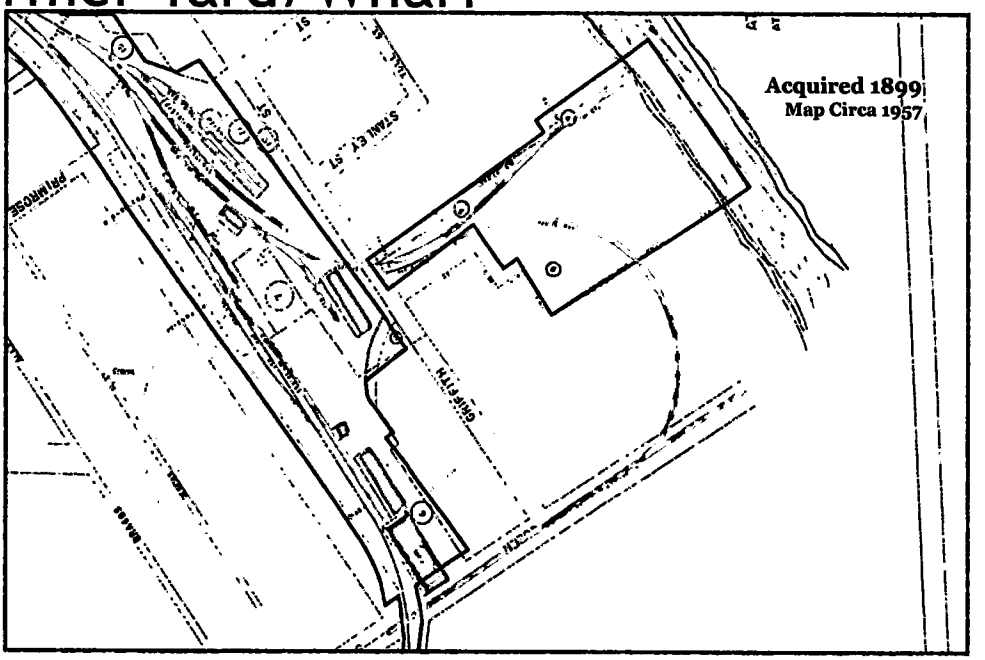
Morehead City



Other Property

N. Craven Street Lot
Former Yard/Wharf

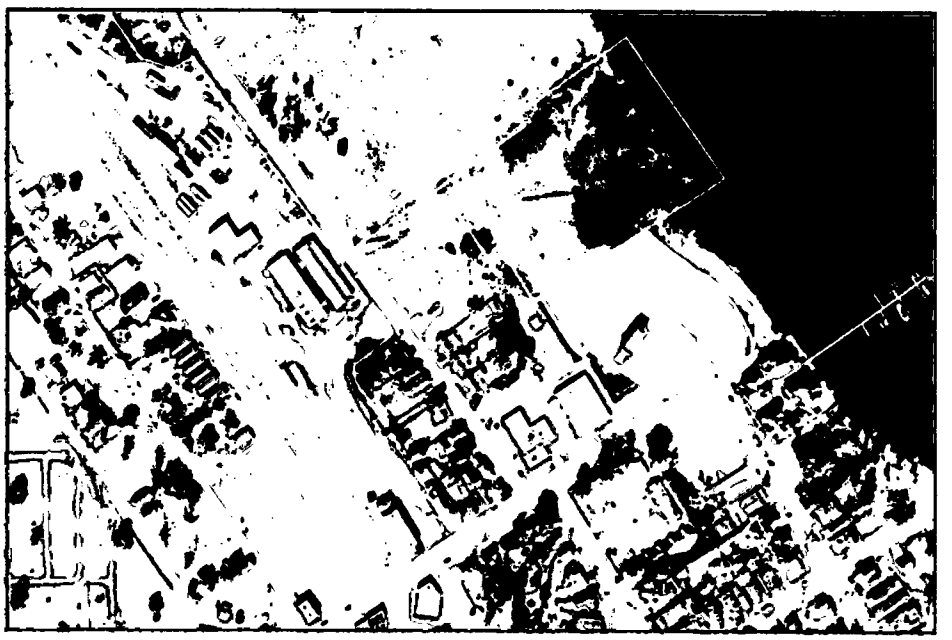
New Bern



Other Property

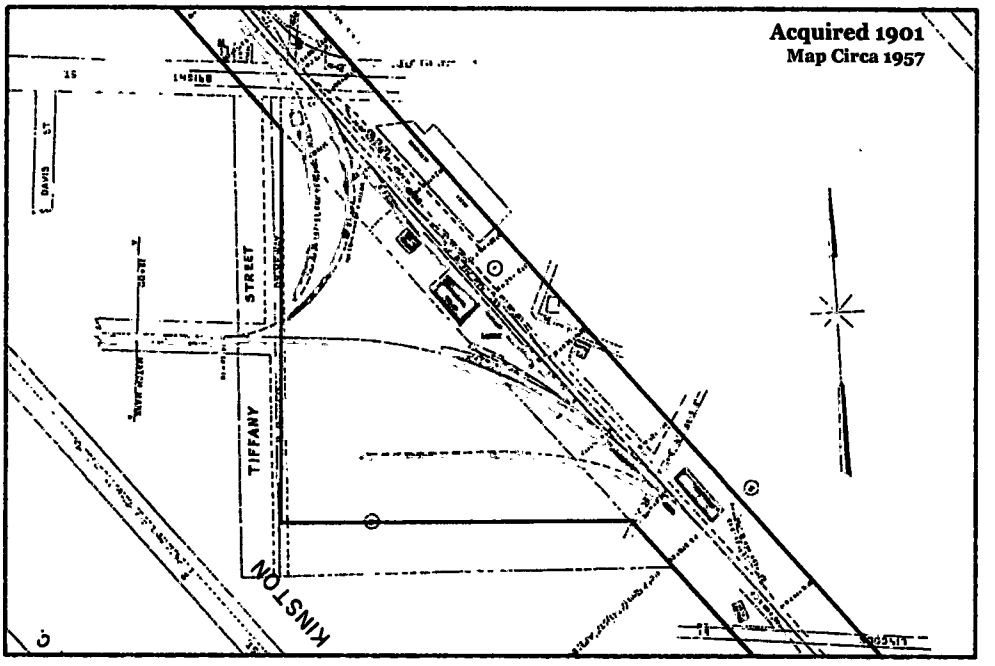
N. Craven Street Lot
Former Yard/Wharf

New Bern



Other Property

Tiffany & Bright Sts. Property Kinston
Former Wye



Other Property

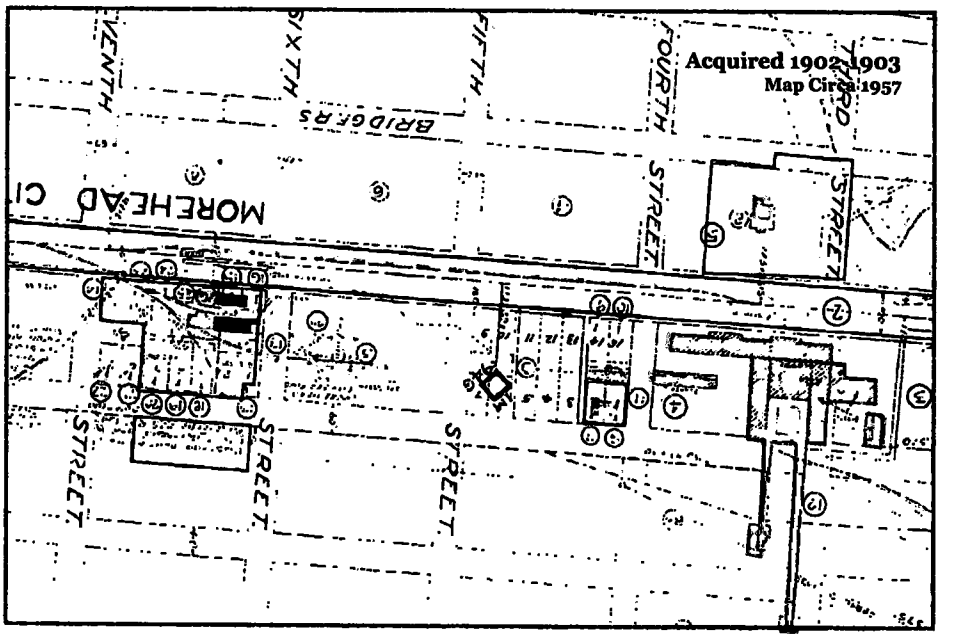
Tiffany & Bright Sts. Property Kinston
Former Wye



Other Property

Former Industrial and Hotel Lots

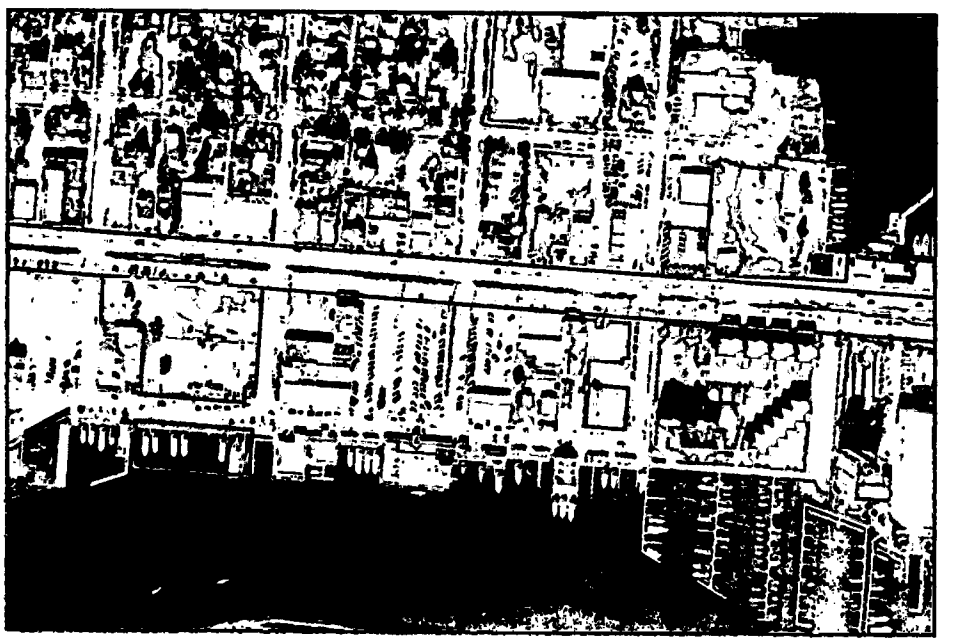
Morehead City



Other Property

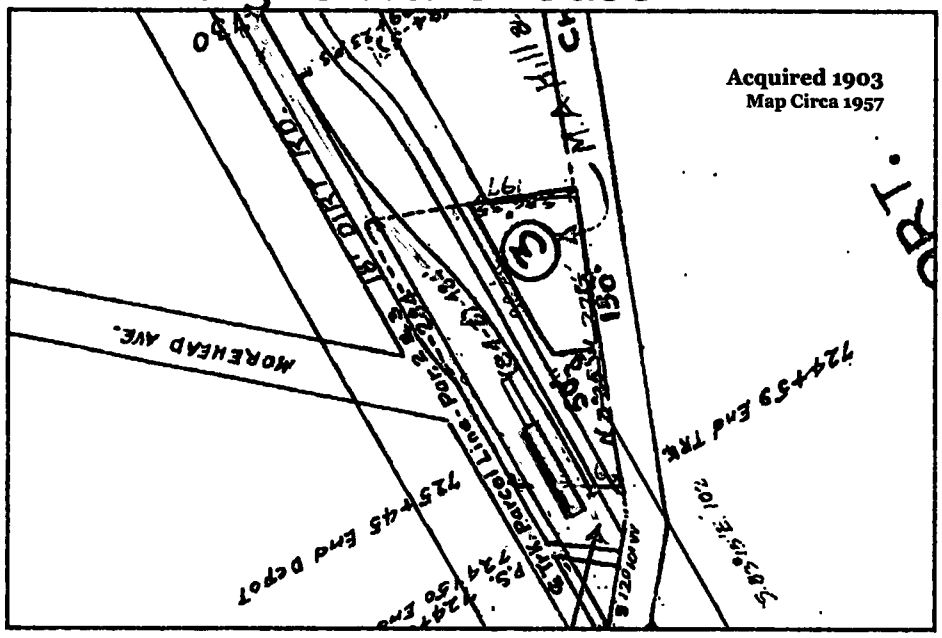
Former Industrial and Hotel Lots

Morehead City



Other Property

Newport Lot
Former Freight Warehouse



Other Property

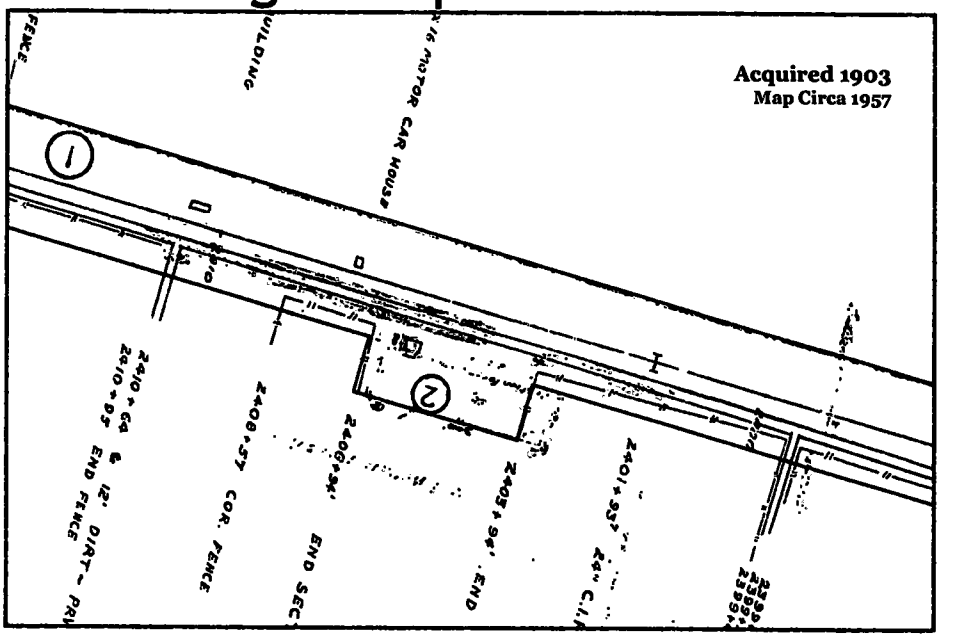
Newport Lot
Former Freight Warehouse



Other Property

Clarks Lot
Former Freight Depot

Craven County



Other Property

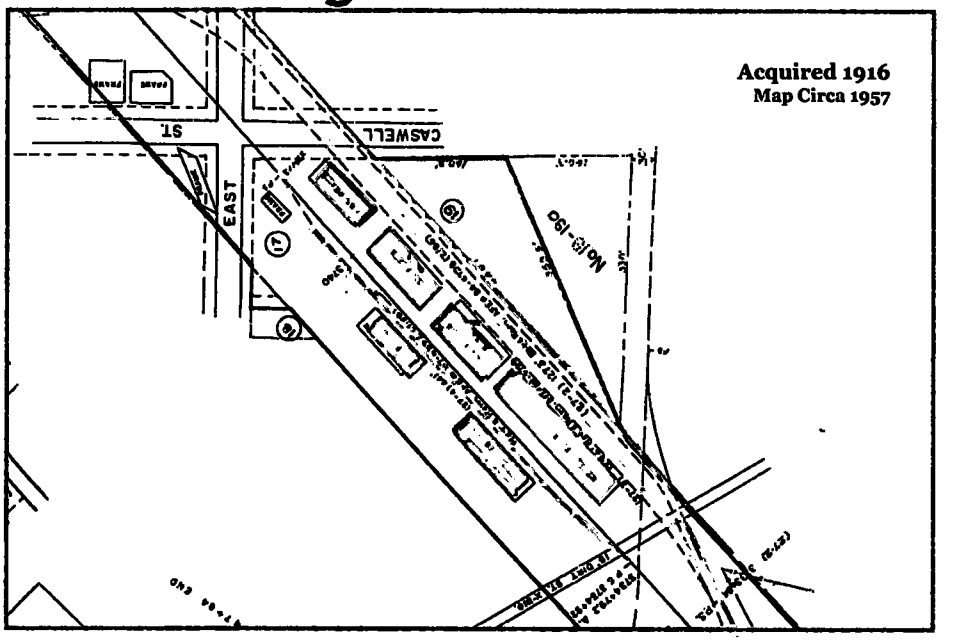
Clarks Lot
Former Freight Depot

Craven County



Other Property

Union Station Lot Kinston
Former Passenger Station



Other Property

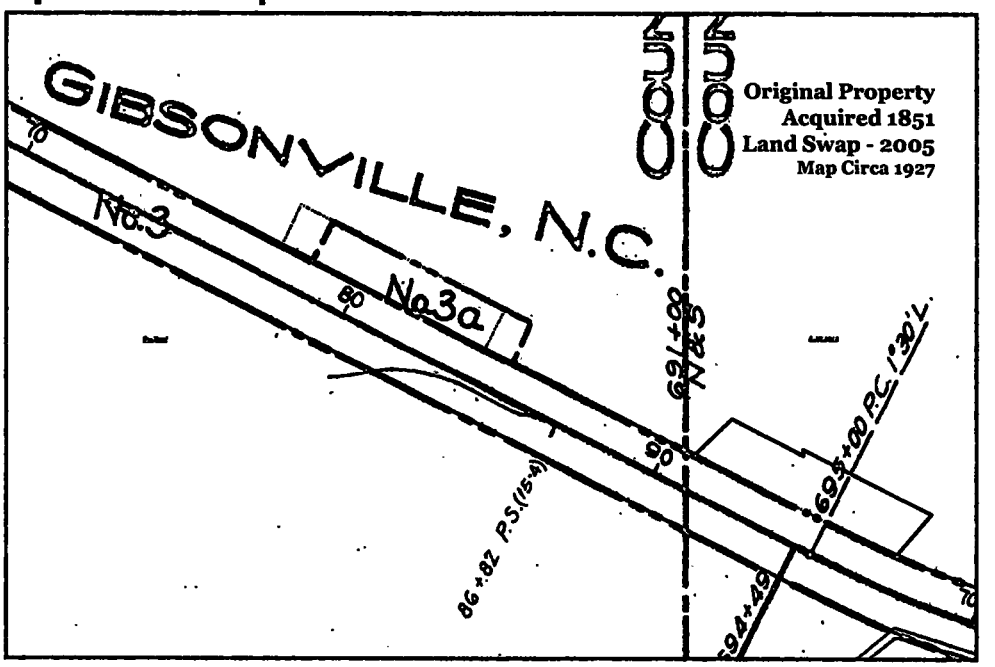
Union Station Lot Kinston
Former Passenger Station



Other Property

Burke Street Lot Depot Swap

Gibsonville



Other Property

Burke Street Lot Depot Swap

Gibsonville

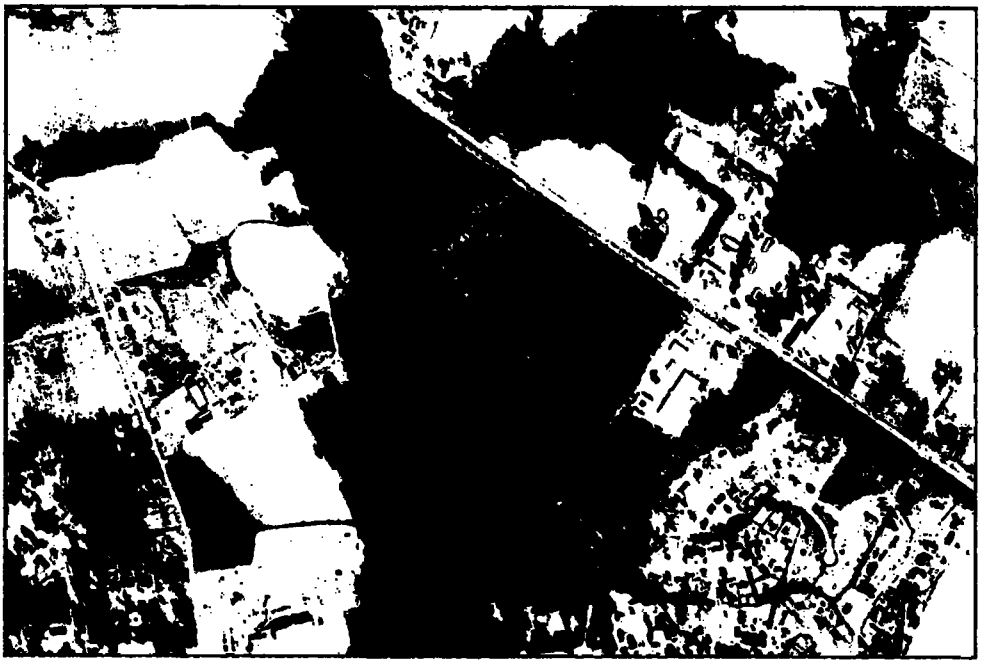


Other Property

Rosewood Property Industrial Land

Wayne County

Acquired 1977

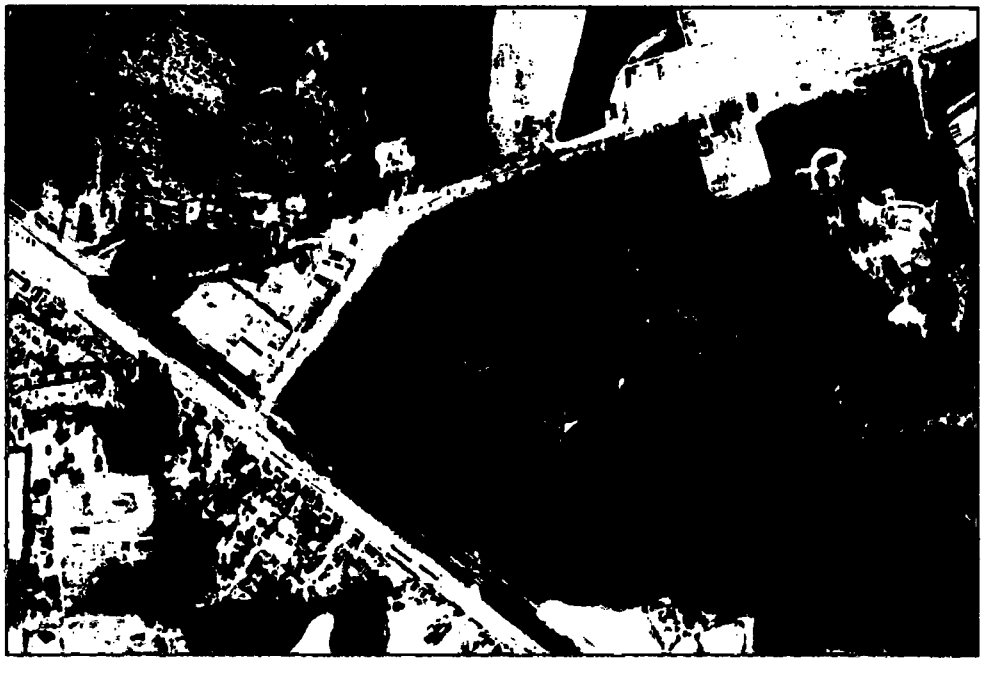


Other Property

Clayton Hwy 42 Industrial Land

Clayton

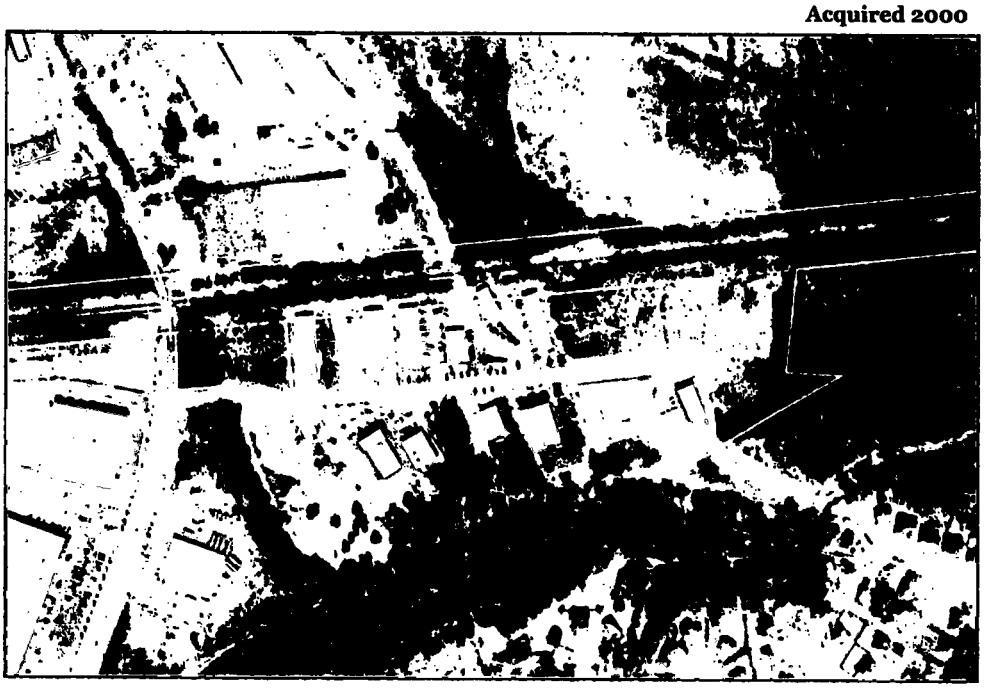
Acquired 1979



Other Property

Harrisburg Industrial Park

Acquired 2000



Other Property

NCRR Office Building

Raleigh

Acquired 2000



Other Property

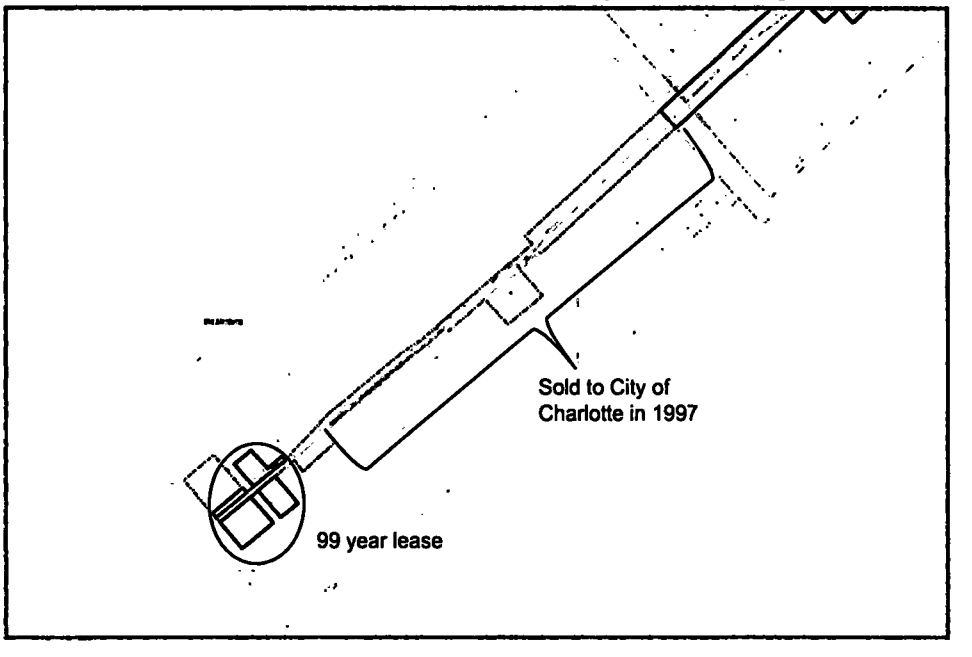
Hillsborough Rd. & LaSalle St. Durham
Building/Warehouse

Acquired 2000



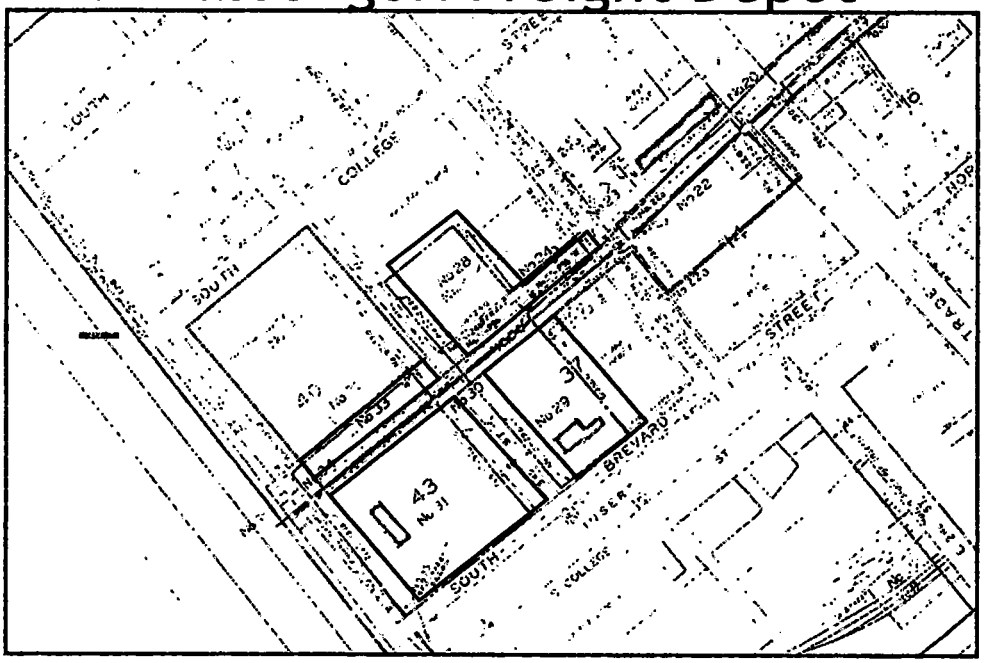
Other Property

Charlotte Downtown Property
Former Passenger/Freight Depot



Other Property

Charlotte Downtown Property
Former Passenger/Freight Depot



Other Property

Charlotte Downtown Property
Former Passenger/Freight Depot



NCRR Corporate Powers

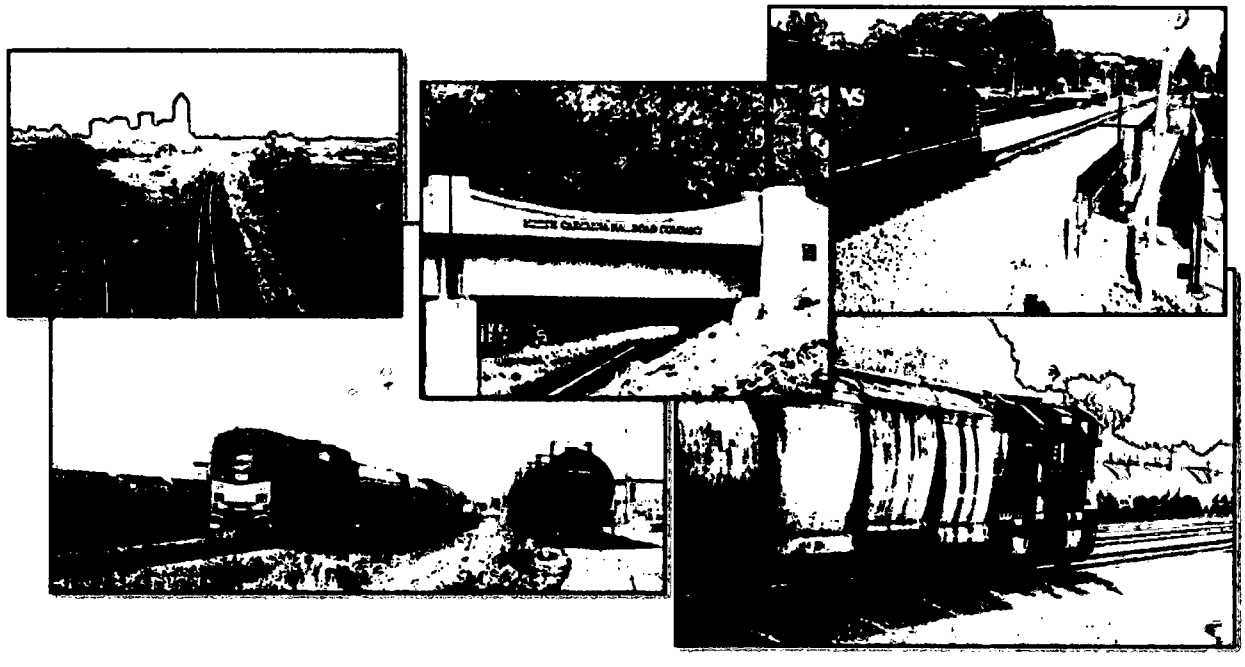
- "Purchasing, holding, selling, leasing and conveying" both real and personal property" -- *Charter, § 6 (1849); N.C. Gen. Stat § 55-3-02(a).*
- "All other rights and immunities, which other corporate bodies may, and of right do, exercise" -- *Charter, § 6 (1849).*
- All general powers of corporations set forth in the NC Business Corporations Act. -- *N.C. Gen. Stat §§ 124-13 and 55-3-02.*
- NCRR "may lease, license, or improve its right-of-way and property . . . for the purpose of preserving and protecting its railroad corridor and franchise" -- *N.C. Gen. Stat § 124-12(1).*

NORTH CAROLINA RAILROAD COMPANY

NORTH CAROLINA RAILROAD COMPANY

Thank you

www.ncrr.com



Major Capital Improvements

Schedule & Commitments through 2020

NORTH CAROLINA RAILROAD COMPANY

2809 Highwoods Blvd., Suite 100 | Raleigh, NC 27604 919.954.7601 | www.ncrr.com

Building A Better Railroad

Summary	Benefit	Total Cost / NCRR Investment
Johnston County: Selma Yard Improvements Improve capacity and operations in the Selma yard by adding a fourth track.	Improve Capacity	$3,470,000
Craven County: Trent River Bridge Tie Replacement Replace bridge ties and draw span lift rails on the bridge over the Trent River in New Bern (EC-59.3) *50/50 with Norfolk Southern*	Improve Speed and Safety	$1,890,0000 $945,000
Alamance County: Webb Avenue Bridge Restoration Painting and cleaning of concrete abutments and wing walls of the bridge over Webb Avenue at Glen Raven. *50/50 with Norfolk Southern*	Safety/Preservation	$920,000 $460,000
Wake County: Raleigh East Second Main Track NCRR will conduct preliminary engineering for a second main track on the NCRR between milepost h-81.2 and h-84.5. Preliminary engineering will also determine how existing bridge structures can accommodate a second track. Preliminary engineering estimated to be complete in 2012. Further progression of the project will be determined upon completion of the preliminary engineering and upon other potential funding partners.	Improve Capacity	$56,000,000 $10,000,000
Wake County: Double Track Morrisville to Cary – 5.9 Miles Add a second main track from McCrimmon Road to Fetner. Connect to NCDOT's Clegg siding creating double track from Raleigh to I-40 in Durham County. Preliminary Engineering completed by NCRR in 2011; need to determine funding partners.	Improve Capacity	$41,000,000 $19,000,000
Mecklenburg/Cabarrus Counties: Double Track North Charlotte to Concord Segment - 12.1 Miles Add a second track and signals to reduce delays associated with meeting and passing trains (Haydock-Junker). *ARRA Funded*	Improve Capacity (Main Line)	$95,116,212 $10,300,000
Davidson County: Double Track Thomasville to Lexington Segment - 4.2 Miles Extend second track and signals to reduce delays associated with meeting and passing trains (Bowers - Lake). *ARRA Funded*	Improve Capacity (Main Line)	$47,545,437 $10,300,000
C /Rowan Counties: Double Track Kannapolis to Salisbury Segment - 10 Miles Extend second track and signals to reduce delays associated with meeting and passing trains (N. Kannapolis to Reid). *ARRA Funded*	Improve Capacity (Main Line)	$92,593,479 $10,300,000
Wayne/Lenoir/Craven/Carteret Counties: Bridge & Culvert Program Improve 2 bridges (Goldsboro and Newport) and 2 culverts (Kinston and Cove City). Estimated Completion in 2012 *50/50 with Norfolk Southern*	Improve Safety & Speed	$4,677,700 $2,338,850
Rowan/Davidson Counties: Rail Work at I-85 Bridge over Yadkin River Improve railroad alignment and provide room for future additional track construction near Yadkin River in Rowan and Davidson counties. *NCDOT partnership*	Improve Safety & Speed	$4,444,659 $3,000,000
Johnston/Wayne/Lenoir/Craven/Carteret Counties: Eastern Grade Crossing Improvements Improve grade crossing protection on unsignaled or partially signalized grade crossings between CSX Junction in Selma and Morehead City (115 miles). *NCDOT/NS/NCRR partnership*	Improve Safety and Speed	$7,641,750 $2,227,200
Mecklenburg County: Grade Separation at Sugar Creek Road in Charlotte Eliminate a very busy and dangerous at-grade railroad crossing with grade separation (overhead bridge) of the main freight & passenger line at Sugar Creek Rd. *NCDOT/Fed. Funding*	Improve Safety and Speed	$34,000,000 $10,000,000
Craven County: New Bern Siding This project will construct a siding and associated support tracks and facilities near New Bern and curvature along the existing connection between the NCRR EC line and the NS Chocowinity Line.	Improve Capacity	$20,000,000 $8,000,000
Lenoir County: Passing Siding near LaGrange Add a two mile passing siding and increase capacity on the eastern part of the NCRR. There are currently no passing sidings between Selma and Morehead City (114 miles). *Norfolk Southern partnership*	Improve Capacity	$4,060,000
W inty: Walker Street Bridge – Cary Th of Cary is considering extending Walker Street under the NCRR. Their plans call for a temporary rail bridge structure as part of construction. NCRR's contribution to this project would allow the temporary bridge to remain as a permanent structure for a second main line. *Town of Cary partnership*	Improve Safety & Speed	TBD $1,000,000

Summary	Benefit	Total Cost NCRR Investment
Construct Three Pedestrian Underpasses between Raleigh and Charlotte (Alamance and Guilford Counties) This project will construct pedestrian underpasses in three selected pilot locations in connection with grade crossing closures or high volume pedestrian locations. The project with Elon University was completed in 2010. The underpass cost $2.5 million (NCRR - $1 million; Elon University - $1.5 million). Construction on UNCG underpass is underway (NCRR - $1 million; UNCG- $7 million)	Improve Safety	$6,000,000 $3,000,000
Survey/Monumentation Project This project will establish permanent rail corridor monumentation for corridor management & engineering/planning purposes. It will incorporate geodetic monuments in a statewide survey grid.	Corridor Management	$3,000,000
Construct Industrial Lead Tracks Construct spur tracks to industrial sites and/or industrial parks to enable or improve rail service	Economic Development	TBD $1,750,000
Durham County: Durham Grade Separations Bridge and crossing improvements in downtown Durham to roadway and pedestrian safety at railroad crossings	Improve Safety	TBD $750,000
Lenoir County: Rebuild Bridges at Mileposts EC-27.8 and EC-27.9 Rebuild wooden bridge trestles over the Neuse River near Kinston. Completed in 2012. *50/50 with Norfolk Southern*	Improve Safety & Speed	$8,000,000 $4,000,000
Craven County: Trent River Bridge –New Bern Improve corroding steel pipe piles on the bridge over the Trent River in New Bern by encasing them in concrete. Completed in 2012 *50/50 with Norfolk Southern*	Improve Safety	$1,890,000 $945,000
Lenoir/Craven Counties: Replace Bridges in Eastern North Carolina This project will replace trestles over creeks in Lenoir and Craven counties to address settling piers and weight requirements. Completed in 2011	Improve Speed and Safety	$3,000,000 $1,503,808
Craven/Carteret Counties: Field Welding Welded joints in the rail between New Bern and Morehead City. The rail is 100 lb. continuous welded rail, but has many joints as a result of breakage and detected defects. Completed in 2010	Improve Safety and Speed	$300,510
Lenoir County: Transload Track Spur track and loading Ramp to serve Global Transpark and other users. Site work, road access, and staging area for transfer point. Completed in 2010	Economic Development	$891,937
Lenoir County: Straighten Curve in Kinston Straightened a curve in the railroad in downtown Kinston improving train speeds from 10 mph to 25 mph and improving clearances. Completed in 2010	Improve Safety and Speed	$2,759,628
Guilford County: Double Track High Point/Greensboro Segment - 9 Miles Added a second track to reduce delays associated with meeting and passing trains. DOT studies identified this portion of railroad as one of the most congested. (Cox-Hoskins) Completed in 2009 *NCDOT/NS/NCRR partnership*	Improve Capacity and Efficiency	$27,963,685 $4,000,000
Wayne/Lenoir/Craven/Carteret Counties: Continuous Welded Rail Installation and Drainage Improvement Upgraded 90 lb. rail (originally dated to 1924) with higher grade continuous welded rail. Completed in 2007. Also improved drainage in Dover and constructed a retaining wall to support the track and welded rail. This portion of the project was completed in 2009.	Improve Reliability Safety & Drainage	$4,836,410
Johnston County: Replace Restricted Bridge in Clayton Replaced a bridge structure on the main line to eliminate speed restrictions and improve clearance on Old Hwy 70 in Clayton. Completed in 2008	Improve Safety & Speed	$889,600
Wake/Johnston/Wayne Counties: Construct Three Segments of Passing Tracks and CTC & Communications This work improved capacity by adding three passing tracks totaling approximately 8 miles between Raleigh and Goldsboro to improve passenger and freight train performance and service. It added Centralized Traffic Control for 31 miles to raise to the same standard as Raleigh to Charlotte. The project also included the installation of the Cabarrus Street Interlocking and revised the track layout to increase speed to and from the yard in Raleigh. The project also improved the Boylan Storage Track. Completed in 2008	Improve Capacity, Speed & Efficiency	$20,882,331
Repair/Renovate - Neuse River Bridge in Johnston County & Hwy 87 Bridge in Alamance County Bridge repair/renovation to eliminate had clearance and elevation restrictions. Completed in 2008	Improve Clearance/Loading	$78,236
Durham County: Highway 54 Bridge Replace existing single track RR bridge in RTP with double track ready structure to improve capacity and improve vehicular traffic flow below and eliminate substandard clearance	Improve Rail Capacity & Ease Vehicle Congestion	$5,460,726

Major Capital Improvements

Schedule & Commitments through 2020

NORTH CAROLINA RAILROAD COMPANY

2809 Highwoods Blvd., Suite 100 | Raleigh, NC 27604 919.954.7601 | www.ncrr.com

Building A Better Railroad

Summary	Benefit	Total Cost NCRR Investment
Craven County: Replace Bridge Trestle at Batchelder Creek Replaced a single track wooden trestle over Batchelder Creek in Craven County. Completed in 2006	Improve Capacity & Safety	$372,237
Durham County: Hopson Road Grade Separation & Realignment Acquired acreage for future straightening of a curve in Durham County (RTP) for adding a passing siding and improving curvature to allow higher speeds for freight and passenger trains. NCRR completed land acquisition in 2006. NCDOT received ARRA funds to add a grade separation at Hopson Road and to realign the curve, thereby eliminating a crossing hazard and improving speed by flattening a curve.	Improve Capacity & Speed	$13,898,994 $2,000,000 (land acquisition)
Lenoir County: Replace Jointed Rail Replaced jointed rail with continuous welded rail for a 17-mile segment near Kinston. Completed in 2005	Improve Efficiency & Speed	$3,875,652
Lenoir County: Repair/Replace Neuse River Bridge in Kinston and Improve Rail Increased the load of bridge to permit 286,000 lb. standard railcars as on other segments of NCRR and allow for increased port traffic. The project also replaced jointed rail with continuous welded rail for a 14-mile segment in Kinston. Completed in 2004	Improve Efficiency & Speed	$6,570,182
Durham County: Extend Siding in West Durham (Funston) Extended a passing siding and straightened a curve west of Durham for approximately a 1-mile segment. Completed in 2003	Improve Efficiency & Speed for Passenger Trains	$2,308,257
NCDOT partnership		$22,912
Wake/Johnston Counties: Upgrade track condition between Raleigh and Selma Upgraded the track class between Selma and Raleigh to increase passenger speed to 59 mph for approximately 30 miles. It also upgraded crossing circuits. Completed in 2002	Improve Efficiency & Speed for Passenger Trains	$2,591,756
Wayne, Lenoir, Craven, and Carteret Counties: Upgrade track condition between Goldsboro and Morehead City Upgraded the track condition between Goldsboro and Morehead City, included tie and rail replacement. Completed in 2000	Improve Efficiency & Speed	$9,957,700

Last updated 3/13/2013

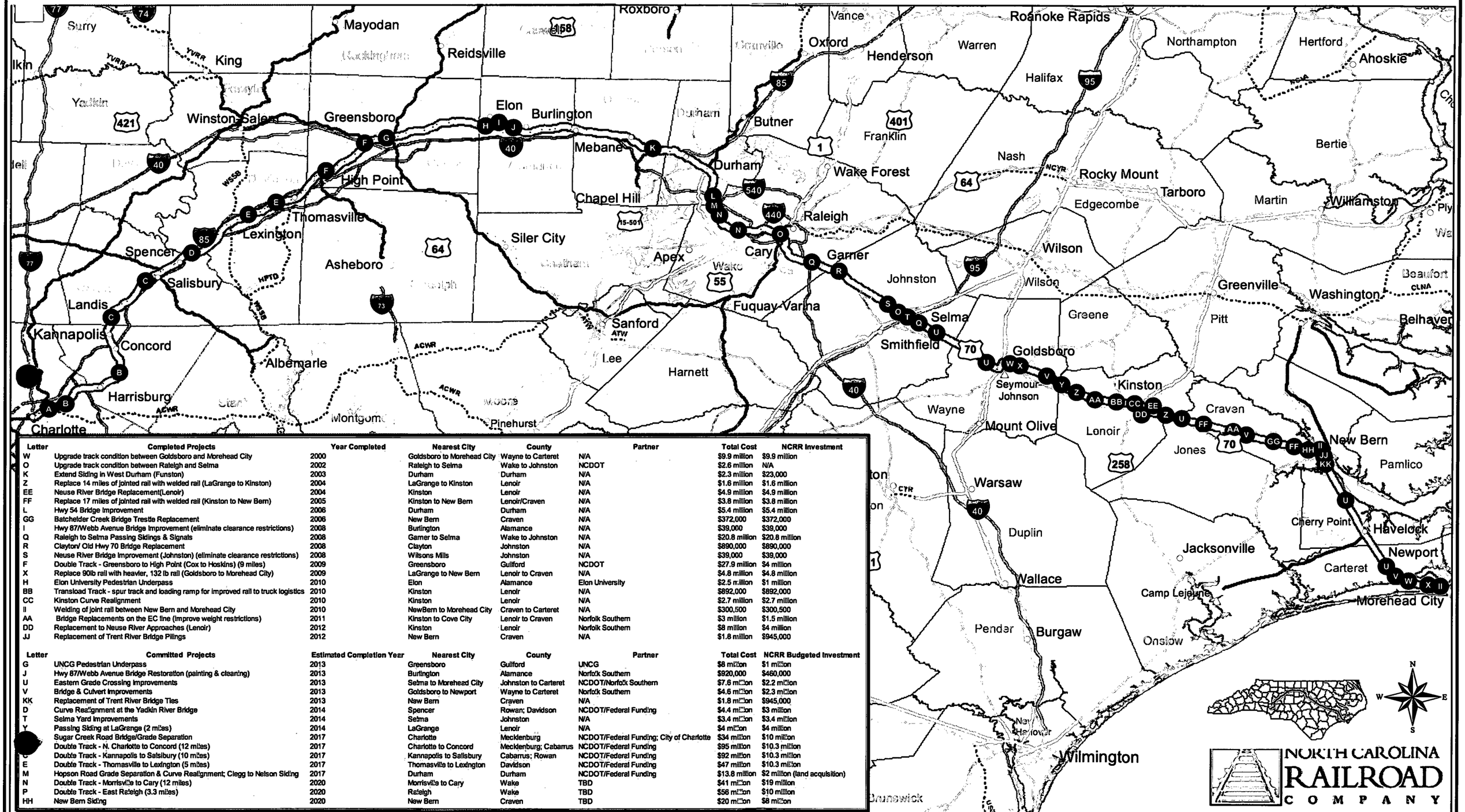
NCRR Investment Totals (does NOT include partner funds):

Total NCRR investment in completed projects (as of 2012) = $68 million

Total NCRR share of committed/budgeted projects thru 2020 = $105 million

To view an interactive map depicting the NCRR Capital Projects, please visit www.ncrr.com

Capital Investment Projects 2000 - 2020



Letter	Completed Projects	Year Completed	Nearest City	County	Partner	Total Cost	NCRR Investment
W	Upgrade track condition between Goldsboro and Morehead City	2000	Goldsboro to Morehead City	Wayne to Carteret	N/A	$9.9 million	$9.9 million
O	Upgrade track condition between Raleigh and Selma	2002	Raleigh to Selma	Wake to Johnston	NCDOT	$2.6 million	N/A
K	Extend Siding in West Durham (Funston)	2003	Durham	Durham	N/A	$2.3 million	$23,000
Z	Replace 14 miles of jointed rail with welded rail (LaGrange to Kinston)	2004	LaGrange to Kinston	Lenoir	N/A	$1.6 million	$1.6 million
EE	Neuse River Bridge Replacement(Lenoir)	2004	Kinston	Lenoir	N/A	$4.9 million	$4.9 million
FF	Replace 17 miles of jointed rail with welded rail (Kinston to New Bern)	2005	Kinston to New Bern	Lenoir/Craven	N/A	$3.8 million	$3.8 million
L	Hwy 54 Bridge Improvement	2006	Durham	Durham	N/A	$5.4 million	$5.4 million
GG	Batchelder Creek Bridge Trestle Replacement	2006	New Bern	Craven	N/A	$372,000	$372,000
I	Hwy 87/Webb Avenue Bridge Improvement (eliminate clearance restrictions)	2008	Burlington	Alamance	N/A	$39,000	$39,000
Q	Raleigh to Selma Passing Sidings & Signals	2008	Garner to Selma	Wake to Johnston	N/A	$20.8 million	$20.8 million
R	Clayton/ Old Hwy 70 Bridge Replacement	2008	Clayton	Johnston	N/A	$890,000	$890,000
S	Neuse River Bridge Improvement (Johnston) (eliminate clearance restrictions)	2008	Wilsons Mills	Johnston	N/A	$39,000	$39,000
F	Double Track - Greensboro to High Point (Cox to Hoskins) (9 miles)	2009	Greensboro	Guilford	NCDOT	$27.9 million	$4 million
X	Replace 90lb rail with heavier, 132 lb rail (Goldsboro to Morehead City)	2009	LaGrange to New Bern	Lenoir to Craven	N/A	$4.8 million	$4.8 million
H	Elon University Pedestrian Underpass	2010	Elon	Alamance	Elon University	$2.5 million	$1 million
BB	Transload Track - spur track and loading ramp for improved rail to truck logistics	2010	Kinston	Lenoir	N/A	$892,000	$892,000
CC	Kinston Curve Realignment	2010	Kinston	Lenoir	N/A	$2.7 million	$2.7 million
II	Welding of joint rail between New Bern and Morehead City	2010	NewBern to Morehead City	Craven to Carteret	N/A	$300,500	$300,500
AA	Bridge Replacements on the EC line (improve weight restrictions)	2011	Kinston to Cove City	Lenoir to Craven	Norfolk Southern	$3 million	$1.5 million
DD	Replacement to Neuse River Approaches (Lenoir)	2012	Kinston	Lenoir	Norfolk Southern	$8 million	$4 million
JJ	Replacement of Trent River Bridge Pilings	2012	New Bern	Craven	N/A	$1.8 million	$945,000

Letter	Committed Projects	Estimated Completion Year	Nearest City	County	Partner	Total Cost	NCRR Budgeted Investment
G	UNCG Pedestrian Underpass	2013	Greensboro	Guilford	UNCG	$8 million	$1 million
J	Hwy 87/Webb Avenue Bridge Restoration (painting & cleaning)	2013	Burlington	Alamance	Norfolk Southern	$920,000	$460,000
U	Eastern Grade Crossing Improvements	2013	Selma to Morehead City	Johnston to Carteret	NCDOT/Norfolk Southern	$7.6 million	$2.2 million
V	Bridge & Culvert Improvements	2013	Goldsboro to Newport	Wayne to Carteret	Norfolk Southern	$4.6 million	$2.3 million
KK	Replacement of Trent River Bridge Ties	2013	New Bern	Craven	N/A	$1.8 million	$945,000
D	Curve Realignment at the Yadkin River Bridge	2014	Spencer	Rowan; Davidson	NCDOT/Federal Funding	$4.4 million	$3 million
T	Selma Yard Improvements	2014	Selma	Johnston	N/A	$3.4 million	$3.4 million
Y	Passing Siding at LaGrange (2 miles)	2014	LaGrange	Lenoir	N/A	$4 million	$4 million
[illegible]	Sugar Creek Road Bridge/Grade Separation	2017	Charlotte	Mecklenburg	NCDOT/Federal Funding; City of Charlotte	$34 million	$10 million
[illegible]	Double Track - N. Charlotte to Concord (12 miles)	2017	Charlotte to Concord	Mecklenburg; Cabarrus	NCDOT/Federal Funding	$95 million	$10.3 million
[illegible]	Double Track - Kannapolis to Salisbury (10 miles)	2017	Kannapolis to Salisbury	Cabarrus; Rowan	NCDOT/Federal Funding	$92 million	$10.3 million
E	Double Track - Thomasville to Lexington (5 miles)	2017	Thomasville to Lexington	Davidson	NCDOT/Federal Funding	$47 million	$10.3 million
M	Hopson Road Grade Separation & Curve Realignment; Clegg to Nelson Siding	2017	Durham	Durham	NCDOT/Federal Funding	$13.8 million	$2 million (land acquisition)
N	Double Track - Morrisville to Cary (12 miles)	2020	Morrisville to Cary	Wake	TBD	$41 million	$19 million
P	Double Track - East Raleigh (3.3 miles)	2020	Raleigh	Wake	TBD	$56 million	$10 million
HH	New Bern Siding	2020	New Bern	Craven	TBD	$20 million	$8 million

NORTH CAROLINA RAILROAD COMPANY

North Carolina Railroad Company & Global TransPark Authority

"RECAP"

Joint Appropriations Subcommittee on Transportation

March 27, 2013



PED NCRR Study (2012-10): Charge

S.L. 2011-145, Sec. 28.12A* directed that Program Evaluation:

- Examine whether NCRR is meeting its corporate mission and maximizing its value to the State....
  - State Oversight
  - Investments
  - Economic Benefit
  - Market Value
- Determine whether NCRR should be sold, transferred, or maintain its corporate structure.

** Repealed by S.L. 2012-142, Sec. 24.20. Study completed per JLPEOC direction.*

PED Study (2012-10): Key Findings

- ❖ No direct financial benefit (dividend) since 2006....
  - Statute (G.S. 124-5.1) requires reinvestment of any dividends for NCRR capital improvements, subject to NCRR Board approval.
  - $95M paid between 1998 & 2006
    - $57.1M returned / $37.9M used for corridor improvements
  - SAFETEA-LU (2005) granted tax-exempt status
- ❖ Potential legal and financial implications of changing NCRR's corporate status may outweigh benefits, and selling may not be in the State's best interest.
- ❖ Limited mechanisms for oversight.

PED Study (2012-10): Rec's

- ❖ Enhance State oversight:
  - Strengthen reporting requirements using SEC Form 10-K template
  - Require strategic planning and performance measurement
- ❖ Direct-financial benefit*:
  - One-time dividend of $15.5M
  - Annual dividend of 25% of the trackage rights agreement fee
  - Conveyance of 14 low-income, non-corridor properties to be sold by the Department of Administration

** All proceeds credited to the General Fund.*

Decision Points

- Governance
- Dividend Requirement
- Use of Funds

Global TransPark (GTP): Basics

- Created in 1991 to develop an industrial park that leverages multimodal transportation for manufacturing and distribution.
  - Conceptual investment of $733M
  - $252M invested to date (State/Federal/Local/Private)
- Distinct public agency under NCDOT
  - Zoning powers; tax exempt status; debt authority (municipal model)
- Site Features:
  - 2,500 acre complex; 14 parcels; 90% facility occupancy
  - 11,500 x 150 ft. runway; rail spur; multi-lane highway access
  - On-site training center (33,000 sq. ft.)
  - Foreign Trade Zone status (#214)

PED GTP Study (2011-02): Charge

S.L. 2010-31, Sec 28.3(b) directed that Program Evaluation:

- Conduct a comprehensive program and financial review of the Authority
- Evaluate progress toward meeting its mission & goals
- Examine long-term operating needs and potential efficiencies
- Assess the Authority's ability to become self-sustaining and repay the Escheat Fund loan

PED Study (2011-02): Key Findings

- ❖ GTP has made progress toward its mission and goals.
- ❖ Fiscal impact of direct private sector employment will exceed the State investment by 2025.
- ❖ GTP cannot be self-sustaining under its current operating environment.
- ❖ GTP is incapable of repaying the Escheat Fund loan.
- ❖ Immediate divestiture is infeasible.

Recent Legislative Actions

Global TransPark Governance Reform & Loan Repayment

(S.L. 2011-340)

- Moved GTP under direct supervision of the Secretary of Transportation.
- Reconstituted the GTP Board.
- Forgave a portion ($17.5M) of the outstanding Escheat Fund debt.*

Principal	Interest	Balance**
21,741,952	4,276,476.67	26,018,428.67

* Maturity date extended to October 1, 2014 by S.L. 2012-142, Sec. 6.4.

** As of January 31, 2013

Decision Points

- Governance
- Escheat Fund Loan Repayment
- Operational Support

North Carolina Railroad Company & Global TransPark Authority

"RECAP"

Joint Appropriations Subcommittee on Transportation

March 27, 2013



PED NCRR Study (2012-10): Charge

S.L. 2011-145, Sec. 28.12A* directed that Program Evaluation:

- Examine whether NCRR is meeting its corporate mission and maximizing its value to the State....
  - State Oversight
  - Investments
  - Economic Benefit
  - Market Value
- Determine whether NCRR should be sold, transferred, or maintain its corporate structure.

** Repealed by S.L. 2012-142, Sec. 24.20. Study completed per JLPEOC direction.*

PED Study (2012-10): Key Findings

- ❖ No direct financial benefit (dividend) since 2006....
  - Statute (G.S. 124-5.1) requires reinvestment of any dividends for NCRR capital improvements, subject to NCRR Board approval.
  - $95M paid between 1998 & 2006
    - $57.1M returned / $37.9M used for corridor improvements
  - SAFETEA-LU (2005) granted tax-exempt status
- ❖ Potential legal and financial implications of changing NCRR's corporate status may outweigh benefits, and selling may not be in the State's best interest.
- ❖ Limited mechanisms for oversight.

PED Study (2012-10): Rec's

- ❖ Enhance State oversight:
  - Strengthen reporting requirements using SEC Form 10-K template
  - Require strategic planning and performance measurement
- ❖ Direct-financial benefit*:
  - One-time dividend of $15.5M
  - Annual dividend of 25% of the trackage rights agreement fee
  - Conveyance of 14 low-income, non-corridor properties to be sold by the Department of Administration

** All proceeds credited to the General Fund.*

Decision Points

- Governance
- Dividend Requirement
- Use of Funds

Global TransPark (GTP): Basics

- Created in 1991 to develop an industrial park that leverages multimodal transportation for manufacturing and distribution.
  - Conceptual investment of $733M
  - $252M invested to date (State/Federal/Local/Private)
- Distinct public agency under NCDOT
  - Zoning powers; tax exempt status; debt authority (municipal model)
- Site Features:
  - 2,500 acre complex; 14 parcels; 90% facility occupancy
  - 11,500 x 150 ft. runway; rail spur; multi-lane highway access
  - On-site training center (33,000 sq. ft.)
  - Foreign Trade Zone status (#214)

PED GTP Study (2011-02): Charge

S.L. 2010-31, Sec 28.3(b) directed that Program Evaluation:

- Conduct a comprehensive program and financial review of the Authority
- Evaluate progress toward meeting its mission & goals
- Examine long-term operating needs and potential efficiencies
- Assess the Authority's ability to become self-sustaining and repay the Escheat Fund loan

PED Study (2011-02): Key Findings

- ❖ GTP has made progress toward its mission and goals.
- ❖ Fiscal impact of direct private sector employment will exceed the State investment by 2025.
- ❖ GTP cannot be self-sustaining under its current operating environment.
- ❖ GTP is incapable of repaying the Escheat Fund loan.
- ❖ Immediate divestiture is infeasible.

Recent Legislative Actions

Global TransPark Governance Reform & Loan Repayment

(S.L. 2011-340)

- Moved GTP under direct supervision of the Secretary of Transportation.
- Reconstituted the GTP Board.
- Forgave a portion ($17.5M) of the outstanding Escheat Fund debt.*

Principal	Interest	Balance**
21,741,952	4,276,476.67	26,018,428.67

* Maturity date extended to October 1, 2014 by S.L. 2012-142, Sec. 6.4.

** As of January 31, 2013

Decision Points

- Governance
- Escheat Fund Loan Repayment
- Operational Support

PROGRAM EVALUATION DIVISION
NORTH CAROLINA GENERAL ASSEMBLY

October 2012 Report No. 2012-10

North Carolina Should Require NC Railroad Company to Pay an Annual Dividend and Strengthen Reporting

Summary

The General Assembly directed the Program Evaluation Division to evaluate the North Carolina Railroad Company (NCRR). The legislation required a review of the corporation's mission, economic development benefits, tangible and intangible value, and governance and required consideration of whether NCRR should be sold, transferred under the North Carolina Department of Transportation or another state agency, or maintain its corporate structure.

NCRR has benefitted from its unique relationship with the State of North Carolina, the corporation's sole shareholder, but the State has not profited financially from this relationship. NCRR's capital has increased by at least $196.3 million since 1998 when the State became the corporation's sole shareholder. As a result, NCRR is both profitable and solvent. However, the State has not profited from this relationship in the form of receiving direct financial benefits because dividends are required by state law to pay for NCRR capital improvements.

Selling NCRR or the railroad corridor may not be in the best interest of the State because these valuable rail assets and their long-term earnings potential would be lost. However, NCRR property not related to the railroad corridor could be transferred to the State as a dividend and sold to provide one-time revenue.

The State has limited mechanisms for oversight of NCRR. As a private corporation, NCRR has less stringent reporting requirements than publicly-traded corporations. NCRR has not fully met all reporting requirements since 2007 and lacks a comprehensive strategic plan and performance measurement system. Changing NCRR's corporate structure could strengthen the State's oversight but requires a lengthy and complicated process. Amending state law would improve the corporation's reporting to the State and require NCRR to make an annual dividend payment while maintaining its corporate structure.

To address these findings, the General Assembly should

- amend Chapter 124 of the General Statutes to strengthen reporting by NCRR;
- require NCRR to pay a one-time dividend of $15.5 million and, thereafter, require NCRR to pay an annual dividend equal to 25% of NCRR's annual income from its trackage rights agreement (estimated at $3.7 million annually) to the General Fund; and
- require NCRR to convey to the State 14 properties not directly related to the railroad corridor so these properties can be sold and the proceeds deposited into the General Fund.

Purpose and Scope

The General Assembly directed the Program Evaluation Division to conduct a comprehensive evaluation of the North Carolina Railroad Company (NCRR), a discretely reported component of the State of North Carolina, of which the State is the sole shareholder.[1] The legislation directed the evaluation to address, at a minimum, the following issues:

1. Whether the corporation is adhering to its stated corporate mission of maximizing the value of the corporation for the people of the State.
2. What economic development benefits have been provided by the corporation and for what costs.
3. An evaluation of the use of available cash by the corporation, including the purchase of real property used for investment purposes rather than paying dividends to the State.
4. The approximate value of the corporation's assets, based on a market valuation rather than historic or book value of assets.
5. The approximate value of the entire corporation as a going concern.
6. The effectiveness of the provisions of Chapter 124 of the General Statutes to allow the State to exercise its shareholder rights and to provide effective shareholder oversight of the corporation.
7. Whether the ownership of the corporation provides the State a reasonable return on its investment, attempting to consider both the tangible and intangible value provided by the corporation.
8. Whether the corporation should be sold, transferred under the jurisdiction of the Department of Transportation or another State agency, or maintain its corporate structure.
9. Whether the General Assembly should consider the possibility of repealing the corporate charter of the corporation by a special act, as allowed under Section 1 of Article VIII of the North Carolina Constitution.

The following data were collected to address these issues:

- 1999–2011 corporate financial data from financial, income, and cash flow statements, balance sheets, trial balances, dividend and property tax payments, and annual reports;
- a list of all property owned and leased by NCRR and accompanying geographic information system data;
- capital improvements projects completed and planned by NCRR and economic impact studies;
- interviews with and administrative queries completed by NCRR staff and Board of Directors;
- interviews with the Department of Transportation;
- interviews and focus groups with stakeholders from the 16 counties along the railroad corridor;
- interviews with and documents provided by eight other state and local government entities that own or operate railroads;
- administrative query completed by Norfolk Southern Corporation;
- physical inspection and observations of the railroad corridor; and
- review of North Carolina statutes.

[1] N.C. Sess. Law, 2011-145, Section 28.12A, as amended.

Background

The North Carolina Railroad Company (NCRR) is a 163-year-old corporation. In 1849, the General Assembly chartered NCRR with an initial State subscription of $2 million of stock in order to further develop North Carolina's economy. At the same time, the General Assembly authorized the purchase of up to $1 million of NCRR stock by private shareholders. NCRR was directed to construct, "as speedily as possible," a railroad between Goldsboro and Charlotte that would convey persons, goods, merchandise, and produce. The first train ran the entire length of the railroad in 1856, but not without an additional $1 million investment by the State in order to complete the railroad. At the time, the railroad was the State's largest corporation, longest railroad, and of critical importance for economic growth and modernization. Currently, NCRR owns a railroad corridor with 317 miles of track in 16 counties. Exhibit 1 illustrates the NCRR corridor. For almost 150 years after it was chartered, NCRR would continue to exist with a combination of majority state ownership along with minority private shareholders.

The State became the sole shareholder in 1998 to eliminate conflict between the State's interest and that of the private shareholders. The State proceeded with a buyout because of

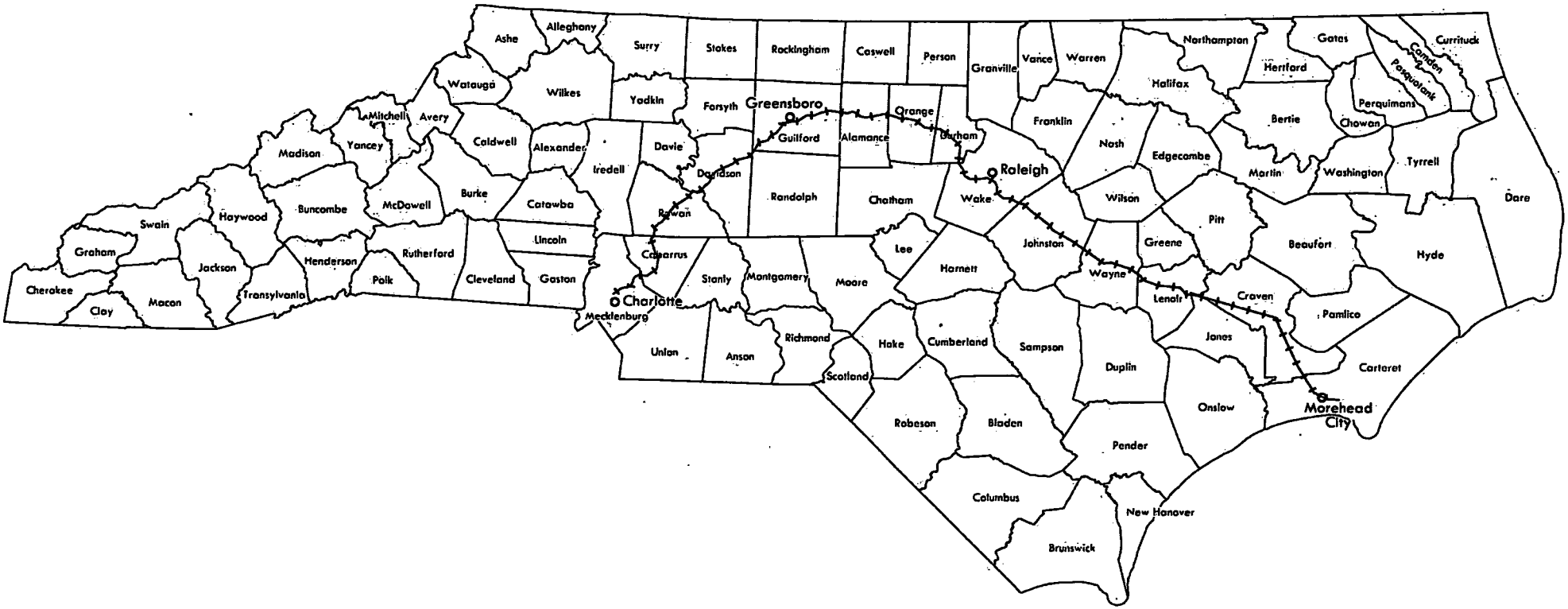
- the tension between the desire of minority shareholders for enhanced shareholder value and the needs of the State concerning economic development;
- the inequality of the bargaining position of NCRR and Norfolk Southern Corporation (Norfolk Southern) and the resulting difficulty of negotiating a lease that the minority shareholders would view as being in their interest; and
- the uncertainty created by shareholder lawsuits against NCRR and NCRR litigation with Norfolk Southern.

At the time of the buyout, the State owned approximately 75% of the shares of NCRR. The total cost to buy out the minority shareholders was $70.8 million.[2] Ten million dollars of the $70.8 million total was derived from previous dividends paid by NCRR to the State. The remaining $61 million was a debt to the State assumed by NCRR as a condition of the buyout. In 2000, the General Assembly allowed NCRR to invest in railroad capital improvements in lieu of repaying the debt and forgave the interest.

Exhibit 2 displays some of the important events in the history of NCRR.

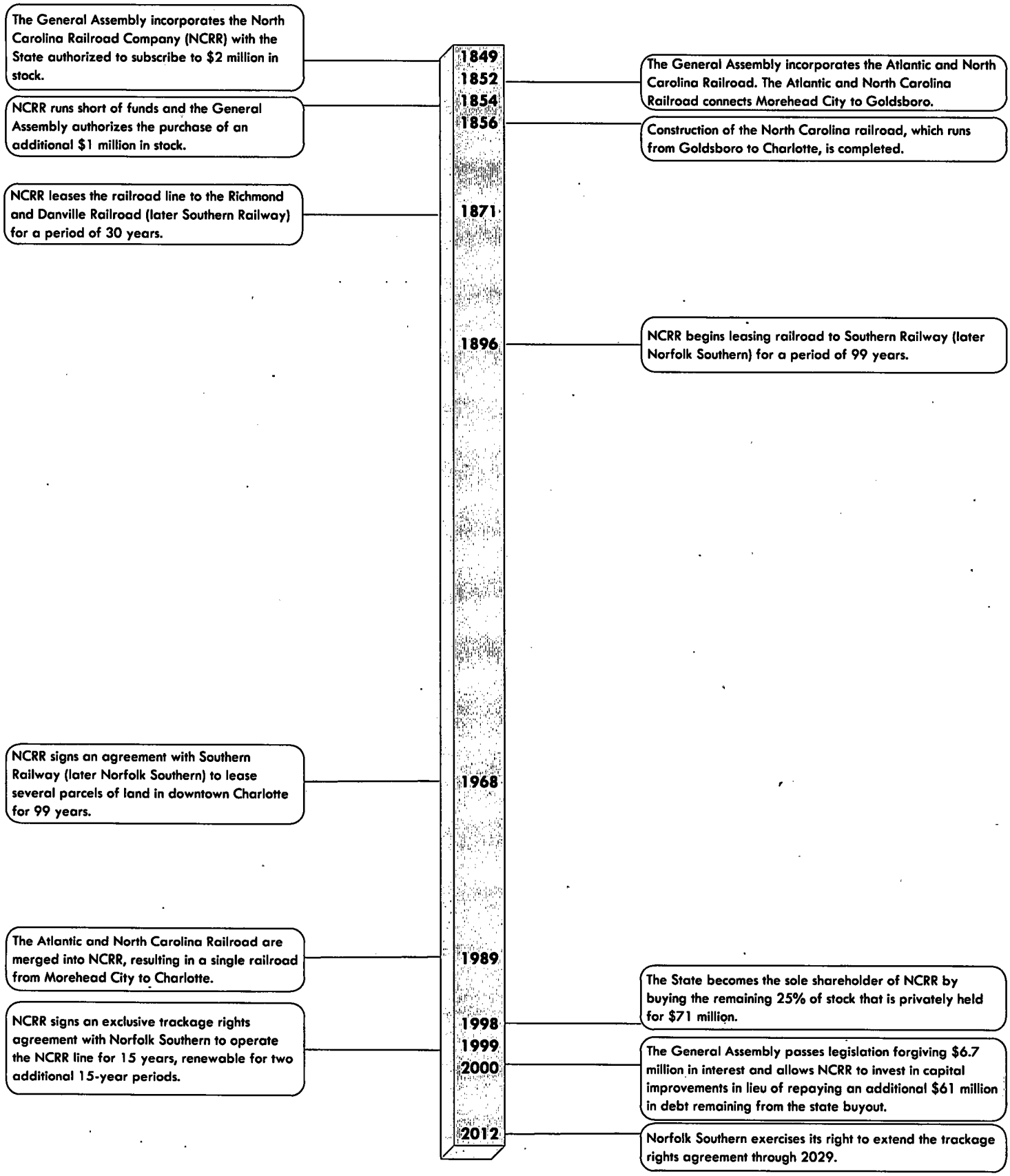
[2] The State paid $70.8 million to purchase shares representing 25.06% of the total outstanding common stock.

Exhibit 1: The North Carolina Railroad Company Corridor



Source: Progr[illegible]aluation Division based on information from the North Carolina Railroad [illegible]ny.

Exhibit 2: Timeline of Events in the History of the North Carolina Railroad Company



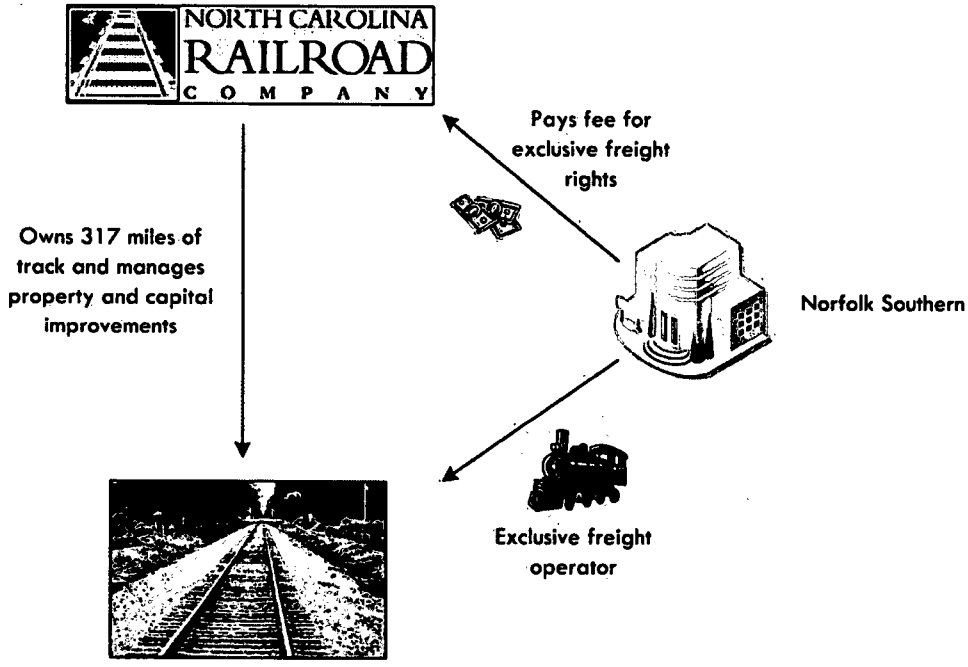
Source: Program Evaluation Division based on State law and North Carolina Railroad Company documents.

NCRR owns the railroad franchise and property, but Norfolk Southern is the exclusive freight operator. NCRR owns a railroad comprised of 317 miles of track, but it is not a freight or passenger operator. Norfolk Southern is the exclusive freight operator of the railroad and controls dispatching of trains. Since 1871, NCRR has had a longstanding relationship with Norfolk Southern and its predecessor, Southern Railway. At the end of 1994, NCRR's 99-year lease with Southern Railway expired. A trackage rights agreement was signed with Norfolk Southern in 1999 that grants Norfolk Southern exclusive freight rights over the entire railroad for 15 years with an option to renew for two additional 15-year terms. On July 27, 2012, Norfolk Southern exercised its option to extend the trackage rights agreement through 2029.[3]

Under the agreement, Norfolk Southern is responsible for maintaining the railroad to a standard based on the railroad's condition in 1999. Norfolk Southern pays an annual trackage rights fee that is calculated by multiplying the prior year's fee by a factor that is intended to adjust for inflation.[4] In 2011, NCRR received $14.1 million in trackage rights fees. Exhibit 3 depicts the relationship between NCRR and Norfolk Southern under the trackage rights agreement.

Exhibit 3

Structure of the Trackage Rights Agreement between North Carolina Railroad Company and Norfolk Southern



Source: Program Evaluation Division based on review of North Carolina Railroad Company documents.

[3] A final renewal option is available to Norfolk Southern to renew the agreement until the end of 2044.

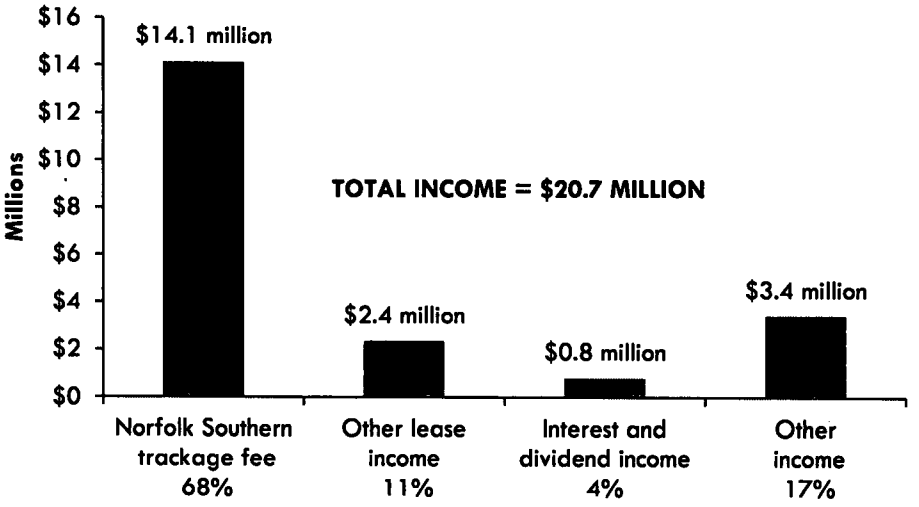
[4] The annual trackage rights fee is "calculated by multiplying the prior year's annual trackage rights fee by the factor obtained by dividing the Implicit Price Deflator for Gross Domestic Product ("IPD-GDP") for the calendar year preceding the prior calendar year by the IPD-GDP for the calendar year preceding that calendar year."

The trackage rights agreement altered the division of corridor management responsibilities between NCRR and Norfolk Southern from the prior lease. NCRR is now the primary administrator and manager of the corridor and adjoining properties that it owns, though Norfolk Southern has certain operational control rights and some uses of the corridor require Norfolk Southern's consent as operator. Income from corridor land licenses and other property leases with individuals, businesses, and local governments are paid to NCRR, whereas that income went to Norfolk Southern under the previous lease. Norfolk Southern was previously responsible for all improvements and maintenance, but the trackage rights agreement states that capital improvement and maintenance costs are to be borne by the party that requests the improvement or additional capacity. NCRR now has greater control over the corridor but now also has expenses for property management and capital improvements it requests.

NCRR's primary income source is payments from Norfolk Southern under the trackage rights agreement. The $14.1 million fee represents 68% of NCRR's total income in 2011. The corporation received additional income from utility agreements, land licenses, and the leasing of operating and non-operating properties (See Exhibit 4). NCRR's 2011 income is higher than usual because it includes a non-recurring adjustment of $2.6 million for unrecorded income from the assignment of tax credits to Norfolk Southern between 2009 and 2011. Over the past five years, NCRR's total income has averaged $17.5 million per year.

Exhibit 4

North Carolina Railroad Company Reported Total Income of $20.7 Million in Calendar Year 2011



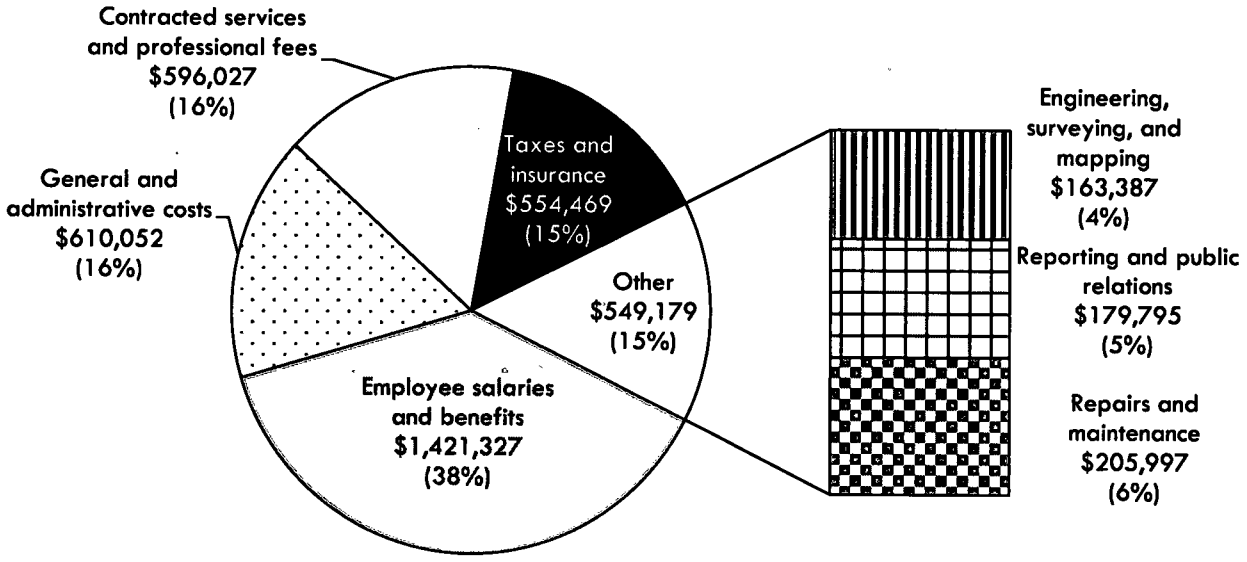
Note: Other income includes a non-recurring adjustment of $2.6 million for unrecorded income from assignment of tax credits to Norfolk Southern between 2009 and 2011. The North Carolina Railroad Company will receive three payments from Norfolk Southern for these tax credits between 2012 and 2014.

Source: Program Evaluation Division based on review of North Carolina Railroad Company financial documents.

NCRR operating expenses have grown mainly as a result of increased property management responsibilities under the 1999 trackage rights agreement. NCRR pays operating expenses from its corporate earnings and does not receive state appropriations. Exhibit 5 shows the total operating expenses of NCRR for 2011. Operating expenses increased from $1.4

million in 1998 to over $3.7 million in 2011. This increase was primarily due to growth in the number of employees, from 4 employees in 1998 to 13 employees in 2012. Six of the 13 employees have property management responsibility, and NCRR has two ongoing contracts for economic development and engineering consulting services. Under the previous lease arrangement, Norfolk Southern managed all operations and maintenance of the railroad corridor.

Exhibit 5: Operating Expenses for the North Carolina Railroad Company, Calendar Year 2011



Note: Depreciation expense was not included in the calculation of operating expenditures.

Source: Program Evaluation Division based on North Carolina Railroad Company financial statements.

The railroad corridor also supports passenger rail operations. Amtrak operates a number of routes that travel some portion of the North Carolina railroad line including the Piedmont, Carolinian, Crescent, and Silver Star routes. The two North Carolina Department of Transportation-sponsored routes are the Piedmont, which travels between Charlotte and Raleigh, and the Carolinian, which travels between Charlotte and New York City. Six daily trains currently serve the Piedmont and Carolinian routes, with trains stopping in 12 North Carolina cities. The Department of Transportation, with participation from NCRR, has made a substantial investment in track and signal improvements on the NCRR corridor. Since work began in 2001, the average Amtrak travel time between Raleigh and Charlotte has decreased by 35 minutes and ridership has grown by 54%. The railroad corridor will also be used for commuter rail transportation in the near future. The Charlotte Area Transit System (CATS) plans to begin operation of a 9-mile light rail extension in 2017. The light rail extension will utilize 2.7 miles of the NCRR corridor but will operate on a separate commuter rail track. CATS has a lease agreement with NCRR for 50 years, with an option available to renew the lease for an additional 50 years.[5]

[5] Under the lease agreement, CATS will pay NCRR a one-time payment of $11.8 million as rent for the first 50-year lease term.

The use of the NCRR corridor continues to evolve with events such as the light rail agreement with CATS and federal and state investment in the railroad corridor for passenger rail service. Norfolk Southern recently exercised its option to extend the trackage rights agreement until 2029. Because these events have taken place since the State became the sole shareholder of NCRR, this evaluation is timely in determining North Carolina's continued support and oversight of this corporation.

Findings

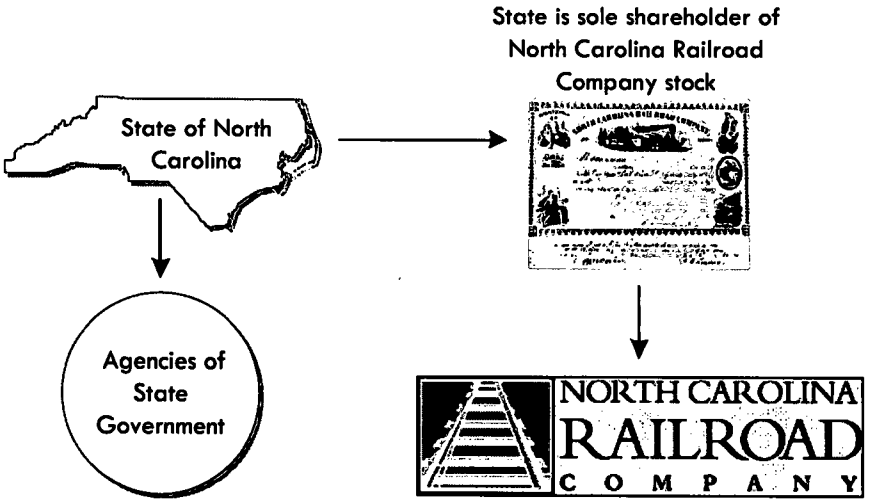
Finding 1. North Carolina Railroad Company's unique relationship with the State contributes to the company's financial health.

The State of North Carolina is the sole shareholder of the North Carolina Railroad Company (NCRR), but it remains a private corporation. With the 1998 buyout of private shareholders, the State became the sole shareholder of NCRR stock. Exhibit 6 shows the relationship between NCRR and the State. As a private corporation, NCRR files with the U.S. Internal Revenue Service as a C corporation and is subject to Chapter 55 of the General Statutes.[6] Because NCRR is not part of state government, several state laws do not apply to the corporation.

- NCRR employees are not state employees under the State Personnel Act.[7]
- NCRR Board of Directors is not a covered board under the State Government Ethics Act.[8]
- NCRR is not subject to the State's public records law.[9]
- NCRR is not reviewed as a part of the state budget process because it does not receive state appropriations.

Exhibit 6

North Carolina Railroad Company is Not Part of State Government



Source: Program Evaluation Division based on North Carolina General Statutes.

[6] The U.S. Internal Revenue Service recognizes a C corporation as a taxpaying entity that is separate from its shareholders.
[7] N.C. Gen. Stat. § 126-1.1.
[8] N.C. Gen. Stat. § 138A-3.
[9] N.C. Gen. Stat. § 132-1.

The State of North Carolina has made $196.3 million in capital contributions to NCRR. These contributions have been made in three ways:

- **Conversion of $67.7 million of NCRR debt.** NCRR assumed a $61 million loan from the State Treasurer as part of the $70.8 million the corporation used to buy out private shareholders. In 2000, the General Assembly passed legislation that converted this debt and forgave $6.7 million in accrued interest in exchange for dividend payments to the North Carolina Department of Transportation (DOT) for capital improvements on the railroad corridor.[10] The State's conversion of debt and accrued interest amounts to a $67.7 million capital contribution to NCRR.
- **Return of $57.1 million in dividend payments for future capital improvements.** Under state law, dividends received from NCRR must be used for capital improvements as determined by the NCRR Board of Directors.[11] Between 1998 and 2006, NCRR paid $95 million in dividends to the State. DOT has returned $57.1 million to NCRR to fund future capital improvement projects.[12]
- **Funding $71.5 million in additional corridor improvements.** Since the buyout in 1998, DOT has paid for $71.5 million in capital improvements for tracks, signals, and bridges on NCRR's corridor (see Appendix A for a detailed list of completed capital improvement projects).

In addition, NCRR has received favorable income tax status because the State of North Carolina is the corporation's sole shareholder. Pursuant to the Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005, NCRR's income can qualify as exempt from federal and state income taxes if substantially all of its ownership, leasing, and operation of facilities, equipment, and other property is used "for railroad transportation and for economic development purposes for the benefit of its state and its citizens." This special status is afforded to NCRR, in part, because the State owns all of the outstanding stock of the corporation.[13] Prior to this act, NCRR had corporate tax status as a real estate investment trust (REIT). To qualify for REIT status, NCRR had to pay out at least 90% of its taxable income in dividends. After NCRR's income became tax exempt in 2005, it was no longer necessary for NCRR to pay dividends to the State.

Since the State of North Carolina became NCRR's sole shareholder, the corporation has been profitable and solvent. After the buyout of private shareholders in 1998, NCRR was in a weak financial position. NCRR's total debt of $63.9 million exceeded its total assets of $14 million, and the corporation had a net loss of $1.4 million. However, the State's forgiveness and conversion of the corporation's debt and other capital contributions have put NCRR in a stronger financial position. The Program Evaluation Division

[10] Session Law 2000-67, Section 7.2.(a)

[11] Session Law 2000-67, Section 7.2.(a).

[12] DOT received $95 million in dividends from NCRR, returning $57.1 million to the corporation and using the remaining $37.9 million to fund additional corridor improvements.

[13] Public Law 109-59, Section 11146, Tax Treatment of State Ownership of Railroad Real Estate Investment Trust.

used several indicators to determine the company's profitability and solvency.

- **Net profit margin is high.** Net profit margin is the profit per each revenue dollar earned after all expenses are deducted.[14] In 2011, NCRR's net profit margin was 27%. In addition, the corporation has made a profit every year since 1999.
- **Current ratio is greater than one.** The current ratio is a measure of the ability to pay for obligations currently due.[15] In 2011, NCRR's current ratio was about 2:1, meaning the corporation could pay for all of its financial obligations that were due and have half of its cash left over.
- **Debt-to-equity ratio is low.** This ratio is a measure of the percentage of assets owned by creditors and is also known as leverage.[16] In 2011, NCRR's debt-to-equity ratio was 1.2%, which means that for every $100 in NCRR assets, only $1.20 is owed to creditors. This favorable ratio means the corporation has substantial leverage when borrowing money.

NCRR has not paid dividends to the State since 2006. Instead, the Board of Directors has chosen to invest most of NCRR's income in capital improvements to the railroad.[17] Even if the corporation paid dividends, N.C. Gen. Stat. § 124-5.1 stipulates that dividends must be used by DOT for improvement of NCRR properties as recommended and approved by the NCRR board. This state law ensures NCRR's profits are continually reinvested by the corporation for capital improvements and cannot be used by the State of North Carolina for other purposes.

Between 2007 and 2011, NCRR invested an average of $12.8 million for capital improvements, spending $5.7 million and reserving $7.1 million for future capital improvement projects. As of December 31, 2011, NCRR has accumulated over $65.2 million for future capital improvement projects with $43.9 million restricted under construction contracts and agreements with DOT and $21.3 million that is board designated. Through 2017, NCRR has committed to 15 capital improvement projects with a total estimated cost of $437.2 million. NCRR's estimated share of these costs is $95.2 million. Appendix B shows NCRR's future capital improvement commitments.

In sum, NCRR has benefitted from having the State of North Carolina as the corporation's sole shareholder. The State's capital contributions have increased NCRR's total capital by $196.3 million since the buyout of private shareholders in 1998. In addition, NCRR qualifies for unique tax status because all of its stock is owned by the State. Whereas NCRR has benefitted from its unique relationship with the State, the corporation has not paid a dividend since 2006. Thus, the State is not profiting financially from being the sole shareholder of the corporation.

[14] Net profit margin is calculated by dividing net income by total revenue.

[5] Current ratio is current assets divided by current liabilities.

[6] Debt-to-equity ratio is total debt divided by total equity.

[17] NCRR's Board of Directors approves dividend payments to the State of North Carolina, the corporation's sole shareholder.

Finding 2. The North Carolina Railroad Company owns a railroad corridor and other assets, but determining the corporation's market value would require a professional business valuation.

North Carolina Railroad Company's (NCRR) primary asset is the 317-mile railroad corridor. In particular, the Charlotte to Greensboro segment of the corridor is the most heavily travelled. This segment hosts as many as 40 trains per day and is planned to be double-tracked by the end of 2016. The Greensboro to Charlotte segment is also an important part of the Norfolk Southern Corporation (Norfolk Southern) system. A major Norfolk Southern-owned classification yard, the Linwood Yard, is located along the segment. This segment is also part of Norfolk Southern's Crescent Corridor, a high-capacity intermodal route that spans 13 states from New Jersey to Louisiana.[18] From 1998 to 2011, intermodal business at the North Charlotte facility increased by 74%.

The NCRR corridor is 200 feet wide, which is wider than other railroad corridors in North Carolina. The wide corridor right-of-way provides ample clearance for freight and greater flexibility for future track expansion. Currently unused portions of the corridor also can be licensed for industrial spur tracks, parking, or other uses by adjacent landowners. The railroad corridor has encroachment issues; NCRR estimates approximately 21% of the corridor is encumbered by road or land occupations.

NCRR has additional assets of value besides the 317-mile corridor. For example, NCRR has

- long-term agreements such as the trackage rights agreement with Norfolk Southern and other long-term leases;
- various railroad spurs, including a spur that connects the North Carolina railroad line at Havelock with Marine Corps Air Station Cherry Point;
- a small, minority stake in the State University Railroad,[19] a Norfolk Southern-affiliated carrier that is under Norfolk Southern's control; and
- 62 other properties located outside of the 200-foot corridor.

Most of NCRR's 62 other properties are located immediately adjacent to the corridor. Appendix C provides a complete list of the 62 non-corridor properties, and Appendix D provides a list of properties purchased by NCRR. These properties have a variety of uses and characteristics. Some are still used in railroad operations by Norfolk Southern or Amtrak; others are reserved for future rail-based industrial development projects and marketed by NCRR for that purpose. However, a number of properties have no current railroad-related use and are either vacant or leased for rental income. NCRR has at times considered disposing of certain properties and reinvesting the proceeds in the company. However, NCRR has only sold five parcels properties over the past decade for a total of $279,250.

Charlotte and Morehead City both contain valuable groupings of properties. The Charlotte property is a series of downtown parcels with a combined property tax assessment value of $32.6 million. This property is under lease to Norfolk Southern through 2067 and is subleased by Norfolk Southern as

[18] For the purposes of this report, intermodal is defined as the coordinated transport of goods in containers or trailers by a combination of rail and another mode of transport such as truck or ship.

[19] The State University Railroad connects with the North Carolina railroad east of Hillsborough and terminates in Carrboro.

commercial real estate.[20] The Morehead City property consists of four parcels that were part of the former Atlantic Hotel, including downtown waterfront parcels, with a combined tax value of $3.5 million.

The value of railroad corridors varies widely and can depend on a number of factors. In valuing the NCRR corridor, an appraiser would have to consider a number of factors such as physical attributes of the corridor and the corridor's context and surroundings. Aspects of a corridor that can affect its value include

- length of the corridor;
- condition of track;
- presence and condition of signals and bridges;
- demand for corridor use for freight or other purposes;
- importance of the endpoints of the corridor;
- importance of other points along the corridor;
- availability of a substitute corridor;
- additional income generated by the corridor;
- encumbrance of the corridor by leases or trackage rights; and
- legal considerations.

A railroad corridor's value also depends on the conditions placed on the transaction and financing structure. For example, sales can contain conditions such as the retention of certain physical or legal rights of the seller, an obligation of the buyer to continue to serve freight customers on certain segments of the corridor, or an obligation of the buyer to permit certain passenger service uses. As a result of numerous factors, railroad corridors can vary widely in value in observed market transactions.

Two recent state purchases of corridors demonstrate the wide range of values in corridor transactions:

- The Florida Department of Transportation paid $432 million to purchase 62 miles of track in 2011 ($6.97 million per mile).
- The Michigan Department of Transportation paid $140 million for 136 miles of track in 2012 ($1.03 million per mile).

NCRR has not had a business valuation performed since 1997. Credit Suisse First Boston performed a business valuation of NCRR as part of the buyout of private shareholders. The resulting NCRR share purchase price implied an overall valuation in 1997 of $283 million. However, NCRR is worth more than that amount today. NCRR and the North Carolina Department of Transportation (DOT) have invested more than $134 million in improvements to the corridor since the buyout. These improvements include double-tracking of some sections, curve straightening projects, new sidings, new signals, and bridge repair and replacement. Beyond the value added by improvements to the corridor, the railroad industry as a whole has appreciated in value in the time period since the buyout.

The business value of NCRR can only be estimated with a professional business valuation. Other state and local governments interviewed for this evaluation reported the cost of railroad business valuations to be

[20] Norfolk Southern Corporation holds a separate 99-year lease on the Charlotte parcels that expires at the end of 2067.

approximately $1 million or more, though the price depends on the scope of the valuation. These governmental entities also noted that a business valuation was important to informing a strategy for sale of a railroad. For example, a business valuation could help inform whether certain segments ot the railroad would bring more value if broken apart than if the entire railroad were sold as a whole. In addition, a business valuation could estimate the value of the railroad to the current freight operator, Norfolk Southern.

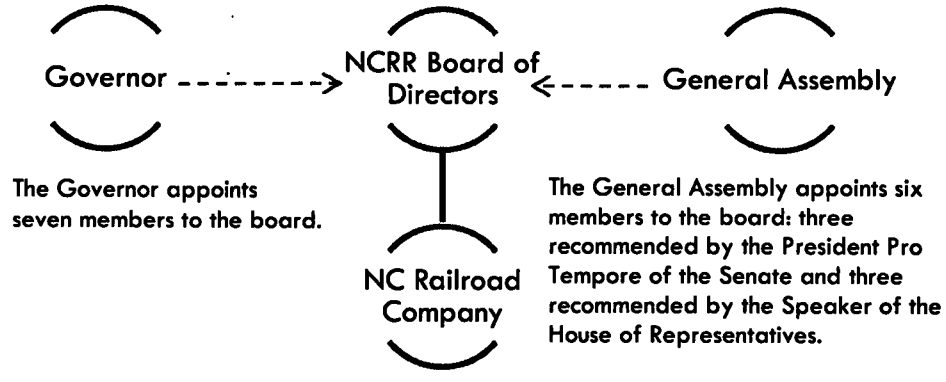
Business valuations are common in the sale or lease of railroads because they can help parties better understand the value of a railroad asset and are also useful negotiation tools. If the State were to sell NCRR, it would be important to first complete a business valuation in order to inform a negotiating strategy. Because railroad business valuations can become out-of-date quickly and are costly, the State should only consider contracting for a valuation if the North Carolina railroad is up for lease or sale.

Finding 3. The State of North Carolina currently has limited mechanisms for oversight of the North Carolina Railroad Company.

The State's primary method for overseeing the North Carolina Railroad Company (NCRR) is through the appointment of its board. The NCRR Board of Directors is responsible for governance and oversight of the corporation's activities. NCRR has 13 directors appointed by the Governor and General Assembly. Exhibit 7 shows the current governance structure of NCRR. Director terms are for four years and are staggered so that terms d not end concurrently. The chair of the board is selected by the directors. Board responsibilities include setting company policy, evaluating the performance of the NCRR president, selecting and retaining an outside auditor, and approving all lease agreements.

Exhibit 7

North Carolina Railroad Company Governance Structure



Source: Program Evaluation Division based on North Carolina Railroad Company documents and N.C. Gen. Stat. § 124-6.

The Program Evaluation Division reviewed board meeting minutes in order to analyze the frequency of meetings and attendance between 2009 and 2011. The NCRR board held meetings on average six times per year over the three-year period with an 85% average attendance rate at meetings.

The Board of Directors has three subcommittees, as well as an executive committee that reviews board meeting agendas.

- The audit, budget, and personnel committee is responsible for oversight of quarterly/annual audit tax planning and for recommending cash management policies, personnel policies, and budget matters.
- The strategic planning and policy committee makes recommendations on long-range strategic planning and capital budgeting and serves as the Norfolk Southern Corporation (Norfolk Southern) liaison.
- The economic development committee recommends corridor management policy and directives, makes policy recommendations for new partnerships, and recommends guidelines for new industry site direction and development.

Additional mechanisms of oversight of NCRR are limited. Because NCRR is solely owned by the State of North Carolina but is not a state governmental entity, it is exempt from both federal publicly traded corporate requirements and certain state government oversight mechanisms. NCRR is no longer considered a publicly traded company because the State is the sole shareholder. Thus, NCRR is not subject to federal Securities and Exchange Commission regulations or disclosure requirements for publicly-traded companies, such as the filing of a 10-K annual report.[21] NCRR also is not a state agency and does not receive oversight through the appropriations process because NCRR is profitable and does not require an appropriation for its operating expenses. In addition, state policies such as North Carolina Executive Order 3, which requires state departments to develop a strategic planning process and measure progress toward annual and long-term goals, do not apply to NCRR because it is a private corporation.

NCRR has annual statutory reporting requirements to the Joint Legislative Commission on Governmental Operations. N.C. Gen. Stat. § 124-3(a) requires the president or chief officer of NCRR to generally report

- information about the number of shares, ownership of shares, par value of shares, and any sales of shares;
- information about debt and the purpose for which it was incurred;
- audited financial statements;
- amount of bonded debt and for what purpose it was contracted;
- amount of other debt and how it was incurred;
- leases, acquisitions, or sales of property since the last report; and
- lawsuits pending concerning bonded debt or in which title to any part of the railroad is concerned.

In addition to the annual reporting requirements, N.C. Gen. Stat. § 124-3(b) requires NCRR to provide additional information and data upon request of the Governor and the General Assembly. NCRR has provided information to legislative committees when requested.

[21] Form 10-K is an annual report that provides a comprehensive overview of a company's business and financial condition and includes audited financial statements. The Securities and Exchange Commission requires publicly-traded companies to file form 10-K.

Since 2007, NCRR has not fully met all reporting requirements to the General Assembly. NCRR met its reporting requirements prior to 2007 by submitting an annual report along with an addendum that addressed those items not covered in the annual report. Since 2007, NCRR has produced an annual report but has failed to submit an addendum to the Joint Legislative Committee on Governmental Operations. Because NCRR has not submitted necessary addendums, it has failed to address certain statutory requirements including reporting on leases, acquisitions, or sales of real property or lawsuits pending.

As shown in Exhibit 8, NCRR has less stringent reporting requirements in comparison to what is required of most publicly traded corporations in their annual 10-K filing. Whereas not all 10-K requirements would be applicable to NCRR, many of the requirements would provide the State with more information for oversight of NCRR (see Exhibit 8).

NCRR does not have a comprehensive strategic plan with measurable goals and objectives, which means the General Assembly cannot effectively judge NCRR's performance and hold the corporation accountable. Strategic planning has become a generally accepted best practice for the operation of successful public and private sector organizations. The federal government requires all agencies to complete strategic plans as part of the Government Performance and Review Act, and North Carolina Executive Order 3 requires all state agencies to conduct strategic planning and performance management. Within the private sector, strategic planning is common, though the process can vary according to type of industry and organizational culture.

Whereas NCRR does not have a formal strategic plan, the company does have a strategic planning and policy committee of the board, which meets six times a year for capital planning and discusses strategic planning once a year. NCRR officials contend this committee conducts strategic thinking on behalf of the company. NCRR also has a mission that was developed by the board and included input from stakeholders. The NCRR corporate mission is "to maximize the value of the North Carolina Railroad Company's properties for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger service, improve safety and respect the natural environment." NCRR management states the revised mission reflects the importance of "putting the railroad to the highest and best use for the citizens of the State." NCRR contends this maximization occurs when the 317-mile corridor is fully utilized for freight and passenger service.

Exhibit 8: Statutory Reporting Requirements for North Carolina Railroad Company Are Minimal as Compared to Federal Reporting Requirements for Publicly Traded Corporations

Reporting Requirements	Form 10-K Requirements	G.S. § 124-3 Requirements
Business. Description of company's business, subsidiaries, and markets in which it operates.	✓	
Risk. Information about risks that apply to the company.	✓	
Properties. Information about the company's materially important physical properties.	✓	✓
Legal Proceedings. Information about significant pending lawsuits or other legal proceedings, other than ordinary litigation.	✓	✓
Management's Discussion and Analysis of Financial Condition and Results of Operation. The company's perspective on the business results of the past financial year.	✓	
Quantitative and Qualitative Disclosures about Market Risk. Information about the company's exposure to market risk, such as interest rate risk or commodity price risk.	✓	
Financial Statements and Supplementary Data. The company's audited financial statements.	✓	✓
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. If there has been a change in accountants, the company must discuss any disagreements it had with those accountants.	✓	
Controls and Procedures. Information about the company's disclosure controls and its internal control over financial reporting.	✓	
Directors, Executive Officers, and Corporate Governance. Information about the background and experience of the company's directors and executive officers, the company's code of ethics, and certain qualifications for directors.	✓	
Executive Compensation. Disclosure about the company's compensation policies and how much compensation was paid to the top executive officers of the company in the past year.	✓	
Certain Relationships and Related Transactions and Director Independence. Information about relationships and transactions between the company and its directors, officers, and their family members.	✓	
Principal Accountant Fees and Services. Disclosure of the fees paid to an accounting firm during the year.	✓	

Note: G.S. stands for North Carolina General Statutes. North Carolina Railroad Company is required to provide a summary of all leases, sales, or acquisitions of real property to which the company has been a party since the last report.

Source: Program Evaluation Division based on N.C. Gen. Stat. §124-3(a) and U.S. Securities and Exchange Commission 10-K requirements.

Further evaluation of NCRR's adherence to its corporate mission was not possible because NCRR does not have specific goals tied to its mission. Such goals are a critical component of a strategic plan. A strategic planning process should be comprehensive, and the end result should include clear goals for an organization that managers can use to direct resources and make business decisions. Exhibit 9 details certain deficiencies in NCRR's strategic planning process and documents.

Exhibit 9

North Carolina Railroad Company's Strategic Plan Lacks Several Critical Features

Critical Aspects of the Strategic Planning Process	
Identifying and engaging critical stakeholders	●
Identifying an organization's mission and vision	●
Scanning the internal and external environment for an organization's strengths, weaknesses, opportunities, and challenges (commonly referred to as a SWOC analysis)	O
Comparing threats and opportunities to an organization's ability to meet challenges and seize opportunities (commonly referred to as a GAP analysis)	O
Identifying strategic issues based on SWOC and GAP analyses and formulating strategies for addressing these issues	O
Implementing strategies	O
Critical Elements of Strategic Plan Documents	
A mission statement that describes the purpose of an organization	●
A vision statement that expresses the aspiration of an organization or what the organization looks and acts like when it is fulfilling its mandate	●
Strategic goals that address the strategic issues facing an organization	O
● = Fully implemented O = Not implemented	

Source: Program Evaluation Division based on review of North Carolina Railroad Company strategic plan and review of board meeting minutes.

Lack of a formalized performance management system means NCRR cannot measure, monitor, and report to the General Assembly on its progress toward achieving goals. Strategic planning links management to operational activities by connecting the goals identified in the strategic plan to the operational objectives measured by a performance management system. Developing and implementing a formalized performance management system involves

- setting operational objectives;
- monitoring progress towards achieving objectives; and
- taking remedial action when performance falls short.

Strong operational objectives identify what an organization wants, how much an organization wants, when an organization wants it, and how an organization is going to get it. These objectives guide each business unit's operational activities.

Successful performance management systems improve the upward and downward flows of information. Development and implementation of a formalized performance management system would allow NCRR to more easily and clearly report its activities and the result of those activities to the General Assembly, thus enhancing NCRR's accountability. A formalized system would allow NCRR to monitor the results of its activities, providing feedback about what is or is not working. However, NCRR should first

develop a strategic plan that would inform a performance management system.

In sum, the State has limited mechanisms for overseeing the activities of NCRR. Since 2007, NCRR has not provided all of the information necessary to meet the corporation's statutory reporting requirements to the General Assembly. In addition, NCRR has not developed a comprehensive strategic plan to carry out its mission and does not have a performance monitoring system to report on progress toward achieving goals. Stronger oversight of NCRR is needed to evaluate corporate performance and ensure that corporate decisions are in the best interest of the State.

Finding 4. Changing the corporate status of the North Carolina Railroad Company has legal and financial implications.

The legislation requiring the comprehensive evaluation of the North Carolina Railroad Company (NCRR) directed the Program Evaluation Division to address whether NCRR should be

- transferred to the Department of Transportation (DOT), or
- transferred to another agency in state government.

The Program Evaluation Division reviewed how other states and local governments own and manage railroad assets to identify options for bringing NCRR under state government.

State ownership of railroad assets is not unique to North Carolina. Some states own no rail assets, while others own many miles of active rail lines. For example, Oklahoma owns 869 miles of track that is leased primarily to short-line carriers. States can own railroad lines that are used for freight service, passenger service, or in some cases, a combination of both. Rail lines that are used for freight service are often served by regional or short-line carriers; others are served by a Class I railroad company. Within the southeast region, five states own active rail lines. As shown in Exhibit 10, the ownership, operation, and use of railroads vary widely among these states.

Exhibit 10

Five Southeastern States Own Rail Assets

State	Miles of Active Track Owned	Ownership Entity	Use of Track
Alabama	75	Alabama State Port Authority	Freight
Florida	143	Florida Department of Transportation	Passenger, Freight
Georgia	440	Georgia Department of Transportation	Freight
	136	Georgia State Properties Commission	Freight
North Carolina	**317**	**North Carolina Railroad Company**	**Passenger, Freight**
West Virginia	185	West Virginia Rail Authority	Freight, Excursion

Note: Two separate state entities own rail assets in Georgia.

Source: Program Evaluation Division based on interviews with other states.

Unlike North Carolina, other southeastern states own and manage their rail assets under a state government entity. The ownership structure and operation of railroad assets varies amongst southeastern states; their railroads are either under a transportation department, authority, or property commission. A primary difference between North Carolina and other states that own rail assets is North Carolina owns a railroad company (NCRR) that operates outside of state government, instead of directly owning the assets. One other state, Alaska, also has a railroad company, but it uses a different structure. The Alaska Railroad Corporation is a quasi-public corporation and is an instrument of the state within the Alaska Department of Commerce, Community, and Economic Development.[22] The corporation is legally independent of and separate from the state, but its Board of Directors is appointed by the governor and includes state agency commissioners. This structure is similar to the North Carolina Housing Finance Agency, which was established as a quasi-public corporation by the General Assembly in 1969.

Owning rail assets can provide revenue for government entities, particularly if the assets are integral to a Class I carrier's rail network. The Program Evaluation Division identified two government entities that have exclusive freight leases with Class I carriers.

- **City of Cincinnati.** Railroad is leased to Norfolk Southern Corporation (Norfolk Southern), and lease revenue is used for city infrastructure improvements and railroad operating expenses.
- **Georgia State Properties Commission.** Railroad is leased to CSX and lease revenue goes to Georgia's General Fund.

NCRR receives income from its trackage rights agreement with Norfolk Southern, but the NCRR Board of Directors decides how the income is utilized including whether to give the State a dividend. Income from the trackage rights agreement has been used for capital improvements and operating expenses for NCRR.

Based on examples in other states and within North Carolina state government, the Program Evaluation Division identified two potential options for changing the structure of state ownership of NCRR. In accordance with the legislation requiring this evaluation, the Program Evaluation Division considered options to transfer the corporation to DOT or to another state agency.

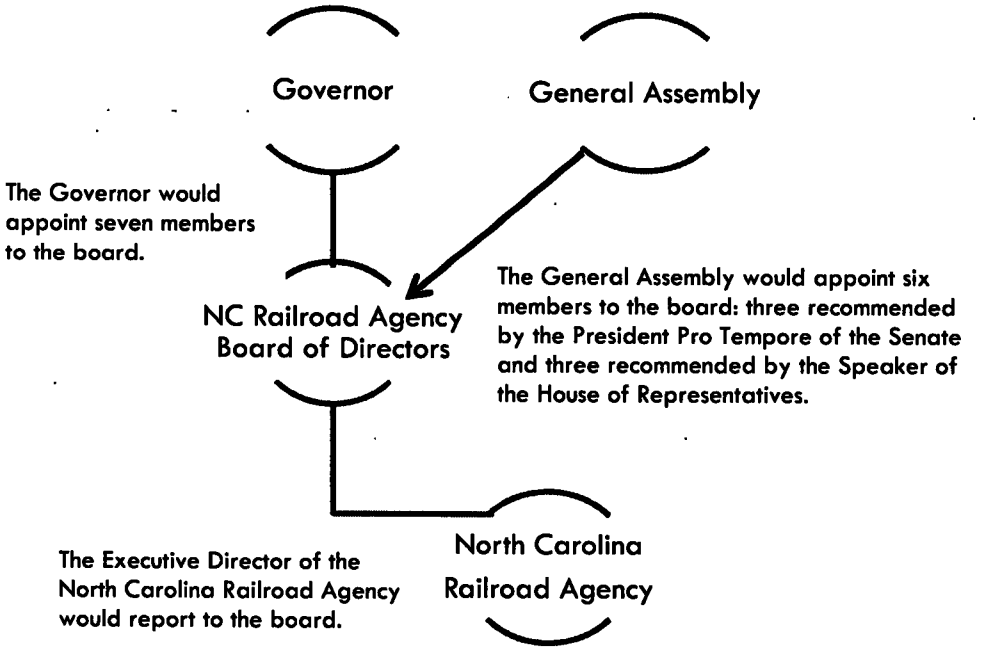
- **Establish the North Carolina Railroad Agency as a quasi-public corporation.** This option uses the Alaska Railroad Corporation and North Carolina Housing Finance Agency as models. The North Carolina Railroad Agency would be constituted as a public agency and an instrumentality of the State for the performances of essential public functions. The public purpose of the Railroad Agency would be to maintain a railroad corridor and manage the trackage rights agreement with a railroad company. The executive director of the Railroad Agency would report to a board of directors appointed by

[22] The term "quasi-public corporation" means a corporation owned by the public with a close relationship to state government, not to be confused with a "public corporation" as used by the financial markets to designate a corporation with publicly traded stock.

the Governor and the General Assembly (see Exhibit 11 for the governance structure). The Railroad Agency would not need state appropriations if the General Assembly directs the agency to use the revenue from the trackage rights agreement and other leases for railroad operating expenditures and capital improvements. The General Assembly could also direct that some of the railroad revenue be used for other purposes. Staff for the Railroad Agency would be state employees exempt from the State Personnel Act.

Exhibit 11

Governance Structure for the Quasi-Public Corporation Option



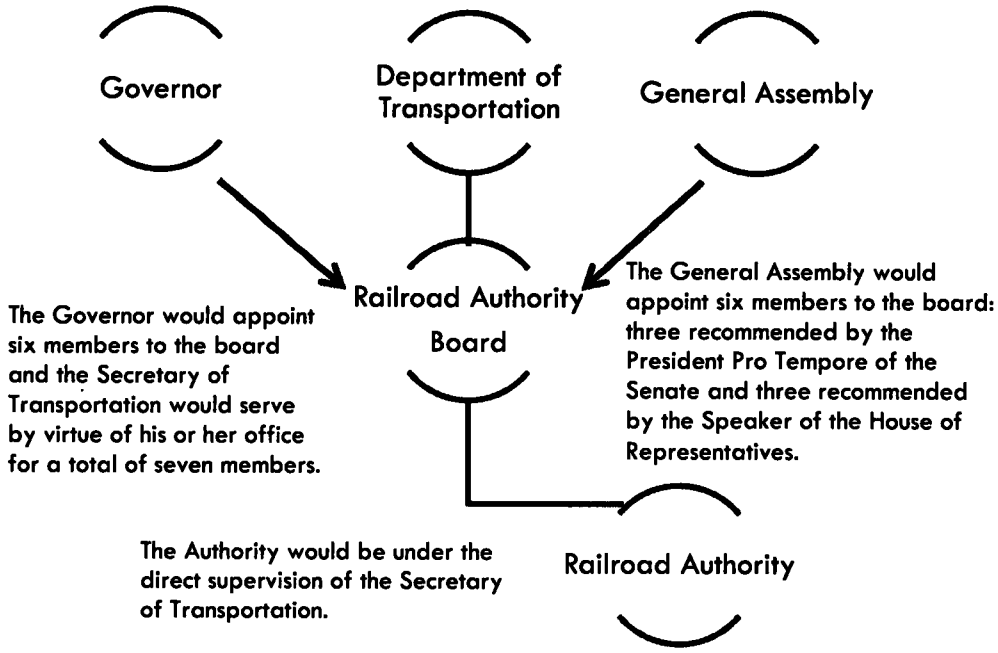
Source: Program Evaluation Division based on the governance structure for the North Carolina Housing Finance Agency.

- **Establish a state railroad authority under DOT.** This option uses the North Carolina State Ports Authority as a model. The North Carolina Railroad Authority would be under the direct supervision of the Secretary of Transportation with a separate board appointed by the Governor and the General Assembly (see Exhibit 12 for the governance structure).[23] The Secretary of Transportation would serve on the board by virtue of his or her office. The purpose of the Railroad Authority would be to maintain the railroad corridor and manage the trackage rights agreement with a railroad company. The Railroad Authority would not need state appropriations if the General Assembly directs the Railroad Authority to use the revenue from the trackage rights agreement and other leases for railroad operating expenditures and capital improvements. The General Assembly could also direct that some of the railroad revenue be used for other purposes. Staff for the Railroad Authority would be state employees exempt from the State Personnel Act.

[3] NCRR should not be placed within DOT's Rail Division because the division's regulatory responsibility for rail safety creates a conflict of interest.

Exhibit 12

Governance Structure for the Railroad Authority Option



Source: Program Evaluation Division based on the governance structure for the North Carolina State Ports Authority.

Transforming NCRR into a state government entity provides direct state oversight of the railroad assets and revenue but limits NCRR's autonomy and corporate flexibility. Under both options, the State of North Carolina has control of the railroad assets, and the General Assembly could direct th use of revenue from the trackage rights agreement. Establishing a Railroad Agency as a quasi-public corporation maintains most of the corporate flexibility that NCRR currently has and allows for some autonomy because it has a separate board and is not directly supervised by a state agency secretary. If the State of North Carolina was establishing a railroad corporation in this century to benefit the State's economy, the current North Carolina Constitution would require a quasi-public corporation instead of a private corporation. Establishing a Railroad Authority under the direct supervision of the Secretary of Transportation limits the autonomy of the railroad operations the most.

Transferring NCRR to a state government entity would be a lengthy and complicated process that requires the repeal of the corporation's charter and dissolution of the corporation, which would involve winding up the corporation's business and liquidation of corporate assets. To begin the process of transferring the railroad assets to the State, the General Assembly would first have to enact legislation to revoke NCRR's corporate charter and establish the state government entity that would manage the railroad assets after they are transferred to state government.

Revoking NCRR's corporate charter would require a special act as allowed under Section 1 of Article VIII of the North Carolina Constitution. The revocation of NCRR's corporate charter would prompt dissolution of the corporation under Article 14 of Chapter 55 of the General Statutes. The dissolution process would not happen immediately. The NCRR Board of Directors as representatives of the State of North Carolina, the sole shareholder of the corporation, would have to then vote to dissolve the

corporation and articles of dissolution would then have to be filed with the Secretary of State. The articles of dissolution would need to specify the State of North Carolina is the successor entity to which the remaining assets of the corporation are transferred subject to its liabilities. The dissolved NCRR would continue its corporate existence, but it could only conduct business related to wrapping up and liquidating its business and affairs, including

- collecting its assets;
- disposing of its properties that will not be distributed in kind to its shareholders;
- discharging or making provision for discharging its liabilities;
- distributing its remaining property among its shareholders according to their interests; and
- doing every other act necessary to wrap up and liquidate its business and affairs.

The railroad assets would not devolve to the State until NCRR's dissolution is completed.

Enacting legislation to establish the state government entity to receive the railroad assets allows the State to prepare for the transfer of assets after the dissolution of NCRR is final. To ease the transition, the General Assembly could consider appointing NCRR board members to serve initially as the board of directors for the state railroad entity. Because the transfer of the railroad assets would not occur until the dissolved NCRR finishes wrapping up its business affairs, a transition plan and implementation timeline would be needed to guide the transformation of the dissolved NCRR into a state entity.

Changing the corporate status of NCRR has several legal and financial implications. These implications do not affect the feasibility of transferring the railroad assets to state government, but the General Assembly should consider these issues if it decides to change the structure of state ownership of NCRR.

- **Repealing or changing Chapter 124 of the General Statutes.** Chapter 124 of the General Statutes provides for control of state interest in railroads, canals, and other internal improvements. If the General Assembly decides to revoke the NCRR charter and bring the railroad under state government, it should consider repealing or changing Chapter 124 of the General Statutes to eliminate mention of a state-owned railroad company.

- **Transfer of NCRR land.** When land was transferred to NCRR for the railroad corridor in the 1850s, the original transfer documents specified the land could only be used for railroad-related purposes. If the General Assembly decides to revoke the NCRR charter and bring the railroad under state government, state law needs to restrict the use of railroad corridor property to railroad-related purposes, as required by the original transfers of land to the railroad.

- **Liability.** The State, as a shareholder receiving assets in dissolution, would likely be responsible for any liabilities of NCRR that existed at the time of dissolution, up to the value of the assets received from the dissolution. This liability would continue for up to five years after the dissolution notice is published, and the Tort Claims Act's cap on awards against the State may not apply. If NCRR becomes part of

DOT, claims arising after the dissolution would be covered by the Tort Claims Act, subjecting claims to the review of the Industrial Commission and the statutory cap on awards. If NCRR is a quasi-public corporation like the North Carolina Housing Finance Agency, its liabilities would be its own and the Tort Claims Act would not apply.

- **Labor law.** Federal law regulates retirement and collective bargaining for railroad employees. Railroad employees are subject to the federal railroad retirement laws, which operate in lieu of Social Security, as well as federal unemployment and disability laws for railroad workers. Railroad employees also are able to collectively bargain under the federal Railway Labor Act, which would preempt state law on collective bargaining. Federal law may also, in some instances, allow strikes by the railroad employees. The General Assembly needs to consider how these labor protection issues could affect other state employees if railroad employees become state employees.

- **Trackage rights agreement with Norfolk Southern.** The trackage rights agreement does not require NCRR to obtain approval to assign the agreement to another party if the assignment is affected by a merger, consolidation or corporate reorganization, or other transaction where substantially all rail assets and liabilities are brought under control of another party. Revoking the corporate charter of NCRR and dissolving the corporation appears to fall under the other transaction definition and, therefore, should not affect the trackage rights agreement with Norfolk Southern. The General Assembly may want to make it clear in the legislation establishing the state entity to manage the railroad assets that it is the intent of the State to adhere to the trackage rights agreement.

- **Taxes.** If the General Assembly decides to revoke the NCRR charter and bring the railroad under state government, the railroad property becomes a state-owned asset and would be exempt from the state railroad franchise tax and local property taxes.[24] The State would lose $226,205 in annual railroad franchise tax revenue. Local governments would lose an estimated $1.7 million in annual property taxes from Norfolk Southern and $192,427 in annual property taxes from NCRR. See Appendix E for estimated property taxes paid to local governments along the NCRR corridor.

Exhibit 13 summarizes the legal and financial implications for changing the structure of state ownership of NCRR and compares them to maintaining the status quo for the corporation.

[24] The General Assembly could require the state entity managing the railroad to continue paying the state railroad franchise tax to the General Fund.

Exhibit 13

Legal and Financial Implications for Transferring the North Carolina Railroad Company to State Government

Legal and Financial Implications	Maintain Corporation	Quasi-Public Railroad Agency	Railroad Authority under DOT
General Assembly revokes charter		✓	✓
Dissolution of NCRR		✓	✓
General Assembly establishes state railroad entity		✓	✓
Repeal/change Chapter 124 of General Statutes		✓	✓
Restrict railroad corridor property to railroad-related purposes	✓	✓	✓
State liability			✓
NCRR employees become state employees		✓	✓
State and local governments lose tax revenue		✓	✓

Note: DOT stands for the North Carolina Department of Transportation.

Source: Program Evaluation Division based on document review, interviews with North Carolina Railroad Company and Department of Transportation, and N.C. Gen. Stat. Chapter 124.

Changing the corporate status of NCRR is feasible, but the General Assembly would need to consider whether moving NCRR under state government is in the best interest of the State. Transforming NCRR into a state government entity requires a lengthy and complicated process that involves revoking the corporate charter, the dissolution of NCRR, and the establishment of a state entity to receive the railroad assets. The General Assembly would need to decide whether gaining direct State control of the railroad assets and revenue warrant the effort necessary to transform NCRR into a state government entity. Maintaining NCRR's corporate status is another possibility, but making no changes means that the State of North Carolina's limited oversight of NCRR continues and the NCRR Board of Directors controls corporate income even if dividends are paid to DOT.

The General Assembly could change existing state law to improve oversight of NCRR without revoking its corporate charter and dissolution. Amendments to Chapter 124 of the General Statutes could bolster State oversight of NCRR by improving reporting requirements, requiring strategic planning and performance measurement, strengthening NCRR's partnership with DOT, and mandating that NCRR pay the State an annual dividend that is not controlled by the NCRR Board of Directors. These statutory changes would not require a complicated process or extended timeframe for implementation but would result in improved communication between NCRR and the State of North Carolina.

Finding 5. Selling the North Carolina Railroad Company may not be in the best interest of North Carolina, but some non-corridor properties could be sold.

The legislation requiring this evaluation of the North Carolina Railroad Company (NCRR) directed the Program Evaluation Division to identify tangible and intangible benefits provided by the corporation. Through interviews and focus groups with stakeholders, the Program Evaluation Division has identified several benefits of the State being the sole shareholder of NCRR. Exhibit 14 summarizes these benefits.

Exhibit 14: Benefits of the North Carolina Railroad Company

Tax Revenue	• Pays state railroad franchise taxes • Pays property taxes to local governments and requires Norfolk Southern to pay property taxes as a part of the trackage rights agreement
Capital Investment	• Increases the value of the railroad assets through capital investment • Includes $63 million on railroad capital improvements from 2002 to 2012 and $83 million committed for capital improvements through 2017
Passenger Rail	• Supports passenger rail service within and through North Carolina • Ensures Amtrak has priority over freight services under the trackage rights agreement with Norfolk Southern • Contributes to passenger rail capital improvements that improve travel times • Leases a section of the rail corridor to Charlotte Area Transit System for commuter rail service
Property Management	• Protects the corridor's right-of-way by correcting encroachments • Has improved GIS mapping of the railroad property • Provides information to local governments along the railroad corridor to assist in property plotting and preventing future encroachments
Economic Development	• Assists local and regional economic developers with site location and infrastructure modifications to support new and expanding businesses along the rail corridor • Maintains rail service in eastern North Carolina for the Port of Morehead City, military bases, and other customers along that section of the railroad corridor • Stimulates economic development by renovating and rehabilitating several historic properties in Burlington, New Bern, and Raleigh • Owns property along the railroad corridor suitable for future rail-related economic development

Source: Program Evaluation Division based on document review and interviews with the North Carolina Railroad Company, Department of Transportation, and focus groups with other stakeholders.

The Program Evaluation Division found that government entities owning rail assets cited similar benefits. Eight government entities that own active railroad lines in other states identified economic development, passenger rail development, and revenue as benefits of state ownership. These other government entities also cited several reasons for maintaining ownership of rail assets:

- the railroad provides recurring revenue;
- the railroad right-of-way may be needed for future passenger or commuter rail;
- the railroad was vital to the state port; and
- the expectation that rail assets values would continue to appreciate.

Purchasing railroad right-of-way for commuter and passenger rail can be expensive for states that do not already own rail assets. Florida paid CSX

$732 million in two separate transactions to buy 143 miles of railroad right-of-way in the Orlando and Miami areas for commuter rail services. Under this purchase agreement, CSX retained exclusive perpetual freight rights to use both rail lines.

Selling NCRR or the railroad corridor may not be in the State's best interest because the sale may eliminate or negatively affect benefits provided by NCRR. Based on current information available to the Program Evaluation Division, NCRR should not be sold. As shown in this finding, the State has received tangible and intangible benefits from being the sole shareholder of NCRR even though the State has not profited financially. The sale of NCRR or the railroad corridor could have the following effects:

- loss of the income stream from the trackage rights agreement that has been used for railroad capital improvements and economic development;
- loss of the valuable railroad corridor property that cannot be easily replaced;
- loss of economic development opportunities based on rail freight access for prospective and existing business in North Carolina;
- risk of cessation of Class I rail freight services to the Port of Morehead City or any routes deemed to have losses or inadequate profit margins for the new or future operator;
- negative impact to passenger rail services including the North Carolina Department of Transportation's (DOT) implementation of the passenger rail grant, DOT's maintenance and operating costs for passenger rail improvements, and Amtrak agreements; and
- loss of opportunities for using the railroad corridor for commuter rail service in urban areas along the railroad corridor.

Uncertainty about the value of NCRR and the price the State would receive from selling the corporation does not allow for a comparison of the potential one-time revenue to the benefits from continued state ownership of NCRR.

Selling NCRR property that is not directly related to the railroad corridor could provide one-time revenue for the State. Selling these properties would not affect railroad operations and could provide one-time revenue. As discussed in Finding 2, NCRR owns the railroad corridor and 62 parcels outside of the railroad corridor. The Program Evaluation Division reviewed information for all NCRR property and applied the following criteria to identify parcels that should **not** be sold:

- railroad corridor system property;
- property that buffers the railroad corridor;
- land reserved for industrial rail development;
- property that would be difficult to dispose of due to parcel shape or accessibility issues that render it unsalable;
- property related to passenger rail services (e.g., the Amtrak facility in Burlington); and
- property used for NCRR operations (i.e., corporate headquarters).

The Program Evaluation Division identified 18 parcels that did not meet these criteria and therefore could be sold. As shown in Exhibit 15, these parcels have a tax value of $44.5 million and 11 parcels generate income for NCRR. The most valuable parcels are located in Charlotte, Durham, Morehead City, and Raleigh.

Exhibit 15: North Carolina Railroad Company Could Sell Fourteen Non-Corridor Properties

	Property Description	County (City)	Property Has Tenant (Yes/No)	Year Acquired	Total Tax Value	Annual Income
	Retain Property with Annual Income Above $100,000					
1	Raleigh Warehouse Redevelopment Property	Wake (Raleigh)	Yes	1850s	$ 3,502,435	$ 320,472
2	Hillsborough Road and LaSalle Street	Durham (Durham)	Yes	2000	1,297,590	241,164
3	Former Depot in Durham	Durham (Durham)	Yes	1850s	1,038,107	102,420
					$ 5,838,132	**$ 664,056**
	Retain Property with Future Income Above $100,000					
1	Charlotte Downtown Property	Mecklenburg (Charlotte)	Yes	1850s	$ 32,643,200	$ 81,319
					$ 32,643,200	**$ 81,319**
	Sell Property with Annual Income Below $100,000					
1	Waterfront and Riparian Rights	Carteret (Morehead City)	Yes	1902	$ 1,011,884	$ 32,721
2	Bridges Street Lot	Carteret (Morehead City)	Yes	1903	1,148,121	27,700
3	Station and Former Industrial Property	Carteret (Morehead City)	Yes	1902	1,047,956	27,243
4	Hillsborough Former Depot	Orange (Hillsborough)	Yes	1850s	278,040	4,2
5	Wye Property	Carteret (Morehead City)	Yes	1887	994,500	3,000
6	4th Street Lot	Carteret (Morehead City)	Yes	1903	249,420	2,700
7	Wye Property Extension	Carteret (Morehead City)	Yes	1887	278,472	700
8	Burke Street Lot	Alamance (Gibsonville)	No	2005	38,793	0
9	Clarks Lot	Craven (Clarks)	No	1911	8,000	0
10	Morrisville Former Depot	Wake (Morrisville)	No	1850s	3,006	0
11	N. Craven Street	Craven (New Bern)	No	1899	915,390	0
12	Newport Lot	Carteret (Morehead City)	No	1903	50,440	0
13	Tiffany and Bright Streets	Lenoir (Kinston)	No	1901	31,025	0
14	Waynesboro Lot	Wayne (Goldsboro)	No	1850s	1,130	0
					$ 6,056,177	**$ 98,308**
	Totals for all Non-Corridor Property				**$ 44,537,509**	**$ 843,683**

Note: In 2006, the North Carolina Railroad Company reviewed non-operating real estate and recommended selling 15 properties, donating the Waynesville Lot to Waynesville Historic Park, and retaining the Hillsborough Road & LaSalle Street in Durham and the Raleigh Warehouse Redevelopment Property for income. The N. Craven Street parcel may be sold in 2012 or early 2013.

Source: Program Evaluation Division based on North Carolina Railroad Company property lists.

Because 11 of the 18 parcels generated $843,683 in annual income for NCRR in 2011, the Program Evaluation Division reviewed these parcels further to determine whether they should be retained by NCRR because they provide significant income to the corporation or have the potential to produce more income in the future. Three parcels should be retained by NCRR because they generated $664,056 or 79% of the total income:

- Raleigh Warehouse Redevelopment;
- Hillsborough and LaSalle Street in Durham; and
- Former Depot in Durham.

In addition, the Charlotte Downtown properties have the potential to generate increased future income for NCRR. Currently, these parcels only provide $81,319 per year, but the lease income will increase to 6% of the appraised market value in 2019. Although the appraised market value of the properties is unknown, the tax value is $32.6 million. Allowing NCRR to retain the Charlotte Downtown properties provides an opportunity for NCRR and the State to reevaluate whether to sell these properties or retain them for income. The increased income the properties will generate in 2019 also will make them more attractive to a potential buyer.

The remaining 14 parcels could be sold because they generate limited or no income for NCRR. The NCRR Board of Directors could convey the property to the State as a dividend. The property could then be sold or used by the State. The General Assembly would need to designate how the proceeds from the sale of these properties would be allocated because state law requires railroad dividends to be used for capital improvements for the railroad.

In sum, NCRR's unique relationship with the State of North Carolina has contributed to its financial health, but the State has not profited from this relationship by receiving a direct financial benefit. State law requires any dividends go back to the corporation for capital improvements for the railroad. Under the current governance structure, the State has limited mechanisms for oversight of NCRR beyond appointing its Board of Directors and receiving reports. Whereas changing the corporate status of NCRR is feasible, transforming NCRR into a quasi-public corporation or a railroad agency under DOT would require a lengthy and complicated process. Selling NCRR or the railroad corridor is not in the best interest of the State, but NCRR property not related to the railroad corridor could be conveyed to the State as a dividend and sold to provide one-time revenue. In lieu of changing NCRR's status as a private corporation, changes in state law can improve oversight and require the corporation to pay an annual dividend.

Recommendations

Recommendation 1. The General Assembly should amend Chapter 124 of the General Statutes to strengthen the North Carolina Railroad Company's reporting requirements including requiring strategic planning and performance measurement and enhancing its partnership with the Department of Transportation.

The General Assembly should maintain the North Carolina Railroad Company's (NCRR) corporate status and amend existing state law to improve

NCRR's reporting requirements. The General Assembly should amend Chapter 124 of the General Statutes to make the following changes.

- **Strengthen reporting requirements.** Currently, NCRR has less stringent reporting requirements as compared to the annual 10-K filings required of most publicly-traded corporations. The General Assembly should require NCRR to report on an annual basis information that is similar to what is provided in a publicly traded company's annual 10-K as required pursuant to Section 13 or 15(d) of the federal Securities Exchange Act of 1934.
- **Require strategic planning.** NCRR does not have a strategic plan. The General Assembly should direct NCRR to prepare and maintain an up-to-date comprehensive strategic plan that includes a mission statement describing the purpose of the company and clear goals that address the strategic issues facing the company. The NCRR Board of Directors can use the strategic plan to direct resources and make business decisions, and the plan will provide the General Assembly with information that will improve oversight of the corporation. NCRR should be directed to submit the up-to-date strategic plan to the General Assembly annually beginning in 2014.
- **Require performance measurement.** NCRR does not have a performance management system to measure and monitor its progress towards achieving goals. The General Assembly should require NCRR to develop and implement a formalized performance management system based on its strategic plan that sets operationc objectives, monitors progress towards achieving objectives, and take action when performance falls short. Developing and implementing a performance management system will allow NCRR to more clearly report to the General Assembly on the results of its activities based on the strategic plan.
- **Adjust board appointments.** To enhance NCRR's partnership with the Department of Transportation, the General Assembly should require that two of the Governor's appointees to the NCRR Board of Directors also be appointed to the Board of Transportation.

Recommendation 2. The General Assembly should require the North Carolina Railroad Company to pay a one-time dividend of $15.5 million to the General Fund from its reserve for future capital improvements no later than June 30, 2013.

Since the State of North Carolina became NCRR's sole shareholder in 1998, the corporation has been profitable and solvent. However, the State has not received a direct financial benefit from owning NCRR. All dividends paid by NCRR were used to pay for capital improvements for the railroad as required by state law, and the NCRR Board of Directors opted to invest in capital improvements in lieu of making dividend payments. NCRR has accumulated over $65.2 million in a reserve for future capital improvement that is under the control of NCRR Board of Directors.

The State of North Carolina should profit from its contributions to the financial health of NCRR since 1998 and receive a direct financial benefit

from this unique relationship. To this end, the General Assembly should require NCRR to pay a one-time dividend of $15.5 million to North Carolina's General Fund from its reserve for future capital improvements no later than June 30, 2013. This proposed one-time dividend would still allow NCRR to maintain and improve railroad assets based on its committed capital improvement projects through 2017, assuming partners continue to participate in funding these projects.

Recommendation 3. The General Assembly should modify Chapter 124 of the General Statutes to require the North Carolina Railroad Company to pay an annual dividend to the General Fund that is equal to 25% of its income from its trackage rights agreement beginning January 15, 2014.

The North Carolina Railroad Company (NCRR) is not required to pay dividends to the State of North Carolina. The NCRR Board of Directors decides whether to pay a dividend, and Chapter 124 of the General Statutes specifies that any dividends received by the State shall be used by the Department of Transportation for the improvement of NCRR properties as recommended and approved by the NCRR Board of Directors. Because of this statute, the State has received no direct financial benefit as the sole shareholder of NCRR. Recommendation 2 proposes a one-time dividend that will allow the State to profit financially from its past contributions to NCRR's financial health.

To ensure the State continues to benefit financially from being the sole shareholder of NCRR, the General Assembly should modify Chapter 124 of the General Statutes to require NCRR to pay an annual dividend to the State's General Fund beginning January 15, 2014. The annual dividend should be equal to 25% of NCRR's income from its trackage rights agreement paid during the previous calendar year. Income from the trackage rights agreement is guaranteed through 2029, and Norfolk Southern Corporation has the option to extend the agreement through 2044. The first payment in 2014 would be calculated using NCRR's income from the trackage rights agreement for Calendar Year 2013. The estimated dividend payment from NCRR should be at least $3.7 million annually.[25] This proposed dividend would leave NCRR with sufficient income to pay operating expenses and continue to maintain and improve railroad assets based on its committed capital improvement projects through 2017, assuming partners continue to participate in funding these projects.[26]

[25] The estimated annual dividend of $3.7 million was calculated using the 2011 trackage rights agreement fee of $14.1 million.

[26] Based on income estimates provided by NCRR, the corporation's estimated income after paying the annual dividend to the State should be at least $14.1 million annually.

Recommendation 4. The General Assembly should require the North Carolina Railroad Company to convey to the State of North Carolina 14 parcels not directly related to the railroad corridor as a dividend and direct the Department of Administration to sell them with the proceeds deposited into the General Fund.

As discussed in Finding 5, the Program Evaluation Division identified 14 properties not directly related to the railroad corridor that could be sold because they do not generate significant income for the North Carolina Railroad Company (NCRR) or have the potential to generate more income in the future.

The General Assembly should require NCRR to convey to the State the 14 properties not directly related to the railroad corridor as a dividend. The General Assembly should authorize the Department of Administration to recoup expenses associated with selling the properties from the proceeds and specify that the remaining proceeds from selling the railroad properties be deposited in the General Fund.

Appendices

Appendix A: Completed Capital Improvement Projects for the North Carolina Railroad Company, 2000–2012

Appendix B: Future Capital Improvement Commitments for the North Carolina Railroad Company

Appendix C: Non-Corridor Properties Owned by the North Carolina Railroad Company

Appendix D: Property Purchased by the North Carolina Railroad Company, 2000–2012

Appendix E: Estimated Property Taxes Paid to Local Governments along the North Carolina Railroad Company Corridor

Agency Response

A draft of this report was submitted to the North Carolina Railroad Company. Their response is provided following the appendices.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Jim Horne, at jim.horne@ncleg.net.

Staff members who made key contributions to this report include Michelle Beck, Jeff Grimes, Carol Shaw, and Pamela L. Taylor. Bill Drafting Division staff member Ryan Blackledge also contributed to this report. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A: Completed Capital Improvement Projects for the North Carolina Railroad Company, 2000–2012

Project Description	Year	NCRR	DOT	DOT Source	Total
Goldsboro-Morehead City Track	2000	$ 0	$ 9,957,775	NCRR	$ 9,957,775
McLeansville Siding	2002	0	932,936	Federal/State	932,936
Raleigh-Selma Track	2002	0	2,591,756	NCRR/State	2,591,756
Mebane Siding	2003	0	898,310	Federal/State	898,310
West Durham Funston Curve	2003	23,912	2,284,345	State	2,308,257
Welded Rail Replacement between Mileposts 15.4-29.0/Neuse River Bridge Replacement at Milepost 27.9	2004	6,570,182	0		6,570,182
Cary-Greensboro Traffic Control	2004	0	10,763,276	Federal/State	10,763,276
East Durham (Durham and Southern Junction)	2004	0	1,289,557	State	1,289,557
Greensboro Elm Junction Track	2005	0	1,144,082	State	1,144,082
Burlington Company Shops Station Renovation	2004	3,000,000	0		3,000,000
Greensboro-Charlotte Super Elevation	2005	0	2,851,371	State	2,851,371
Hwy 54 Bridge	2005	5,460,726	0		5,460,726
Rail and Turnouts between Mileposts 37.5-54.5	2005	3,875,652	0		3,875,652
Bridge at Milepost 50.7	2006	372,237	0		372,237
Welded Rail Replacement Goldsboro-Morehead City (15.5 miles)/Dover Drainage Improvement	2007	4,836,410	0		4,836,410
East Durham Yard Siding	2007	0	6,262,473	Federal/State	6,262,473
Equilateral Turnouts-Greensboro to Charlotte	2007	0	2,430,550	State	2,430,550
Three Passing Sidings/Signals/Yard Improvements-Cabarrus St/Boylan	2007 2009	20,882,331	0		20,882,331
Bridge at Milepost 95.2	2008	889,611	0		889,611
Bridges/Bridge Replacements	2009	1,503,599	0		1,503,599
Bridge Improvements at Mileposts 19.01 and 106.5	2009	78,237	0		78,237

Project Description	Year	NCRR	DOT	DOT Source	Total
Cox-Hoskins 2nd Main Track	2009	4,000,000	16,975,367	Federal/State	20,975,367
Raleigh-Selma 79 MPH Speed	2009	0	1,232,524	State	1,232,524
Crossing Improvements	2009 2010	795,713	1,803,710	State	2,599,423
Cox-Hoskins 2nd Main Track, Additional Costs	2010	0	7,208,628	State	7,208,628
Raleigh-Selma 79 MPH Speed, Additional Costs	2010	0	175,765	State	175,765
Elon Pedestrian Underpass	2010	1,000,000	0		1,000,000[1]
Kinston Team Track (Spirit)	2010	891,937	0		891,937
Kinston Track Realignment	2010	2,739,002	0		2,739,002
Track Welding between Mileposts 59.5-94.3	2010	300,510	0		300,510
NCRR Projects Paid by DOT	2011	0	2,666,693	State	2,666,693
Bridges at Mileposts 27.8 and 27.9	2012	4,000,000	0		4,000,000[2]
Trent River Bridge	2012	1,500,000	0		1,500,000[3]
Total		$62,720,059	$71,469,118		$134,189,177

Note: NCRR stands for the North Carolina Railroad Company. DOT stands for the North Carolina Department of Transportation.

Source: Program Evaluation Division based on information provided by the North Carolina Railroad Company.

[1] Elon matched and paid $1.5 million of the total cost of $2.5 million.
[2] Norfolk Southern matched and paid 50% of the total cost of $8 million.
[3] Norfolk Southern matched and paid 50% of the total cost of $3 million.

Appendix B: Future Capital Improvement Commitments for the North Carolina Railroad Company

Description	Total Estimated Cost	NCRR Cost	Estimated Completion Date
Double Track Thomasville to Charlotte	$235,255,128	$31,000,000	2017
Raleigh East - Second Main Track[1]	60,800,000	10,000,000	2016
Double Track - Morrisville to Cary	41,000,000	19,000,000	2016
Sugar Creek Road Grade Separation	34,000,000	10,000,000	TBD
New Bern Sidings[2]	25,300,000	8,000,000	2015
Neuse River Bridge 27.8 and 27.9	8,000,000	250,000	2012
Pedestrian Underpass at UNC-Greensboro	8,000,000	1,140,000	2014
Eastern Grade Crossing Improvements[3]	6,000,000	1,300,000	2013
Bridge and Culvert Program	4,670,000	2,400,000	2013
Rail work - I-85 Bridge - Yadkin River	4,444,659	3,000,000	2014
Passing Siding at LaGrange	4,070,000	4,070,000	2014
Monumentation Project[4]	2,500,000	2,500,000	2013
Trent River Bridge	1,890,000	750,000	2013
Selma Storage Track[5]	1,300,000	750,000	2014
Walker Street Bridge	TBD	1,000,000	2018
Total	$437,229,787	$95,160,000	

Note: NCRR stands for the North Carolina Railroad Company.

Source: Program Evaluation Division based on data provided by the North Carolina Railroad Company.

[1] An estimated cost for Raleigh East – Second Main Track was not available when the 2011 Annual Report was prepared.
[2] New Bern Sidings Project has been approved by the NCRR Board of Directors, but it was not finalized when the 2011 Annual Report was prepared.
[3] Eastern Grade Crossing Improvements are shown in the 2011 Annual Report as year-to-date amounts.
[4] The Monumentation Project is not shown in the 2011 Annual Report because it is not a tangible improvement to the railroad corridor like a new bridge or track.
[5] Selma Storage Track is pending approval approved by the NCRR Board of Directors.

Appendix C: Non-Corridor Properties Owned by the North Carolina Railroad Company

Property Description	County	Leased?	Year Acquired	Who Pays Property Tax?
Burke Street Lot	Alamance	No	2005	NCRR
Graham Former Station Lot	Alamance	No	1850s	Norfolk Southern
Holt Street Lot	Alamance	No	2005	NCRR
Burlington Engine House Lot	Burlington	Yes	1850s	NCRR
East 1st Street Property	Cabarrus	No	1916	Norfolk Southern
Harrisburg Former Depot Site	Cabarrus	No	1850s	Norfolk Southern
Harrisburg Industrial Park	Cabarrus	No	2000	NCRR
Kannapolis Former Station	Cabarrus	No	1850s	Norfolk Southern
Rock River Rd. Property (slope)	Cabarrus	No	1909	Norfolk Southern
4th Street Lot	Carteret	Yes	1903	NCRR
Bridges St. Lot	Carteret	Yes	1903	NCRR
Newport Lot	Carteret	No	1903	NCRR
Station and Former Industrial Lot	Carteret	Yes	1902	NCRR
Waterfront and Riparian Rights	Carteret	Yes	1902	NCRR
Wye Property Extension	Carteret	Yes	1887	NCRR
Wye Property	Carteret	Yes	1887	NCRR
Clarks Lot	Craven	No	1911	NCRR
N. Craven St. Lot	Craven	No	1899	NCRR
N. Craven Street (SW)	Craven	No	2000	Norfolk Southern
National Avenue Property	Craven	No	1850s	Norfolk Southern
Queen Street Property	Craven	Yes	1850s	Norfolk Southern
S. Front St. and Hancock St. Lot	Craven	No	1880	NCRR
Albertson Rd. Track Relocation	Davidson	No	1907	Norfolk Southern
Davidson Wide Area in Corridor (slope)	Davidson	No	1850s	Norfolk Southern
I-85 Track Relocation	Davidson	No	1906	Norfolk Southern
Lexington Depot	Davidson	Yes	1850s	Norfolk Southern
Lexington Heights Track Relocation	Davidson	No	1906	Norfolk Southern
Thomasville Former Freight Depot Parcel	Davidson	No	1850s	Norfolk Southern

Property Description	County	Leased?	Year Acquired	Who Pays Property Tax?
Upper Lake Rd. Track Relocation	Davidson	No	1906	Norfolk Southern
Durham Former Depot	Durham	Yes	1850s	NCRR
Hillsborough Rd. and LaSalle St.	Durham	Yes	2000	NCRR
Hopson Rd. Curve and Bridge Property	Durham	No	2004	Norfolk Southern
Greensboro Downtown Property	Guilford	No	1850s	Norfolk Southern
Greensboro Former Depot Lot	Guilford	No	1850s	Norfolk Southern
Guilford College Rd. Track Relocation	Guilford	No	1906	Norfolk Southern
High Point Depot	Guilford	Yes	1850s	Norfolk Southern
Hilltop Rd. Track Relocation	Guilford	No	1906	Norfolk Southern
McLeansville Former Depot Lot	Guilford	No	1850s	Norfolk Southern
W. Market Center Dr. Track Relocation	Guilford	No	1906	Norfolk Southern
West Ward Ave. Track Relocation	Guilford	No	1906	Norfolk Southern
Clayton Hwy 42	Johnston	No	1979	NCRR
Garner Track Relocation	Johnston	No	1985	Norfolk Southern
Pine Level Property	Johnston	No	2006	Norfolk Southern
Selma Downtown/Station	Johnston	Yes	1867	Norfolk Southern
Neuse Lot	Lenoir	No	1850s	Norfolk Southern
Tiffany St. and Bright St. Property	Lenoir	No	1901	NCRR
Union Station Lot	Lenoir	No	1916	NCRR
Charlotte Downtown Property	Mecklenburg	Yes	1850s	NCRR
Hillsborough Former Depot Lot	Orange	Yes	1850s	NCRR
Asbury Lot	Wake	No	1850s	Norfolk Southern
Garner Hwy 70 Property	Wake	No	2006	Norfolk Southern
Morrisville Former Depot	Wake	No	1850s	NCRR
NCRR Office Building	Wake	No	2000	NCRR
Raleigh Amtrak Station	Wake	No	1868	Norfolk Southern
Raleigh Warehouse Redevelopment Property	Wake	Yes	1850s	NCRR
N. Center and Beech St. (NE)	Wayne	No	1850s	Norfolk Southern
N. Center between Beech and E. Vine (west)	Wayne	Yes	1850s	Norfolk Southern

Property Description	County	Leased?	Year Acquired	Who Pays Property Tax?
N. Center between Beech St. and W. Holly St	Wayne	No	1850s	Norfolk Southern
Rosewood Property	Wayne	No	1977	NCRR
W. Holly Street and N. Center (NW)	Wayne	Yes	1850s	Norfolk Southern
W. Vine and N. Center St. (SW)	Wayne	No	1850s	Norfolk Southern
Waynesboro Lot	Wayne	No	1850s	NCRR

Note: NCRR stands for the North Carolina Railroad Company.

Source: Program Evaluation Division based on data provided by the North Carolina Railroad Company.

Appendix D: Property Purchased by the North Carolina Railroad Company, 2000–2012

Property Description	County	Nearest Town	Purchase Price	Reason for Purchase	Year Acquired
Harrisburg Industrial Park	Cabarrus	Harrisburg	$ 400,000	Future economic development or station property (1033 exchange)	2000
Hillsborough Rd. and LaSalle St.	Durham	Durham	1,700,000	Income generation	2000
N. Craven St. (SW)	Craven	New Bern	28,000	Buyout to improve value of main parcel (1033 exchange]	2000
NCRR Office Building	Wake	Raleigh	1,900,000	NCRR office	2000
Burlington Train Station Lots	Alamance	Burlington	440,000	Parking for passenger rail station	2002–2003
Hopson Rd. Curve and Bridge Property	Durham	Morrisville	2,023,977	Land for main curve and new bridge	2004–2006
Burke St. Lot	Alamance	Gibsonville	0	Property exchange with Gibsonville	2005
Holt St. Lot	Alamance	Mebane	22,000	Reserved for future rail access to industrial park	2005
Garner Hwy 70 Property	Wake	Garner	11,500	Track drainage	2006
ne Level Property 1	Johnston	Pine Level	7,000	Allow closure of railroad crossing	2007
Pine Level Property 2	Johnston	Pine Level	4,000	Siding and signal project	2009
N. John St. Storage Building	Wayne	Goldsboro	25,000	NCRR already owned the property; buyout of structure that was on property under a license agreement since 1953 with Southern Railway	2005
Kinston Track Relocation	Lenoir	Kinston	60,738	Kinston track realignment - Heath Property	2008
			15,271	Kinston track realignment - Queen St. United Methodist Church Property	2008
			10,101	Kinston track realignment - Pressly Easement	2009
Total Expenditures			$6,647,587		

Note: NCRR stands for the North Carolina Railroad Company.

Source: Program Evaluation Division based on data provided by the North Carolina Railroad Company.

Appendix E: Estimated Property Taxes Paid to Local Governments along the North Carolina Railroad Company Corridor

County	2012 Estimated Property Taxes
Alamance	$ 60,345
Cabarrus	128,918
Carteret	19,550
Craven	43,318
Davidson	263,253
Durham	58,103
Guilford	339,938
Johnston	89,374
Jones	4,386
Lenoir	31,815
Mecklenburg	262,407
Orange	56,566
Randolph	3,291
Rowan	157,534
Wake	93,513
Wayne	46,543
Total Property Taxes	**$1,658,855**

Note: Estimated taxes include all taxation jurisdictions: county, municipal, and special districts.

Source: Program Evaluation Division based on estimates provided by the Department of Revenue.



NORTH CAROLINA
RAILROAD
COMPANY

October 9, 2012

Mr. John W. Turcotte
Director
Program Evaluation Division
300 N. Salisbury St. Suite 100
Raleigh, NC 27604

Dear Mr. Turcotte,

On behalf of our Board of Directors, we appreciate the opportunity to offer our observations and comments on the Study of the North Carolina Railroad Company (Company) and its mission by the Program Evaluation Division.

The original purpose of the creation of the North Carolina Railroad Company 163 years ago was economic development. The working model adopted at that time was a public-private partnership in a business corporation, which model and corporate mission continue today. NCRR is able to achieve its mission through strong partnerships and relationships with other economic development and transportation organizations across the state.

As with the UNC System, our mountains and coastline, our state's intellectual capital, and many other of our state's treasures, the NCRR is a unique asset which gives North Carolina a competitive advantage in pursuing economic prosperity.

We appreciate the thorough and detailed study by the Program Evaluation Division staff of the Company and its operations to understand the NCRR's unique corporate status, flexibility, and capital structure. With respect to the report, we offer the following observations and comments:

1. Sale or Retention of the Company

We take no exception to the study and evaluation in the report with regard to the Company's intrinsic and financial value to the state if retained, and the advantages and disadvantages of a sale. This is a matter for our state's leadership, through the General Assembly and Governor, to decide. We view our mission - to continue to increase the value of the Company to the people of the state - as the core objective, both in economic development and financial terms, whether the Company is retained or sold.

2. Sale or Disposition of Non-Railroad or Economic Development Properties

The sale or transfer of 13 of the 14 non-corridor properties (all of the parcels listed as "Annual Revenue below $100,000," except the Orange County land) recommended in the report

2809 Highwoods Blvd., Suite 100, Raleigh, North Carolina 27604-1000
919 - 954 - 7601 **phone** / 919 - 954 - 7099 **fax**

that are no longer used for the Company's economic development or rail purposes can be achieved and remain consistent with NCRR's mission. We would suggest, however, that the current uses of the properties and current real estate market, unfavorable to sellers, be taken into account as to the timing of any sales or other dispositions in order to maximize the proceeds of sale or other benefits. With regard to proceeds of any sales, please note Item 6(b) regarding potential uses of NCRR working capital.

3. Retention of Corporate Structure

Railroad franchises and corridors are unique assets, and have substantial value as a platform for economic development and growth. NCRR does not receive any state appropriations, and substantial property taxes are paid on NCRR assets to the cities and counties through which the line passes. Therefore, we agree with the conclusions in the report that the Company should continue as the Chapter 55 business corporation with the inherent flexibility that this status affords the state as shareholder. This flexibility helps NCRR achieve its economic development mission. The continuation of this structure also offers the advantage of maintaining a single entity, at no cost to the state, if in the future a sale of the Company were deemed necessary by the General Assembly.

4. Economic Development Value

Over the review period 2007-2012, the Company has been engaged in 31 economic development projects. The N. C. Department of Commerce - Business and Industrial Division indicates that, on average, approximately 5% of their assigned projects statewide indicate rail service or access as a selection criterion, with 2011 having a total of 11 total rail projects assigned. Currently, NCRR is actively involved in 10 economic development projects statewide. A typical cross-section of rail project sectors includes agricultural, chemical, manufacturing, distribution, containers/merchandise, and bulk commodities.

NCRR values the opportunity to engage appropriately with local, regional and statewide economic development organizations in support of their efforts to expand existing industries and attract additional employment opportunities for our state. The 2007 economic impact study by the Research Triangle Institute concluded that the NCRR's rail line touches 24% of our state's economy, and saves North Carolina businesses $198 million annually in transportation costs. The Company is providing substantial economic development capital to help create jobs for infrastructure in the state at no taxpayer expense and contributes to the ad valorem tax base.

5. N. C. Gen. Stat. Section 124-5.1

The scope of capital investments listed in N. C. Gen. Stat. § 124-5.1 has served as a guide to the Company for large capital investment decisions. The Company has partnered with many organizations in making such infrastructure investments, including the North Carolina Department of Transportation Rail and Highway Divisions, Norfolk Southern Railway, universities which lie along the rail line, and municipalities.

If the General Assembly determines that NCRR should evaluate devoting the Company's working capital to a broader range of capital or other investments, it would be helpful to NCRR's Board and management if N. C. Gen. Stat. § 124-5.1 were amended to clarify that it is the intent of the General Assembly that such other investments, if any, are encouraged.

6. Dividends and Distributions to the State of North Carolina

The PED evaluation recommends that NCRR make a substantial one-time distribution of $15.5 million and annual distributions of approximately $3.7 million to the state, and directed to the General Fund.

(a) A key objective of the Company is to enhance the asset by adding double track, signals, replacing aging or weight restricted bridges, straightening curves, etc. If Recommendation #2 in the PED Report were adopted, NCRR may have to defer several capital projects which are currently less than 100% funded, including future double tracking between Raleigh and Garner and between Cary and Morrisville, the relocation of storage tracks out of downtown New Bern, or forego other projects if partner contributions to the projects cannot be obtained. A required distribution of a substantial part of the Company's available capital could delay such projects and preclude additional (new) capital projects if required capital outlays exceed available NCRR income. The scope and timing for the double track projects will be determined by ongoing analyses in 2012-13 of whether the NCRR can absorb additional trains on the line without adding the infrastructure capacity, and at what rate freight and passenger traffic continues to grow.

(b) While not currently a budgeted capital item, over the past few years NCRR has been evaluating whether, over the long term, it might partner in investing in a large industrial property (mega-site) to attract a new rail served manufacturer such as an automobile assembly plant. North Carolina is currently the only southeastern U. S. state without a major assembly plant. Reduction of NCRR working capital would likely preclude availability of capital for such an investment if such investment is warranted, unless such capital were otherwise set aside by the General Assembly from future NCRR dividends or other sources.

(c) If the General Assembly were to decide to require a NCRR dividend or distribution to the state, a designation of use of such dividends or distributions for economic development purposes (non-taxpayer dollars), instead of the General Fund, could permit the funds to be used for purposes aligned with the Company's mission.

We recognize that the foregoing are far reaching capital investment and revenue policy decisions, and we offer these comments only as information. We appreciate the General Assembly's attention to this topic and look forward to receiving further direction in this regard.

7. Strategic Plan and Vision

Following the $71 million acquisition of shares by the State in 1998 and renegotiation of the Norfolk Southern Trackage Rights Agreement in 1999, the NCRR Board of Directors and

management engaged in two significant strategic planning processes (2008 and 2011), and two Mission Statement processes (2001 and 2010).

These four mission and strategy efforts, led by the NCRR Board, resulted in the capital investment program, adopted by the NCRR Board in 2000-2001, and now maintained and followed by the Company's management. We believe that NCRR does have very clearly defined goals – notably the efficient planning and execution of the capital investment program, developing and implementing effective strategies for the protection of the corridor, and vigorous engagement in economic development.

As examples, in the early years of the development of NCRR's capital program, it became apparent that the rail line east of Raleigh was in need of major bridge and track upgrades, and the line to the west was in need of additional track capacity associated with NCDOT's pursuit of additional passenger trains as well as expected increases in freight growth. $10 million of the capital investments in eastern North Carolina were expressly authorized by the Legislature in connection with the 1999 Norfolk Southern Agreement.

NCRR's business strategy for the period 2001-2012 has been simple and straightforward – upgrade the line to the east, and add line capacity to the west, leveraging federal funds to the maximum extent possible, in order to create value for economic development, increase value to the shareholder, and support the rapid growth in the state's population. Federal funds for freight projects are typically very limited. Federal funds for passenger projects have been, until very recently, more plentiful. This approach resulted in a strategy with the North Carolina Department of Transportation and Norfolk Southern for well over $600 million of rail investments along NCRR in between 2001 and 2017.

It is noteworthy that during this period, rail business in eastern North Carolina has increased substantially. In the 1980's and 1990's, rail traffic was declining and the line was deteriorating. The recent increase is due to a number of factors - marketing and investment by Norfolk Southern, NCRR, and economic developers, availability of rail served industrial sites in the region, and increased capital investment.

As the PED report notes, at the end of July 2012, Norfolk Southern gave notice of renewal of the entire line for the next 15 year term beginning in 2014, providing for the continuation of rental and maintenance under the same terms and conditions set forth in the 1999 Agreement. At the September 2012 meeting of the NCRR Board of Directors, the Board appointed a special ad hoc committee of directors to address future Strategic Visioning. This Board level emphasis on developing key directives for the next phase of NCRR's business and strategic plan will support the outcomes of the PED study process and any related Legislative recommendations.

8. Board Structure/Governance

The report includes a recommendation to "adjust board appointments" to include two interlocking directors with the Department of Transportation. While there is precedent for such dual roles in the discretion of the appointive bodies, we believe this is a policy issue that has advantages and disadvantages to be weighed by the General Assembly. We also offer that if interlocking Board positions are pursued, then close consideration be given with respect to the N. C. Department of Commerce and the state Economic Development Board.

9. Reporting and Accountability

Each year, NCRR has furnished annual reports, financial information, property information, and other information as called upon by the General Assembly and staff for purposes of reporting, meetings, and presentations/updates. These reports have provided timely, regular information. To the extent that the General Assembly would like greater detail in these reports, this information will be provided. (Updating NCRR's reporting requirements does not necessarily require legislation because NCRR is a Chapter 55 corporation managed by a 13-member Board of Directors. The Board of Directors will adopt reporting and other policies which conform to the wishes and needs of the General Assembly.)

With regard to the annual one-page addenda which were apparently omitted for years 2007-2010, these reports have been prepared and submitted to the PED staff. We apologize for this oversight. However, we do wish to note that every year NCRR has provided annual reports, including audited financial statements, to General Assembly committees and staff. These reports include NCRR's capital investments, capital improvements, cost information, discussion of material transactions, and other information.

In conclusion, we appreciate the opportunity to comment on this report and look forward to the discussion and recommendations of the PED Oversight Committee as it deliberates on the North Carolina Railroad as a key asset to our state and its economic future. We are available to the Committee and PED staff at any time to provide more information or to answer questions as they arise.

Sincerely,

John L. Atkins, III
Chairman

Scott M. Saylor
President

PROGRAM EVALUATION DIVISION
NORTH CAROLINA GENERAL ASSEMBLY

April 2011 Report No. 2011-02

North Carolina Should Weigh Continued Investment in the Global TransPark Authority and Consider How to Repay the Escheat Fund Loan

Summary

In 1991, the General Assembly created the North Carolina Global TransPark Authority (hereafter referred to as the Authority) to develop an industrial park facility built around a multi-modal transportation network that included an airport capable of handling international cargo flights. Absent a statutory mission, the Authority adopted a mission of creating skilled, well-paying jobs in eastern North Carolina, supporting education, research, and development efforts, and attracting economic investment from targeted industries. The Authority's enabling legislation authorized it to borrow up to $25 million from the North Carolina Escheat Fund for the development of the park; the balance on the loan as of February 2011 was $39.9 million, and the current maturity date is October 1, 2011.

The Global TransPark today is different from what was originally envisioned. Lagging transportation infrastructure development has yet to allow the Global TransPark to become the multi-modal manufacturing and distribution hub originally proposed. Furthermore, overly optimistic, initial job projections make it appear as if the Authority has fallen short of its adopted mission. The General Assembly directed the Program Evaluation Division to conduct a comprehensive program and financial review of the Authority. This evaluation found

- the Authority has made progress towards meeting its mission and goals;
- current administrative practices and operations limit the Authority's ability to achieve and demonstrate results;
- the estimated benefit to the General Fund of direct private sector employment at the Global TransPark will exceed the state's investment in the Authority by 2025;
- the Authority cannot be self-sustaining, but some options exist to reduce the Authority's reliance on state appropriations;
- the Authority cannot repay the Escheat Fund loan, and thus the responsibility falls to the state; and
- immediate divestiture in the Global TransPark for purposes of offsetting the Escheat Fund debt is not possible.

Based on these findings, the General Assembly should

- establish a repayment schedule for the Escheat Fund debt; and
- choose between two options for the future of the Global TransPark—continue supporting the Authority based on demonstrated results or incrementally divest from the park.

Purpose and Scope

The General Assembly directed the Program Evaluation Division to conduct a comprehensive program and financial review of the North Carolina Global TransPark Authority (hereafter referred to as the Authority).[1] This evaluation addressed the following research questions:

- What progress has the Authority made towards achieving its mission and goals?
- Is the Authority positioned to be a self-sustaining enterprise capable of paying back the loan from the Escheat Fund?
- What are the most feasible options for the future of the Authority?

To conduct this review, the Program Evaluation Division analyzed information from numerous sources including

- interviews with and administrative queries completed by the Authority staff regarding its administrative practices, operations, and structure;
- review of Authority finances and audit reports;
- review of the Authority's 2010 Strategic Plan;
- interviews with the North Carolina Departments of Transportation, Commerce, and State Treasurer, Global TransPark board members, Global TransPark Foundation, North Carolina's Eastern Region, Lenoir County, Lenoir Community College, Federal Aviation Administration, and Dr. John Kasarda; and
- review of legislation.

Background

The original concept for the Global TransPark was a unique industrial park facility built around a multi-modal transportation network that included an airport capable of handling international cargo flights. In 1990, at the request of Governor Jim Martin, John Kasarda, PhD, submitted a concept paper describing the potential for a global air cargo industrial complex for North Carolina.[2] The paper posited, "North Carolina, the birthplace of aviation and the state with the highest percentage of its workers in manufacturing, is a natural to combine the two in a visionary manner, thereby substantially enhancing the economic competitiveness of the state and the nation." The complex proposed by Kasarda would integrate just-in-time manufacturing systems with air freight systems.[3] Comparing the proposed complex to Research Triangle Park in his 1991 State of the State address, Governor Martin endorsed the concept as a rare opportunity for North Carolina to dominate a rapidly growing market.

At Governor Martin's direction, the North Carolina Department of Transportation commissioned a study on the feasibility of creating such a complex for North Carolina. The study concluded a state-of-the-art air

[1] 2010 NC Sess. Law, 2010-31, Section 28.3(b).

[2] Kasarda has been the Director of the Kenan Institute of Private Enterprise at The University of North Carolina Business School at Chapel Hill since 1990, and he is the leading developer of the aerotropolis concept, which positions airports as 21st century drivers of business location and urban economic growth.

[3] Just-in-time manufacturing is a repetitive production system in which processing and movement of material and goods occurs as they are needed.

cargo airport surrounded by and connected to manufacturing, distribution, and support facilities could be constructed and estimated the total cost of the complex at $733 million. According to the study, the creation of a global air cargo industrial complex would enhance the economic development prospects for the state, generating about 55,000 new jobs and contributing approximately $2.8 billion annually to the state economy.

In 1991, the General Assembly created what is now known as the North Carolina Global TransPark Authority as an independent government agency located within the Department of Transportation and governed by a 20-member board of directors.[4] The General Assembly gave the Authority the power to establish, develop, and operate a global air cargo industrial complex. Similar to local government entities, the Authority has two features that distinguish it from privately owned industrial complexes.

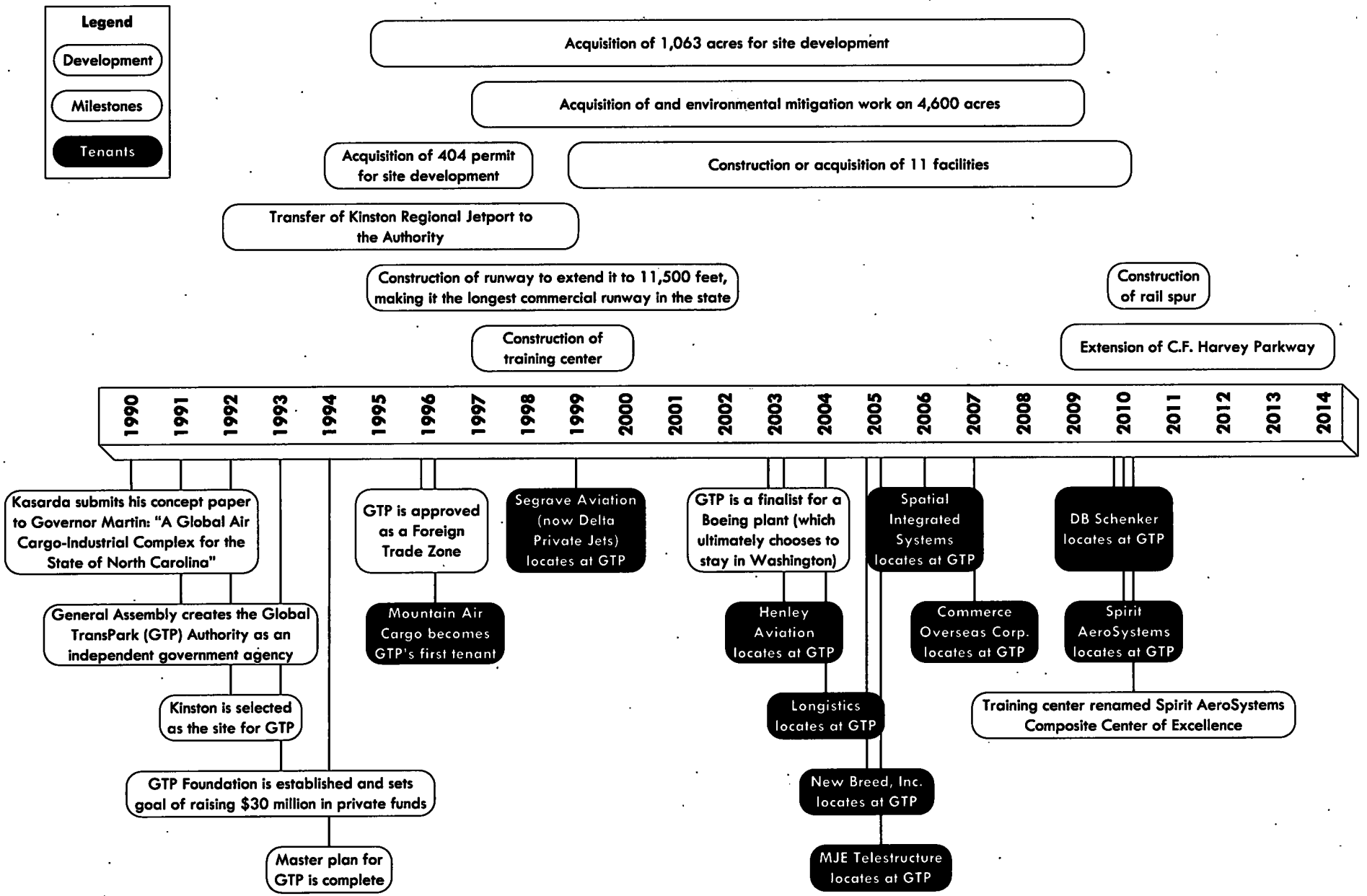
- **The Authority is exempt from property tax.** Because the Authority is a state entity, property owned by it is exempt from taxation in accordance with Article V of the North Carolina Constitution. The Authority is in a position to pass these savings along to prospective tenants. Consequently, businesses may choose to rent space at the Global TransPark rather than buy property elsewhere.
- **The Authority has zoning powers.** The General Assembly gave the Authority exclusive zoning jurisdiction over the complex site and zoning jurisdiction within six miles of the boundaries of the complex site.

In 1992, the Authority issued a request for proposals for possible sites for the complex and considered the following site information: size, cost, and environmental characteristics; access to highways, railways, airports, and seaports; availability of utilities; availability and cost of labor; availability of facility support services; quality of life in surrounding areas; zoning and permitting issues; and amount of financial support from local government entities.

After reviewing 11 proposals, the Authority selected Kinston in Lenoir County as the preferred site for the Global TransPark. The Kinston site had extensive airport infrastructure in place; a large amount of undeveloped acreage surrounding it; proximity to a number of military bases; and the potential for highway, rail, and deep-water port access. Based on the Kinston site, the Authority commissioned development of a master plan, which was completed in 1994. Exhibit 1 shows a timeline of major events related to the creation and development of the Global TransPark.

[4] 1991 NC Sess. Law, 1991-749. Seven members of the board are appointed by the Governor, three are appointed by the President Pro Tempore of the Senate, three are appointed by the Speaker of the House of Representatives, one is appointed by the Lenoir County Commissioners, and one is appointed by the Kinston City Council. The State Treasurer, Chairman of the State Ports, and Commissioner of Agriculture serve on the board. Two members serve at the pleasure of the President of The University of North Carolina and the President of the North Carolina Community College System.

Exhibit 1: Timeline of Major Events in the History of the Global TransPark



Source: Program Evaluation Division based on documents provided by the Authority.

Over time, the Authority has worked towards developing the infrastructure for the Global TransPark that was set out in the 1994 master plan. The Global TransPark has the following major features in place or underway:

- 946,566 square feet of leasable space,
- 604 acres of developable land,
- longest commercial runway in the state,
- direct rail access to the Port of Morehead City,
- access to multilane highway and multiple interstate highways,
- onsite conference, videoconference, research, education, and training center,
- secure internet access, and
- designation as a Foreign Trade Zone.

Appendix A provides a map of the complex and Appendix B describes the features of the Global TransPark in detail.

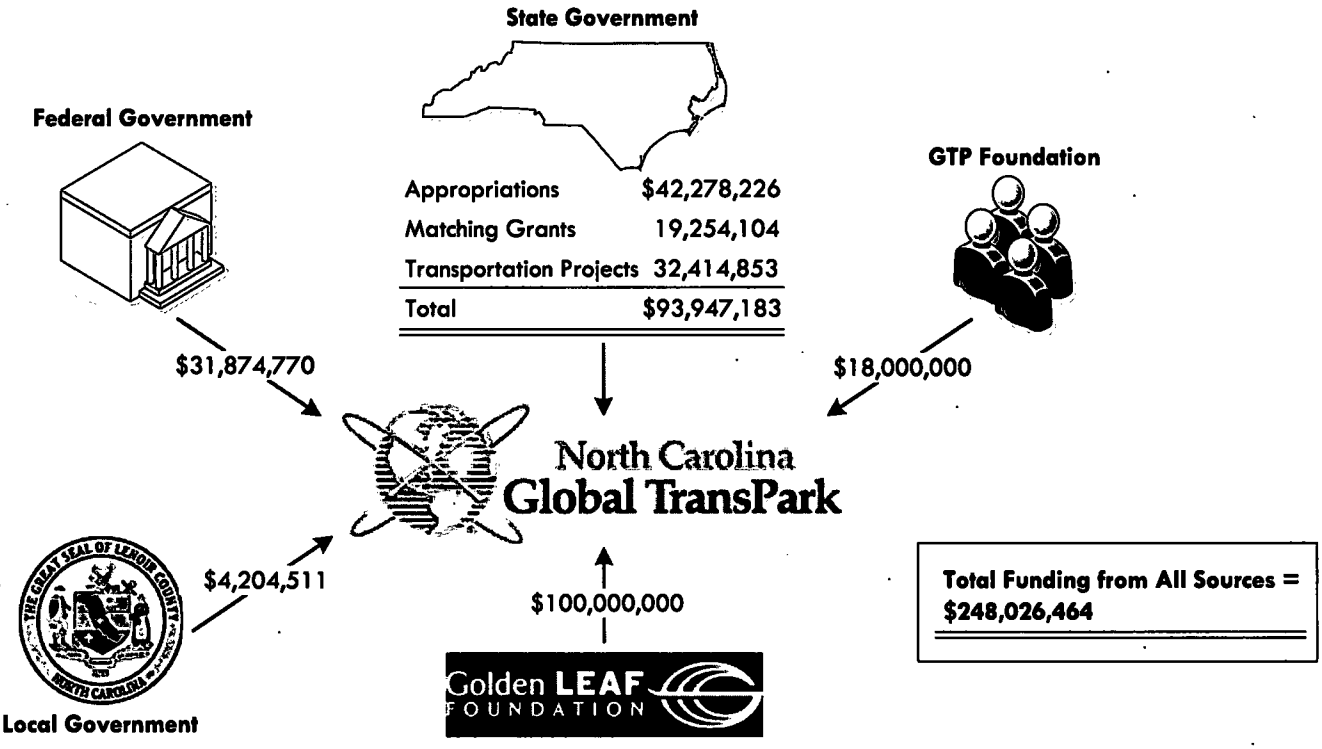
The Global TransPark has received a total of $248 million in funding from local, state, federal, and private sources since Fiscal Year 1991-92. As shown in Exhibit 2, the Authority has received $42.3 million in state appropriations for developing and operating the Global TransPark and another $19.3 million in matching grants from the state for building the infrastructure of the park. In addition, Department of Transportation funds in the amount of $32.4 million have gone toward the construction of roads and the rail spur at the Global TransPark. Federal government entities, including the Federal Aviation Administration, Department of Defense, and Economic Development Administration, have provided $31.9 million in grants for developing the park's infrastructure. Lenoir County and the City of Kinston have contributed $4.2 million to the Authority for infrastructure and economic development incentives.

The Global TransPark also has received financial and non-financial support from several other entities. The Global TransPark Foundation is a nonprofit corporation chartered to support the business development efforts of the Global TransPark through private fundraising efforts. The foundation raised $18 million of the $30 million it set out to collect in private funds. Golden LEAF Foundation contributed $100 million as part of an incentive package to land a major tenant at the Global TransPark.[5] The North Carolina Department of Commerce and North Carolina's Eastern Region support the Global TransPark in non-financial ways, such as featuring the park in marketing materials.[6]

[5] Golden LEAF Foundation is a nonprofit organization established by the General Assembly to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina.

[6] The Eastern Region, formerly known as the Global TransPark Commission, was established by the General Assembly to promote the economic development of a 13-county region that includes the Global TransPark. In 1993, the General Assembly authorized the Eastern Region to levy a $5 tax on motor vehicle registration for five years. The proceeds could be used for economic development projects and infrastructure construction projects that were within the territorial jurisdiction of the region but not within the Global TransPark.

Exhibit 2: Total Funding for the Global TransPark from All Sources (Fiscal Year 1991-92 to 2009-10)



Notes: Total funding does not include capital investment from any of the Global TransPark tenants or the $39.9 million debt to the Escheat Fund because that loan must be repaid. The $100 million from Golden LEAF Foundation was part of an incentive package to land a major tenant at the Global TransPark.

Source: Program Evaluation Division based on documents provided by the Authority.

In 1993, the Authority borrowed $25 million from the North Carolina Escheat Fund to develop the Global TransPark, and the balance on the loan as of February 2011 was $39.9 million due to the interest accrued. The Escheat Fund provides a means by which unclaimed property can be brought under the control of the state and converted to benefit the people of North Carolina. Unclaimed property is liquidated and invested in the Escheat Fund, which is managed by the Department of the State Treasurer. The original investment is held in trust for the rightful owners, and the interest earned on the investment is distributed annually to the State Education Assistance Authority, which makes loans to "worthy and needy" North Carolina resident students who are enrolled in state public institutions offering post-secondary education.

The Authority's enabling legislation authorized it to borrow up to $25 million from the Escheat Fund to finance development of the park and set a September 1, 1999 maturity date on the loan. The legislation also stated, "In the event of a loss to the Escheat Fund . . . it is the intention of the General Assembly to hold the Escheat Fund harmless from any such loss by appropriating to such Escheat Fund funds equivalent to such loss."[7]

The promissory note for the $25 million loan stipulated the loan's variable interest rate was based on the earnings record of the Treasurer's long-term investment fund and collateral for the loan was land or any other property

[7] 1991 NC Sess. Law, 1991-749, Section 8.

purchased using funds from the loan. Of the $25 million borrowed, $22.5 million was spent on buildings, land, and mitigation credits for the Global TransPark. The Authority returned the unused portion of the loan totaling $2.5 million to the Escheat Fund, along with an additional $758,048, leaving a principal balance of $21.7 million.

The Authority was unable to repay the Escheat Fund by September 1, 1999, and the General Assembly began extending the maturity date to give the Authority more time to repay the loan and the accrued interest. Since 1999, the General Assembly has extended the maturity date five times. The current maturity date for repayment of the loan is October 1, 2011. As of February 2011, the accumulated interest on the loan from the Escheat Fund was $18.1 million, and the total debt was $39.9 million.

The Global TransPark today is different from what was originally envisioned. Before a site was selected, the feasibility study projected job creation associated with investing in a global air cargo industrial complex. These projections estimated such a facility would create 55,000 new jobs, contributing approximately $2.8 billion annually to North Carolina's economy. The 1994 master plan, which was based on the Kinston site, described a vision of the Global TransPark as having direct connections to rail lines, speedy access to major seaports, and multiple connections to interstate highways. The master plan also estimated direct employment five years after initial development would reach 3,600 people. However, these estimates were predicated upon having the right infrastructure in place.

According to the master plan, after initial development is complete, business parks experience relatively slow growth in the first 8 to 10 years and significant growth in years 12 through 25. The Global TransPark will not have access to rail and ports until late 2011, and its access to multilane and interstate highways will not be completed until 2014—only then will initial development of the Global TransPark be complete. Furthermore, the total investment needed for the Global TransPark complex that was initially proposed was estimated at $733 million; to date, total investment in the Global TransPark has been considerably less. Therefore, the Global TransPark has not become the multi-modal manufacturing and distribution hub originally envisioned; rather, the Global TransPark is an industrial park with multi-modal attributes.

Findings

Finding 1: The Authority has made progress towards meeting its mission and goals.

The General Assembly created the Authority pursuant to its powers under Article V, Section 13, of the North Carolina Constitution to grant state and local governmental entities all the powers useful in connection with the development of new and existing airports and seaports. The General Assembly gave the Authority the power to acquire all required property for the project; issue bonds and notes to finance the project; and acquire and operate any facilities to aid commerce associated with the project. Although there was no explicit mission or purpose for the Authority in its enabling legislation or subsequent revisions, the implicit purpose of the

Global TransPark to create jobs was discussed in the initial concept paper, the feasibility study, and the master plan.

Absent a statutory mission, the Authority has adopted and defined its mission as

- creating skilled, well-paying jobs in eastern North Carolina;
- supporting education, research, and development efforts related to the creation of new economic opportunity; and
- attracting economic investment from identified, targeted industries.

The Authority has identified five industries to target for location at the Global TransPark: aerospace and aviation, advanced manufacturing, logistics and supply chain management, emergency response and disaster relief, and defense and security.

Despite its location in an economically challenged region, the Global TransPark currently has 14 tenants in four of its targeted industries, for a total of 372 jobs with a total average salary of $53,641. Creating jobs in the eastern region of the state is a challenge. Kinston, located in Lenoir County, is considered an economically distressed region; Lenoir County is designated as a Tier 1 county by the North Carolina Department of Commerce.[8] When Kinston was selected as the site of the Global TransPark, the unemployment rate for Lenoir County was 7.2% (one percentage point higher than the state) and the poverty rate was 20% (seven percentage points higher than the state). At present, the Global TransPark has 10 private companies as tenants. The Division of Forest Resources, State Highway Patrol, Division of Emergency Management, and North Carolina's Eastern Region also lease space at the park. Appendix C provides a description of each of these tenants.

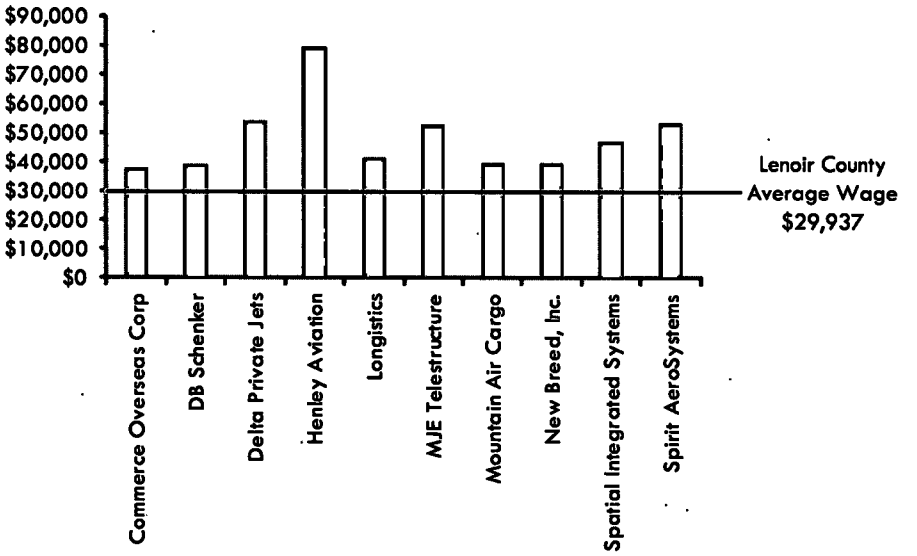
There are only a few private employers in the eastern region of the state with employment levels over 1,000. When one of the Global TransPark's tenants, Spirit AeroSystems, is fully staffed, it will be the largest private employer in Lenoir County and one of nine private businesses in the 13-county economic development region that employs more than 1,000 people.[9] Further, the average annual salary for Spirit AeroSystems employees is $53,750 ($23,813 or 80% higher than the average wage in Lenoir County). Exhibit 3 shows the average wage of all the private companies at the Global TransPark was above the average wage for private employers in Lenoir County in 2009.

[8] The Department of Commerce annually ranks the state's 100 counties based on economic well-being. The most distressed counties are designated as Tier 1, the next as Tier 2, and the least distressed as Tier 3.

[9] Spirit AeroSystems has a contract with the Department of Commerce for Job Development Incentive Grant money that stipulates annual job creation targets. By 2014, Spirit AeroSystems is required to create 1,031 new jobs.

Exhibit 3

Average Salary of Global TransPark's Private-Sector Tenants Exceeded Average Salary of Lenoir County's Private-Sector Employers in 2009



Source: Program Evaluation Division based on data provided by the Global TransPark Authority and the North Carolina Employment Security Commission.

Major progress was made towards achieving the Authority's mission and goals when Spirit AeroSystems chose to locate a manufacturing facility at the Global TransPark. Spirit AeroSystems is considered a leader in the aerospace industry as the world's largest independent supplier of commercial airplane assemblies and components. In May 2008, Spirit AeroSystems announced that it would locate its new manufacturing facility to build the center fuselage frame section from composites for an Airbus commercial aircraft at the Global TransPark. The company announced it would invest at least $570 million and create 1,031 jobs by 2014. Spirit AeroSystems broke ground in September 2008 and had created 162 jobs as of December 2010. Once Spirit AeroSystems is fully staffed, it will be the second largest aerospace company in North Carolina and the largest private employer in Lenoir County.

The location of Spirit AeroSystems at the Global TransPark has increased interest from other aerospace companies. Administrators from the Eastern Region stated that in the past they had to spend a lot of time explaining where Kinston, North Carolina was located, but "now people know." Eastern Region staff stated that at recent trade shows, businesses sought out the North Carolina booth to learn more about the Global TransPark and to understand why Spirit AeroSystems chose that location. According to the Department of Commerce, there has been increased interest from aerospace companies statewide since Spirit AeroSystems announced its plans to locate at the Global TransPark. This growth in interest for prospective companies symbolizes the growing potential of the Global TransPark.

Finding 2. Current administrative practices and operations limit the Authority's ability to achieve and demonstrate results.

The Authority lacks a results-based approach to the management of the Global TransPark. Results-based management is a proactive, goal driven approach that allows organizations to demonstrate the results of their

programmatic efforts.[10] There are two critical components to results-based management: strategic planning and performance management systems.

Deficiencies in the Authority's 2010 strategic planning process and product inhibit its ability to develop a results-based management approach. Strategic planning has become a generally accepted best practice for the operation of successful public and private sector organizations. To date, the Authority has had three strategic plans. The first was completed in 2002-03, and the second followed in 2006-07. In 2010, the General Assembly and Governor Perdue directed the Authority to develop a strategic plan that identified intermediate and long-term goals. The 2010 Strategic Plan was completed in December 2010 and is intended to replace previous plans.

The Program Evaluation Division reviewed the strategic planning literature, including documents created by the North Carolina Office of State Personnel, to determine critical aspects of the strategic planning process and critical elements of a strategic plan document. Exhibit 4 shows how well the Authority implemented these critical features in its 2010 strategic planning process and document.

Whereas the Authority's 2002-03 and 2006-07 plans were created by external entities, the Authority, in conjunction with administrators at the North Carolina Department of Transportation, led the effort to create the 2010 Strategic Plan. This increased level of involvement in the strategic planning process increases organizational ownership of the strategic plan document. Nevertheless, the Authority's process for developing the strategic plan was incomplete (see Exhibit 4). It did not sufficiently engage all critical stakeholders, such as North Carolina's Eastern Region or the Global TransPark Foundation, or determine its abilities to address challenges and develop strategies for addressing them. Furthermore, two of the three products associated with comprehensive strategic plan documents were inadequate or missing in their entirety. The Authority's mission statement was not explicitly stated. Rather than setting out strategic goals to address the strategic issues facing the Authority, the plan described a series of actions that would be conducted in the future, many of which were dependent on circumstances not within the Authority's direct control.

[10] The Program Evaluation Division's report entitled *Improving Regional Economic Development through Structural Changes and Performance Measurement Incentives* (May, 2008) identified the need for improved accountability for economic development entities.

Exhibit 4

Global TransPark Authority's 2010 Strategic Plan Lacked Several Critical Features

Critical Aspects of the Strategic Planning Process	
Identifying and engaging critical stakeholders	◖
Identifying an organization's mission and vision	●
Scanning the internal and external environment for an organization's strengths, weaknesses, opportunities, and challenges (commonly referred to as a SWOC analysis)	◖
Comparing threats and opportunities to an organization's ability to meet challenges and seize opportunities (commonly referred to as a GAP analysis)	O
Identifying strategic issues based on SWOC and GAP analyses and formulating strategies for addressing these issues	O
Implementing strategies	◖
Critical Elements of Strategic Plan Documents	
A mission statement that describes the purpose of an organization	◖
A vision statement that expresses the aspiration of an organization or what the organization looks and acts like when it is fulfilling its mandate	●
Strategic goals that address the strategic issues facing an organization	O

● = Fully implemented ◖ = Partially Implemented O = Not implemented

Source: Program Evaluation Division based on review of strategic planning literature, documents provided by the Authority, and interviews with the Authority.

The Authority lacks a formalized performance management system to measure, monitor, and report on progress toward achieving goals identified in a strategic plan. Strategic planning links management to operational activities by connecting the goals identified in the strategic plan to the operational objectives measured by a performance management system. Developing and implementing a formalized performance management system involves three components:

- setting operational objectives;
- monitoring progress towards achieving objectives; and
- taking remedial action when performance falls short.

Through the strategic planning process organizations develop overarching strategic goals, and each level or business unit within an organization should align their operational objectives with those goals. Strong operational objectives identify what an organization wants, how much an organization wants, when an organization wants it, and how an organization is going to get it. These objectives guide each business unit's operational activities.

Successful performance management systems improve the upward and downward flows of information. Statutorily, the Authority is required to have an annual audit and to report its activities to the General Assembly on an annual basis and to the Joint Legislative Commission on Governmental Operations on a quarterly basis. The Program Evaluation Division found that despite the existence of specific reporting requirements, the Authority has been providing only oral briefings, annual audits, and quarterly financial reports to the General Assembly. Development and implementation of a formalized performance management system would

allow the Authority to more easily and clearly report its activities and the result of those activities to the General Assembly, thus enhancing the Authority's accountability.

A formalized system also would improve the downward flow of information. It would allow the Authority to monitor the results of their activities, providing feedback about what is or is not working. The Authority acknowledges the lack of a formalized performance management system is an operational weakness and plans to address this shortcoming. However, until deficiencies with the strategic planning process and products are addressed, developing a formalized performance management system will have little value and will not allow the Authority to strategically focus its efforts and demonstrate the results of those efforts.

The Global TransPark Authority needs to increase the economic development capacity of its staff, strategic partnerships, and board of directors to meet its mission and goals. Although economic development is the core mission of the Authority, there are only 1.5 full-time equivalent (FTE) positions dedicated to economic development activities out of a total of 16.65 FTE. There is one full-time marketing position, and the Executive Director estimated she spends approximately 50% of her time on economic development activities. A reoccurring theme that emerged from interviews conducted for this evaluation was the need for the Authority to have greater economic development capacity. Building on the Authority's internal economic development capacity would require a full-time economic developer with connections to businesses and site selection consultants in targeted industries. However, adding additional staff to the Authority would cost money.

Another strategy for increasing the Authority's economic development capacity is to continue to strengthen its economic development partnerships. Historically, the Authority has had strained relationships with local and regional economic developers, but over the last few years these relationships have strengthened. Currently, the North Carolina Department of Commerce and Eastern Region do joint marketing with the Authority. These activities include promoting the Global TransPark on brochures and sharing booths at trade shows. In addition, the Authority has partnered with other entities for foreign trade zone marketing.

A board of directors more closely aligned with targeted industries and with statewide representation could strengthen the organization and increase its ability to attract new businesses. In interviews conducted for this evaluation, Authority board members and economic development experts suggested the Authority would benefit from a board of directors more closely aligned with its economic development mission. Currently, only one board member owns or operates a business within one of the Global TransPark's targeted industries (logistics). None of the board members represent the aerospace industry—one of the key industries for the Global TransPark—or the other targeted industries (advanced manufacturing, emergency response and disaster relief, and defense and security). Except for the Secretary of Commerce, no board members are from the economic development community. Furthermore, eight members are state administrators, and there is no representation from the western part of the state despite legislation

stipulating consideration should be given to having representation from the three regions of the state.

Finding 3. Program Evaluation Division analysis of the state's investment in the Authority shows the cumulative benefits to the General Fund will exceed the cumulative costs by 2025.

To determine the cost effectiveness of North Carolina's investment in the Authority, the Program Evaluation Division conducted a cost-benefit analysis of the state's investment in the Authority to determine the "payback" period of the initial and continued investment in the Authority. The payback period is the number of years it takes for the cumulative benefits produced by the Authority's operations and activities to exceed the cumulative costs of the state's investment in the Authority. Appendix D provides a more in-depth explanation of the cost-benefit analysis conducted by the Program Evaluation Division. The analysis for determining the payback period was built on two fundamental assumptions:

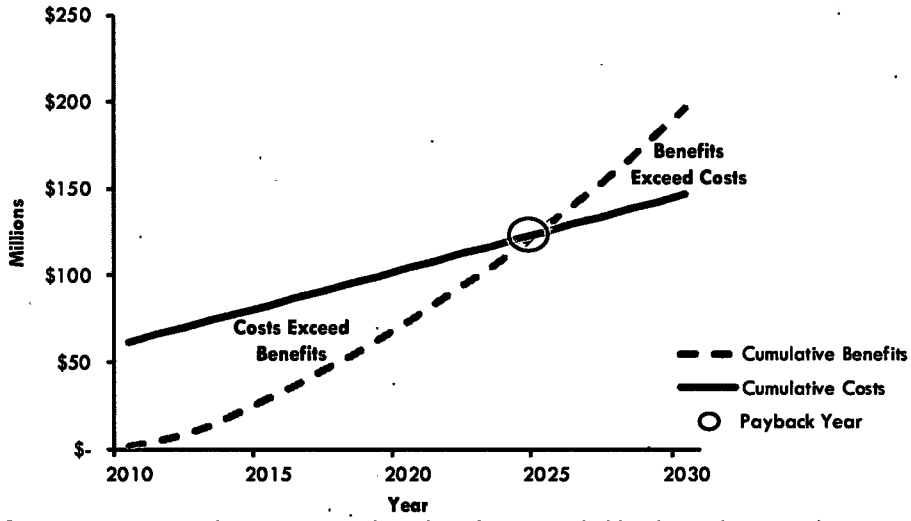
- **Costs:** The costs included in the analysis are only reflective of the past and continued investment the General Assembly has made in the Authority for the operation and development of the Global TransPark. These costs have come from the General, Highway, and Escheat Funds. The costs associated with the Escheat Fund are based on a 20-year repayment schedule.[11]
- **Benefits:** The accrued benefits are a function of average salary and direct employment counts for each of the private sector businesses located at the park. The benefits counted are only those that accrue to the North Carolina General Fund through income and sales taxes.

Exhibit 5 provides a visual depiction of the Division's payback analysis, where the intersection of cost and benefit lines represent the year in which cumulative benefits equal cumulative costs. The area to the left of the point of intersection represents the time period in which cumulative costs exceed cumulative benefits. The area to the right of the point of intersection represents the time period in which cumulative benefits exceed cumulative costs. Program Evaluation Division analysis determined the benefits of private-sector employment at the Global TransPark will exceed the state's investment in the Authority in 2025.

[11] The Program Evaluation Division ran multiple cost-benefit analyses based on different options for resolving the Escheat Fund debt through a payment schedule. Because little variation existed between payback years for each of the scenarios, this finding only presents the payback period of the least aggressive repayment option.

Exhibit 5

Estimated Benefits of Private Sector Employment at the Global TransPark Will Exceed the State's Investment in the Authority After 2025



Source: Program Evaluation Division based on data provided by the Authority and consultation with Fiscal Research Division staff.

This cost-benefit analysis provides a conservative estimate of the payback period for the development and operations of the Authority. The analysis is conservative because the estimated benefits that accrue to the General Fund do not include corporate taxes or revenues that accrue at the local level from ad valorem or property taxes.[12] Furthermore, the derived benefits that accrue to the General Fund only extend to direct private-sector employment at the Global TransPark; they do not account for the benefits that accrue from indirect or induced employment.

Increases in cumulative benefits or decreases in cumulative costs accelerate the point in time at which the payback year is reached. Holding costs constant, inclusion of additional benefits or increases in current benefits, such as growth in average salary or jobs beyond industry projections, would shorten the payback period. Similarly, any decrease in costs, such as altering the amount of the annual appropriation, also shortens the payback period.

Previous analysis of the Global TransPark did not examine the cost effectiveness of North Carolina's investment in the Authority because it did not attempt to estimate revenues that accrue to the General Fund as a result of the Authority's operating activities. In 2010, at the request of the Authority, the North Carolina Department of Commerce developed an economic impact analysis of the Global TransPark. The purpose of economic impact analyses is to estimate the total economic impact to a region or the state economy for a given number of inputs. These inputs include jobs at specified wages with an assumed level of capital investment. The analysis for the Global TransPark found existing tenant operations contribute $27.5 million to the region's gross domestic product each year. The analysis found that by 2014 when Spirit AeroSystems is fully staffed, existing tenant operations will contribute $169.3 million to the region's gross domestic product. This economic impact analysis did not

[12] These benefits were left out of the model because local taxes do not accrue to the General Fund and because of inaccuracies associated with quantifying corporate tax benefits.

examine cost effectiveness because it only estimated economic impact to the region; it did not quantify the fiscal impact to the General Fund.[13]

Program Evaluation Division analysis demonstrates the estimated fiscal impact to the General Fund from direct private sector employment at the Global TransPark will exceed the state's past and continued investment in the Authority's activities in 2025. In Fiscal Year 2010-11 the Authority received $1.43 million in appropriations.[14] The estimated fiscal impact on the General Fund from private-sector employment at the Global TransPark in Fiscal Year 2010-11 was estimated at $2.4 million. Assuming the appropriation to the Authority remains unchanged in the future, the analysis shows the estimated value of direct public-sector employment at the Global TransPark to the General Fund exceeds the amount needed for the annual amount appropriated to the Authority. Indeed, the fiscal impact on the General Fund from private-sector employment at the Global TransPark is expected to grow to $15 million by Fiscal Year 2029-30. Whereas the Program Evaluation Division's analysis shows the Authority's operations may be justified by its estimated fiscal impact on the General Fund, this analysis does not speak to the Authority's ability to become self-sustaining.

Finding 4. The Authority cannot be self-sustaining under the current operating environment; however, there are opportunities to reduce the Authority's reliance on state appropriations.

The Program Evaluation Division defined self-sustaining as generating operating revenues to cover operating expenses without an annual appropriation. The Division had to define self-sustaining in regards to the Global TransPark because it is a new expectation for the Authority. The General Assembly first required the Authority to propose a schedule to achieve financial self-sufficiency and repay the Escheat Fund in 2009.[15] The Program Evaluation Division inferred the intent behind the legislative request was reducing or eliminating the annual appropriation to the Authority. In the Authority's 2010 Strategic Plan, the Authority asks that a clear definition of self-sufficiency be established and did not identify a need for an increase in annual appropriations.

Under the current operating environment, the Authority cannot be self-sustaining because its annual operating expenses exceed its operating revenues. First, the Program Evaluation Division conducted a comprehensive review of the Authority's finances.[16] Appendices E and F provide a more in-depth description of the Authority's revenues, expenditures, and balance sheets for the past five fiscal years.

The Authority generates operating revenues from transactions related to building and space rental, land leases, landing fees, fuel flowage fees, janitorial services, computer network user fees, and Foreign Trade Zone

[13] In accordance with N.C. Gen. Stat. § 143B-437.52(a)(5), the Department of Commerce also conducted a fiscal impact analysis for the Job Development Incentive Grant it awarded to Spirit AeroSystems. The purpose of these fiscal impact analyses is to ensure the total benefits of a project to the state outweigh the costs, rendering the grant appropriate for the project.

[14] Of the $1.43 million, $1.28 million was an annual appropriation to support the operation of the Global TransPark from the Highway Fund and $150,000 was a block grant for airport improvements from the Department of Transportation's Division of Aviation.

[15] 2009 NC Sess. Law, 2009-451, Section 25.2(b).

[16] A review of annual audits revealed no material deficiencies in the management and operation of the Authority's finances.

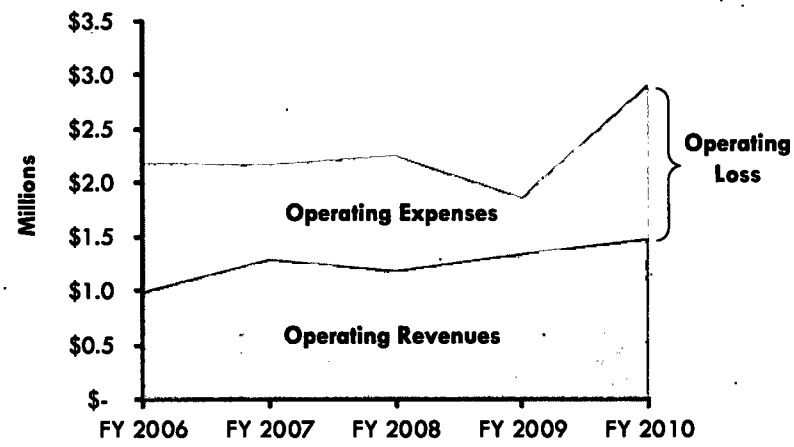
user fees. Since Fiscal Year 2005-06, the Authority's operating revenues have grown modestly.

The Authority's operating expenses are distributed across several categories. In Fiscal Year 2009-10, most of the Authority's expenses accrued through projects, salaries and benefits, utilities, and professional, legal, and accounting services. Unlike the steady, modest growth experienced by operating revenues, operating expenses increased sharply from Fiscal Year 2008-09 to 2009-10 due to an increase in capital project expenditures.

Exhibit 6 shows the difference between the Authority's operating expenses and operating revenues, or its operating loss, since Fiscal Year 2005-06. This operating loss shows the Authority's revenues have not kept track with expenses, putting into question the ability of the Authority to achieve self-sustainability.

Exhibit 6

Global TransPark Authority Has Had Operating Losses Since Fiscal Year 2005-06



Note: The Authority's annual appropriation and facility depreciation was excluded from this analysis.

Source: Program Evaluation Division based on data provided by the Authority.

The Authority's ability to become self-sustaining is compromised because some of its revenue-generating assets have been used as economic development incentives. The Global TransPark's assets have been used as incentives to entice businesses to locate at the park, and the Authority is not involved in negotiations for these incentives. For example, the state agreed to lease the Authority's 304-acre site to Spirit AeroSystems for $100 annually. At a fair market lease value of 10¢ per square foot, the 304-acre site had an annual leasable value to the Authority of more than $1.3 million dollars. Another example of an asset whose revenue-generating ability has been compromised through its use as an economic development incentive is the training center. As part of its incentive package, the training center was renamed the Spirit Aerosystems Composite Center of Excellence (hereafter referred to as the Composite Center), and Spirit AeroSystems was given priority use of the facility free of charge until 2020. Since Spirit AeroSystems has taken priority use of the Composite Center, the Authority's revenues from the center have dropped from $206,165 in Fiscal Year 2007-08 to $40,923 in Fiscal Year 2009-10.

Self-sufficiency is a reasonable expectation in the long term but requires the Authority to reduce operating expenses and/or generate more revenue. In Fiscal Year 2009-10, the Authority allocated its $1.28 million annual appropriation across three business units.[17]

- The administration and marketing business unit carries out development, marketing, and planning for the Global TransPark ($653,513).
- The airport business unit manages the physical property of the airport, maintains compliance with federal and state airport regulations, and coordinates with air traffic control and transportation security administration staff ($339,849).
- The training center business unit manages the facility and leases out available space ($286,638).

Exhibit 7 proposes five mutually exclusive options to reduce operating expenses at the park and any associated cost savings. All five options are feasible, but each has implications that present different implementation challenges. Of the options identified for reducing operating expenses at the Global TransPark, the most feasible is transfer of the Composite Center to Lenoir Community College. Lenoir Community College currently provides faculty for classes taught at the Composite Center and cost-shares an administrative assistant position with the Authority. In addition, Lenoir Community College administrators have stated they could use the space. Because of grant money the Authority received to build the center, the United States Economic Development Administration would have to approve the transfer and Lenoir Community College would have to use the facility for economic development purposes until 2017. Lenoir Community College also would need to honor Spirit AeroSystems priority use of the facility until 2020.

[17] In Fiscal Year 2010-11 the Authority received $1.43 million from the state.

Exhibit 7: Options to Decrease the Global TransPark Authority's Operating Expenses

Option	Rationale and Action Required	Implications of Implementation	Estimated Cost Savings
Transfer the Authority from the Department of Transportation to the Department of Commerce	**Rationale:** Authority's economic development mission is more closely aligned with Commerce than Transportation **Action required:** Legislation directing a Type 1 transfer	• Commerce does not manage economic development properties and has no experience running an airport • Management and promotion of a single site by Commerce does not align with the broader focus of Commerce	**$128,020**
Transfer the administration and marketing activities to the Department of Commerce or Eastern Region	**Rationale:** These entities already do some marketing for the Global TransPark **Action required:** Legislation to direct designated entity to assume this responsibility	• Neither of these entities manages economic development properties • Management and promotion of a single site by either entity does not align with the broader focus of the Eastern Region or Commerce	**$64,010**
Transfer the airport to another government entity	**Rationale:** Airport could be run by another government entity **Action required:** Legislative action; subsequent owner would have to be a government entity, be approved by the Federal Aviation Administration, agree to operate the airport as long as there is an aeronautical need, and honor the military's use for training purposes until 2015	• Airport can only be transferred to another government entity • A likely candidate would be Lenoir County because it operated the airport in the past • Airport has potential to generate increased revenue for the Authority or another approved operator	**$0**
Transfer the Composite Center to Lenoir Community College	**Rationale:** Composite Center could be run by another government entity **Action required:** Legislative action; subsequent owner would have to be a government entity, be approved by the United States Economic Development Administration, agree to operate the facility for economic development purposes until 2017, and honor Spirit AeroSystems priority use of the facility until 2020	• Composite Center can only be transferred to another government entity • A likely candidate would be Lenoir Community College because it currently provides workforce training for Spirit AeroSystems at the center and reports it could use the space	**$113,499**
Reduce Authority staff size	**Rationale:** Authority (14 full-time staff, 3 part-time staff) could operate with a smaller staff; it currently has one vacant position in the training center business unit **Action required:** Reduction in state appropriation	• Further staff reductions would compromise continued operations at the Global TransPark • State appropriation has already been reduced from $3.0 million in FY 2001-02 to $1.28 million in FY 2009-10, and the full-time staff has been cut in half during that time	**Depends on the size of the reduction:** Although $41,252 could be saved by eliminating the one vacant position in the training center business unit, this savings is eliminated if the Composite Center is transferred away from the Authority

Note: Estimated cost savings are based upon elimination of duplicative staff positions.

Source: Program Evaluation Division based on documents provided by the Authority and interviews.

Because there was limited opportunity for reducing the Authority's operating expenses, the Program Evaluation Division explored options for generating additional revenue. Revenue generation at the Global TransPark is spread across numerous activities. Rents from the leasing of land and use of capital facilities make up the vast majority (80%) of the Authority's operating revenues. Other sources of operating revenues are transactions associated with leasing space at the Composite Center, computer network user fees, janitorial service fees, and fees associated with the airport such as fuel flowage and landing fees.

Exhibit 8 examines options for increasing revenue generated by the Authority. The Authority is currently pursuing four of the five options presented:

- development of additional capital facilities;
- establishment of air cargo and passenger services;
- establishment of a mitigation bank; and
- assessment of environmental impact fees on tenants.

The one option for increasing revenue requiring legislative action involves co-locating three state agencies currently located on 25 acres of real estate by the runway. The Division of Forest Resources, State Highway Patrol, and Division of Emergency Management have considered co-locating within a shared facility with access to the runway. Co-location of these agencies would free up land that could be developed as commercial rental property, improving the aesthetics of the park and making it more appealing to prospective tenants. This action would enhance the Authority's ability to attract potential aviation tenants. Construction of a shared facility for the three agencies would cost money, but it would produce efficiency savings through economies of scale, such as reduced utility costs.

The long-term operating needs of the Authority change based on increases in revenues or decreases in annual expenditures. Adopting any of the options discussed in this finding would allow the General Assembly to adjust the Authority's annual appropriation accordingly.

Exhibit 8: Options to Increase the Global TransPark Authority's Operating Revenues

Options	Current or Required Action	Potential Benefits	Additional Considerations
Develop additional capital facilities	Authority has secured a federally backed loan to develop Global TransPark 7, a 100,800 square foot facility on 35 acres	• Having a speculative building available may attract prospective tenants	• Authority must set an appropriate lease rate to generate a profit
Co-location of state agencies	Requires legislative action to direct the Division of Emergency Management, Division of Forest Resources, and State Highway Patrol to co-locate at the Global TransPark and construction of a shared facility	• 25 acres of real estate would become available for commercial development and would be highly marketable due to its central location on the runway • State agencies would gain efficiency savings, such as reduced utility costs • Co-location of state agencies would improve the aesthetics of the Global TransPark	• Building a shared facility for the three agencies would cost money • Tenant for the 25 acres would have to be found
Establish air cargo and passenger services	Authority is pursuing air cargo services and northbound passenger service to Washington, DC	• Air cargo and passenger services would increase revenue collected from landing and fuel flowage fees • Authority becomes eligible for an annual grant of $1 million from the Federal Aviation Administration if the number of passengers exceeds 10,000 per year	• Amount of revenue generated depends on the number of flights at the airport • Air cargo services would require the Authority to increase its fueling capacity; construction of a fuel farm is estimated at $325,000
Establish a mitigation bank	Authority's 2010 Strategic Plan proposed development of a mitigation bank	• Excess credits from environmental work could generate $5.4 million	• Sale of mitigation credits is not a recurring source of revenue • Liquidation of credits reduces the amount of land the Authority could develop into commercial real estate
Assess environmental impact fees on tenants	Authority has the power to assess and levy fees and is developing an impact fee structure	• Allows the Authority to recover some of the up-front costs of environmental work it has conducted	• Environmental impact fees could only be charged to new tenants

Source: Program Evaluation Division based on documents provided by the Authority and interviews.

Finding 5. The Authority does not generate sufficient revenue to repay the Escheat Fund loan; therefore, the responsibility for repayment of the debt falls to the state.

Because current operations do not enable the Authority to be a self-sustaining entity, repayment of the Escheat Fund loan by the Authority is impossible. The Authority's enabling legislation authorized it to borrow up to $25 million from the Escheat Fund to finance development of the park. As of February 2011, the Escheat Fund debt totaled $39.9 million (the principal amount of the loan was $21.7 million and accrued interest was $18.1 million). The Authority does not have the financial means to keep this loan from growing. Interest is accruing at a variable rate that is tied to the Treasurer's long-term investment fund interest rate. The estimated annual interest for the Escheat Fund loan is $2.5 million. If no action is taken, it is estimated the Escheat Fund debt will grow to $108.3 million by 2030.[18] The Authority would have to make estimated annual interest payments of $2.5 million to keep this loan from growing any larger. Given that the Authority's operating revenues fail to exceed its operating expenses each year, the Authority will not be able to repay the Escheat Fund debt.

As part of its 2010 Strategic Plan, the Authority proposed options to address the Escheat Fund debt; the Department of the State Treasurer does not believe any of the proposals are viable strategies for dealing with the Escheat Fund debt. The Authority's solutions ranged from forgiving the loan in its entirety to transferring assets acquired through the Escheat Fund loan back to the Department of the Treasurer to offset the loan balance. Exhibit 9 provides the Treasurer's formal response to each of the Authority's proposed options.

[18] These debt growth projections are based on a fixed interest rate of 4%; the real rate of growth for this debt is variable because it is dependent on the current long-term investment fund's interest rate. Throughout the life of the loan this rate has been as high as 12.54% and as low as 3.47%.

Exhibit 9: Treasurer's Response to Authority's Proposals Regarding the Escheat Fund Debt

Authority's Proposed Options	Department of the State Treasurer's Response
Forgive the loan in its entirety	Pursuant to an enforceable promissory note, the Authority is contractually obligated to repay the $25 million investment, plus interest, to the Escheat Fund. In the event the Escheat Fund suffers a loss due to the Global TransPark, the General Assembly will hold the Escheat Fund harmless from the loss. The derived benefits of the Department of Commerce's economic impact analysis, which served as the basis for this proposed option, do not equal a payment of $25 million, plus interest, to the Escheat Fund, which was created to fund monies in trust for worthy and needy students.
Forgive the interest earned on the loan	The terms of the promissory note state the rate of interest shall be equal to the rate of interest earned on the Treasurer's long-term investment fund. Therefore, the rate of interest is set according to the terms of the contract.
Set the interest rate to zero	The terms of the promissory note state the rate of interest shall be equal to the rate of interest earned on the Treasurer's long-term investment fund. Therefore, the rate of interest is set according to the terms of the contract.
Credit the loan for the present value of Spirit AeroSystem's 100-year lease term, valued at approximately $27.6 million	The value for the 100-year lease term does not in any way make the Escheat Fund whole for the $25 million investment, plus interest, for which the Escheat Fund is owed.
Accept transfer of Global TransPark assets to offset the amount owned on the loan and assume management responsibility of these properties and capital facilities	A response cannot be offered until a third-party evaluation is conducted of all the Global TransPark's assets.

Source: Program Evaluation Division based on documents provided by the Authority and Department of the State Treasurer.

The state is responsible for repaying the $39.9 million owed to the Escheat Fund. Legislation authorizing the Escheat Fund loan stated it was the intention of the General Assembly to hold the Escheat Fund harmless from any losses associated with the investment by appropriating funds to the Escheat Fund equivalent to any loss. The current maturity date for repayment of the loan is October 1, 2011. The Department of the State Treasurer views the loan to the Authority from the Escheat Fund as a "non-performing" loan and is prepared to begin the foreclosure process if agreement of a repayment schedule cannot be reached. It is the preference of the Department of the State Treasurer to bring this debt into a performing loan status. The Department of the State Treasurer indicated some willingness to be flexible with the terms of the loan if the state would be willing to commit to an annual repayment schedule.

Based on a debt of $40 million, the Department of the State Treasurer has prepared options for a 10-, 15-, or 20-year repayment schedule. The Program Evaluation Division identified a lump-sum payment as another repayment option. The Program Evaluation Division's analysis shows the benefit-to-cost ratios of each of these repayment schedules. A benefit-to-cost ratio is a common unit of measure that allows policy makers to compare options across projects. A ratio of 1.00 means the project benefits equal the cost; a ratio of less than 1.00 means the costs exceed the benefits; a ratio of greater than 1.00 means the benefits outweigh the costs. The higher the ratio, the better the option as a course of action. Exhibit 10 summarizes the annual payment amount and benefit-to-cost ratio in 2030 for each of the repayment scenarios. All the repayment options show a positive benefit-to-cost ratio for the state in 2030, with the lump-sum payment having the highest ratio.

Exhibit 10

All Repayment Scenarios for the Escheat Fund Debt Have Positive Benefit-to-Cost Ratios in 2030

Escheat Repayment Schedule	Annual Payment	2030 Benefit-to-Cost Ratio
Lump-sum payment	$ 39,884,319	1.51
10-year repayment	$ 4,741,959	1.43
15-year repayment	$ 3,459,273	1.39
20-year repayment	$ 2,830,067	1.34

Note: The repayment scenarios assumed a loan balance of $40 million, a fixed interest rate of 4%, and a first payment date of June 30, 2011.

Source: Program Evaluation Division based on data provided by the Authority and consultation with Fiscal Research Division staff.

Finding 6. Due to federal restrictions and contractual obligations, immediate divestiture from the Global TransPark is not feasible.

In developing the Global TransPark, the state made commitments to the federal government and businesses located there. Therefore, immediate closure of the Global TransPark and sale of its assets to repay the Escheat Fund debt is not possible.

The Federal Aviation Administration will not allow the airport to close and will only consider transfer to another government entity. The Authority has received several airport development grants for facilities and real property from the Federal Aviation Administration (FAA). The federal obligations associated with facilities require the airport to be open to the public as an airport for the useful life of the project but not to exceed 20 years. Grants to acquire real property come with federal obligations to operate the airport as an airport, open to the public, so long as there is an aeronautical need. According to a representative of the Federal Aviation Administration, "Today, the Federal Aviation Administration will not allow the airport to close."

The FAA would consider transfer of the airport to another government entity. If there is no money gained in the transfer, then no money would be owed to the FAA, but the FAA would have to review the transaction. If, in the future, the airport is no longer needed for public aeronautical purposes, the owner at that time will have to reimburse the FAA for the airport land at the fair market value at that time and for any grant monies used to develop facilities if 20 years have not passed since they were received. Additionally, pursuant to the Surplus Property Act of 1944, the net proceeds of any sale must be reinvested in the airport or returned to the federal government.[19]

Furthermore, the Spirit AeroSystems lease stipulates that Spirit AeroSystems can cancel its lease with the permanent closure of the airport or the transfer of the airport to a non-governmental entity. Sale or transfer of the

[19] The airport was originally transferred from the federal government to Lenoir County and the City of Kinston pursuant to the Surplus Property Act of 1944. When the airport was subsequently transferred to the Authority, the terms and conditions of the original agreement also were transferred to the Authority.

airport to a non-government entity could be considered a material breach of this lease agreement and could expose the state to liability.

The Spirit AeroSystems Composite Center of Excellence must be owned by a government entity until 2017, and Spirit AeroSystems has priority use of the facility free of charge until 2020. The Authority received a $3 million grant from the United States Economic Development Administration in 1997 to build a training center. This grant came with a 20-year obligation to keep the facility open to the public for workforce development and training. The Economic Development Administration would consider transfer of the Composite Center to another government entity that would use the facility for economic development purposes. If the state were to transfer the center to another government entity, that entity would need to honor Spirit AeroSystems priority use of the facility free of charge until 2020.

None of the commercial real estate at the Global TransPark is currently free of encumbrances. All but one current tenant at the Global TransPark have leases expiring between 2011 and 2030, and some tenants have multiple opportunities to exercise options to extend their leases. Shutting down the Global TransPark could result in material breaches of these leases. Any material breach of lease agreements would expose the state to liability and the amount of damages would depend on what loss the tenant suffered due to the breach. An item would be considered material if it was a consideration that induced a business to locate at the Global TransPark rather than somewhere else.

If the state were to find a private buyer for the commercial real estate, the buyer would need to assume the terms of the existing leases. Potential buyers would be subject to property taxes. Because the Authority is a state entity, property owned by it is exempt from taxation in accordance with Article V of the North Carolina Constitution. The Authority is in a position to pass these savings along to prospective tenants. Indeed, the Authority's lease with Spirit AeroSystems states the Authority's status as a government entity exempt from property taxes was a material inducement for the company locating at the Global TransPark. Spirit AeroSystems's lease stipulates that if the Global TransPark is conveyed to or acquired by a non-government entity, that entity would be required to assume the property taxes on the company's land and facilities.

A small amount of land is free of encumbrances, but any potential buyers would have to purchase mitigation credits to develop it. Most of the 5,688 acres owned by the Authority have restrictions on them due to airport obligations, environmental obligations, private-sector loans, tenant use, and Foreign Trade Zone status. Currently, there are only three parcels of land, totaling 190 of the 604 developable acres, which could be sold immediately. The value of this property at the time of purchase was $1.9 million. However, in order to develop these parcels, potential buyers also would have to purchase mitigation credits. The Authority obtained a 404 permit to develop its property, but the permit is not sellable or transferable. A mitigation bank could be established to sell credits for the environmental work that has already been completed by the Authority. If the state were to find a buyer for the available acres, the buyer would have to purchase mitigation credits to develop the land.

Other issues may dissuade any potential buyers. Some land that was donated to the Authority is considered a brownfield,[20] and any new owner would have to take over the monitoring responsibilities the Authority performs pursuant to an agreement with the North Carolina Department of Environment and Natural Resources. The complex is also subject to a settlement with the Neuse Riverkeeper regarding the amount of stormwater runoff that is permitted.

Closure of the Global TransPark could dissuade global businesses from considering locating in North Carolina. According to Jim Fain, who was the Secretary for the North Carolina Department of Commerce when Spirit AeroSystems decided to open a new facility at the Global TransPark, officials told Spirit AeroSystems "we are committed to being your partner as you build this strategically important operation outside of Wichita." According to Fain, Spirit AeroSystems was looking to locate somewhere that understood the value of public-private partnerships and their business. Spirit AeroSystems has committed to creating over 1,000 jobs at the Global TransPark in the next six years. If the state does not meet its commitments to Spirit AeroSystems, the ability of North Carolina to attract global businesses in the future could be compromised.

Recommendations

Recommendation 1. The General Assembly should establish the terms and repayment schedule for the Escheat Fund debt.

The Program Evaluation Division found revenues generated by the Authority's operations are insufficient to repay the Escheat Fund debt (see Finding 5). Legislation authorizing the loan stated it was the intention of the General Assembly to hold the Escheat Fund harmless from any losses associated with the investment by appropriating funds to the Escheat Fund equivalent to any loss. Based on a debt of $40 million, the Department of the State Treasurer has prepared options for a 10-, 15-, or 20-year repayment schedule. The Division's cost-benefit analysis shows positive benefit-to-cost ratios for each of these repayment schedules by 2030 (see Finding 3).

Given the state's current budgetary position, making a lump-sum payment seems impractical. Of the payment options presented by the Department of the State Treasurer, it is in the current best interest of the state to adopt a 20-year repayment plan for the Escheat Fund debt. This repayment amount equates to $2.8 million dollars annually. Because the maturity date for the Escheat Fund loan is currently October 1, 2011, the General Assembly needs to adopt a repayment schedule for the Escheat Fund loan immediately.

[20] A brownfield is land that was previously used for industrial purposes that was contaminated and has the potential to be reused once it is cleaned up.

Recommendation 2. The General Assembly should choose between two options for the future of the Global TransPark—continue supporting the Authority based on demonstrated results or incrementally divest in the Global TransPark.

The analysis presented in Finding 3 demonstrates, based on conservative estimates, the state's past and continued investment in the Authority will reach its payback year by 2025. If the state is interested in allowing its investment in the Authority to reach its payback year, the General Assembly should consider adopting the actions outlined in Option 1 below.[21] If, on the other hand, the state chooses to no longer support the Global TransPark, Option 2 provides the General Assembly with a strategy to incrementally divest from the Global TransPark. Recall that immediate divestiture in the Global TransPark is not possible given the obligations described in Finding 6. Regardless of the course of action chosen in Recommendation 2, the General Assembly still needs to address the Escheat Fund debt.

Option 1. Continue funding the Authority based on demonstration of results and address issues identified in this report. In order for North Carolina to maximize continued investment in the Authority, the General Assembly should

- enact legislation defining the mission of the Authority as "attracting skilled, well-paying jobs and economic investment from identified, targeted industries and supporting education, research, and development efforts related to the creation of new economic opportunities;"
- modify the composition of the Authority's board of directors to require greater statewide representation and representation from the Global TransPark's targeted industries; and
- revise the reporting requirement established in N.C. Gen. Stat. § 63A-23 by requiring that written reports address progress made on strategic goals and operational objectives identified in the strategic plan and the condition of job growth and creation at the Global TransPark.

The General Assembly should then direct the Authority to

- revise its 2010 Strategic Plan to correct deficiencies identified in Finding 2 using the resources and assistance available through the North Carolina Office of State Personnel;
- develop and implement a formalized performance management system that connects operational objectives to goals identified in its revised strategic plan;
- submit the revised strategic plan and performance management system for review by the Program Evaluation Division and the Fiscal Research Division; and
- complete these tasks no later than July 1, 2012.

Implementing the recommendations outlined in Option 1 should address the operational issues associated with planning, performance management,

[21] Option 1 would not preclude any actions that more closely align the Authority with the North Carolina Railroad and/or North Carolina State Port Authority.

accountability, and governance that were identified during this evaluation. With these changes, the Authority will be positioned to meet the economic development mission defined by the General Assembly and demonstrate the results of its efforts. To ascertain whether the state's investment in the Authority is on track to reach the 2025 payback year identified in Finding 3, the General Assembly should require the Authority to issue a special report no later than February 1, 2017 documenting the estimated fiscal impact to the General Fund from private-sector employment at the Global TransPark. If the special report finds the estimated value of private-sector employment is lagging, the General Assembly should reconsider whether continued investment in the Authority is reasonable.

Option 2. Incrementally divest in the Global TransPark through liquidating and transferring assets in a manner that honors operating obligations. The General Assembly should direct the North Carolina Department of Transportation to develop and implement North Carolina's strategy for divesting from the Global TransPark. This divestiture should be completed by January 1, 2019. The Department of Transportation plan should identify financial obligations and assets whose operation must be transferred, which entails

- identifying outstanding financial operating commitments and establishing a schedule and plan to address the outstanding balance on these obligations; and
- identifying assets that would require transfer of operations and developing proposals and strategies to transfer these assets to appropriate entities that would honor obligations established by the Authority.

The plan also should identify land and commercial real estate for liquidation, which entails

- identifying the assets that can be liquidated immediately and assets whose immediate liquidation is restricted;
- developing a timeline and strategy for the incremental sale of all assets pending availability of sale;
- conducting a third-party real estate valuation for all assets pending availability of sale;
- establishing a mitigation bank to liquidate excess mitigation credits; and
- reporting on the status of the Global TransPark divestiture to the General Assembly on an annual basis.

The Department of Transportation should submit its plan to the General Assembly no later than January 1, 2012. Pursuant to N.C. Gen. Stat. § 147-69.2(b)(11), any proceeds from the sale of Global TransPark assets must be used to offset any remaining balance on the Escheat Fund loan.

The General Assembly will need to continue to fund operations at the Global TransPark until 2019 to ensure complete divestiture and transfer of the Authority's assets. However, the amount appropriated must be justified annually. This amount should reflect only the resources needed to operate the remaining assets at the park. Justification for the annual appropriation should be included in the annual report which updates the General Assembly on divestiture.

Adopting Option 2 signals a withdrawn commitment to the Authority and the Global TransPark. It would allow the state to recoup the cost for some of the investments made in the Authority. It also allows the state to transfer operation of the airport and the training center to approved government entities. If these assets are transferred to other state entities, they will require continued financial support to ensure continuity of operation.

Appendices

Appendix A: Map of the Global TransPark

Appendix B: Description of Key Features of the Global TransPark

Appendix C: Public- and Private-Sector Employers at the Global TransPark

Appendix D: Methodology for Cost-Benefit Analysis

Appendix E: Global TransPark Authority Balance Sheets (FY 2005-06 to 2009-10)

Appendix F: Global TransPark Authority Revenues and Expenditures (FY 2005-06 to 2009-10)

Agency Response

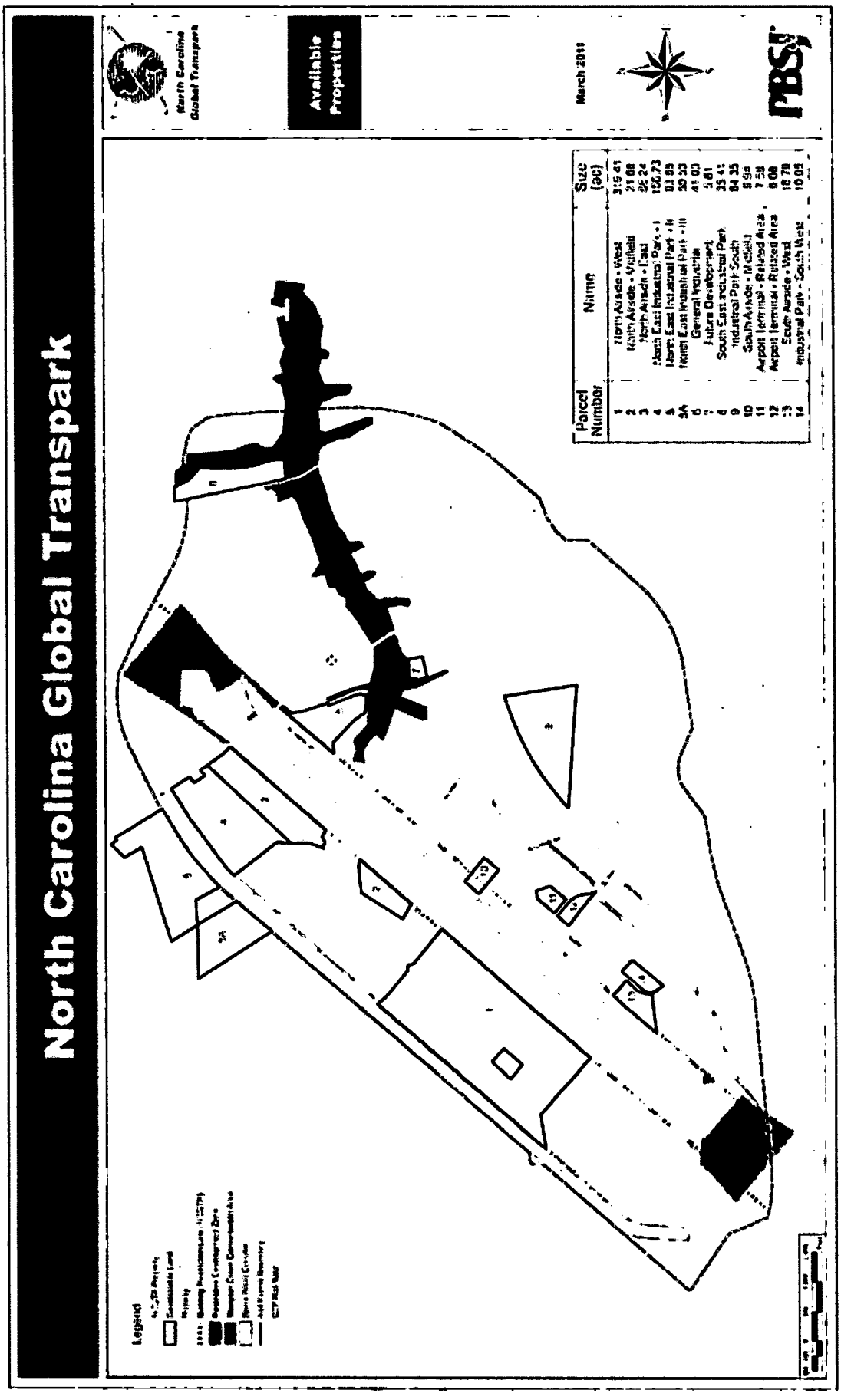
A draft of this report was submitted to the Global TransPark Authority and the Department of the State Treasurer to review and respond. Their responses are provided following the appendices.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Sean Hamel, at sean.hamel@ncleg.net.

Staff members who made key contributions to this report include Kiernan McGorty, Catherine Moga Bryant, Carol Shaw, Pamela L. Taylor, and Larry Yates. John Rock, an intern with the Program Evaluation Division, and Barry Boardman, Chief Economist for the Fiscal Research Division, also contributed to this evaluation. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A: Map of the Global TransPark



Source: Map provided by the Global TransPark Authority.

Appendix B: Description of Key Features of the Global TransPark

Leasable space. The Authority has constructed or acquired 11 facilities. The Authority has 946,566 square feet of leasable space, 97% of which is currently rented out. The one space available for lease is a 19,600 square-foot hangar.

Developable land. The Authority currently has 604 acres of developable land. The Authority obtained a 404 permit from the United States Army Corps of Engineers to allow site development and acquired 1,063 acres for that purpose. As a condition of the permit, the Authority had to preserve, enhance, and restore 4,600 acres of wetlands within the permitted area, which it completed in 2009. Because the Authority acquires the environmental permits necessary for construction, it can offer prospective tenants "shovel-ready" sites. The Authority received a stormwater permit in 2011 from the Department of Environment and Natural Resources's Division of Water Quality.

Longest commercial runway in the state. The Kinston Regional Jetport was transferred from Lenoir County to the Authority over a seven-year period from 1992 to 1999. The runway was 7,500 feet when the Authority acquired it, and it has been extended twice through funds from the Department of Defense, Federal Aviation Administration, and General Assembly. The jetport's runway is currently 11,500 feet, making it the longest commercial runway in the state. The Authority has applied to upgrade the airport to a Category III Instrument Landing System, which international cargo carriers require because it allows the landing of any size aircraft in any type of weather.

Direct rail access to the Port of Morehead City. By November 2011 the Global TransPark is expected to have a 5.7-mile rail spur that will connect it to the North Carolina Railroad main line and consequently the Port of Morehead City.

Access to multilane highway and multiple interstate highways. The Global TransPark has access to I-40 and I-95. Extension of the C.F. Harvey Parkway section in front of the Global TransPark to US-70 just west of Kinston is expected in 2014.

Onsite conference, videoconference, research, education, and training center. The Authority built a 33,000 square foot training center with funds from the United States Economic Development Administration. The center has state-of-the-art equipment and can provide customized services to industries, including workforce development training through Lenoir Community College. The center was renamed the Spirit Aerosystems Composite Center of Excellence in 2010, and Spirit Aerosystems has priority use of the facility. Nevertheless, parts of the center, including a large conference room, remain available to the public.

Secure fiber network. Since 2002, the Global TransPark has had an onsite fiber-optic backbone that provides tenants with secure, high-speed internet access. In 2010, the fiber-optic loop was completed, giving the Authority and its tenants network redundancy.

Foreign Trade Zone. The Global TransPark is one of six Foreign Trade Zones in North Carolina. A foreign trade zone is a designated, secure area inside the United States but outside United States Customs territory where goods can enter without a formal customs entry and many of the associated duties, excise taxes, and cargo examinations. The Global TransPark is Foreign Trade Zone #214, with three general purpose sites for warehousing and distribution for public use and two subzones for a particular industry. In 2003, Longistics became the operator of the general purpose site at the Kinston Regional Jetport, but the site has not been activated to date. In 2008, Kanban Logistics activated the second general purpose site in Tarboro; the third general purpose site in Rocky Mount has not been activated. One subzone was activated by what is now known as Rocky Mount Engine Plant in 2001, and the other was activated by NACCO Material Handling Group in Greenville in 2008.

Appendix C: Public- and Private-Sector Employers at the Global TransPark

Tenant	Number Full-Time Employees	Average Employee Salary	Industry	Tenant Description
Commerce Overseas Corporation	9	$ 38,036	Military/defense contracting	Offers supply chain management solutions to military aircraft customers throughout the world; provides spare parts solutions to a global customer base
DB Schenker	5	39,000	Logistics and supply chain management	Provides an array of transportation and logistical solutions to move goods throughout the supply chain in the world's major economic regions
Delta Private Jets (formerly Segrave Aviation)	81	54,457	Aerospace/aviation	Acts as the fixed-base operator for the Kinston Regional Jetport; specializes in private jet charter, aircraft management, and aircraft maintenance
Henley Aviation	4	80,000	Aerospace/aviation	Offers training and certification for all levels of pilots and prospective pilots
Longistics	2	42,000	Logistics and supply chain management	Operates Foreign Trade Zone at the Kinston Regional Jetport; provides transportation, distribution, and other dedicated services
MJE Telestructure	6	52,800	Emergency services	Offers inside plant infrastructure products and services specializing in direct-current power; provides disaster recovery programs to support network infrastructure reliability
Mountain Air Cargo	32	40,143	Aerospace/aviation	Provides flight and maintenance services throughout much of North and South America as an express cargo carrier; contract carrier and services provider for FedEx in the eastern United States
NC's Eastern Region	6	81,390	Economic development	Generates regional strategies through collaboration to develop and implement plans for regional economic growth and stability
NC Emergency Management	10	44,000	Emergency services	Protects life, property, and environment through a partnership among local, state, and federal agencies
NC Forestry Service	27	45,741	Emergency services	Responsible for the protection and development of 101,700 acres of woodland in Lenoir County
NC Highway Patrol	4	65,249	Emergency services	Provides aerial support for natural and man-made disasters to a 52-county region in eastern North Carolina
New Breed, Inc.	10	40,000	Logistics and supply chain management	Executes complex logistics operations by combining analysis of material flows with the application of systems to reduce and automate process steps
Spatial Integrated Systems	14	74,409	Military/defense contracting	Provides engineering services and solutions for commercial and federal marketplaces including reverse engineering, quality assurance inspection, IT enterprise application hosting, and product data management
Spirit AeroSystems	162	53,750	Aerospace/aviation	Produces the center fuselage and front wingspan for the Airbus A350 using state-of-the-art composite technology
Total Number of Full-Time Employees	**372**			
Average Salary of All Employees		**$ 53,641**		

Note: Because New Breed, Inc. did not respond to a request for current information on its employees, the Authority estimated the number of full-time employees based on 2009 information and calculated an average salary based on the salaries reported by the two other logistics companies at the Global TransPark (i.e., DB Schenker and Longistics).

Source: Program Evaluation Division based on documents provided by the Authority.

Appendix D: Methodology for the Cost-Benefit Analysis

The Program Evaluation Division conducted a cost-benefit analysis of North Carolina's investment in the Global TransPark Authority (hereafter referred to as the Authority) to determine the payback period, payback year, and the benefit-to-cost ratio of the initial and continued investment in the Authority.

Definitions of Terms

- Payback period: The number of years it takes for the cumulative benefits produced by the Authority's operations and activities to exceed the cumulative costs of the state's investment in the Authority.
- Payback year: The point in time at which the cumulative benefits produced by the Authority exceed the cumulative costs of the state's investment in the Authority.
- Benefit-to-cost ratio: Cumulative benefit produced by the Authority's operations and activities divided by the cumulative cost of the state's investment in the Authority. The benefit-to-cost ratio is a common unit of measure that allows policy makers to compare multiple options. A ratio of 1.00 means project benefits equal the cost; a ratio of less than 1.00 means costs exceed benefits; a ratio of greater than 1.00 means benefits outweigh costs. The higher the ratio, the better the option as a course of action.

Phase One: Develop Baseline Models

The Program Evaluation Division developed five baseline cost-benefit models to compare repayment options of the Escheats Fund debt: repayment of the loan on a 10-year, 15-year, or 20-year schedule; making a lump-sum payment; and taking no action to repay the loan.

1. **Cost Determination:** Costs included in the analysis are reflective of the past and continued investment the General Assembly has made in the Authority for the operation and development of the Global TransPark from three sources.
    a. General Fund: The investment in the Authority from Fiscal Year 1991-92 through Fiscal Year 2010-11 was $26,513,062. The analysis assumes no further appropriations to the Authority from the General Fund.
    b. Highway Fund: The investment in the Authority from Fiscal Year 1991-92 through Fiscal Year 2010-11 was $35,019,268. The analysis assumes the Authority will continue to receive an annual appropriation of $1.43 million to support the operation and development of the Global TransPark.[1]
    c. Escheat Fund: As of February 2011, the Escheat Fund debt totaled $39.9 million. The analysis differs based on the four repayment options.
2. **Benefit Determination:** Benefits included in the analysis are those that accrue to the General Fund through income and sales taxes paid by workers directly employed by private-sector businesses located at the Global TransPark. The Program Evaluation Division, in consultation with the Fiscal Research Division, estimated benefits based on the current average salary of these workers and most recent employment counts for each of the businesses located at the park. In addition, this analysis
    - held average salary constant;
    - assumed job growth only for Spirit AeroSystems until 2014 according to the employment obligations outlined in their Job Development Incentives Grant agreement; and
    - did not include revenues that accrue to the General Fund from corporate taxes or that accrue at the local level.
3. **Determine the annual net benefits/costs:** Total annual costs were added to the total annual benefits for each year included in the analysis.

[1] In Fiscal Year 2010-11 the Authority received $1.43 million in appropriations–$1.28 million was an annual appropriation to support the operation of the Global TransPark from the Highway Fund and $150,000 was a block grant for airport improvements from the North Carolina Department of Transportation's Division of Aviation.

4. **Determine the present annual net benefits/costs:** A discount rate of 2.4% was applied to each annual net benefits/costs to estimate the present value annual net benefits/costs. This rate reflects the projected long-term inflation rate. The analysis assumes the state's investment will keep pace with inflation.
5. **Determine the payback year:** The year the cumulative benefits surpass the cumulative costs marks the year the investment in the Global TransPark pays for itself. The table below describes the payback year for each of the Escheat Fund repayment actions.

Repayment Action	Payback Year
Lump sum	2032
10-year repayment schedule	2034
15-year repayment schedule	2036
20-year repayment schedule	2037
No action taken to repay Escheat Fund	Cumulative benefits never exceed cumulative costs

Phase Two: Sensitivity Analysis

The Program Evaluation Division adjusted each repayment model to changing conditions in the benefits accrued to the General Fund derived from private-sector employment. These models account for wage and job growth of private-sector businesses located at Global TransPark. Specifically, the sensitivity analysis assumes

- 4.23% growth in the average salary of positions at the park each year;
- job growth for Spirit AeroSystems until 2014 according to the employment obligations outlined in their Job Development Incentives Grant agreement, and then at a rate of .42% for 2015 and each year thereafter; and
- job growth for all other private-sector businesses at rate of .42% for each year in the model.

The Program Evaluation Division, with the assistance of the Fiscal Research Division, obtained the estimated growth rate for employment and wages in the Transportation and Warehousing subsector from Moody's and calculated the average rate over 20 years (2011-2030).

As in the baseline model, the sensitivity analysis did not include revenues that accrue to the General Fund from corporate taxes or that accrue at the local level. In addition, the analysis used the same method in baseline models to determine

- costs;
- the annual net benefits/costs;
- the present annual net benefits/costs; and
- the payback year.

The table below describes the payback year for each of the Escheat Fund repayment actions for the sensitivity analysis.

Repayment Action	Payback Year
Lump sum	2025
10-year repayment schedule	2026
15-year repayment schedule	2026
20-year repayment schedule	2025
No action taken to repay Escheat Fund	Cumulative benefits never exceed the cumulative costs

Because there was little variation in the payback year for the sensitivity analysis models, the Program Evaluation Division calculated a benefit-to-cost ratio for each repayment option. The benefit-to-cost ratio for each model was calculated through 2030. The table below summarizes the annual payment required and benefit-to-cost ratio for each of the Escheat Fund repayment actions. The lump-sum payment scenario reflects the principal and interest owed to the Escheat Fund loan as of February 2011. The 10-, 15-, and 20-year repayment scenarios assumed a loan balance of $40 million, a fixed interest rate of 4%, and a first payment date of June 30, 2011.

Repayment Action	Annual Payment	2030 Benefit-to-Cost Ratio
Lump sum	$ 39,884,319	1.51
10-year repayment schedule	4,741,959	1.43
15-year repayment schedule	3,459,273	1.39
20-year repayment schedule	2,830,067	1.34

Appendix E: Global TransPark Authority Balance Sheets (FY 2005-06 to 2009-10)

North Carolina Global TransPark Authority - Primary Government
Statement of Net Assets

	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 5,540,756	$ 5,433,285	$ 5,118,327	$ 5,906,219	$ 6,591,428
Investment on Deposit with State Treasurer	-	155,621	1,820,262	1,820,262	1,820,262
Investment -State Treasurer Securities Lending Collateral Investment Pool	-	-	-	-	-
Accounts Receivable (Net)	246,592	164,263	97,878	99,408	54,265
Accrued Interest Receivable	-	-	-	-	-
Due from government agencies	-	-	-	-	-
Sales Tax Receivable	-	-	-	-	-
Total Current Assets	5,787,348	5,753,169	7,036,467	7,825,889	8,465,955
Non-current Assets:					
Restricted Cash and Cash Equivalents (Note 2)	5,452,117	54,167,884	479,974	248,406	32,255
Deposits for Land	-	-	-	-	776,050
Grants Receivable	-	100,000	-	-	-
Capital Assets - Non-depreciable (Note 3)	187,849,619	91,738,157	23,546,433	23,954,283	22,075,097
Capital Assets - Depreciable, net (Note 3)	50,051,663	51,124,240	49,663,478	48,153,713	49,692,919
Organization Costs	-	-	-	-	-
Software	-	-	-	-	-
Total Non-current Assets	243,353,399	197,130,281	73,689,885	72,356,402	72,576,321
Total Assets	249,140,747	202,883,450	80,726,352	80,182,291	81,042,276
LIABILITIES					
Current Liabilities:					
Accounts Payable	5,364,537	19,948,912	261,907	239,253	973,265
Accrued Interest Payable	110,603	80,734	213,005	81,894	69,118
Due to Primary Government	3,961	3,576	29,580	2,924	1,729
Deposits Payable	-	-	-	-	-
Compensated Absences	44,748	42,932	47,489	45,799	44,167
Note Payable - USDA	45,865	43,923	42,062	25,658	19,775
Note Payable - FCB	205,944	-	-	358,765	-
Note Payable - PNG	97,611	-	-	-	-
Funds Held for Others	24,600	22,647	-	-	-
Deferred Revenue	4,043	11,546	-	175	8,452
Total Current Liabilities	5,901,912	20,154,270	594,043	754,468	1,116,506
Non-current Liabilities:					
Note Payable - USDA	2,941,375	2,987,240	3,031,163	3,073,225	2,598,883
Note Payable - FCB	1,606,750	1,812,694	1,812,694	-	-
Note Payable - PNG	390,444	-	-	-	-
Note Payable - Due to NC Escheat Fund	38,360,998	36,187,166	33,933,088	32,062,906	30,469,678
Obligations Under Securities Lending Transactions	-	-	-	-	-
Compensated Absences	44,748	42,932	47,489	45,798	44,166
Total Non-current Liabilities	43,344,315	41,030,032	38,824,434	35,181,929	33,112,727
Total Liabilities	49,246,227	61,184,302	39,418,477	35,936,397	34,229,233
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	210,871,341	116,432,209	48,402,304	48,728,658	49,227,669
Restricted for Debt Service	524,180	503,926	479,974	248,406	32,255
Restricted for Construction	4,927,937	53,663,958	-	-	-
Unrestricted	(16,428,938)	(28,900,945)	(7,574,403)	(4,731,170)	(2,446,881)
Total Net Assets	$ 199,894,520	$ 141,699,148	$ 41,307,875	$ 44,245,894	$ 46,813,043

Appendix F: Global TransPark Authority Revenues and Expenditures (FY 2005-06 to 2009-10)

North Carolina Global TransPark Authority - Primary Government
Statement of Revenues, Expenses and Changes in Net Assets

	6/30/2010	6/30/2009	6/30/2008	6/30/2007	6/30/2006
OPERATING REVENUES					
Rental Revenue	$ 1,186,602	$ 1,158,024	$ 982,076	$ 954,789	$ 751,229
Miscellaneous Revenues	294,541	184,964	205,211	337,196	242,188
Total Operating Revenues	1,481,143	1,342,988	1,187,287	1,291,985	993,417
OPERATING EXPENSES					
Salaries and Benefits	849,355	896,739	1,006,924	930,959	961,044
Professional Services	158,533	123,444	170,955	241,345	244,177
Legal and Accounting	148,783	139,697	136,491	55,216	62,331
Depreciation	2,492,546	2,386,510	2,243,193	2,166,615	2,061,668
Rent	15,961	16,353	15,505	15,409	18,333
Repairs and Maintenance	66,874	65,965	88,209	58,209	150,474
Supplies and Materials	45,279	62,497	79,109	76,284	69,240
Equipment	422	4,255	26,157	6,864	22,321
Insurance	79,373	75,294	73,000	65,546	64,254
Printing and Binding	4,068	11,042	4,259	9,077	11,661
Telephone	25,310	26,533	27,264	26,656	32,789
Utilities	322,294	318,348	298,501	304,962	308,132
Travel and Subsistence	8,979	8,321	13,428	8,488	10,245
Advertising	58,833	52,950	72,782	142,070	130,345
Marketing	-	-	-	-	-
Securities Transactions Fees	-	-	-	-	-
Landing Fields and Grounds	-	-	-	-	36,384
Projects	1,090,216	28,357	43,650	90,485	1,424
Economic Development	-	-	160,000	-	-
Other	38,652	34,170	36,297	134,517	53,575
Total Operating Expenses	5,405,478	4,250,475	4,495,724	4,332,702	4,238,397
Operating Loss	(3,924,335)	(2,907,487)	(3,308,437)	(3,040,717)	(3,244,980)
NONOPERATING REVENUES (EXPENSES)					
State Operating Aid	1,280,000	1,600,000	1,600,000	1,600,000	1,600,000
Loss on Disposal	-	-	-	-	(523,503)
Noncapital Grants	-	-	160,000	236,514	221,449
Gain on sale of property	-	-	-	-	-
Investment Earnings	94,018	249,712	389,795	397,493	386,893
Interest Expense	(2,466,215)	(2,398,163)	(2,296,292)	(1,813,246)	(1,810,179)
Net Nonoperating Revenues (Expenses)	(1,092,197)	(548,451)	(146,497)	420,761	(125,340)
Income (Loss) Before Capital Contributions	(5,016,532)	(3,455,938)	(3,454,934)	(2,619,956)	(3,370,320)
Capital Contributions	63,211,904	103,847,211	516,915	52,807	714,949
Increase (Decrease) in Net Assets	58,195,372	100,391,273	(2,938,019)	(2,567,149)	(2,655,371)
Net Assets - July 1, as previously Reported	141,699,148	41,307,875	44,245,894	46,813,043	49,468,414
Prior Period Adjustment	-	-	-	-	-
Net Assets - July 1	141,699,148	41,307,875	44,245,894	46,813,043	49,468,414
Net Assets -- June 30	$ 199,894,520	$ 141,699,148	$ 41,307,875	$ 44,245,894	$ 46,813,043

Beverly Perdue
Governor

Eugene A. Conti, Jr., Ph.D.
Chairman

STATE OF NORTH CAROLINA
Global TransPark Authority

Darlene A. Waddell, CPA
Executive Director

April 13, 2011

John W. Turcotte, Director
Program Evaluation Division
NC General Assembly
Legislative Services Office
300 North Salisbury Street, Suite 100
Raleigh, NC 27603-5925

Dear Mr. Turcotte:

Thank you for the opportunity to respond to the Program Evaluation Division's (PED) recent report on the comprehensive program and financial review of the North Carolina Global TransPark Authority (Authority). The PED has been thorough in its review of the Authority's statutory mandates and operations, and we find the resulting analysis insightful and helpful.

Finding 1: The Authority has made progress towards meeting its mission and goals.

The Authority concurs with the PED's finding that it has made progress toward achieving its mission and goals, even in the face of multiple reductions in its annual appropriations and underfunding of infrastructure investment. The Authority has 14 tenants who employ 372 North Carolinians at annual salaries well above average for Eastern North Carolina. Job creation at the TransPark will continue to grow as its anchor tenant, Spirit AeroSystems, accelerates the number of new jobs it is creating.

Finding 2: Current administrative practices and operations limit the Authority's ability to achieve and demonstrate results.

Deficiencies in the Authority's 2010 strategic planning process and product inhibit its ability to develop a results-based management approach.

The Authority views its strategic plan as a "living" document. Due to time and budget constraints in 2010, rather than expending funds to hire an outside firm, the strategic plan was updated in house. Based on the PED's findings, the Authority will continue to enhance its strategic plan and incorporate the PED's recommendations.

The Authority lacks a formalized performance management system to measure, monitor, and report on progress toward achieving goals identified in a strategic plan.

As recommended in the PED report, the Authority will implement a performance management system after revision of its strategic plan. The Authority will also increase the frequency of its reporting on operational activities to quarterly to the Joint Legislative Commission on Governmental Operations and the General Assembly leadership.

The Global TransPark Authority needs to increase the economic development capacity of its staff, strategic partnerships, and board of directors to meet its mission and goals.

2780 Jetport Road, Suite A, Kinston, North Carolina 28504
(252) 522-4929 ♦ FAX (252) 522-5778

The Authority acknowledges that additional staff would assist in future industry recruitment efforts, and we will continue to strengthen partnerships with other economic development allies. The current staffing level is very lean due to budget constraints. The Authority agrees it is beneficial to have additional Board members from other regions of the state and from targeted industries.

Finding 3: Program Evaluation Division analysis of the state's investment in the Authority shows the cumulative benefits to the General Fund will exceed the cumulative costs by 2025.

The Authority appreciates the PEDs acknowledgement that the Authority's cost effectiveness as an economic development arm of the State is measured both by the creation of well paying jobs in an economically distressed region and by increased tax revenues to the State's General Fund.

Finding 4: The Authority cannot be self-sustaining under the current operating environment; however, there are opportunities to reduce the Authority's reliance on state appropriations.

Under the current operating environment, the Authority cannot be self-sustaining because its annual operating expenses exceed its operating revenues.

The $1.28 million in current appropriations to the Authority supplements the Authority's self-generated income and helps maintain the agency as a viable economic development project. The Authority depends on state appropriations to achieve its mission of attracting skilled, high paying jobs and economic investment at the TransPark which offers advantages not found at other locations in Eastern North Carolina.

The Authority's ability to become self-sustaining is compromised because some of its revenue-generating assets has been used as economic development incentives.

As the PED documented, the State has used the Authority's assets to recruit industry, which competes with the agency's ability to become self-sustaining. If the current level of State appropriations is maintained, the Authority can continue to fulfill its mission of creating well paying jobs and bring additional tax revenues to the State.

Self-sufficiency is a reasonable expectation in the long-term but requires the Authority to reduce operating expenses and/or generate more revenue.

The Authority continually looks for ways to reduce operating expenses and generate more revenue, but we caution that the adoption of any of the options listed in *Exhibit 7: Options to Decrease the Authority's Operating Expenses* would impact the overall effectiveness of the project. In particular, the option to transfer the Composite Center to Lenoir Community College (LCC) would be detrimental to economic development. The Authority's purpose is much different from LCC's, which is focused on education and not recruitment of business to North Carolina. A major benefit of the Center is not what is generated in revenue, but the competitive advantage it gives the Authority, to include:

- Recruitment tool for businesses interested in the TransPark, Eastern North Carolina, as well as the state as a whole
- Incubator for start-up companies
- Hub for the agency's *secure* fiber network, used by the agency and its tenants (Timeliness of response and security of data is very important to the agency's tenants)
- Customized training services to industries through the host community college
- Research and development for existing and prospective tenants
- Trade shows, meetings, conferences, seminars, video conferencing
- Board meetings for the Authority, DOT, GTP Foundation and other private entities
- Command and control center for disaster relief agencies

The PED estimated cost savings from transfer of the Center assumes elimination of duplicative staff positions. However, two of the three full-time positions are essential to TransPark operations. The IT position is essential to manage the fiber network for our tenants and the daily IT needs of the Authority. The maintenance position would be transferred to the Airport Division, as that employee currently rotates between the Center and the Airport to meet maintenance needs and also FAA requirements for trained staff at the Airport. Additionally, relocating the agency's secure fiber network requires up-fit of another "hardened" facility to protect network information from any physical or technological threat. The one-time relocation cost is an estimated $93,000, which would further reduce, or eliminate, the realization of net savings.

The Authority estimates that only $18,500 in cost savings could be realized by elimination of one duplicative staff position at the Center, since currently LCC cost shares that position with the Authority. LCC already benefits from currently using 41% of leasable space at the Composite Center. *There could also be additional income to the Center if an agreement were put in place for LCC to cost share with the Authority in operating expenses on rooms they use. Although LCC doesn't pay room rental fees on customized training classes, the Authority should be compensated for classes held at the Composite Center from which LCC generates revenues.*

Finding 5: The Authority does not generate sufficient revenue to repay the Escheat Fund loan; therefore, the responsibility for repayment of the debt falls to the state.

The Authority strongly agrees with the PED's finding regarding repayment of the Escheat Fund loan. Authority management knows of no other start-up state agency that has been created with debt financing for infrastructure needs with no revenue stream put in place to offset the debt. This has prevented the Authority from meeting its loan obligations to the Escheat Fund.

Finding 6: Due to federal restrictions and contractual obligations, immediate divestiture from the Global TransPark is not feasible.

The Authority agrees with the PED's finding regarding immediate divestiture from the Global TransPark as not being a workable option for the State.

Recommendation 1: The General Assembly should establish the terms and repayment schedule for the Escheat Fund debt.

The Authority strongly agrees with Recommendation 1. According to the PED's cost-benefit analysis, each of the four options for repayment of the debt provide a positive benefit-to-cost ratio for the state in 2030.

Recommendation 2: The General Assembly should choose between two options for the future of the Global TransPark – continue supporting the Authority based on demonstrated results or incrementally divest in the Global TransPark.

Regarding the two options presented for the future of the Global TransPark, Option 1 would allow the Authority to continue working toward its goals and implementation of its mission to create well-paying jobs and economic opportunity in an economically distressed, former tobacco-dependent region, as well as for the State as a whole.

Authority's Proposed Recommendation 3: The General Assembly should consider the integration of the Authority, including the Composite Center, into a comprehensive Logistics Division for the State by aligning it with other state transportation entities under the Department of Transportation (DOT).

We suggest careful consideration be given to combining the State's transportation agencies under DOT. The General Assembly and the Governor instituted several actions that are currently being considered for comprehensive logistics planning, including the OSBM Statewide Logistics Study, HB-1355, the work of the Governor's Logistics Task Force, and Executive Order #85.

Again, thank you for the opportunity to review the PED's report. We look forward to implementing many of the findings and recommendations contained in the report to increase the effectiveness of the Authority in achieving its mission of creating well-paying jobs for our citizens, with resulting additional revenues for the State.

Sincerely,

Darlene A. Waddell
Executive Director

C: Senator Debbie Clary, Co-Chair, Program Evaluation Oversight Committee
Senator Fletcher L Hartsell, Jr., Co-Chair, Program Evaluation Oversight Committee
Representative Julia Howard, Chair, Program Evaluation Oversight Committee
Secretary of Transportation Gene Conti, Chairman, NC Global TransPark Board of Directors
Al Delia, Governor's Senior Policy Advisor

NORTH CAROLINA

OFFICE OF THE TREASURER **JANET COWELL, TREASURER**

April 5, 2011

John W. Turcotte, Director
North Carolina General Assembly
Legislative Services Office
325 North Salisbury Street
Raleigh, NC 27603

RE: Formal Response to Program Evaluation Division Report No. 2011-02

Dear Mr. Turcotte:

Thank for you sharing the Program Evaluation Division's thoughtful and comprehensive analysis regarding the General Assembly's feasible options about the Global TransPark Authority (Authority). As the Program Evaluation Division Report correctly states, the Department of State Treasurer (Department) views the loan to the Authority as a "non-performing" loan. The Department continues to be in discussions with the Authority's management in finding ways to restore the loan to performing status. The position has been and remains that the General Assembly must decide how to repay the Escheat Fund loan back to the Department.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Ron Ottavio

Ron Ottavio
Chief of Staff

325 NORTH SALISBURY STREET, RALEIGH, NORTH CAROLINA 27603-1385 · (919) 508-5176 · FAX (919) 508-5167
WWW.NCTREASURER.COM

House Committee Pages / Sergeants at Arms

NAME OF COMMITTEE Transp.

DATE: 3-27-13 **Room:** 1228

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

***Name:**

County:

Sponsor:

House Sgt-At Arms: Senate

1. Name: Carlton Adams
2. Name: Barry Moore
3. Name: Martha Parnell
4. Name: Charles Harper
5. Name: Anderson Meadows
6. Name:

VISITOR REGISTRATION SHEET

Transportation — 3.27.2013

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Hugh Johnson	
Thomas Cheek	OSBM
Teri Saylor	NCRR
[illegible]	Ellis & Winters
LANE LONG	NCRR
Catherine Campbell	NCRR
LaNica Allison	NCDOT
JASON SOPER	NCDOT
[illegible]	TTA
Richard Walls	NCDOT

VISITOR REGISTRATION SHEET

Transportation — 3.27.2013

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Keith Richardson	City of Charlotte
Joe McClees	McClees Consulting
[signature]	RANC
Karl Knapp	NCLM
Berry Jenkins	NCGOP
Brooks Pearson	SELC
[signature]	RANC
Jake Gishion	NC Chamber

2113 2B

SENATE PAGES ATTENDING

COMMITTEE: Joint: D.O.T. ROOM: 1228

DATE: 3-27 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!! OR ELSE!

Page Name	Hometown	Sponsoring Senator
1 Katie Honaka	Raleigh	Berger
2 Mattie Tart	Benson	Rabin
3		
4		
5		
6		
7		
8		
9		
10		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Wednesday, March 27	**Room**	**Time**
JOINT APPROPRIATIONS	1228/1327	8:30 am
TRANSPORTATION		

Name	County	Sponsor
Justin Cianfarra	Wayne	Bell, J.
Brandon Croom	Pender	Millis
Sasha Duncan	Wake	Avila

Joint Appropriations Subcommittee on Transportation

March 28, 2013
8:30 a.m.
Room 1228/1327 LB

Agenda

Chairs:	Representative Phil Shepard	Senator Kathy Harrington
	Representative John Torbett, Chairing	Senator Bill Rabon

- Call to Order
- Transfers: Driver Education

  Bryce Ball
  Fiscal Analyst
  Fiscal Research Division

- Transfers: Department of Public Instruction, Driver Education Program

  Maria Pitre-Martin, Ph.D.
  Director, K-12 Curriculum and Technology
  Department of Public Instruction

  Maureen Berner, Ph.D.
  Faculty Advisor/Professor
  UNC-CH, School of Government

Next meeting: TBD

Highway Fund Transfers

Department of Public Instruction, Driver Education Program

Driver Education Funding Timeline:

- 1957 – Driver Training and Safety Education Fund established (Chapter 682, HB 33).
  - Added an additional $1 fee to vehicle registration fees in excess of $10.
  - Directed collections to a special fund for transfer to the State Board of Education.
- 1975 – Additional fee raised to $2 for all registered passenger and property-carrying vehicles, effective 7/1/1975 (Chapter 431, HB 832).
- 1977 – Additional fee raised to $3 (Chapter 1002, HB 1505).
- 1983 – Chapter 761, SB 23, Sec. 141-145 abolished the Driver Training and Safety Education Fund and incorporated the $3 driver education fee into base registration fees, thereby shifting the program funding source to Highway Fund revenue.
- 1985 – Chapter 479, SB 1, Sec. 184 capped the level of annual Highway Fund support at $21,470,282 for the 1985-87 biennium; however, Chapter 982, SB 866, Sec. 25 shifted funding responsibility to the General Fund, effective 7/1/1987.
- 1991 – S.L. 1991-689, Sec. 32 shifted funding responsibility ($22,930,662) back to the Highway Fund.
- 2011 – S.L. 2011-145, Sec. 31.1 authorized local boards of education to charge each participating student a maximum fee of $45.00 to offset the costs of training and instruction.

ackground Information:

Licensing Process:

- In North Carolina, driver education precedes a three-step graduated driver license (GDL) process which limits driving privileges based on driver age, on-the-road experience, and adherence to motor vehicle laws. The GDL process only applies to persons between 15 and 18 years of age.
- Level (1): Limited learner permits ($15.00) are issued based on successful completion of: 1) an approved public or private driver education course, documented by a completion certificate and driving eligibility certificate; and, 2) passage of written, sign, and vision tests administered by DMV. Level 1 conditions include:
  - Supervision by another qualified driver and restricted driving between the hours of 5AM and 9PM for the first six months; and,
  - Completion of a minimum of 60 driving hours spread over six or more weeks, with at least 10 hours of nighttime driving, documented by a driving log certified by the supervising driver.[1]
- Level (2): Limited provisional licenses ($15.00) are issued to persons between 16 and 18 years of age who successfully complete one year of Level 1 driving without a moving violation or other infraction, and who pass a DMV-administered road test. Under Level 2:
  - Unsupervised driving is permitted from 5AM and 9PM; and,
  - Advancement is based on completion of a minimum of 12 driving hours, with 6 hours of nighttime driving, documented by a driving log certified by the supervising driver.
- Level (3): Full provisional licenses ($4.00/yr.) are issued following completion of six months of Level 2 driving without a violation or infraction, and authorize unsupervised driving at any time.

S.L. 2011-385 modified level 2 and level 3 provisional license restrictions to require completion of driving logs certified by supervising drivers, and also directed DMV to study the effectiveness of these modifications. DMV must report its findings to the Joint Legislative Transportation Oversight Committee by February 1, 2014.

Program Funding/Structure:

- Prior to FY 2011-12, North Carolina was the only state to fully fund driver education from its Highway Fund *without a dedicated revenue source.*
  - A CY 2010 survey of other states found that[2]:
    - 7 other states fully fund, 10 partially fund, and 32 do not fund driver education programs;
    - 42 states had adopted driver education requirements, though program design and costs vary; and,
    - Several states which partially fund driver education also authorize localities to charge fees.
- Highway Funds are appropriated annually for transfer to the Department of Public Instruction (G.S. 20-88.1).

Table 1. Highway Fund Appropriation/Reversion History

Fiscal Year	Appropriated	Unexpended
2004-05	$31,939,945	$1,806,917
2005-06	$31,984,826	$1,780,950
2006-07	$32,985,745	$1,833,006
2007-08	$33,507,876	$1,359,491
2008-09	$34,286,309	$2,526,694
2009-10	$32,899,993	$1,547,576
2010-11	$32,021,964	$1,125,176
2011-12	$26,867,517	$359,305
2012-13	$26,877,414	

- DPI serves as the program's fiscal agent:
  - A full-time Driver Education Consultant position was created to oversee the program, provide technical assistance to LEAs, and coordinate Driver Education Advisory Committee activities.[3]
  - $13,500 is annually withheld for the printing and distribution of Driver Eligibility Certificates.
  - Remaining funds are allotted to the 115 local education agencies (LEAs) based on 9th grade Average Daily Membership (ADM) and estimates of eligible students at private and federal schools.
    - FY 2012-13 initial allotment per student = $200.84
- Local education agencies (LEAs) are responsible for program delivery:
  - LEAs must offer standardized non-credit driver education courses to eligible public, private, and home school students at area high schools (G.S. 115C-215).[4]
  - Prior to the 2011-12 school year, LEAs selected their own curriculum to meet the required 30 hours of classroom instruction and 6 hours of behind-the-wheel instruction. The new standardized program continues these basic requirements, but has also incorporated six instructional hours on driving while impaired offenses and at least one hour of motorcycle safety awareness training.[5]
  - LEAs determine their operating model (e.g. in-house training, contracted training, blended model).
  - An Office of State Budget and Management (OSBM) CY 2010 survey of 94 (of 115) LEAs found that: 55.3% provided training in-house, 22.3% fully contracted for driver training, 12.8% contracted for

[2] Fiscal Research Division, NCGA. (2010, April). Driver Education Continuation Review.

[3] Position effective date of 8/1/2012. FY 2012-13 allotments preceded position creation. FY 2013-14 allotments will be adjusted to account for associated personnel costs.

[4] Per a DPI survey (86% response rate) of LEAs for the 2011-12 school year, 94,832 students completed both classroom and behind-the-wheel instruction, out of a total eligible population of 121,141 students among the 99 responding LEAs.

[5] S.L. 2010-31, Sec. 7.12 directed the Department of Public Instruction to collaborate with the UNC Highway Safety Research Center to develop a standardized driver education curriculum for statewide implementation during the 2011-12 school year. Driver Educati Reform (S.L. 2011-145, Sec. 28.37) further required: implementation of a standardized program; strategic planning and performanc measurement; adoption of a salary range for public instructors; program expense reporting by local boards of education; and, implementation of five pilot programs to assess the efficacy of virtual (electronic) training.

instruction but provided vehicles and supplies, and 9.6% provided a combination of contractual and in-house training.[6]

- Contracted training was identified as the most cost-efficient model based on average reported costs per student; however, costs vary significantly by school and program type.

Table 2. Cost Per Student that Completed Driver Education by Type of Program for Fiscal Years 2008 through 2010[7]

Type of Program	Number of Programs	Percent of Programs	Average Cost Range	Average Cost
In-House by LEA	52	55.3%	$183.98 - $611.95	$323.23
Contractor	21	22.3%	$172.97 - $369.65	$265.93
Instruction Contracted, but LEA Provides Vehicles & Supplies	12	12.8%	$176.93 – $598.00	$354.10
Combination of Contractor & LEA	9	9.6%	$252.42 - $421.05	$328.46
Total	**94**	**100.0%**	**$172.97 - $611.95**	**$321.82**

- Implementation of the optional fee varies by school systems:
  - A UNC-CH School of Government survey completed in December 2012 found that 164 (67.5%) of 243 responding schools had implemented a fee.[8]
  - Of those implementing, 88% percent (144 schools) required the maximum $45.00 fee.

- Governor's Recommended Budget for FY 2013-15:
  - FY 2013-14 appropriations increase by $345,214 – to $27,222,628.
  - FY 2014-15 appropriations increase by $911,058 – to $27,788,472.
  - Adjustments correspond with projected 9th grade average daily membership (ADM) and private/federal school eligible students:
    - FY 2013-14: ADM increases by 1,718 students (135,477 total).
    - FY 2014-15: ADM increases by 4,534 students (138,293 total).
  - Per pupil appropriations are held constant at $200.94.

[6] DPI currently reports that of the 115 LEAs: 55 operate in-house programs; 31 contract fully; 23 contract for instruction and provide vehicles/supplies; and, 6 operate a blended (combination LEA/contractor) instruction model.

Office of State Budget & Management. (2010, November). Management Review: North Carolina's Driver Education Program.

[8] Berner, Maureen & George, Andrew. (2013, January). Evaluation of Driver Education Teaching Mode in North Carolina. UNC-CH School of Government.

PROGRAM EVALUATION DIVISION
NORTH CAROLINA GENERAL ASSEMBLY

November 2010 NCAR 2010-01

North Carolina Accountability Review: North Carolina's Driver Education Program in Public Schools

Summary

The State Board of Education and Department of Public Instruction (DPI) administer the statewide Driver Education program funded annually by a $33 million transfer from the state Highway Fund. As directed by the Joint Legislative Program Evaluation Oversight Committee, the Program Evaluation Division conducted an accountability review of the board and department's administration and oversight of Driver Education.

The North Carolina Accountability Report (NCAR) model assesses program design, strategic planning, management, and evidence of results. NCAR produces a rating from criteria similar to the U.S. Office of Management and Budget's ExpectMore.gov model, with criteria adjusted by the Program Evaluation Division for state government. The Division rated the Driver Education program based on analysis of interviews, questionnaire responses, and other information submitted by DPI.

The Driver Education program received the lowest NCAR rating, Results Not Demonstrated. DPI could not determine whether the program was effective or efficient.

1. There was no standardized statewide curriculum.
2. The State Board of Education delegated program design and operations to Local Education Agencies.
3. DPI conducted no technical oversight, only limited cost analysis, and was not considering potentially more cost-effective instructional modalities such as distance education.

Because the State Board of Education delegates program responsibility to each of the 115 Local Education Agencies, program standards, performance measures, and accountability vary across localities and from one school to the next. DPI has assumed the role of fiscal agent for disbursing Driver Education funds to Local Education Agencies but does not conduct oversight or examine return on investment in the form of improved teenage driver outcomes.

The General Assembly may wish to consider two options.

1. **Strengthen statutes to assure that the Board of Education and DPI conduct fiscal and technical oversight of the Driver Education program.**
2. **Direct the Program Evaluation Division to include a proposal for a full evaluation of Driver Education in the draft work plan submitted to the 2011 Joint Legislative Program Evaluation Oversight Committee.**

Scope

The State Board of Education and Department of Public Instruction (DPI) administer a statewide program for Driver Education funded annually by a $33 million transfer from the state Highway Fund. As directed by the Joint Legislative Program Evaluation Oversight Committee, the Program Evaluation Division conducted an accountability review of the board and department's administration and oversight of Driver Education.

The North Carolina Accountability Report (NCAR) model assesses program design, strategic planning, management, and evidence of results. NCAR produces a rating from criteria very similar to the U.S. Office of Management and Budget's ExpectMore.gov model, with criteria adjusted by the Program Evaluation Division for state government. The Division rated Driver Education after analysis of multiple interviews, questionnaire responses, and other information submitted by DPI.

Background

NC Gen. Stat. § 20-88 provides a framework for a statewide program of education for teenage drivers to be administered in the public schools. The statutes provide guidelines for program implementation and flexibility that allows Local Education Agencies (LEAs) to enter contracts with public or private entities to provide the program.

Under NC Gen. Stat. § 20-88.1, DPI receives funds from the state Highway Fund through the Department of Transportation to provide the Driver Education program. Once the funds are transferred, LEAs are responsible for funding all students enrolled in public, private, and home schools. The funding formula is based on the average number of ninth graders enrolled in the program in each LEA. North Carolina is one of eight states that fully fund driver education; it is the only state which funds the program from its state highway fund and does not have a dedicated revenue source for this purpose. Of the other 42 states, 10 provide partial funding and 32 do not fund their program at all.

Findings

Three central findings emerged from this NCAR review.

1. **The lack of a standardized, statewide Driver Education program curriculum has created a patchwork of programs that suffers from a lack of consistency in performance measures and oversight.**

   The State Board of Education and State Superintendent of Public Instruction have primary responsibility for organizing and administering the Driver Education program. DPI did not provide any documentation of program design, implementation, or evaluation. No clearly defined goals for the program have been published, nor is there a strategic plan. DPI reported, however, they have developed strategic plans for other public school programs.

   Because the State Board of Education delegates program design and operations to LEAs, each LEA sets its own Driver Education curriculum. Results from a 2010 Office of State Budget and Management survey

decentralized organization gives the appearance of no state lead agency to conduct oversight of a major public school program.

2. **Program design and operation are delegated to Local Education Agencies with little input from the state, which results in self-monitoring and no program or continuous improvement plan.**

   DPI has delegated the organization, administration, and delivery of Driver Education to individual LEAs. Although this implementation strategy is used for many types of programs, it requires central oversight to ensure local implementation meets standard criteria. However, DPI conducts little centralized technical oversight of the Driver Education program. The few instances of technical oversight of locally implemented programs identified by the Program Evaluation Division were conducted by the responsible LEA. If an LEA were to identify a shortfall in their program, there is no formal 'lessons learned' process to share findings with other LEAs. LEAs also conduct sole oversight of contracted services; however, DPI does no cost analysis to identify the most efficient or best-practice model for the program.

3. **DPI conducts no technical oversight and only limited cost analysis, which has resulted in an annual reversion of funds and lack of statewide data on program participation or outcomes.**

   DPI did not provide formal documentation of programmatic or fiscal goals and outcomes for the Driver Education program. Concise, consistent program goal statements are integral to program design and implementation; however, DPI questionnaire responses reflected different program goal statements that varied from one response to the next, demonstrating the program has no one guiding statement. Individual LEAs opt to develop and administer Driver Education programs; DPI has no screening or approval process. Further, LEAs are not required to report program deficiencies or corrective actions taken. DPI does not maintain central data from which lessons learned or best practices might be gleaned.

   DPI operates as the fiscal agent for the Driver Education program and distributes funds to LEAs; however, it conducts only limited review of expenditures. DPI has not established financial efficiency or effectiveness goals and offers minimal fiscal oversight. Although DPI repeatedly referred to itself as a fiscal agent in documents submitted for this review, this role is not identified or defined by statute.

Options

Based on data from this review, the Program Evaluation Division identified two options for action by the General Assembly.

1. **Implement and strengthen statutes requiring the Board of Education and the Department of Public Instruction to conduct fiscal and technical oversight of the Driver Education program.**

   Potential actions include the following options.

   - Implement 2010 NC Sess. Laws 2010-31, Section 7.12, requiring the creation of a standardized curriculum for the Driver Education program.

- Develop an appropriate strategic plan with goals and performance indicators to be reported to the General Assembly including number of program participants, adoption of the standardized curriculum, program expenditures, and student driver test success rate.
- Seek the most cost-effective method to deliver driver training.
- Clarify the roles of the State Board of Education and State Superintendent in establishing program criteria and taking responsibility for program curriculum and administration such that these responsibilities are not delegated to LEAs.

2. **Direct the Program Evaluation Division to include a proposal for a full evaluation of the Driver Education program in the draft work plan submitted to the 2011 Joint Legislative Program Evaluation Oversight Committee.**

   Potential actions include the following options.
   - Determine the most cost effective method to deliver the Driver Education program.
   - Examine alternatives to classroom training such as online formats.
   - Review programs in other states.
   - Compare relevant outcomes among completers with a comparison group of similar students who did not complete the program.

Program Evaluation Division Contact

For more information on this report, please contact the lead evaluator, Larry Yates, Larry.Yates@ncleg.net., 919 301-1863

John W. Turcotte is the director of the Program Evaluation Division.

Driver Education Reform Report

Presentation to the Joint Appropriations Committee on Transportation

March 20, 2013

Dr. Maria Pitre-Martin, Director
K-12 Curriculum and Instruction
Dr. Maureen Berner, UNC-School of Govt.

Brief History

- OSBM Report, November 2010
- PED Review, December 2010
- SL 2011-145, Section 28.37 - Driver Education Reform
- Previous reports made by DPI on September 18, 2012 and January 14, 2013

Standardized Curriculum



- Developed, adopted and revised as directed by General Assembly
- Approved by SBE in March 2011
- Revised in July 2011 to include one hour of motorcycle safety as directed by General Assembly
- All LEA's must use the curriculum

Management/Oversight

- Driver Education Strategic Plan adopted by SBE, February 7, 2013
- Key areas: administration & oversight, funding, curriculum, instructor qualifications, coordination with driver licensing, parental involvement, other program improvements

Advisory Committee

- Workgroup provides recommendations to DPI Consultant
- DPI, DOT, DMV, DOI, GHSP, NCSHP
- NCDTSEA, LEA Coordinators, In-house LEA and Commercial Driver Educators
- Reviewing National Standards to guide progress

Online Pilot Project

- Five LEA's participated
- February 2012 – June 2012
- 30 hours of computerized instruction, no teacher interaction
- 532 students enrolled, 358 completed

UNC-SOG Evaluation Methods

- Review of other national studies
- Comparison of the quality of teaching mode with various performance measures
- Comparison of cost information
- Use of optional fee

UNC-SOG Data

Literature and report review

Test scores, school attended, and related teaching method for students who took the DMV knowledge test from July 1, 2010 and July 31, 2012 (N=273,726 students state-wide)

State-wide survey of schools (N=338, 81% response rate)

Selected interviews of officials in other states (California, Georgia, Florida, Indiana, Nebraska, Oklahoma, Texas, and Virginia)

UNC-SOG findings

- No other study of impact of different teaching modes exists
- Using various measures of performance, there is little difference between teaching modes
- It is too early to assess impact of NC pilot of on-line exclusive program
- Comparable cost information was not available
- Of those who responded to the question, (n=242), 164 schools require the fee, and of those, 95% require the top allowable amount of $45.

Conclusion

- DPI is committed to improve Driver Education in NC
- DEAC has a regular meeting schedule to advise DE Consultant
- DPI and DMV has established positive communication and will coordinate efforts in licensing and instructor qualifications.

North Carolina
DRIVER EDUCATION STRATEGIC PLAN

Prepared For:

The Joint Legislative Education Oversight Committee
and the Joint Legislative Program Evaluation Oversight Committee

Prepared By:

The Driver Education Advisory Committee
State Board of Education
Department of Public Instruction

June 2012

Table of Contents

Acknowledgements 3

Mission, Vision and Goals 4

Section One: Introduction 5
- Background information 5
  - Funding of the Program 5
- Background (North Carolina) 5
  - Standardized Curriculum 5
  - Instructor Qualifications 6
  - Parental Involvement 7
- North Carolina Accountability Report 8
- OSBM Report 8
- National Scope and History of Driver Education 9
  - Scope of the Program 9
  - History and Current Status of Driver Education 9
  - National Highway Traffic Safety Administration 10

Section Two: Plan Recommendations 11
- Ways to Improve the State Driver Education Program 11
- Program Ownership and Responsibility 11

Section Three: Plan Action Steps 12
1. Administration of the Program 12
2. Oversight of the Program 12
3. Funding of the Program 13
4. Standardized Curriculum 13
5. Instructor Qualifications 14
6. Driver Licensing 14
7. Parental Involvement 15
8. Other Program Improvements 15

Section Four: Program Evaluation 16

Section Five: Glossary 17

Acknowledgements

Cliff Braam
Traffic Safety Systems
Department Of Transportation
Reggie Flythe
Driver Education Coordinating Teacher
Wake County Schools
Dale Fox
Director of Driver Education
Iredell-Statesville Schools
Mark Hooper
Director of Transportation
Jackson County Schools
Don Johnson
School Bus/Traffic Safety Education
Department Of Transportation
Ed Johnson
Bicycle and Pedestrian Transportation Division
Department Of Transportation
Chuck Lehning
Operations Manager
Jordan Driving School-Charlotte Office
Mitch Myers
Retired Driver Education Teacher
Macon County
Don Nail
Governor's Highway Safety Program
Department Of Transportation
Connie Sessoms
Driver Education Specialist
Charlotte-Mecklenburg Schools
Joe Shrader
Driver Education Professor
East Carolina University
Paula Hudson Hildebrand
Chief Health and Community Relations Officer
Department of Public Instruction
Larry McDonald
Driver Education Consultant
Department of Public Instruction
Joshua DeFisher
Governor's Highway Safety Program
Department Of Transportation
Allen Robinson
CEO of American and Driver Traffic Safety Education Association
Indiana, Pennsylvania
Brett Robinson
Vice President of Highway Safety Services
Indiana, Pennsylvania

Mission, Vision and Goals

MISSION:

Develop, administer and implement a high quality Driver Education Program to ensure that all young drivers are provided with the necessary tools to allow them to safely and efficiently operate a motor vehicle on North Carolina's highways.

VISION:

The North Carolina Department of Public Instruction, in cooperation with all stakeholders involved in Driver Education, will seek consensus in planning and implementing a Driver Education Program based on the needs of youth in North Carolina.

GOALS:

- Promote adoption and implementation of the state Driver Education standards.
- Promote Driver Education teacher/instructor training and credentialing.
- Identify priority issues within the state Driver Education Program.
- Identify promising practices on how North Carolina may raise its general level of conformity with national standards.
- Determine the future needs in Driver Education and plan projects that will meet these needs.
- Coordinate with the driver licensing community and educate appropriate personnel within the Department of Motor Vehicles (DMVs) on all components of the strategic plan.
- Promote the strategic plan as inclusive for public / private / commercial schools.
- Develop, in addition to short term goals, 10 and 15 year horizon goals for Driver Education in North Carolina.

Section One: Introduction

BACKGROUND INFORMATION

FUNDING OF THE PROGRAM

North Carolina is the only state that funds its Driver Education Program from the Highway Fund without any dedicated revenue source. Four states fund their programs through the general fund. Other states fund their programs through various dedicated revenue sources, such as driver's license fees, license plate fees, surcharge on vehicle insurance premiums, and petroleum revenues. Some additional ways of funding a state's Driver Education Program could include matching assessments by local government (counties and/or municipalities) to supplement the North Carolina Department of Public Instruction (DPI) Driver Education flow through allocations, from general highway fund and a fee added to traffic citations by the court system. While any of these options may be feasible ways for North Carolina to fund the state's Driver Education Program, it may be more practical to use a combination of these options to fund the Program.

BACKGROUND (NORTH CAROLINA)

Driver Education in NC is locally controlled by each of 115 LEA's ("Local Education Agency" or in layman's terms – local school system). Collectively, the state has approximately 120,000 students annually who become eligible to take Driver Education. Of that eligible number, about 92% of the state's teens are actually taught to drive – last year numbers were around 110,000. Driver Education in NC is required for anyone seeking a license under the age of 18. All students are eligible at age 14 years 6 months to take our course.

Up until last fiscal year, Driver Education in NC was fully funded by the state. This year, after state funding cuts, students may be required to pay up to $45.00, depending on whether or not their county is willing to absorb the cuts in funding.

In 2010, as a result of legislative requirements, the Driver Education Program in North Carolina was reviewed from an accountability and management perspective. As part of the review process, there were two separate reports produced; The North Carolina Accountability Report (NCAR) and a more thorough, in-depth report by the North Carolina Office of State Budget and Management (OSBM). The findings of both of these initiatives identified areas of improvements within the current Driver Education Program that should be incorporated into the Strategic Plan. Both of these reports identified the lack of a Strategic Plan for Driver Education as being a concern, and these findings led to a legislative requirement for DPI to develop a Strategic Plan. This newly developed Strategic Plan will address the concerns raised within both reports as well as provide guidance to assist with further development and strengthening of the existing Driver Education Program within the state.

STANDARDIZED CURRICULUM

An on-going common recommendation from all of the experts was for North Carolina to implement a standardized curriculum. This was accomplished in March of 2011, and Revised

July 2011, and has been put in place for the current school year. This process should be monitored, evaluated and revised as needed in the coming years. As part of the standardized curriculum, consideration should also be given to increasing the amount of both classroom and behind the wheel time from the current 30 hours (classroom) and 6 hours (behind the wheel). These current time allotments are consistent with the First National Conference on High School Driver Education (held in 1949) which recommended a Driver Education course of 30 hours of classroom and six hours of behind the wheel driving instruction. Much has changed over the last 60 years with increased highway traffic and changes in vehicle technology, highway design, and traffic and highway regulations. Yet, North Carolina and other states' Driver Education curriculum still require 30 hours of classroom and six hours of behind the wheel instruction. Some national Driver Education organizations' standards recommend more classroom and driving time than 30 classroom hours and six behind the wheel driving instructional hours. For example, the American Driver and Traffic Safety Education Association (ADTSEA) – National Curriculum Standards – requires 45 hours of classroom instruction and 8 hours of behind the wheel instruction. Similarly, the Novice Teen Driver Education and Training Administrative Standards (NTDETAS) requires 45 hours of classroom, 10 hours of in-car observation, and 10 hours of behind the wheel instruction

INSTRUCTOR QUALIFICATIONS

Quality Driver Education instructor training is the backbone of a good Driver Education Program. Instructors should be required to complete approved standard instructor training that applies to all public and private Driver Education Programs, and include courses on theory and practice for classroom and in-car instruction for classroom skills, driver task analysis, and vehicle operational and instructional skills. Driver Education instructors in North Carolina generally receive their Driver Education credentials from:

DPI has an add-on certification based on successfully completing 12 semester hours of college-level course work at East Carolina University,
DMV (a two-week, 80-hour course that focuses on understanding key Driver Education concepts), or
Commercial driving schools (similar to the DMV course, except the courses are taught by DMV certified instructors employed by the commercial schools).

DMV officials believe that all Driver Education instructors should be certified to teach Driver Education. At the national level, the trend is toward increased standardization of Driver Education instructor training and certification requirements. For example, the ADTSEA launched a National Driver Education Teacher Certification and Recognition Program in 1998. The goals of ADTSEA's program are to improve the quality of Driver Education teachers, standardize their training, update professional knowledge and skills, and make Driver Education teacher training more available, nationally. To become certified under the ADTSEA program, Driver Education instructors must complete three college-level core courses plus an elective course, and have one year of verifiable teaching experience. This course of study is similar to the Driver Education Certification Program at East Carolina University's Department of Health Education and Promotion, which includes 12 semester hours of Driver Education. The East Carolina program enables certified teachers to add a Driver Education certification to their regular teaching certification. Nationally, a number of states including Indiana, Washington, and

Oregon have made strides in standardizing their Driver Education certification requirements for public and commercial instructors. DMV offers an 80 hour Driver Education instructor training course for commercial driving school instructors and LEA Driver Education instructors. General Statutes 20-322 through 20-325 require DMV to test, certify, and monitor driving instructors for commercial driving schools. Further, theses instructors must be observed in the classroom and behind the wheel by the DMV staff within 90 days after completing the course, and passing the final exam before they are certified Driver Education instructors. The commercial driving school instructors must also receive 64 hours of continuing education credits every 4 years. As of September 2010, DMV was monitoring 69 commercial Driver Education schools and 808 certified commercial Driver Education instructors. In contrast, LEA driving instructors are not monitored by DMV or DPI once they complete DMV's driver training course or any other driving courses. Further, the LEA instructors are not required to take any continuing education credits to maintain their driving instructor certifications. The LEAs that responded to OSBM's survey reported that they employed 1,608 Driver Education instructors as of October 2010.

PARENTAL INVOLVEMENT

Increased and mandatory parental involvement is another area that could greatly improve the overall quality of Driver Education. Parents have the ultimate responsibility for allowing their child to have/earn the privilege of driving. Unfortunately, in today's fast paced environment, parents are often too quick to ensure that their children get their driver's license so that they can become more independent, as well as, relieve a burden from the parents of constantly having to transport them or their siblings. Parents need to be made aware of the dangers and challenges their inexperienced driver is facing, and accept the responsibility of taking a more proactive role in the learning experience.

NORTH CAROLINA ACCOUNTABILITY REPORT

The North Carolina Accountability Report (NCAR) completed in November 2010, assessed four main sections of the Driver Education Program: 1) Program Purpose and Design, 2) Strategic Planning, 3) Program Management and 4) Program Results and Accountability. The highlights of the findings for each section are as follows:

Section 1. Program Purpose and Design

The Driver Education Program is documented in Statutes and funded from the highway maintenance fund. DPI, although required by G.S. 20.88.1 to organize and administer the Driver Education Program has adopted a limited role as "Fiscal Agent" in the program administration and implementation. The bulk of the program design, content and oversight has been delegated to Local Education Agency (LEAs) instead of maintained centrally at the state level.

Section 2. Strategic Planning

At the present, no strategic plan has been developed for Driver Education, which should include long-term goals and/or the establishment of associated targets. Prior to these two reports, there had been no independent review of the program. There is no proactive forecasting process for budgeting and finally, the LEAs have been given responsibility for individual Driver Education Programs. This has the potential to lead to a fragmented program at the state level since there is currently no central oversight of the LEAs.

Section 3. Program Management

The DPI has only a limited role in the development and administration of the Driver Education process, serving primarily as the "fiscal agent." There is no strategic plan for Driver Education. The LEAs are responsible for the development, administration and all oversight of the Driver Education Programs.

Section 4. Program Results and Accountability

The identified deficiencies in this area include: currently no programmatic goals or metrics have been established; no standardized driver training program exists; no technical oversight is conducted of the programs and there is limited funding oversight being done.

OSBM REPORT

The management review report completed by OSBM reviewed the funding and efficiency of the Driver Education Program to : 1) examine the current process used by the Department of Public Instruction (DPI), to distribute funds to local school agencies (LEAs) and the reversion of unused funds; 2) determine the most appropriate funding sources to support the Program; 3) collect data on the number of students served and the outcomes by the Program; 4) identify ways to improve services, reduce cost, and eliminate duplication; and 5) work with to establish performance measures for the program to determine the program's effectiveness.

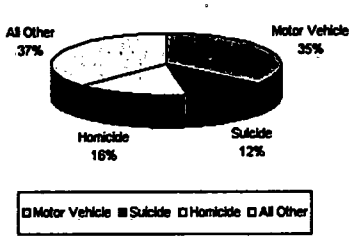
Currently, there are a number of key areas that need to be addressed successfully in order to improve the Driver Education Program in North Carolina. This will help provide new drivers with the best foundation possible to become better drivers and better prepare them for the future challenges. The major areas of focus to be addressed in the remainder of this Plan include:

1) Administration of the Program
2) Oversight of the Program
3) Funding of the Program
4) Standardized Curriculum
5) Instructor Qualifications
6) Driver Licensing
7) Parental Involvement
8) Other Program Improvements
9) Performance Measures

NATIONAL SCOPE AND HISTORY OF DRIVER EDUCATION

SCOPE OF THE PROGRAM

Motor vehicle crashes continue to be the leading cause of death among American teens, accounting for more than one third of all deaths of 15 to 20-year olds. Teens continue to be over-represented in fatal crashes compared to all age groups. The crash rate is greatest among 16-year olds, who have the most limited driving experience and an immaturity level that often results in risk-taking behind-the-wheel.[1]



Younger drivers are frequently inexperienced in hazard recognition and often take unnecessary risks due to a combination of poor decision making and an illusion of invulnerability. Younger drivers do not always consider the consequences of their actions. Recent research in adolescent development supports the contention that younger people are often developmentally less capable of making sound judgments and decisions regarding potentially risky behavior. Areas of the brain involved in rendering judgments and making decisions are not fully developed until around age 25. Young drivers are particularly vulnerable to certain high-risk driving situations, such as driving at night, after drinking alcohol, with other teenage passengers, and when unbelted.[2]

Many approaches have been taken to reduce teen driver crashes. These include laws and sanctions, licensing programs, and Driver Education. Driver Education remains a standard for acquiring driving skills and 29 states require the completion of a Driver Education Program before a person under the age of 18 can apply for a license.[3]

HISTORY AND CURRENT STATUS OF DRIVER EDUCATION

In North America the term *Driver Education* has usually been applied to programs for beginning drivers consisting of both "theory" instruction in the classroom and practical training in a vehicle. Traditional programs have taken place in a single stage, before the driver becomes licensed. Indeed, one principal purpose of Driver Education is to prepare beginners for license testing.

---

[1] Novice Teen Driver Education and Training Administrative Standards
[2] Compton, 2008.
[3] Compton, 2008 and NHTSA 2011 Traffic Tech: Driver Education Practices in Selected States, Number 404

Driver Education has long been mandated to address all possible aspects of the tragically high crash risk of young novice drivers. Courses for beginners have long been a popular and convenient means of achieving independent mobility, important for both young people and their parents. Driver Education has strong "face validity" as a safety measure. Parents think it makes their children safer drivers.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION - NHTSA

The U.S. Department of Transportation, through NHTSA, has helped to guide Driver Education nationwide. These efforts have been numerous.

Recently, David Strickland, Administrator, NHTSA, expressed his agency's views on Driver Education in a letter to Teen Safety Advocates[4]. The following are direct quotes from Administrator Strickland:

Motor vehicle crashes not only harm individuals, they also impact the economy. Among other costs, the expense of health care interventions, vehicle repairs, public safety personnel response, traffic congestion and increased insurance premiums are avoided if a crash never occurs. Starting a new driver on a life-long career of safe driving can have an immediate and long-term financial impact.

I firmly believe that an effective Driver Education Program – along with proven safety legislation, active law enforcement and positive engagement of parents, schools and other community members – is an important element in a program to protect these young drivers. Over the past several years, the NHTSA has supported the development of several products designed to improve the quality of Driver Education provided to novice drivers. This includes the development of;

1) Curriculum standards that outline WHAT should be taught;
2) Model curricula that demonstrate HOW it can be taught; and
3) Administrative standards that outline HOW Driver Education should be delivered.

Driver Education is a key part of the comprehensive approach needed to reduce tragic young driver crashes and their toll on our economy. I encourage each State to examine its youth crash and fatality data, determine what countermeasures are appropriate, support a strong GDL program and work toward implementation of a Driver Education Program, following the guidance outlined in the national curriculum and administrative standards.

[4] NHTSA, letter sent to all Highway Safety Advocates, 1 March 2012.

Section Two: Plan Recommendations

Ways to Improve the State Driver Education Program

One of the most meaningful improvements which can be made to the Driver Education Program is to have a more consistent statewide program. Consistency will ensure students are receiving the same quality Driver Education regardless of where they reside in North Carolina. The areas of the program which can be improved include management and oversight, standardized curriculum, instructor qualifications, technology use, parental involvement, and coordination among State and local agencies.

Program Ownership and Responsibility

Although DPI is legislatively charged with the administration and organization of the program, they have delegated nearly all of these responsibilities to each of the 115 LEAs. In turn, this has led to a number of challenges and different ways in which the program is administered, thus fragmenting the process and often providing various levels of program deliverables, depending on where it is being taught in the state. The quality and nature of the Driver Education Program should be the same for all students regardless of geographic location. As a further example of the fragmentation that turning over the program to the LEAs causes, the study by OSBM found that within the LEAs, there were four primary ways in which the program was being delivered to students. (In-House by LEA, Contractor, Instruction Contracted and LEA Provided Vehicles and Supplies, and Combination of Contractor and LEA were the delivery methods.)

In order to have a successful program, Driver Education needs to be the sole responsibility of one agency that is responsible for the organization and administration of the program. According to General Statutes (GS) 20-88.1, GS 115C-215, and GS 115C-216, the responsibility lies with the State Board of Education and the Superintendent of Public Instruction. The specific requirements of these statutes are:

GS 20-88.1 requires expenses incurred by the State in carrying out the provisions of the Driver Education Program administered by the Department of Public Instruction in accordance with GS 115C-215 shall be paid out of the Highway Fund based on an annual appropriation by the General Assembly.
GS 115C-215 requires the State Board of Education to approve criteria and standards for the State Driver Education Program,
GS 115C-215 requires the Superintendent of Public Instruction to organize and administer a Driver Education Program that is offered in the public schools of North Carolina,
GS 115C-215 requires the State Board of Education to adopt rules to permit local boards of education to enter into contracts with private entities to provide Driver Education training,
GS 115C-216 requires the State Board of Education and local boards of education to provide a course of training and instruction in the operation of motor vehicles.

Section Three: Plan Action Steps

1. ADMINISTRATION OF THE PROGRAM

- **One governing body for Driver Education**
  - There should be one agency in charge of oversight of all Driver Education activities within the state. The likely agency for this would be DPI. This agency would be responsible for all facets of the program: who can teach, what they teach, oversight of the program, accountability of the program, and associated responsibilities.
  - Driver Education should be administered by DPI. (*Note: This is already established by State law and DPI needs to take a more active role in the administration of the State Driver Education Program.*)
  - Based on National Novice Teen Driver Education Standard recommendations, DPI should create a permanent position to oversee Driver Education and hire a State Driver Education Administrator. DPI should assemble an Advisory Committee of interested stakeholders to advise this State Administrator.
  - A Driver Education Advisory Committee should be supported to assist and advise DPI on the overall management and improvement of Driver Education. This Advisory Committee should consist of state level members from DPI, DMV, DOT, GHSP and local members from county school systems, local program administrators and teachers.

2. OVERSIGHT OF THE PROGRAM

- **Accountability procedures**
  - Audit/Monitoring process with personnel from the state level initiated to assure that funding/procedures are within guidelines for Driver Education.
  - Driver Education instructors would be required to be evaluated a minimum of 2 times a year both classroom and behind-the-wheel. This evaluation is done at the local level and submitted to the state based on state criteria.
  - To ensure adequate program participation, compare the number of program participants to the projected number of eligible students.
  - To measure program success in receiving a driver's license, compare the number of eligible students to the number of successful license applicants as reported by the Division of Motor Vehicles.

3. FUNDING OF THE PROGRAM

- **Explore funding options as outlined in the OSBM report**
  - Having a program with dedicated funding would ensure continuation of the Driver Education Program.
  - Also, the funding sources listed within the OSBM report would provide additional funding above what is currently allocated from the Highway Trust Fund and would allow for the expansion of the Driver Education Program.

4. STANDARDIZED CURRICULUM

- **There should be a statewide, mandated Driver Education Curriculum**
  - Curriculum standards should be required for both the classroom phase and behind-the-wheel phase of Driver Education. These standards should be based on the ADTSEA national curriculum standards.
  - Any online Driver Education should be approved and administered by DPI in conjunction with the local LEA and should meet the requirements of the state adopted standard curriculum.

- **All student drivers would be taught from the same curriculum.**
  - Have an approved textbook list for the state and recommend that counties purchase and use textbooks
  - Distributed learning/instructional guides for both phases (classroom and behind the wheel).

- **Increase required classroom hours**
  - From 30 hours to 45 hours with appropriate increase in funding.
  - Set the recommended number of classroom hours taught per day at 2 hours.
  - Establish a recommended number of students in a classroom (30).

- **Topics to be covered**
  - Highway safety concerns to include specific and consistent messaging on safety belts, alcohol, speed, and distracted driving.
  - Anger management, stress management, time management should be emphasized in the classroom.
  - Address other topics as illustrated through analyses of historical crash data.
  - Meet all curriculum content standards identified in the NTDETAS (ADTSEA Content Standards).

- **Increase required behind-the-wheel hours**
  - Increase BTW hours from 6 hours to 8 hours for each student with an appropriate increase in funding.
  - Set the recommended number of behind-the-wheel hours taught per day at 1.5 hours per student; recommend changing drivers every 30 minutes.
  - Establish a maximum number of students per session of behind the wheel instruction (no less than 2 students and no more than 3 students).

5. INSTRUCTOR QUALIFICATIONS

- **Driver Education instructors**
  - Establish stricter certification requirements.
  - Commercial schools that contract with school systems would have to be approved by DPI. Commercial school instructors would have to be approved by DPI through DMV School Bus and Traffic Safety.
- **Continuing education for instructors**
  - To keep their license active and current, a DPI licensed Driver Education teacher would have to obtain 7.5 renewal credits every 5 years with the same requirements as any other subject area.
  - A commercial Driver Education instructor would be required to obtain 75 credit hours in Driver Education instruction every 5 years.

6. DRIVER LICENSING

- **Driver Education required for all "new" drivers**
  - This would include adults. Statistics demonstrate that drivers at any age (novice and novices) have a high crash rate for the first 6 months.
  - Implement mandatory Driver Education requirements for all new drivers regardless of age.
- **Graduated Driver Licensing improvements**
  - Increase Level II of the GDL restriction from 6 months to 12 months to keep extra passengers out of the vehicle.
  - Under the GDL program, levy additional penalties for violations including not wearing safety belts, instead of just extending the Level II phase for an additional six months.
  - Strict enforcement of existing laws in regard to young people, making these laws administrative where possible to reduce the burden on the courts. For example; if a young person is caught driving while intoxicated, immediately take their license administratively.

- **Link driving privileges to student performance**
  - Driving privileges in high school would be directly linked to both academic performance and general conduct.

7. Parental Involvement

- **Increased parental involvement**
  - All student drivers would receive no less than 100 hours of documented, supervised home practice (parent/guardian) driving time prior to receiving their license to drive alone.
  - Required viewing/reading material for parents to help stress the importance of their role.
  - Provide all parents copies of the Student/Parent Guide that was endorsed by DPI and by the North Carolina Driver and Traffic Safety Education Association.
  - Ensure that parents understand they have the final word as to whether their teenager applies for and/or keeps a learner permit or driver license.
  - Required parent involvement component (orientation meeting/ending conference of student performance, and/or other such requirements)

8. Other Program Improvements

- **Remove restrictions on day time teaching**
  - Allow Driver Education to be taught during the school day if approved by the local Board of Education.

- **Public awareness campaign ideas**
  - Development and dissemination of educational/information.
  - Explanation of graduated drivers licensing and the parent's role.
  - Stressing the importance, need and reasoning for Driver Education.
  - Increase exposure of the importance of safety to younger drivers and the dangers they face.

Section Four: Program Evaluation

The DPI should petition the Highway Safety Office to request from NHTSA a State Assessment of Driver Education based on the NTDETAS.

Establish a timeline for defining agency responsibility for Driver Education and define all levels of monitoring Driver Education at the local level.

DPI should establish a permanent, full time position to serve as the coordinator for all Driver Education activities within the state. The position should be funded from current Driver Education appropriations.

Enforce the existing mandate of a state adopted and approved Driver Education curriculum based on national standards. Monitor compliance of this standard in all local programs.

Establish instructor training programs that meet the standards established by DPI, which are based on the NTDETAS. Ensure these training programs are available throughout the state of North Carolina.

Monitor driver licensing regulations and proposed legislation that ensures improved graduated driver licensing efforts.

Establish parent involvement regulations that increase the involvement of parents in the student learner process. Distribute these materials to all school and driver licensing agencies. Measure the compliance of these regulations using DPI audits.

Section Five: Glossary

ADTSEA	American Driver and Traffic Safety Education Association
DMV	Department of Motor Vehicles
DOT	Department of Transportation
DPI	Department of Public Instruction
DWI	Driving While Intoxicated
GDL	Graduated Driver License
GHSP	Governor's Highway Safety Program
LEA	Local Education Agency
NC	North Carolina
NCAR	North Carolina Accountability Report
NHTSA	National Highway Traffic Safety Administration
NTDETAS	Novice Teen Driver Education and Training Administrative Standards
OSBM	Office of State Budget and Management

School of Government
The University of North Carolina at Chapel Hill

Final report

Evaluation of Driver Education Teaching Mode in North Carolina

January 23, 2013

Andrew George, Ph.D. Evaluation Director
Maureen Berner, Ph.D. Faculty Advisor

www.sog.unc.edu
T 919.966.5381
F 919.962.0654

Executive Summary

In the spring of 2012 the School of Government was approached by the North Carolina Department of Public Instruction (DPI) about conducting an evaluation of the different teachings modes used for driver education in North Carolina. The School was also asked to include in the comparison, to the extent possible, a fully interactive on-line option. Finally, we were asked to assess the use and perceived impact of the optional student fee for driver education.

We were unable to find other, similar evaluations specifically focused on driver education. In addition, a brief examination of the literature shows that while on-line programs had been described recently in a report by the National Highway Transportation Safety Association (NHTSA) of the U.S. Department of Transportation, no evaluations of on-line driver education programs exist.

The focus of the evaluation covered three broadly defined teaching modes: traditional classroom instruction; traditional classroom augmented with various technological tools[1], which we refer to as blended instruction; or completely web-based on-line instruction. For each mode, we examined two evaluation criteria: (1) quality as defined by overall pass rates, test scores, and test frequencies for the Knowledge test offered for licensure by the Division of Motor Vehicles (DMV), and (2) cost per student. We received an extraordinarily large and complete dataset of 2011-2012 DMV Knowledge test information for all students in North Carolina, allowing for a robust analysis for our first part of the evaluation. We conducted a state-wide survey of schools to obtain information on how driver education was taught and the use of the optional student fee. We also had access to limited information on driver education costs as self-reported by Local Education Agencies (LEAs) for other DPI purposes.

We found little difference in the performance of traditional classroom instruction versus blended instruction as measured by overall pass rates, test scores, or test frequencies for students taking the DMV Knowledge test. North Carolina has conducted a pilot of a web-based, on-line education model, but the earliest graduates of that program will take the Knowledge test in 2013, and therefore we did not have test results from them to include in this analysis. Finally, we were unable to assess cost per student across the three teaching modes because of concerns over the comparability of the available cost information. A budget audit or other method to determine school-level driver education costs may be required to accurately capture the cost-per-pupil averages between the blended and traditional methods.

[1] Of the 338 survey respondents, 42 met the definition of "blended" based on their use of an on-line program, including Costech (34) or another program (8). 178 schools self-identified as traditional classroom instruction. The remaining schools did not provide enough data to be coded one way or the other.

Introduction and Background

In the spring of 2012 the School of Government was approached by the North Carolina Department of Public Instruction (DPI) about conducting an evaluation of the different teachings modes used for driver education in North Carolina. To determine what would be included in the evaluation, discussions with DPI and General Assembly Program Evaluation Division staff identified issues relating to delivery methods of driver education instruction in North Carolina high schools including how instruction was delivered, the role and impact of technology in the classroom, and per pupil costs. The focus of the agreed upon evaluation covered three broadly defined teaching modes: traditional classroom instruction, blended instruction—considered a traditional classroom augmented with various technological tools[2], or completely web-based on-line instruction. For each mode, we examined two evaluation criteria: (1) quality as defined by overall pass rates, test scores, and test frequencies, and (2) cost per student.

		Evaluation Criteria	
		QUALITY (outputs and results)	COST (per student)
Teaching approach	TRADITIONAL (classroom)	1	4
	BLENDED (hybrid)	2	5
	ON-LINE (interactive)	3	6

The evaluation criteria in the Quality columns 1-3 are addressed below in findings I – IV, and Cost cells 4-6 are addressed in findings V – VII.

The teaching approaches we evaluated include content only and not behind-the-wheel instruction. An on-line pilot program was run in a limited way in 2011-2012 but we do not have comparable test data for its students. This is because students who completed the on-line pilot in 2011-2012 have yet not taken the Knowledge test or are not old enough to apply for a driver's license. Therefore, the on-line pilot is not covered in this evaluation. Instead, we gathered limited case study information on on-line programs run in Pennsylvania and Colorado to provide some comparative case-study data.[3]

For the information needed on success measures, in the fall of 2012, DPI provided data merged from DPI and DMV sources. The data included the school attended and test scores for 273,726 students on the Knowledge tests taken between July 1, 2010 and July 31, 2012. For information on teaching method, on

[2] Of the 338 survey respondents, 42 met the definition of "blended" based on their use of an on-line program, including Costech (34) or another program (8). 178 schools self-identified as traditional classroom instruction. The remaining schools did not provide enough data to be coded one way or the other.

[3] The non-probability design for this exploratory case-study included reference and snowball sampling, which allowed the evaluation team to bring in information from more states than originally expected, including California, Georgia, Florida, Indiana, Nebraska, Oklahoma, Texas, and Virginia.

December 6, 2012, the evaluation team and DPI initiated a survey for those teaching driver education in North Carolina high schools, asking details about teaching methods, resources used, and related issues. When the survey closed December 20, 2012, over 338 schools had completed surveys (81 percent response rate). The evaluation team isolated those respondents who began implementing DPI's new driver education curriculum[4] for the 2011-2012 school year, and we coded the respondents based on their use of traditional or blended instruction. Combined with the earlier data, we were able to identify those students who had either traditional or blended instruction for driver education and what each student's scores were for every test taken[5].

Finally, DPI provided cost information for driver education instruction at all NC LEAs. We tried to isolate those systems that were either completely traditional or blended to calculate cost-per-pupil for each teaching approach, but there are relatively few LEAs that are solely traditional or solely blended, so this comparison does not come from as rich a data set as the test score data. Furthermore, we were not able to audit the reported cost data, so we could not verify that they are fully comparable.

It is important to note that our literature review did not locate other, similar evaluations specifically focused on driver education. In addition, a brief examination of the literature shows that while on-line programs had been described in a 2012 report by the National Highway Transportation Safety Association of the U.S. Department of Transportation[6], no evaluations of on-line driver education programs exist. However, NHTSA's 2012 report did include a helpful table of on-line programs available, which we replicate here.

[4] Standard Curriculum Guide for Driver Education, revised July 2011. The Curriculum Guide can be accessed at http://www.ncpublicschools.org/docs/curriculum/driver-ed/driver-ed-program.pdf.

[5] For privacy reasons, the evaluation team stripped out personal identifiers for student records.

[6] Thomas, F. D., Blomberg, R. D., Korbelak, K., Stutts, J., Wilkins, J., Lonero, L., Clinton, K., & Black, D. (2012, June). Examination of supplemental driver training and online basic driver education. (Report No. DOT HS 811 609). Washington, DC: National Highway Traffic Safety Administration.

STATE	Number of Approved Online Courses or Course Providers	Agency Responsible for Approval and Oversight
California	Unknown	Theoretically DMV and Department of Education, but private secondary schools avoided oversight; also, local school boards had discretion.
Colorado	9	Department of Revenue
Florida*	6	Department of Highway Safety and Motor Vehicles; Department of Education (High School DE programs)
Georgia	5	Department of Driver Services
Idaho	1	Department of Education
Indiana	3	Department of Education with additional Bureau of Motor Vehicles oversight, but local control; Criminal Justice Institute over commercial driving school partnerships
Kansas	unknown	Department of Education, but local control
Nebraska	4	Department of Motor Vehicles
Nevada	17	Department of Education (but local control); Division of Motor Vehicles (commercial driving schools)
Oklahoma	6	Department of Public Safety
Pennsylvania**	Approximately 22	Department of Education, but local control
Texas	5 or 7 (not clear)	Department of Public Safety (parent taught); Texas Education Agency (school programs)
Utah	3	Office of Education (school programs); License Division, Department Public Safety (commercial schools)
Virginia	4	Department of Education
Wisconsin	2	Department of Public Instruction; Southwest Tech's Technical College System Board;

*Florida required all first-time licensees to complete a 4-hour Traffic Law and Substance Abuse Education course, but otherwise did not require formal driver education.

**Pennsylvania approved public and commercial driving schools, 22 of which offered an online course. It did not directly approve individual online courses.

Results

The following results are intended to provide DPI with our findings about the student and test pass rates based on traditional or blended methods of delivering the new NC driver education curriculum to high school students. Additionally, we explored per-student cost comparisons between traditional and blended school instruction and provide information on the optional student fee.

Finding I

Quality results 1-3: There is a statistically significant difference between the test scores of students enrolled in traditional and blended driver education courses (t score = 7.59)[7]. The average score for students enrolled in a blended driver education program was 80.5 percent (Std. Deviation 12.58), while the average score for students enrolled in a traditional classroom driver education program was 79.5 percent (Std. Deviation 12.60). In other words, students enrolled in blended driver education classes were likely to score higher than those in traditional classrooms. The material difference between these programs, however, is minimal given that the difference in the average scores was only one point. Finally, these results do not include quality comparisons with the on-line pilot program because we do not have test data for its students. Figure 1 displays the similarity of the blended and traditional teaching mode's average test scores.

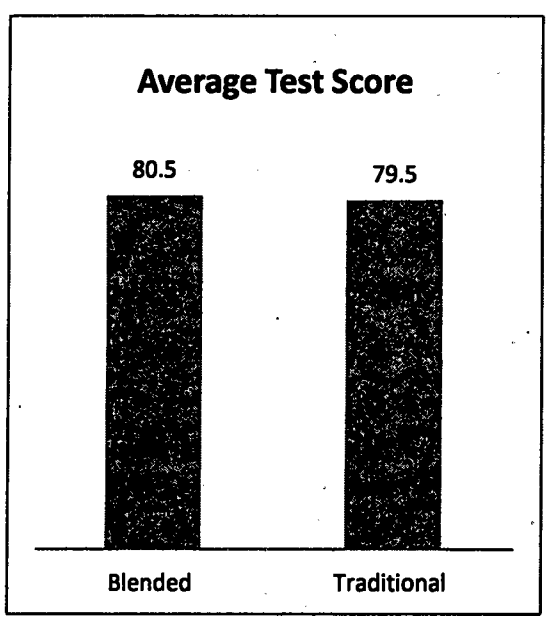
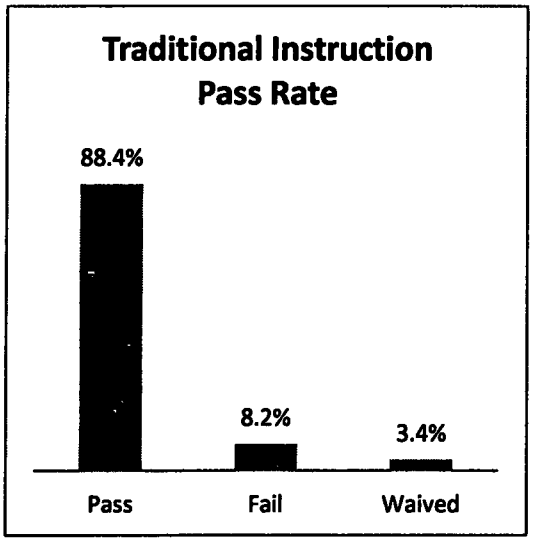


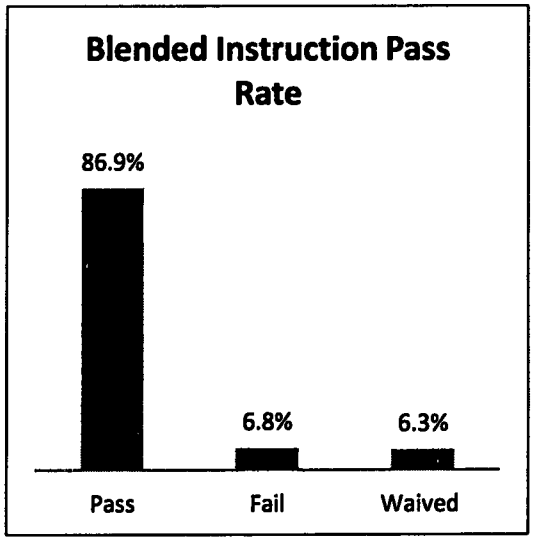
Figure 1: The average test score for students enrolled in blended programs was higher at a statistically significant level (t score = 7.59) than the scores for students in enrolled in traditional programs. However, the difference in the average score was only one test score point.

[7] Please note that since we are including all students for which scores were available for 2011-2012, which could be considered a population, we would not normally need to report on statistical significance. We do so here for those who would consider the groups in terms of samples.

Finding II

Quality results 1-2: The total pass rate of students based on whether they eventually pass the Knowledge test is 88 percent and 87 percent for blended instruction. The total pass rate is the percentage of students that ultimately receive a passing score, whether they take the test once or multiple times. These totals account for whether students eventually pass the exam or give up after one or more times. Figures 2 and 3 show the similarities between the pass rate for students in traditional versus blended courses.

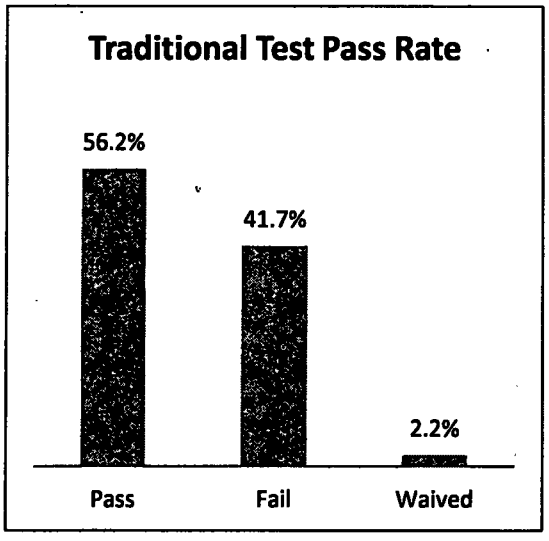


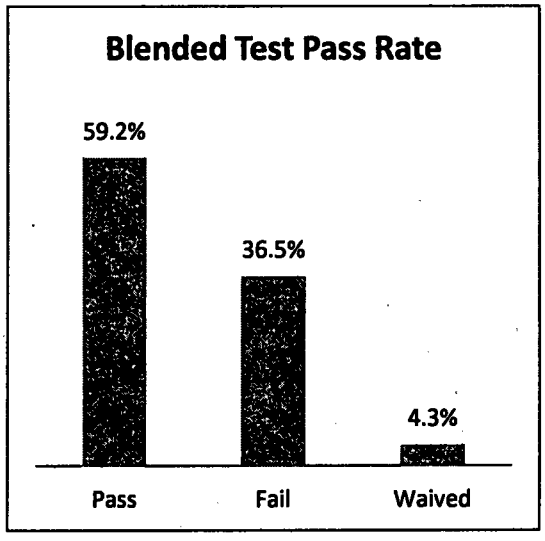


Figures 2 & 3: Over 88 percent of students pass the Knowledge test in classes with traditional instruction (no on-line interactive programs). Almost 87 percent of students pass the Knowledge test in classes with blended instruction using an on-line program like DriversEd.com or Costech. These percentages include all students who eventually pass the test, whether they take it once or multiple times.

Finding III

Quality results 1-2: Analysis of the test pass rate shows a difference in the number of Knowledge test attempts taken by students in traditional classroom instruction or blended courses. The test pass rate is the percentage of overall tests taken that received a passing score. These pass rates include scores for students taking the test more than once, thereby bringing the average pass rate down substantially compared to the overall student pass rate. In other words, if a student fails the test multiple times before passing it, that student has more of an impact on the *test pass rate* than a student who took the test only once and passed it on the first try. Multiple fails bring the test pass rate down. Figures 4 and 5 show the test pass rate with traditional and blended instruction.

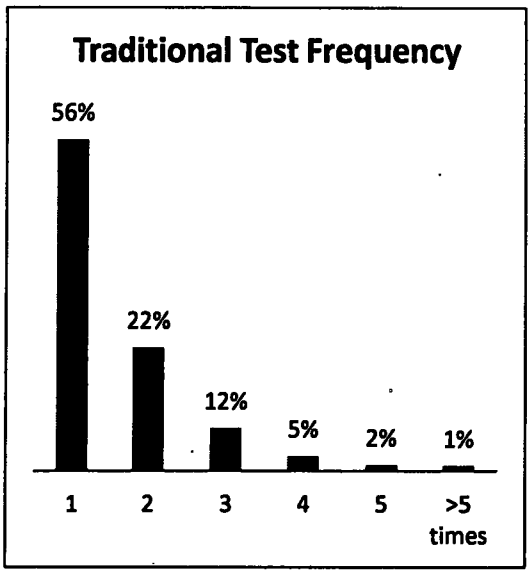




Figures 4 & 5: Over 56 percent of the Knowledge tests taken by students with traditional instruction received a passing score, while nearly 42 percent of the Knowledge tests taken by students with traditional instruction were unsuccessful. Over 59 percent of the Knowledge tests taken by students with blended instruction received a passing score, while nearly 37 percent of the Knowledge tests taken by students with blended instruction were unsuccessful.

Finding IV

Quality results 1-2: Analysis of the number of Knowledge test attempts taken by students with either traditional or blended driver education instruction showed a small difference in test frequency. Almost 56 percent of tests taken by students with traditional instruction took the Knowledge test once. The remaining 44 percent of Knowledge tests were taken by students with traditional instruction more than once, including two students who took the exam 15 times and one student who took the Knowledge test 24 times. Over 57 percent of the tests taken by students with blended instruction took the Knowledge test once.. The remaining 43 percent of the Knowledge tests taken by students with blended instruction took the test more than once, including two students who took the test ten times. Figures 6 and 7 show the differences in the test frequency between the two modes of instruction.



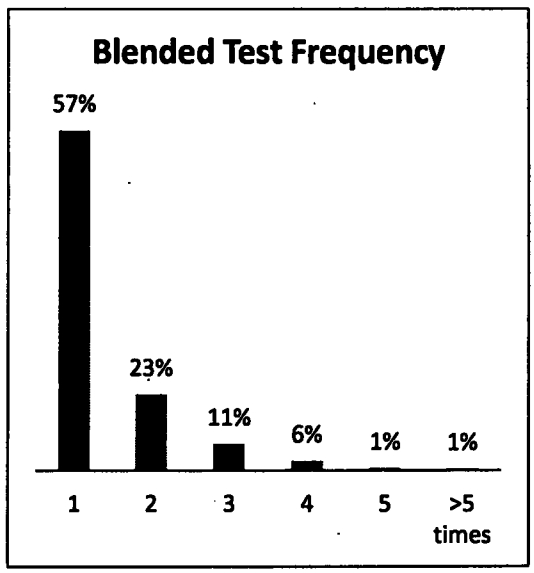


Figure 6 & 7: Almost 56 percent of the tests taken by students with traditional instruction took the Knowledge test once. Over 57 percent of the tests taken by students with blended instruction took the Knowledge test once.

Finding V

Cost results 4-5: Based on DPI cost information for the driver education instruction at all NC LEA districts, the evaluation team tried to calculate the cost-per-pupil for each teaching approach. To make these calculations, however, the evaluation team had cost data only at the LEA level, not at the school level. DPI is currently unable to provide cost data at the school level for driver education. A budget audit or other method to determine school-level driver education costs may be required to accurately capture the cost-per-pupil averages between the blended and traditional methods. Instead, the evaluation team tried to determine which LEAs were exclusively using one method or another (blended or traditional), and after receiving a list of blended LEAs, we cross-checked those LEAs with data from the survey. As a result, we determined several of the LEAs listed as blended also included schools delivering driver education instruction through traditional methods. In other words, several of the LEAs originally thought to be blended (e.g., Wake and Mecklenburg) actually included several schools using traditional teaching methods. This left only a small sample, including five blended LEAs (Davie, Greene, Hyde, Kannapolis, and Newton-Conover) and five traditional LEAs (Duplin, Franklin, Jackson, Transylvania, and Yadkin). After further review with DPI officials, even the status of all applicable schools within these LEAs is questionable. Also, we do not have cost comparisons for the on-line pilot because DPI is still collecting those data. Therefore, we do not feel comfortable presenting cost comparisons at this time. Future analyses could explore this question with valid, comparable data at the school level gathered from driver education coordinators across LEAs.

Finding VI

Cost results 4-5: The survey results for this evaluation also include data relating to the new fee that school districts could charge each driver education student beginning in 2011-2012, which can range up to a $45.00 maximum. As part of this survey, the evaluation team asked respondents about the optional fee, reasons for requiring it, and whether schools saw an impact from this fee on driver education enrollment. Among the schools implementing a fee, 87 percent of schools required the full $45.00. Figure 9 summarizes the results from this survey question.

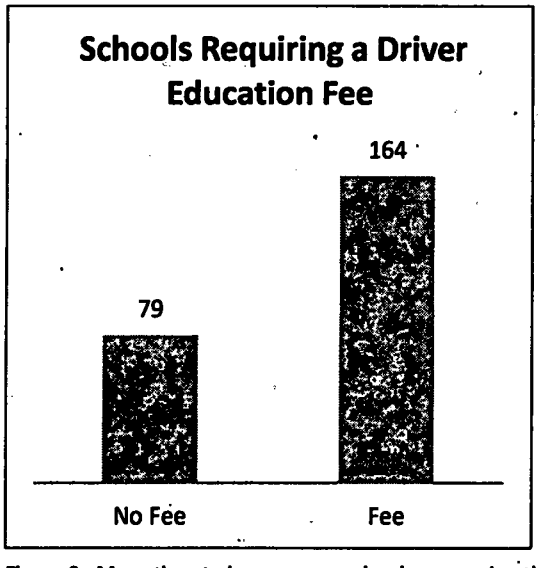


Figure 9: More than twice as many schools answering this question required a student driver education fee of up to $45.00, with 144 schools requiring the full $45.00. 95 schools did not answer.

Of those schools implementing the fee (n=164), 95 percent of respondents stated budget issues as the chief motivation for requiring it. Reasons for schools opting out of the fee requirement (n=78) include (1) "District/Board decision" (24 percent); (2) student hardships (16 percent); and (3) "Teacher pay cuts" (15 percent). Of the schools implementing the fee, almost 50 percent believed the program negatively affected student enrollment in driver education classes, while 31 percent saw no effects from the fee on student participation.

Finding VII

Cost result 6: Although DPI developed a limited on-line only pilot in 2011-2012, data are not currently available for this evaluation because students enrolled in the pilot have not taken the DMV Knowledge test at this time. Additionally, there are no other schools in North Carolina exclusively using on-line instruction to deliver driver education that can provide data necessary for cost comparisons. Instead, DPI asked the evaluation team to develop comparative case study analyses from Colorado and Pennsylvania to address the option of delivering North Carolina's driver education curriculum completely on-line (no classroom instruction).

Through the process of semi-structured interviews with potential stakeholders and industry leaders, we explored on-line driver education initiatives in those states. Preliminary findings show, however, that Colorado and Pennsylvania do not represent meaningful comparisons for North Carolina given substantive differences in state demographics, driver education requirements, and levels of state subsidies. Our findings mirror those of the most recent NHTSA report released several months ago. Furthermore, states have been predictably varied in their approaches to this issue, there are no firm national standards, and, to our knowledge, output or outcome data are not being collected or reported. Future comparative case study analysis may be more informative by focusing on states with regulatory and fiscal dimensions similar to North Carolina, including California, Florida, Georgia, Indiana, Nebraska, Oklahoma, Texas, and Virginia. Although analysis of these additional cases is beyond the scope of this evaluation, we believe they may provide better data for comparative purposes. We echo national organizations in the call for substantive research into performance and cost of on-line driver education.

Conclusion

These preliminary findings provide some useful comparisons between traditional and blended classroom instruction. We believe, despite a statistically significant difference in the average test score, the one point difference in average test scores is not materially significant. Additionally, there is little difference between traditional and blended classroom instruction with respect to how quickly students pass the DMV Knowledge test.Finally, we were unable to assess cost per student across the three teaching modes because of concerns over the comparability of the available cost information.

We would like to acknowledge the helpful assistance from DPI officials, including Paula Hildebrand, Kris Knower, and Reginald Flythe. We believe these findings provide the first glimpse into the comparisons between traditional and blended classroom driver education instruction in North Carolina. If you have any additional questions, please feel free to contact us at any time.

Regards,

Andrew George, Ph.D.
Evaluation Director
School of Government
University of North Carolina at Chapel Hill
andrewg@unc.edu
828.280.6956 (cell)

Maureen Berner, Ph.D.
Faculty Advisor
Professor
School of Government
University of North Carolina at Chapel Hill
mberner@sog.unc.ed

SENATE Appropriations of Department of Transportation
COMMITTEE 2013-2014 MEMBERSHIP LIST

Sen. Wesley Meredith Co – Chair Room
314 LOB
733-5776
Wesley.Meredith@ncleg.net

Bill Rabon Co - Chair
Room 2108, LB
733-5963
bill.rabon@ndcleg.net

Sen. Warren Daniel Vice-Chair
1127 LB
715--7823
warren.daniel@ncleg.net

Sen. Dan Blue
1117 LB
733-5752
dan.blue@ncleg.net

Sen. Joel Ford
1119 LB
733-5955
Joel.Ford@ncleg.net

Sen. Rick Gunn
Room 312, LOB
301-1446
Rick.Gunn@ncleg.net

Sen. Joyce Krawiec
Room 2117, LB
733-7850
Joyce.Krawiec@ncleg.net

STAFF

Beau Memory
1406 B LB
5-0654
Beau.memory@ncleg.net

*Amna Cameron
Fiscal Research
733-4910
amna.cameron@ncleg.net

Bryce Ball
Fiscal Research
733-4910
bryce.ball@ncleg.net

Karlynn O'Shaughnessy
Fiscal Research
733-4910
karlynn.oshaughnessy@ncleg.net

Giles Perry
Research Division
733-2578
giles.perry@ncleg.net

Wendy Graf Ray
Research Division
733-2578
wendy.ray@ncleg.net

Debbie Lown
Clerk
314 LOB
733-5776
meredithla@ncleg.net

APPROPRIATIONS ON DEPARTMENT OF TRANSPORTATION
SENATE COMMITTEE
2013 - 2014



Wesley Meredith
Co-Chair



Bill Rabon
Co-Chair



Warren Daniel
Vice-Chair



Dan Blue



Don Davis



Joel D. M. Ford



Rick Gunn



Joyce Krawiec

Senate Appropriations Committee on Department of Transportation

June 17, 2014
8:30 am
Room 1027/1128 LB

Agenda

Chairs: Senator Wesley Meredith, Chairing
Senator Bill Rabon

1. Call to Order

2. Comparison of House and Senate Transportation Budgets

    - Amna Cameron
      Fiscal Analyst, Fiscal Research Division

    - Bryce Ball
      Fiscal Analyst, Fiscal Research Division

3. Discussion

Senate Committee on Appropriations on Department of Transportation
Tuesday, June 17, 2014 at 8:30 AM
Room 1027/1128 of the Legislative Building

MINUTES

The Senate Committee on Appropriations on Department of Transportation met at 8:30 AM on June 17, 2014 in Room 1027/1128 of the Legislative Building. Six members were present.

Senator Wesley Meredith, Chair, presided.

Lilli Canaday from Burlington, Lilly Black from Burlington and Robert Bahner from Pinehurst served as pages.

The purpose of this committee meeting was to review and discuss the House Budget. Amna Cameron and Bryce Ball from the Fiscal Research Department explained in detail the *Department of Transportation Comparison Report on the Continuation and Expansion Budgets* document that was issued to each member. They also responded to questions from the committee. Bobby Lewis the Chief of Staff for the Department of Transportation along with Senator Meredith answered questions from the members. Thomas Cheek the Budget Analyst from the North Carolina State and Budget Management Office also contributed responses.

The meeting adjourned at 9:45 AM.

Senator Wesley Meredith, Chair
Presiding

Debbie Lown, Committee Clerk

Principal Clerk ____
Reading Clerk ____

SENATE
NOTICE OF COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations on Department of Transportation** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	June 17, 2014	8:30 AM	1027/1128 LB

Review House Budget

Senator Wesley Meredith, Co-Chair
Senator Bill Rabon, Co-Chair

SENATE APPROPRIATIONS COMMITTEE

ON

DEPARTMENT OF TRANSPORTATION

COMPARISON REPORT
ON THE
CONTINUATION AND EXPANSION BUDGETS

Senate Bill 744

June 17, 2014

House/Senate Comparison Report

Highway Fund

(Items in Controversy are Shaded)

	House FY 14-15	Senate FY 14-15

Adjustments to Availability

1 H — **Revenue Adjustment**

Reflects the repeal of the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective on January 1, 2015, increasing revenue availability by $69,420 in FY 2014-15.

2 S — **Revenue Adjustment**

Repeals the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective on January 1, 2015, increasing revenue availability by $69,188 in FY 2014-15.

3 S — **Intermodal Division Balances**

Transfers $12,000,000 of the unallotted and unexpended balance of funds within the intermodal divisions to the Pavement Preservation Program.

4 H — **Intermodal Division Balances**

Reallocates $12,000,000 of the unallotted and unexpended balance of funds within the intermodal divisions.

5 S — **Shallow Draft Navigation Channel and Lake Dredging Fund**

Reduces Highway Fund revenue availability to reflect a one-time transfer of $1,677,134 to the Shallow Draft Navigation Channel and Lake Dredging Fund.

6 G / H — **DENR - Underground Storage Tank Clean Up**

Redirects revenue from G.S. 105-449.125 (Gasoline Inspection Tax) to the Department of Environment and Natural Resources (DENR) for underground storage tank clean up. Revenues are reduced by $3,458,927.

Highway Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
	Administration		
7	**Division Cuts** G Reduces the Communications, Strategic Planning Office, Office of Inspector General, Financial Management, Information Technology, and Facilities Management programs by 2% of the certified 2014-15 budgets for these programs, as recommended in the Governor's Budget. The cuts include $1,705,907 to the Highway Fund and $10,130 in receipts. Divisional adjustments are enumerated below: Communications Division (Fund Code 84210-0002): $29,957 Strategic Planning Office (Fund Code 84210-1096): $3,958 Office of Inspector General (Fund Code 84210-7011): $39,353 Financial Management Division (Fund Code 84210-7020): $149,903 Information Technology Division (Fund Code 84210-7025): $1,091,183 Facilities Management Division (Fund Code 84210-7030): $401,683	($1,705,907)	($1,705,907)
8	**Division of Highways Administration Cuts** G Reduces the Intergovernmental Affairs, Program Development, Technical Services, Transportation Planning, and Transportation Mobility and Safety programs by 2% of the certified 2014-15 budgets for these programs, as recommended in the Governor's Budget. The cuts include $198,056 to receipts. Divisional adjustments are enumerated below: Intergovernmental Affairs (Fund Code 84210-1078/1129): $13,878 Program Development Division (Fund Code 84210-1256): $15,266 Technical Services Division (Fund Code 84210-7153): $110,738 Transportation Planning Program (Fund Code 84210-7070): $4,000 Transportation Mobility and Safety Division (Fund Code 84210-0149): $54,174	Identical in Senate & House	
9	**Financial Management** Reduces funding for the Financial Management Division (Fund Code 84210-7020) by $4,200,000 to realign the budget to reflect actual spending. Budgeted funds total $5,688,248 in FY 2014-15.	($4,200,000)	($4,200,000)

Highway Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
10	**Governance Office**		($424,545) -5.00

Eliminates one vacant support staff position in the Governance Office (Fund Code 84210-1104) that has been vacant less than 180 days. Eliminates four positions, of which three are filled positions, and associated costs previously associated with the Quality Enhancement Unit.

Position	Title	Total Position Cost
60015422	Management Engineer II	$96,657
60015416	Business Systems Analyst	$110,260
60015423	Management Engineer I	$82,516
60015420	Management Engineer I (vacant)	$84,840
60027692	Administrative Assistant I (vacant)	$50,272

11	**Governance Office**	($82,516) -1.00	

Eliminates a position and associated costs within the Quality Enhancement Unit.

Position	Title	Total Position Cost
60015423	Management Engineer I	$82,516

12 G	**Occupational Safety & Health Program (OSHA)**	($7,307)	($7,307)

Reduces funding for the OSHA Program (Fund Code 84210-7832), as recommended in the Governor's budget. The program provides funding to address safety deficiencies that impact the workplace environment. Eligible projects include mitigation of deficiencies discovered in routine inspections by OSHA, building code, or health code inspectors and employee safety training. This $7,307 reduction represents a 2.0% adjustment to the certified 2014-15 budget for this program. Budgeted funds total $358,030 in FY 2014-15.

13	**Secretary's Office**		($300,365) -3.00

Eliminates one full-time filled position in the Secretary's Office (Fund Code 84210-0007) and two vacant positions that have been vacant less than 180 days.

Position	Title	Total Position Cost
60014914	Federal Legislative Programs Coord	$180,669
60014929	Processing Asst V (vacant)	$46,095
60015792	Administrative Officer I (vacant)	$73,601

14	**Position Eliminations**	($2,006,362) -27.00	

Eliminates 27 administrative positions and 270 vacant receipt-supported positions assigned to equipment, HTF field, and HF field units which have been vacant for 180 days or longer. Estimated recurring savings total $2,006,362.

15	**Vacant Position Eliminations** Eliminates 21 vacant administrative positions and 270 vacant positions assigned to equipment and field units which have been vacant for 180 days or longer. Estimated recurring savings total $1,483,664.		($1,483,664) -21.00

Aid to Municipalities

16 G	**State Aid to Municipalities** Appropriates additional funding for the Aid to Municipalities program based on revised projections for motor fuels tax consumption in accordance with G.S. 136-41.1. Budgeted funds total $146,328,000 in FY 2014-15.	$9,453,990	$9,453,990

Construction

17	**Economic Development Program Fund** Eliminates all funding for the Economic Development Program (Fund Code 84210-7838).		($4,036,171) NR
18	**Economic Development Program Fund** Provides $4.0 million of additional funding for the Economic Development Program (Fund Code 84210-7838) and converts program funding to recurring.	$8,000,000 ($4,036,171) NR	

Division of Motor Vehicles

19 Gm	**Credit/Debit Transaction Payments** Realigns funding for payments to card vendors for credit/debit transactions based on actual transaction rates and the deployment of point-of-sale capability to driver license offices. Funding for Vehicle Services (Fund Code 84210-7055) is reduced by $3,707,308 recurring, a 28.0% adjustment to the certified 2014-15 budget for this line item. Funding for Driver Services (Fund Code 84210-0049) is reduced by $648,879 nonrecurring, a 46.9% adjustment to the certified 2014-15 budget for this line item.	($3,707,308) ($648,879) NR	($3,707,308) ($648,879) NR
20	**Title Conversion Fees** Budgets anticipated net receipts from the authorized $3.00 fee for the conversion of paper titles under the Electronic Lien and Titling system required pursuant to G.S. 20-58.4A.	($30,000)	($30,000)

Highway Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
21	**License and Identification Card Costs** G Increases funding for the production of new format driver license and identification cards issued by the Division of Motor Vehicles, as recommended in the Governor's budget. This $1,585,443 increase to Driver Services (Fund Code 84210-0049) represents a 36.2% adjustment to the certified 2014-15 budget for this line item.	$1,585,443	$1,585,443
22	**Medical Review Unit** G Increases funding for contractual physician case reviews and Medical Review Board hearings, as recommended in the Governor's budget. This $350,000 increase represents a 0.7% adjustment to the certified 2014-15 budget for Driver Services (Fund Code 84210-0049).	$350,000	$350,000
23	**Ignition Interlock Program** G Increases funding to establish a stand-alone Ignition Interlock Unit, as recommended in the Governor's budget. This $663,945 increase represents an 8.4% adjustment to the certified 2014-15 budget for the Commissioner's Office.	$617,495 10.00 $46,450 NR	$617,495 10.00 $46,450 NR
24	**Call Center** G Provides funding for thirteen Information Processing Technicians to increase the Division's capacity to handle general call center requests and divert call volumes from driver license offices, as recommended in the Governor's budget. This $771,980 increase represents a 2.0% adjustment to the certified FY 2014-15 budget for this program.	$694,331 13.00 $77,649 NR	
25	**Driver License Examiner Facilitators** G Provides funding for fourteen Driver License Examiners to reduce customer wait times at high volume offices, as recommended in the Governor's budget. This $822,397 increase represents a 1.8% adjustment to the certified 2014-15 budget for Driver Services (Fund Code 84210-0049).	$793,515 14.00 $28,882 NR	

Governor's Highway Safety Program

26	**Governor's Highway Safety Program** G Reduces the Governor's Highway Safety Program (Fund Code 84210-0042) administrative budget for car mileage reimbursement by $11,398, including $5,699 in receipts, as recommended in the Governor's Budget. Budgeted funds for the program total $279,233 in FY 2014-15.	($5,699)	($5,699)

Information Technology

		House FY 14-15	Senate FY 14-15
27 G	**SOA Governance and Competency Center** Provides funds to establish enterprise-level Service Oriented Architecture (SOA) Governance to support the design, development and deployment of products and services as part of the Division of Motor Vehicle Modernization effort and other ongoing initiatives, as recommended in the Governor's budget. The Department will also establish an SOA competency center to retrain existing technical resources and develop the new technologies to be delivered via modernization. This $3,000,000 funding increase represents a 5.6% adjustment to the certified 2014-15 budget for the Information Technology Division.		$640,000 $2,360,000 NR
28 Gm	**Modernization of Driver Services** Increases funding to advance Phase 3 of the State Automated Driver License System replacement project, supplementing $5.3 million of available funding from current appropriations for the modernization initiative in FY 2014-15. This $3,024,503 funding increase represents a 5.6% adjustment to the certified 2014-15 budget for the Information Technology Division.		$3,024,503 NR
29	**Online License Renewal** Provides $475,000 nonrecurring to develop an online renewal capability for Driver Services. This $475,000 funding increase represents a 0.9% adjustment to the certified 2014-15 budget for the Information Technology Division.	$475,000 NR	$475,000 NR
30	**Hearing Fee Implementation** Provides $256,000 nonrecurring for web application development to facilitate the future implementation of hearing fees. This $256,000 funding increase represents a 0.5% adjustment to the certified 2014-15 budget for the Information Technology Division.		$256,000 NR
31 G	**DMV Service Initiatives** Provides additional Information Technology (IT) staffing for the State Automated Driver License System (SADLS) and State Titling and Registration System (STARS) project teams, as recommended in the Governor's budget. Four (4.00) additional positions are authorized for the SADLS project team and three (3.00) additional positions are authorized for the STARS project team. This $830,707 funding increase represents a 1.5% adjustment to the certified 2014-15 budget for the Information Technology Division.		$830,707 7.00

Highway Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
32 G	**Channel Strategy Development** Provides funding to design, develop and deploy tools, applications, solutions and systems for internal and external users, as recommended in the Governor's budget. This $1,800,000 funding increase represents a 3.3% adjustment to the certified 2014-15 budget for the Information Technology Division.		$1,800,000
33 G	**Card Payment Operation and Maintenance** Provides funding for maintenance, licensing costs, and required Payment Card Industry (PCI) Data Security Standards associated with the acceptance of credit cards, as recommended in the Governor's budget. This $1,032,919 funding increase represents a 1.9% adjustment to the certified 2014-15 budget for the Information Technology Division.		$1,032,919

Intermodal

34	**Ferry Capital Improvement Account** Establishes funding for the Ferry Capital Improvement Account.	$6,200,000	
35 Gm	**Aviation, Rail, Public Transportation, and Ferry Operating Reductions** Reduces operating and grant funding for the Divisions of Aviation, Rail, Public Transportation, Ferry, and Bicycle and Pedestrian Transportation. Recurring reductions total $6,726,407, a 4.0% adjustment to the certified 2014-15 budgets for these programs. Funds allocated for grants for transportation services associated with the High Point Furniture Market are exempt from this reduction. Divisional adjustments are enumerated below: Aviation Division (Fund Code 84210-7830): $800,000 Rail Division (Fund Code 84210-7829): $960,325 Public Transportation Division (Fund Code 84210-7831): $3,393,723 Ferry Division (Fund Code 84210-7825): $1,542,317 Bicycle & Pedestrian Division (Fund Code 84210-0035): $30,043		($6,726,408)
36 G	**Division of Aviation - Executive Passenger Program** Reallocates operating and maintenance funding attributed to the Sikorsky S-76C+ helicopter and eliminates one vacant Pilot position (60080839), as recommended in the Governor's budget. Of the $158,452 in savings, $150,000 is reserved for contractual passenger service.		($8,452) -1.00

Highway Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Maintenance			
37 G	**Primary System** Reduces funding for Primary System Maintenance Program, as recommended in the Governor's budget. Budgeted funds total $140,845,060 in FY 2014-15.	($6,678,148)	($6,678,148)
38 G	**Secondary System** Reduces funding for the Secondary System Maintenance Program, as recommended in the Governor's budget. Budgeted funds total $262,872,935 in FY 2014-15.	($10,709,290)	($10,709,290)
39 Gm	**Contract Resurfacing** Increases funding for Contract Resurfacing (Fund Code 84210-7824). Budgeted funds total $413,923,088 in FY 2014-15.	$11,500,000	
40	**Pavement Preservation** Establishes funding for the Pavement Preservation Program.	$50,269,379	
41	**Pavement Preservation Program** Establishes funding for the Pavement Preservation Program.		$80,824,381
Reserves			
42	**Reserve for Compensation Increases** Provides a $1,000 recurring salary and benefit increase ($809 salary increase) for permanent full-time employees.		$7,516,510
43	**Compensation Increase Reserve** Provides a $1,000 annual recurring salary increase (~$1,236 salary and benefit increase) for permanent full-time employees.	$9,291,113	
44	**State Retirement System Contributions** Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 1.44% cost-of-living adjustment to retirees	$2,006,900	
45	**State Retirement System Contributions** Increases the State's contribution to the Teachers' and State Employees' Retirement System to fund the Annual Required Contribution and provide a 0.8% cost-of-living adjustment to retirees.		$1,220,000

Highway Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
46	**State Health Plan** Reduces the reserve for health benefit coverage for enrolled active and retired employees supported by the Highway Fund to reflect zero premium increase at January 1, 2015.	($1,050,000)	($1,050,000)
47	**Disability Income Plan** Reduces contributions to the Disability Income Plan for FY 2014-15 to match the Annual Required Contribution.	($98,700)	($98,700)
48	**Reserve for Future Benefit Needs** Eliminates the Highway Fund reserve for future benefit needs.	($1,745,000)	($1,745,000)

Transfers

49	**Global TransPark** Reduces the operating transfer to the Global TransPark Authority by $250,000, a 25% adjustment to the certified 2014-15 budget.		($250,000)
50	**Governor's Office** Eliminates an $80,000 transfer from the Governor's Office used to pay a portion of the salary for Position No. 60014914. This position is eliminated in Item 9.		($80,000)
51 Gm	**Department of Public Instruction - Driver Education** Converts funding to nonrecurring and adjusts the transfer from the Highway Fund to the Department of Public Instruction based on the forecast ninth-grade Average Daily Membership (ADM) for the 2014-15 school year.		($26,682,132) $26,376,131 NR
52 G	**Department of Public Instruction - Driver Education** Reduces transfers to the Department of Public Instruction based on the revised forecast for 9th grade Average Daily Membership (ADM), as recommended in the Governor's budget. This $306,001 reduction is a 1.1% adjustment to the certified FY 2014-15 budget for this transfer.	($306,001)	
	Department Totals	$68,429,928 9.00 ($4,057,069) NR	$39,978,520 -13.00 $27,853,034 NR

Highway Trust Fund

(Items in Controversy are Shaded)

		House FY 14-15	Senate FY 14-15
Adjustments to Availability			
53 H	**Revenue Adjustment** Reflects the repeal of the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective January 1, 2015. The repeal increases revenue availability by $23,140 in FY 2014-15.		
54 S	**Revenue Adjustments** Raises the Highway Use Tax caps in G.S. 105-187.3 to phase in a higher cap for certificates of title issued for a Class A or Class B motor vehicle that is a commercial vehicle (currently set at $2,000) and for recreational vehicles (currently set at $1,500). The caps increase to $2,000 on January 1, 2015 and to $3,000 on July 1, 2015. Raises the Highway Use Tax cap in G.S. 105-187.6(c) on out-of-state vehicles from $150 to $250, effective October 1, 2014. Repeals the Motor Fuels Tax refund for taxicabs in G.S. 105-449.106(b), effective January 1, 2015. These changes increase revenue availability by $5,691,890 in FY 2014-15.		
Administration			
55	**Administration** Reduces funding for Highway Trust Fund administration by $11,000,000 to realign the budget to reflect actual spending. Budgeted funds total $34,590,880 in FY 2014-15.	($11,000,000)	($11,000,000)
Construction			
56 Gm	**Strategic Transportation Investments** Increases funding for Strategic Transportation Investments to $1,023,763,562 in FY 2014-15.		$73,661,890
57 Gm	**Strategic Transportation Investments** Increases funding for Strategic Transportation Investments to $1,018,094,812 in FY 2014-15.	$67,993,140	
	Department Totals	**$56,993,140**	**$62,661,890**

Turnpike Authority

Budget Code: 64208

	FY 2014-15	
Beginning Unreserved Fund Balance	**$0**	
Recommended Budget		
Requirements	**$88,725,718**	
Receipts	**$88,725,718**	
Positions	**20.00**	

Legislative Changes

Requirements:

G	**Administration** Reduces funding for the Turnpike Authority administration budget by $42,601, as recommended in the Governor's budget. Budgeted funds to the Turnpike Authority total $1,442,878 in FY 2014-15.	($42,601) $0 0.00	R NR
	Subtotal Legislative Changes	**($42,601)** **$0** 0.00	R NR

Receipts:

G	**Administration** Reduces associated receipts for Turnpike Authority administration.	($42,601) $0	R NR
	Subtotal Legislative Changes	**($42,601)** **$0**	R NR

House Subcommittee on Transportation

	FY 2014-15
Revised Total Requirements	$88,683,117
Revised Total Receipts	$88,683,117
Change in Fund Balance	$0
Total Positions	20.00
Unappropriated Balance Remaining	$0

Turnpike Authority

HOUSE AND SENATE BUDGET

TRANSPORTATION

ITEMS IN CONTROVERSY AND IDENTICAL PROVISIONS

Senate and House Differ

Senate Version

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2015, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2014-2015 fiscal year.

Current Operations – Highway Fund	**2014-2015**
Department of Transportation	
Administration	$ 2,304,648
Division of Highways	
Administration	0
Construction	(4,036,171)
Maintenance	63,436,943
Planning and Research	0
OSHA Program	(7,307)
Ferry Operations	(1,542,317)
State Aid to Municipalities	9,453,990
Intermodal Divisions	
Public Transportation	(3,393,723)
Aviation	(808,452)
Rail	(960,325)
Bicycle and Pedestrian	(30,043)
Governor's Highway Safety	(5,699)
Division of Motor Vehicles	(1,786,799)
Other State Agencies, Reserves, Transfers	5,206,809
Capital Improvements	0
Total Highway Fund Appropriations	**$ 1,984,142,054**

House Version

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2015, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2014-2015 fiscal year.

Current Operations – Highway Fund	**2014-2015**
Department of Transportation	
Administration	$ (7,519,785)
Division of Highways	
Administration	0
Construction	3,963,829
Maintenance	44,381,941
Planning and Research	0
OSHA Program	(7,307)
Ferry Operations	6,200,000
State Aid to Municipalities	9,453,990
Intermodal Divisions	
Public Transportation	0
Aviation	0
Rail	0
Bicycle and Pedestrian	0
Governor's Highway Safety	(5,699)
Division of Motor Vehicles	(192,422)
Other State Agencies, Reserves, Transfers	8,098,312
Capital Improvements	0
Total Highway Fund Appropriations	**$ 1,980,683,359**

Senate and House Differ

Senate Version

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Section 3.2 of S.L. 2013-360 is repealed. The Highway Fund availability used in adjusting the 2014-2015 fiscal year budget is shown below:

Highway Fund Availability Statement	**2014-2015**
Unreserved Fund Balance	$ 12,000,000
Estimated Revenue	1,973,750,000
Adjustment to Revenue Availability:	
Motor Fuel Tax (Shallow Draft Navigation Channel Dredging Fund)	(1,677,134)
Motor Fuel Tax Refund Repeal (Taxi Cabs)	69,188
Revised Total Highway Fund Availability	**$ 1,984,142,054**
Unappropriated Balance	$ 0

House Version

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Section 3.2 of S.L. 2013-360 is repealed. The Highway Fund availability used in adjusting the 2014-2015 fiscal year budget is shown below:

Highway Fund Availability Statement	**2014-2015**
Unreserved Fund Balance	$ 12,000,000
Estimated Revenue	1,973,750,000
Adjustment to Revenue Availability:	
Gasoline Inspection Tax (Underground Storage Tank Clean Up)	(3,458,927)
Motor Fuel Tax (Shallow Draft Navigation Channel Dredging Fund)	(1,677,134)
Motor Fuel Tax Refund Repeal (Taxi Cabs)	69,420
Revised Total Highway Fund Availability	**$ 1,980,683,359**
Unappropriated Balance	$ 0

Senate and House Differ

Senate Version

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2015, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2014-2015 fiscal year.

Current Operations – Highway Trust Fund	**2014-2015**
Program Administration	$ (11,000,000)
Aid to Municipalities	0
Intrastate	0
Secondary Roads	0
Urban Loops	0
Mobility Fund	0
Turnpike Authority	0
Transfer to General Fund	0
Transfer to Highway Fund	0
Debt Service	0
Strategic Prioritization Funding Plan for Transportation Investments	73,661,890
Total Highway Trust Fund Appropriations	**$ 1,168,061,890**

House Version

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2015, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2014-2015 fiscal year.

Current Operations – Highway Trust Fund	**2014-2015**
Program Administration	($11,000,000)
Aid to Municipalities	0
Intrastate	0
Secondary Roads	0
Urban Loops	0
Mobility Fund	0
Turnpike Authority	0
Transfer to General Fund	0
Transfer to Highway Fund	0
Debt Service	0
Strategic Prioritization Funding Plan for Transportation Investments	67,993,140
Total Highway Trust Fund Appropriations	**$ 1,162,393,140**

Senate and House Differ

Senate Version

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Section 4.2 of S.L. 2013-360 is repealed. The Highway Trust Fund availability used in developing the 2014-2015 fiscal year budget is shown below:

Highway Trust Fund Availability	**2014-2015**
Unreserved Fund Balance	$ 0
Estimated Revenue	1,162,370,000
Adjustment to Revenue Availability:	
Motor Fuel Tax Refund Repeal (Taxi Cabs)	23,140
Highway Use Tax Cap Adjustments	5,668,750
Total Highway Trust Fund Availability	**$ 1,168,061,890**
Unappropriated Balance	$ 0

House Version

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Section 4.2 of S.L. 2013-360 is repealed. The Highway Trust Fund availability used in developing the 2014-2015 fiscal year budget is shown below:

Highway Trust Fund Availability Statement	**2014-2015**
Unreserved Fund Balance	$ 0
Estimated Revenue	1,162,370,000
Adjustment to Revenue Availability:	
Motor Fuel Tax Refund Repeal (Taxi Cabs)	23,140
Total Highway Trust Fund Availability	**$ 1,162,393,140**
Unappropriated Balance	$ 0

Senate Only

DEPARTMENT OF TRANSPORTATION INFORMATION TECHNOLOGY MODERNIZATION

SECTION 7.14.(a) Of the funds appropriated to the Department of Transportation (DOT), the sum of twenty-three million three hundred eighty-six thousand eight hundred twenty-two dollars ($23,386,822) for the 2014-2015 fiscal year is allocated for the following information technology projects and associated activities:

	FY 2014-2015
Replacement of the State Automated Driver License System (SADLS) – Project Phases 1, 2, and 3	$14,946,903
Division of Motor Vehicles Mobile Unit Replacement	$796,000
Division of Motor Vehicles Kiosk Pilot Program	$600,000
Division of Motor Vehicles Card Payment Operations & Maintenance	$1,512,919
Division of Motor Vehicles – Service-Oriented Architecture	$3,000,000
Division of Motor Vehicles Channel Strategy	$1,800,000
Division of Motor Vehicles – Online Renewal	$475,000
Division of Motor Vehicles – Web Application Development (Hearing Fee Implementation)	$256,000

SECTION 7.14.(b) Available funds shall be prioritized to expedite completion of the State Automated Driver License System modernization and replacement project. All DOT business intelligence activities, to include any planning and development, shall be implemented working through the Government Data Analytics Center. Service-oriented architecture efforts shall be coordinated in writing with the Office of the State Chief Information Officer. All DOT information technology product or service integration efforts shall be coordinated in writing with the State Information Technology Innovation Center.

SECTION 7.14.(c) By September 1, 2014, the DOT Chief Information Officer shall identify a responsible individual for each project listed above and provide those names to the Joint Legislative Oversight Committee on Information Technology and the Joint Legislative Transportation Oversight Committee.

SECTION 7.14.(d) Beginning October 1, 2014, the DOT Chief Information Officer shall submit a quarterly, written report on the status of each information technology project listed in this section to the Joint Legislative Oversight Committee on Information Technology and the Joint Legislative Transportation Oversight Committee. At a minimum, the report shall include all of the following:

(1) Project status, to include any issues identified by the Enterprise Project Management Office.
(2) Comparison of project status to the time line, with an explanation of any differences.
(3) Any changes in project cost.
(4) Actual expenditures to date.
(5) Any variances from projected expenditures and the reasons for the variance.
(6) Any potential funding shortfalls and the potential impact of the funding shortfalls.
(7) Any issues identified by the DOT, with a corrective action plan and a time line for resolving the issues.
(8) Impact of any issues identified on the project schedule.
(9) Impact of any issues identified on project cost.
(10) Any changes to the project.

(11) Any change requests submitted to project vendors and the cost of those changes.

Senate Only

DRIVER EDUCATION FUNDING

SECTION 8.15.(a) Effective July 1, 2015, G.S. 20-88.1(c) is repealed.

SECTION 8.15.(b) It is the intent of the General Assembly that, beginning with the 2015-2016 fiscal year, the driver education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 shall no longer be paid out of the Highway Fund based on an annual appropriation by the General Assembly. Local boards of education shall use funds available to them, including a fee for instruction charged to students pursuant to G.S. 115C-216(g), to offer noncredit driver education courses in high schools.

SECTION 8.15.(c) G.S. 115C-216(g) reads as rewritten:

"(g) ~~Fee for Instruction.~~Funding for Courses. – The local boards of education shall fund driver education courses from funds available to them and may charge each student participating in a driver education course a fee ~~of up to fifty-five dollars ($55.00) to offset~~in an amount not to exceed the actual costs per student of providing the ~~training and instruction.~~courses."

SECTION 34.1

Identical House and Senate

STATE AID TO MUNICIPALITIES APPROPRIATION BASELINE;

SECTION 34.1. G.S. 136-41.1 reads as rewritten:

"**§ 136-41.1. Appropriation to municipalities; allocation of funds generally; allocation to Butner.**

(a) There is annually appropriated out of the State Highway Fund a sum equal to ten and four-tenths percent (10.4%) of the net amount after refunds that was produced during the fiscal year by the tax imposed under Article 36C of Chapter 105 of the General Statutes and on the equivalent amount of alternative fuel taxed under Article 36D of that Chapter. One-half of the amount appropriated shall be allocated in cash on or before October 1 of each year to the cities and towns of the State in accordance with this section. The second one-half of the amount appropriated shall be allocated in cash on or before January 1 of each year to the cities and towns of the State in accordance with this section. The appropriation from the Highway Fund shall be based on revenue collected during the fiscal year preceding the date the distribution is made.

Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the State highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system.

It shall be the duty of the mayor of each municipality to report to the Department of Transportation such information as it may request for its guidance in determining the eligibility of each municipality to receive funds under this section and in determining the amount of allocation to which each is entitled. Upon failure of any municipality to make such report within the time prescribed by the Department of Transportation, the Department of Transportation may disregard such defaulting unit in making said allotment.

The funds to be allocated under this section shall be paid in cash to the various eligible municipalities on or before October 1 and January 1 of each year as provided in this section. Provided that eligible municipalities are authorized within the discretion of their governing bodies to enter into contracts for the purpose of maintenance, repair, construction, reconstruction, widening, or improving streets of such municipalities at any time after January 1 of any calendar year in total amounts not to exceed ninety percent (90%) of the amount received by such municipality during the preceding fiscal year, in anticipation of the receipt of funds under this section during the next fiscal year, to be paid for out of such funds when received.

The Department of Transportation may withhold each year an amount not to exceed one percent (1%) of the total amount appropriated for distribution under this section for the purpose of correcting errors in allocations: Provided, that the amount so withheld and not used for correcting errors will be carried over and added to the amount to be allocated for the following year.

The word "street" as used in this section is hereby defined as any public road maintained by a municipality and open to use by the general public, and having an average width of not less than 16 feet. In order to obtain the necessary information to distribute the funds herein allocated, the Department of Transportation may require that each municipality eligible to receive funds under this section submit to it a statement, certified by a registered engineer or surveyor of the total

number of miles of streets in such municipality. The Department of Transportation may in its discretion require the certification of mileage on a biennial basis.

...."

SECTION 34.2

Identical House and Senate

CLARIFY DOT PRIVATE DEVELOPER REPORTING;

SECTION 34.2. G.S. 136-28.6 reads as rewritten:

"**§ 136-28.6. Participation by the Department of Transportation with private developers.**

...

(h) The Secretary shall report in writing, on a quarterly basis, to the Joint Legislative Commission on Governmental Operations on all agreements entered into between a private developer and the Department of Transportation for participation in private engineering and construction contracts under this ~~section.~~section, as well as (i) agreements by counties and municipalities to participate in private engineering and construction contracts under subsection (i) of this section and (ii) pass-through funding from private developers to counties or municipalities for State transportation projects.

(i) Counties and municipalities may participate financially in private engineering, land acquisition, and construction contracts for transportation projects which meet the requirements of subsection (b) of this section within their jurisdiction.

...."

SECTION 34.3

Identical House and Senate

REPEAL RIGHT TURN ON RED REPORT;

SECTION 34.3. G.S. 20-158(b)(2)d. is repealed.

Senate and House Differ

Senate Version

TURNPIKE AUTHORITY ANNUAL AUDIT DATE CHANGE

SECTION 34.4. G.S. 136-89.193 reads as rewritten:

"**§ 136-89.193. Annual plan of work; annual and quarterly reports.**

(a) Annual Plan of Work. – The Authority shall annually develop a plan of work for the fiscal year, describing the activities and projects to be undertaken, accompanied by a budget. This annual plan of work shall be subject to the concurrence of the Board of Transportation.

(b) Annual Reports. – The Authority shall, promptly following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the General Assembly, and the Department of Transportation. ~~Each report shall be accompanied by an~~ In addition, an annual audit of its books and ~~accounts.~~accounts shall be submitted to the Governor, the General Assembly, and the Department of Transportation when completed in October of each year.

...."

House Version

TURNPIKE AUTHORITY ANNUAL AUDIT DATE CHANGE

Clarifying change

SECTION 34.4. G.S. 136-89.193 reads as rewritten:

"**§ 136-89.193. Annual plan of work; annual and quarterly reports.**

(a) Annual Plan of Work. – The Authority shall annually develop a plan of work for the fiscal year, describing the activities and projects to be undertaken, accompanied by a budget. This annual plan of work shall be subject to the concurrence of the Board of Transportation.

(b) Annual Reports. – The Authority shall, promptly following the close of each fiscal year, submit an annual report of its activities for the preceding fiscal year and an annual audit of its books and accounts for the preceding fiscal year to the Governor, the General Assembly, and the Department of Transportation. ~~Each report shall be accompanied by an audit of its books and accounts.~~The report and audit shall be submitted no later than October 31 of the fiscal year in which the report and audit are completed.

...."

SECTION 34.5

Identical House and Senate

DEPARTMENT OF TRANSPORTATION OUT-OF-STATE TRAVEL;

SECTION 34.5. Expenditures for out-of-state travel by the Department of Transportation for the 2014-2015 fiscal year and all subsequent fiscal years shall not exceed the amount expended during the 2009-2010 fiscal year. For purposes of this section, "expenditures for out-of-state travel" includes transportation, conference, registration, and education expenses, lodging, and meals for Department of Transportation employees traveling outside of the State.

Senate and House Differ

Senate Version

HIGHWAY USE TAX AND FUEL EXCISE TAX CHANGES

SECTION 34.6.(a) Section 34.29 of S.L. 2013-360, as amended by Section 8.1 of S.L. 2013-363, and Section 6.1.(g) of S.L. 2014-3 is repealed.

SECTION 34.6.(b) G.S. 105-187.3 reads as rewritten:

"**§ 105-187.3. Rate of tax.**

(a) ~~Amount.~~Tax Rate. – The ~~rate of the use~~ tax imposed by this Article is applied to the sum ~~of three percent (3%) of~~ the retail value of a motor vehicle for which a certificate of title is ~~issued~~ issued and any fee regulated by G.S. 20-101.1. The tax does not apply to the sales price of a service contract. The sales price of a service contract is subject to the sales tax imposed under Article 5 of this Chapter.

(a1) Rate. – The tax rate is three percent (3%). ~~is payable as provided in G.S. 105-187.4.~~ The maximum tax is one thousand dollars ($1,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is one thousand five hundred dollars ($1,500) for each certificate of title issued for a recreational vehicle that is not subject to the one thousand dollar ($1,000) maximum tax. The tax is payable as provided in G.S. 105-187.4.

…."

SECTION 34.6.(c) G.S. 105-187.3, as amended by subsection (b) of this section, reads as rewritten:

"**§ 105-187.3. Rate of tax.**

(a) Tax Rate. – The tax imposed by this Article is applied to the sum of the retail value of a motor vehicle for which a certificate of title is issued and any fee regulated by G.S. 20-101.1. The tax does not apply to the sales price of a service contract. The sales price of a service contract is subject to the sales tax imposed under Article 5 of this Chapter.

(a1) Rate. – The tax rate is three percent (3%). The maximum tax is ~~one~~ two thousand dollars ~~($1,000)~~($2,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is ~~one~~ two thousand ~~five hundred~~ dollars ~~($1,500)~~($2,000) for each certificate of title issued for a recreational vehicle that is not subject to the ~~one thousand dollar ($1,000) maximum tax.~~ commercial vehicle tax imposed by this section. The tax is payable as provided in G.S. 105-187.4.

…."

SECTION 34.6.(d) G.S. 105-187.3, as amended by subsection (c) of this section, reads as rewritten:

"**§ 105-187.3. Rate of tax.**

(a) Tax Rate. – The tax imposed by this Article is applied to the sum of the retail value of a motor vehicle for which a certificate of title is issued and any fee regulated by G.S. 20-101.1. The tax does not apply to the sales price of a service contract. The sales price of a service contract is subject to the sales tax imposed under Article 5 of this Chapter.

(a1) Rate. – The tax rate is three percent (3%). The maximum tax is ~~two~~ three thousand dollars ~~($2,000)~~($3,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is ~~two~~ three thousand dollars ~~($2,000)~~($3,000) for each certificate of title issued for a recreational vehicle that is

not subject to the commercial vehicle tax imposed by this section. The tax is payable as provided in G.S. 105-187.4.

...."

SECTION 34.6.(e) G.S. 105-187.6 reads as rewritten:

"**§ 105-187.6. Exemptions from highway use tax.**

...

(c) Out-of-state Vehicles. – A maximum tax of ~~one hundred fifty dollars ($150.00)~~two hundred fifty dollars ($250.00) applies when a certificate of title is issued for a motor vehicle that, at the time of applying for a certificate of title, is and has been titled in another state for at least 90 days."

SECTION 34.6.(f) G.S. 105-449.106(b) is repealed.

SECTION 34.6.(g) Subsection (a) of this subsection is effective when it becomes law. Subsections (b) and (e) of this section become effective October 1, 2014, and applies to certificates of title issued on or after that date. Subsection (c) of this section becomes effective January 1, 2015, and applies to certificates of title issued on or after that date. Subsection (d) of this section becomes effective July 1, 2015, and applies to certificates of title issued on or after that date. Subsection (f) of this section becomes effective January 1, 2015.

House Version

HIGHWAY USE TAX AND FUEL EXCISE TAX CHANGES

SECTION 34.6.(a) Section 34.29 of S.L. 2013-360, as amended by Section 8.1 of S.L. 2013-363, is repealed.

SECTION 34.6.(b) G.S. 105-449.106(b) is repealed.

SECTION 34.6.(c) Subsection (b) of this section becomes effective for taxable years beginning on or after January 1, 2015.

SECTION 34.7

Identical House and Senate

CONVERSION OF PAPER TITLES;

SECTION 34.7.(a) G.S. 20-58.4A is amended by adding a new subsection to read:

"(l) The Division may convert an existing paper title to an electronic lien upon request of a primary lienholder. The Division or a party contracting with the Division under this section is authorized to collect a fee not to exceed three dollars ($3.00) for each conversion."

SECTION 34.7.(b) G.S. 20-63(h) is amended by adding a new subdivision to read:

"(11) Conversion of an existing paper title to an electronic lien upon request of a primary lienholder."

Senate and House Differ

Senate Version

REMOTE DRIVERS LICENSE RENEWAL

SECTION 34.8.(a) G.S. 20-7 reads as rewritten:

"**§ 20-7. Issuance and renewal of drivers licenses.**

...

(f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed pursuant to the provisions of this subsection:

...

(6) Remote renewal. – The Division may offer remote renewal of a drivers license issued by the Division. For purposes of this subdivision, "remote renewal" means renewal of a drivers license by mail, telephone, electronic device, or other secure means approved by the Commissioner.

a. Requirements. – To be eligible for remote renewal under this subdivision, a person must meet all of the following requirements:

1. The license holder possesses a valid, unexpired Class C drivers license that was issued when the person was at least 18 years old.
2. The license holder is currently less than 66 years old.
3. The license holder's current license includes no restrictions other than a restriction for corrective lenses.
4. The license holder attests, in a manner designated by the Division, that (i) the license holder is a resident of the State and currently resides at the address on the license to be renewed, (ii) the license holder's name as it appears on the license to be renewed has not changed, and (iii) all other information required by the Division for an in-person renewal under this Article has been provided completely and truthfully.
5. The most recent renewal was an in-person renewal and not a remote renewal under this subdivision.
6. The license holder is otherwise eligible for renewal under this subsection.

b. Waiver of requirements. – When renewing a drivers license pursuant to this subdivision, the Division may waive the examination and photograph that would otherwise be required for the renewal.

c. Duration of remote renewal. – A renewed drivers license issued to a person by remote renewal under this subsection expires on the birthday of the licensee in the eighth year after issuance.

d. Rules. – The Division may adopt rules to implement this subdivision.

e. Federal law. – Nothing in this subdivision shall be construed to supersede any more restrictive provisions for renewal of drivers licenses prescribed by federal law or regulation.

...."

SECTION 34.8.(b) This section is effective when it becomes law and applies to drivers licenses renewed on or after the Division of Motor Vehicles adopts rules under G.S. 20-7(f)(6)d., as enacted by subsection (a) of this section.

House Version

REMOTE DRIVERS LICENSE RENEWAL

SECTION 34.8.(a) G.S. 20-7(f) reads as rewritten:

"(f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed pursuant to the provisions of this subsection:

...

(6) Remote renewal. – The Division may offer remote renewal of a drivers license issued by the Division. For purposes of this subdivision, "remote renewal" means renewal of a drivers license by mail, telephone, electronic device, or other secure means approved by the Commissioner.

a. Requirements. – To be eligible for remote renewal under this subdivision, a person must meet all of the following requirements:

1. The license holder possesses a valid, unexpired Class C drivers license that was issued when the person was at least 18 years old.
2. The license holder's current license includes no restrictions other than a restriction for corrective lenses.
3. The license holder attests, in a manner designated by the Division, that (i) the license holder is a resident of the State and currently resides at the address on the license to be renewed, (ii) the license holder's name as it appears on the license to be renewed has not changed, and (iii) all other information required by the Division for an in-person renewal under this Article has been provided completely and truthfully.
4. The most recent renewal was an in-person renewal and not a remote renewal under this subdivision.
5. The license holder is otherwise eligible for renewal under this subsection.

b. Waiver of requirements. – When renewing a drivers license pursuant to this subdivision, the Division may waive the examination and photograph that would otherwise be required for the renewal.

c. Duration of remote renewal. – A renewed drivers license issued to a person by remote renewal under this subsection expires on the birthday of the licensee in the fourth year after issuance.

d. Rules. – The Division shall adopt rules to implement this subdivision.

e. Federal law. – Nothing in this subdivision shall be construed to supersede any more restrictive provisions for renewal of drivers licenses prescribed by federal law or regulation."

SECTION 34.8.(b) This section is effective when it becomes law and applies to drivers licenses renewed on or after the Division of Motor Vehicles adopts rules under G.S. 20-7(f)(6)d., as enacted by subsection (a) of this section.

Senate Only

DMV HEARING FEES

SECTION 34.9.(a) The Department of Transportation, Division of Motor Vehicles, shall develop a plan and proposed schedule of fees to recover the direct and indirect costs incurred for the performance of administrative hearings required by law or under rules adopted by the Board of Transportation. The plan and proposed schedule shall address, at a minimum, the following:

(1) Current hearing process and recommended modifications to achieve cost-efficiencies, including proposed revisions to existing laws or rules.

(2) Historical and projected funding requirements for each category of hearing performed by the Division.

(3) Schedule of fees and projected receipts.

(4) Proposed processes and rules for the collection of fees and the refunding of fees for hearings initiated by the Division in which the original decision of the Division is reversed.

(5) Implementation milestones.

SECTION 34.9.(b) The Division shall report on its recommended schedule to the Joint Legislative Transportation Oversight Committee no later than December 1, 2014.

SECTION 34.9.(c) The Department shall implement modifications to supporting information technology systems necessary to timely implement the hearing fee schedule required by subsection (a) of this section using funds appropriated to the Department of Transportation, Information Technology Section for the 2014-15 fiscal year.

SECTION 34.10

Identical House and Senate

DEPARTMENT OF TRANSPORTATION AIRCRAFT FLEET;

SECTION 34.10.(a) The Division of Aviation of the Department of Transportation shall sell the following aircraft from its fleet as expeditiously as possible in order to modernize the fleet:

(1) Sikorsky S-76C helicopter.

(2) Cessna 550 Citation Bravo airplane.

Proceeds from these sales as well as any future sales under the plan required by subsection (b) of this section shall be credited to a nonreverting reserve within the Highway Fund to be used for future aircraft or equipment acquisitions by the Division of Aviation. The Division shall not acquire or dispose of additional aviation assets prior to its report to the Joint Legislative Transportation Oversight Committee required by subsection (c) of this section.

SECTION 34.10.(b) The Division of Aviation shall develop a plan to further reduce operating requirements and optimize its fleet to fulfill its regional passenger and photogrammetry missions, addressing, at a minimum, the following:

(1) Asset utilization.

(2) Assets recommended for disposal or acquisition.

(3) Contracted services.

(4) Cost efficiencies.

(5) Recommendations for adjustments to passenger transport rates.

(6) Interagency coordination of assets and personnel.

SECTION 34.10.(c) The Division shall report on the plan required by subsection (b) of this section to the Joint Legislative Transportation Oversight Committee no later than October 1, 2014.

Senate and House Differ

Senate Version

PAVEMENT PRESERVATION PROGRAM

SECTION 34.11.(a) Article 2A of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-44.17. Pavement preservation program.**

(a) Program Established; Definition; Standard. – The Department of Transportation shall establish the pavement preservation program. For purposes of this section, "pavement preservation" shall mean the use by the Department of the most cost-effective prevention applications to extend pavement life, improve safety, and to meet motorist expectations, while delaying costly rehabilitation or reconstruction activities. When selecting preservation applications to be used in the pavement preservation program, the Department shall select the application that represents the most cost-effective solution to maximize the life of structurally sound pavement.

(b) Eligible Activities. – Applications eligible for funding under the pavement preservation program include the following preservation activities or treatments for asphalt pavement structures:

(1) Chip seals, slurry seals, fog seals, sand seals, scrub seals, and cape seals.
(2) Micro-surfacing.
(3) Profile milling not covered by resurfacing.
(4) Asphalt rejuvenators.
(5) Open graded asphalt friction course.
(6) Overlays less than 1,000 feet in length.
(7) Diamond grinding.
(8) Joint sealing.
(9) Dowel bar retrofit.
(10) Partial-depth or full depth repairs.
(11) Ultra-thin whitetopping.
(12) Thin lift and sand asphalt overlays

(c) Ineligible Activities. – The pavement preservation program shall not include the following preservation activities or treatments:

(1) Contract resurfacing activities or major pavement rehabilitation treatments and pretreatments that are used in combination with a resurfacing treatment, such as profile milling or chip seals.
(2) Routine maintenance activities used to maintain and preserve the condition of roads. Treatments include, but are not limited to, asphalt crack sealing, pothole patching, rut filling, cleaning of roadside ditches and structures, shoulder maintenance, and retracing of pavement markings.
(3) Maintenance and preservation activities performed on bridges or culverts.
(4) Activities related to positive guidance or signal maintenance program functions."

SECTION 34.11.(b) The Department of Transportation shall establish a new account within its maintenance account to receive funds allocated under this section for pavement preservation.

SECTION 34.11.(c) Of funds allocated in this act for pavement preservation, no more than eighty percent (80%) may be used for projects undertaken by the Department, with the remaining funds used for projects outsourced to private contractors.

SECTION 34.11.(d) From funds allocated in this act for pavement preservation, the Department shall treat a minimum of 6,000 lane miles with a chip seal, slurry seal, or micro-surfacing application.

SECTION 34.11.(e) It is the intent of the General Assembly that the Department work cooperatively with the paving industry so that the industry grows in size, scope, and geographic reach and has the capability to fulfill contracts for pavement preservation work across the State. Therefore, the Department is directed to do the following:

(1) Conduct workshops, trainings, or other meetings to encourage greater privatization of pavement preservation activities with the intent of reducing the amount of pavement preservation activities conducted by the Department.

(2) Increase the use of outsourcing of preservation activities to reach the following targets for outsourcing of pavement preservation projects:

a. Fifty percent (50%) of pavement preservation funds allocated yearly by the 2016-2017 fiscal year.

b. Ninety percent (90%) of pavement preservation funds allocated yearly by the 2018-2019 fiscal year.

SECTION 34.11.(f) The Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than August 1, 2014, on its outreach plan to achieve greater industry participation in pavement preservation activities for the five-year period beginning with the 2014-2015 fiscal year. The Department shall report no later than December 1, 2014, and annually thereafter to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the Department's progress toward achieving the goals set forth in this section. The annual report shall include the following:

(1) A monthly examination of expenditures, by treatment type, indicating the amount and percentage performed by contract.

(2) The number of lane miles covered, by treatment type, along with an average cost per lane miles, by treatment type, indicating costs for each type for work performed by the Department and by contract.

(3) The statewide cost per lane mile (hereafter, "unit cost") along with unit cost for each division and for each type of treatment. The Department shall provide an explanation for unit costs that vary by more than twenty percent (20%) from the statewide unit cost.

SECTION 34.11.(g) Subsections (e) and (f) of this section expire December 31, 2019.

House Version

HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM AND PAVEMENT PRESERVATION PROGRAM

SECTION 34.11.(a) G.S. 143B-350(f) reads as rewritten:

"(f) Duties of the Board. – The Board of Transportation has the following duties and powers:

...

(4) To approve a schedule of all major transportation improvement projects and their anticipated cost. This schedule is designated the Transportation Improvement ~~Program; it must be published~~Program. The Board shall publish the schedule and make copies ~~must be~~ available for distribution. The document that contains the Transportation Improvement Program, or a separate document that is published at the same time as the Transportation Improvement Program, ~~must~~shall include the anticipated funding sources for the improvement projects included in the Program, a list of any changes made from the previous year's Program, and the reasons for the changes.

(4a) To approve a schedule of State highway maintenance projects and their anticipated cost. This schedule is designated the Highway Maintenance Improvement Program and is established in G.S. 136-44.3A. The Board shall publish the schedule on the Department's Web site by April 1 of each year. The document that contains the Highway Maintenance Improvement Program shall include the anticipated funding sources for the improvement projects included in the Highway Maintenance Improvement Program, a list of any changes made from the previous year's Highway Maintenance Improvement Program, and the reasons for the changes.

(5) To consider and advise the Secretary of Transportation upon any other transportation matter that the Secretary may refer to it.

..."

SECTION 34.11.(b) Article 2A of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-44.3A. Highway Maintenance Improvement Program.**

(a) Definitions. – The following definitions apply in this Article:

(1) Cape seal treatment. – A chip seal treatment followed by a slurry seal treatment.

(2) Chip seal treatment. – A type of pavement preservation treatment applied to existing asphalt pavement. The treatment involves spraying an asphalt emulsion onto the roadway, applying a layer of aggregate chips, and rolling the chips into the emulsion. This term includes single, double, and triple chip seal treatments.

(3) Highway Maintenance Improvement Program. – The schedule of State highway maintenance projects required under G.S. 143B-350(f)(4a).

(4) Highway Maintenance Improvement Program Needs Assessment. – A report of the amount of funds needed, the number of affected lane miles, and the percentage of the primary and secondary system roads that are rated to need a resurfacing or pavement preservation treatment within the Highway Maintenance Improvement Program's three-year time period but are not programmed due to funding constraints.

(5) Microsurfacing treatment. – A type of pavement preservation treatment that involves mixing fine aggregate, asphalt emulsion, minerals, water, and a polymer additive and applying the mixture to the roadway.

(6) Pavement preservation treatment. – Include full width surface treatments used to extend or renew the pavement life prior to resurfacing.

(7) Rehabilitation. – A contract resurfacing maintenance program that involves applying multiple layers of pavement that exceed two inches.

(8) Resurfacing. – A contract resurfacing program that involves applying one layer that does not exceed two inches of pavement.

(9) Slurry seal treatment. – A type of pavement preservation treatment that involves mixing fine aggregate, asphalt emulsion, minerals, and water and applying the mixture to the roadway.

(b) Road Quality Improvement of Pavement Preservation Treatments. – It is the intent of the General Assembly that (i) the Department use asphalt pavement preservation treatments that are high quality, long lasting, and provide a smooth road surface and (ii) the Department increase its contractual use of slurry seals on secondary system roads and microsurfacing treatments on primary system roads for pavement preservation treatments. Except as otherwise provided in this section, the Department shall only use slurry seal treatment, microsurfacing treatment, triple chip seal treatment, or cape seal treatment for asphalt pavement preservation treatments.

(c) Highway Maintenance Improvement Program. – After the annual inspection of roads within the State highway system, each highway division shall determine and report to the Chief Engineer on the need for rehabilitation, resurfacing, or pavement preservation treatments. The Chief Engineer shall establish a three-year priority list for each highway division based on the Chief Engineer's estimate of need. In addition, the Chief Engineer shall establish a three-year improvement schedule, sorted by county, for rehabilitation, resurfacing, and pavement preservation treatment activities. The schedule shall be based on the amount of funds appropriated to the contract resurfacing program and the pavement preservation program in the fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all three years of the Highway Maintenance Improvement Program. State funding for projects included in the Highway Maintenance Improvement Program shall be limited to funds appropriated from the State Highway Fund.

(d) Contract Maintenance Resurfacing Program Letting Schedule. – Beginning in the 2015-2016 fiscal year, and based on the amount of funds appropriated in the prior fiscal year by the General Assembly to the Department for the contract maintenance resurfacing program, the Department shall let contracts that total at least seventy percent (70%) of contract resurfacing program funds included in the certified budget annually by September 1.

(e) Single Chip Seal Treatment Prohibited on Certain Roads, Streets, and Access Routes. – Except as authorized in subsection (f) of this section, and unless used in combination with a slurry seal treatment or microsurfacing treatment, the Department shall not use chip seal treatment on primary roads, subdivision streets, or access routes for Surface Transportation Assistance Act Dimensioned Vehicles.

(f) Authorized Use of Single Chip Seal Treatment on Secondary Roads. – The Department may use single chip seal treatments on secondary roads only under any of the following conditions:

(1) The secondary road has a daily traffic volume of less than 100 vehicles.

(2) The chip seal treatment is used in combination with a slurry seal treatment or microsurfacing treatment.

(3) The condition of the secondary road requires a rough surface to improve traction, such as a secondary road in a mountainous community or another area with low skid resistance.

(g) Report – The Department shall submit the Highway Maintenance Improvement Program and Highway Maintenance Improvement Program Needs Assessment to the General Assembly by April 1 each year. If the General Assembly is in session, the Department shall report to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division. If the General Assembly is not in session, the Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division."

SECTION 34.11.(c) G.S. 136-44.3 reads as rewritten:

"**§ 136-44.3. ~~Maintenance program.~~Report on the condition of the State highway system and maintenance funding needs.**

The Department shall establish performance standards for the maintenance and operation of the State highway system. In each even-numbered year, the Department of Transportation shall survey the condition of the State highway system and shall prepare a report of the findings of the survey. The report shall provide both quantitative and qualitative descriptions of the condition of the system and shall provide estimates of the following:

(1) The annual cost to meet and sustain the established performance standards for the primary and secondary highway system, to include: (i) routine maintenance and operations, (ii) system preservation, and (iii) pavement and bridge rehabilitation.

(2) Projected system condition and corresponding optimal funding requirements for a seven-year plan to sustain established performance standards.

(3) Any significant variations in system conditions among highway divisions.

(4) An assessment of the level of congestion throughout the primary highway system based on traffic data, and a ranking of the most congested areas based on travel time reliability and the average number of congested hours, together with the Department's recommendations for congestion reduction and mobility improvement.

~~On the basis of the report and from funds available, the Department of Transportation shall develop a statewide annual maintenance program for the State highway system, which shall be subject to the approval of the Board of Transportation and is consistent with performance standards.~~

..."

SECTION 34.11.(d) G.S. 136-44.16 reads as rewritten:

"**§ 136-44.16. Authorized use of contract maintenance resurfacing program funds.**

(a) Of the contract maintenance resurfacing program funds appropriated by the General Assembly to the Department of Transportation, an amount not to exceed fifteen percent (15%) of the Board of Transportation's allocation of these funds may be used for widening existing narrow pavements.

(b) The use of slurry seal and microsurfacing treatments for pavement preservation treatments are authorized uses of contract maintenance resurfacing program funds."

SECTION 34.11.(e) 2014-2015 Contract Maintenance Resurfacing Program Letting Schedule. – Beginning in the 2014-2015 fiscal year, and based on the amount of funds appropriated in the prior fiscal year by the General Assembly to the Department for the contract maintenance resurfacing program, the Department shall let contracts that total at least sixty percent (60%) of contract resurfacing program funds included in its certified budget by September 1, 2014. The Department shall let contracts that total a minimum of seventy percent (70%) of the current fiscal year's contract maintenance resurfacing program funds by October 1, 2014.

SECTION 34.11.(f) Article 2A of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-44.17. Pavement preservation program.**

(a) Program Established. – The Department of Transportation shall establish the pavement preservation program.

(b) Eligible Activities or Treatments. – Applications eligible for funding under the pavement preservation program include the following preservation activities or treatments for asphalt pavement structures:

(1) Chip seals, slurry seals, and cape seals.

(2) Microsurfacing.

(3) Profile milling not covered by resurfacing.

(4) Asphalt rejuvenators.

(5) Open graded asphalt friction course.

(6) Overlays less than 1,000 feet in length.
(7) Diamond grinding.
(8) Joint sealing.
(9) Dowel bar retrofit.
(10) Partial-depth or full-depth repairs and reclamations.
(11) Ultra-thin whitetopping.
(12) Thin lift and sand asphalt overlays.

(c) Ineligible Activities or Treatments. – The pavement preservation program shall not include the following preservation activities or treatments:

(1) Contract resurfacing activities or major pavement rehabilitation treatments and pretreatments that are used in combination with a resurfacing treatment, such as profile milling or chip seals.
(2) Routine maintenance activities used to maintain and preserve the condition of roads. Treatments include, but are not limited to, asphalt crack sealing, pothole patching, rut filling, cleaning of roadside ditches and structures, shoulder maintenance, and retracing of pavement markings.
(3) Maintenance and preservation activities performed on bridges or culverts.
(4) Activities related to positive guidance or signal maintenance program functions."

SECTION 34.11.(g) Establishment of Account. – The Department of Transportation shall establish a new account within its maintenance account to receive funds allocated under this section for pavement preservation. Except for slurry seal and microsurfacing treatments, the Department shall only use funds from this account to pay for eligible pavement preservation activities and treatments listed in G.S. 136-44.17(b), as enacted by subsection (f) of this section.

SECTION 34.11.(h) 2014-2015 Outsourcing Target. – Of funds allocated in this act for pavement preservation, no more than eighty-five percent (85%) may be used for projects undertaken by the Department, with the remaining funds used for projects outsourced to private contractors.

SECTION 34.11.(i) Future Outsourcing Targets. – The Department shall increase its use of outsourcing of pavement preservation activities to reach the following targets for outsourcing of pavement preservation projects:

(1) Thirty percent (30%) of pavement preservation program funds allocated by the 2015-2016 fiscal year.
(2) Fifty-five percent (55%) of pavement preservation program funds allocated by the 2016-2017 fiscal year.
(3) Eighty percent (80%) of pavement preservation program funds allocated by the 2017-2018 fiscal year and subsequent fiscal years thereafter.

SECTION 34.11.(j) Minimum Lane Mile Treatment. – From funds allocated in this act for pavement preservation, the Department shall treat a minimum of 3,300 lane miles with eligible pavement preservation treatments and activities listed in G.S. 136-44.17(b), as enacted by subsection (f) of this section.

SECTION 34.11.(k) Report. – The Department shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by no later than August 1, 2014, on its plan for increasing its use of outsourcing of pavement preservation activities in accordance with subsection (i) of this section. The Department shall report no later than December 1, 2014, and annually thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the Department's progress toward achieving the goals set forth in subsection (i) of this section. The annual report shall include the following:

(1) A monthly examination of expenditures, by treatment type, indicating the amount and percentage performed by contract.

(2) The number of lane miles covered, by treatment type, along with an average cost per lane miles, by treatment type, indicating costs for each type for work performed by the Department and by contract.

(3) The statewide cost per lane mile (hereafter "unit cost") along with unit cost for each division and for each type of treatment. The Department shall provide an explanation for unit costs that vary by more than twenty percent (20%) from the statewide unit cost.

SECTION 34.11.(l) Subsection (k) of this section expires December 31, 2018.

Senate Only

DOT BUDGET TRANSFERS

SECTION 34.12. Of funds appropriated in this act to the Department of Transportation, budget transfers to the Office of the Governor undertaken under the authority set forth in Chapter 143C of the General Statutes shall not exceed two hundred sixty-seven thousand four hundred sixteen dollars ($267,416). These funds shall be used to support the following positions:

Position number	Title
65019379	Assistant Legal Counsel
65019380	Communications Specialist
60008477	Policy Analyst
60008516	Deputy Communications Director
60008502	Boards and Commissions Specialist
60008504	Legislative Director

Senate and House Differ

Senate Version

OUTSOURCING OF PRECONSTRUCTION ACTIVITY

SECTION 34.13.(a) The Department of Transportation shall seek to increase the use of contracts to further privatize preconstruction work where practical, economical, and likely to lead to increased efficiency. In doing so, the Department of Transportation shall meet each of the following privatization requirements:

(1) Increase the outsourcing of all activities performed by the Department's Preconstruction and Technical Services units to sixty-eight percent (68%) of the total cost of activities performed by those units in fiscal year 2014-2015, excluding the cost of activities performed by the Turnpike Authority, the Structures Design and Management unit, and the Bridge Program.

(2) Increase the outsourcing of all activities performed by the Department's Roadway Design unit to fifty percent (50%) of the total cost of activities performed by those units in fiscal year 2014-2015.

(3) Increase the outsourcing of all activities performed by the Department's Project Development and Environmental Analysis unit to sixty-five percent (65%) of the total cost of activities performed by those units in fiscal year 2014-2015.

(4) The Department's Right-of-Way unit shall increase the total expenditures for outsourced activity by five percent (5%) in fiscal year 2014-2015.

SECTION 34.13.(b) The Department may credit any reduction in expenditures due to a reduction in force towards meeting the requirements imposed by subsection (a) of this section.

SECTION 34.13.(c) The Department shall increase contracts for construction of transportation projects on a design-build basis awarded under the provisions of G.S. 136-28.11.

SECTION 34.13.(d) The Department shall report no later than October 1, 2014, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division regarding its implementation of this section, including any reductions in force used to meet privatization requirements.

House Version

OUTSOURCING OF PRECONSTRUCTION ACTIVITY

SECTION 34.13.(a) The Department of Transportation shall seek to increase the use of contracts to further privatize preconstruction work where practical, economical, and likely to lead to increased efficiency. In doing so, the Department of Transportation shall meet each of the following privatization requirements:

(1) Increase the outsourcing of all activities performed by the Department's Preconstruction and Technical Services units to seventy percent (70%) of the total cost of activities performed by those units in fiscal year 2014-2015, excluding the cost of activities performed by the Turnpike Authority, the Structures Design and Management unit, and the Bridge Program.

(2) Increase the outsourcing of all activities performed by the Department's Roadway Design unit to sixty percent (60%) of the total cost of activities performed by that unit in fiscal year 2014-2015.

(3) Increase the outsourcing of all activities performed by the Department's Project Development and Environmental Analysis unit to sixty-five percent (65%) of the total cost of activities performed by that unit in fiscal year 2014-2015.

(4) The Department's Right-of-Way unit shall increase the total expenditures for outsourced activity by five percent (5%) in fiscal year 2014-2015.

SECTION 34.13.(b) The Department may credit any reduction in expenditures due to a reduction in force towards meeting the requirements imposed by subsection (a) of this section.

SECTION 34.13.(c) The Department shall increase contracts for construction of transportation projects on a design-build basis awarded under the provisions of G.S. 136-28.11.

SECTION 34.13.(d) The Department shall report no later than October 1, 2014, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division regarding its implementation of this section, including any reductions in force used to meet privatization requirements.

Senate and House Differ

Senate Version

DOT SIGNAGE

SECTION 34.14.(a) G.S. 136-89.56 reads as rewritten:

"**§ 136-89.56. Commercial enterprises.**

No commercial enterprises or activities shall be authorized or conducted by the Department of Transportation, or the governing body of any city or town, within or on the property acquired for or designated as a controlled-access facility, as defined in this Article, except for:

(1) Materials displayed at welcome centers which shall be directly related to travel, accommodations, tourist-related activities, tourist-related services, and attractions. The Department of Transportation shall issue rules regulating the display of these materials. These materials may contain advertisements for real estate; and

(2) Vending machines permitted by the Department of Transportation and placed by the Division of Services for the Blind, Department of Health and Human Services, as the State licensing agency designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The Department of Transportation shall regulate the placing of the vending machines in highway rest areas and shall regulate the articles to be dispensed. In order to permit the establishment of adequate fuel and other service facilities by private owners or their lessees for the users of a controlled-access facility, the Department of Transportation shall permit access to service or frontage roads within the publicly owned right-of-way of any controlled-access facility established or designated as provided in this Article, at points which, in the opinion of the Department of Transportation, will best serve the public interest. The location of such fuel and other service facilities may be indicated to the users of the controlled-access facilities by appropriate signs, the size, style, and specifications of which shall be determined by the Department of Transportation.

The location of fuel, gas, food, lodging, camping, and attraction facilities may be indicated to the users of the controlled-access facilities by appropriate logos placed on signs owned, controlled, and erected by the Department of Transportation. The owners, operators or lessees of fuel, gas, food, lodging, camping, and attraction facilities who wish to place a logo identifying their business or service on a sign shall furnish a logo meeting the size, style and specifications determined by the Department of Transportation and shall pay the Department ~~for the costs of initial installation and subsequent maintenance. The fees for logo sign installation and maintenance shall be set by the Board of Transportation based on cost.~~a fee set by the Board of Transportation. The Board shall set the fee to cover the initial costs of signs, sign installation and maintenance, and the costs of administering the program."

SECTION 34.14.(b) G.S. 136-140.19 reads as rewritten:

"**§ 136-140.19. ~~Department~~ Board of Transportation to adopt rules to implement the TODS program.**

The ~~Department~~ Board of Transportation shall adopt rules to implement the TODS program created by this Article. The rules shall include all of the following:

(1) The ~~Department~~ Board shall set fees to cover the initial costs of signs, sign installation and maintenance, and the costs of administering the program.

(2) The ~~Department~~ Board shall establish a standard for the size, color, and letter height of the TODS as specified in the National Manual of Uniform Traffic Control Devices for Streets and Highways.

...

(8) The ~~Department~~ Board shall limit the placement of TODS to highways other than fully controlled access highways and to rural areas in and around towns or cities with a population of less than 40,000."

SECTION 34.14.(c) G.S. 106-22.5(a) reads as rewritten:

"**§ 106-22.5. Agricultural tourism signs.**

(a) The Department of Agriculture and Consumer Services shall work with the Department of Transportation to provide directional signs on major highways at or in reasonable proximity to the nearest interchange ~~or within one mile~~ leading to an agricultural facility that promotes tourism by providing tours and on-site sales or samples of North Carolina agricultural products to area tourists. The Department shall follow the sign location and placement rules for the Department of Transportation's Tourist-Oriented Directional Signs as authorized by G.S.136-140.19."

House Version

DOT SIGNAGE

SECTION 34.14.(a) G.S. 136-89.56 reads as rewritten:

"**§ 136-89.56. Commercial enterprises.**

No commercial enterprises or activities shall be authorized or conducted by the Department of Transportation, or the governing body of any city or town, within or on the property acquired for or designated as a controlled-access facility, as defined in this Article, except for:

(1) Materials displayed at welcome centers which shall be directly related to travel, accommodations, tourist-related activities, tourist-related services, and attractions. The Department of Transportation shall issue rules regulating the display of these materials. These materials may contain advertisements for real estate; and

(2) Vending machines permitted by the Department of Transportation and placed by the Division of Services for the Blind, Department of Health and Human Services, as the State licensing agency designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The Department of Transportation shall regulate the placing of the vending machines in highway rest areas and shall regulate the articles to be dispensed. In order to permit the establishment of adequate fuel and other service facilities by private owners or their lessees for the users of a controlled-access facility, the Department of Transportation shall permit access to service or frontage roads within the publicly owned right-of-way of any controlled-access facility established or designated as provided in this Article, at points which, in the opinion of the Department of Transportation, will best serve the public interest. The location of such fuel and other service facilities may be indicated to the users of the controlled-access facilities by appropriate signs, the size, style, and specifications of which shall be determined by the Department of Transportation.

The location of fuel, gas, food, lodging, camping, and attraction facilities may be indicated to the users of the controlled-access facilities by appropriate logos placed on signs owned, controlled, and erected by the Department of Transportation. The owners, operators or lessees of fuel, gas, food, lodging, camping, and attraction facilities who wish to place a logo identifying their business or service on a sign shall furnish a logo meeting the size, style and specifications determined by the Department of Transportation and shall pay the Department ~~for the costs of initial installation and subsequent maintenance. The fees for logo sign installation and maintenance shall be set by the Board of Transportation based on cost.~~a fee set by the Board of Transportation. The Board shall set the fee to cover the initial costs of signs, sign installation, and maintenance, and the costs of administering the program."

Technical change

SECTION 34.14.(b) G.S. 136-140.19 reads as rewritten:

"**§ 136-140.19. ~~Department~~ Board of Transportation to adopt rules to implement the TODS program.**

The ~~Department~~ Board of Transportation shall adopt rules to implement the TODS program created by this Article. The rules shall include all of the following:

(1) The ~~Department~~ Board shall set fees to cover the initial costs of signs, sign installation, and maintenance, and the costs of administering the program.

(2) The ~~Department~~ Board shall establish a standard for the size, color, and letter height of the TODS as specified in the National Manual of Uniform Traffic Control Devices for Streets and Highways.

...

(8) The ~~Department~~ Board shall limit the placement of TODS to highways other than fully controlled access highways and to rural areas in and around towns or cities with a population of less than 40,000."

SECTION 34.14.(c) G.S. 106-22.5(a) reads as rewritten:

"**§ 106-22.5. Agricultural tourism signs.**

(a) The Department of Agriculture and Consumer Services shall work with the Department of Transportation to provide directional signs on major highways at or in reasonable proximity to the nearest interchange ~~or within one mile~~ leading to an agricultural facility that promotes tourism by providing tours and on-site sales or samples of North Carolina agricultural products to area tourists. The Department shall follow the sign location and placement rules for the Department of Transportation's Tourist-Oriented Directional Signs as authorized by G.S. 136-140.19."

Senate and House Differ

Senate Version

STATE PARKS AND TRAILS SIGNAGE

SECTION 34.15.(a) The Department of Transportation, in conjunction with the State Parks and Recreation Division of the Department of Environment and Natural Resources, the Department of Commerce, and Friends of the Mountains-to-Sea Trail, Inc., a nonprofit corporation, shall study the use of highway signage as a means of improving the North Carolina residents' and tourists' awareness of State parks, including historic and cultural sites as well as the Mountains-to-Sea Trail. The study shall include an examination of at least all of the following:

(1) Whether signs currently located on or near highways in this State are sufficient in number, location, and size and presentation to make travelers on the highways of this State aware of the existence and location of all State parks, including historic and cultural sites as well as the Mountains-to-Sea Trail.

(2) Whether signs currently located on or near highways in this State adequately inform travelers that portions of the roads they travel on are part of the current route of the Mountains-to-Sea Trail.

(3) What measures could be taken to improve the efficacy of highway signage in achieving the goals described in subdivisions (1) and (2) of this subsection.

(4) What the costs and benefits of implementing the measures described in subdivision (3) of this subsection would be.

SECTION 34.15.(b) No later than April 1, 2015, the Department of Transportation shall report the results of the study required by this section to the chairs of the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division.

House Version

STATE PARKS AND TRAILS SIGNAGE

SECTION 34.15.(a) The Department of Transportation, in conjunction with the State Parks and Recreation Division of the Department of Environment and Natural Resources, the Department of Commerce, and Friends of the Mountains-to-Sea Trail, Inc., a nonprofit corporation, shall study the use of highway signage as a means of improving the North Carolina residents' and tourists' awareness of State parks, including historic and cultural sites as well as the Mountains-to-Sea Trail. The study shall include the creation of an action plan and five-month implementation time line, which shall include measures to address all of the following:

(1) Whether signs currently located on or near highways in this State are sufficient in number, location, and size and presentation to make travelers on the highways of this State aware of the existence and location of all State parks, including historic and cultural sites as well as the Mountains-to-Sea Trail.

(2) Whether signs currently located on or near highways in this State adequately inform travelers that portions of the roads they travel on are part of the current route of the Mountains-to-Sea Trail.

(3) What measures could be taken to improve the efficacy of highway signage in achieving the goals described in subdivisions (1) and (2) of this subsection.

(4) What the costs and benefits of implementing the measures described in subdivision (3) of this subsection would be.

SECTION 34.15.(b) No later than December 1, 2014, the Department of Transportation shall report the results of the study required by this section, including the action plan and implementation time line, to the chairs of the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division. The action plan shall be implemented by April 1, 2015.

SECTION 34.16

Identical House and Senate

DOT STAFFING;

SECTION 34.16.(a) The Department of Transportation shall review the organization and staffing of the Division of Highways and the Division of Preconstruction and identify areas of unnecessary duplication within management structures and variations in the number of employees reporting to persons identified as supervisors. Based on its review, the Department shall create and implement a plan for staffing changes and staffing efficiencies. The plan should reduce layers of management to the level needed for carrying out the Department's functions and responsibilities and ensure that employees designated as supervisors have workloads and staff size that are appropriate given the function or task for which that supervisor has responsibility.

SECTION 34.16.(b) The Department shall report its progress on implementing this section to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than December 1, 2014.

SECTION 34.17

Identical House and Senate

BOARD OF TRANSPORTATION TO STUDY FEES, SPONSORSHIP, AND PRIVATIZATION;

SECTION 34.17.(a) The Board of Transportation shall study how fees, sponsorship, or privatization might be used to reduce the use of public funds for services provided by the Department. The services the Board shall study include, but are not limited to, the following:

(1) Inspection of streets and bridges within a private development for future addition to the State highway system.

(2) Inspection, site review, and permitting of the installation of driveways by private parties providing access to a component of the State highway system.

(3) Review and inspection of encroachments onto the State highway system.

(4) Lease or sale of property related to the resolution of encroachments or the disposition of surplus right-of-way.

(5) Review of or consultation on development plats or plans.

(6) Review, engineering, or consultation regarding drainage issues, improvements, or maintenance adjacent to components of the State highway system.

(8) Training sessions or workshops offered to private consultants and contractors.

(9) Review and engineering consultation regarding traffic plans.

SECTION 34.17.(b) The Board shall also study the existing fee structure for services performed by Highway Division personnel and identify any fees that no longer cover the direct and indirect costs incurred by the Department to perform the service.

SECTION 34.17.(c) The Department of Transportation shall report on the Board's study and recommendations for fee adjustments or additions to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than December 1, 2014. This report shall also include recommendations from the Board on the use of sponsorships for activities, programs, or functions currently performed by the Department or the privatization of these functions, and include the following information:

(1) The current cost of activities proposed for sponsorship support or privatization.

(2) The potential receipts that could reasonably be collected through sponsorships or the cost-savings achieved through privatization.

(3) A proposed process for the screening and selection of sponsors.

(4) Mock-ups of potential sponsorship signage on materials, buildings, vehicles, vessels, or other locations.

(5) Any administrative, statutory, or regulatory changes needed for the Department to proceed with sponsorship or privatization programs.

Senate and House Differ

Senate Version

RENAME AND REDIRECT TAX PROCEEDS OF SYSTEM PRESERVATION PROGRAM

SECTION 34.18.(a) The Department of Transportation shall rename the "system preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this program shall be used for improvements to structurally deficient and functionally obsolete bridges. All projects funded under this program, with the exception of inspection, pre-engineering, contract preparation, contract administration and oversight, and planning activities, shall be outsourced to private contractors.

SECTION 34.18.(b) G.S. 119-18 reads as rewritten:

Conforming change

"**§ 119-18. Inspection tax and distribution of the tax proceeds.**

...

(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General Statutes. The remainder of the proceeds shall be credited on a monthly basis to the Highway Fund to be used for ~~system preservation~~ pavement preservation under the Department of Transportation in the highway maintenance program.

...."

House Version

RENAME SYSTEM PRESERVATION PROGRAM

SECTION 34.18. The Department of Transportation shall rename the "system preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this program shall be used for improvements to culverts associated with a component of the State highway system or for structurally deficient and functionally obsolete bridges. All projects funded under this program, with the exception of inspection, pre-engineering, contract preparation, contract administration and oversight, and planning activities, shall be outsourced to private contractors.

Senate and House Differ

Senate Version

HIGHWAY FUND CREDIT RESERVE

SECTION 34.19.(a) G.S. 136-44.2 is amended by adding a new subsection to read:

"**§ 136-44.2. Budget and appropriations.**

...

(f1) The credit reserve for the Highway Fund consists of the following:

(1) The unreserved credit balance in the Highway Fund on the last day of the fiscal year to the extent the balances exceed the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year.

(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and pedestrian, ferry, railroad, aviation, and public transportation programs, excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund.

b. Funds appropriated from the Highway Fund for the construction programs of the Department, consisting of funds for secondary construction, access and public service roads, spot safety improvement, contingency, small urban construction, and economic development programs.

(3) The unencumbered and unexpended balances on the last day of the fiscal year for the following:

a. Central and program administration.

b. Transfers to other State agencies or departments not used or returned."

SECTION 34.19.(b) The sum of twelve million dollars ($12,000,000) of the unallotted and unexpended balance of funds within the Bicycle program (fund center 1500/0036), Ferry Operations (fund center 1500/7825), Railroad program (fund center 1500/7829), Airports program (fund center 1500/7830), and the Public Transportation program (fund center 1500/7831), excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund, shall be transferred to the Pavement Preservation program created in Section 34.11 of this act.

House Version

HIGHWAY FUND CREDIT RESERVE

SECTION 34.19.(a) G.S. 136-44.2 is amended by adding a new subsection to read:

"**§ 136-44.2. Budget and appropriations.**

...

(f1) The credit reserve for the Highway Fund consists of the following:

(1) The unreserved credit balance in the Highway Fund on the last day of the fiscal year to the extent the balances exceed the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year.

(2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:

a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and pedestrian, railroad, aviation, and public transportation programs, excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund.

b. Funds appropriated from the Highway Fund for the construction programs of the Department, consisting of funds for secondary construction, access and public service roads, spot safety improvement, contingency, small urban construction, and economic development programs.

(3) The unencumbered and unexpended balances on the last day of the fiscal year for the following:

a. Central and program administration.

b. Transfers to other State agencies or departments not used or returned.

(4) The remaining balance for (i) any open project that has been inactive for two or more years after construction of the project has been completed or (ii) any project that is not obligated during the first two fiscal years in which funds are appropriated."

SECTION 34.19.(b) The sum of twelve million dollars ($12,000,000) of the unallotted and unexpended balance of funds within the Bicycle program (fund center 1500/0036), Ferry Operations (fund center 1500/7825), Railroad program (fund center 1500/7829), Airports program (fund center 1500/7830), and the Public Transportation program (fund center 1500/7831), excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund, shall be transferred to the Highway Fund as appropriated and allocated by this act.

Senate and House Differ

Senate Version

SALE OF CERTAIN FORMER NC RAILROAD PROPERTIES

SECTION 34.20.(a) Subject to the right of first refusal in subsection (b) of this section, the Department of Administration shall dispose of the following parcels following the procedures set out in Chapter 146 of the General Statutes, provided that the Department may not dispose of the properties by gift or for less than fair market value:

Property Description	County	Nearest Town	Parcel ID
4th Street Lot	Carteret	Morehead	638620808907000
Station & Former Industrial Lot	Carteret	Morehead	638620718127000
Waterfront & Riparian Rights	Carteret	Morehead	638620708857000 & 638620709868000

SECTION 34.20.(b) Before the Department disposes of any property described in subsection (a), the city of Morehead City, Carteret County, or the city and county jointly shall be given the right of first refusal to purchase, lease, or rent any or all of the parcels at fair market value as determined by rules adopted by the Department under G.S. 146-29. Any lease or rental agreement under this subsection shall provide that the lessee or tenant may not sublease the property, except to a public entity for a public purpose. The right of first refusal shall expire on June 30, 2015.

SECTION 34.20.(c) Following expiration of the right of first refusal period set forth in subsection (b) of this section, or upon written notice from the city of Morehead City and Carteret County waiving the right of first refusal, the Department shall dispose of the properties by sale.

SECTION 34.20.(d) Notwithstanding G.S. 146-30, the Department shall deposit the net proceeds from the disposition of the properties into the Freight Rail & Rail Crossing Safety Improvement Fund of the Highway Fund.

House Version

SALE OF CERTAIN FORMER NC RAILROAD PROPERTIES

SECTION 34.20.(a) Subject to the right of first refusal in subsection (b) of this section, the Department of Administration shall dispose of the following parcels following the procedures set out in Chapter 146 of the General Statutes:

Property Description	County	Nearest Town	Parcel ID
4th Street Lot	Carteret	Morehead	638620808907000
Station & Former Industrial Lot	Carteret	Morehead	638620718127000
Waterfront & Riparian Rights	Carteret	Morehead	638620708857000 & 638620709868000

SECTION 34.20.(b) Before the Department disposes of any property described in subsection (a) of this section, the city of Morehead City, Carteret County, or the city and county jointly, shall be given the right of first refusal to purchase, lease, or rent any or all of the parcels. The right of first refusal shall expire on June 30, 2015.

SECTION 34.20.(c) Following expiration of the right of first refusal period set forth in subsection (b) of this section, or upon written notice from the city of Morehead City and Carteret County waiving the right of first refusal, the Department shall dispose of the properties in any manner authorized by Chapter 146 of the General Statutes other than by gift.

SECTION 34.20.(d) Notwithstanding G.S. 146-30, the Department shall deposit the net proceeds from the disposition of the properties into the Freight Rail & Rail Crossing Safety Improvement Fund of the Highway Fund.

SECTION 34.21

Identical House and Senate

MAINTENANCE CONDITION ASSESSMENT PROGRAM CHANGES;

SECTION 34.21. G.S. 136-44.3 reads as rewritten:

"**§ 136-44.3. Maintenance program.**

The Department shall establish performance standards for the maintenance and operation of the State highway system. In each even-numbered year, the Department of Transportation shall survey the condition of the State highway system and shall prepare a report of the findings of the survey. The report shall provide both quantitative and qualitative descriptions of the condition of the system and shall provide estimates of the following:

(1) The annual cost to meet and sustain the established performance standards for the ~~primary and secondary~~State highway system, delineated by costs to the primary or secondary system, to ~~include: (i) routine maintenance and operations, (ii) system preservation, and (iii) pavement and bridge rehabilitation.~~include the following categories of work: (i) contract resurfacing, (ii) pavement preservation, (iii) routine highway maintenance, (iv) disasters and emergencies, (v) structurally sound bridge maintenance, and (vi) structurally unsound bridge rehabilitation, repair, or replacement.

(2) Projected system condition and corresponding optimal funding requirements for a seven-year plan to sustain established performance standards. The report shall also identify target levels of service for each maintenance activity and assess historical program performance across divisions, including project delivery rates, staffing, and direct and indirect costs. The Department shall clearly denote prioritized maintenance needs and recommended resource allocations and distribution methods to achieve each target.

(3) Any significant variations in system conditions among highway divisions. The report should include an examination of how well the highway divisions streamline project delivery, maximize efficiency, and prioritize spending based on needs and make recommendations on ways to improve these processes. The report should analyze the cost of delivering maintenance activities by division and make recommendations on how to reduce these costs regionally and statewide.

(4) An assessment of the level of congestion throughout the primary highway system based on traffic data, and a ranking of the most congested areas based on travel time reliability and the average number of congested hours, together with the Department's recommendations for congestion reduction and mobility improvement.

(5) An analysis of existing highway division staffing levels and recommendations to ensure staffing levels are distributed appropriately based on need.

(6) A cross-divisional comparison summary document, not to exceed one page in length, which includes the divisional performance data described in subdivision (2) of this section as well as the most deficient roads and bridges in each division.

On the basis of the report and from funds available, the Department of Transportation shall develop a statewide annual maintenance program for the State highway system, which shall be subject to the approval of the Board of Transportation and is consistent with performance standards.

The report on the condition of the State highway system and maintenance funding needs shall be presented to the Joint Legislative Transportation Oversight Committee by December 31 of each even-numbered year, and copies shall be made available to any member of the General Assembly upon request."

Senate and House Differ

Senate Version

DIVISION OF MOTOR VEHICLES POSITION FUNDING

SECTION 34.22. The Department of Transportation shall not use funds appropriated for the 2014-2015 fiscal year from the Highway Trust Fund to fund positions within the Division of Motor Vehicles.

House Version

DIVISION OF MOTOR VEHICLES POSITION FUNDING

SECTION 34.22. Notwithstanding any other provision of law, the Department of Transportation may use funds appropriated for the 2014-2015 fiscal year from the Highway Trust Fund to continue funding positions within the Division of Motor Vehicles that were funded by the Highway Trust Fund during the 2013-2014 fiscal year.

Senate and House Differ

Senate Version

DOT CASH MANAGEMENT

SECTION 34.23.(a) G.S. 143C-6-11 reads as rewritten:

"§ 143C-6-11. Highway appropriation.

...

(f) ~~Five Percent (5%) of the Cash Balance Required.~~Seven and One-Half Percent (7.5%) Cash Balance Required. – The Department of Transportation shall maintain an available cash balance at the end of each month equal to at least ~~five percent (5%)~~seven and one-half percent (7.5%) of ~~the unpaid balance of the total transportation project contract obligations.~~the total appropriations for the current fiscal year from the Highway Fund and the Highway Trust Fund. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. In the event this cash position is not maintained, no further transportation project contract commitments may be entered into until the cash balance has been regained. ~~For the purposes of awarding contracts involving federal aid, any amount due from the federal government and the Highway Bond Fund as a result of unreimbursed expenditures may be considered as cash for the purposes of this provision.~~Any federal funds on hand shall not be considered as cash for the purposes of this subsection.

...

(k) The Department of Transportation shall do all of the following:

(1) Utilize cash flow financing to the extent possible to fund transportation projects with the goal of reducing the combined average daily cash balance of the Highway Fund and the Highway Trust Fund to an amount equal to ~~the twelve percent (12%) of the combined estimate of the yearly receipts of the Funds.~~ between fifteen and twenty percent (15-20%) of the total appropriations for the current fiscal year from those funds. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. Any federal funds on hand shall not be considered as cash for the purposes of this subsection. The target amount shall include an amount necessary to make all municipal-aid funding requirements of the Department.

(2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financing report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.

(3) Report annually, on October 1 of each year, to the Joint Legislative Transportation Oversight Committee on its cash management policies and results."

SECTION 34.23.(b) The Board of Transportation shall study the Department's cash management policies and identify ways to strengthen these policies in order to prevent excessive cash balances. The Department shall report to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on Department of

Transportation, and the Fiscal Research Division by April 1, 2015, on the findings from this study and any resulting policy changes made based on the findings of the study.

SECTION 34.23.(c) In any month in which the Department's total cash balance on hand from the Highway Fund and the Highway Trust Fund exceeds one billion dollars ($1,000,000,000), the Department shall report its cash balance no later than the 15th day of the following month as follows:

(1) To the Board of Transportation.

(2) If the General Assembly is in session, the Department shall report to the Chairs of the House of Representatives Appropriations Subcommittee on Transportation, the Chairs of the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division.

(3) If the General Assembly is not in session, the Department shall report to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

The report shall include an explanation from the Department of the reasons the cash balance has exceeded the amount specified in this subsection, the actions to be taken by the Department to reduce the cash balance, and the estimated amount of time it will take to bring the cash balance to the target identified in G.S. 143C-6-11(k)(1), as amended by subsection (a) of this section.

SECTION 34.23.(d) Subsection (c) of this section becomes effective July 1, 2015.

House Version

DOT CASH MANAGEMENT

Technical changes

SECTION 34.23.(a) G.S. 143C-6-11 reads as rewritten:

"**§ 143C-6-11. Highway appropriation.**

...

(f) ~~Five Percent (5%) of the Cash Balance Required.~~Seven and One-Half Percent (7.5%) Cash Balance Required. – The Department of Transportation shall maintain an available cash balance at the end of each month equal to at least ~~five percent (5%)~~seven and one-half percent (7.5%) of ~~the unpaid balance of the total transportation project contract obligations.~~the total appropriations for the current fiscal year from the Highway Fund and the Highway Trust Fund. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. In the event this cash position is not maintained, no further transportation project contract commitments may be entered into until the cash balance has been regained. ~~For the purposes of awarding contracts involving federal aid, any amount due from the federal government and the Highway Bond Fund as a result of unreimbursed expenditures may be considered as cash for the purposes of this provision.~~Any federal funds on hand shall not be considered as cash for the purposes of this subsection.

...

(k) The Department of Transportation shall do all of the following:

(1) Utilize cash flow financing to the extent possible to fund transportation projects with the goal of reducing the combined average daily cash balance of the Highway Fund and the Highway Trust Fund to an amount equal to ~~the twelve percent (12%) of the combined estimate of the yearly receipts of the Funds.~~ between fifteen and twenty percent (15-20%) of the total appropriations for the current fiscal year from those funds. In projecting cash balances in future years, the Department shall use the estimated cash flow as specified in the Current Operations Appropriation Act. Any federal funds on hand shall not be considered as cash for the purposes of this subsection. The target amount shall include an amount necessary to make all municipal-aid funding requirements of the Department.

(2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financing report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.

(3) Report annually, on October 1 of each year, to the Joint Legislative Transportation Oversight Committee on its cash management policies and results."

SECTION 34.23.(b) The Board of Transportation shall study the Department's cash management policies and identify ways to strengthen these policies in order to prevent excessive cash balances. The Department shall report to the House of Representatives Appropriations Subcommittee on Transportation, the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division by April 1, 2015, on the findings from this study and any resulting policy changes made based on the findings of the study.

SECTION 34.23.(c) In any month in which the Department's total cash balance on hand from the Highway Fund and the Highway Trust Fund exceeds one billion dollars ($1,000,000,000), the Department shall report its cash balance no later than the 15th day of the following month as follows:

(1) To the Board of Transportation.

(2) If the General Assembly is in session, to the Chairs of the House of Representatives Appropriations Subcommittee on Transportation, the Chairs of the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division.

(3) If the General Assembly is not in session, to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

The report shall include an explanation from the Department of the reasons the cash balance has exceeded the amount specified in this subsection, the actions to be taken by the Department to reduce the cash balance, and the estimated amount of time it will take to bring the cash balance to the target identified in G.S. 143C-6-11(k)(1), as amended by subsection (a) of this section.

SECTION 34.23.(d) Subsection (c) of this section becomes effective July 1, 2015.

SECTION 34.24

Identical House and Senate

DOT LEGAL SERVICES;

SECTION 34.24.(a) Section 34.27 of S.L. 2013-360 reads as rewritten:

"**SECTION 34.27.** The Department of Transportation may engage the services of private counsel with the pertinent expertise to ~~timely defend or otherwise resolve legal challenges~~provide legal services related to transportation projects undertaken by the Department. The Department shall supervise and manage the private counsel engaged under this section and shall not be required to obtain written permission or approval from the Attorney General under G.S. 114-2.3. ~~The Department shall report the engagement of private counsel authorized by this section within 30 days to the General Assembly, as follows:~~

~~(1) If the General Assembly is in session, the Department shall report to the Chairs of the Appropriations Subcommittee on Transportation of the House of Representatives, the Chairs of the Appropriations Committee on Transportation of the Senate, and the Fiscal Research Division.~~

~~(2) If the General Assembly is not in session, or adjourns sine die during the 30-day period, the Department shall report to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.~~"

SECTION 34.24.(b) It is the intent of the General Assembly that the Department of Transportation exercise the authority granted by subsection (a) of this section to maximize operational and project delivery benefits attributed to the avoidance or successful defense of litigation. To accomplish this intent, the Department is directed to increase its utilization of external counsel to no less than ten percent (10%) of new cases arising during the 2014-2015 fiscal year, increasing to no less than twenty percent (20%) of new cases arising during the 2015-2016 fiscal year.

SECTION 34.24.(c) The Department shall develop performance metrics to evaluate its utilization of in-house and outside counsel, to include the following:

(1) A summary of new matters opened by legal area.
(2) Case cycle times.
(3) Resolution of cases.
(4) A comparison of in-house costs to billable rates for external counsel.
(5) The process for procurement for legal services.

The Department shall report no later than January 1, 2015, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Justice and Public Safety Oversight Committee regarding the performance metrics set forth in this subsection.

SECTION 34.24.(d) G.S. 136-103.1 reads as rewritten:

"**§ 136-103.1. Outside counsel.**

The ~~Attorney General~~Secretary of Transportation is authorized to employ outside counsel as ~~he~~ the Secretary deems necessary for the purpose of obtaining title abstracts and title certificates for transportation system rights-of-way and for assistance in the trial of condemnation cases involving the acquisition of rights-of-way and other interests in land for the purpose of transportation construction. Compensation, as approved by the ~~Attorney General,~~Secretary, shall be paid out of the appropriations from the Highway Fund."

SECTION 34.24.(e) Legal positions assigned to the Department from the Department of Justice which become vacant during the 2014-2015 fiscal year shall not be filled.

Senate Only

MPO/RPO ETHICS FINES

SECTION 34.25.(a) G.S. 136-200.2 reads as rewritten:

"...

(g) Ethics Provisions. – All individuals with voting authority serving on a metropolitan planning organization who are not members of the Board of Transportation shall do all of the following:

...

(4) File, with and in the same manner as the statement of economic interest filed under subdivision (3) of this subsection, an additional disclosure of a list of all real estate owned wholly or in part by the MPO member, the MPO member's extended family, or a business with which the MPO member is associated within the jurisdiction of the MPO on which the MPO member is serving. All additional disclosures of real estate filed by MPO members are public records under Chapter 132 of the General Statutes. The penalties for failure to file shall be as set forth in G.S. 138A-25(d).

...

(j) Violations. – A violation of subdivision (1) of subsection (g) of this section shall be a Class 1 misdemeanor. An MPO member who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a required filing under subdivisions (3) or (4) of subsection (g) of this section shall be guilty of a Class 1 misdemeanor. An MPO member who provides false information on a required filing under subdivisions (3) or (4) of subsection (g) of this section knowing that the information is false is guilty of a Class H felony. If the State Ethics Commission receives written allegations of violations of this section, the Commission shall report such violations to the Attorney General for investigation and referral to the District Attorney for possible prosecution. All written allegations or related documents are confidential and are not matters of public record.

...."

SECTION 34.25.(b) G.S. 136-211 reads as rewritten:

"...

(f) Ethics Provisions. – All individuals with voting authority serving on a rural transportation planning organization who are not members of the Board of Transportation shall do all of the following:

...

(4) File, with and in the same manner as the statement of economic interest filed under subdivision (3) of this subsection, an additional disclosure of a list of all real estate owned wholly or in part by the rural transportation planning organization member, the rural transportation planning organization member's extended family, or a business with which the rural transportation planning organization member is associated within the jurisdiction of the rural transportation planning organization on which the rural transportation planning organization member is serving. All additional disclosures of real estate filed by members are public records under Chapter 132 of the General Statutes. The penalties for failure to file shall be as set forth in G.S. 138A-25(d).

...

(j) Violations. – A violation of subdivision (1) of subsection (f) of this section shall be a Class 1 misdemeanor. A rural transportation planning organization member who knowingly conceals or knowingly fails to disclose information that is required to be disclosed on a required

filing under subdivisions (3) or (4) of subsection (f) of this section shall be guilty of a Class 1 misdemeanor. A rural transportation planning organization member who provides false information on a required filing under subdivisions (3) or (4) of subsection (f) of this section knowing that the information is false is guilty of a Class H felony. If the State Ethics Commission receives written allegations of violations of this section, the Commission shall report such violations to the Attorney General for investigation and referral to the District Attorney for possible prosecution. All written allegations or related documents are confidential and are not matters of public record.

...."

SECTION 34.25.(c) G.S. 138A-25 is amended by adding the following new subsections to read:

"(d) Within 30 days after the date due under G.S. 138A-22, the Commission shall notify persons who are required to file a Statement of Economic Interest under G.S. 136-200.2(g)(3) or G.S. 136-211(f)(3) of a failure to file the Statement of Economic Interest or the filing of an incomplete Statement of Economic Interest. The Commission shall notify the filing person that if the Statement of Economic Interest is not filed or completed within 30 days of receipt of the notice of failure to file or complete, the filing person shall be fined and referred for prosecution after an additional 30 days, as provided for in this section.

(1) Any filing person who fails to file a Statement of Economic Interest under G.S. 136-200.2(g)(3) or G.S. 136-211(f)(3) within 30 days of the receipt of the notice required under this section shall be fined two hundred fifty dollars ($250.00) by the Commission for not filing or filing an incomplete Statement of Economic Interest, except in extenuating circumstances as determined by the Commission.

(2) Failure by any filing person to file or complete the Statement of Economic Interest within 60 days of the receipt of the notice required under this subsection shall be a Class 1 misdemeanor. The Commission shall report such failure to the Attorney General for investigation and referral to the District Attorney for possible prosecution, unless the Commission determines extenuating circumstances exist.

(e) Within 30 days after the date due under G.S. 138A-22, the Commission shall notify persons who are required to file an additional disclosure under G.S. 136-200.2(g)(4) or G.S. 136-211(f)(4) of a failure to file the additional disclosure or the filing of an incomplete additional disclosure. The Commission shall notify the filing person that if the additional disclosure is not filed or completed within 30 days of receipt of the notice of failure to file or complete, the filing person shall be fined and referred for prosecution after an additional 30 days, as provided for in this section.

(1) Any filing person who fails to file or who files an incomplete additional disclosure within 30 days of the receipt of the notice required under this section shall be fined two hundred fifty dollars ($250.00) for not filing or filing an incomplete additional disclosure, except in extenuating circumstances as determined by the Commission.

(2) Failure by any filing person to file or complete the additional disclosure within 60 days of the receipt of the notice required under this subsection shall be a Class 1 misdemeanor. The Commission shall report such failure to the Attorney General for investigation and referral to the District Attorney for possible prosecution, unless the Commission determines extenuating circumstances exist."

SECTION 34.25.(d) This section becomes effective October 1, 2014, and applies to obligations to file additional disclosures arising on or after that date.

House Only

FERRY TOLLING

SECTION 34.26.(a) G.S. 136-82 reads as rewritten:

"§ 136-82. Department of Transportation to establish and maintain ferries.

(a) Powers of Department. – The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may ~~require, and shall prescribe and collect tolls on the ferry routes as established by the Board of Transportation following the procedures set forth in this section.~~require.

~~(b) Establishment of Tolling. – The Board of Transportation may establish tolls on any untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry route, the Board of Transportation must receive a resolution approved by the Transportation Advisory Committee of each affected local transportation planning organization requesting tolls on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in the geographic area of each untolled ferry route and invite each affected local transportation planning organization. At the public hearing, the Department shall present an explanation of the toll setting methodology, the impact of tolling on the availability of funding for other local transportation priorities, and the minimum and maximum toll rates. After the public hearing, an affected local transportation planning organization may consider and adopt a ferry tolling resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting after receipt of the ferry tolling resolutions required by this subsection. The Department shall collect the toll as soon as is feasible following its adoption, but in no case more than 180 days after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the authority granted in this section shall be exempt from the provisions of Chapter 150B of the General Statutes. For purposes of this section, "affected local transportation planning organization" means any Metropolitan Planning Organization or Rural Transportation Planning Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.~~

~~(c) Revisions of Tolls. – The Department of Transportation shall report to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and all affected local transportation planning organizations 30 days prior to any change in toll rates or change in the toll setting methodology by the Board of Transportation.~~

~~(d) Use of Toll Proceeds. – The Department of Transportation shall credit the proceeds from tolls collected on North Carolina Ferry System routes and receipts generated under subsection (e) of this section to reserve accounts within the Highway Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be credited proportionately to each reserve account based on the distribution of trips originating and terminating in each Highway Division. The proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.~~

...

(f) Authority to Generate Certain Receipts. – The Department of Transportation, notwithstanding any other provision of law, may operate or contract for the following receipt-generating activities and use the proceeds for ferry passenger vessel replacement ~~projects in the manner set forth in subsection (c) of this section:~~and other ferry system capital needs:

(1) Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.

(2) ~~The~~ Sponsorships, including, but not limited to, the sale of naming rights to any ferry vessel, ferry route, or ferry facility.

(3) Advertising on or within any ferry ~~vessel,~~ vessel or at any ferry facility, ~~including~~ including, but not limited to, display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.

(4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

The Department may issue rules to implement this subsection.

(f1) Ferry Capital Improvement Account. – The following shall be credited to a reserve account in the Highway Fund which shall be designated as the Ferry Capital Improvement Account:

(1) Net receipts generated under subsection (f) of this section.

(2) The unallotted and unencumbered balances on the last day of the fiscal year of funds appropriated from the Highway Fund to the Ferry Division.

(3) Any other funds available from appropriations by the General Assembly or from contributions and grants from public or private sources.

Funds credited to the account shall be used for prioritized improvements to the vessels and facilities of the North Carolina Ferry System.

(g) Confidentiality of Personal Information. – Identifying information obtained by the Department related to operation of the ferry system is not a public record under Chapter 132 of the General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial information, transaction history, and information related to the collection of a ~~toll or~~ user fee from a person, including, but not limited to, photographs or other recorded images or automatic vehicle identification or driver account information generated by radio-frequency identification or other electronic means. The Department may use identifying information only for purposes of collecting and enforcing ~~tolls.~~ user fees. Nothing in this section is intended to limit the right of any person to examine that person's own account information, or the right of any party, by authority of a proper court order, to inspect and examine identifying information."

SECTION 34.26.(b) The Board of Transportation shall cease collecting ferry tolls on the effective date of this act and shall take action as expeditiously as possible to repeal its regulations implementing ferry tolls. Prepaid tolls or commuter pass payments received by the Department for ferry trips after the effective date of this act shall be refunded or, in the case of prepaid commuter passes, partially refunded based on the proportion of the time period covered by the commuter pass for which tolls were in effect.

SECTION 34.26.(c) From funds appropriated by this act from the Highway Fund to the Department of Transportation, the sum of six million two hundred thousand dollars ($6,200,000) shall be allocated to the Ferry Capital Improvement Account created by G.S. 136-82(f1) as amended by subsection (a) of this section.

SECTION 34.26.(d) G.S. 136-189.11(b)(8) is repealed.

House Only

HISTORIC BRIDGE PRESERVATION PROGRAM CLARIFICATION

SECTION 34.27. G.S. 136-18 is amended by adding a new subdivision to read:

"(44) The Department shall not transfer ownership of a State-owned concrete arch bridge to any public, private, or nonprofit entity as part of any bridge relocation or reuse program project unless the entity posts a bond or other financial assurance acceptable to the Department to cover the present value of future maintenance costs, as well as any right-of-way or other additional costs if the bridge transfer would require the Department to change the planned route of any replacement structure."

House Only

"FIRST IN FREEDOM" REGISTRATION PLATES

SECTION 34.28.(a) G.S. 20-63 reads as rewritten:

"**§ 20-63. Registration plates furnished by Division; requirements; replacement of regular plates with First in Flight ~~plates;~~ plates or First in Freedom plates; surrender and reissuance; displaying; preservation and cleaning; alteration or concealment of numbers; commission contracts for issuance.**

...

(b) Every license plate must display the registration number assigned to the vehicle for which it is issued, the name of the State of North Carolina, which may be abbreviated, and the year number for which it is issued or the date of expiration. A plate issued for a commercial vehicle, as defined in G.S. 20-4.2(1), and weighing 26,001 pounds or more, must bear the word "commercial," unless the plate is a special registration plate authorized in G.S. 20-79.4 or the commercial vehicle is a trailer or is licensed for 6,000 pounds or less. The plate issued for vehicles licensed for 7,000 pounds through 26,000 pounds must bear the word "weighted," unless the plate is a special registration plate authorized in G.S. 20-79.4.

A registration plate issued by the Division for a private passenger vehicle or for a private hauler vehicle licensed for 6,000 pounds or less shall ~~be~~ be, at the option of the owner, either (i) a "First in Flight" ~~plate.~~ plate or (ii) a "First in Freedom" plate. A "First in Flight" plate shall have the words "First in Flight" printed at the top of the plate above all other letters and numerals. The background of the "First in Flight" plate shall depict the Wright Brothers biplane flying over Kitty Hawk Beach, with the plane flying slightly upward and to the right. A "First in Freedom" plate shall have the words "First in Freedom" printed at the top of the plate above all other letters and numerals. The background of the "First in Freedom" plate may include an image chosen by the Division that is representative of the Mecklenburg Declaration of 1775 or the Halifax Resolves of 1776.

(b1) The following special registration plates do not have to be a "First in Flight" plate or "First in Freedom" plate as provided in subsection (b) of this section. The design of the plates that are not "First in Flight" plates or "First in Freedom" plates must be developed in accordance with G.S. 20-79.4(a3). For special plates authorized in G.S. 20-79.7 on or after July 1, 2013, the Division may not issue the plate on a background under this subsection unless it receives at least 200 applications for the plate in addition to the applications required under G.S. 20-79.4 or G.S. 20-81.12.

...."

SECTION 34.28.(b) G.S. 20-79(c) reads as rewritten:

"(c) Form and Duration. – A dealer license plate is subject to G.S. 20-63, except for the requirement that the plate display the registration number of a motor vehicle and the requirement that the plate be a "First in Flight" ~~plate.~~ plate or a "First in Freedom" plate. A dealer license plate must have a distinguishing symbol identifying the plate as a dealer license plate. The symbol may vary depending upon the classification of dealer license plate issued. The Division must provide suitably reduced sized license plates for motorcycle dealers and manufacturers.

...."

SECTION 34.28.(c) G.S. 20-79.2(c) reads as rewritten:

"(c) Form, Duration, and Transfer. – A transporter plate is subject to G.S. 20-63, except for the requirement that the plate display the registration number of a motor vehicle and the requirement that the plate be a "First in Flight" ~~plate.~~ plate or a "First in Freedom" plate. A transporter plate shall have a distinguishing symbol identifying the plate as a transporter plate. The symbol may vary depending upon the classification of transporter plate issued. A transporter plate is issued for a period of one year. The Division shall vary the expiration dates of transporter

registration renewals so that an approximately equal number expires at the end of each month, quarter, or other period consisting of one or more months. When the Division issues a transporter plate, it may issue a registration that expires at the end of any monthly interval. During the year for which it is issued, a business or dealer may transfer a transporter plate from one vehicle to another as long as the vehicle is driven only for a purpose authorized by subsection (a) of this section. The Division must rescind a transporter plate that is displayed on a motor vehicle driven for a purpose that is not authorized by subsection (a) of this section."

SECTION 34.28.(d) This section becomes effective January 1, 2015, and applies to registration plates issued on or after that date.

House Only

REPORT ON USE OF ECONOMIC DEVELOPMENT PROGRAM FUNDS

SECTION 34.29.(a) Section 34.7 of S.L. 2013-360 reads as rewritten:

"**ECONOMIC DEVELOPMENT PROGRAM FUNDS**

...

"**SECTION 34.7.(b)** Of the funds appropriated to the Economic Development fund, the sum of three million three hundred forty-six thousand two hundred fifteen dollars ($3,346,215) in nonrecurring funds for fiscal year 2013-2014 and ~~four million thirty-six thousand one hundred seventy-one dollars ($4,036,171) in~~eight million dollars ($8,000,000) in recurring funds for fiscal year 2014-2015 shall be used for prioritized transportation improvements and infrastructure that expedite commercial growth as well as either job creation or job retention. Projects funded under this section shall be jointly approved by the Secretary of Transportation and the Secretary of Commerce.

"**SECTION 34.7.(c)** The Department of Commerce and the Department of Transportation shall both develop guidelines and procedures related to the administration of the Economic Development funds referred to in subsection (b) of this section and to the selection of projects to receive allocations of those funds, including project evaluation measures. The guidelines and procedures shall include a process for submitting, evaluating, and prioritizing projects on a monthly basis. The Department of Commerce shall publish the guidelines and procedures it develops on its Web site, and the Department of Transportation shall publish the guidelines and procedures it develops on its Web site. Both Departments shall develop guidelines and procedures no later than October 1, 2014.

"**SECTION 34.7.(d)** Beginning October 1, 2014, the Department of Commerce and the Department of Transportation shall do both of the following:

(1) Meet quarterly to select projects for funding based on the prioritization rankings developed in subsection (c) of this section and assigned by each Department.

(2) Report quarterly to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Commission on Governmental Operations on the commitment, disbursement, and use of funds referred to in subsection (b) of this section. The report is due no later than one month after the end of the fiscal quarter."

SECTION 34.29.(b) This section becomes effective June 30, 2014.

House Only

ADMINISTRATION COSTS/REGULATION OF UNMANNED AIRCRAFT SYSTEMS

SECTION 34.30. If House Bill 1099 or substantially similar legislation becomes law during the 2014 Regular Session of the 2013 General Assembly, the Division of Aviation of the Department of Transportation shall use funds appropriated in this act to the Division to cover the administration costs incurred from developing and implementing the knowledge and skills test and licensing system for commercial operation required by that law.

House Only

USE OF FUNDS APPROPRIATED TO GLOBAL TRANSPARK AUTHORITY

SECTION 34.31. Of the funds appropriated to the Global TransPark Authority during the 2014-2015 fiscal year, the sum of two hundred fifty thousand dollars ($250,000) shall be used exclusively for costs incurred for on-site projects.

House Only

REDIRECT NONADMINISTRATIVE INSPECTION TAX PROCEEDS TO THE LEAKING UNDERGROUND STORAGE TANK FUND

SECTION 34.33. G.S. 119-18(b) reads as rewritten:

"(b) Proceeds. – The proceeds of the inspection tax levied by this section shall be applied first to the costs of administering this Article and Subchapter V of Chapter 105 of the General Statutes. The remainder of the proceeds shall be credited on a monthly basis to the ~~Highway Fund to be used for system preservation under the Department of Transportation in the highway maintenance program.~~ Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund as set forth in this subsection. If the amount of revenue in the Noncommercial Fund at the end of a month is at least five million dollars ($5,000,000), one-half of the remainder of the proceeds shall be credited to the Noncommercial Fund, and one-half of the remainder of the proceeds shall be credited to the Commercial Fund. If the amount of revenue in the Noncommercial Fund at the end of a month is less than this threshold amount, all of the remainder of the proceeds shall be credited to the Noncommercial Fund."

House Only

DRIVERS LICENSE TECHNICAL STANDARDS

SECTION 34.34. G.S. 20-7(n) reads as rewritten:

"(n) Format. – A drivers license issued by the Division must be tamperproof and must contain all of the following information:

(1) An identification of this State as the issuer of the license.

(2) The license holder's full name.

(3) The license holder's residence address.

(4) ~~A color photograph, or a properly applied laser engraved picture on polycarbonate material, of the license holder, taken by the Division.~~A color photograph of the license holder applied to material that is measured by the industry standard of security and durability and is resistant to tampering and reproduction.

(5) A physical description of the license holder, including sex, height, eye color, and hair color.

(6) The license holder's date of birth.

(7) An identifying number for the license holder assigned by the Division. The identifying number may not be the license holder's social security number.

(8) Each class of motor vehicle the license holder is authorized to drive and any endorsements or restrictions that apply.

(9) The license holder's signature.

(10) The date the license was issued and the date the license expires.

The Commissioner shall ensure that applicants 21 years old or older are issued drivers licenses and special identification cards that are printed in a horizontal format. The Commissioner shall ensure that applicants under the age of 21 are issued drivers licenses and special identification cards that are printed in a vertical format, that distinguishes them from the horizontal format, for ease of identification of individuals under age 21 by members of industries that regulate controlled products that are sale restricted by age and law enforcement officers enforcing these laws.

At the request of an applicant for a drivers license, a license issued to the applicant must contain the applicant's race."

SENATE PAGES ATTENDING

COMMITTEE: Appropriations Transportation ROOM: 1027

DATE: 6-17 TIME: 8:30

PLEASE PRINT LEGIBILY!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Lilli Canaday	Burlington	Gunn
2. Lilly Black	Burlington	Gunn
3. Robert Bahner	Pinehurst	Tillman
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

SENATE SERGEANT-AT-ARMS

COMMITTEE: Senate Appropriations Committee on Transportation

DATE: 06-17-2014 ROOM: 1027

1. CHARLES HARPER
2. HAL ROACH
3. MATT URBEN
4. _____
5. _____
6. _____

VISITOR REGISTRATION SHEET

Transportation
(Committee Name)

6/17
Date

More names on back

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
Keith Weatherly	DOT
MaryMacLean Asbill	SELC
Andy Chase	KMA
Jake Cashion	NC Chamber
Viddia Jarbett	Rep. Jarbett
Derek Graham	DPI
Meaghan Lewis	NC Chamber
Hope Mozingo	NCDMV
Susan Webb	F&P
Betsy Vetter	Amer Heart Assn
Ken Melton	K.M.A
David Crawford	AIA NC
Tim KENT	NC Beer/Wine
~~ASHLEY~~ SKINNER	NCACC
BOBBY LEWIS	NCDOT
JASON SOFLEY	NCDOT
DAVID A. BROWN	UNC School of Govt
Kevin McPhees	McPhees Consulting
Joe "	" "

09-22-2012

Amy McConkey NC Beverage Assn

VISITOR REGISTRATION SHEET

Senate Appropriations on Transportation
(Committee Name)

6-17-14
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
Charles King	School of Govt
Becky Jenkins	CAROLINAS AGC
Tony Moore	NC Driving School Inc.
Ellis Powell	CAPA
Bill McGee	Dept. St. Treas
Janice Davidson	NC DOR
Kelly Thomas	DMV
Hugh Johnson	Gov. office
Rhiannon Bell	NCMMC
Samantha Yarborough	UNC School of Laws
Bailey Sickler	The N+O
Reggie Flythe	NCDPI
Whitney Christenson	NCLM
R S Brinkley	NCPTA
ALBERT EBY	NCPTA
	NCDTSEA
	NCAOA

09-22-2012

VISITOR REGISTRATION SHEET

(Committee Name)

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY
	RAHC
	NCAA
Thomas Clark	OSBM
Dana Fenton	City of Charlotte

09-22-2012