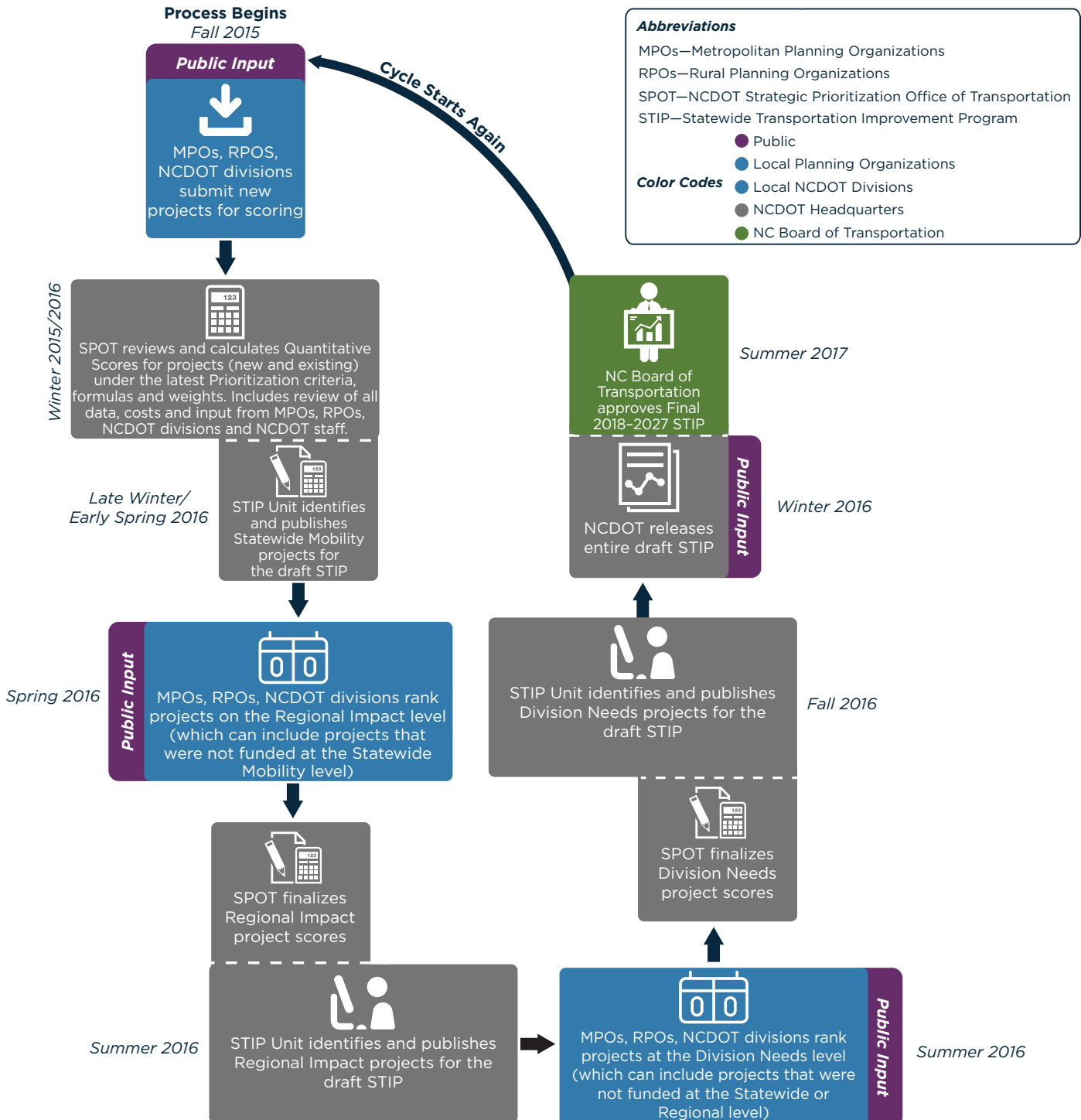




STATE TRANSPORTATION IMPROVEMENT PROGRAM DEVELOPMENT

The State Transportation Improvement Program (STIP) is the North Carolina Department of Transportation's (NCDOT) 10-year construction schedule for projects. The schedule is updated every two years based on a data-driven process called Prioritization, as well as the latest state and federal financial situation, and the status of preconstruction activities. Schedule development must adhere to the Strategic Transportation Investments (STI) law, which mandates ongoing evaluation and improvement to ensure the process continues to be responsive to North Carolina's diverse needs. Developing a STIP is accomplished through ongoing collaboration with our regional planning partners—metropolitan and rural planning organizations—and public input is a key component.



STRATEGIC TRANSPORTATION INVESTMENTS LAW

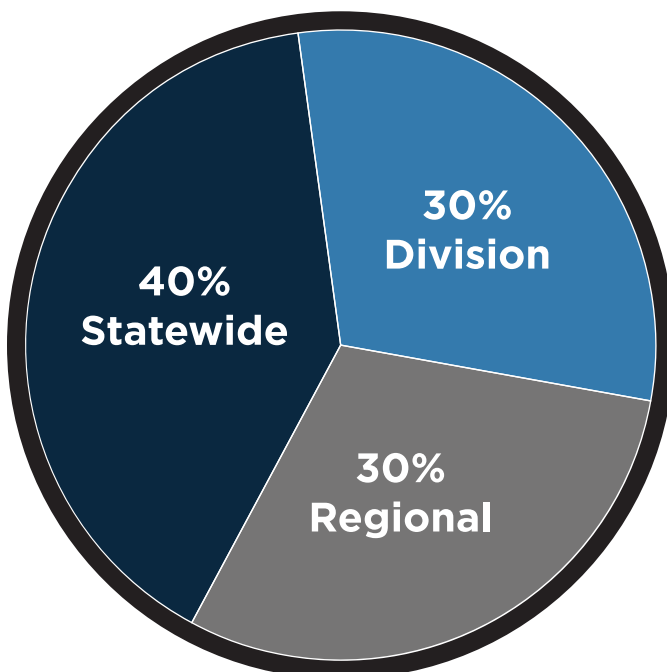
Passed in 2013, the Strategic Transportation Investments Law (STI) allows NCDOT to use its funding more efficiently and effectively to enhance the state's infrastructure, while supporting economic growth, job creation and a higher quality of life. This process encourages thinking from a statewide and regional perspective, while also providing flexibility to address local needs.

STI established the Strategic Mobility Formula, which allocates available revenues based on data-driven scoring and local input. It was used for the first time to develop the 2016-2025 State Transportation Improvement Program (STIP), which schedules the projects that will be funded during a 10-year period. While federal law requires it to be updated at least every four years, NCDOT updates the STIP every two years.

PRIORITIZATION

NCDOT uses a transparent, data-driven method for prioritizing transportation investment decisions. Through the process, called Prioritization, potential transportation improvement projects are submitted to NCDOT to be scored and ranked through the Strategic Mobility Formula at the statewide, regional and division levels, based on approved criteria such as safety, congestion, benefit-cost and local priorities. These scores and other factors are used to determine whether a project receives funding. Project prioritization occurs every two years. The current round of Prioritization is referred to as P4.0, because it is the fourth iteration of this process.

REVENUE DISTRIBUTION



HOW THE STRATEGIC MOBILITY FORMULA WORKS

The Strategic Mobility Formula funds projects in three categories:

- Division Needs
- Regional Impact
- Statewide Mobility

Division Needs

Projects in this category receive 30 percent of the available revenue, shared equally over NCDOT's 14 transportation divisions, which are groupings of local counties. Project scores are based 50 percent on data and 50 percent on rankings by local planning organizations and the NCDOT transportation divisions.

Highway projects in this category are analyzed according to five criteria:

- Congestion (15 percent)
- Benefit/cost (15 percent)
- Safety (10 percent)
- Freight and military) (5 percent)
- Accessibility/Connectivity (5 percent)

Regional Impact

Projects in this category receive 30 percent of available revenue. Projects on this level compete within regions made up of two NCDOT transportation divisions, with funding divided among the regions based on population. Data makes up 70 percent of the project scores in this category. Local rankings account for the remaining 30 percent.

Regional Impact projects are analyzed according to five criteria:

- Congestion (20 percent)
- Benefit/cost (20 percent)
- Safety (10 percent)
- Accessibility/connectivity (10 percent)
- Freight and military (10 percent)

Statewide Mobility

Projects in this category receive 40 percent of available revenue. The project selection process is based 100 percent on data.

Statewide Mobility projects are analyzed according to six criteria:

- Congestion (30 percent)
- Benefit/cost (25 percent)
- Economic competitiveness (10 percent)
- Safety (15 percent)
- Multimodal and military (5 percent)
- Freight and mobility (15 percent)

Alternate Criteria

To provide more flexibility, STI allows regions and divisions to develop alternate criteria tailored to their individual needs. To do so, the metropolitan and rural planning organizations, and the NCDOT divisions within the region must unanimously agree on the criteria.