



U.S. Department
of Transportation
**Federal Highway
Administration**

Office of the Administrator

1200 New Jersey Ave., SE
Washington, D.C. 20590

In Reply Refer To:
HIPR

Mr. Eugene A. Conti, Jr
Secretary
North Carolina Department of Transportation
1501 Mail Service Center
Raleigh, NC 27699

Dear Mr. Conti:

This is in response to the North Carolina Department of Transportation's (NCDOT) application to the Interstate System Reconstruction and Rehabilitation Pilot Program, which details the proposal to toll Interstate 95 (I-95) from the South Carolina border to the Virginia border.

Based on a review of the information presented, we are conditionally reserving one of the three slots in the program for NCDOT's I-95 toll proposal. We intend for this reservation to allow NCDOT to take the additional actions necessary to submit a complete application that fully satisfies all of the statutorily required criteria while maintaining its place in the pilot program. As NCDOT revises and refines its application, we suggest that NCDOT pay particular attention to ensure that the application includes:

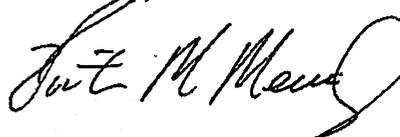
- An analysis that demonstrates that the facility could not be maintained or improved to meet current or future needs from the State's Federal-aid apportionments and allocations, and from revenues for highways from any other source, without toll revenues. In addition, we suggest including an explanation of how NCDOT will address the issue of maintenance of effort on the tolled portion of I-95;
- A plan to implement tolls on the facility, including the identification of tolling locations and NCDOT's reasons for selecting these particular locations;
- A schedule and finance plan for the reconstruction or rehabilitation of the facility using toll revenues, including the identification of specific improvements and an explanation of how they will support the creation of new capacity on the facility; and
- A demonstration of how the plan for implementing tolls takes into account the interests of local, regional and interstate travelers.

We will not grant full approval until after the conclusion of the National Environmental Policy Act review process for the eligible reconstruction and rehabilitation project(s) identified by NCDOT. Final tolling authority will be subject to the execution of a toll agreement between NCDOT and the Federal Highway Administration (FHWA) and fulfillment of any conditions contained in the toll agreement. This toll agreement must provide for regular audits and identify how toll revenues received from operation of the facility will be used in accordance with the requirements in the law.

In addition, the law prohibits the State from using Interstate Maintenance (IM) funds on any tolled segment of I-95 during the term of the pilot program. Once we approve other specific segments of I-95 for tolling, then the IM restriction would apply to those segments as well. The IM restriction would apply to general lanes as well as any special purpose lanes while tolls are being collected under the pilot program.

Should you have any questions or concerns about the specifics of this letter, please feel free to contact Mr. Darren Timothy in the FHWA Office of Innovative Program Delivery at 202-366-4051.

Sincerely,

A handwritten signature in black ink, appearing to read "Victor M. Mendez". The signature is written in a cursive style with a large, sweeping initial "V".

Victor M. Mendez
Administrator