



STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY  
GOVERNOR

LYNDO TIPPETT  
SECRETARY

December 3, 2008

MEMORANDUM TO: AGC-DOT Joint Cooperative Committee Members  
FROM: Victor Barbour, PE  
SUBJECT: November 20, 2008 Minutes for the Joint Committee Meeting

The Joint Cooperative Committee of the AGC-DOT met at 10:00 a.m. on November 20, 2008 in the Chief Engineer's Conference Room at the NCDOT Equipment and Maintenance Facility located at Beryl Road in Raleigh.

Members and attendees present included:

Victor Barbour	Randy Garris	Drew Johnson	Shelton Russell
Kevin Burns	Ron Hancock	Art McMillan	Ron Shaw
Alan Cahill	Cecil Jones	Graham T. Moore	Norma Smith
Terry Canales	Robert Lofling	Greg Nelson	Lamar Sylvester
Bill Copeland	Michelle Long	Ellis Powell	Bill Tomlinson
C.A Gardner	Mike Long	David Rankin	Jon Wallace
			Jim Wyngaarder

*AGENDA ITEMS*

***Project Lettings .....Debbie Barbour***

In the absence of Ms. Barbour, Mr. Art McMillan reported R-2719A Crescent Road does not have a permit and will probably be moved from the December 2008 Letting to the January 2009 Letting. R-2403 A and R-2403 AA will move to the May 2009 Letting.

Mr. Randy Garris added the December Letting has \$508 million Engineer's Estimate on the TIP. The 2009 TIP 12 month Let List has \$960 million, subject to funding.

## **21<sup>st</sup> Century Transportation Committee Update .....Johanna Reese**

Ms. Reese reported the Committee had their next to the last meeting on November 19, 2008. The plan is to take the current bulleted format, make a full report and take to the full committee for approval. If approved, it will be sent to the Legislature as options, not recommendations.

There were two subcommittees. The Financial Committee, which is to make suggestions for generating revenue and Prioritization Committee, which is to make suggestions for using the newly generated funds.

Some of their suggestions were:

Finance revenue-generating options:

- Continue to eliminate transfers to the General Fund, replacement of the sales tax and any money that specifically goes to agencies that are not the DOT, such as the Highway Patrol and Drivers Education; the General Fund would eventually absorb them.
- Increasing the Highway User tax from 3% to 4% over a period of 2 years, which would generate over \$2 million;
- Increasing the Cap on commercial vehicles; it is at \$1000 now;
- Considering a differential rate for fuel efficient vehicles;
- Considering specific areas instead of all funds going into the Highway Trust Fund;
- Increasing vehicle registration dependent on the weight of the vehicle;
- Bond referendum to accelerate construction;
- Yadkin River Bridge to seek funding as a federal earmark;
- Local Options - creating legislative authority for local governments to increase up to a 1% local tax to fund some of their own local transportation needs;
- Look at all of the interstates, consider adding tolls at the state borders;

Prioritization options for spending new funds:

- Dedicating \$170 million to intermodal transportation such as rail and other alternate forms of transportation to reduce congestion on the highways.

*Mobility category:* Congestion reduction, particularly of the strategic highway corridor, improving freight rail capacity, completing the remaining urban loops, including HOV toll lanes.

*Preservation:* Fully fund bridge replacement at \$300 million annually, create a bridge maintenance and rehabilitation program, remove interstate maintenance funds from the equity formula, with quantitative measures of performance developed for each of these.

*Safety:* Spot safety program to be fully funded and held accountable; focus - top priority on accident and injury sites;

*Performance and Accountability:* Wants to examine the Department's recent structural changes and look for opportunities for further improvement; and wants the Department to complete its performance objectives.

*Intergovernmental Cooperation:* Wants the Department to develop closer relationships with local governments, particularly in the area of land use planning, increase flexibility and innovations in the divisions, have the Department and Legislature continue to work with groups such as the League of Municipalities, Metro Coalition, and Association of Counties.

Ms. Reese predicted that not much would be implemented in the next year in this economy. She emphasized that the Department was working on many of these options already.

**NCDOT Budget Status .....Mark Foster**

Mr. Mark Foster complimented the Strategic Committee and said that many of the Department's goals were the same as their goals.

The impact on the auto industry has been almost a 1:1 ratio to the DOT. In October, DOT highway user taxes went down 27%. The DMV fees dropped 14% and the gas taxes dropped 10%.

The DOT has been working with the Department of Energy to get a forecast of fuel consumption. Their forecast is that the 10% drop will drop further over the next 3 years. Based on the current formula and the decrease in gas consumption, the DOT may see a decrease in gas revenue.

The current cash models show close to a billion dollars down over the next three years. That relates to about \$350 million this year, about \$350 million next year and about \$300 million the third year. In terms of projects, it means a multiplier of four in the amount of lets that could be impacted based on the DOT current forecast. DOT has close to \$600 million in lets in Nov-Dec 2008 that are driving the cash models for the next 12 months as well as the rest of the 250 projects that were scheduled for let for 2009, totaling almost \$1.9 Billion.

Mr. Foster further stated that if he was to balance the DOT checkbook today, he would simply cut all new lets, except for the Garvee projects starting today for 12 months. However, that is not what the DOT is trying to do. The DOT is trying to keep the smaller projects in the let and look for some leverage for the Garvee program to keep some of the biggest projects, such as the Fayetteville Outer Loop, Crescent Road, the US-17s, and the Bonner Bridge, which has some Garvee funds. The DOT is not balancing just on the projects; every unit is being cut right now. Initially it was 6% and now it is down in the 10-15 % range to try and 'balance the checkbook'.

About 45 days ago, the DOT had a cash balance of about \$750 million; this morning, there is about \$420 million. The revenue is coming in at much less than was expected. Some of the DOT operations' spending, especially smaller projects have been at an accelerated pace. The DOT can no longer afford that and targets are being readjusted now.

The DOT does not think that the state legislature is going to put any money back in terms of what is being suggested by the 21<sup>st</sup> Century Committee. Mr. Foster predicted that nothing would be accomplished in Congress during the 'lame duck' session.

Mr. Berry Jenkins asked if the projects that were let in November would be awarded. Mr. Foster replied that he did not know at this point, that the projects under \$10 million will probably go before the Board in December, but the projects over \$10 million will probably have to be held another 30 days. There is no guarantee that any of them, large or small will go forward. The ones that are advertised in December are in jeopardy. Mr. Jenkins also asked when a decision would be made as to whether or not the projects will be awarded. Mr. Foster said the DOT was working around the clock to keep relatively small projects in the let. Mr. Johnson asked Mr. Foster to clarify if the big projects will be kept in the December Letting to which Mr. Foster said they probably would not be kept in the December letting. Mr. Johnson requested that the contractors be notified as soon as DOT knows.

Mr. Foster said the new letting list will probably not be out for another 3 weeks.

**NC Turnpike Authority.....Steve DeWitt**

In the absence of Mr. DeWitt, Mr. Berry Jenkins reported that NCTA has gotten all their approvals. The authorization for bonds has been approved; however, the financial market is not yet suitable for selling bonds. NCTA has asked the teams to hold their bids until after the first of the year.

**Electronic Submittals .....Berry Jenkins**

Mr. Berry Jenkins relayed that at the last AGC-DOT Subcommittee for Structures, members remarked how well the concept of electronic submissions was working on the Structures side. The suggestion was made in that committee meeting to ask this Committee how it could be expanded to other areas of DOT. He would like to set up a smaller group to brainstorm areas where electronic submittals would work. The Committee discussed different areas that should be considered, such as signals, water and sewer submittals. Mr. Jenkins will ask the contracting industry to make a list of items that they think could become electronic submittals. The Construction Unit will review submittals that are required. The AGC-DOT Roadway Subcommittee will be asked to develop procedures for implementing electronic submittals, where possible, for roadway related submittals.

**Joint Checks .....Terry Canales**

Ms. Canales distributed a copy of the Joint Check Form. This form would be issued from the Resident Engineer, providing documentation that a joint check is being issued. Normally a joint check is used when a DBE/MBE/WBE subcontractor cannot get bonding. The draft Project Special Provision and draft rules will be circulated for review. They will be emailed to Mr. Berry Jenkins for comments by the contractors. The DBE/MBE/WBEs will be asked to review and offer comments. Mr. Garris will send out information on Invitation to Bid when complete.

A question was asked about non-DBE contracts, such as SBE or PO contracts for asphalt. Is there a formal process for issuing joint checks? (These contractors do not have bonds.) In this case, the check would be issued from DOT.

**DBE Replacement Rules .....Terry Canales**

Ms. Canales distributed a copy of the DBE Replacement Request Form for review. Internal Contract Monitoring and Reporting has had difficulty tracking the information on replaced DBEs. This will document that the DBE has been replaced. There was discussion on whether or not the replaced DBE, especially if he is being replaced involuntarily will agree to sign this form.

The next meeting is scheduled for January 15, 2009 at 10:00 a.m. in the Chief Engineer's Conference Room at the NCDOT Equipment and Maintenance Facility located at Beryl Road in Raleigh.

- CC:
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| Victor Barbour  | Lamar Sylvester |
| David Rankin    | Michelle Long   |
| Ron Hancock     | Terry Canales   |
| Ron Shaw        | Cecil Jones     |
| Graham T. Moore | Bill Copeland   |
| Ellis Powell    | Bill Tomlinson  |
| Art McMillan    | Jim Wyngaardner |
| Greg Nelson     | Randy Garris    |
| Allen Castill   | C. A. Gardner   |
| Robert Lofling  | Kevin Burns     |
| Jon Wallace     | Shelton Russell |
| Norma Smith     | Mike Long       |