

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

April 1, 2011

MEMORANDUM TO: AGC-DOT Joint Cooperative Committee Members
FROM: Victor Barbour, PE
SUBJECT: March 17, 2011 Minutes for the Joint Cooperative Committee Meeting

The Joint Cooperative Committee of the AGC-DOT met at 10:00 a.m. on March 17, 2011 in the Chief Engineer's Conference Room at the NCDOT Equipment and Maintenance Facility, Beryl Road, Raleigh with the following in attendance:

Christie Barbee	Ron Hancock	Art McMillan	Shelton Russell
Debbie Barbour	Berry Jenkins	Graham Moore	Ron Shaw
Victor Barbour	Drew Johnson	Jon Nance	Trent Sherrill
Kevin Burns	Don Lee	Donnie Oldham	Shannon Sweitzer
Terry Canales	Dan Lenzen	Chris Peoples	Burt Tasaico
Ivan Clayton	Bryan Long	Ellis Powell	Bill Tomlinson
R.A. Garris	Mike Long	David Rankin	Ricky Vick
Brad Goodson	Mike Manning	Natalie Roskam	Paul Worley
Ricky Greene			

AGENDA AND DISCUSSION ITEMS

Revenue and Budget Update

Burt Tasaico

Mr. Tasaico reported on actual versus forecasted revenue for this fiscal year. At the end of last year, the Department's revenue was 3.5% above forecast and trending towards a 6% revenue gain for the fiscal year. In the last three months, political unrest in the Mediterranean and the natural disaster in Japan have influenced our economy. Currently, revenues are 2.7% above forecast and trending down. Retail fuel prices are increasing, the Highway Use Tax revenues are decreasing. The current forecast is to end with a revenue gain of 1.5%.

Mr. Tasaico briefly discussed the development of the recommended Governor's budget forecast and highlighted the uncertainty of this year's July 1 reset of the gas tax. The North Carolina gas tax is indexed to the cost of gas. There are concerns about whether the taxpayer can afford the payment, and a gas tax cap may be imposed.

Mr. Jenkins asked about trends in auto sales. Mr. Tasaico noted that January and February 2010 increased auto sales due to incentives, but predicts a leveling or decrease in sales. This prediction is

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based on two factors, longer ownership of vehicles and a disruption in the auto parts supply chain from Japan causing price increases.

Letting Projections

Victor Barbour

The current letting projections are stable for 2012 with \$1.2 billion TIP projects of which there is \$1 billion for highways and \$200 million for bridges. For 2013, the budget decreased to around \$1 billion for TIP projects of which about \$900 million is for highways, \$106 million is for bridges, and \$90 million is for other enhancements. Highlights of the current 12 month let list and the upcoming Design Build projects were presented.

Highway projects highlighted off the 12 month let list were as follows: a portion of US 401 Rolesville Bypass (\$35 million), Elizabeth City Pasquotank (\$73 million), US 19 in Yancy (\$56 million), US 321 west of Watauga (\$50 million), Fayetteville outer loop (\$80 million), US 29 in Rockingham (\$51 million), and Division 9 Crossroads (\$38 million). Design Build projects highlighted off the 12 month let list were the US 70 Goldsboro Bypass (\$96 million) and I-485 in Charlotte (\$63 million).

Legislative and Congressional Update

Burt Tasaico

The potential gas tax cap was discussed as impacting Department projects by at least \$100 million per year. The NC gas tax allocation contributes 75% to the NC Highway Fund for maintenance projects and 25% to the NC Highway Trust Fund for the interstate projects, urban loop projects, secondary roads, etc. One cent of state gas tax is \$50 million per year of revenue. The average cost to the driver for one cent of gas tax is \$7.50 per year.

Congressionally, the Federal government has yet to approve a 2012 Federal fiscal budget, and the 2011 Federal budget continues to be extended. The Federal Aide to the Department is allocated a calculation based on the number of days since the beginning of the fiscal year on October 1. The Reauthorization Bill expired 18 months ago and was extended through September 2011. The President's budget had a six year Reauthorization Bill with spending levels of \$550 billion. It called for streamlined projects, innovative financing and more, but it lacked specific funding sources.

Currently, the Federal Aide program is spending \$7 billion more than it generates. The Federal Highway Trust Fund became insolvent a few years ago, and Congress approved transfers from the U.S. General Fund to the Federal Highway Trust Fund. If nothing changes, the Federal Highway Trust Fund will be insolvent again in 2013. The share of North Carolina's allocation from Federal Aid is about \$200 million. Ninety percent of the revenue for the Federal Highway Trust Fund is from the Federal gas tax of 18.4 cents per gallon and 24.4 cents per gallon for diesel fuel. Allocations may decrease or taxes may increase or some combination.

Aggregate Base Course Testing

Ron Hancock/Chris Peoples

Mr. Hancock noted changes to the aggregate failure investigation procedures. Instead of testing of an "A" and "B" sample every 5,000 tons, the aggregate will be sampled once every 2,500 tons. Program modifications will allow quicker feedback and reduce the risk for multiple failures on a project. Program adjustments were driven by Federal Highway audit results.

Prequalification Reminder Letters

Terry Canales

Ms. Canales reported that the Contractual Services Unit is streamlining mailings and using email for communication where possible. The unit proposed to limit hardcopy mailings of prequalification renewal reminders to two letters at 60 days and 30 days prior to the renewal date. Contractors removed from the list will be notified by email. The committee endorsed the proposal.

NC Turnpike Authority Update

Shannon Sweitzer

Western Wake and Triangle projects are progressing on or ahead of schedule. Toll gantries are installed. Toll testing will begin in 60 to 90 days. The procurement on the landscape portion of the project is about a month away.

Monroe project is in a lawsuit with Southern Environmental Law Center. Briefs are being filed and a decision may be possible by late summer. The project is still waiting on a permit.

Garden Parkway project was split into two projects. There is a concern about the availability of GAP Funding for this project and the Mid-Currituck projects. The outer loop in Raleigh is progressing with the southern and eastern leg. Garner was very concerned about the "red route," and a bill was introduced to end the Department's ability to study that route.

NCDOT Rail Program Update

Paul Worley

Mr. Worley handed out the attached summary of the \$545 million funding awarded from the American Recovery and Reinvestment Act, ARRA. The ARRA award is projected to create 468 jobs in professional services and 4,400 jobs in construction. The projection is to spend \$336 million on track and structures. The state has received \$59 million so far.

The station projects, which are not on the railroad right of way, are moving forward. The Cary station project is under construction. The Burlington and High Point stations are addressing flagging requirements. The Kannapolis station is in the design phase. Construction has begun on the Raleigh maintenance facility. Designs are underway for the maintenance facility in Charlotte. The Department is rebuilding four purchased locomotives and two existing locomotives to the new emission standards. The Department is rebuilding seven passenger cars: four coaches, one combine and two café cars.

A Definitive Services Outcome Agreement is needed between Norfolk-Southern and the Department. The Federal Railroad Administration (FRA) requires the railroads guarantee the capacity availability for passenger trains for the capacity increase built with FRA funding. The negotiation is complicated by a concurrent negotiation between Norfolk-Southern and FRA in Chicago.

Some states are returning high speed rail funds. The Department recently was awarded an additional \$1.5 million from returned funds. Florida recently returned \$96 million. The Department is applying for further funding from FRA in April.

Mr. Jenkins noted that the AGC went on record at the Federal level supporting a quick agreement with Norfolk-Southern because of the jobs this project would create. He asked about the prequalification process for the railroad projects. Mr. Worley clarified that the grading and structures would be released through Central Letting and available to highway contractors. A contractor prequalified with track experience would be used specifically for the building of the railway.

Once the Definitive Services Outcome Agreement is signed, projects will be on the 12 month let list.

Public Information Requests

Berry Jenkins

Mr. Jenkins noted a concern about the recent public information requests in a Design Build project for design submissions **before** the award of the project. The AGC is considering going to the legislature to request a revision to the law to allow the design information to not be made public until **after** the award is made. The current law has an exemption for trade secrets, but the entire proposal could not be considered a trade secret.

Environmental Update

Don Lee

Mr. Lee noted that the EPA guideline updates are due in April and N.C. Administrative Code will likely be revised to match the EPA guidelines, particularly changing the seeding time limits.

Next Meeting Date

The next meeting is scheduled for May 19, 2011 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.

FACT SHEET

North Carolina Rail Modernization Economic Benefits of Federal Investment

Investment – The federal government, under the American Recovery and Reinvestment Act, awarded \$545 million in grants to North Carolina for track improvement, station upgrades, refurbishment of locomotives and passenger cars and elimination of rail-highway crossings to improve safety. The state has received \$59 million so far that already is being spent for equipment, station upgrades, construction planning and addition of a third round trip between Raleigh and Charlotte.

Jobs – The most important short-term benefit of the investment is new jobs. The grant approved by FRA projected that the project will create 4,400 jobs with contracting firms for construction and materials and 468 jobs with professional engineering firms to design projects and help manage the program. Another 47 positions will be created with the railroads to operate the third and fourth new trains. The investment also will generate 51 direct jobs outside North Carolina. These numbers do not include multiplier-effect jobs generated by the investment.

These are crucial new jobs that will help boost employment in North Carolina and revitalize the economy. It is the equivalent of new corporate plant announcements, putting back in the job force thousands of North Carolinians idled by the recession.

Construction Industry – Construction contractors, most likely located in North Carolina, stand to enjoy \$336 million in new business for the work of laying new track, upgrading existing tracks, adding sidings, eliminating rail-highway crossings, building bridges and renovating rail stations.

The investment is crucial to a construction industry in North Carolina that is not yet participating in the nation's economic recovery. The State ESC announced just this month that, while North Carolina saw overall job growth in February, the construction sector lost another 5,100 jobs – about the number that would be generated by the rail projects. This ARRA money will stimulate more spending and economic development and renewed consumer confidence.

Engineering and Consulting – The ARRA funding will create \$35.6 million in new business for engineering firms who will do the planning and design for the construction and help the state manage the projects. It will help revitalize a business sector that has been sidelined by the crash in commercial and government construction activity over the last two years.

Local Economies – The ARRA investment will bring more than 30 projects to 11 counties in North Carolina, for work ranging from station upgrades, to rail-highway safety work, to new tracks and siding to a freight track realignment in Charlotte that will relieve a major congestion bottleneck in the middle of the city. The grants not only will improve mobility and safety in these communities, they will also bring new rail-oriented redevelopment to core urban areas from Raleigh to Charlotte.

