



STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION

ROY COOPER  
GOVERNOR

JAMES H. TROGDON, III  
SECRETARY

February 14, 2020

MEMO TO: AGC-DOT Joint Cooperative Committee Members

FROM: Chris Peoples, PE  
Deputy Chief Engineer

SUBJECT: AGC-DOT JCC Minutes – January 16, 2020

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The AGC-DOT Joint Cooperative Committee met at 10:00 AM on January 16, 2020 in the Structures Management Conference Room at Century Center B on Birch Ridge Drive in Raleigh.

## FINANCIAL UPDATE

The Department's three revenue source actuals are tracking closely to projections. Revenue is 2% higher than expected as of December, and no disrupters are anticipated. The motor fuels tax dropped from 36.2 c/g to 36.1 c/g primarily due to its ties to the CPI index for energy, which has fallen. This would normally translate to roughly \$5 million loss of revenue, but diesel consumption is higher due to the state's positive economic health which has compensated for the lost rate. The FAST Act expires on September 30; a new federal funding bill is likely to occur in 2021-2022.

Multiple continuing resolutions (CR) have caused a delay in federal reimbursements. Normal federal billing is expected to resume in the next few weeks.

The Department is hoping to sell another round of bonds in May.

There is some concern that utility owners may not all be up to date on the many project schedule changes. Contractors should coordinate with Division Construction Engineers if any issues are noticed.

There have been news reports about the Department spending money on research despite the low cash balance. It was clarified that money spent on research is specifically earmarked for research and must be spent in order to receive matching federal funds.

## LETTING PROJECTIONS

There is approximately \$2.7 billion in projects scheduled to be let in the next 12 months. However, the Mid Currituck Bridge (R-2576, ~\$360 million) will be moving back to an

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undetermined date, while the NC-43 Connector (R-4463A, ~\$23 million) will be moving from February to April. Many previously clustered bridge projects will be unbundled with lettings spread out as reasonable. What was 15 bundled and 7 single bridges will become 6 bundled and 38 single bridge lettings. Some projects will be converted from central to division let.

Two segments of the Fayetteville Outer Loop (U-2519BA, U-2516BB) are scheduled for let in November. Further delay to this letting will cause additional conflict for contractors also bidding on I-95 (I-5987) in December. The Department will reassess schedules for these three projects, noting that the schedule on I-5987 is unlikely to change.

US-70 (R-5777C) is shown for tentative let on June 16, 2020 despite not yet being advertised to short-list contractors who typically have an approximately five-month notice prior to letting. The Department will investigate.

## **REVISION TO SP1 G58: SCHEDULE OF ESTIMATED COMPLETION PROGRESS**

In September 2019 the Department released a funding and expenditures review conducted by McKinsey and Co. This led to proposed changes to SP1 G58 which would allow the Department to stop work on projects for up to six months with no additional compensation to the contractor. This was introduced at the December AGC-DOT Roadway Subcommittee, with the intent being to establish communication and receive feedback from the industry. Comments and concerns voiced at this meeting were:

- bids will increase globally to account for added risk and lost flexibility;
- work stoppages disproportionately affect more vulnerable sub-contractors;
- disruptions to equipment purchase/rental and personnel is costly;
- there may be unforeseen legal consequences;
- suspensions under the current provision already adversely impact the contractor – not being paid for them is unsustainable;
- bid consistency will suffer due to varying risk analyses of project suspension;
- contractors may be unable to secure performance bonds;
- impacts of the provision could be eased by reducing the amount of time work could be stopped, beyond which compensation would be authorized.

## **PAYMENT OF MONTHLY ESTIMATES**

The Department's goal is still to resolve monthly estimates in under 30 days. The industry supports this goal, noting that recently the time seems closer to 60 days.

Currently, estimates cannot be submitted prior to the previous invoice being paid. State IT personnel are actively working on the problem and should know more about the timeline for resolution this issue within a week. Note that all data is accurate within the system, only reporting is affected.

## WINTER CONFERENCES

Winter conferences this year will run from 9:00 AM – 4:00 PM and consist of general and breakout sessions. Boxed lunches will be provided on site. Notification and registration details were sent to Department personnel yesterday and will be sent out through AGC tomorrow. Upcoming 2020 dates and locations are as follows:

- Feb 25      Raleigh      Wake Tech CC      Divisions 5, 6, 8
- Mar 5      Lexington      Davidson CC      Divisions 7, 9, 10
- Mar 18      Asheville      A-B Tech CC      Divisions 11, 12, 13, 14
- Mar 24      Winterville      Pitt CC      Divisions 1, 2, 3, 4

## ADDITIONAL DISCUSSION

Jason Williams (Fred Smith Company) has assumed the role of Committee Chair.

The industry voiced general concern over the use of Construction Engineering Inspection (CEI) on projects. Department guidance was disseminated approximately nine months ago on right-sizing Division staff, including the use of CEI. The Department has an internal team reviewing CEI use and continues to work toward providing proper inspection while limiting cost. The goal for CEI use is between 8-10%, with the Chief's Office reviewing requests weekly. Concerns over the quality of CEI were reiterated. Any issues of quality should be reported to the Division. Another pursuit is offering DOT certifications through local colleges.

DBE goals continue to rise faster than DBE firm availability. Concerns were raised about the number of DBE firms graduating from the program, and there being no new firms to fill the void. It was suggested that the Department consider raising the amount of work before a firm comes off the DBE list. If contractors are struggling to find DBE firms, they are encouraged to reach out to the Department for assistance early.

## IN ATTENDANCE

Robert Barrier	Bill Kincannon	Olivia Pilkington	Lamar Sylvester
Ron Davenport	Tim Little	Matthew Simmons	Burt Tasaico
Rebecca Gallas	Patrick Norman	Brian Skeens	Christy Thaxton
Ronnie Keeter	Chris Peoples	Benny Sloan	Chris Werner
Victor Barbour	Kirsten Duffy	David Rankin	Richard Vick
Aaron Bogner	Randall Gattis	Ron Shaw	Tom Watson
Lee Bradley	Adam Holcomb	Trent Sherrill	Jason Williams
Chris Britton	Mark Johnnie	Michael Taylor	Sam Young
Kevin Burns	Jim Lawler	John Tuschak	Michael Zicko

## NEXT MEETING

March 19, 2020; 9:00 AM – 12:00 PM  
4809 Beryl Road, Raleigh  
Chief Engineer's Conference Room