

From: Anthony Prinz <aprinz@ci.jacksonville.nc.us>
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To: Debbie Jefferson <djefferson@ci.jacksonville.nc.us>, 'Wendy Autry'
<admin@onslowedc.com>, Stan Dutko <stanley.dutko@usmc.mil>, Mike Yaniero
<myaniero@ci.jacksonville.nc.us>, 'Jeff Hudson' <jeff_hudson@onslowcountync.gov>,
"bnorowzi@ncdot.gov" <bnorowzi@ncdot.gov>, Ben Warren
<Benjamin_Warren@onslowcountync.gov>, Emily Sylvester
<emily.sylvester@usmc.mil>, Sean Magill <smagill@ci.jacksonville.nc.us>, "Joe
Ramirez " <Joe.m.ramirez@usmc.mil>, Bill Marley <Bill.Marley@dot.gov>, 'Angela Cole'
<Angela_Cole@onslowcountync.gov>, Don Herring <herringd@coastalcarolina.edu>,
"James Upchurch " <jhupchurch@ncdot.gov>, Karen Fussell <kfussell@ncdot.gov>,
"Shelia Pierce " <spierce@onslowedc.com>, Kim Scambler <kscambler@hotmail.com>,
"Robert Vause " <rvause@ncdot.gov>, Reginald Goodson
<RGoodson@ci.jacksonville.nc.us>, "Christopher White A.A.E. "
<chris_white@onslowcountync.gov>, Steve Myers <steve.myers@onslow.k12.nc.us>,
'Thomas Brock' <thomas.s.brock@gmail.com>, "Patrick Riddle " <priddle@ncdot.gov>,
'Chad Kimes' <ckimes@ncdot.gov>, Johnny Stiltner <jstiltner@ci.jacksonville.nc.us>,
'Carron Day' <day@nceast.org>, "pflanagan@eccog.org" <pflanagan@eccog.org>,
"Carol Long (Contact)" <carol_long@onslowcountync.gov>, Jeff Crouchley
<jcrouchley@ci.jacksonville.nc.us>, Frank Sanders <fsanders@ci.jacksonville.nc.us>,
Marc Finlayson <finlayson@highway17nc.org>, "Stephanie Ayers "
<stephanie_ayers@ncports.com>, Ronald Massey <rmassey@ci.jacksonville.nc.us>,
Michael Lazzara <mlazzara@ci.jacksonville.nc.us>, 'Lionel Midgett '
<midgett@onslowcountync.gov>, 'Mike Alford ' <malford@ncdot.gov>, Robert Warden
<rwarden@ci.jacksonville.nc.us>, "timothy.mccurry@usmc.mil"
<timothy.mccurry@usmc.mil>, "Bright@onslowcountync.gov"
<Bright@onslowcountync.gov>, "jackbright@embarqmail.com"
<jackbright@embarqmail.com>, Peggy Holland <pholland@ci.jacksonville.nc.us>

TAC and TCC Members:

Yesterday afternoon Julie White with the Metro Mayor's Coalition provided an email update on current transportation initiatives in Raleigh (see below). There is a lot of good information here; however, for your convenience I have highlighted items that are of the greatest significance. We will discuss some of these topics at our next TAC/TCC meetings.

N.C. Board of Transportation Met

The Board of Transportation met last week. The Multimodal Committee heard reports from the various "other modes." Staff reported that they had held Complete Streets workshops in Raleigh

and Wilmington, will be in Charlotte this week, and have twenty one more meetings scheduled across the State.

The new statewide bike plan (WalkBikeNC) is under review by staff and is expected to be released to the public in the coming weeks and receive Board approval in June. Stakeholders cited a lack of safe or separate facilities, gaps in sidewalk and bike path networks, unsafe drivers, uneducated travelers and a need for more funds. Staff said the economic development benefits of sidewalks and bike paths will be included in the document. Public Transit staff continues to pursue creating more regional transit programs which sounded like a desire to consolidate smaller operations. And lastly staff noted that there had been a high number of train accidents in January 2013 (10 compared to 20-29 in a typical year). They are analyzing the causes and potential cures.

Staff presented the 2012 Annual Performance Report and the Condition Assessment and Funding Needs for NC's Highway System to the Board. You can view all the presentations to the Board here:

<http://www.ncdot.gov/about/board/>

The Secretary spoke before the Board to introduce his team and outline his goals for the Department. The Secretary introduced a host of new folks including a new intergovernmental affairs team and DMV Commissioner. He talking about improvements they are making now to ensure the DMV is more customer service focused. The Secretary has been traveling the State and highlighted his stops in Greensboro and Charlotte. He reviewed the steps the Department has taken to address the double billing on the turnpikes, the recent accidents involving rail, the Council of State approval of the cold storage facility at the Wilmington Port, and the Department's response to the recent snow/sleet/ice events.

New N.C. Board of Transportation Members Named

In case you missed it, the Governor announced his new Board of Transportation members as half the current Board's terms expired. The Board includes a single seat from each of the fourteen highway divisions and five at large seats specific to specialty areas. Many of you have asked me how the Governor's new appointments shake out

across the State so here it goes.

The law only allows two residents per division. The previous Board included two residents each in Divisions 2, 3, 5, 7, and 9. The new Board has two residents each in Divisions 2, 9, and 10 and three residents from Division 3. The Governor's staff is working out how to address the problems with having three folks from Division 3 (as the law only allows two per division).

What this means for those not familiar with the Division boundaries is that the coast continues to enjoy strong representation on the Board and the Mecklenburg area picked up a second seat while the Triad and Triangle regions each lost a representative. The question remains where the extra seat currently in Division 3 winds up.

You can see the full list of appointments here:

<http://www.governor.state.nc.us/newsroom/press-releases/20130204/governor-mccrory-announces-appointments>.

SB10 Amended To Include New Seats on the Board of Transportation

SB10- was amended in the Senate to provide the Speaker of the House and the President Pro Tem each their own appointments to the Board of Transportation which will bring the Board total up from 19 seats to 21. They are both at large seats and will still be held to the no more than two residents per division law. The Speaker said they would be debating the bill Thursday. If it becomes law the Chamber leaders would only have Divisions 1, 4, 5, 6, 7, 8, 11, 12, 13, and 14 from which to appoint a Board member (again, depending on how the Division 3 triple bunking works itself out).

Prioritization 3.0 Stakeholder Group

I am always honored to represent the Metro Mayors Coalition on various NCDOT stakeholder groups and am particularly proud to have been a founding member of the prioritization stakeholder group four years ago. We have met regularly over the past years to act as a sounding board for the Department when shaping the prioritization process for our State's transportation projects on the statewide tier. The workgroup includes folks from the various modes at the Department, Division engineers, MPO/RPO folks, representatives from Federal Highways, and many others such as me.

The stakeholder group has been integral in the General Assembly's

effort to move to a data driven process for project prioritization. The stakeholder group set a goal early on to develop a formula that reflected the General Assembly's philosophy so that everyone would be cooperatively moving in the same direction. We desired a formula that was easy to explain and understand so that folks across the State could have confidence in the final prioritization list. The results are overwhelmingly positive. I hear from folks across the State on a regular basis how pleased they are that we have moved to a data driven process and how they believe in the process and the results. In fact, the Metro Mayors Coalition presented legislative awards to Senators Rabon and Harrington for their work to codify the data driven project selection process in law.

The workgroup met today to work on the transit scoring model, the cost estimation tool, potential revised scoring criteria, and to hear an update on the implementation of the strategic prioritization law. You can view the full presentation here:

<http://origin.library.constantcontact.com/download/get/file/1102821892329-16/Workgroup+Meeting+Presentation+%237+2+13+2013FINAL%20WORKGROUP.pdf>

As always, shoot me your thoughts especially on the transit scoring model so I can offer the Department lots of useful feedback.

Secretary Tata's Charge to Leverage Infrastructure Investments For Job Creation

Hopefully you have read in your local paper Sec. Tata's comments on the Governor's charge to leverage infrastructure investments for job creation. The Secretary is clearly focused on this charge.

Specifically, the Secretary has asked the prioritization stakeholder work group to consider how to reflect the Governor's goal of job creation through infrastructure investment in the prioritization model. The Secretary issued a memo to NCDOT staff in early January where he cited a desire to "leverage our infrastructure as much as possible to create jobs and build an attractive environment for businesses and families." It is good to see the Secretary understands the role infrastructure investments play in building communities that business and families choose to locate in.

Specifically, the Secretary asked the stakeholder group to consider various ways job creation could be included in the formula. You can

see the list of ideas on slide 31 in the presentation link above.

Currently, the prioritization formula includes a 10% component for job creation. The Department uses a software program called TREDIS that says it can assess economic impacts, benefits and costs of transportation policies, plans and projects, etc. The workgroup had some hesitation in fully embracing this tool and therefore limited the use of it to 10% of the formula until we have a few years of data to see if its predictions are accurate and until folks are more familiar with it.

The questions from an urban perspective include: what is it from an infrastructure perspective that drives businesses to locate in our urban centers, what about our urban center's infrastructure attracts a highly skilled and highly educated workforce to locate there, what are the current impediments from an infrastructure perspective to growing our existing business, what are the costs of increasing congestion to our ability to continue to attract business and workers, etc.

One of Governor McCrory's hallmarks as Mayor of Charlotte was developing a 25 year infrastructure plan for Charlotte which included transportation, broadband, energy, and water and sewer components. He has called for a similar plan for the State demonstrating that the Governor recognizes the important role long term investments in infrastructure make in creating a community that businesses and workers are drawn to. In our urban centers of commerce we must look beyond the impact of building a single road and instead create a long term vision of vibrant centers of commerce and community.

This is what the Governor did when he championed the light rail investments in Charlotte. He recognized that planning and executing that long term strategic investment in the community would reap benefits for the community in the long term. So how do we ensure our State takes that same philosophy and implements it into our transportation investments and specifically into the State's prioritization model for projects on the statewide tier of facilities?

These are exciting questions and offer a great opportunity for NCDOT and Commerce to work together with cities and counties to understand their plans for long term infrastructure investment and determine how best to ensure North Carolina is focused as a single team on making the best long term investments that will reap the rewards for decades to come.

Joint Transportation Appropriations Begins Meeting

The Joint Transportation Appropriations meetings have begun in earnest this week. This is one of my favorite times of year as the Committee hears educational presentations on transportation and we get to hear committee members' first thoughts on where they might head with changes to the budget and policy. The Committee has many new faces but does not lack for an understanding of transportation issues as many come with transportation backgrounds or from serving on their MPO.

The schedule of events for building the State budget was presented this week. (Remember these are all target dates.) Joint subcommittee meetings will happen until March. The Governor will present his budget around March 18th. The Joint Subcommittee will review and discuss until April 11th. They will then break apart as the Senate will take up the budget first this year. The Senate plans to debate the budget until May 2nd and pass their version of the budget May 7th through the 9th. The House will work on the document from May 14th until the 23rd with plans to pass it May 28th through 30th. If a conference committee is necessary to work out the items not in agreement they will do so from June 3rd through the 13th and then it will be sent to the Governor for his signature. For those of you in the prognostication business the leadership said it would be a short long session two years ago and it was.

Today staff presented a talk entitled Transportation 101. Rep. Torbett chaired the meeting and referred to staffer Anna Cameron as the purveyor of pavement and the guru of gas. High praise from the chair! Staff did a great job walking committee members through the history of our transportation system, how it is funded, how we spend our money and then highlighted some questions and recommendations for the member's consideration. You can view the full presentation here: http://www.ncleg.net/documentsites/committees/JointAppropriationsTransportation2013/2013_Session/2-13-13_Meeting/FRD_Transportation_Primer.pdf

Staff highlighted the transfers made from the Highway Fund to the State's General Fund which represent 13% of the Highway Fund spending or \$262.6 million per year. The remaining transfers from the Highway Trust Fund are scheduled to be eliminated in FY2014.

Staff noted that while historically we have been a donor state in terms of

how much of our gas tax we receive back from the federal government that is no longer the case. The federal government is now transferring General Fund revenues to the Federal Highway Trust Fund such that North Carolina (and every other state) is receiving more money from the feds than we are sending to DC.

Under potential revenue items to consider staff asked, should the motor fuels tax be modernized to reflect changes in consumer behavior and technological advancements? Should other revenue options be considered such as Virginia's path (eliminate the gas tax and raise the sales tax to fund transportation), should we make more use of tolling, vehicle miles travelled, or public private partnerships? Should the exemptions in the Highway Use Tax continue? And should fees be indexed for inflation?

Under potential spending items to consider staff asked the committee what their transportation funding priorities are? Is it time to rethink the Highway Fund and Highway Trust Fund? Do the original purposes continue to exist? Is spending flowing to the areas with the greatest needs? Is it time to revisit the equity formula (staff recommended it is)? Should changes to the unpaved secondary road be made (staff recommended the State stop paving unpaved roads, remove secondary roads from the Highway Trust Fund formula, and/or continue the prioritization process for secondary roads)? Should existing Turnpike projects be re-examined? Should tolls be used outside of existing Turnpike projects? Staff also recommended that the loop projects be run through the prioritization process so that they have to compete with all other statewide tier transportation projects.

Staff offered one idea that would be of particular interest to cities. The Powell Bill (or Aid to Municipalities) is currently one and three quarters cent per gallon of gas sold. The formula for distribution is 75% population and 25% mileage. Staff suggested for consideration that mileage be a greater factor in the formula. The Powell Bill is currently paid from both the Highway Fund and the Highway Trust Fund. Staff suggested that the legislature move the Powell Bill payments out of the Highway Trust Fund and pay it only out of the Highway Fund. The Highway Fund portion is impacted only by changes in consumption (gallons sold) but the Highway Trust Fund portion is impacted by consumption, the wholesale price of motor fuel, and any legislated tax

caps. Staff additionally suggested that ending the transfers out of the Highway Fund to the General Fund would enable the Powell Bill to be paid exclusively from the Highway Fund, would allow for a hold harmless for those that would lose funds through the formula change, and allow for an inflationary index so that the payments would have a chance at keeping up with the increasing cost of road maintenance. We have not seen the numbers yet on the impacts of this proposal so stay tuned.

There are presentations scheduled for every Tuesday, Wednesday and Thursday from now through March 19th. Stay tuned for more updates.

As always, please contact me if you have any questions.

Regards,

Anthony Prinz

Transportation Services Administrator

City of Jacksonville

815 New Bridge Street

PO Box 128

Jacksonville, NC 28541

(910) 938-5292

www.jumpo-nc.org

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