

# NCDOT financial and performance update

Regional Transportation Alliance  
Highway Funding Relief task force

Friday, May 8, 2020

# NCDOT financial and performance update

## **Prior to coronavirus**

- Capital project development
- General maintenance and reserves (GM&R) / storm issues
- MAP Act impacts

## **Coronavirus and new normal / looking forward**

- Traffic and revenue reductions and impacts
- Current federal and state legislative status
- *What if nothing changes?*
- Potential financial and policy solution paths

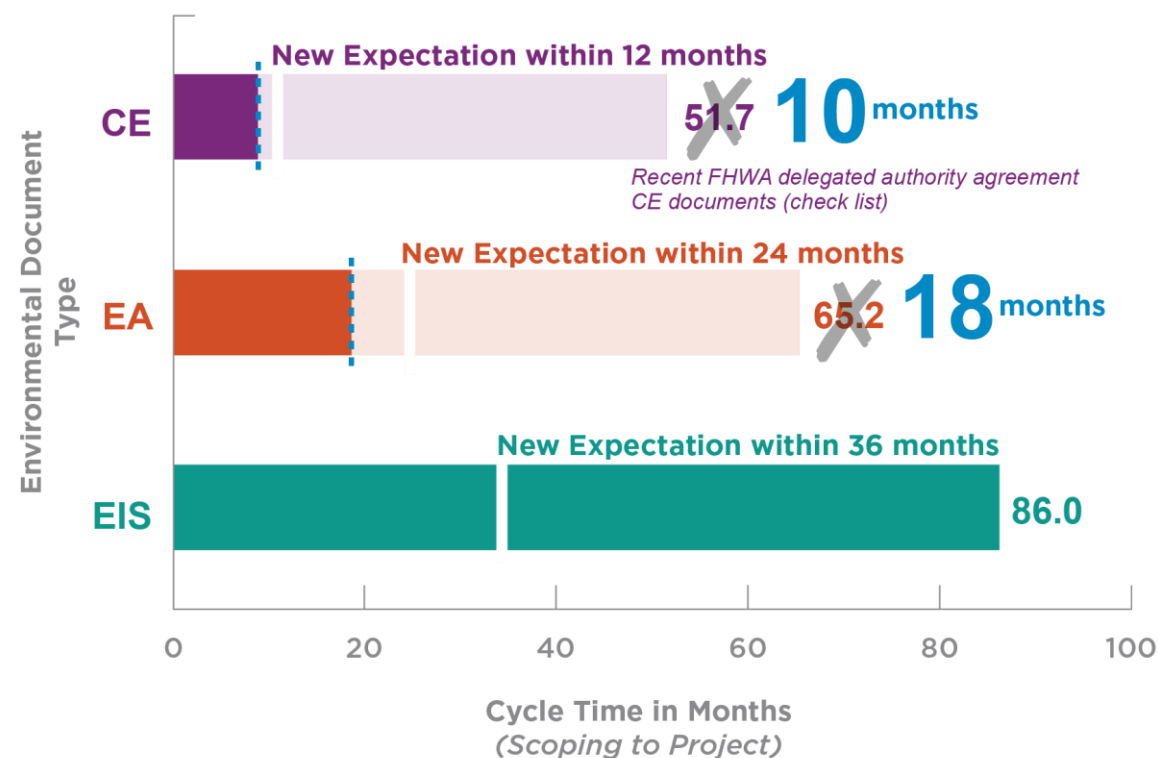
# NCDOT financial and performance update

## **Prior to coronavirus**

- Capital project development
- General maintenance and reserves (GM&R) / storm issues
- MAP Act impacts

# Discoveries and Expectations

## *Project Delivery*

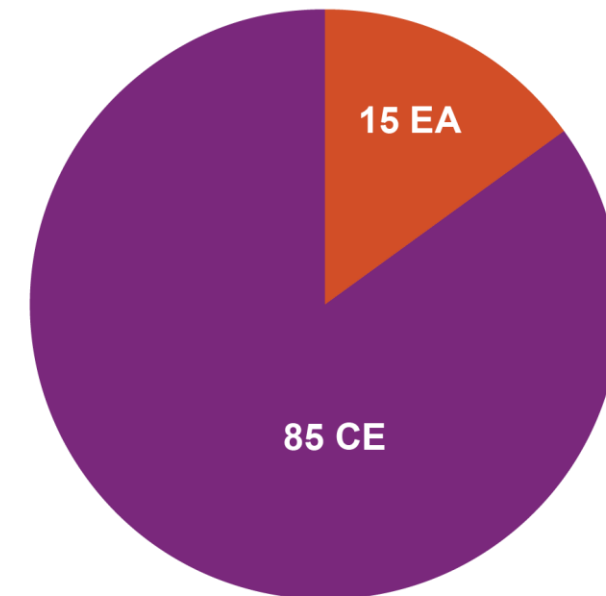


(CE) Categorical exclusion

(EA) Environmental assessments

(EIS) Environmental impact statement

% of Project Document Types  
(since 1/2017)



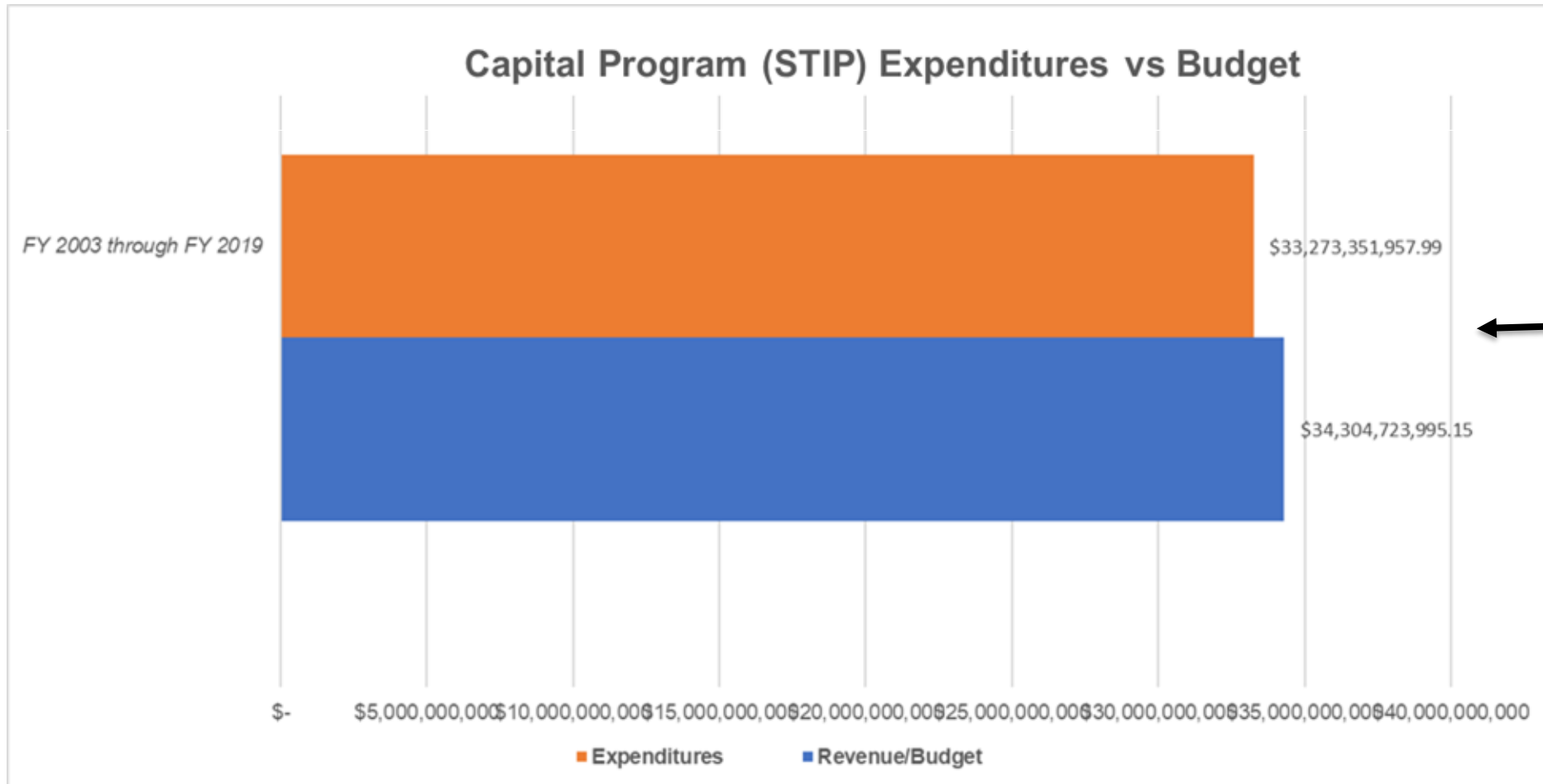
- 2012-2017 calculations focused on projects of \$25M or larger, current calculations consider all projects
- Since the establishment of 12-24-36, fewer EIS/ROD and EA/FONSI documents are being prepared and many haven't yet reached their document milestone

# Examples of recent regional project acceleration

- 540 Southern Wake freeway (toll 540 extension)\*
- I-40 widening to Garner\*
- I-40 widening in Orange County
- I-40 airport area interchange improvements\*
- I-440 modernization in southwest Raleigh\*

*\* active construction project in Triangle region*

# NCDOT composite capital spend over 17 years: Capital expenditures track overall appropriations



- ✓ \$1B Unexpended Appropriations
- ✓ Did not accelerate too many STIP projects!!

# Recent revenue accomplishments

- **Increasing Federal Revenue Efforts**
  - August Redistribution
    - 2017 = \$113M
    - 2018 = \$166M
    - 2019 = \$115M
  - Increase Federal Grant Awards
    - 2017: TIGER= \$20M; INFRA = \$147M; CRISI = \$10M
    - 2018: BUILD = \$23M; CRISI = \$35M; CRISI = \$0.5M
    - 2019: State of Good Repair = \$77M
  - FY 2016 Revenue vs. FY 2019
    - FY 2016 = \$4.5B
    - FY 2019 = \$5.4B
  - Efforts to minimize rescission

# NCDOT financial and performance update

## **Prior to coronavirus**

- Capital project development
- General maintenance and reserves (GM&R) / storm issues
- MAP Act impacts



# General Maintenance and Reserves (GM&R)

- Historical frequency of storms outpaced appropriations for General Maintenance and Reserve in SFY 2018/2019
- Implemented Spend Plan for SFY 2020 lower than appropriations
- As a result, industry experiencing reduced contract opportunities
- Delayed maintenance continues to grow – including over \$110M in storm damage that cannot be repaired due to lack of funds

# General Maintenance and Reserves (GM&R)

<b>General Maintenance Activity</b>	<b>Annual Cost</b>
Drainage (shoulder/ditch/pipe)	\$132m
Traffic signals and signs	\$ 50m
Inspections	\$ 50m
Pavement repair	\$ 45m
Hazard removal	\$ 29m
Guardrail	\$ 17m
Other	\$ 27m
<b>GENERAL MAINTENANCE TOTAL</b>	<b>\$350m</b>

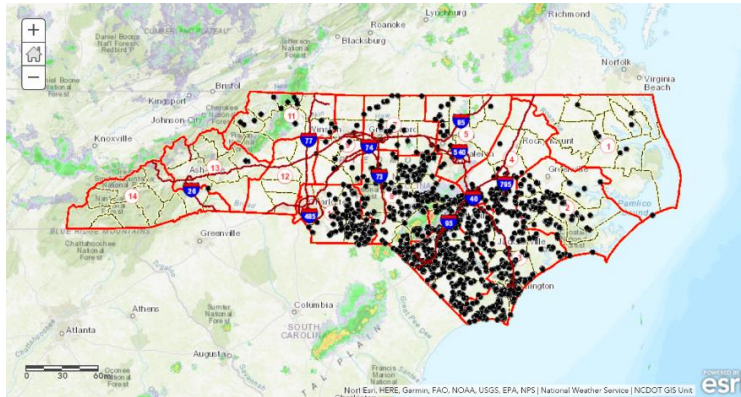
**MAINTENANCE RESERVES AVAILABLE      \$    0m \***

**\* - \$669m deficit in maintenance reserves**  
**due to past storms**

These are just a few of the  
activities that GM&R is  
responsible for, outside of storms

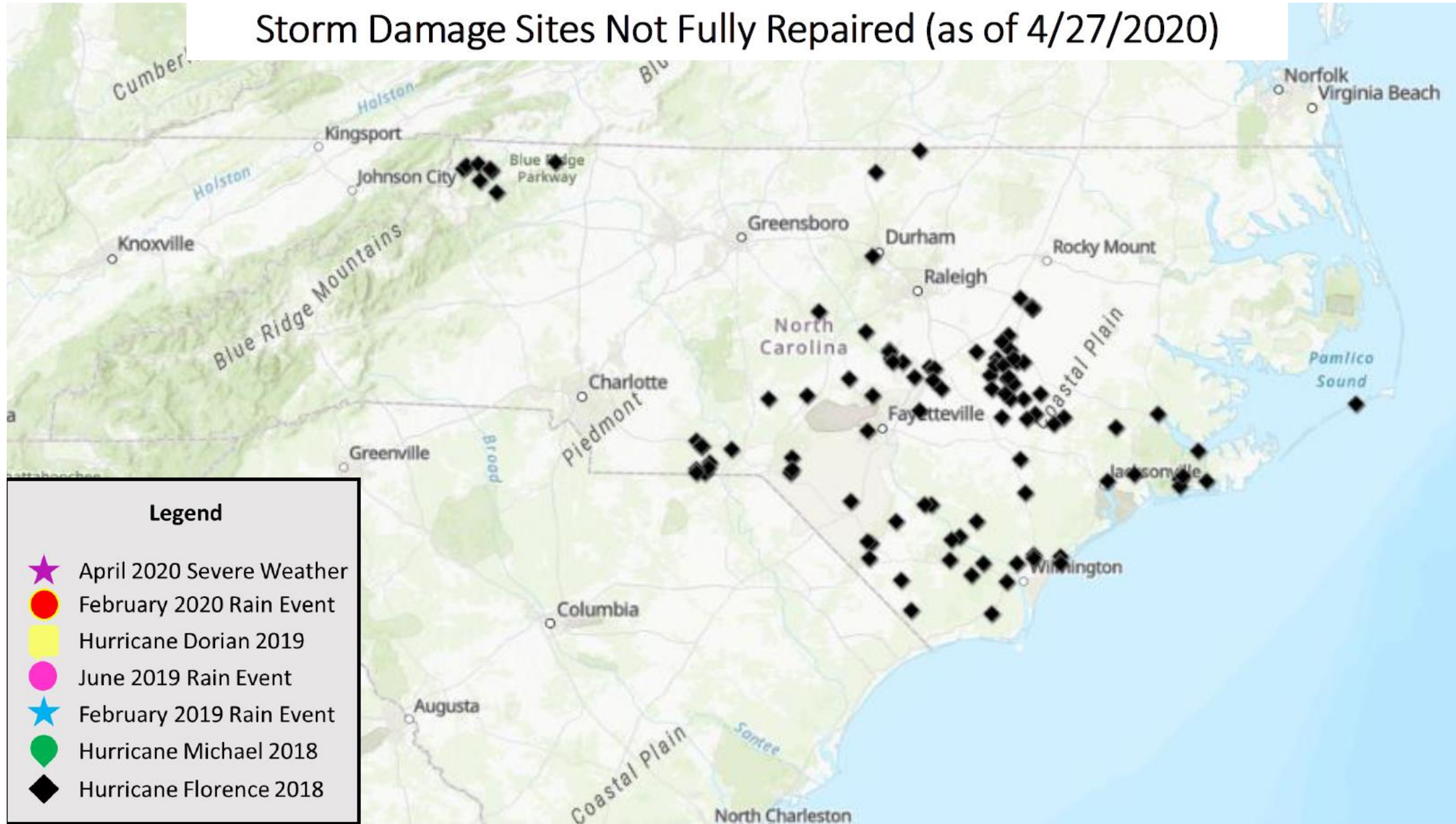
# Hurricane Florence Recovery

**2,468 cumulative road closures**  
**All roads open within 6 months**

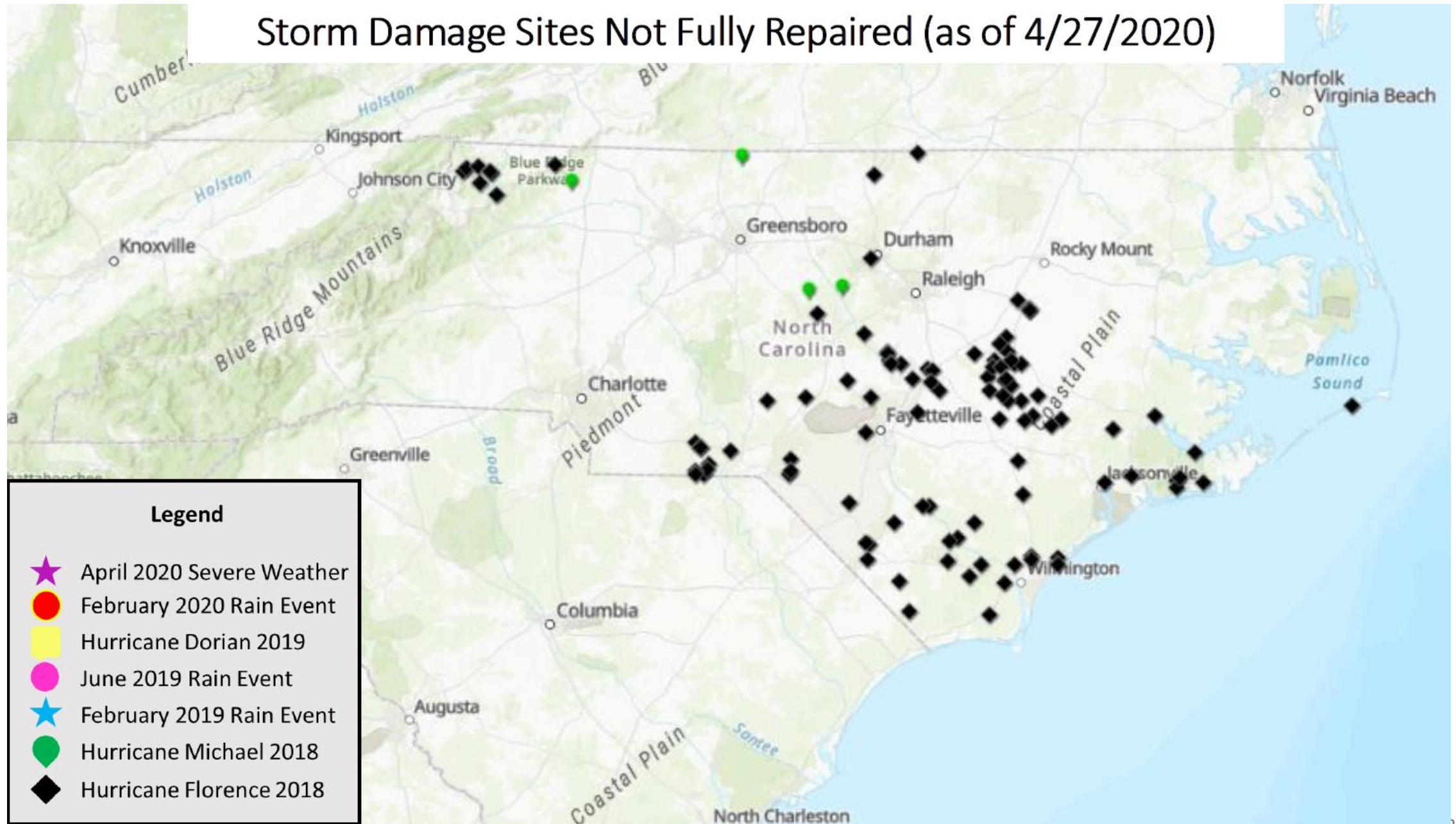




## Storm Damage Sites Not Fully Repaired (as of 4/27/2020)

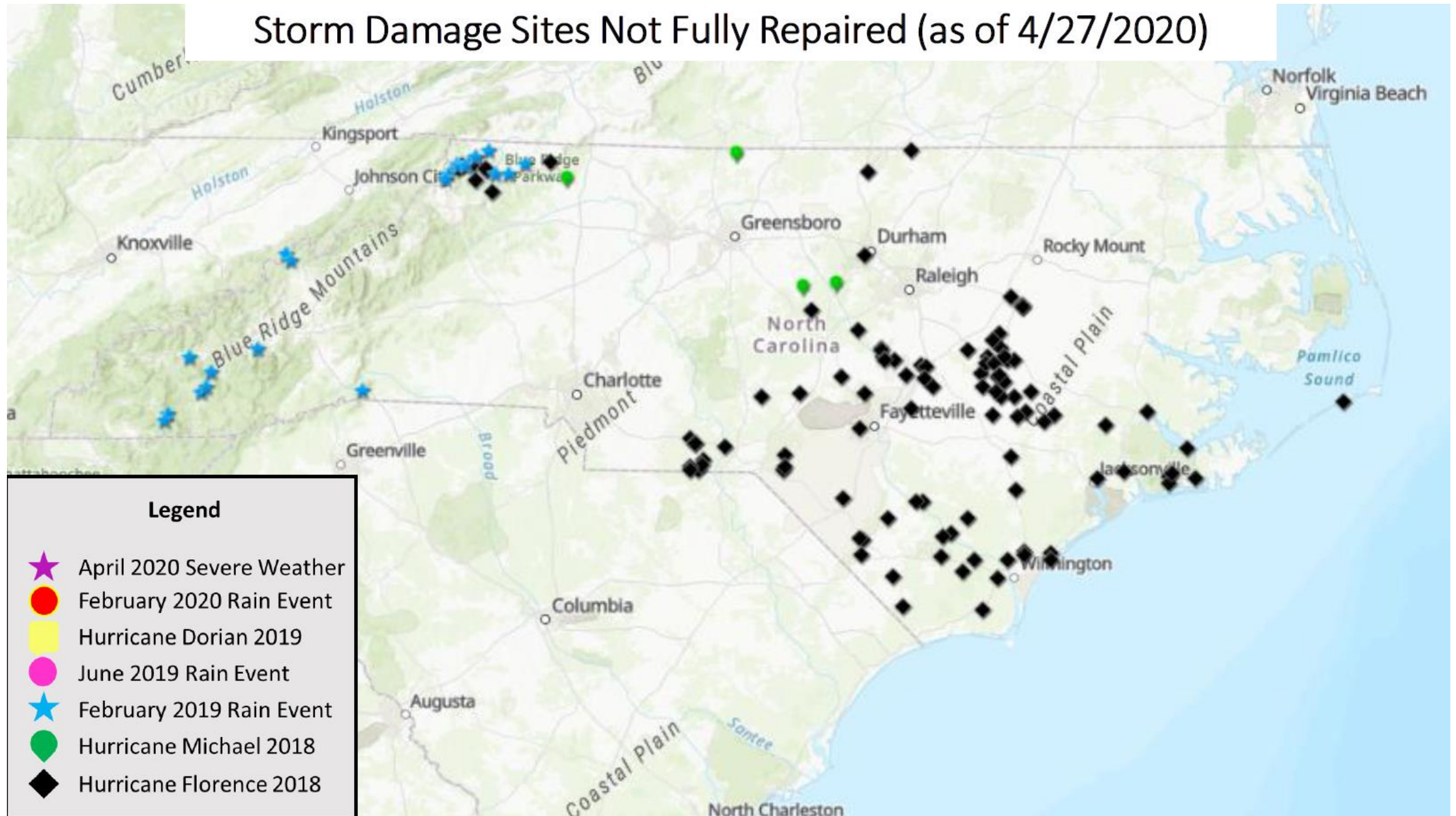


## Storm Damage Sites Not Fully Repaired (as of 4/27/2020)



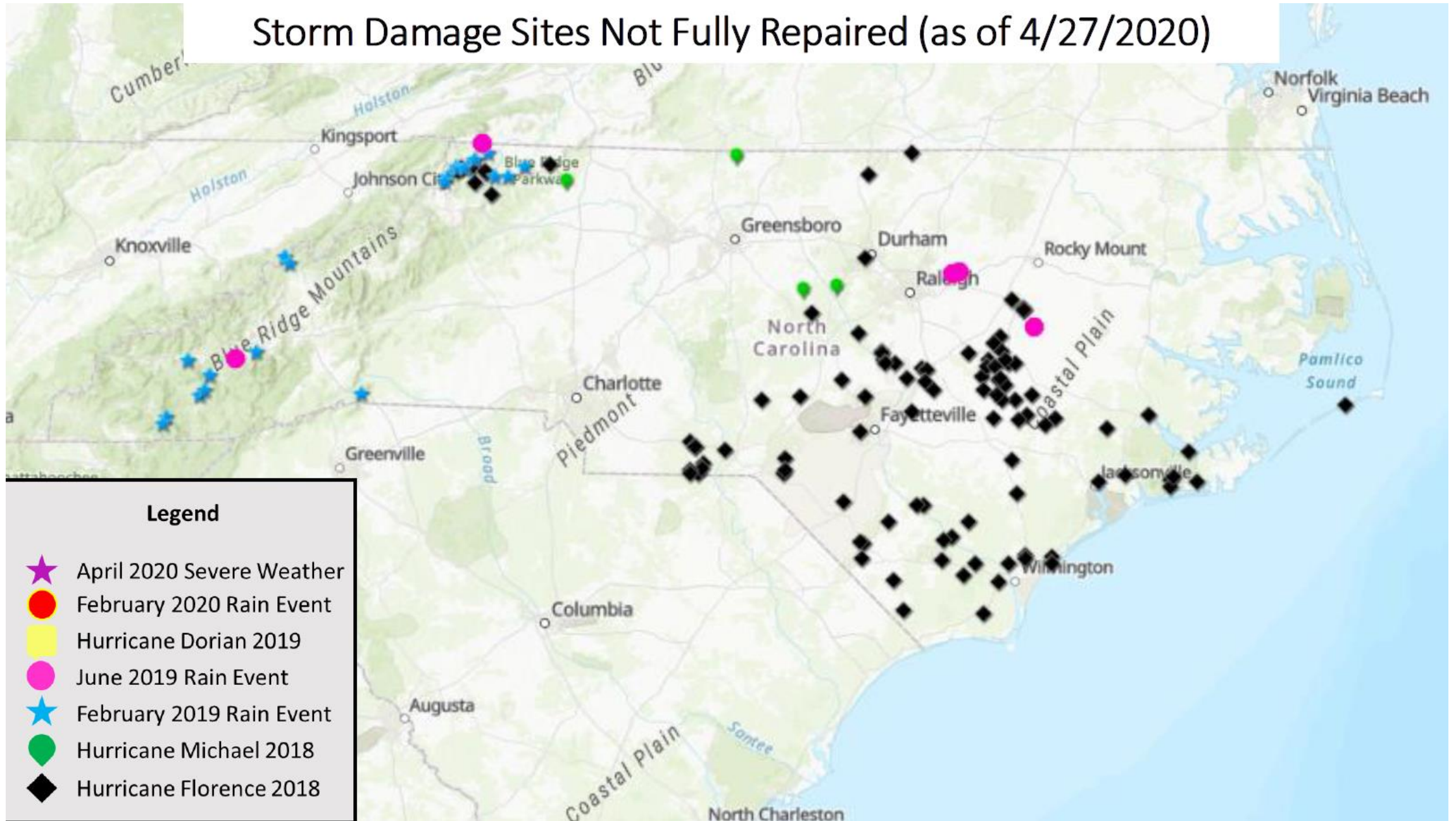


## Storm Damage Sites Not Fully Repaired (as of 4/27/2020)



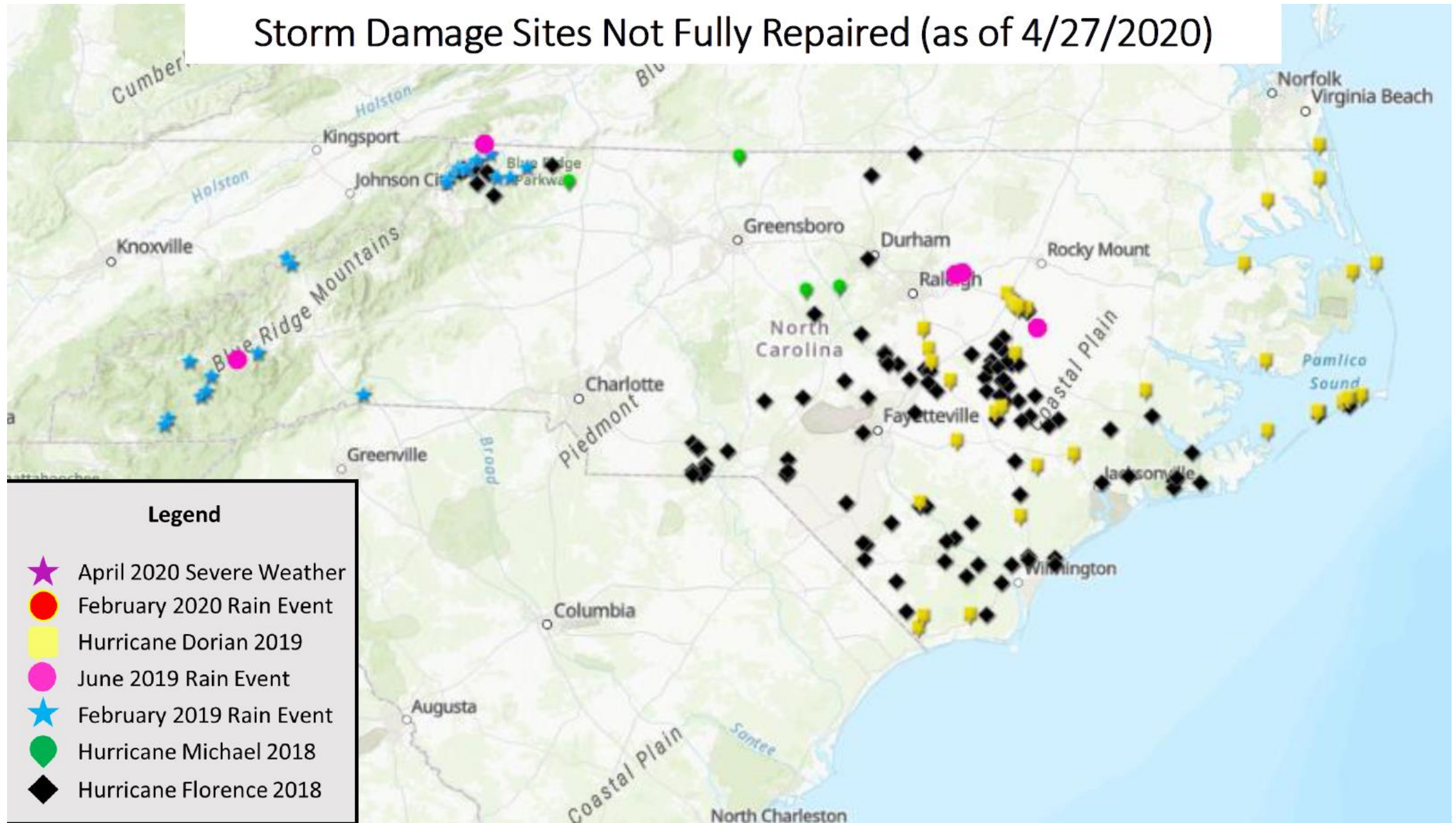


## Storm Damage Sites Not Fully Repaired (as of 4/27/2020)



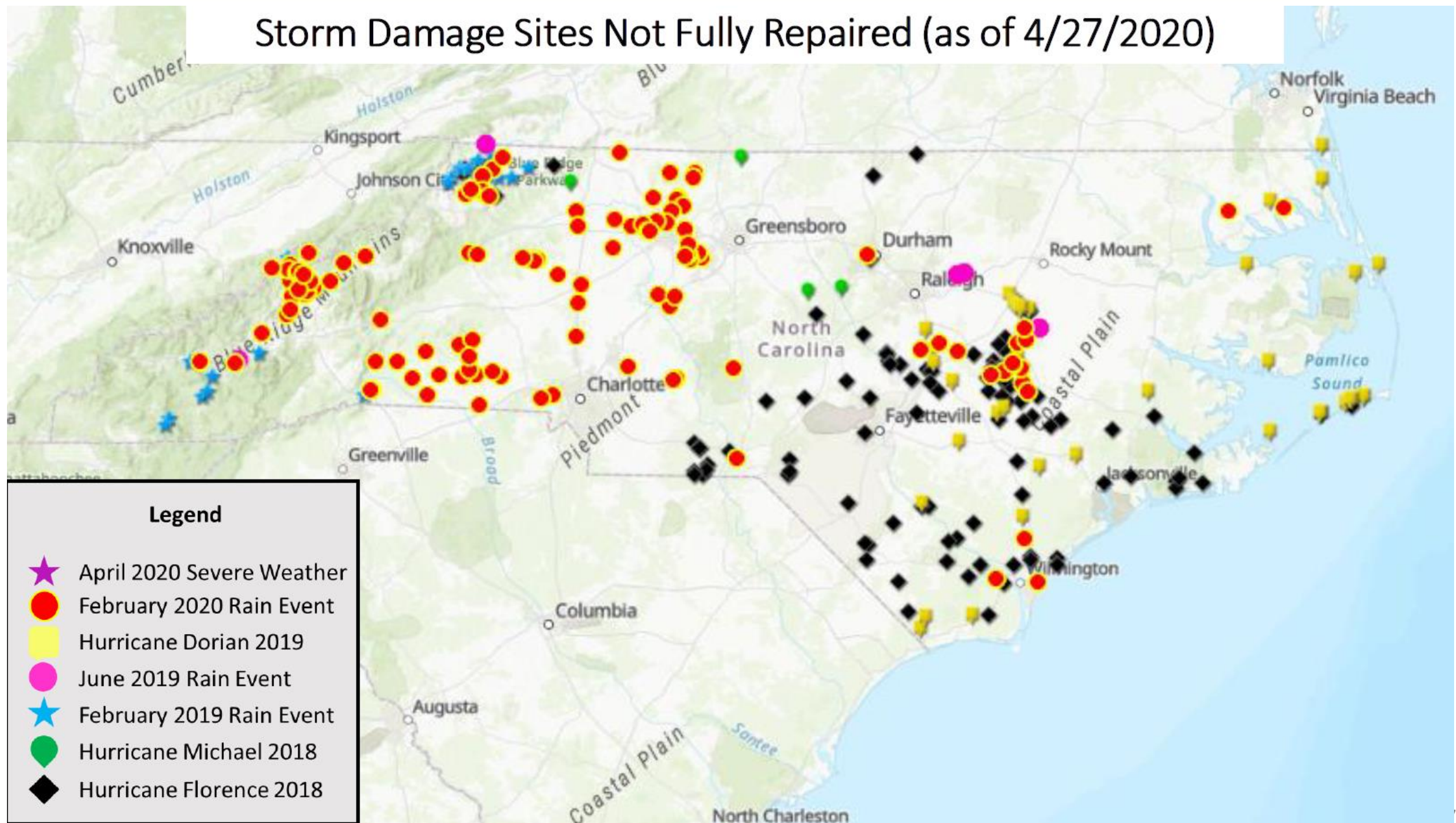


## Storm Damage Sites Not Fully Repaired (as of 4/27/2020)



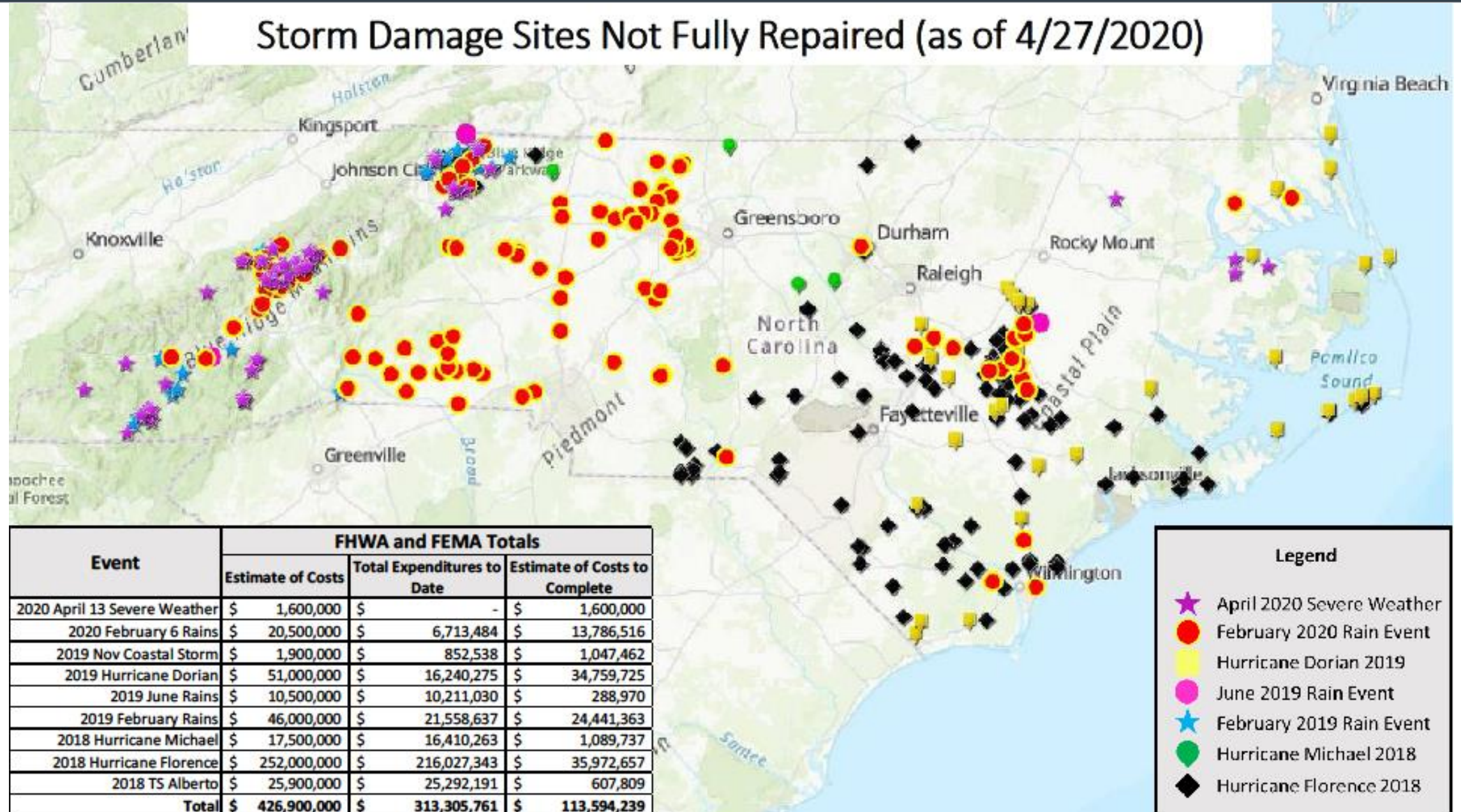


## Storm Damage Sites Not Fully Repaired (as of 4/27/2020)

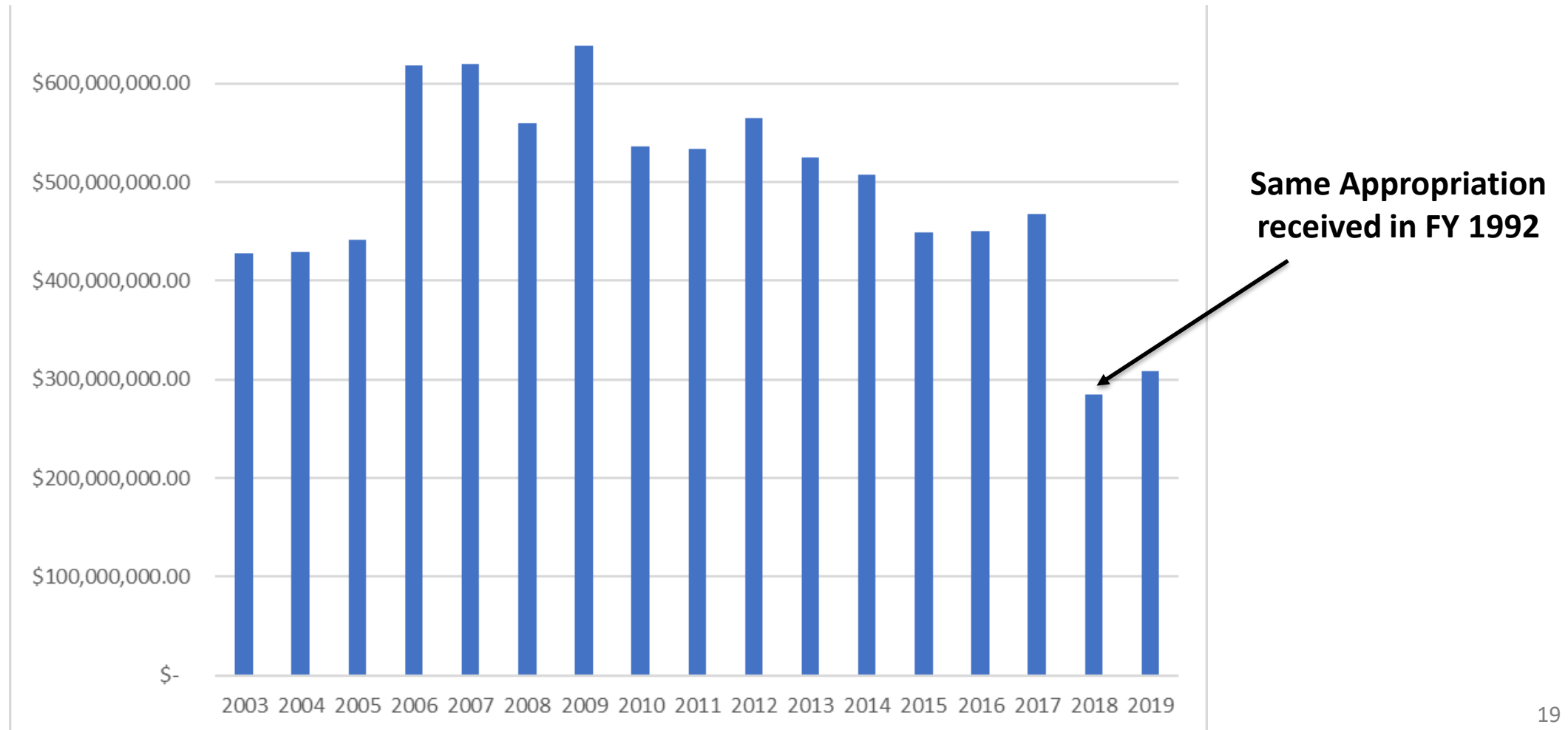


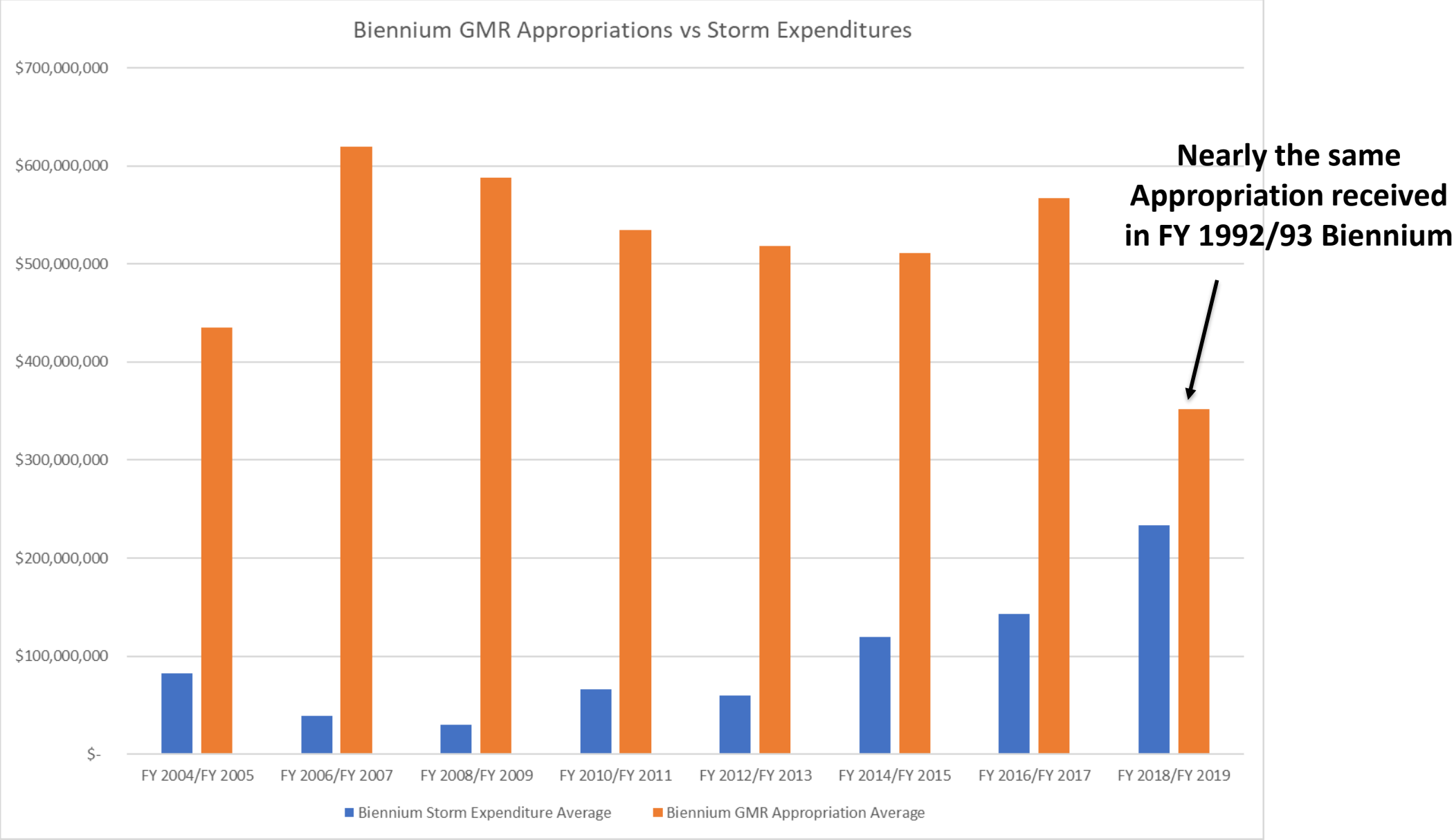


# Storm Damage Sites Not Fully Repaired (as of 4/27/2020)



# General Maintenance and Reserves (GM&R) ("flex maintenance" appropriations)







# Storm Costs vs GM&R Appropriations

**\$529M average  
GMR Appropriation**

**\$353M average  
GMR Appropriation**

	FY 2004 - 2016 Cumulative Spend	FY 2004 -2016 Annual Spend	FY 2017 - 2019 Cumulative Spend	FY 2017 -2019 Annual Spend	Increase Annually
<b>Declared</b>	\$ 300,861,306	\$ 23,143,177	\$ 398,272,125	\$ 132,757,375	\$ 109,614,198
<b>Non-Declared</b>	\$ 566,943,620	\$ 43,611,048	\$ 268,424,883	\$ 89,474,961	\$ 45,863,913
<b>Total</b>	<b>\$ 867,804,926</b>	<b>\$ 66,754,225</b>	<b>\$ 666,697,008</b>	<b>\$ 222,232,336</b>	<b>\$ 155,478,111</b>

- Average GM&R appropriations declined by 33% since 2016
- While annual storm expenditures have increased by > 200%
- Result is a “perfect storm” for maintenance funding issues

# Comparison of NCDOT spending: GM&R stands out

Cumulative FY 2003-2019 amounts

	Approp' s	Expenditures	Unexpended Balance
Capital Program (STIP)	\$34,305m	\$33,273m	+ \$1,031m
Ferry, Rail, Aviation	\$ 2,896m	\$ 2,832m	+ \$ 64m
Programmatic Maintenance	\$ 8,836m	\$ 8,660m	+ \$ 175m
<b>General Maintenance and Reserves</b>	<b>\$ 9,029m</b>	<b>\$ 9,699m</b>	<b>- \$ 669m</b>
<b>SUBTOTAL</b>	<b>\$55,067m</b>	<b>\$54,465m</b>	<b>+ % 602m</b>
less GARVEE debt service reserve			- \$ 132m
<b>TOTAL UNEXPENDED or CASH BALANCE</b>			<b>+ \$ 470m</b>

*Note: programmatic maintenance includes contract resurfacing, pavement preservation, bridge program, bridge preservation, roadside environmental*

*Note: the above table doesn't include the smaller accounts (Contingency, Spot Safety, Secondary Road, etc.)*

- Storm costs were **\$667M** from FY17 through FY19

# What is being neglected now – pre-coronavirus

- The impact of delayed maintenance is continuing to grow
- There are nearly 75 roads closed across the state
- Over \$110M in Storm Damage that cannot be repaired
- The few pictures on the next slides are just illustrates a sampling of what is happening across the state

# Impacts of maintenance funding issues

- What is happening now
- How do we respond to Snow and Ice
- How do we respond to Hurricanes



# June 2019 Storm

















# Impacts in Division 5

- Litter Contracts
- Sponsor A Highway
- Mowing Schedule



# NCDOT financial and performance update

## **Prior to coronavirus**

- Capital project development
- General maintenance and reserves (GMR) / storm issues
- MAP Act impacts

# MAP Act impacts

\$600 million in property costs resolved to date

Estimate of \$300 to \$400 million additional property to resolve

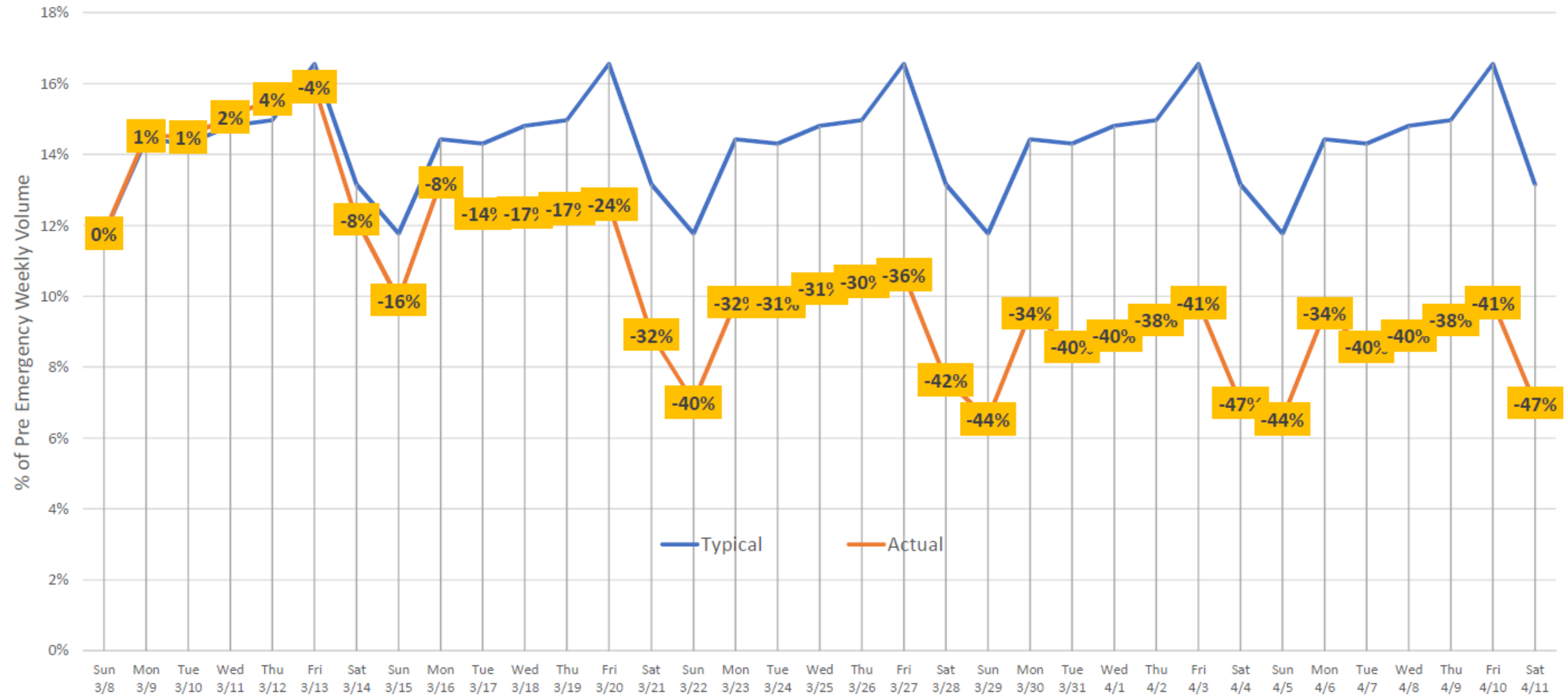
# NCDOT financial and performance update

## **Coronavirus and new normal / going forward**

- Traffic and revenue reductions and impacts
- Current federal and state legislative status
- *What if nothing changes?*
- Potential financial and policy solution paths



## Change in Travel in NC for March and April 2020



# Coronavirus:

## Traffic and revenue reductions and impacts

- Reduction in motor fuel consumption due to lack of travel  
= lower Motor Fuel Taxes
- Fewer motor vehicle purchases due to higher unemployment  
= lower Highway Use Taxes
- Pandemic restrictions to protect health of employees, public  
= lower DMV Fees (e.g., vehicle registration, drivers license)

## State Revenues (Highway Fund and Highway Trust Fund)

Comparison Certified Budget	Quarter (Apr – June/2020)	SFY 2020	SFY 2021	COVID Impact 2020 to 20??
Fuel Consumption	-40% average	-9%	-4%	
Total Revenues		-\$300M	-\$370M	

## STIP Revenues (Highway Trust Fund and Federal-aid)

Comparison Previous Budget	SFY 2020 to SFY 2021	5-Year
Total	-\$312M	-\$650M

# NCDOT financial and performance update

## **Coronavirus and new normal / going forward**

- Traffic and revenue reductions and impacts
- Current federal and state legislative status
- *What if nothing changes?*
- Potential financial and policy solution paths

# State Legislation

- SB 704 – Delays the transfer of \$61M into the new Transportation Emergency Reserve for future storms
- HB 1043 - \$300M from CARES Act to GMR subject to amending language to allow for continued operations
- Short session to begin in mid-May

# Federal Legislation

- Draft amendment

1       “SEC. 23007A (a) Except as provided in subsection  
2 (b), notwithstanding any other provision of this Act or an  
3 amendment made by this Act, funds made available under  
4 this Act, or an amendment made by this Act, to a State  
5 or municipality, as those terms are defined in section  
6 4002, may be used by the State or municipality for oper-  
7 ating expenses not related to the coronavirus disease 2019  
8 (COVID-19), to remain available until expended.

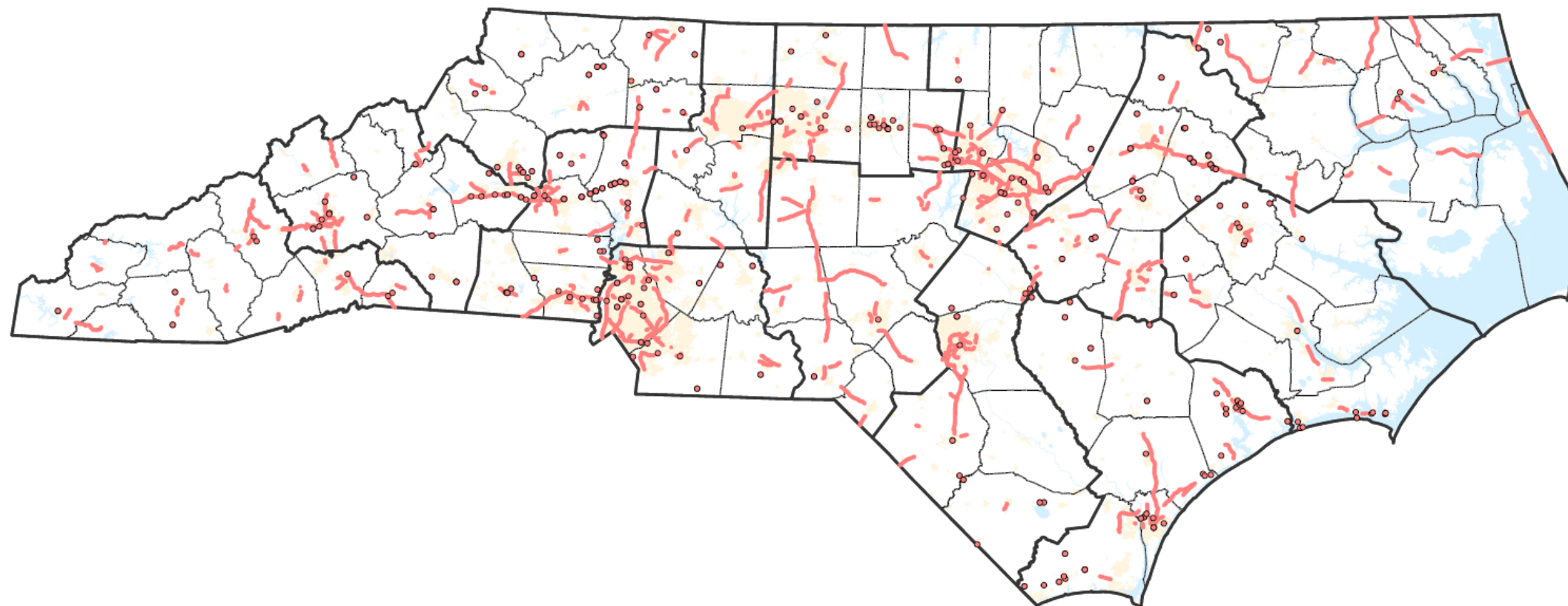
# NCDOT financial and performance update

## **Coronavirus and new normal / going forward**

- Traffic and revenue reductions and impacts
- Current federal and state legislative status
- *What if nothing changes?*
- Potential financial and policy solution paths



# Possible project delays with no revenue replacement



• — Projects Delayed



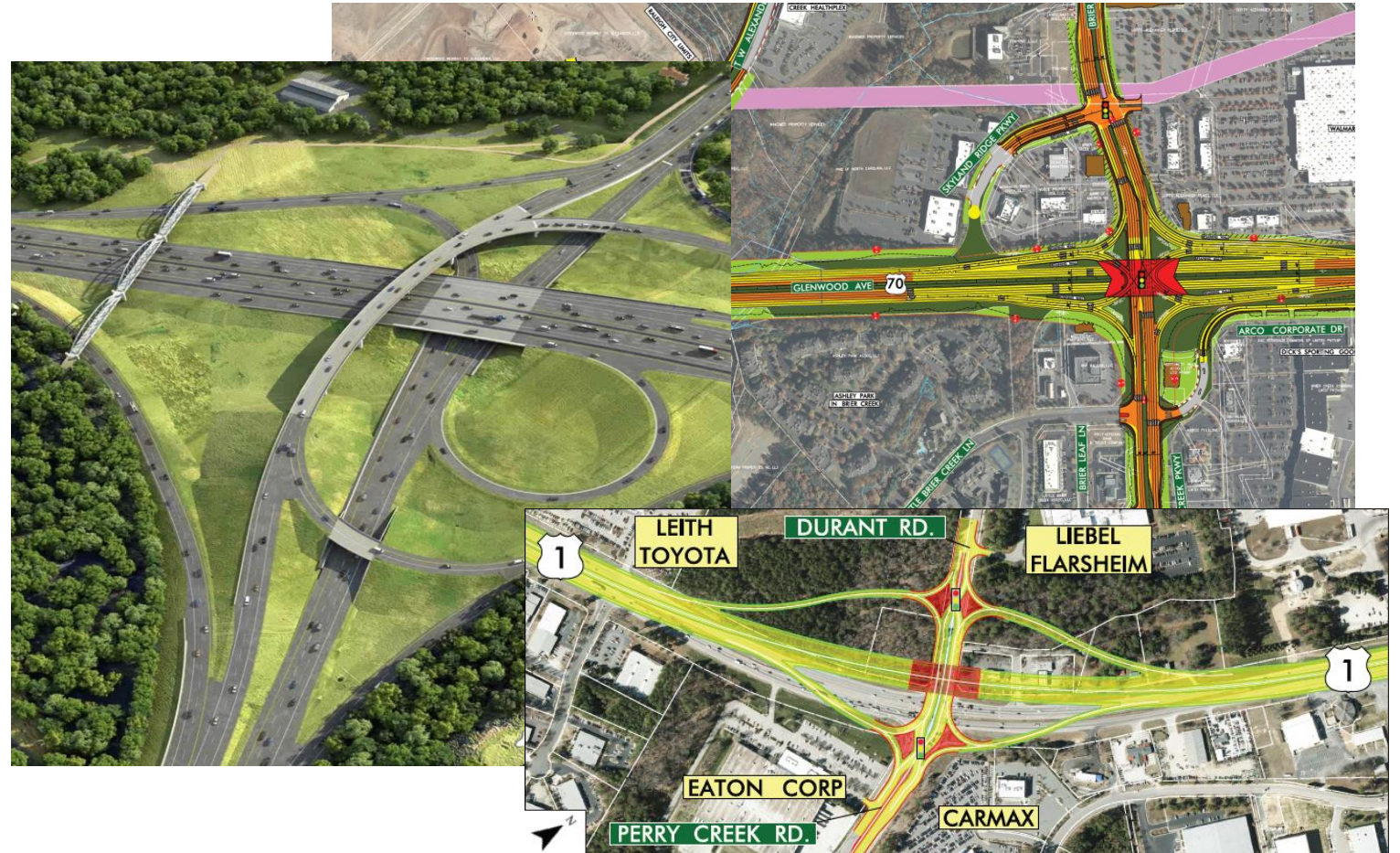
# Possible program reductions if no revenue replacement

Highway Fund	FY 2021 Appropriations	COVID-19 Pro-rata Adjusted Base Budget	Adjusted SFY 2021 Appropriations
Contract Resurfacing	\$ 535,682,480	\$ (138,650,332.26)	\$ 360,910,214.05
Bridge Program	\$ 273,967,830	\$ (74,941,937.80)	\$ 179,501,613.66
Bridget Preservation	\$ 69,899,551	\$ (22,561,588.75)	\$ 41,460,095.25
Pavement Preservation	\$ 85,358,348	\$ (26,797,963.48)	\$ 51,578,834.29
Roadside Environmental	\$ 101,328,653	\$ (27,768,405.56)	\$ 66,325,872.39
Ferry Operations	\$ 50,879,026	\$ (12,572,824.79)	\$ 35,030,660.96
State Aid to Municipalities	\$ 154,875,000	\$ (40,421,338.87)	\$ 103,922,875.54
State Aid to Railroads	\$ 48,347,269	\$ (10,940,417.38)	\$ 34,556,594.97
State Aid for Public Transportation	\$ 94,393,444	\$ (23,522,895.88)	\$ 64,742,236.19
Airports	\$ 140,946,918	\$ (23,822,295.23)	\$ 110,918,309.70
General Maintenance Reserve	\$ 433,216,482	\$ -	\$ 433,216,482.00
<b>Highway Trust Fund</b>			
Transfer to State Ports Authority	\$ 45,000,000	\$ (8,609,384.59)	\$ 36,390,615.41
Strategic Prioritization	\$ 1,465,308,940	\$ (259,390,615.41)	\$ 1,205,918,324.59

15 – 25% or more  
reductions to  
various programs  
expected

# Examples of project delays in Division 5

- Active Projects
  - I-40
  - I-440
- Future Projects
  - US 1
  - US 64
  - US 70



# NCDOT financial and performance update

## Coronavirus and new normal / going forward

- Traffic and revenue reductions and impacts
- Current federal and state legislative status
- *What if nothing changes?*
- Potential financial and policy solution paths



## Coronavirus and new normal / going forward

- Potential financial and policy solution paths

***Discussion...***