



NORTH CAROLINA Department of Transportation



NCDOT Revenue Overview DCHC –Board Meeting

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May 13, 2020

Today's Discussion

Pre-COVID-19

Deferred Maintenance/Recent Storms

Current Situation

NCDOT Response

Pre-COVID-19

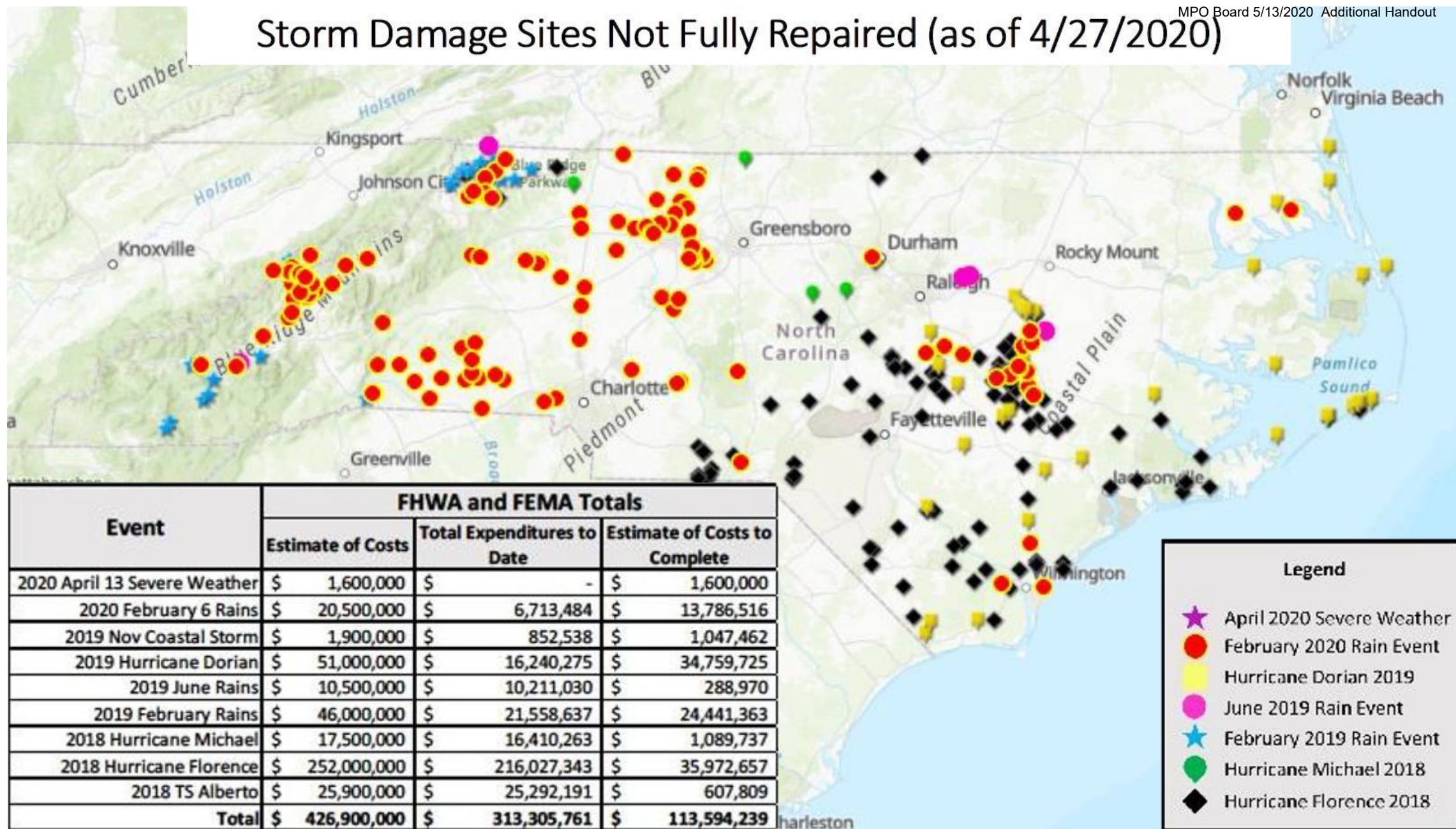
Storm response/recovery and legal settlements depleted cash balance, department enacted aggressive measures:

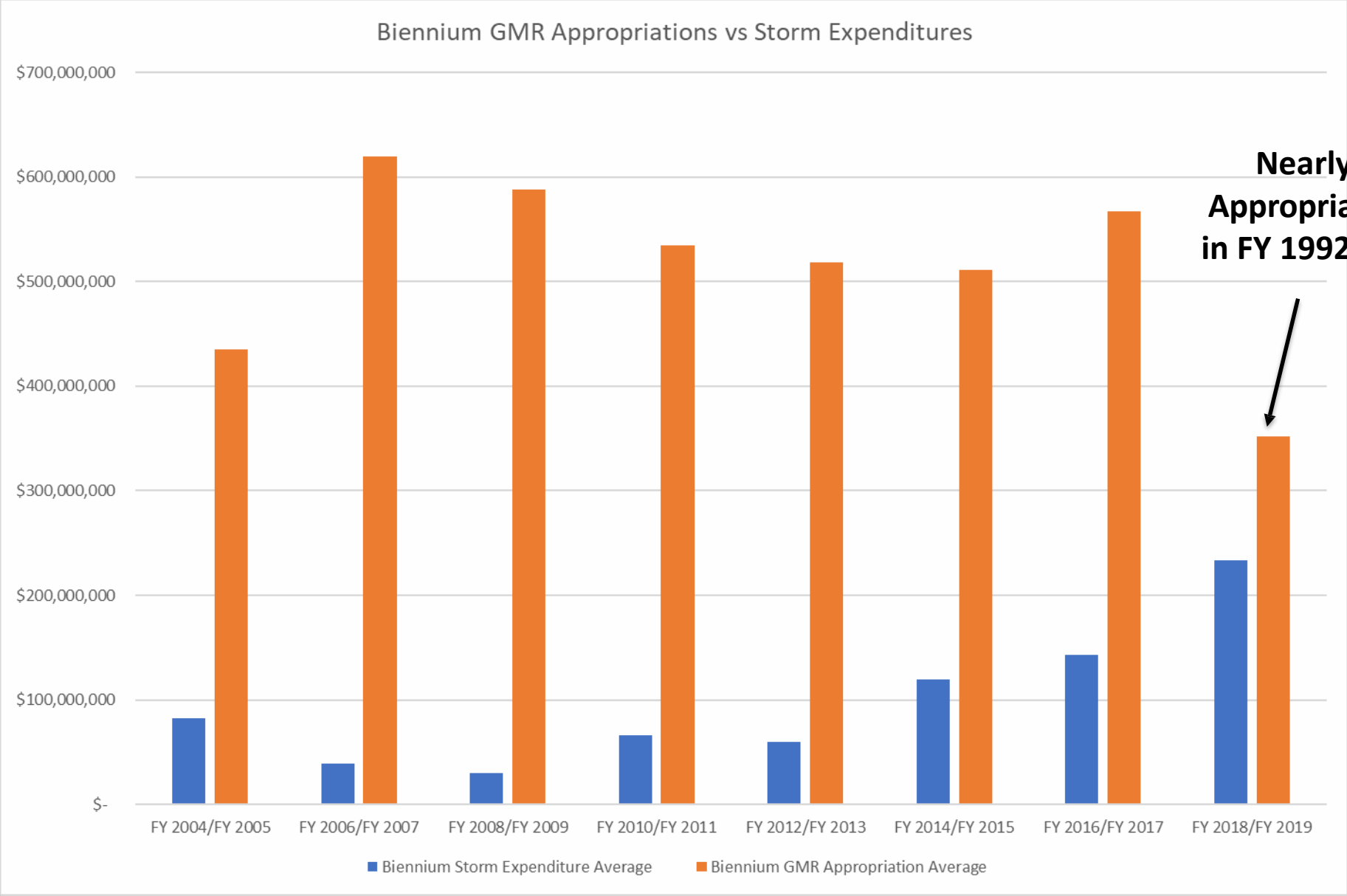
- Delayed project lettings, reduced capital program
- Decreased or suspended routine maintenance

NCDOT enacted a spend plan with targets below appropriated levels

- Appropriations for restricted accounts increased, decreased General Maintenance Reserves (GMR)
- NCDOT had to prepare for mandated move of funds into new disaster reserve

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





Storm Costs vs GM&R Appropriations

**\$529M average
GMR Appropriation**

**\$353M average
GMR Appropriation**

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

- 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
General Maintenance and Reserves	\$ 9,029m	\$ 9,699m	- \$ 669m
SUBTOTAL	\$55,067m	\$54,465m	+ % 602m
less GARVEE debt service reserve			- \$ 132m
TOTAL UNEXPENDED or CASH BALANCE			+ \$ 470m

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

June 2019 Storm



MPO Board 5/13/2020 Additional Handout

February 2020 Storm



April 2020 Storm



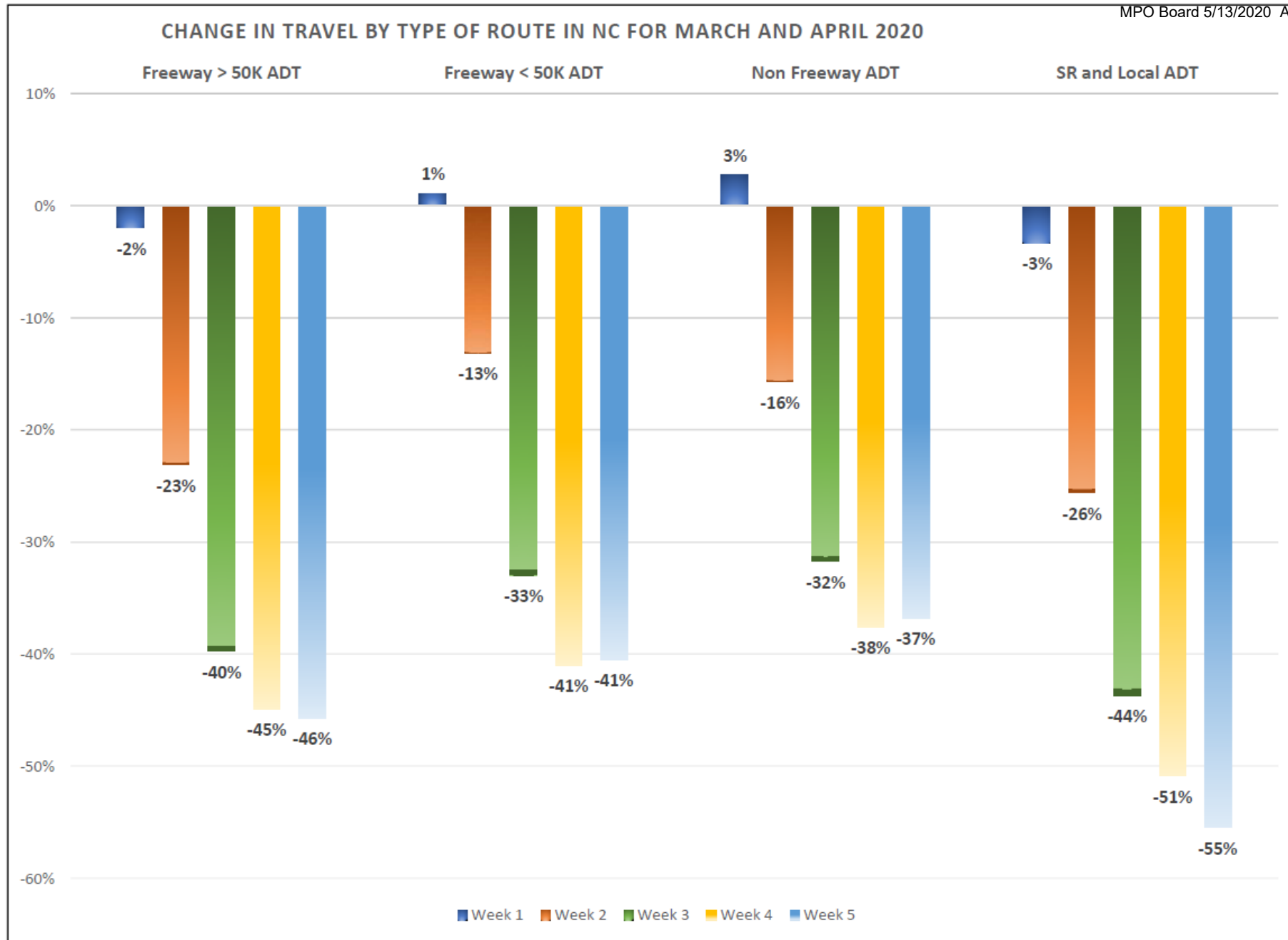
Current Situation

Pre-COVID-19, NCDOT operating on thin margin

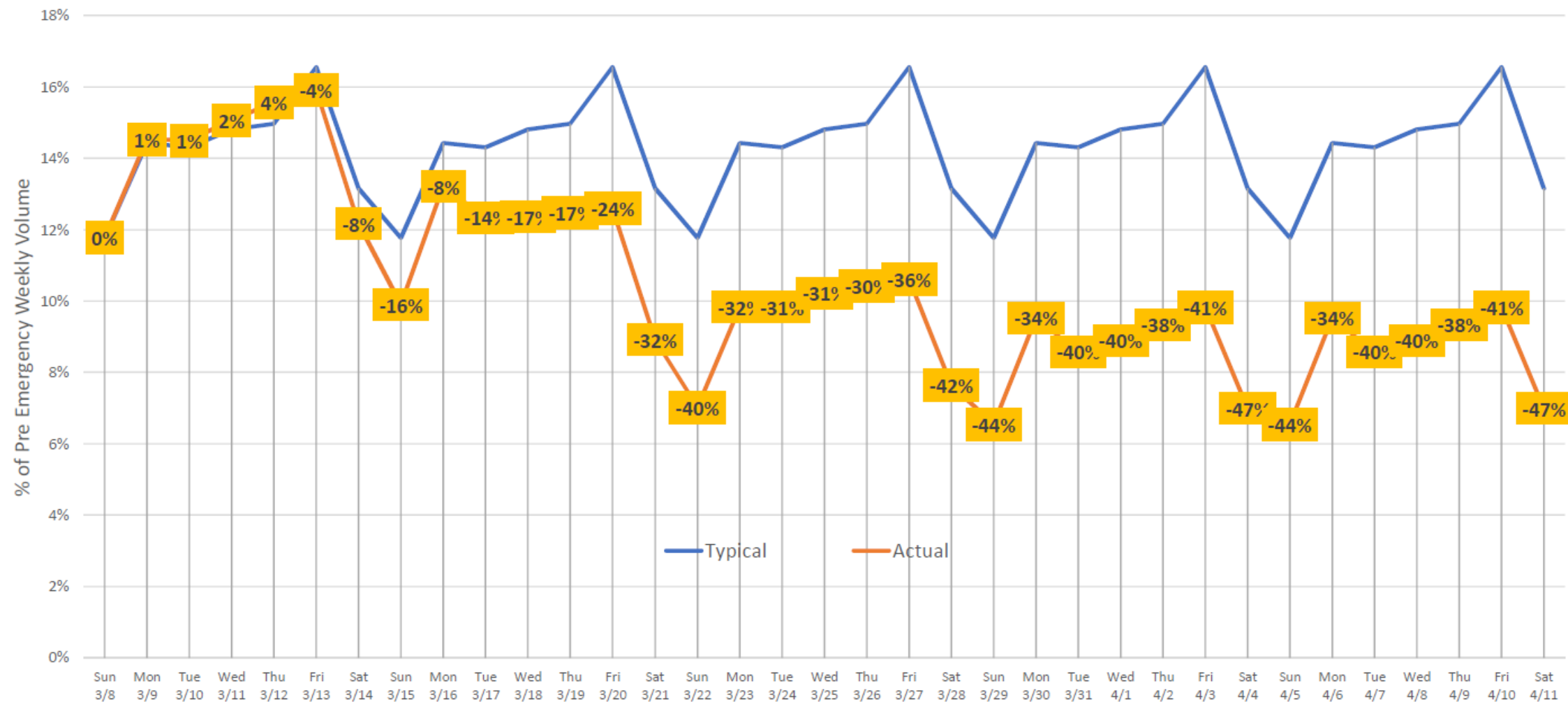
Because NCDOT is 100% receipt supported, COVID-19 impact to traffic volumes is devastating

- Volumes down by 40% - 50%
- Impacts revenue by more than \$300M in this FY

Even with cuts already made, obligations not being kept, NCDOT has hit cash floor

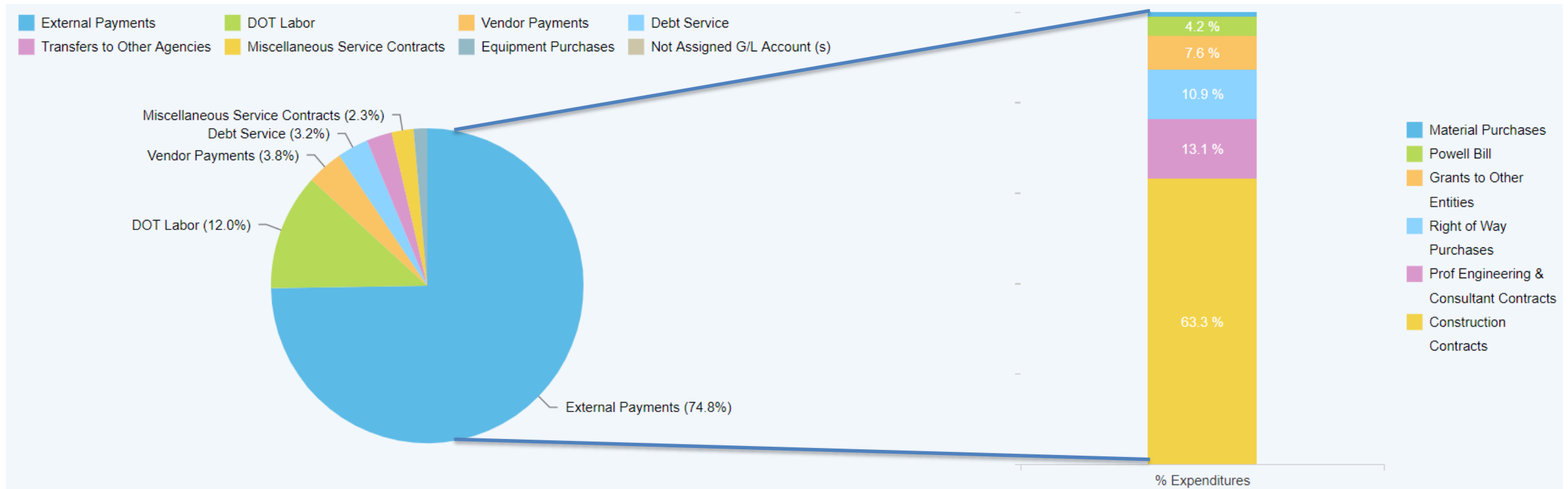


Change in Travel in NC for March and April 2020



NCDOT Expenditures

SFY 2020 as of March 31, 2020



Comparison to Previous Event

The Great Recession (Dec/2007 to June/2009)

Comparison Time Interval	1 st Quarter	Next 4 Quarters	Total Recession 12/07 to 6/2009
Fuel Consumption	-1.8%	-4.3%	-4.9%
Total Revenues	-3.1%	-7.3%	-6.5%
Recovery Time*			57 Months

COVID-19 Impact (Mar/2020 to ????)

Comparison Certified Budget	Quarter (Apr – June/2020)	SFY 2020	SFY 2021	COVID Impact ?? to ??
Fuel Consumption	-38% to -42%	-7% to -11%	-2% to -6%	???
Total Revenues	-32% to -36%	-6% to -10%	-7% to -11%	???
Recovery Time*				???

*Recovery Time to Pre-recession levels

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	

Current Actions

Keep 620 active construction projects moving if possible

- Suspension of these projects could cost \$1.5M per day in claims

Delay contract advertisements over next 12 months

- Delay approximately 250 projects estimated at \$2.1B
- Remaining projects estimated at \$675M (all supported by bonds or grants)

Personnel Changes

- Hiring Freeze
- 50% cost reduction in temporary and contract employees
- Planning for possible furloughs, Reduction In Force (RIF)

Actions Going Forward

Immediately suspend:

- Wildflower Program
- Litter Sweep
- Engineering Training Program
- HBCU and Summer Internship Program
- Economic development grants and projects
- Passenger ferry from Hatteras to Ocracoke
- State Park road maintenance
- Reimbursement to schools for road improvements

Significantly reduce:

- Mowing along roadways and rest areas
- Storm repairs
- Sign repairs
- Patching pavement
- Municipal support for traffic signal/signs/landscaping
- Traffic signal installation
- Spot safety projects
- Incident Management Assistant Program (IMAP)
- Ferry and rail operations

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

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
Highway Trust Fund			
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