



# NC FIRST COMMISSION MEETING MINUTES

**DATE:** April 24, 2020

**TIME:** 9:00 a.m.

**LOCATION:** Transportation Board Room, Room 150 and  
via GoToMeeting

<b>MEETING CALLED BY</b>	Co-Chair Nancy McFarlane
<b>COMMISSION ATTENDEES</b>	<p>Attending:</p> <ul style="list-style-type: none"> <li>• The Honorable Nancy McFarlane, Co-Chair</li> <li>• Ward Nye, Co-Chair</li> <li>• Ronnie Chatterji</li> <li>• The Honorable Janet Cowell</li> <li>• The Honorable Julie Eiselt</li> <li>• Peter Hans</li> <li>• Stephen De May</li> <li>• The Honorable William Lapsley</li> <li>• Kim Saunders</li> <li>• Michael Walden</li> <li>• Patrick Woodie</li> <li>• Sallie Shuping Russell</li> <li>• Tony Lathrop (Advisory Member)</li> <li>• Secretary Eric Boyette (Advisory Member)</li> </ul> <p>Absent:</p> <ul style="list-style-type: none"> <li>• Jesse Cureton</li> <li>• The Honorable Brenda Smith Lyerly</li> </ul> <p>Guests:</p> <ul style="list-style-type: none"> <li>• Jim Trogdon</li> <li>• Mike Fox</li> <li>• Trish Hendren</li> <li>• Jamie Rall</li> <li>• Jason Gray</li> <li>• Jim McCleskey</li> <li>• Patricia Hendren</li> </ul>

## AGENDA TOPICS

<b>1. CALL TO ORDER AND OPENING REMARKS - NANCY MCFARLANE AND WARD NYE, CO-CHAIRS</b>	
<b>DISCUSSION SUMMARY</b>	<p>The meeting was called to order by Co-Chair Nancy McFarlane at 9:04 a.m.</p> <p>Co-Chair Ward Nye began with concerns over COVID-19:</p> <ul style="list-style-type: none"> <li>• The contracting community is concerned over our lack of funds.</li> <li>• We used to have difficulty finding skilled labor but now we have all the labor we need.</li> <li>• Since Raleigh's population is growing, more work will need to be done.</li> </ul>



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**2. COVID-19 Update - Mike Walden, Ph.D. Economist, NC State University, Eric Boyette, Secretary NCDOT, Burt Tasaico, Director, STIP and Jim McCleskey, Director, Washington Office North Carolina Governor’s Office**

**DISCUSSION  
SUMMARY**

Dr. Mike Walden - Key points from Dr. Walden’s presentation included:

- We had a robust economy going into this virus which means this “mandated” recession is more difficult for us. He believes there will be little or no growth in 3<sup>rd</sup> Q, but growth could be strong in 4<sup>th</sup> Q.
- We are looking for Federal rescue as well as new monetary policies (lower interest rates, lending programs) with possible direct aid to state and local governments.
- Four types of recovery are possible, from bouncing back immediately to never achieving the status we once had.
- Potential changes in the post-virus world mean “tele” in everything (work, school, medical), re-visiting our global manufacturing and supply chain habits, and re-visiting how we live in dense cities.

Secretary Eric Boyette - Key points from Secretary Boyette’s presentation included:

- Pre-COVID-19 situation & action: we had a plan to deal with storm response/recovery and legal settlements, depleted cash balance.
- Current situation: we are on a thin margin, as NCDOT is 100% receipt supported. Receipt volumes are down by 40-50% which is an impact of more than \$300m this Fiscal Year. NCDOT will soon hit the cash floor.
- Current action: We are keeping 620 construction projects active. Suspension of these could cost \$1.5m per day. If we don’t continue with these active projects, any stimulus money would go to paying the cost of suspension, so we must keep going. We started a hiring freeze (temps and contracted employees have been sent home; we warned all employees that we must make a plan).
- 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; keep safety projects going.
- 3 possible Futures:
  - Future 1 – no money received from feds or state. If we go below the cash floor, NCDOT cannot enter into any contracts or modify existing contracts.
  - Future 2: If we receive some money, we will fund restricted accounts at appropriated level.
  - Future 3: we receive replacement funding for disasters: all obligations in the budget are met; no furloughs or layoffs, direct stimulus for private sections jobs in all 100 counties, we can prepare, respond and recover from storms.

There were many questions and comments from the Commissioners, some of which included:

- If the passenger ferry is suspended, will Ocracoke be cut off? No, the car ferry will still be operational.
- What about issuing a bond? We are open to whatever suggestions are out there.
- If the cost of repairs is not so bad, once we can do them, can this be an opportunity to put in sensors and upgrade items? A great idea; if costs are low we can take advantage of some possibilities.
- What happens to everyone we help support? The revenue pieces we supply to them will be drastically reduced by how much we have to reduce.
- How do you prioritize the money? We look at revenue projections and give everyone the same reduction in cash across the board.
- What amounts of \$\$ are you looking at? Bobby Lewis answered: spending will not be at the former levels; everyone will still see a cut until we are back to what we were pre-COVID-19.
- How much money to be whole? \$1.34 billion
- When do you expect to know how much money you will get? We keep pushing and asking, providing data, hopefully we’ll see something very soon. None of us believe we will get the whole \$1.34 billion, but we are hopeful we will get some now, and then have the federal govt. send us more.



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- Comment from Mike Walden: the argument can be made that this was an unforeseen disaster, the roads are a hugely important part of our economy, gas prices are tumbling. If we get no money from feds, we go to General Assembly of NC and advise we NEED these projects to keep the economy going and ask for a temporary increase in the gas tax. This will give us some money and will reduce the adverse impacts on the drivers.
- Comment from Mike Fox: we don't expect to get the full \$1.34 billion, but we understand that that number might have to be built up from a variety of sources. One way we've been looking at it is to plan on the minimum number needed to operate the way we were before COVID-19 (realizing we aren't the only ones who are suffering: other departments, agencies, citizens). If we can maintain our operations, then we'd like to roll out options for another \$100 m or \$200 m. We can explain what we can do for the economy; infrastructure spending helps the economy. We want to provide all the state and federal policy makers with options to turn the economy back on.
- What happens if we get no money and have another disaster event? Then our crews go home.
- What happens when we hit the cash floor? Can we lower the cash floor? We still have obligations; our cash will still go down.
- Can this commission help? This group can help us in many ways. Let's get together and talk about how we can do that. Let's define what our federal ask and our state ask are; create a concise and collective effort with all the ideas and methods to bring strong voices and come up with a plan.
- There is a proposed bill on the floor now. Joanna Reese was given the microphone to answer: The bill was approved in committee yesterday, which lowers our cash floor to \$125 m flat from \$293 m. We could still enter into new commitments.
- What statistics are public? What can be used to report out to the state, feds? Everything should go through Bobby Lewis and the NC FIRST Commission, so all our partners get a consistent message. Some numbers will be provided to everyone.
- Mike Walden was asked to put together a fiscal group to look at revenue alternatives for 2020-21.

Burt Tasaico - Key points from Mr. Tasaico's presentation included:

- We live in a global economy, so what is happening in other locations around the world will impact us in North Carolina. This recession is being called the Great Lockdown by some. Unemployment claims/jobless claims over the past 4 weeks in the U.S. is greater than the population of some countries. There has been a huge decrease in unessential items with a large increase in safety related items (gloves, sanitizer). Oil prices per barrel have crashed. Car sales are down by 38% in the U.S. Traffic volume is down across the country (22-51%); note that a decrease in traffic does not necessarily correlate with a decrease in miles traveled.
- As of March 31, we have a revenue forecast where we will be losing about 7.6% of state revenues for the fiscal year, all coming into the 4th quarter = \$300 m lost. Using that same benchmark, we will be seeing almost 9.1% of state revenues lost. We may not get back on a good level until 4th quarter of FY 2021.
- Highways and bridges did not get CARES money, but airports did. There was a question on how state and local governments can access the \$338 b? Mr. Tasaico advised to follow up with State Budget Management.

Jim McCleskey - Key points from Mr. McCleskey's presentation included:

- Regarding Coronavirus Aid, Relief, and Economic Security (CARES) act: It is for COVID-19 related expenses that were not budgeted. It *may* be opened up to state revenues which were not received.
- Regarding the \$150 m that was appropriated: states are to divide it between municipalities of 500+k and some below 500k population. May not be announced until mid-May.
- Regarding NCDOT in particular, the National Association for State Highway officials put a \$150 b federal funds recommendation on the table for immediate fiscal revenue replacement (we would see about \$4 b). He speculates the \$150 b is more likely to be \$50 b (we may receive between 2.6-3%). The NC Governor will be making recommendations on the use of the \$150 b federal funds. Everyone has needs that must be met, which are not necessarily COVID-19 related.



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	<ul style="list-style-type: none"> <li>• We welcome cooperative work on a recovery package.</li> <li>• The next time we have a hurricane is a worrisome thought; we have operated with a repair plan, but that money takes a while to be replaced. Every state in the U.S. is under federal disaster right now. Those expenditures are double-covered by FEMA and COVID-19. We need statutory language; this is not about any particular program; this is about macroeconomics.</li> <li>• A big new infrastructure package (COVID5) may be absolutely necessary mid-year.</li> </ul> <p>Questions and comments on Mr. McCleskey's presentation included:</p> <ul style="list-style-type: none"> <li>• A comment regarding the size of our local governments: only 4 of our 100 counties have municipalities with a 500+k population mark.</li> <li>• How are decisions made at the state level for cities or counties that don't meet the 500k+ population requirements? How can we access that money? The treasurer, local government commission, etc., may be able to look into this, but we have no good answer on this at this time.</li> </ul>
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<b>3. PUBLIC COMMENT - Amna Cameron, Deputy Director, STIP</b>	
<b>DISCUSSION SUMMARY</b>	<p>Ms. Cameron noted that this April 2020 meeting of the NC FIRST Commission was originally intended to be about Public Comment. It is very important for this Commission to get public feedback. The Commission asked for videos, written comments and a survey. There was one video submittal from an active contributor on the Commission's Twitter feed. This video was shared during the meeting. Ms. Cameron advised that there are a series of written comments posted on the web as well.</p> <p>There were no questions or comments for Ms. Cameron.</p>

<b>4. SURVEY RESULTS - Amna Cameron, Deputy Director, STIP</b>	
<b>DISCUSSION SUMMARY</b>	<p>Ms. Cameron spoke on the results of the April 2020 Survey Results. Key points from Ms. Cameron's presentation included:</p> <ul style="list-style-type: none"> <li>• There were 318 participants in the survey; not a scientific study.</li> <li>• The lack of public transport was seen as the state's biggest transportation challenge in 2019 (34%), and in 2020 (40%).</li> <li>• Most respondents believed that any new revenue funds should be directed towards Highway Construction Projects followed closely by Multi-modal projects.</li> <li>• 83% of respondents supported more taxes and fees for heavier vehicles than regular passenger vehicles.</li> <li>• 57% of respondents supported electric and hybrid vehicle owners paying an additional annual fee as they do not pay gas tax at the pump.</li> <li>• Most respondents selected Intelligent Traffic Signal Systems to Improve Traffic Flow as the greatest investment need to meet future transportation technological changes.</li> <li>• A combination of weight and miles traveled was preferred by 41% as a new funding stream to be considered by the NC First Commission.</li> <li>• One third of participants indicated they were moving away from traditional dealership purchases.</li> </ul> <p>Questions and comments for Ms. Cameron included:</p> <ul style="list-style-type: none"> <li>• A query on whether these questions were compiled from respondents across the board (i.e., whomever responded), and were there any trucking people involved in this survey? The questions and results were compiled from those who had access to the NC FIRST webpage for four weeks, publicizing it through social media, other departments, etc. Ms. Cameron was not aware if trucking people were involved.</li> </ul>



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- Trucking people’s responses may be very interesting as relates to the weight and miles travelled issued; this would affect the trucking industry the most.
- A related question for Secretary Boyette: as we see a drastic decrease of the miles traveled within the state, does that affect our projections for road replacement? We do a road condition assessment survey; it used to be annual, which will tell you what the road conditions are, which will tell the projection volume.

**5. MILES-BASED USER FEE - Patricia Hendren, Ph.D., Executive Director, 1-95 Corridor Coalition**

<b>DISCUSSION SUMMARY</b>	<p>Dr. Hendren noted that the I-95 Corridor Coalition is now the Eastern Carolina Coalition. Key points from Dr. Hendren’s presentation included:</p> <ul style="list-style-type: none"> <li>• Regarding the Coalition:               <ul style="list-style-type: none"> <li>○ This pandemic has revealed that our Transportation system is vital to keep our economy going and put food on the table. It is our task to understand differences and find common ground between many DOT’s, FDO’s toll authorities, trucking agencies, law enforcement; we can accomplish a lot together.</li> <li>○ Our coalition can be defined by little things that are vital and which can make big things happen.</li> <li>○ Our coalition also focuses on information: turning data into information than can be used for decision-making and bringing more information in to the East Coast</li> </ul> </li> <li>• Mileage-Based User Fee (MBUF):               <ul style="list-style-type: none"> <li>○ MBUF means the more you use, the more you pay. Over time we are seeing that revenue generated by the gas tax is decreasing because our vehicles are more efficient, and the fleet is changing (more hybrid and electric vehicles). We are having communication challenges with the public, which is uncertain about the future but expects government to be prepared.</li> <li>○ What are we doing about these things?                   <ul style="list-style-type: none"> <li>▪ In NC we are starting a small demonstration pilot in the fall which will capture real world information to start the discussion with NC residents. The real world information will help us understand what is working in NC and what isn’t.</li> <li>▪ Four focus areas for revenue approach are: out of state mileages, tolling, trucking and amenities.</li> <li>▪ Currently conducting a preliminary survey to see what residents think about MBUF.</li> <li>▪ Analyzing how a shift to an MBUF will affect urban and rural areas.</li> <li>▪ We are attempting to build common understanding of issues, address NC specific concerns and lay out options for potential next steps.</li> <li>▪ We are keeping the public’s concerns about privacy in mind; these concerns have decreased 26% after a demonstration pilot project.</li> </ul> </li> <li>○ We are the only study that has worked directly with the trucking industry to address their concerns</li> </ul> </li> </ul> <p>We need to work together to develop the best plan for NC.</p> <p>There was a question about the conversation regarding out-of-state traffic: there are those that go through NC from one state to another, then there are those who enter from out-of-state to work in NC then drive home to another state, causing tremendous congestion as well as wear on our roads. What can we do about collecting fees from the miles spent driving on NC roads? A one-state submission will not work for a user based fee; we can use a regional approach and it will be complicated, but we can work together with other DOTs on the Eastern Seaboard. We are looking into how to make it work, impact on the systems for each state involved, and possible revenues.</p>
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**6. MICROMOBILITY TAXES - Jaime Rall, Consultant, NC FIRST Commission**



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<b>DISCUSSION SUMMARY</b>	<p>Ms. Rall spoke on how some states and countries have taxed scooters and bicycles and the effects or conclusions of such micromobility taxation. Key points from Ms. Rall's presentation included:</p> <ul style="list-style-type: none"> <li>• There are two perspectives on micromobility: it's a kind of Vehicle (micro vehicle, lightweight, low speed and powered or unpowered) or a kind of Service (shared micromobility, self-serve fleets, tech-enabled and in either the public or private sector).</li> <li>• Micromobility is an ambiguous term and is difficult to define.</li> <li>• Shared Micromobility includes station-based bike share, dockless bike share and scooter share.</li> <li>• There were 84 million trips on shared micromobility in 2018.</li> <li>• Possible impacts of micromobility for the Public Sector mean new demands on existing infrastructure and services, increased responsibility and costs for local governments, many legislative and regulatory considerations and reduced state revenues for transportation investments (potential reduced motor fuel tax and car ownership).</li> <li>• Existing revenue options related to micromobility include bicycle taxes and fees and fees from micromobility providers. In some states some bicycle taxes/fees were repealed because the cost of running the program was higher than the revenues that were received. Their bicycle taxes/fees are currently specific by wheel diameter/width; so many new technologies are being developed that are difficult to categorize.</li> </ul> <p>There were no questions or comments for Ms. Rall.</p>
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<b>7. CAR SHARING TAXES - Amna Cameron, Deputy Director, STIP</b>	
<b>DISCUSSION SUMMARY</b>	<p>Ms. Cameron shared how Transportation Network Companies (TNCs), Car Sharing companies and Car Subscription Services companies use taxation and fees, and which states support such taxes and fees.</p> <p>Key points, discussion and questions that came from the presentation included:</p> <ul style="list-style-type: none"> <li>• TNCs include Uber, Lyft, Juno, Via.</li> <li>• Car sharing (rental from individuals through membership fee) companies include Zipcar, Car2Go, Turo, Getaround, Maven.</li> <li>• Car Subscription Services (the right to use and exchange motor vehicles owned upon payment of a subscription fee) companies include DriveFlow and Volvo.</li> <li>• Note that NC taxes Car Sharing and Subscription Services companies.</li> </ul> <p>There were no questions or comments for Ms. Cameron.</p>

<b>8. TAXING DATA - Burt Tasaico, Director, STIP</b>	
<b>DISCUSSION SUMMARY</b>	<p>Key points, discussion and questions that came from Mr. Tasaico's presentation included:</p> <ul style="list-style-type: none"> <li>• Examples of current data/services that are being taxed are HD video streaming, music streaming, web browsing and turn-by-turn navigation.</li> <li>• Current taxes on vehicle purchase and ownership include purchase, ownership, fuel consumption, infrastructure usage and data usage recovery.</li> <li>• Monetizing Vehicles' Data: who owns the data? who is collecting the data? Europe decided in 2019 that all data generated in the vehicle is the property of the owner of the vehicle. There is a possibility for state DOTs to tap into that vehicle data, not because we own the vehicle, but because we own the infrastructure</li> </ul>



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	<p>that enables that vehicle to move around. We need to look into how to obtain a monetary percentage of that data. Things are shifting fast; if we don't keep our eye on it, we may lose this opportunity.</p> <p>There were no comments or questions for Mr. Tasaico.</p>
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<b>9. COMMISSION DISCUSSION - Co-Chair Nancy McFarlane</b>	
<b>DISCUSSION SUMMARY</b>	Co-Chair McFarlane requested that the Commissioners advise her or Amna Cameron if they would like to participate in one of the workgroups.

Meeting Adjourned: 11:52 a.m.  
Next Meeting date is Friday, July 31, 2020 at 9:00 a.m.

NC FIRST Commission meeting minutes submitted by Becky Boone, Governance Office