



# Participant Agenda

I-77 Express Lanes Local Advisory Group  
August 15, 2018 1:30 to 3:30 p.m.  
Lake Norman Chamber of Commerce, Cornelius, NC

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|------------------|---------------------------|
| <b>1:30 P.M.</b> | Welcome and Introductions |
| <b>1:45 P.M.</b> | Review of Options         |
| <b>2:00 P.M.</b> | Secretary's Update        |
| <b>2:15 P.M.</b> | Technical Review          |
| <b>3:00 P.M.</b> | Closing                   |



# Project Timeline

- **2007 to 2013** Fast Lanes Study
- **2010 to 2013** I-77 Express Lanes Feasibility Study; effort to secure federal grants for funding gap
- **2012** Public-private partnership (P3) procurement initiated; NCDOT qualifies four teams to bid
- **2013** Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) completed
- **2014** Former Transportation Secretary Tony Tata signs comprehensive agreement with Cintra
- **2015** Former Transportation Secretary Tata signs financial close
- **2015** Construction begins
- **2017** Governor Cooper sworn in, appoints Jim Trogdon as transportation secretary
- **2017** Secretary Trogdon hires Mercator Advisors to conduct a comprehensive contract review
- **2018** Local advisory group formed to discuss findings of Mercator Advisors report with Secretary Trogdon, examine consequences of suggested changes to contract, evaluate impacts such as project delays, funding of other projects in the region/state, constraints created by federal and state laws
- **2018** State Auditor Beth Wood releases findings on the I-77 Comprehensive Agreement signed by Secretary Tata. Auditor indicates contract does not violate state or federal law and is legal and binding
- **2018** Senate Bill 99 (Budget Bill ratified in June 2018) adds requirement that modification/cancellation of the I-77 contract must obtain legislative appropriation for funding, must be follow the STI process and must be reported at least 60 days in advance to the North Carolina General Assembly
- **2018** Secretary Trogdon releases Expand, Improve, Protect plan



# Constraints

Several constraints exist that must be addressed before many of the action items can be completed. Secretary Trogon said that the NCDOT team will work to address as many of these constraints as possible simultaneously.

- State law (STI) requires projects be scored based on data and then be prioritized for funding
- State law (2018 budget - Senate Bill 99) requires NCDOT to report any proposed contract modifications or cancellations to the NC General Assembly at least 60 days in advance of finalization
- State law (2018 budget - Senate Bill 99) defines impacts to funding for other projects as it relates to the bonus allocation and project (corridor) cap
- New or modified construction will require design time/possible permitting
- Contract modifications must be negotiated



# List of Local Advisory Group Members

- Mark Brady (Mooresville-South Iredell Chamber of Commerce)
- Beth Cashion (Davidson)
- Pat Cotham (Mecklenburg County)
- Ned Curran (Charlotte Chamber of Commerce)
- John Hettwer (Lake Norman Chamber of Commerce)
- Carlenia Ivory (Charlotte)
- Jeff McNeely (Iredell County)
- Kurt Naas (Cornelius)
- Jim Puckett (Mecklenburg County)
- Lisa Qualls (Mooresville)
- Mike Russell (Huntersville)
- Brandon Trego (Huntersville Chamber of Commerce)



# Senate Bill 99

(Budget Bill Ratified in June 2018)

## CLARIFY STRATEGIC TRANSPORTATION INVESTMENTS (STI) LAW

SECTION 34.6.(a) G.S. 136-189.11(d)(1)b. reads as rewritten:

“b. Project cap. – No more than ten percent (10%) of the funds projected to be allocated to the Statewide Strategic Mobility category over any five-year period may be assigned to any contiguous project or group of projects in the same corridor within a Highway Division or within adjoining Highway Divisions.”

SECTION 34.6.(b) G.S. 136-189.11(f)(3), as amended by Section 34.5 of this act, reads as rewritten:

“(3) Funds obtained through highway tolling. – Upon authorization to construct a project with funding from toll revenue, the Department shall make available for allocation an amount equal to one-half of the project construction cost derived from toll revenue bonds. Upon authorization to construct a toll project in which no project construction cost is derived from toll revenue bonds, the Department shall make available for allocation an amount equal to one-half of the revenue expected from the project over the first 10 years of the project, less operations costs, as set forth in the Investment Grade Traffic and Revenue Study. The amount made available for allocation to other eligible highway projects shall not exceed two hundred million dollars (\$200,000,000) of the capital construction funding directly attributable to the highway toll revenues committed in the Investment Grade Traffic and Revenue Study, for a project for which funds have been committed on or before July 1, 2015. The amount made available for allocation to other eligible highway projects shall not exceed one hundred million dollars (\$100,000,000) of the capital construction funding directly attributable to the highway toll revenues committed in the Investment Grade Traffic and Revenue Study, for a project for which funds are committed after July 1, 2015. If the toll project is located in one or more Metropolitan Planning Organization or Rural Transportation Planning Organization boundaries, based on the boundaries in existence at the time of letting of the project construction contract, the bonus allocation shall be distributed proportionately to lane miles of new capacity within the Organization’s boundaries. The Organization shall apply the bonus allocation only within those counties in which the toll project is located. Except for tolls removed pursuant to G.S. 136-89.196, if a toll is removed or a toll is not implemented, any funds made available for allocation or allocated under this subdivision shall be withheld by the Department or repaid to the Department, as applicable. Any funds withheld or repaid under this subdivision may be reallocated according to the requirements of this subdivision.”

## COMPREHENSIVE AGREEMENT CANCELLATION OR MODIFICATION

SECTION 34.11.(a) The Governor, or the Governor’s designee, shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the House of Representatives Appropriations Committee on Transportation, the chairs of the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division of the General Assembly at least 60 days prior to the cancellation or modification of the Comprehensive Agreement, or any change in scope for the project covered by the Comprehensive Agreement. The report shall contain the following information: (i) whether the Comprehensive Agreement is being cancelled, modified, and if there are changes in project scope, (ii) if modified, what modifications are being made to the Comprehensive Agreement, (iii) if there are changes in project scope, what changes in project scope are being made, (iv) the reasons for the cancellation, modification, or change in project scope, and (v) an estimate of damages and monetary penalties the State will be responsible for from the cancellation, modification, or change in project scope. For purposes of this section, “Comprehensive Agreement” means the Comprehensive Agreement for the I-77 HOT Lanes project in Mecklenburg and Iredell Counties dated as of June 26, 2014, including any amendments made to the Comprehensive Agreement.

SECTION 34.11.(b) If damages or other monetary penalties are determined to be owed by the State from the cancellation or modification of the Comprehensive Agreement, or a change in the scope of project covered by the Comprehensive Agreement, those damages or other monetary penalties shall not be paid by funds subject to the requirements of Article 14B of Chapter 136 of the General Statutes. The payment of any damages or other monetary penalties determined to be owed by the State from the cancellation or modification of the Comprehensive Agreement, or a change in the scope of the project covered by the Comprehensive Agreement, is subject to an express appropriation by the General Assembly.



# Strategic Transportation Investments (STI) Law

The Strategic Transportation Investments (STI) law passed in 2013, takes the politics out of transportation funding by establishing a process that allocates available revenues based on data-driven scoring and local input. It is used every two years to develop the State Transportation Improvement Program, which identifies the transportation projects that will receive funding during a 10-year period.

The law funds projects in three categories: Division Needs, Regional Impact and Statewide Mobility, which are outlined below.

Funding Category	Revenue Distribution	Description
Division Needs	30%	<p>Projects in this category will receive 30 percent of the available revenue, shared equally over NCDOT's 14 transportation divisions, which are groupings of local counties. Project scores are based 50 percent on data and 50 percent on rankings by local planning organizations and the NCDOT transportation divisions.</p> <p>Highway projects in this category are analyzed according to five criteria:</p> <ul style="list-style-type: none"> <li>• Congestion (15 percent)</li> <li>• Benefit/cost (15 percent)</li> <li>• Safety (10 percent)</li> <li>• Freight and military (5 percent)</li> <li>• Accessibility/Connectivity (5 percent)</li> </ul>
Regional Impact	30%	<p>Projects in this category receive 30 percent of available revenue. Projects on this level compete within regions made up of two NCDOT transportation divisions, with funding divided among the regions based on population. Data makes up 70 percent of the project scores in this category. Local rankings account for the remaining 30 percent.</p> <p>Regional Impact projects are analyzed according to five criteria:</p> <ul style="list-style-type: none"> <li>• Congestion (20 percent)</li> <li>• Benefit/cost (20 percent)</li> <li>• Safety (10 percent)</li> <li>• Accessibility/connectivity (10 percent)</li> <li>• Freight and military (10 percent)</li> </ul>
Statewide Mobility	40%	<p>Projects in this category receive 40 percent of available revenue. The project selection process is based 100 percent on data.</p> <p>Statewide Mobility projects are analyzed according to six criteria:</p> <ul style="list-style-type: none"> <li>• Congestion (30 percent)</li> <li>• Benefit/cost (25 percent)</li> <li>• Economic competitiveness (10 percent)</li> <li>• Safety (15 percent)</li> <li>• Multimodal and military (5 percent)</li> <li>• Freight and military (15 percent)</li> </ul>

Statewide Mobility projects are also analyzed separately in the Regional Impact and Division Needs categories and can be funded under those categories if not funded in the Statewide Mobility category. Regional Impact projects can also cascade down to the Division Needs category.

A project's benefit/cost can improve when it is funded during the project submission phase through local entity contributions or tolling approved by the local planning organization. In addition, any area contributing to the project—and thereby reducing the cost to NCDOT— can receive back up to 50 percent of the funding for a subsequent project scored through STI (known as bonus allocation).