



NORTH CAROLINA
Department of Transportation



NCDOT Revenue Overview

Secretary Eric Boyette

April 24, 2020

COVID-19

- Current Situation
- Impacts
- Possible outcomes

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

Deferred Maintenance



Deferred Maintenance



June 2019 Storm



February 2020 Storm





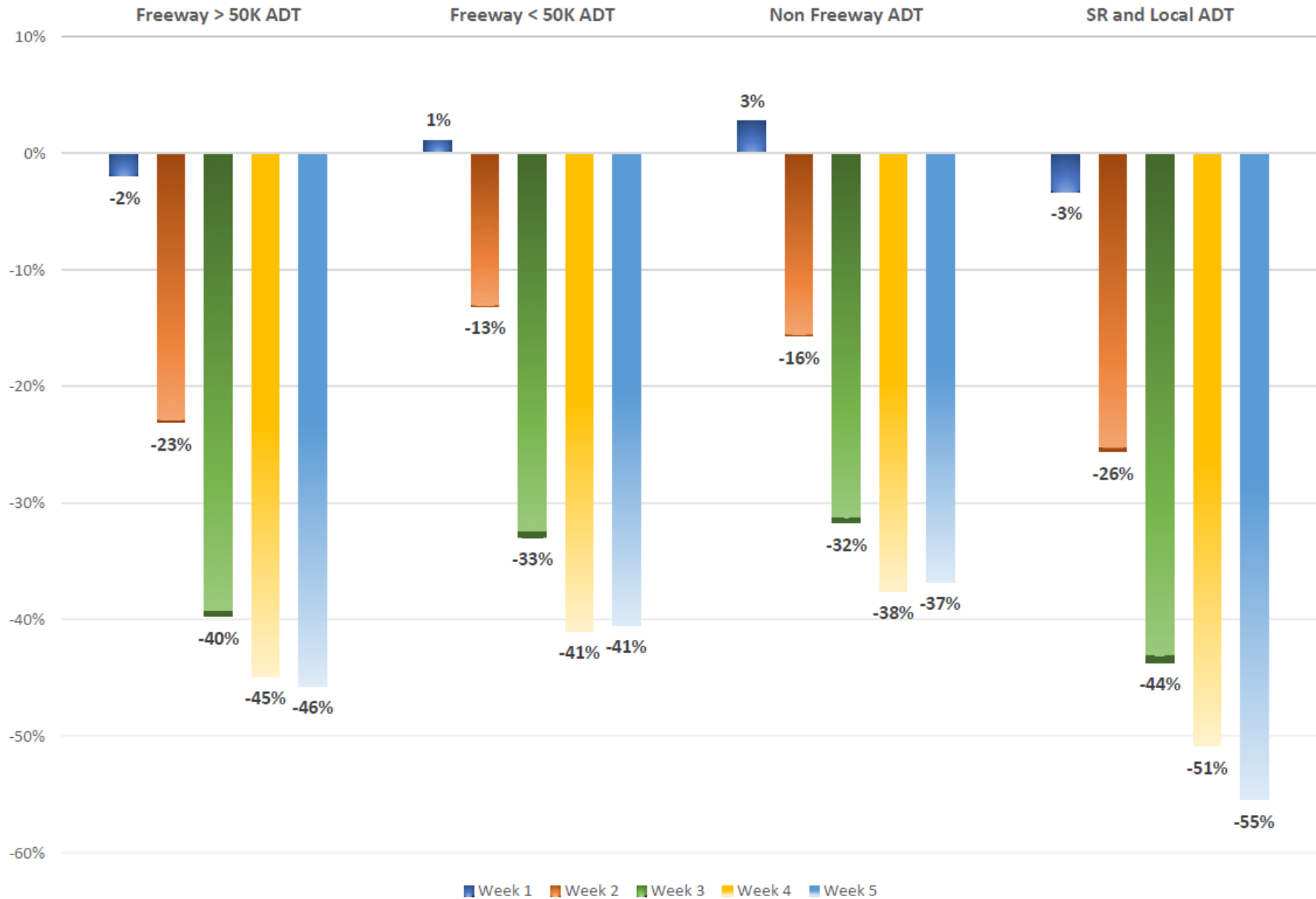
April 7, 2020 Storm



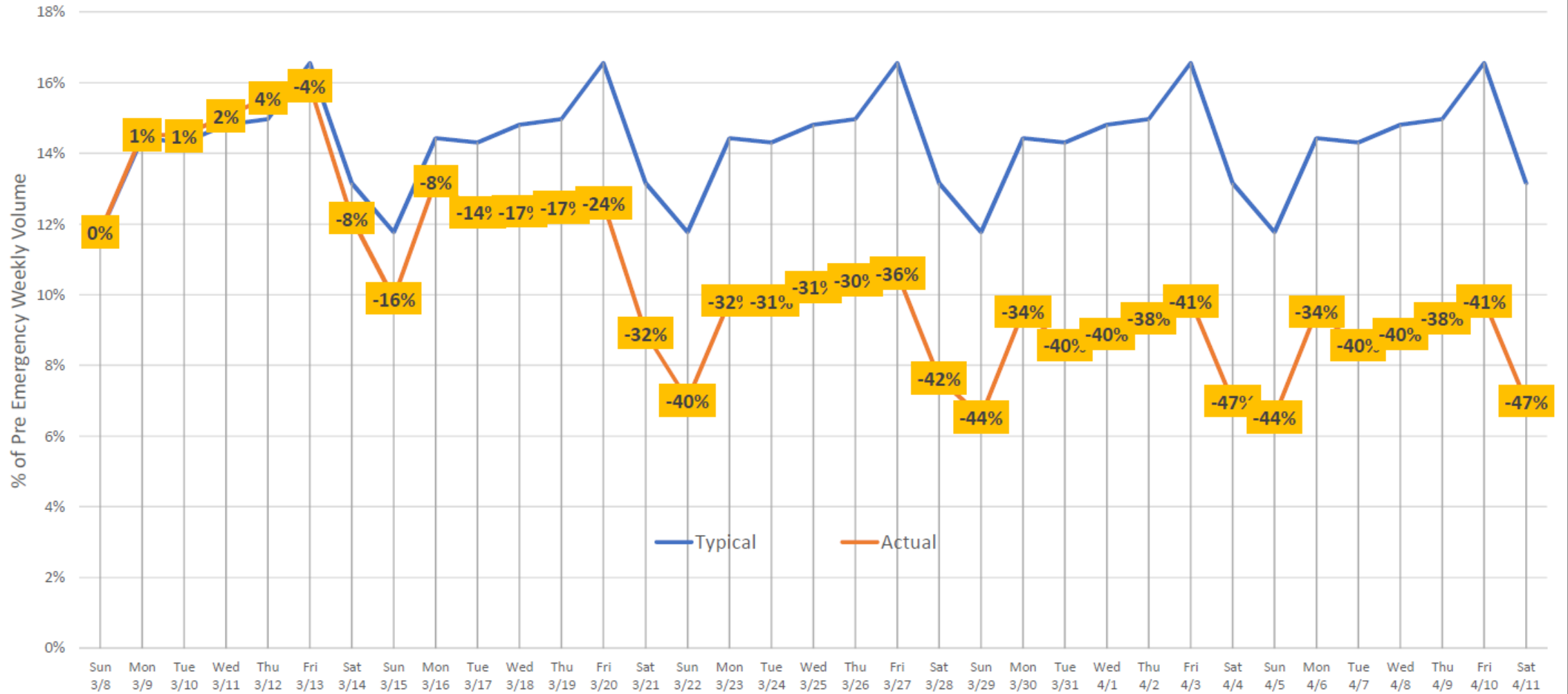
Current Situation

- 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 will soon hit cash floor

CHANGE IN TRAVEL BY TYPE OF ROUTE IN NC FOR MARCH AND APRIL 2020

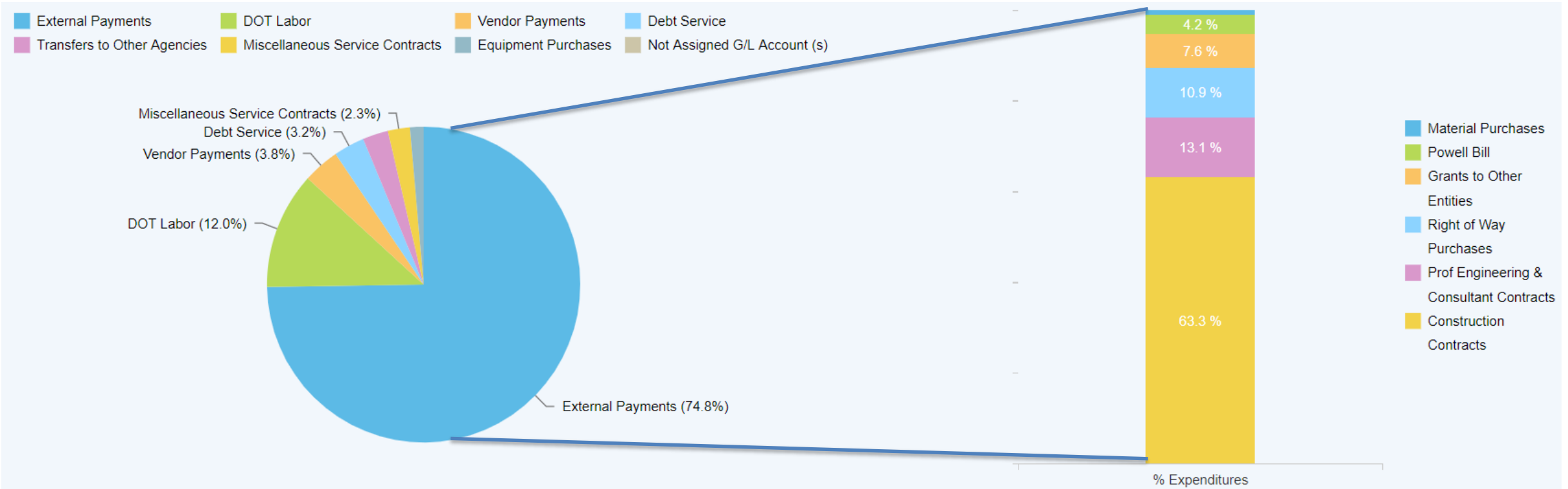


Change in Travel in NC for March and April 2020



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	

STIP Revenues (Highway Trust Fund and Federal Aid)

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

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)
- 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

Possible Future Scenario 1

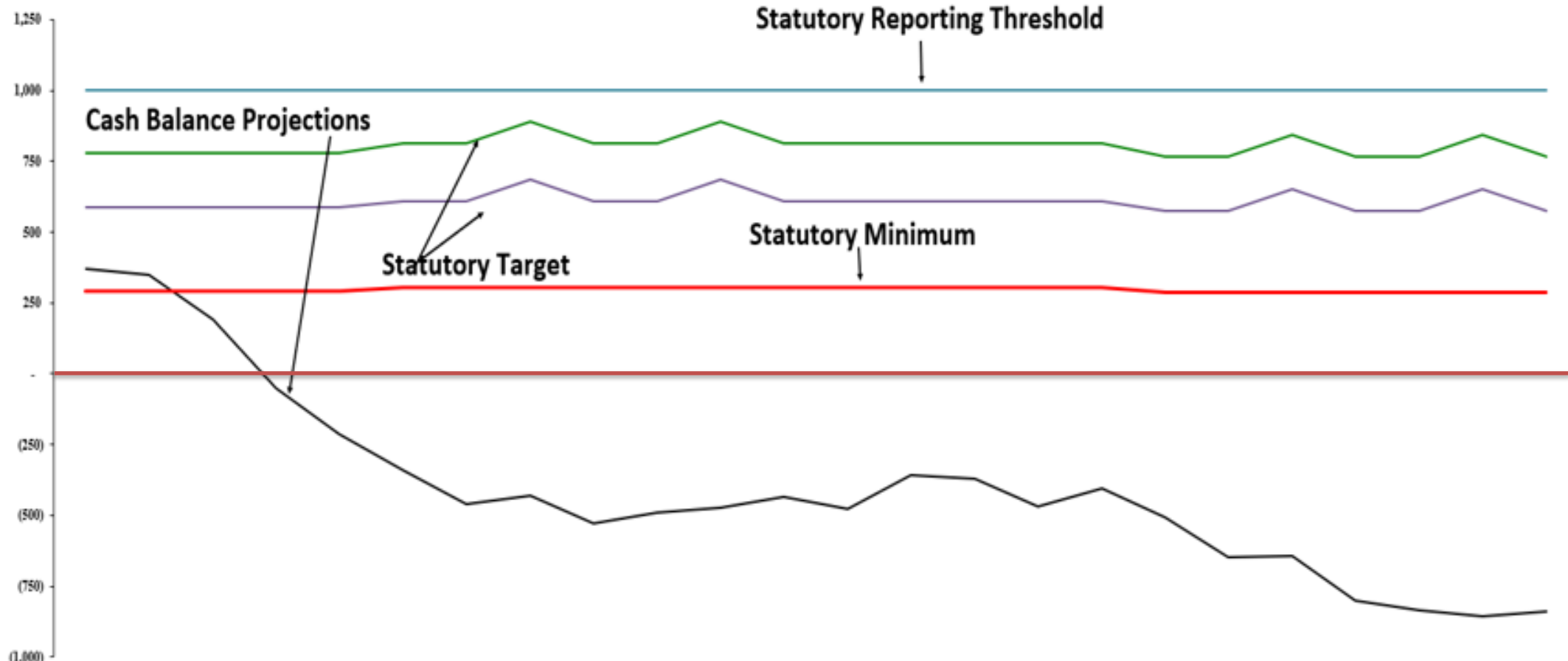
NCDOT does not receive any revenue replacement

- NCDOT hits the floor
- All future lettings not supported by GARVEE, BUILD NC or Federal grants are suspended for a minimum of 12 months
- Employee furloughs begin in May
- Active projects continue until NCDOT expends all funds
- Additional consultant and temporaries layoffs
- Non-highway programs also limited to only life and safety activities
- NCDOT cannot fund restricted accounts

Once below the floor

- NCDOT cannot enter into any contracts or modify existing contracts
- If an LPA closes, we cannot open with different vendor

COVID-19 Scenario #1



	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22
Cash Balance Projections	369	349	192	(53)	(213)	(343)	(458)	(431)	(526)	(489)	(472)	(434)	(475)	(357)	(373)	(468)	(405)	(506)	(648)	(642)	(801)	(835)	(857)	(838)
Statutory Target - 20%	781	781	781	781	781	812	812	888	812	812	888	812	812	812	812	812	812	764	764	843	764	764	843	764
Statutory Minimum	293	293	293	293	293	304	304	304	304	304	304	304	304	304	304	304	304	287	287	287	287	287	287	287
Statutory Reporting Threshold	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Statutory Target - 15%	585	585	585	585	585	609	609	685	609	609	685	609	609	609	609	609	609	573	573	651	573	573	651	573

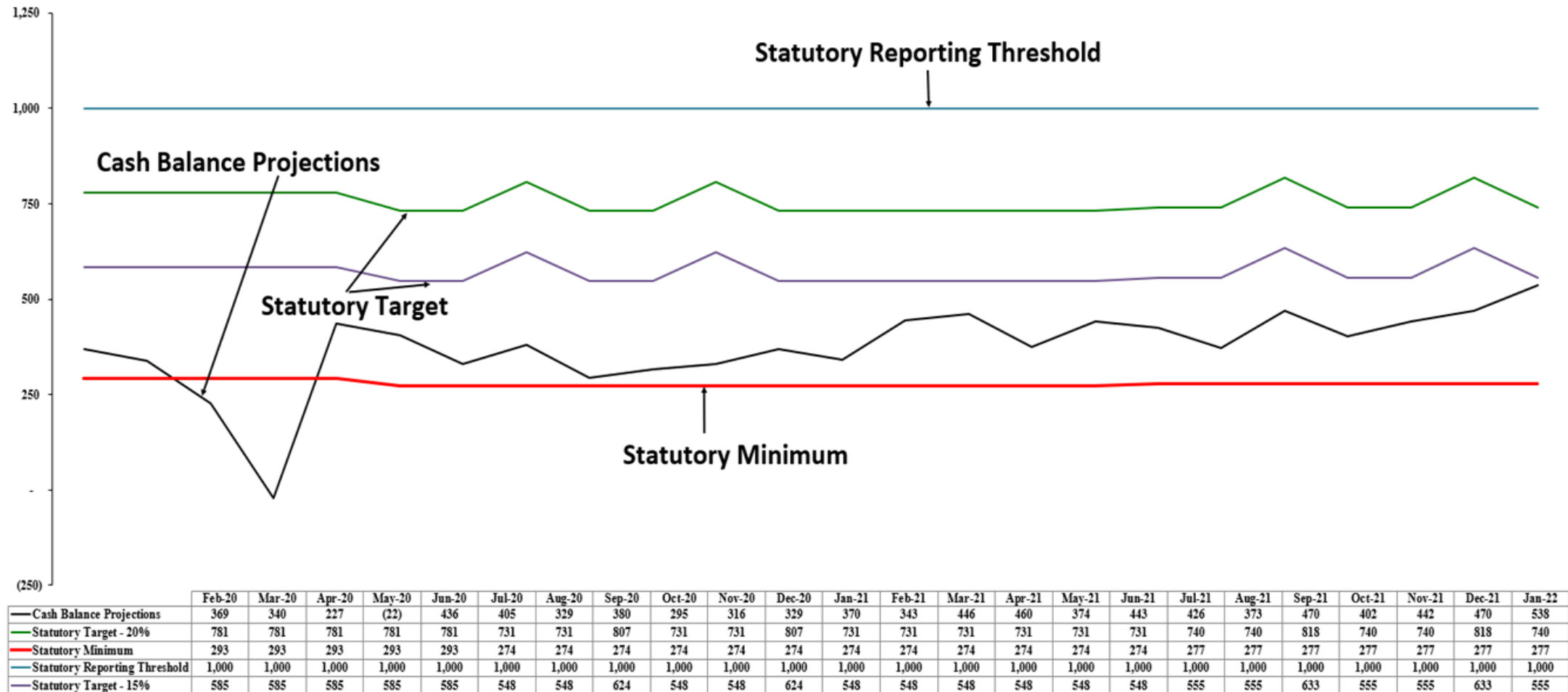
Possible Future Scenario 2

NCDOT receives partial replacement revenue

- NCDOT still cannot meet budget requirements
- Operations reduced to meet spend plan
 - Funding for projects, operations, modes, decreased below NCGA appropriated levels
- Maintenance of existing network delayed
 - Only critical safety needs met
 - System remains at current state of repair

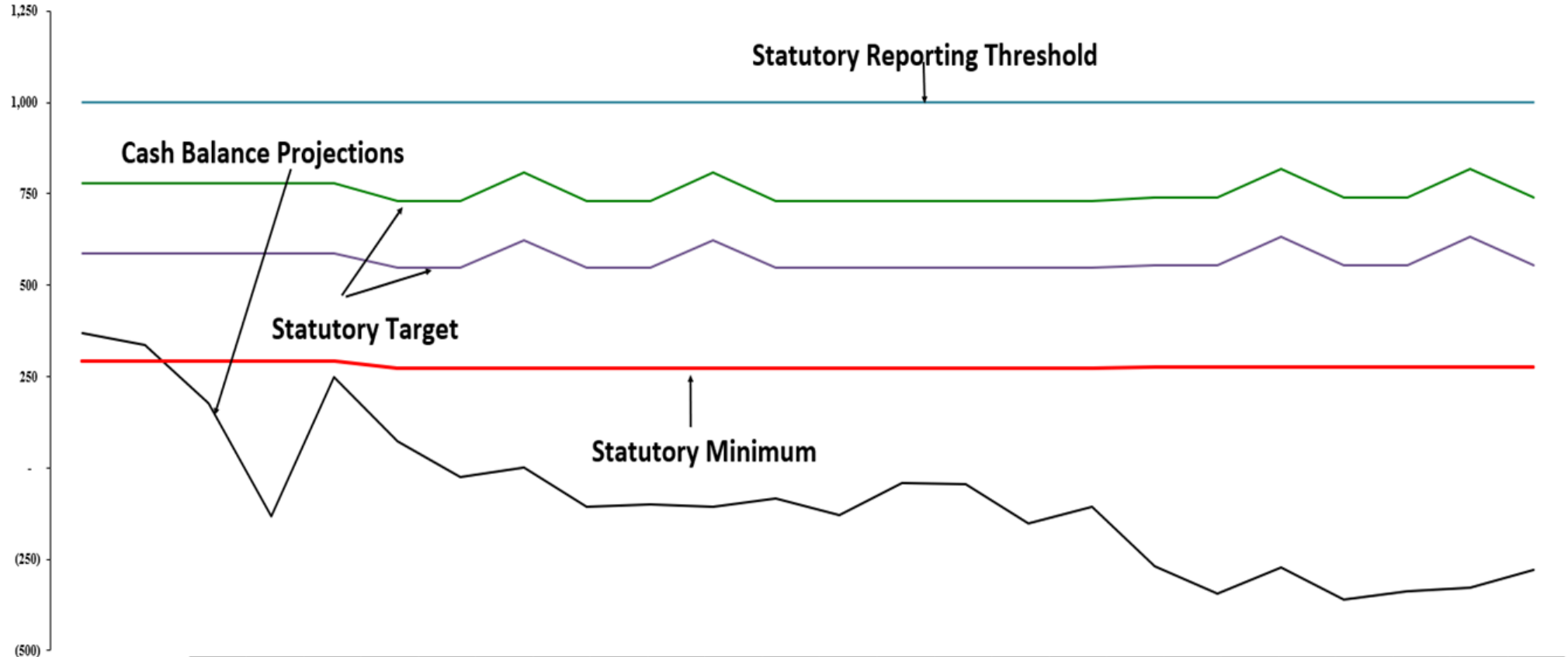
Post COVID-19 Scenario #2a

Staying within spend plan – reduce funding to restricted accounts



Post COVID-19 Scenario #2b

Fund restricted accounts at appropriated level



	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22
— Cash Balance Projections	369	337	177	(133)	248	73	(27)	0	(106)	(102)	(107)	(84)	(129)	(42)	(45)	(152)	(108)	(269)	(346)	(273)	(361)	(339)	(329)	(280)
— Statutory Target - 20%	781	781	781	781	781	731	731	807	731	731	807	731	731	731	731	731	731	740	740	818	740	740	818	740
— Statutory Minimum	293	293	293	293	293	274	274	274	274	274	274	274	274	274	274	274	274	277	277	277	277	277	277	277
— Statutory Reporting Threshold	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
— Statutory Target - 15%	585	585	585	585	585	548	548	624	548	548	624	548	548	548	548	548	548	555	555	633	555	555	633	555

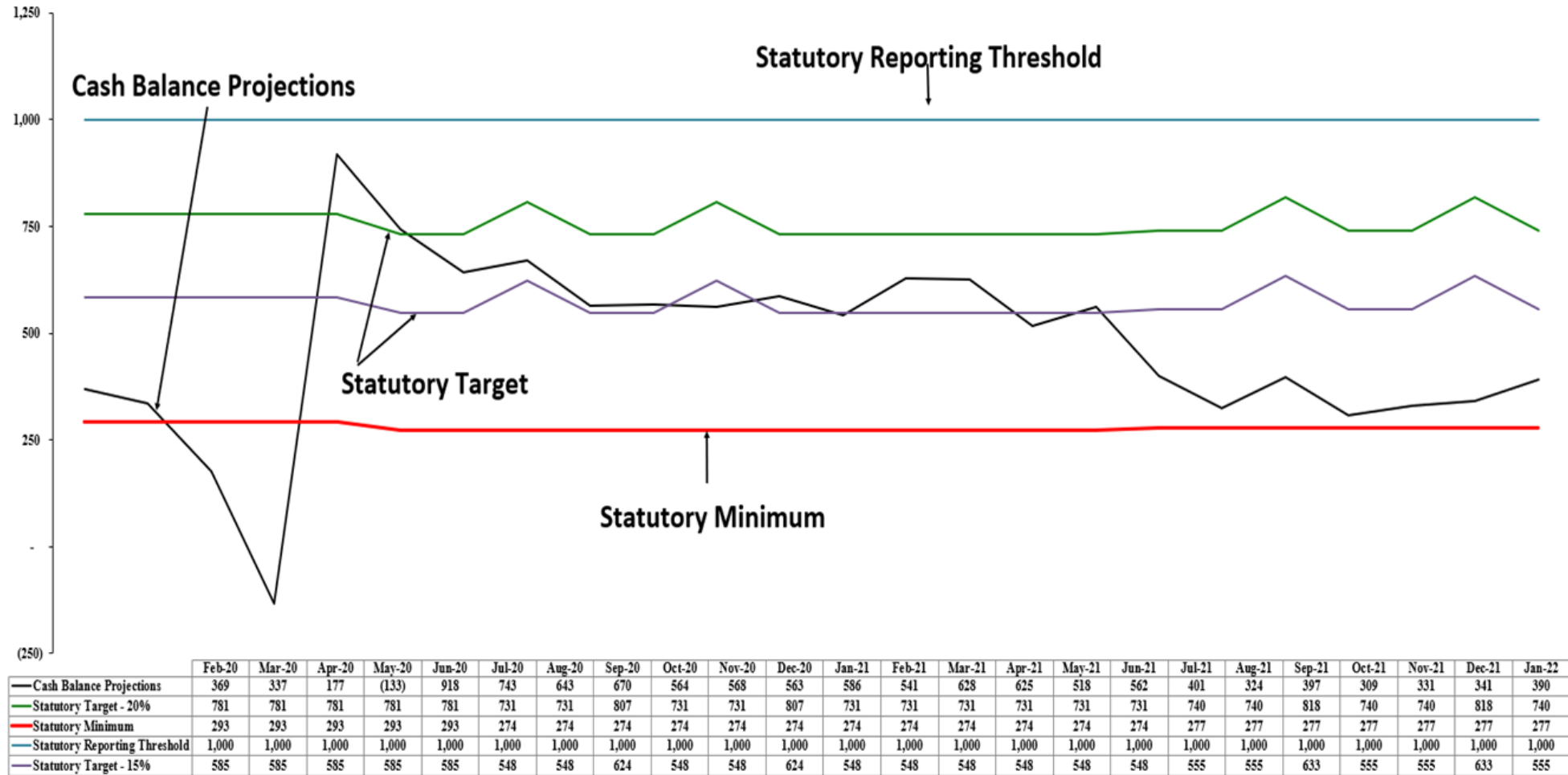
Possible Future Scenario 3

NCDOT receives replacement funding for disasters/COVID-19

- All obligations in the budget are met
- No furloughs/layoffs
- Direct stimulus for private sector jobs in all 100 counties
- Ability to prepare, respond and recover from storms

Post COVID-19 Scenario #3

Return to pre-Florence activity level



Economic Benefits of Transportation Investments

Highways

According to the ARTBA 2015 U.S. Transportation Construction Industry Profile:

The design, construction and maintenance of transportation infrastructure in North Carolina:

- **54,749 direct jobs, 55,153 indirect jobs**
- Earnings of \$3.7 billion annually
- This sector contributes an estimated \$673.6 million in taxes
- 2019 public and private construction/maintenance investment - \$7.4 billion

Public Transportation

According to TREDIS (Transportation Economic Development Impact System), North Carolina's transit systems provided \$1.51 billion in statewide business output and supported more than **12,000 jobs** resulting in \$650 million in wages.

Economic Benefits of Transportation Investments

Aviation

According to ITRE, North Carolina's public airports annually contribute \$52 billion to the state's economy, supporting **307,000 jobs** that generate \$12.6 billion in personal income and \$2.2 billion in state and local tax revenues.

Ferries

According to ITRE, North Carolina's Ferry System contributes \$735.2 million to the state's economy, supporting **5,860 jobs** that generate \$217.3 million in personal income and \$32.5 million in state and local tax revenues.

Rail

According to the [NCDOT Comprehensive State Rail Plan \(2015\)](#), freight and passenger rail networks contribute \$1.88 billion in direct economic impacts per year for North Carolina.

Additionally, broader social impacts generate \$311 million in emissions and safety impacts annually as a result of the truck and auto vehicle miles traveled (VMT) avoided due to the use of freight and passenger rail in the state.