GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2009

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SENATE BILL 1159*

Short Title:	DOT Powers and Duties Changes.	(Public)
Sponsors:	Senator Goss.	
Referred to:	Transportation.	

May 17, 2010

A BILL TO BE ENTITLED

2 AN ACT TO ELIMINATE A DEPARTMENT OF TRANSPORTATION REPORT ON THE 3 CONDITION OF ITS BUILDINGS: CORRECT A STATUTORY REFERENCE TO THE 4 DEPARTMENT OF TRANSPORTATION'S CHIEF FINANCIAL **OFFICER:** 5 ELIMINATE STATUTORY REFERENCES TO A SEVEN-YEAR TRANSPORTATION 6 PROGRAM: THAT IMPROVEMENT CLARIFY THE DEPARTMENT OF 7 TRANSPORTATION HAS AUTHORITY AND GENERAL SUPERVISION OVER ALL 8 TRANSPORTATION PROJECTS: PROVIDE THAT THE DEPARTMENT OF 9 TRANSPORTATION HAS AUTHORITY TO ENTER INTO AGREEMENTS WITH 10 GOVERNMENTS TO RECEIVE FUNDS FOR LOCAL **RIGHT-OF-WAY** 11 ACOUISITION: UPDATE STATUTORY REFERENCES TO THE NORTH CAROLINA 12 TURNPIKE AUTHORITY; ELIMINATE A DEPARTMENT OF TRANSPORTATION 13 REPORT ON ACCESS TO COASTAL WATERS; REVISE THE STATUTES 14 GOVERNING THE DEPARTMENT OF TRANSPORTATION'S DISADVANTAGED 15 MINORITY-OWNED AND WOMEN-OWNED BUSINESSES PROGRAM; MODIFY 16 THE EFFECT OF MUNICIPAL PARTICIPATION ON DEPARTMENT OF 17 TRANSPORTATION PROJECTS; AND TRANSFER TO THE SECRETARY THE 18 POWER TO PROMULGATE DEPARTMENT OF TRANSPORTATION RULES. AS 19 RECOMMENDED BY THE JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT 20 COMMITTEE. 21 The General Assembly of North Carolina enacts: 22 SECTION 1. G.S. 136-11 is repealed. 23 SECTION 2. G.S. 136-16.10 reads as rewritten: 24

24 "§ 136-16.10. Allocations by Department Controller Chief Financial Officer to eliminate
 25 overdrafts.

The <u>Controller Chief Financial Officer</u> of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation for State Construction, State Funds to Match Federal Highway Aid, State Maintenance, and Ferry Operations, sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations shall not be diverted to other purposes."

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SECTION 3. G. S. 136-17.2A(d) reads as rewritten:

33 "(d) In each fiscal year, the Department shall, as nearly as practicable, expend in a 34 distribution region an amount equal to that region's tentative percentage share of the funds that 35 are subject to this section and are available for that fiscal year. In any consecutive seven year 36 <u>Transportation Improvement Plan</u> period, the amount expended in a distribution region must be 37 between ninety percent (90%) and one hundred ten percent (110%) of the sum of the amounts



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1	established under this subsection as the target amounts to be expended in the region for those				
2	seven years.that period."				
3	SECTION 4. G.S. 136-18(1) reads as rewritten:				
4	"§ 136-18. Powers of Department of Transportation.				
5	The said Department of Transportation is vested with the following powers:				
6	(1) The <u>authority and</u> general supervision over all matters relating to the				
7	construction construction, maintenance, and design of the State highways,				
8	transportation projects, letting of contracts therefore, and the selection of				
9	materials to be used in the construction of State highways-transportation				
10	projects under the authority of this Chapter."				
11	SECTION 5. G.S. 136-18(12b) reads as rewritten:				
12	"§ 136-18. Powers of Department of Transportation.				
13	The said Department of Transportation is vested with the following powers:				
14	(12b) To issue "GARVEE" bonds (Grant Anticipation Revenue Vehicles) or other				
15	eligible debt-financing instruments to finance federal-aid highway projects				
16	using federal funds to pay a portion of principal, interest, and related bond				
17	issuance costs, as authorized by 23 U.S.C. § 122, as amended (the National Uickness System Decimation Act of 1005 Path J = 104.50). These hands				
18	Highway System Designation Act of 1995, Pub. L. 104-59). These bonds				
19 20	shall be issued by the State Treasurer on behalf of the Department and shall				
20 21	be issued pursuant to an order adopted by the Council of State under G.S. 159-88. The State Treasurer shall develop and adopt appropriate debt				
21	instruments, consistent with the terms of the State and Local Government				
22	Revenue Bond Act, Article 5 of Chapter 159 of the General Statutes, for use				
23 24	under this subdivision. Prior to issuance of any "GARVEE" or other eligible				
25	debt instrument using federal funds to pay a portion of principal, interest,				
<u>2</u> 6	and related bond issuance costs, the State Treasurer shall determine (i) that				
27	the total outstanding principal of such debt does not exceed the total amount				
28	of federal transportation funds authorized to the State in the prior federal				
29	fiscal year; or (ii) that the maximum annual principal and interest of such				
30	debt does not exceed fifteen percent (15%) of the expected average annual				
31	federal revenue shown for the seven year period in the most recently				
32	adopted Transportation Improvement Program. Notes issued under the				
33	provisions of this subdivision may not be deemed to constitute a debt or				
34	liability of the State or of any political subdivision thereof, or a pledge of the				
35	full faith and credit of the State or of any political subdivision thereof, but				
36	shall be payable solely from the funds and revenues pledged therefor. All the				
37	notes shall contain on their face a statement to the effect that the State of				
38	North Carolina shall not be obligated to pay the principal or the interest on				
39	the notes, except from the federal transportation fund revenues as shall be				
40	provided by the documents governing the revenue note issuance, and that				
41	neither the faith and credit nor the taxing power of the State of North				
42 43	Carolina or of any of its political subdivisions is pledged to the payment of the principal or interest on the notes. The issuence of notes under this Port				
43 44	the principal or interest on the notes. The issuance of notes under this Part shall not directly or indirectly or contingently obligate the State or any of its				
44 45	political subdivisions to levy or to pledge any form of taxation whatever or				
45 46	to make any appropriation for their payment."				
40 47	SECTION 6. G.S. 136-18(38) reads as rewritten:				
48	"§ 136-18. Powers of Department of Transportation.				
49	The said Department of Transportation is vested with the following powers:				
50	(38) To enter into agreements with municipalities, counties, governmental				
51	entities, or nonprofit corporations to receive funds for the purpose purposes				

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	of advancing <u>right-of-way acquisition or</u> the const project identified in the Transportation Improvement I are subject to repayment by the Department, prior	Program. If these funds
	reimbursement of all funds received by the Department	t shall be shown in the
	existing Transportation Improvement Program and	
	within seven years of receipt. the period of the e	xisting Transportation
SECT	Improvement Program."	
	TON 7. G.S. 136-18(39) reads as rewritten:	
	rs of Department of Transportation. artment of Transportation is vested with the following p	0110*0
(39)	To enter into partnership agreements with the Nor	
(37)	Authority, private entities, and authorized political su	1
	by tolls, contracts, and other financing methods authorized pointed st	
	of acquiring, constructing, equipping, maintain	-
	transportation infrastructure in this State, and to p	
	acquire, construct, equip, maintain, and operate transp	U I
	in this State. An agreement entered into under this su	
	concurrence of the Board of Transportation. The Dep	1
	the Chairs of the Joint Legislative Transportation Over	ersight Committee, the
	Chairs of the House of Representatives Appropriati	ons Subcommittee on
	Transportation, and the Chairs of the Senate Approp.	riations Committee on
	the Department of Transportation, at the same time i	
	Transportation of any proposed agreement under	•
	contracts for construction of highways, roads, streets,	6
	awarded pursuant to an agreement entered into un	
	comply with the competitive bidding requirements	of Article 2 of this
	Chapter."	
	ION 8. G.S. 136-18(40) reads as rewritten:	
	rs of Department of Transportation.	
	artment of Transportation is vested with the following p	
(40)	To expand public access to coastal waters in its road	
	construction programs. The Department shall wo Resources Commission, other State agencies, and oth	
	to address public access to coastal waters along the r	
	other transportation infrastructure owned or maintain	
	The Department shall adhere to all applicable	•
	guidelines in implementation of this enhanced access.	-
	report on its progress in expanding public access to	-
	Joint Legislative Commission on Seafood and Aquac	
	Legislative Transportation Oversight Commission no	
	each year."	
SECT	TON 9. G.S. 136-28.4 reads as rewritten:	
"§ 136-28.4. Sta	te policy concerning participation by disadvantaged	minority-owned and
	n-owned businesses in highway <u>t</u>ransportation contr	
	the policy of this State, based on a compelling gov	
	romote participation by disadvantaged minority-owned	
	tracts let by the Department pursuant to this Chapter for	
-	construction, alteration, or maintenance of State highv	-
	ation infrastructure and in the procurement of materials	
-	stitutions, and political subdivisions shall cooperate w	-
ransportation ar	ad among themselves in all efforts to conduct outreach	and to encourage and

1 promote the use of disadvantaged minority-owned and women-owned businesses in these 2 contracts.

3 (b) At least every five years, the Department shall conduct a study on the availability 4 and utilization of disadvantaged minority-owned and women-owned business enterprises and 5 examine relevant evidence of the effects of race-based or gender-based discrimination upon the 6 utilization of such business enterprises in contracts for planning, design, preconstruction, 7 construction, alteration, or maintenance of State highways, roads, streets, or bridges 8 transportation infrastructure and in the procurement of materials for these projects. Should the 9 study show a strong basis in evidence of ongoing effects of past or present discrimination that 10 prevents or limits disadvantaged minority-owned and women-owned businesses from participating in the above contracts at a level which would have existed absent such 11 12 discrimination, such evidence shall constitute a basis for the State's continued compelling 13 governmental interest in remedying such race and gender discrimination in highway 14 transportation contracting. Under such circumstances, the Department shall, in conformity with 15 State and federal law, adopt by rule and contract provisions a specific program to remedy such 16 discrimination. This specific program shall, to the extent reasonably practicable, address each 17 barrier identified in such study that adversely affects contract participation by disadvantaged 18 minority-owned and women-owned businesses.

19 (b1) Based upon the findings of the Department's Second Generation Disparity Study 20 completed in 2004, 2009 study entitled "Measuring Business Opportunity: A Disparity Study of NCDOT's State and Federal Programs" hereinafter referred to as "Study", the program design 21 22 shall, to the extent reasonably practicable, incorporate narrowly tailored remedies identified in 23 the Study, and the Department shall implement a comprehensive antidiscrimination 24 enforcement policy. As appropriate, the program design shall be modified by rules adopted by 25 the Department that are consistent with findings made in the Study and in subsequent studies 26 conducted in accordance with subsection (b) of this section. As part of this program, the 27 Department shall review its budget and establish annual aspirational goals every three years, 28 not mandatory goals, in percentages, for the overall participation in contracts by disadvantaged 29 minority-owned and women-owned businesses. These annual aspirational goals for 30 disadvantaged minority-owned and women-owned businesses shall be established consistent 31 with federal methodology specified in the Study, methodology, and they shall not be applied 32 rigidly on specific contracts or projects. Instead, the Department shall establish 33 contract-specific goals or project-specific goals for the participation of such firms in a manner 34 consistent with availability of disadvantaged minority-owned and women-owned businesses, as 35 appropriately defined by its most recent Study, for each disadvantaged minority-owned and 36 women-owned business category that has demonstrated significant disparity in contract 37 utilization. Nothing in this section shall authorize the use of quotas. Any program implemented 38 as a result of the Study conducted in accordance with this section shall be narrowly tailored to 39 eliminate the effects of historical and continuing discrimination and its impacts on such 40 disadvantaged minority-owned and women-owned businesses without any undue burden on 41 other contractors. The Department shall give equal opportunity for contracts it lets without 42 regard to race, religion, color, creed, national origin, sex, age, or handicapping condition, as 43 defined in G.S. 168A-3, to all contractors and businesses otherwise qualified.

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- (c) The following definitions apply in this section:
- "Disadvantaged <u>businessBusiness</u>" has the same meaning as "disadvantaged business enterprise" in 49 C.F.R. § 26.5 <u>Subpart A</u> or any subsequently promulgated replacement regulation.
- 48 (2) "Minority" includes only those racial or ethnicity classifications identified by
 49 a study conducted in accordance with this section that have been subjected to
 50 discrimination in the relevant marketplace and that have been adversely
 51 affected in their ability to obtain contracts with the Department.

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1	(3) "Women" means a nonminority person born of the female gender.
2	(d) The Department shall report semiannually annually to the Joint Legislative
3	Transportation Oversight Committee on the utilization of disadvantaged minority-owned
4	businesses and women-owned businesses and any program adopted to promote contracting
5	opportunities for those businesses. Following each study of availability and utilization, the
6	Department shall report to the Joint Legislative Transportation Oversight Committee on the
7	results of the study for the purpose of determining whether the provisions of this section should
8	continue in force and effect.
9	(e) This section expires August 31, $\frac{2010}{2014}$."
10	SECTION 10. G.S. 136-66.3 reads as rewritten:
11 12	"§ 136-66.3. Local government participation in improvements to the State transportation
12	 (a) Municipal Participation Authorized. – A municipality may, but is not required to,
13 14	participate in the right-of-way and construction cost of a State transportation improvement
15	approved by the Board of Transportation under G.S. 143B-350(f)(4) that is located in the
16	municipality or its extraterritorial jurisdiction.
17	(b) Process for Initiating Participation. – A municipality interested in participating in
18	the funding of a State highway improvement project may submit a proposal to the Department
19	of Transportation. The Department and the municipality shall include their respective
20	responsibilities for a proposed municipal participation project in any agreement reached
21	concerning participation.
22	(c) Type of Participation Authorized. – A municipality is authorized and empowered to
23	acquire land by dedication and acceptance, purchase, or eminent domain, and make
24	improvements to portions of the State transportation system lying within or outside the
25	municipal corporate limits utilizing local funds that have been authorized for that purpose. All
26	improvements to State transportation systems shall be done in accordance with the
27	specifications and requirements of the Department of Transportation.
28	(c1) No TIP Disadvantage for Participation. If a county or municipality participates in
29 30	a State transportation system improvement project, as authorized by this section, or by G.S. 136-51 and G.S. 136-98, the Department shall ensure that the local government's
30 31	participation does not cause any disadvantage to any other project in the Transportation
32	Improvement Program under G.S. 143B-350(f)(4).
33	(c2) Distribution of State Funds Made Available by County or Municipal Participation. –
34	Any State or federal funds allocated to a project that are made available by county or municipal
35	participation in a project contained in the Transportation Improvement Program under
36	G.S. 143B-350(f)(4) shall remain in the same funding region that the funding was allocated to
37	under the distribution formula contained in G.S. 136-17.2A.
38	(c3) Limitation on Agreements. The Department shall not enter into any agreement
39	with a county or municipality to provide additional total funding for highway construction in
40	the county or municipality in exchange for county or municipal participation in any project
41	contained in the Transportation Improvement Program under G.S. 143B-350(f)(4).
42	(d) Authorization to Participate in Development-Related Improvements. – When in the
43	review and approval by a local government of plans for the development of property abutting a
44	State transportation system it is determined by the municipality that improvements to the State
45	highway system are necessary to provide for the safe and orderly movement of traffic, the local
46 47	government is authorized to construct, or have constructed, said improvements to the State transportation system in vicinity of the development. For purposes of this section,
47 48	improvements include but are not limited to additional travel lanes, turn lanes, curb and gutter,
48 49	drainage facilities, and other transportation system improvements. All improvements to a State
5 0	transportation system shall be constructed in accordance with the specifications and
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1 requirements of the Department of Transportation and be approved by the Department of 2 Transportation. 3 (e) Authorization to Participate in Project Additions. - Pursuant to an agreement with 4 the Department of Transportation, a county or municipality may reimburse the Department of 5 Transportation for the cost of all improvements, including additional right-of-way, for a street, 6 highway improvement projects, or other transportation system improvements approved by the 7 Board of Transportation under G.S. 143B-350(f)(4), that are in addition to those improvements 8 that the Department of Transportation would normally include in the project. 9 Reimbursement Procedure. - Upon request of the county or municipality, the (e1) 10 Department of Transportation shall allow the local government a period of not less than three years from the date construction of the project is initiated to reimburse the Department their 11 12 agreed upon share of the costs necessary for the project. The Department of Transportation 13 shall not charge a local government any interest during the initial three years. 14 Report to General Assembly. – The Department shall report in writing, on a (f) 15 monthly basis, to the Joint Legislative Commission on Governmental Operations on all 16 agreements entered into between counties, municipalities and the Department of 17 Transportation. The report shall state in summary form the contents of such agreements. Local Government Acquisition of Rights-of-Way. - In the acquisition of 18 (g) 19 rights-of-way for any State street, highway, or other transportation project, the county or 20 municipality shall be vested with the same authority to acquire such rights-of-way as is granted 21 to the Department of Transportation in this Chapter. In the acquisition of such rights-of-way, 22 counties and municipalities may use the procedures provided in Article 9 of this Chapter, and 23 wherever the words "Department of Transportation" appear in Article 9 they shall be deemed to 24 include "county," "municipality" or local governing body, and wherever the words 25 "Administrator," "Administrator of Highways," "Administrator of the Department of 26 Transportation," or "Chairman of the Department of Transportation" appear in Article 9 they 27 shall be deemed to include "county or municipal clerk". It is the intention of this subsection that 28 the powers herein granted to municipalities for the purpose of acquiring rights-of-way shall be 29 in addition to and supplementary to those powers granted in any local act or in any other 30 general statute, and in any case in which the provisions of this subsection or Article 9 of this 31 Chapter are in conflict with the provisions of any local act or any other provision of any general 32 statute, then the governing body of the county or municipality may in its discretion proceed in 33 accordance with the provisions of such local act or other general statute, or, as an alternative 34 method of procedure, in accordance with the provisions of this subsection and Article 9 of this 35 Chapter.

(h) Department Authority Concerning Rights-of-Way. – In the absence of an
 agreement, the Department of Transportation shall retain authority to pay the full cost of
 acquiring rights-of-way where the proposed project is deemed important to a coordinated State
 transportation system.

40 (i) Changes to Local Government Participation Agreement. – Either the local 41 government or the Department of Transportation may at any time propose changes in the 42 agreement setting forth their respective responsibilities by giving notice to the other party, but 43 no change shall be effective until it is adopted by both the municipal governing body and the 44 Department of Transportation.

(j) Local Governments Party to Rights-of-Way Proceeding. – Any municipality that
agrees to contribute any part of the cost of acquiring rights-of-way for any State transportation
system shall be a proper party in any proceeding in court relating to the acquisition of such
rights-of-way.

- 49 (k) Repealed by Session Laws 2008-180, s. 6, effective August 4, 2008."
- 50 SECTION 11. G.S. 136-89.189 reads as rewritten:
- 51 "§ **136-89.189.** Turnpike Authority revenue bonds.

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1	The Authority shall be a municipality for purposes of Article 5 of Chapter 159 of the
2	General Statutes, the State and Local Government Revenue Bond Act, and may issue revenue
3	bonds pursuant to that Act to pay all or a portion of the cost of a Turnpike Project or to refund
4	any previously issued bonds. In connection with the issuance of revenue bonds, the Authority
5	shall have all powers of a municipality under the State and Local Government Revenue Bond
6	Act, and revenue bonds issued by the Authority shall be entitled to the protection of all
7	provisions of the State and Local Government Revenue Bond Act.
8	Except as provided in this section, the provisions of Chapter 159 of the General Statutes,
9	the Local Government Finance Act, apply to revenue bonds issued by the Turnpike Authority.
10	(1) The term of a lease between the Turnpike Authority and the Department
11	executed prior to July 27, 2009, for all or any part of a Turnpike Project may
12	exceed 40 years, as agreed by the Authority and the Department.
13	(2) The maturity date of a refunding bond may extend to the earlier of the
14	following:
15	a. Forty years from the date of issuance of the refunding bond.
16	b. The date the Turnpike Authority determines is the maturity date
17	required for the Turnpike Project funded with the refunding bonds to
18	generate sufficient revenues to retire the refunding bonds and any
19	other outstanding indebtedness issued for that Project. The
20	Authority's determination of the appropriate maturity date is
21	conclusive and binding. In making its determination, the Authority
21 22 23	may take into account appropriate financing terms and conventions."
23	SECTION 12. G.S. 143B-348 reads as rewritten:
24	"§ 143B-348. Department of Transportation – head; rules, regulations, etc., of Board of
25	Transportation.
26	The Secretary of Transportation shall be the head of the Department of Transportation. He
27	shall carry out the day-to-day operations of the Department and shall be responsible for
28	carrying out the policies, programs, priorities, and projects approved by the Board of
29	Transportation. He shall be responsible for all other transportation matters assigned to the
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Department of Transportation, except those reserved to the Board of Transportation by statute. 30 Except as otherwise provided for by statute, the Secretary shall have all the powers and duties 31 32 as provided for in Article 1 of Chapter 143B including the responsibility for all management 33 functions for the Department of Transportation. The Secretary shall be vested with authority to 34 adopt design criteria, construction specifications, and standards as required for the Department 35 of Transportation to construct and maintain highways, bridges, and ferries. The Secretary or the 36 Secretary's designee shall be vested with authority to promulgate rules, regulations, and 37 ordinances concerning all transportation functions assigned to the Department.

38 All rules, regulations, ordinances, specifications, standards, and criteria adopted by the 39 Board of Transportation and in effect on July 1, 1977, shall continue in effect until changed by 40 the Board of Transportation or the Secretary of Transportation. The Secretary shall have 41 complete authority to modify any of these matters existing on July 1, 1977, except as 42 specifically restricted by the Board. Whenever any such criteria, rule, regulation, ordinance, 43 specification, or standards are continued in effect under this section and the words "Board of 44 Transportation" are used, the words shall mean the "Department of Transportation" unless the 45 context makes such meaning inapplicable. All actions pending in court by or against the Board 46 of Transportation may continue to be prosecuted in that name without the necessity of formally 47 amending the name to the Department of Transportation."

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SECTION 13. G.S. 143B-350(f)(4) reads as rewritten:

49 "(f) Duties of the Board. – The Board of Transportation has the following duties and50 powers:

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	(4)	To approve a schedule of all major transportation improvement their anticipated cost for a period of seven years into the full schedule is designated the Transportation Improvement Progra published and copies must be available for distribution. The contains the Transportation Improvement Program, or a separ that is published at the same time as the Transportation Program, must include the anticipated funding sources for the projects included in the Program, a list of any changes re previous year's Program, and the reasons for the changes."	ture. <u>cost.</u> This ram; it must be document that arate document in Improvement e improvement
)	SECT	FION 14. G.S. $143B-350(f)(13)$ is repealed.	
	SECTION 15. G.S. 159-81(1) reads as rewritten:		
2		"§ 159-81. Definitions.	
;	The words an	The words and phrases defined in this section shall have the meanings indicated when used	
Ļ	in this Article:		
i	(1)	"Municipality" means a county, city, town, incorporated vi	•
)		district, metropolitan sewerage district, metropolitan water of	· ·
,		water and sewer district, water and sewer authority, hosp	
;)		hospital district, parking authority, special airport district,	
)		created under Article 43 of Chapter 105 of the General Sta public transportation authority, regional transportation auth	
		natural gas district, regional sports authority, airport authority	
		created pursuant to Part 1 of Article 20 of Chapter 160A	
}		Statutes, a joint agency authorized by agreement between	
Ļ		operate an airport pursuant to G.S. 63-56, and the North Car	
		Authority created pursuant to described in Article 6H of Cha	
		General Statutes, Statutes and transferred to the D	
		Transportation pursuant to G.S. 136-89.182(b), but not any	other forms of
		State or local government."	
	SECT	FION 16. This act is effective when it becomes law.	