

JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE
February 7, 2014
Room 1228/1327 of the Legislative Building

The Joint Legislative Transportation Oversight Committee met on Friday, February 7, 2014 at 9:00 AM. The meeting was held in Room 1228/1327 of the Legislative Building. Members present were:

Senators

Sen. Kathy Harrington, Chair
Sen. Bill Rabon, presiding
Sen. Brent Jackson
Sen. Neal Hunt
Sen. Ralph Hise
Sen. Joel Ford

Representatives

Rep. John Torbett, Co-Chair
Rep. Frank Iler, Co-Chair
Rep. Bill Brawley
Rep. Rayne Brown
Rep. Dana Bumgardner
Rep. Nelson Dollar
Rep. Rodney Moore
Rep. Chuck McGrady
Rep. Phil Shepard
Rep. Paul Tine

The following staff members were present: Bryce Ball (Fiscal), Amna Cameron (Fiscal), Jeff Cherry (Bill Drafting), Robb Jansen (Committee Clerk), Karlynn O'Shaughnessy (Fiscal), Wendy Graf Ray (Research), Viddia Torbett (Committee Clerk)

Senator Bill Rabon presided.

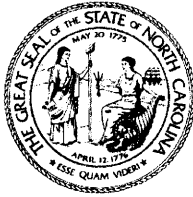
At 9:00 a.m., Senator Rabon called the meeting to order.

The first order of business was approval of the minutes from the September 10, 2013 meeting. The committee approved the minutes.

The second order of business was approval of the minutes from the October 4, 2013 meeting. The committee approved the minutes.

North Carolina Rail System Primer
Paul Worley, Director, Rail Division, NC DOT

Mr. Worley delivered his presentation on the North Carolina Rail System.



Rep. Shepard: Do you have any stats on how many people ride the bus service, say for instance from Wilmington or Jacksonville to Wilson to catch that train?

Mr. Worley: Yes sir, I can provide that for you.

Mr. Worley remained at the podium for the next presentation.

Piedmont Improvement Program Status Update & Intercity Rail Funding Outlook

Paul Worley, Director, Rail Division, NC DOT

Mr. Worley delivered his presentation on Piedmont Improvement Program Status Update.

Rep. Brown: On the Turner Road crossing, when do you expect that to be completed? What percentage of farmers' land will be disturbed for use?

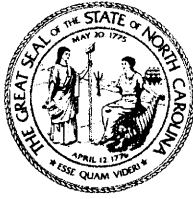
Mr. Worley: I can get you the exact date in late '15 or early '16. We designed that so there would be access underneath the bridges for the cattle farmers there that are very specialized in their business. I'll get you a summary of that.

Mr. Worley delivered his presentation on Intercity Rail Funding Outlook.

Sen. Hise: Looking at slide 55, going through the revenue expectations. The way that I see this is that your passenger revenue over the next two years your projections are that's going to grow over two years about 5.5%, so about 2.5% growth; I assume that includes both increased ridership and fare changes on both sides of that. The state rail part, the budgeted part, seems to be growing over 2 years at about 32.25%. So you're getting huge growth in the budgeted portion, almost no growth – okay very small growth, some of us would like to get that in our account – but very small growth in passenger revenue. I guess I'm saying how do you flip that trend, and if not, when does this collapse? You can't keep growing at those two numbers at that rate, this will collapse in on itself shortly.

Mr. Worley: Well, we are looking at, we believe that the cost will flatten. This is a real model. We look at trends around the country and we see what we have. We're in this for the long haul and are going to look at how we can continue to carry passengers and cut costs. What we would like to do is find some ways to cut some of this cost.

Sen. Hise: Just a follow up on that. You went through the presentation earlier about the ARA fund and those kinds of things. Continuing to do these kinds of massive improvements to track, and to keep it up and modernized and everything else, happened to be funded by the federal money falling from the sky, \$100 million making that happen. Do you feel like we have a system in place, even under these current budget models, that would allow the state to come over and take



over those operations which will be necessary at some point in the future and build the reserves to do so?

Mr. Worley: We would like to have a look at that. There are arrangements in other states where they have contractors; these are all things we are willing to look at. We would need to work with rail operators to see what they would be willing to allow.

Sen. Ford: Thank you so much for your time this morning. I've had the opportunity to ride the train from Raleigh to Charlotte, Charlotte to Raleigh, can you expound upon your enhanced marketing efforts. I have found that it was a very enjoyable ride, it was a clean car, able to do some work when Wi-Fi was available, but I found it to be a better service than I think most people in my city would recognize, and I think you're leaving the folks in their cars rather than putting them in that train. Can you expand upon some of those marketing efforts?

Mr. Worley: You're exactly right. We've got to get more students, more riders in the city. One of the things we are looking at to draw in new passengers is a new Raleigh station, as well as including one in Charlotte. Yes, as far as marketing, we understand that we need that. We're starting advertising on internet radio. It's a little cheaper than traditional radio and has a young audience. But that's just the beginning.

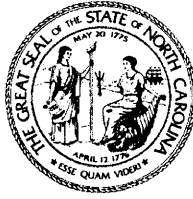
Sen. Ford: I just want to compliment you again – I think you have a great service and a very decent product and an investment in enhancing the marketability of that service I think will return dividends for you. One of the ways that I think you will increase that revenue is, and I've found this in my businesses, is that there is a direct correlation between marketing dollars and putting people in those seats.

Rep. Iler: I have a follow-up on those two. The chart that the senator sent; the average looks good. But there is a wide gap between the Carolinian and the Piedmont. Any thoughts on major renovation or marketing?

Mr. Worley: We are studying that. Our mind is open about what can be done to bring the Piedmont up. That's all part of that study. When we look at working with the railroad partners, we are looking for something that would be a dynamic, large change to the program as far as revenue and cost. But our success in that will be directly tied to what are the requirements of the railroad.

Rep. Iler: Just a follow-up, and this is speculation again, is there any point at which you have to perform surgery and cut our losses on something like that?

Mr. Worley: Not yet, because what we're looking at with the funds and the funds that we accepted, we agreed that you should run the trains, and we agreed to run four trains. So, really, we need to figure what option A is, and work really hard to make it work. We just need to look at the options and see what's out there.



Rep. Brown: I've been concerned for four years over the acceptance of any federal funds, and Senator Hise's concerns are certainly my own. I just wanted to ask you a quick question on the ridership for the Carolinian. It looks like their projections have been down in '13-'14, can you give an explanation?

Mr. Worley: Sometimes the railroad does major work and they'll not have a train run on certain days, and that work stopped trains for a week. That impacts our revenue and our ridership.

Update on Implementation of the Freight Rail & Rail Crossing Safety Improvement Fund

Paul Worley, Director, Rail Division, NC DOT

Rep. Iler: Two quick things. You and your colleagues at the Rail Division are doing a tremendous job. North Carolina's making a lot of strides with engineering and what it's looking to do in the future, so I congratulate y'all on that. In Virginia, they have been making economic advancements, with rail being a central part of that. Are we planning on implementing things in North Carolina that are similar?

Mr. Worley: The Compact has been on benefit to us and to the Commonwealth. We like to take an incremental approach, and do what we can afford to be competitive for federal money.

Update on Implementation of Strategic Transportation Investments

Don Voelker, Director, Prioritization Office, NC DOT

Sen. Harrington: Please give us more information on the methodology you use to assign local points.

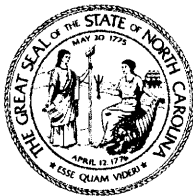
Mr. Voelker: Local MPOs and RPOs develop methodologies and DOT reviews them. We are looking at how they are going to assign those local points.

Rep. Torbett: Can you please give us a brief review of the divisional opt-out?

Mr. Voelker: The STI law gives us a variety of criteria to choose from for scoring projects. If a division can get all MPOs, RPOs, and DOT to agree, then they can use a custom set of criteria. That criteria still has to come from the menu that is in the law. With approval, they could use different criteria for their local projects than what is used throughout the state.

Rep. Bumgardner: How do you reconcile a conflict between an MPO or RPO and a division if one wants a project and the other doesn't?

Mr. Voelker: We will score any projects submitted to us. If an MPO submits a project along a route and a division submits a project along the same route, then we will score both and let the



data decide which ranks higher. Then it's a matter of funding. Eventually everyone must come to an agreement.

Rep. Bumgardner: How will differences of opinion be handled?

Mr. Tennyson: We hope to avoid disagreement by working closely with everyone, providing enough information so that everyone is on the same page. There are criteria for why one project would rank above another one, and there's a limited amount of money. SPOT scoring is not the ultimate determination of something that gets built. If the question is getting everyone to agree, we're just going to allow people to disagree respectfully and see where the chips fall.

Rep. Iler: I foresee some concerns about the points Rep. Bumgardner brought up due to the 50/50 split between division engineers and MPO/RPOs. It's going to be data-driven, which is great, but local input still has its place.

Presentation of DOT's List of Proposed Statutory Changes

Nick Tennyson, Chief Deputy Secretary, NC DOT

Rep. Dollar: Isn't this the same priority that many of our municipalities have?

Mr. Tennyson: That's the idea.

Rep. Brown: Should we define what small and minor are? Has there ever been a problem with that? It looks like it's open to interpretation.

Rep. Iler: Is this going to be allowed to expire in 2016? Why was it allowed to expire in 2011?

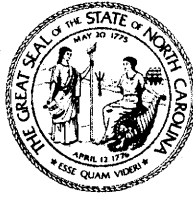
John Nance, DOT Deputy Chief Engineer: No, there was not a lot of interest due to the economy. There were some discussions about the impending 2011 date and the decision was made not to carry it forward.

Mr. Tennyson continued his presentation.

Rep. Torbett: Many North Carolina drivers are not used to these (lights at the end of on-ramps). Will there be a way to educate North Carolinians over a period of time before they have to start using them?

Mr. Tennyson: We certainly will. John, do you have any information?

Mr. Nance: We will treat this similarly to what we've done with roundabouts. We're looking at doing this in a pilot process to start, and certainly we'll have a lot of public communication about what to expect. A lot of what we'll be asking them to do, they'll be used to doing, so we think it will be a minor change.



Rep. Torbett: We need to make sure people react the same way to one of these lights being out as they do to a stop light at an intersection being out. People need to be more careful in those situations. If the light is out at the end of the on-ramp, then people may feel like they can go ahead and proceed.

Mr. Nance: We'll have signs, and we'll make whatever adjustments we need so we don't have that question.

Mr. Tennyson continued his presentation.

Rep. Brawley: Two projects leap to mind that you would be writing safety rules to cover: the Blue Line and the Streetcar in Mecklenburg County. Is that correct?

Mr. Tennyson: Yes, sir. These safety rules are transit-related.

Sen. Hise: Would these rules go through the same rule-making process that allow comment and objection, and if more objections are submitted, it would come to the legislature?

Mr. Tennyson: They would go through a rule-making process on a national level because these are national criteria under the Federal Transit Administration.

Amna Cameron, Fiscal Research: For the record, anyone who speaks in the rule-making process is recorded.

Sen. Hise: Now wait, I'm confused. Is the state is giving you the authority to make federal rules?

Mr. Tennyson: Yes sir, you are correct.

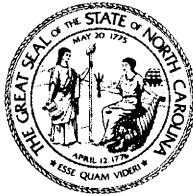
Sen. Ford: Will there be any opportunity for local input in these rules that are being created that are going to govern our safety?

Mr. Tennyson: Yes there is, through what's called the Federal Proposed Rule-Making Process. We can certainly work with the transit operators to be sure that they provide input.

Mr. Tennyson continued his presentation.

Rep. Torbett: There is some concern about this. Does it impose hardship? Does it suit the desire of the new administration to be more customer-service oriented?

Mr. Tennyson: We certainly understand that concern. The overriding concern that we have is that we have a 45 day backlog of appointments, and we'd like to get people behind the wheel more quickly.



Sen. Hise: If you show up for the appointment you said you were going to show up for, then there's no change in your cost.

Mr. Tennyson: Yes sir, that's correct.

Sen. Hise: So the fee is really a no-show fee?

Mr. Tennyson: Yes sir, that's correct.

Rep. Brawley: What is the CDL fee going to be?

Commissioner Thomas: Technically, it would be around \$70, when you add in the application fee and number of years of CDL it'll cost you around \$70. You also have to pay for a learner's permit for 14 days for an additional \$15. But when it's all said and done, this \$25 fee would go toward that \$70 requirement.

Rep. Brawley: May I suggest that you pay your CDL fee before your appointment.

Commissioner Thomas: We will look at that.

Rep. Brawley: One more point, if I may, I think the concern that several representatives are raising is that it will be painted as a new revenue-generating fee.

Mr. Voelker continued the presentation.

Rep. Brawley: Is this cost recovery?

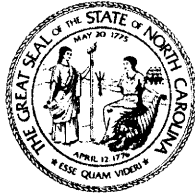
Commissioner Thomas: We are basically recovering the LPA fee. But it will not be full cost recovery in any case.

Mr. Voelker continued the presentation.

Rep. Dollar: Is this change supported by the inspection stations?

Commissioner Thomas: It does.

Mr. Voelker continued the presentation.



There being no further business, the meeting adjourned at 11:03 a.m.

Kathy

Senator Kathy Harrington
Chair

Robert Jansen

Robert Jansen, Committee Clerk