



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

PAT MCCRORY
GOVERNOR

ANTHONY J. TATA
SECRETARY

December 1, 2014

TO:
Senator Kathy Harrington
NC Senate
16 W. Jones St., Room 2113
Raleigh, North Carolina 27601-2808

Representative John Torbett
NC House of Representatives
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Representative Frank Iler
NC House of Representatives
300 N. Salisbury Street, Room 637
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FROM: Michael L. Holder, PE
Chief Engineer

This letter serves as the report on the Department's plan for increasing its use of outsourcing pavement preservation activities as required by Session Law 2014-100, Section 34.11(i).

The newly established Pavement Preservation Program fund allocations were approved by the NC Board of Transportation on September 4, 2014 and subsequently distributed to the Divisions. Divisions are currently programming their portions of the \$65 Million Pavement Preservation Program. At the time of funds distribution, Divisions were beginning to ramp down paving operations due to seasonal limitations.

As stated in the September 1, 2014 report, the Department established an internal transition team comprised of construction, maintenance, materials testing and field personnel who are developing items necessary for increasing outsourcing and achieving goals as prescribed in Session Law 2014-100, Section 34.11(i). There are five key areas the team is addressing which include the following:

1. Contract Development and Specifications
2. Industry Outreach and Education
3. Contract Inspection
4. Data Tracking
5. State Force Transition

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In the area of Contract Development and Specifications, the Department is currently revising specifications in order to ensure consistency statewide and anticipates having revised specifications by January 2015. The Department continues to collaborate with the Carolina Asphalt Paving Association's (CAPA) specification committee and the North Carolina Aggregate Association (NCAA) in advance of adopting new specifications. Meetings were held on September 25th and November 6th where Department personnel and industry partners discussed different technical aspects of the specifications.

All highway Divisions anticipate letting preservation contracts in fiscal year 2014-15. The Department anticipates advertising and awarding between 40 and 50 pavement preservation contracts this fiscal year. These contracts will include a variety of eligible pavement preservation treatments such as chip seals, fog seals, micro-surfacing, dowel bar retrofits, full depth reclamations, and thin lift overlays. Eight contracts have been advertised and are in the process of being awarded. These eight contracts represent 126 lane miles of chip seals, 48 lane miles of fog seals and 12 lane miles of micro-surfacing. These 186 lane miles will cost approximately \$2.8 Million.

The Department is actively engaging industry on this transition as required in Session Law 200-14, Section 34.11(j). All Divisions have identified potential contractors who may be interested in pursuing preservation activities and Divisions will advertise contracts using established advertising and procurement procedures. Department personnel have met with and continue to meet with CAPA regarding increased contracting. Session Law 2014-100, Section 34.11(f) defines eligible preservation activities and treatments. Except chip seals, most of the defined twelve eligible treatments are currently outsourced. Collaboratively with CAPA, the Department anticipates hosting the National Center for Pavement Preservation Chip Seal Training course on February 25, 2015. It is intended that this course will further expose the paving industry to chip seals. In addition, pavement preservation topics will be included at the 2015 CAPA/NCDOT Asphalt Training Workshop. NCDOT will make pavement preservation program information centrally available on the Department's website in a location easily accessible to the industry.

Contract inspection is critical to ensure a smooth transition. The Department is establishing a materials sampling program for both aggregates and emulsions used in contract chip sealing operations and anticipates having these programs finalized before the beginning of the 2015 paving season. The Department also recognizes the need for contractor certification and inspector certification programs. Personnel have obtained copies of other states programs and will develop programs for North Carolina next year.

To meet further reporting requirements of Session Law 2014-100, Section 34.11(l), the Department is analyzing capabilities of its management systems as well as the contract administration system. The Department is preparing to track all elements associated with requirements set forth in Session Law 2014-100, Section 34.11(l) and will report to the JLTOC and Fiscal Research Division by December 1st each year hereafter.

Over the past decade, North Carolina's chip sealing program was implemented by state forces. With the defined outsourcing requirements, the Department will systematically

reduce its use of personnel in placing chip seals. In an effort to meet the 2014-15 outsourcing target as defined in Session Law 2014-100, Section 34.11(h), the Department plans to utilize 10 of the 14 Division Bituminous crews during the 2015 paving season. The Department recognizes that a new contract industry will need assistance in building their programs. Therefore, the Department plans to utilize leadership from experienced NCDOT staff to assist in the development and inspection of contracts.

Please advise if you have questions or need clarification.

cc: Fiscal Research
Beau Memory
Mary Jernigan