Dear Member,

Yesterday the Carolinas Asphalt Pavement Association (CAPA) held a virtual Board meeting in which NCDOT provided a detailed update on critical issues related to the delivery program. Thanks to Ellis Powell and CAPA for sharing this vital information with our industry:

Summary of discussion topics in which DOT participated and provided the following update:

- The cash balance today is in the low $300’s.
- Because of COVID traffic revenue is down and job losses are having an impact on DMV fees and new car sales.
- NCDOT expects steep revenue losses in the next three months at the minimum.
- The losses for April are anticipated to be $40m to $50m.
- The losses for May and June are anticipated to be $75m to $80m for each month.
- The total losses due to COVID for this fiscal year which ends June 30 is expected to be approximately $200m.
- The projected loss for the next fiscal year is estimated to be $400m. This brings the anticipated total loss due to COVID for this calendar year to $600m.
- These projected losses need further review by NCDOT, NCGA Fiscal Research and the Office of State Budget Management. This review will be taking place soon and NCDOT will be making adjustments to the letting schedule in the next week or so.
- NCDOT letting adjustments will likely result in letting mostly Build NC or Garvee projects because they are paid by bonds.
- At the current time, due to COVID, NCDOT will not be letting any resurfacing or pavement preservation projects and that could last for the remainder of this year.
- Gas prices are down and that means revenue from gas sales will also be down next year as the NC gas tax rate is expected to be reduced by 1.5 cents per gallon which would be an additional impact on revenue.
- The current goal is to keep projects under construction going along with any projects that have been awarded but not yet executed.
- NCDOT hopes to have Build NC Bond sales in June and will keep us up to date as that goes forward.
- NCDOT routinely monitors gas consumption but now will also monitor vehicle miles traveled as that is the best estimate of revenue that will be realized/reduced.
- NCDOT indicated the Legislative approach ideas currently were asking for consideration in eliminating the requirement for NCDOT to have one year of Garvee Bond payments in reserve which amounts to $132m and to allow the Transportation Emergency Reserve Fund to count toward the cash balance. They also suggested they may need to ask for a gas tax freeze so revenue would not be further reduced in 2021. They indicated the cash need to get back to even before COVID was about $600m and now COVID revenue loss will add another $600m.
for this calendar year. NCDOT indicated they would keep us informed as they determine the need so we can all work together to ask for assistance from the NC General Assembly.

- CAPA asked DOT if they would consider paying interest if payments were late. NCDOT said they could not do that.
- CAPA asked if DOT would consider time extensions on projects if contractors slowed down to space the work out for example work 3 days in lieu of 5. NCDOT said they would entertain that request and contractors should contact the RE and DCE if they had projects they wanted for DOT to consider. They suggested an approach may be if a contractor only worked 40 hours they could give a 2 day time extension per week but had not finalized decision making on that at the present time.
- CAPA asked if NCDOT would consider slowing projects that had been accelerated and still pay a bonus and DOT indicated they would be glad to discuss those projects on a case by case basis to work something out indicating that anyone that would like to discuss that option should contact Lamar Sylvester, NCDOT Director of Field Support.
- NCDOT thanked CAPA members for their help in suffering through the last 15 months and pledged to continue to work together on a remedy for the current situation.
- NCDOT indicated they were reviewing staffing of CEI and Temporary employees with each Unit and Division to determine where additional reductions should be made.
- NDDOT indicated they were only filling critical jobs at this time and all others were on hold indicating they currently have a 20% vacancy rate.
- NCDOT indicated they have had some preliminary discussions regarding a Federal Stimulus with FHWA with a few other states participating in the discussion. NCDOT reminded everyone of the 2009 Stimulus being $27B but it had an aggressive completion schedule suggesting any stimulus that could possibly occur should have a longer schedule to complete so there is not a sharp reduction of work at the end of the stimulus.
- CAPA thanked NCDOT for participating in the call and for the continued partnership.

While all this is not good news it is important news so everyone can be informed and make informed decisions.

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