NCDOT Cash Update – Changes Headed Our Way!

NCDOT held a meeting today with their industry partners to review the effects of COVID-19 restrictions on the transportation program. Attached are the Agenda, Revenue Outlook, Industry Slides, and the Secretary’s presentation to NCGA today. These documents will give you an idea of what was discussed and what changes are coming to the engineering and construction industry. The major sources of NCDOT revenue, including Motor Fuels Taxes, DMV Fees, Highway User Fees, and Federal funding, are being severely affected due to people driving less during the COVID-19 crisis. It’s a very fluid situation, but it is estimated that total revenue will be reduced by over $100 million per month for the foreseeable future, with some revenue sources down by over 50%.

Since the cash balance will most likely dip below the mandated floor of $293 million, NCDOT is taking significant cost cutting measures as follows:

1. As of now, there will be no stoppage of current active Engineering or Construction projects.
2. New contract construction lettings will be suspended until further notice, except for projects deemed critical or projects with designated funding sources (bond projects, etc.).
3. PE projects that have been restarted since December will continue, but there will be no PE project restarts in April, May, or June.
4. NCDOT will stop expedited schedules and return to normal project delivery on all PE projects, especially those restarted since December.
5. There will be further reductions of embedded and temporary employees possibly starting as early as next week.
6. CEI staffing is being reviewed and will be “right-sized” (Note: NCDOT pledged to inform ACEC/NC and CEI firms of any future changes in advance).
7. Construction contracts may be placed on a 40-hour maximum/week schedule (no overtime).
8. NCDOT will request approval to make adjustments to GARVEE reserves to help offset reserve requirements/help with the cash floor limit.
9. A “Phase 4” Federal (CARES ACT) stimulus to address highways (previous round included aviation and transit) is being discussed nationwide, but nothing to report at this time.

These are drastic changes that will affect many of our firms that perform transportation work.

Stay Healthy, Stay Safe, and Stay Informed with ACEC/NC.

Thank you,

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