



Land of Sky Rural Planning Organization
Technical Advisory Committee
Regular Meeting Including Virtual Option
Minutes – September 23, 2021

Attendees:

Chair Matt Wechtel (Madison Commission)
Zia Rifkin (minutes)
Daniel Sellers (NCDOT-TPD)
Khoa Gritson (NCDOT TPD)
Stephen Sparks (NCDOT Div.13)
Steve Williams (NCDOT Div. 14)
Troy Wilson (NCDOT Div. 14)
Vicki Jennings (LOSRC)
Wanda Austin (NCDOT Div. 14)

Vicki Eastland (RPO Coordinator)
Brendan Merrithew (NCDOT Div. 13)
Kevin Ensley (Haywood Commission)
Mac Morrow (City of Brevard)
Lonnie Watkins (NCDOT Div. 14)
Marshall Williams (NCDOT Div. 13)
Billy Clarke (NCBOT)

WELCOME AND INTRODUCTIONS

Chair Matt Wechtel called the meeting to order at approximately 11:30am and welcomed attendees. He read the Ethics Statement, and inquired if there were any conflicts, which could preclude TAC members from participating in and voting on any business items, to state such for the record, and to refrain from participation in the particular matter. None were heard from the TAC members.

Vicki Eastland called the roll and quorum was announced.

Chair Wechtel requested approval of the consent agenda, which included the June 24, 2021, minutes, and today's TAC agenda.

PUBLIC COMMENT

No public comments were made.

APPROVAL OF CONSENT AGENDA

Mac Morrow moved to approve the consent agenda consisting of the minutes of the June 24, 2021, meeting, and the current agenda. Kevin Ensley seconded, and the motion carried upon a roll call vote, and without further discussion.

BUSINESS

Rural Transit Providers FTA 5310 Elderly and Persons Living w/Disabilities Application & RPO Letters of support:

NCDOT Public Transit Division (PTD) requires public transit providers to reach out to their MPO/RPO planning partners for letters of support for their applications for Federal Transit Agency (FTA) Section 5310 funds. The (FTA) **Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities** provides funds for programs and projects that aim to improve mobility for seniors and individuals with disabilities by removing barriers to transportation services and expanding mobility options. Current applicants include Mountain Projects, Buncombe County's Mountain Mobility, and LOS' Senior Companion Program, among other applicants.

There is no action required today, this is just a reminder that LOSRPO plans to provide the transit systems and any other eligible applicants a letter of support to apply for 5310 funding.

Information only.

NCDOT STIP Program Update:

Prioritization or SPOT is the process used to determine what projects from long-range plans will be moved to the State Transportation Improvement Program, the STIP. The process is governed by the Strategic Transportation Investments Act of 2012 (STI).

The State Prioritization Workgroup, at their July meeting, reached a consensus that new projects would not be programmed through the current ongoing round of Prioritization SPOT 6.0 or P6.0 due to limited funding projected to be available in the 2024-2033

timeframe. The lack of projected available funding is largely due to cost increases of transportation projects committed in the STIP.

Basically, this means that P6.0 is halted. The SPOT office will release the Quantitative Scores of projects submitted in P6.0 to help evaluate criteria and weights but no Local Input Points will be applied because no projects can be programmed while the SPOT process is halted.

While there will be no new projects programmed from P6.0, the State is required to develop a new STIP. The State Prioritization Workgroup will continue to meet and help to determine the process used to develop the STIP, which may include changes in scheduling or phasing of committed projects, as well as other considerations.

Wanda Austin, PE, NCDOT Division 14 Division Engineer provided an update on the NCDOT STIP Program. She shared the background on the STIP Program including that project estimates can have cost increases over time for many reasons including limited knowledge of projects at the early stage when the project is scored and programmed. A cost-based estimating tool is used when projects are initially entered into the SPOT process, which does not consider project-specific details.

In the summer of 2020, NCDOT went through a reprogramming process due to cashflow issues. During the reprogramming process, NCDOT realized that there was a need to improve the accuracy of cost estimates for projects. The cost estimation improvement process resulted from a workgroup of NCDOT staff, who reviewed the existing cost estimation process and made recommendations for improvements. Currently, NCDOT is ensuring that cost estimations are updated every two years and at other appropriate times.

Wanda Austin shared about the STIP cost estimation review, intended to create a level playing field for all projects. She noted that there have been substantial cost increases for right-of-way (ROW), construction, and utilities relocation. Division Engineers are required to approve each of the cost estimates for projects currently in the STIP. Wanda Austin noted that both Divisions 13/14 are over programmed in the STIP, with an additional \$573 million needed to complete programmed projects in the Division Needs category. A portion of the STIP allows projects to be over-programmed by 10% and allows for a 1% inflation factor. It is important to remember that this is not an imminent problem to be taken care of today, this week or next month; a plan needs to be developed to address the STIP being over-programmed. NCDOT has taken several things to the BOT to consider including inflation, which is accounted for in the STIP by reducing available revenue to program projects. Additionally, the inflation amount is evaluated as each new STIP development process is undertaken. Currently, revenue is reduced by \$1 Billion to account for currently programmed projects.

In addition, items from the STIP Prioritization Workgroup have also been discussed with BOT. The STIP law directs NCDOT to use a work group process to develop improvements to prioritization and states the Department can have no more than 50% representation. The Workgroup provides recommendations to the BOT for consideration and approval.

Wanda Austin shared that the Workgroup had a meeting on August 26, 2021, to discuss next steps including that the overall goal was to determine a solution that would allow for new projects in P7; federal infrastructure bill and inflation updates; timeline and expectations over the next 12-18 months; projects that are "Held Harmless;" and to brainstorm ideas around how to evaluate committed projects. She noted that there is about a year to develop a plan.

Wanda Austin shared that Division 14 staff and partners will begin having conversations over the next couple of months regarding currently funded projects, committed projects and to brainstorm ideas, and working with partners to determine important projects for a region and how priorities might have changed since this situation began. She mentioned the "Hold Harmless" provision. Conversations may include the best use of available funding. Key takeaways include that the general agreement that the 2024-2033 STIP will consist of a subset of existing committed projects from the 2020-2029 STIP; concerns over how NCDOT remains competitive in grant and discretionary spending programs; a need for direction on inflation to assist with future revenue estimates and a general desire that a quantitative approach be used to guide the decisions with flexibility/guidance from the local partners including a public engagement process. Lastly, Wanda Austin shared a slide about the 2024-2033 STIP development schedule that includes the process concluding by the end of September of 2023.

NCBOT member, Billy Clarke shared that NCDOT is going to continue building projects in the RPO region. They are looking at the projects that can be built and the funding that may be available. Input from regional partners, NCDOT and BOT will help to develop a list of realistic projects that could be built in the RPO region.

Vicki Eastland shared that the Workgroup met this week and discussed five options, including that some committed projects may need reconsideration. She also commented on the available funding for Region G (Divisions 13/14) for committed and funded projects. With the Divisions being \$1 Billion over-programmed, committed projects may not get built for 30 years. She noted there are some options out there, but some projects currently committed will drop out. The goal is to be able to program new projects in P7.

Wanda Austin shared that this process provides the opportunity to look at committed projects and ask the hard question- is this project still needed or is there another project that is now needed more, which might be programmed in P7. She explained that "Hold Harmless" is the process of looking at projects and determining if projects should remain committed or release the funding to go back into the pot of funding for the region. Looking statewide, while the RPO has not generally benefited from Statewide projects, there are two interstate corridors in the RPO region. Even with getting rid of all the non-committed projects and keeping committed projects (first five years of the STIP), it would still be almost 20 years committed into the future for these Statewide projects.

Vicki Eastland noted that it was important for TAC members to hear this information because the traditional "once committed, always committed" may not hold true any longer and the "Hold Harmless" provision may be instituted, and local jurisdictions may be asked to reevaluate projects and to prioritize those again.

Information only. No action requested.

NCDOT Value Assessment/Cost Containment Initiative

With cost estimates and project costs continuing to increase, NCDOT has implemented a Value Assessment Initiative to reduce project costs by 10%. Each Project Team will consider Cost Containment measures to reduce the Construction and long-term Maintenance costs for a project in Development. These costs may include direct Construction costs, right-of-way (ROW) costs, and utility relocation costs. Cost Containment is important to ensure the ability of NCDOT to maintain fiscal responsibility, and better meet programming goals for the benefit of North Carolina.

Brendan Merithew provided an overview of the Value Assessment/Cost Containment Initiative, and he shared that the goal of cost containment is to reduce project costs by 10% and maintain fiscal integrity within the Department. Value Engineering is FHWA's 7-step process, required on all projects that cost over \$50 million. Value Assessment does not have a prescribed process but includes cost containment ideas. Value Assessment is coordinated by Project Managers (PMs)/Leads and is required on projects that cost over \$5 million. Value Engineering looks at adding value to a project and could increase costs. Value Assessment looks at cost containment. Third-party firms are used for both processes, to provide an unfiltered/unbiased look at projects. The process that third-party Value Assessment firms take when reviewing projects includes the review of project information, identifying the purpose and need and completing a project breakdown to identify the project functions, attributes, stakeholders, commitments, etc. Next, potential cost saving ideas are brainstormed. Then an evaluation of the ideas for feasibility and cost savings is undertaken to determine if the project would still meet the purpose and need. The purpose of VA is to determine function: what the project needs and what is the project's purpose?

Phase I of VE/VA began March 2021 with 14 committed projects reviewed from across the state. Phase II of the process began in early April and Phase III began in mid-May. Brendan Merithew noted that from Phase I to II, the Department identified trends and updated the guidance to use moving forward. Third-party firms were employed for the projects reviewed, providing an un-biased perspective. Phase IV included thirty-five projects on the 16-24 month Let List with VA by third-party firms completed July 23 and reviews by PMs and DEs completed August 23. It was shared that the I-40 Interchange project in Black Mountain was a Phase I project reviewed. Additional projects have been reviewed in the region including bridge projects.

Brendan Merithew shared that depending on the stage of development the project under review is in, cost saving measures may only pertain to construction. Review of projects includes project information, identification of the purpose and need, completing a project breakdown to identify the project functions, attributes, stakeholders, commitments, etc. The third-party firm is used to brainstorm potential cost savings measures.

Brendan Merithew used project I-4409, Blue Ridge Road Interchange as an example of the VE procedure that was followed by the Value Assessment Team, which included

reviewing information on the project, conducting speculation/functional analysis, evaluation and recommendation development for cost saving measures. He clarified that NCDOT staff are not working in a bubble, and they realize what commitments have been made and local stakeholders are brought into the conversations in cases where any major design change might be proposed.

It was shared that department-wide VA is planned on additional projects, incorporating this process into the 2.01 version that will come out including scalable documents for the management and delivery of projects to maintain a logical progression. Cost containment will become a standard part of the design process. Brendan Merithew concluded his presentation by noting the next steps, including VAs on projects on the 37-60 month Let List and that going forward, VAs would be included in PDN Version 2.1.

Discussion occurred regarding the perception that another layer of bureaucracy was being added to project development, along with additional cost, and it was noted that the overall goal of these processes is to provide an effective way to reduce cost, while maintaining purpose and need of projects.

Information only. No action requested.

PUBLIC COMMENT

No public comments were made.

REGULAR UPDATES AND ANNOUNCEMENTS

NCDOT Division 13 & 14 Construction/Project Updates (Brendan Merithew- Div. 13 and Steve Williams/Lonnie Watkins- Div. 14)

Transportation Planning Division (TPD) update was provided by Daniel Sellers.

Staff Updates (Vicki Eastland)

ADJOURNMENT

Kevin Ensley moved to adjourn the meeting. Mac Morrow seconded, and the meeting adjourned at 12:38 pm.