



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for January 7, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held January 7, 2009 at 8:30 AM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

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|----------------|----------------|----------------|
| Mac Campbell | Bob Collier | Nina Szlosberg |
| Arnold Lakey | Tony Dennis | Marion Cowell |
| Andrew Perkins | Doug Galyon | Nancy Dunn |
| Gus Tulloss | Conrad Burrell | Lanny Wilson |

Other attendees included:

| | | |
|-----------------|------------------|------------------|
| Julie Hunkins | Angela J. Person | Secretary Tippet |
| Joel Setzer | Jay Swain | M. L. Holder |
| M. A. Pettyjohn | Ehren Meister | Debbie Barbour |
| Victor Barbour | Rob Hanson | Drew Harbinson |
| Mike Mills | Tim Johnson | Ken Pace |
| Amy Simes | Tad Boggs | Don Voelker |
| Ellis Powell | Don Lee | Bob Andrews |
| Jerry Jennings | Allen Pope | Ricky Greene |
| Greg Thorpe | Phil Harris | Mike Bruff |
| Bill Gilmore | Wally Bowman | Greg Burns |
| Daniel Keel | Terry Arellano | Andrew McDaniel |
| Jennifer Garifo | D. R. Henderson | Donna Dancausse |
| Whit Webb | Jon Nance | Roberto Canales |

Ms. Szlosberg called the meeting to order at 8:30 AM and accepted a motion to approve the meeting minutes from the December committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by pointing out the change in the weather, as well as a lot of changes in the air with the excitement of the new Governor being inaugurated on January 10, 2009. She suggested that we should all be excited to support the new Governor and all the new choices made in her administration, including Eugene Conti returning to DOT as the Secretary.

Considering that today would be the last meeting for many of the Board members, Ms Szlosberg wanted to look back and take a look at past accomplishments as well as a look forward to discuss possible topics for year ahead.

Ms. Szlosberg stated that she met with Julie Hunkins, Manager of the Quality Enhancement Unit, who has supported the Environmental Planning and Policy Committee for eight years, to discuss all that had been accomplished by the EPPC. When Ms. Szlosberg was appointed to the Board of Transportation eight years ago, the EPPC was established in consideration that transportation has a huge impact on the environment but there was not any kind of committee or ongoing discussion about what they could do to blend good environmental policy with good transportation policy. Secretary Tippett and Chairman Galyon established the EPPC in April or May of 2001.

Ms. Szlosberg pointed out that each Board Member has been provided a list all the subjects that were discussed by the EPPC over eight years, and one of the things done early was to record every word and have very robust minutes of the meetings. Each presentation has been kept and the minutes, along with the presentations, have been made available to the public through the EPPC's website; she stated this is an important step in transparency within a public agency. She stated that Julie Hunkins has put together notebooks that show all the things that the EPPC has discussed, and the information is available for the Department. The notebooks show a lot of what NCDOT has accomplished from recycling asphalt to climate change to best practices to work on creating a minimal criteria. There is also information on biofuels and alternative fuels. She encouraged the members to look at the list that was provided to them mainly because it is a point of pride for all of them, including the establishment of Ecosystem Enhancement Program and all of the things done on wetland and mitigation issues. It also gives a road map look at what they can do in the future.

Some of the issues are being looked at and some they have taken to their natural conclusion. Others are left unresolved. Their purpose today was to try and bring together a little bit of a road map to hand off to the new administration as a place where they can leap forward. Ms. Szlosberg was also hoping to use this EPPC meeting as a work and brainstorming session. The idea is to take a look at the purpose of the EPPC and identify some opportunities for the future. [Note: A summary of the topics that could be carried over to the new Administration, as well as possible new topics, is included as an attachment to these minutes.]

The Committee began by reviewing the EPPC's mission, which is to provide direction for the integration of an environmental ethic into all DOT work. The first step eight years ago was for the EPPC to develop the EPPC's mission statement and identify all their roles and responsibilities. The second step was to create and adopt an environmental stewardship policy for the Department.

Ms. Szlosberg stated that North Carolina is the fastest growing State, and 4 million new people are expected to come to North Carolina by the year 2025, which is like taking South Carolina and dropping it down into North Carolina. Seventy-five percent of the population is going to cluster around the Piedmont Crescent area (along I-85 from Charlotte to Durham, and along I-40 through Raleigh). She noted that those areas are already highly utilized, which leaves a lot for

them to manage in the future. The rapidly changing landscape means that we are just converting a whole bunch of open space and farm land into urban and suburban development. The numbers have dipped lately in large part due to the economic circumstances that we are all facing, but North Carolina is still tracking higher than the national average because we are such a large state and within the state, there is a low density land pattern; therefore, the national average is 12,000 vehicle miles traveled per person per year while North Carolinians are tracking at about 14,000 vehicle miles traveled per person per year. This creates all kinds of environmental challenges with air quality, climate and change, wetlands and streams, habitat and all the rich cultural resources in the state that are often times threatened by growth and land use. Ms. Szlosberg commented that there is a lot of frustration about trying to make good policy on the transportation side which doesn't always line up with what actually happens on the ground in terms of land use decisions.

Ms. Szlosberg reviewed eight years of presentations and noted that they all fit under big topic areas, such as climate change. She noted that they have tackled a lot but there is much more runway on that issue, including energy independence, all the work on bio-fuels, air quality and the redesign of the Congestion Mitigation Air Quality (CMAQ) program. She noted that the EPPC has had lots of informational sessions about the impacts of air quality on public health, integrated planning, recycling, energy, agency collaboration and continuous improvement. They looked at the Climate Action Plan and the Climate Action Plan Advisory Group's (CAPAG) recommendations, as well as recommendations from FHWA and from a scientist from East Carolina University about what climate change will mean on our coast in terms of sea level rise. If the States infrastructure continues to go the way the scientists say they will, some of the infrastructures could be under water.

Ms. Szlosberg continued that the EPPC looked at North Carolina's State Energy Plan and NCDOT's subsequent Energy Plan and the department's role in addressing North Carolina's energy future. They have had presentation on solar energy and many presentations on alternative fuels. Air quality discussions included the CMAQ program, alternative fuels and air pollution (and its affect on public health). The EPPC has tracked the progress of the Interagency Leadership Team (ILT), including intergrated comprehensive planning efforts, a proposal and pilots associated with a comprehensive statewide Geographic Information System, the Merger and project development processes, They looked at the smart growth commission recommendations and NC One Naturally, which is an initiative from DENR where the agency has mapped all of the State's natural assets. Agency collaboration continues with ILT, stream mapping, and the Ecosystem Enhancement Program (EEP); the EEP is a program that has not only changed mitigation in North Carolina, but it helped change it for the Country. The EPPC learned about Cool Communities, light asphalt or concrete surfaces in terms of heat absorbtion and what that meant in terms of sustainability; they also learned about clean and alternative fuels. She then stated that Context Sensitive Solutions is a program that has helped nurture the department's environmental ethic, and that the department has trained over 1,400 employees over the past five years. They talked low impact design guidance and now they can design in ways that have less impact on the environment.

Ms. Szlosberg stated that a lot has been done, but there is still a lot to do. She asked that the remainder of the meeting be spent on compiling suggestions for the next administration to look

at. Possible topics to revisit is the Wilkes County Green Rest Area. Don Lee commented that the progress of this rest area is moving along nicely and that one good thing about it is that while they are spending more money up-front for the green concept and construction, they will be able to monitor the energy consumption and being able to quantify the green aspects and the potential pay-off. This is significant in the future so when we talk about green concepts, we'll have the numbers. Mr. Lee stated that they are also investigating putting some of the solar systems in facilities to be able to generate power on-site and to see if it is possible to generate enough electricity to put back on the grid; then, some of the revenue could ideally be put back into daily operations of those facilities.

Ms. Szlosberg asked if they will eventually try to green up all the facilities?

Mr. Lee answered, "Yes, we are already integrating pieces of that into the design for facilities that are about 20 to 30 years old. We have a number of them on the drawing board for renovations. We are implementing some green concepts in the design plans, but not to the extent that we are doing Wilkes County because we definitely want to see the pay off. On the operational side of the Department on implementing NPDES, there are requirements for NCDOT to install retrofits; we are doing this at rest areas because of concentrated parking and increased potential in the parking lots and parking areas. This enables us to do two things: (1) to provide the environmental protection with concentrated parking and meet the requirements of the NPDES retrofits and (2) provide an education tool to the visitors. We have millions of people go through these facilities each year. It is a good opportunity to give them information about what those features on-site. The stormwater features, while part of NPDES, are part of the green design concepts, and we will more aggressively be putting those in our renovations in the future.

Ms. Szlosberg mentioned that stream mapping is an issue that they would like to continue to move forward on. She asked what could be brought forward in terms of best practices or innovations in those technologies. Mr. McDaniel answered that as most people know, a lot of what they have been engaged in is plowing new ground because they don't have a lot of resources to fall upon. One of the big aspects today is to collect information and conduct research to formulate a direction. They have been engaged in a lot of data collection and research to try and see what benefits are brought to the table and how they can bring research findings together.

Ms. Szlosberg answered that one way of moving forward is to focus on the research program, and for the EPPC to support that in any way and bring others into that process to support the research.

Mr. McDaniel stated that the Board and DOT management has been very supportive of all their initiatives. In the 19 westernmost counties in North Carolina, the Legislature appropriated money as part of the Hurricane Recovery Act a couple of years ago, and the Center for Geographic Information and Analysis completed detailed stream mapping of these counties. Concurrent with that, the Division of Water Quality, through NCDOT-funded positions that the department supports, is looking at additional types of innovative techniques to do stream mapping statewide, as well as aspects of how you might best represent the location of streams. DOT and DENR have been working to integrate those two macros such that you take advantage

of the geographic information system (GIS) capability of doing large scale mapping with the more innovative stream mapping, which would be a more logical technique, and they could merge them together.

Ms. Szlosberg asked if the next generation of the project would be to do additional counties within the state.

Mr. McDaniel answered yes -- that is the goal-- but the difficulty in the past years is getting funding. It is a very expensive to re-map the entire state, regardless of what techniques are being used.

Ms. Szlosberg stated she has a friend who is a scientist and has published a lot of books all over the world about the impact of maps and Google and how that has changed all of our views of maps. He stated that as you are moving across Google, if you look at the stamp of when that snap shot was taken, for an untrained eye, you think you are viewing it in real time; however, you are really moving from 1999 data to 2000 data to 1957 data, etc., and you are not really seeing the Earth as it is today. It is just a conglomeration of little snap shots from all over time. That's a problem because the Earth being such a dynamic place and it changes from moment to moment, so having that information is important. Ms. Szloberg asked what could be done to support or provide to the new administration?

Mr. McDaniel stated that it is predominantly to emphasize the importance of the mapping from a planning standpoint, as well as the benefits in terms of avoiding impacts. If we understand where the streams are, they can plan to avoid them and better plan to mitigate.

Ms. Szlosberg asked Bill Gilmore to give an update about the Ecosystem Enhancement Program (EEP) and its contribution to project delivery.

Mr. Gilmore stated they he had been working with others recently to adjust to the changes of the Transportation Improvement Program schedule and programs in the future. Another new topic for the EPPC to explore would be the new Federal and State rules. Some new rules have passed which affects how mitigation is to be done, and new Federal rules are changing mitigation performance measures and criteria. The EEP also has some innovative outreach programs that have been televised nationally. Some programs that they are pleased with is "Aquakids" where they try to educate young environmentalists how we can rebuild wetlands.

Ms. Szlosberg asked, "What are some of the changes the State is facing in terms of wetland mitigation?"

Mr. Gilmore answered, "At the State level, there are two or three rules in our program. The first one is Section Law 152 which promotes banks in states and if it is not applied to the Department of Transportation today, they may make it apply in the future and it would change the way EEP secures their engineers and contractors. The second would require that they go on public notice with the Corps of Engineers, which would require a revision in the agreements with the Corps of Engineers.

Ms. Szlosberg asked what the talking point was on no delays due to mitigation?

Mr. Gilmore answered that he participated in a continuous improvement workshop that involved NCDOT, DENR and the Corps of Engineers as partners to think about mitigation differently. The outcome of the workshop changed the way we do mitigation, and it was built around the transportation improvement program and schedules. Ms. Szlosberg stated that even through the highest lettings the Department has ever seen, NCDOT has not had to delay any projects due to lack of mitigation.

Ms. Szlosberg then asked if there were any comments on E-85 fuel sites. Mr. Harbinson stated that the EPPC was updated last month of the status of the E-85 fuel sites. NCDOT is under construction with one site; there are four remaining sites that they plan to put in this year, but there are restraints that have slowed the process. They are exploring CMAQ as an alternative funding solution.

Ms. Szlosberg asked, "What about carbon credits? One of our efforts within the Department is to use alternative fuels. Actually we are collecting carbon credits that can be sold on the market. What about that idea of flipping some of that revenue back into the expansion program?"

Mr. Harbinson answered, "That will be decided by a group of agencies that contribute to that claim of credits. NCDOT's position has been that those credits should be spent on developing additional alternative fuel infrastructure and not on the equipment or fleets. That decision has not been made by the interagency group because they are waiting for the new administration to settle in."

Ms. Szlosberg asked, "What is the cost per new fueling site?" Mr. Harbinson answered, "We are planning on co-joining the E-85 sites with the existing sites so that the construction would use the same set-up. This reduces the cost to just under \$100,000 per site."

Ms. Szlosberg asked, "How many sites did you use to identify that very first cut of the potential sites for the E-85?"

Mr. Harbinson answered, "Based on available space, there are about 30 to 35 sites that could have held an additional E-85 tank. When you look at the volumes of the fuel use at these sites and narrow those down, the most often used four sites are high used sites, so they get great exposure and that is how we determine those sites."

Ms. Szlosberg stated that there is some potential to expand that so the rest of the State fleet (not just DOT) can use the sites if the funding was made available to install them. The cost of installing E-85 tanks at 30 sites is roughly \$3.5 million.

Mr. Harbinson stated that in terms of alternative fuels, there are some new diesel hybrids that have been on the market. The jury is still out on the performance of the vehicles, so they are holding out until they get more data. B-20 use is now statewide. In a normal year, NCDOT would use around 11 million gallons of blended bio-diesel.

Mr. Szlosberg stated that we should continue to focus on using fuel efficient vehicles. One of the goals of the administration is the creation of an energy economy.

Ms. Szlosberg than asked staff to talk about the Jordan Lake Rules. Mr. Lauffer stated that the Jordan Lake rules right now have been brought before the commission for approval. There were objections last June when the rules were reviewed. There were more than ten objections, and the rules have now been sent for legislative review. NCDOT staff is meeting with the Attorney General's office to discuss there concern.

Ms. Szlosberg asked, "Is this an issue about proportionality?"

Mr. Lauffer answered, "It is difficult from a standpoint of actually getting our reductions. Seventy-five percent is secondary road, and that's what they are asking us to commit to right now." There are concerns about having a load where there was an actual load of 550 pounds of nitrogen, which would be difficult to achieve. The good news is that the Board directed NCDOT staff last spring to work with the Division of Water Quality to reach consensus on the rule language, and they were successful in reaching an agreement on the nutrient management rule, upper protection rule, repairing upper mitigation rule and most noticeably the new road development rule. With some minor exceptions, they feel good about the language that is in the rule. Staff has real concerns about the existing development rules, so that is where there focus will be in 2009.

Ms. Szlosberg stated that emphasis should be to continue conversation and collaboration to try and come up with some sort of consensus position between the Department and resource agencies.

Mr. Lauffer stated that in reference to Falls Lake, Session Law 2005:190 required the Environmental Management Commission to adopt permanent rules by July 1, 2009 for Falls Lake. The Division of Water Quality is not prepared to go there quite yet because they have not completed the technical analysis. They will be asking for an extension from the Legislature of possibly up to two years. He stated that he hasn't heard a lot of opposition from the environmental communities on the rules, so NCDOT staff is hopeful and supportive of that extension request; however, if the extension request is not granted, then they will have to move very quickly on the rulemaking process for Falls Lake. The Division of Water Quality has recently completed the watershed model for Falls Lake, and early indications are that nutrient loads from NCDOT's land are about 2% nitrogen to about 1.5 % of the full load reaching the Lake, so we are a small percentage of that load. The scientists are telling us that the majority of the nitrogen load originating from NCDOT right of way is from atmospheric deposition. That is a future policy issue that needs to be talked about as far as who is responsible for reducing nitrogen when it is coming from the air.

Ms. Szlosberg asked that all of the Legislative efforts and the reservoir, do you think that the DOT piece of that is really a kind of back door effort to get at these indirect cumulative impacts?

Mr. Lauffer answered that the impacts are a part. The rules are very comprehensive in that they affect a lot of different groups, including private developers, so everyone has a role to play.

What we are encouraging the Division of Water Quality to do is to take their model to the next level. One of the advances that could be made is an optimization of the rules to seek the lowest cost. With Falls Lake in particular, they are trying to encourage a fair, reasonable and proportionate set of rules. Instead of a blanket percent reduction everywhere, the approach is to look strategically at where NCDOT is most likely to have a water quality impact and put resources there to do something really good.

Mr. Perkins commented that NCDOT should not be the whipping post for everybody.

Ms. Szlosberg asked Don Lee to give an update on the Outdoor Advertising. Mr. Lee Stated that this topic came before the Board several years ago. Over the last two years, the outdoor advertising industry has sponsored legislation that would revise the current cutting free-zone for highways. NCDOT, the outdoor advertizing industry and the environmental community came together this December with a facilitator to look at a range of outdoor advertising issues. Mr. Lee briefly explained that consensus was reached on some issues about what could be done to alleviate some of the tensions associated with this problem, but it would take Legislation and, at this point, NCDOT is evaluating the results and staying in touch with the industry with the environmental community. They anticipate that the outdoor advertising industry would probably sponsor additional Legislation this year. However, there has been some discussion of an agreement about the view zone. Depending on how the discussions go, it is possible that the outdoor advertising industry would continue to pursue legislation that would widen the view zone and possibly eliminate NCDOT's compensation for the trees.

Ms. Szlosberg stated that this was an issue that needed to continue to move forward. During the Hunt Administration, rules were put into place as a result of over a year of industry collaborating with Government on the rules. Since then, the outdoor advertising idustry has come back to the legislature twice to try to amend the rules and widen the viewshed, which is a safety issue for motorist. Twice this Board has unanimously asked the Legislature to reject their proposals. Ms. Szlosberg stated she would like to come up with some kind of compromise.

Ms. Szlosberg plans to get a report together with Secretary Conti to give to our new Governor.

She asked Julie Hunkins to talk a little about Resource Conservation.

Ms. Hunkins stated that NCDOT has a program where they are trying to use recycled tires, fly ash and sometimes glass products in the roadway facilities. NCDOT has a Resource Conservation Program that is temporarily on-hold, but once they get the programmed re-staffed, she suggested it would be a good idea to come back to the committee and let them know about the program.

Ms. Hunkins stated that she spoke Ehren Meister, Director of Performance Metrics Management, about environmental performance measures as part of NCDOT's Dashboard. As the department moves forward and looks at its goals again, confirming and validating those with the new Administration, she suggested that it would be a good idea to make sure we have identified those most important environmental performance measures and track those.

She then spoke about the Healthy Environments Collaborative, a joint effort between the NC Department of Natural Resources, Health and Human Services, Commerce and Transportation. These agencies are coming together to see how they can mutually support healthy environment in terms of public health, different kinds of transportation (especially non-motorized modes) and the natural environment in terms of the air quality, water quality, and the preservation of natural spaces. They are also looking at the alignment of departmental policies so they are complimentary and supportive. Ms. Szlosberg stated that at some point, the Healthy Environments Collaborative should report to the EPPC on what they are doing and hopefully the Secretary will get engaged in those.

Ms. Szlosberg then asked the committee members and staff what other topics about which the EPPC might need to know or for which the EPPC could provide support.

Ms. Arellano stated that they are currently working on new quality standards for eight-hour ozone standards and would be a topic to be discussed this year.

Ms. Barbour stated that she appreciated the support that the committee has given the Interagency Leadership Team (ILT) and it has been very helpful for them. She stated that updates by the ILT and continued support by the EPPC would be beneficial.

Ms. Szlosberg concluded the meeting and mentioned that they would still be in the process of compiling items for future EPPC meeting. She said that if the committee or staff had any suggestions, they should contact her or Julie Hunkins and they would get that information to the new administration. When Ms. Szlosberg came to the Department and had worked so closely with the environmental community prior to that, NCDOT was often times was seen as a villain. When she came to the Administration, that was the filter that she had; however, that filter has wildly changed and she is so respectful of the work that the department does and is very proud of the work they all have done together. She added, "If you stop growing, you stop living." She stated she is very proud of the department and looks forward to continuing to work with everyone.

Ms. Szlosberg adjourned the meeting at 9:30 A.M.

The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, February 4, 2009 at 8:30 AM in the Board Room (Room 150) of the Transportation Building.

AJP/jh

NC Board of Transportation's Environmental Planning and Policy Committee

POSSIBLE TOPICS TO CARRY OVER

- Wilkes County Rest Area – LEED Certification
- Solar in Rest Areas / Rights of Way
- National Pollutant Discharge Elimination System (NPDES)
 - Compliance issues
 - Retrofit requirement (Operations)
 - Research / new opportunities / proactive / data-collection initiatives; support research efforts (Hydraulics, Roadside Environmental Unit, Bridge Program Management Unit, etc.)
- Stream Mapping
 - Integrate geomorphologic and large-scale stream mapping (NC Department of Environment and Natural Resources [DENR] and Center for Geographic Information and Analysis)
 - Understand/emphasize importance of mapping/benefits
- Ecosystem Enhancement Program (EEP)
 - Adjusting to changing TIP priorities
 - Exploring new State and Federal rules (Code of Federal Regulations)
 - In-lieu fee mitigation / banking priorities
 - Performance measures and compliance criteria
 - EEP outreach program “Aqua-Kids”
 - No project delays due to mitigation since EEP began
 - Development of impact projections with EEP strategic planning – new initiative – educational piece
- E-85 Fuel Sites
 - Construction of 4 sites; \$100 K per site
 - Exploring use of Congestion Mitigation Air Quality funding on these
 - Think about getting carbon credits for sites (interagency decision)
 - 35 potential sites; potential expansion - \$35 million
- Alternate Fuels –Diesel Hybrids
 - Waiting for data – alternative fuel fleet
 - Procurement of hybrid vehicles
 - Use of biodiesel - % usage

- Jordan Lake Rules
 - To Legislature
 - Success with dialogue with DENR on some rule language
 - Continued dialogue with DENR

- Falls Lake Rules
 - Permanent rule-making forthcoming
 - DENR still doing technical analysis
 - Atmospheric deposition of nitrogen on DOT right of way (possible future policy issue)
 - Indirect impacts – integrated planning
 - Review disproportionate items, as appropriate

- Outdoor Advertising
 - Task force looking at sign placement and trees; some consensus reached on certain items between industry, environmental community and DOT

- State Minimum Criteria

POSSIBLE NEW TOPICS

- Resource conservation in projects

- Measuring NCDOT’s environmental performance (and how this fits into the department’s Dashboard)

- Healthy Environment Collaborative Initiative

- NPDES Stormwater Renewal

- Session Law 2008-107: Stormwater Runoff from Bridges

- NCDOT’s use of solar energy

- 8-Hour ozone standards – new, more stringent standards

- EPA efficient financial impact on DOT, AASHTO also working on providing comments (DOT participating)

- Interagency Leadership Team
 - Support by Board for initiatives; periodic reporting



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Other attendees included:

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| Jerry Jennings | Allen Pope | Phil Harris |
| Wally Bowman | Greg Burns | Susan Coward |
| Jennifer Garifo | Mat Lauffer | Andy McDaniel |
| Marie Sutton | Eric Midkiff | Donnie Brew |
| Phillip Ayscue | Dan Thomas | |

Ms. Szlosberg called the meeting to order at 8:35 AM and accepted a motion to approve the meeting minutes from the January committee meeting as presented. The minutes were approved.

Ms. Szlosberg began the meeting by introducing Greg Thorpe, Manager of the Project Development and Environmental Analysis Branch (PDEA). Ms. Szlosberg also welcomed Alan Clark from the NC Department of Environment and Natural Resources' Division of

Water Quality (DWQ) and invited him to make any comments that he would like to share with the Board.

Mr. Thorpe started by reminding the Board that the Environmental Management Commission (EMC) adopted the Jordan Lake Rules in May of 2008. On June 19, 2008 the Rules Review Commission (RRC) reviewed those rules and sent them back to the Environmental Management Commission for further consideration. The EMC and the RRC looked at the rules a couple of times. The EMC and the Department of Environment and Natural Resources (DENR) did make some changes to the rules, which at that time were thought to be very positive. At this point in time, NCDOT no longer had any objections to the rule affecting new development of either roadways or any other type of facilities. There were very good changes made to that portion of the rules. On November 20, 2008, the Rules Review Commission adopted those changes and others and sent the entire package to the General Assembly for their consideration.

There are aspects of the rules, however, that NCDOT staff believes are problematic. In particular, the rule affecting existing development continues to be troubling. It currently requires the removal of 500 pounds of nitrogen from the facility over a five-year period, with a minimum of 50 pounds in any given year. They believe that still adds a proportion to their estimated contribution of one to two percent of the problem. They think it still will require too many retrofits and too many stormwater facilities in order to get that kind of removal from NCDOT's load in the system.

Some of the other areas that was found troubling was a section in the rules that would allow the EMC to adopt alternative stream mapping systems without going through rulemaking. NCDOT staff believes that changes to how the streams are mapped should go through the rulemaking process because when you change how the streams are being mapped, you change the regulated area that the rules apply to. There is also language in the rule that refers to activities outside the buffer and what kind of impact it would have on the buffer. They think it is problematic for NCDOT's facilities. There is still language about the buffer zone itself and they think that language is problematic and encourages placement of those facilities in the buffer, which would likely be subject to flooding.

As the rule stands right now, a bill has been introduced into the General Assembly objecting to the rules. Since that bill has been introduced, within 30 days of the session, the General Assembly will have to either take action on that bill or not do anything. If they don't do anything, then the rules will become effective as they now stand. The General Assembly could enact a rule that will approve the rules as they stand or approve some of the rules and object to others, or they could disapprove the entire package. They could also send the package to what is called the "6 of 5" process, where they send the package over to the legislative staff in order for them to go through a process to try to develop changes to the rules and then send them back to the General Assembly. They are not sure what will happen at this point. They did have another meeting with DWQ to discuss ongoing concerns with the rules, which turned out to be very positive. They plan to meet again to come to further agreements on changes to take back to DENR and the General Assembly. Something will have to happen during this session with the General Assembly pertaining to the rules.

Ms. Szlosberg asked if the bill requires the removal of 500 pounds or a minimum of 50 pounds per year?

Mr. Thorpe answered that the rules as they were approved by the RRC requires 500 pounds over a five-year period or a minimum of 50 pounds.

Ms. Szlosberg asked what NCDOT's percentage was of the total load?

Mr. Rich Gannon from DWA answered that based on the export rate that the DOT staff developed through research, with the total reduction it would be about 10,000 pounds, and at the rate of 100 pounds per year, it would take 100 years to achieve the entire reduction.

Ms. Szlosberg asked if you wanted to achieve the 10,000-pound reduction, would NCDOT's current structure need to remove 500?

Mr. Gannon answered, "500 pounds over a period over five years for each five-year period in the future."

Ms. Szlosberg asked, "Does the 10,000 pounds represent ten years?"

Mr. Gannon answered, "10,000 pounds would be 100 years. On an average 500 pounds over five years would be an average of 100 pounds a year, so it would take 100 years to reach 10,000 pound reduction."

Ms. Szlosberg stated that the NCDOT believes that they are achieving one to two percent reduction. With 500 pounds, what does that represent -- what is the difference in what DWQ believes we need to produce in the way of reductions and what NCDOT believes?

Mr. Gannon stated that they do not have final numbers. The development of the accounting specifics would be part of the implementation that is set out in the rule, so the accounting method would be set out in the first couple of years and then they would nail down the specific rates.

Mr. Thorpe stated that he had not heard the 10,000 pound figure before and NCDOT would take a look at that. When they do go out to widen an existing road, they do provide some level of stormwater treatment depending on what is physically feasible to do in that area. They may provide grass swells or other types of velocity controls. As a result, they are getting some level of reduction.

Ms. Szlosberg asked, "How far are is SWQ and NCDOT apart? When trying to come to an agreement it is helpful to know how wide the divide is. Have you identified that?"

Mr. Thorpe answered, "The divide is probably wider in regards to cost and just fundamental philosophy about what NCDOT's responsibility is for removing nutrients that are coming into the system."

Mr. Gannon added that they do not have a clear process on nailing down the final numbers at this stage, but they will need it for the Legislative process.

Mr. Perkins asked, “Why do we not have a comparison for the legislative process now? We have been talking about this for two years now, and we all know that we have an inordinate impact financially to correct if we do this. We should at least have some idea what that number is.”

Mr. Thorpe stated that part of the issue arises because they are relying on data that researchers have collected. NCDOT has funded the research. DWQ is relying on a much broader database.

Mr. Gannon added that is not as if they do not have any idea. They do have numbers, and the previous accounting that they relied on primarily would compare the export rate developed by NCDOT (that was 3.2 pounds per acre per year coming off roadways) to the eight pounds per acre; that is a relevant comparison. If the entire reduction need estimated by NCDOT staff is about 10,000 pounds per year, DWQ’s would be about 2 ½ times that amount.

Mr. Perkins asked, “How much of that is being developed from the already previously developed areas that have impact on our system into Lake Jordan? Why aren’t we looking at having them pay the cost?”

Ms. Szlosberg answered that there is no real way to capture the cost from developers, which is the issue.

Mr. Gannon answered, “DOT right of way isn’t being asked to achieve reductions from the run-off from other developed areas. The land has been developed privately and is subject to another rule within the package, and local government certainly isn’t fast to finding ways to get reductions.”

Mr. Lauffer from NCDOT’s Hydraulics Unit stated that the section of the rules that NCDOT is concerned about is the 500 pounds. NCDOT knows what their export rates are and they know that the implementation needed to get those reductions are very expensive. NCDOT wants to be responsible for runoff that comes off their right of way, but they are responsible for run off that comes onto their right of way. When you look at the export rate of 3.2 pounds per acre per year, then your average drainage area is somewhere around two to seven acres, and then you factor into that the efficiency of devices. Initial calculations are that we are talking around 55 retrofits per year, which is a significant cost over a five-year period, which comes out to be just construction alone around \$21 million dollars a project. They look at how to address the load in a situation. The two agencies have had good staff interaction and discussion on this, and NCDOT is not opposed to treating NCDOT right of way or prioritizing where we put those best management practices so that we get the most efficient reduction in nitrogen and nutrient loading.

Mr. Thorpe stated that they are not contesting 10,000 pounds. They think that is a reasonable number and was based on NCDOT-funded research through the UNC system. NCDOT never

takes a sample or analyzes a sample, and the research is all done independently through the University community. What it does show is that the nutrient concentration in NCDOT's run-off are low, and that intuitively makes sense because NCDOT is not fertilizing the right of way. The issue is that when you have a fixed removal rate which has to meet the proposed 500 pound reduction over a five-year period, and your trying to move a very small level of nutrient load, it takes a whole lot of stormwater Best Management Practices to add up to 500 pounds when you remove only a small fraction with each stormwater facility. The 10,000 pounds sounds like a big figure, but it's still two percent less.

Mr. Clark added that NCDOT's approach in regards to working with staff is to try and achieve the reduction within the right of way and corridors of land that NCDOT controls. On the other hand, DENR is thinking that there are other opportunities to go off-site to use other mechanisms to achieve that reduction which would be much more efficient. He pointed out that where highways are going through wetlands, there are expectations to achieve mitigation within the highway right of way. However, like the Ecosystem Enhancement Program, an approach could be used here so a much smaller amount of money could be used for those reductions instead of trying to do it all with right of way.

Mr. Thorpe added that the complications arise when you are capturing runoff from other facilities and trying to claim credit from those facilities. It is not just a matter of doing the accounting. There is no way to control what may happen to the areas that your are capturing that run-off from in the future. It could be additional development so you end up having higher flow to those facilities. There are a lot of accounting questions that haven't been answered.

Ms. Szlosberg stated that this is just another example of how complicated all this is. She encouraged them to continue the dialogue between the agencies in hopes of doing the right thing for the environment and the transportation system.

She mentioned that the last time the EPPC met, they talked about their accomplishments as a group in terms of environmental policy and they put together a list. She put a report together talking about the opportunities identified for future discussions and a snapshot of their accomplishments as a committee and shared that with Secretary Conti and Governor Perdue. She wanted them to have a concrete example of the kinds of work they have been engaged in. She provided copies of this to the EPPC.

Ms. Szlosberg introduced Bill Gilmore, from the Ecosystem Enhancement Program (EEP), who showed a video about Eco-Farming, which featured North Carolina's EEP. The video, which targets an audience 13-15 year in age, showed the process of wetland and stream mitigation and featured some of the projects that they are doing for the State. EEP was contacted in March of 2008 by Aqua-Kids, which is a nationally syndicated educational television program. It is in all 50 states and has about 100 million viewers. They look at things dealing with the environment. Aqua-Kids have received many national recognition awards. Some of the EEP staff were the actors, and others were recruited from around the United States from high schools. Mr. Gilmore thanked Tad Boggs for helping to facilitate the logistics for the filming and getting people around when people arrived from Baltimore. To

view the Aqua Kids: Eco-Farming video, visit
http://www.nceep.net/Video_files/videostream.htm

Ms. Szlosberg thanked Mr. Gilmore and adjourned the meeting.

The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, March 4, 2009 at 8:30 AM in the Board Room (Room 150) of the Transportation Building.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for March 4, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held March 4, 2009 at 8:35 AM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

| | |
|-------------|----------------|
| Bob Collier | Conrad Burrell |
| Tony Dennis | Andy Perkins |
| Cam McRae | Marion Cowell |

Other attendees included:

| | | |
|-----------------|-----------------|-------------------|
| Julie Hunkins | Angela Person | Allen Pope |
| Phil Harris | Ted Vaden | Katherine White |
| Wally Bowman | Greg Burns | Greg Thorpe |
| Jennifer Garifo | Cheryl Hannah | Eric Midkiff |
| Drew Joyner | Philip Ayscue | David Willauer |
| Dan Thomas | Terry Arellano | Whit Webb |
| Rob Hanson | Christie Barbee | Margaret Hartzell |
| Daniel Keel | Joel Setzer | Jay Swain |
| Don O'Toole | Barry Moose | Berry Jenkins |
| Bill Gilmore | Victor Barbour | Moy Biswas |
| Robin Maycock | Mike Mills | Don Lee |
| Ken Pace | Amy Simes | Don Voelker |
| John Sullivan | Edward Parker | Tim Johnson |

Ms. Szlosberg called the meeting to order at 8:35 AM and accepted a motion to approve the meeting minutes from the February committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by mentioning the news coming from Washington, DC dealing with our country's economic crisis. When people are faced with adversity, they find different ways of doing things, solving problems in different ways, and becoming more creative. Examples of that are some of the conversations happening around energy and how we can have a more sustainable energy system in the United States -- one that is home-grown and creates domestic jobs. That is also good for the environment, the economy, and social equity in that it

creates jobs and opportunities for a lot of people. In a recent speech that the President gave to Congress, there was some discussion about what was called “cap-and-trade.” That is a regulatory and economic idea that may have some impact on not just businesses and life in North Carolina, but what happens in transportation because it’s about trying to reduce carbon emissions and greenhouse gases, and the transportation sector is a large contributor.

Ms. Szlosberg introduced Ms. Margaret Hartzell, a Global Warming Advocate with Environment North Carolina, which is an outgrowth of U.S. PIRG (Public Interest Research Group) that does consumer and environmental work.

Ms. Hartzell spoke about the impact of global warming in North Carolina and what that means for the state, how transportation plays a role in the problem of global warming and is also part of the solution, and an update on what is happening in Washington, DC and how that will affect us in North Carolina.

Environment North Carolina is a statewide citizen-funded environmental advocacy organization based in Raleigh, NC, which is also part of a nationwide network of state-based environment groups with offices in 27 states. They also have a national advocacy office in DC. Her role as the Global Warming Advocate is to lobby the General Assembly on state-level policy that reduces global warming pollution, and as bills move to Congress, to build support for that bill in North Carolina -- to make sure it is a strong bill that is science-based.

With more than 3,000 miles of coastline, North Carolina is the third most vulnerable state in the country with rising sea levels. Because North Carolina’s coastal region is so flat and the movement of tectonic plates, North Carolina is actually sinking a couple of inches every century. The loss of coastal lands in North Carolina will impose a large financial burden and cost on the state through property loss and through coastal recreation as well. There are other impacts that the state will see, including an increase in air pollution.

Higher temperatures mean higher ozone levels and higher ozone level days throughout the summer. Last year, Charlotte had the earliest recorded ozone day and that came in April, which is extremely early. This caused an increase in asthma and other public health affects among younger and older populations. It also can result in longer periods of drought. Over the last couple of years, North Carolina has seen severe drought from the mountains to the coast. Scientists expect that while we will see more extreme downpours and more intense precipitation, that will be punctuated by longer periods of drought and more severe drought. North Carolina will also see more harm to agricultural and forest production in the state. North Carolina has a \$10 billion a year agriculture industry. Higher temperatures and increased precipitation will have a negative affect on that industry. An increase in the intensity of storms means more damage to the agricultural sector. A Category 3 hurricane causes nearly three times as much damage to the state’s forests as a Category 2 storm.

The majority of North Carolina’s global warming pollution comes from the electricity sector—from coal-fired power plants in the state. The state has taken some action to reduce global warming pollution from the electricity sector. In 2007, the State passed a renewable energy

standard, so a portion of the state's energy comes from renewable sources and from energy efficiency. There is still more that can be done in terms of that sector.

What the state has not tackled yet is acknowledging that a great portion of global warming pollution comes from the transportation sector. Contribution from the transportation sector is going to continue to grow because of challenges that sector faces. In 2007, Congress increased fuel economy standards for the first time in 30 years. However, because of Bush Administration policy, Congress did not move forward with that law. The Obama Administration is now looking at that again. For 30 years, there were stagnate fuel economy standards. More people are driving larger trucks and SUVs, which are less fuel-efficient and emit more global warming pollution that contributes to the problem. More people are moving to North Carolina because it is a great place to live with a high quality of life with oceans and mountains. However, those residents are driving more and driving farther distances.

Between 1996 and 2006, the number of vehicle miles traveled (VMT) annually in North Carolina increased 29%. Vehicle miles traveled in the state have been growing faster than the state's population growth. In 2006, the average North Carolinian drove nearly 2,000 more miles than they would have in 1990. If VMT growth continues at the same rate, by 2020 VMT will increase by 39%. North Carolina's high VMT has put the state at the top of the list compared to other states. Between 1991 and 2002, North Carolina's VMT increased 43%, ranking North Carolina ninth among the 50 states in the percent of VMT increase. That put North Carolina behind other southeastern states like Georgia, Tennessee, and Florida. Between 2002 and 2006, VMTs increased 9%, ranking North Carolina eighth, moving the state up among other southeastern states, putting North Carolina only behind Florida.

States have been taking action on global warming over the last several years, through either renewable energy standards or a program called the Clean Cars Program. Several states across the country are capping their own state's global warming pollution. Little has been done on the federal level over the last eight years, but with the new Congress and new Administration, there has been a promise to move a global warming bill this year. In his speech to Congress, President Obama talked about a market-based cap-and-trade bill that is included in his proposed budget that he introduced this month. Depending whether you are dealing with the House or the Senate, a global warming bill is on a somewhat different timeline. The House bill is expected to come out of committee by the Memorial Day recess. The bill is expected to be comprehensive, including fuel economy standards, cap-and-trade, and a renewable energy standard.

Representative Butterfield with the first District sits on that committee and is the Vice-Chair of the sub-committee in which any bill in the House will start. The Senate is a little different. Senator Reed has said that he would like a bill on the Senate floor by the end of the summer. The Senate is focused on limited energy proposals like a renewable energy standard, and it is expected to be less comprehensive and likely include cap-and-trade. Whether it is the House or the Senate that moves first, what is most important to note is that what has to be done is cap global warming pollution.

A cap-and-trade program is a mandatory limit on carbon dioxide that companies or particular sectors are allowed to emit. The government issues credits that allow each company to emit a

certain amount of carbon dioxide pollution as long as it falls below the mandatory cap. Some companies will pollute less and some will pollute more. A cap-and-trade program allows the companies that pollute less to sell or trade their credits to companies that pollute more.

Particularly important when talking about a cap-and-trade program is what it needs to include. The first is that it needs to be science-based and at levels that are consistent with what scientists say we need to do to avoid the worst effects of global warming. The United Nations Intergovernmental Panel on Climate Change has now said it is important to have 20-25% domestic reductions by year 2020 and 80-90% reductions by year 2050. The other important piece is that 100% of the emission credits be auctioned instead of giving those to polluters for free. The reason this is important is that the revenue from those credits should be used as a transition to a clean energy economy. More research and development in wind and solar and other renewable technologies is needed and can be used to assist low- to moderate-income families and people who will need to adapt to increasing utility costs. There is also an opportunity for some of that money to go to public transportation. There was a global warming bill amendment in Congress last year that would direct some of the revenue to public transportation.

It is unclear to what extent the transportation sector will be regulated under cap-and-trade legislation that Congress looks at this year because there are a couple of challenges. The first one is inability to monitor at the source—every car is a source of pollution. What has to be done is called *up-stream monitoring*; refineries are held responsible for the pollution that will result from the fuel that they sell. It is difficult to monitor and the costs are passed down to the customer. The second is the elasticity of demands; historically consumers of gas do not react to higher prices as quickly as they do other things. Just because the price of gas is high does not mean that people stop driving. In North Carolina and across the country last summer as gas prices skyrocketed, people did drive less but they did not stop driving. So the type of reductions that are needed and necessary will not be seen.

While they are unsure to what extent the transportation sector will be included, what is clear is that the transportation sector has to be a part of any global warming solution, both in North Carolina and on the federal level. Because of that uncertainty, they are working on and advocating for a couple of different complimentary policies, both at the national and state level. At the national level, low carbon fuel standards and public transit will reduce VMT.

Because things move much slower in Washington, DC than they do in the states, there are several policies that the General Assembly is looking at right now. The first one is the Clean Cars Program. Fourteen other states across the country have adopted the Clean Car Program. It would require that new cars sold in North Carolina be 30% cleaner than they are today. North Carolinians would continue to be able to buy the cars and trucks they have always bought; they would just be more fuel-efficient. The second one is an energy efficient state fleet. It would require that when the state buys vehicles for its fleet that it buys in the top 15% of its fuel economy class. The last one deals directly with VMT in public transportation. The success of the Charlotte Light Rail and the revenue came from an increase in the sales tax. Voters decided that they wanted public transit and voted for a half-cent sales tax increase. The inter-modal bill that has already been introduced in both the House, the Senate and the Legislature this year will

allow counties across the state to let the citizens vote on a half cent sales tax. While all of these policies address global warming pollution from the transportation sector, the last one is particularly important because of the increase in VMT. Environment North Carolina looks forward to leadership from the Board of Transportation and Governor Purdue on policies like these, both at the state and national level.

Ms. Hartzell asked if there were any questions. Ms. Szlosberg asked what happened with the Clear Cars Program.

Fourteen other states across the country have adopted the Clean Cars Program. It falls under the Clean Air Act, which allows California to go further than the Clean Air Act. They have to get a waiver from the Environmental Protection Agency (EPA). Unfortunately, the Bush Administration denied California's waiver for the Clean Cars Program, so the program stalled a bit. Over the course of several years, automakers sued the Clean Cars Program to not move forward, but the Courts found that the states could implement the program. In North Carolina, the Legislature was a little leery to move forward with the program in part because of the roadblocks that had been put in place by the Bush Administration and the Courts. The waiver denial did not have to do with the cost of the program, because it does not cost the state anything. It was because of the roadblocks and the intense lobbying by automakers and auto dealers in the state. The Obama Administration has now lifted those roadblocks and has directed the EPA to review the waiver for California. A public hearing is expected this month on the waiver in Washington, DC. They expect the EPA to grant California the waiver and for California and the 13 other states to move forward. There will be a bill introduced to ensure in North Carolina joins the growing number of states that are tackling this problem. They are optimistic and plan to be opportunistic when it comes to passing the Clean Cars Program this year. Given the economy, it will be difficult, but the roadblocks that were there last year are no longer an issue.

Ms. Christie Barbee added that NCGO, a very broad based coalition has endorsed The Congestion Relief/Intermodal Transport Fund bill (BH 148). The entire construction industry has endorsed. That bill will be up in committee this month in the House and the plan is to move it simultaneously on to the Senate. There should not be a problem with passage, but anyone can contact the Legislature to show their support. They are hoping to get the Secretary to come and speak on behalf of NCDOT at the Committee next week.

Ms. Hartzell added that there is also a City Hall meeting, where Mayor Meeker will be talking about Transit in the Raleigh area. Representative Ross, who is a primary co-sponsor of the Inter-Modal Bill in the House, will talk a little bit more about that bill and what it means for the Triangle area.

Ms. Szlosberg added that rural Legislature as well as urban Legislature has signed on to the bill, so it is very important for the Department to show its support.

Ms. Szlosberg then transitioned to the next item on the agenda by mentioning that our new Governor is all about transparency. Governor Purdue has invited the Press to the Cabinet meeting to try to give the public information about what we are doing.

Ms. Szlosberg introduced Mr. Daniel Keel, Operations Program Manager for North Carolina Department of Transportation to provide a report on State Minimum Criteria for 3rd and 4th quarters of the year. Mr. Keel stated that there were some changes to the numbers that were just updated because not all 4th quarter information was in. He reviewed that the three criteria they monitor are Criterion #8 (highway modernization, which deals with resurfacing, restoration, adding lanes for travel, correcting sub-standard curbs, as well as adding shelters to minor widening); Criterion #12 (maintenance and repair of the state highway system); and Criterion #15 (construction of new two-lane highway involving less than 25 cumulative acres).

For the 4th quarter, they did not have any Criterion #15 projects. The majority (63%) were maintenance and secondary road construction projects, 37% were modernization and safety type improvements for a total project length of 73 miles and disturbed land totaling 103 acres.

In the 4th quarter, they had 73 projects, 70% were maintenance projects, and 30% were modernization projects with a total project length of 92 miles. Over a 6-year period, they have had an average of 384 projects per year. The most were in 2004 when they had NC Moving Ahead coming through. They have had an average of 464 miles per year; the most were in 2004. There are not strong patterns in the 4th quarter. The seasonable pattern of work is slowing down, so the number of projects is less, particularly in the 4th quarter. They anticipate that in the 1st quarter of this year the numbers will be down due to budgetary restrictions.

Ms. Szlosberg mentioned they plan to stay on track next month with climate change and energy, and will have an update from the State Energy Office about the State Energy Plan. There will also be a presentation about "Performance Contracting," which is collaboration with the private sector to reduce energy costs and energy consumption with strategies that cost nothing and no out-of-pocket expenses for the state.

Mr. McRae added there was a summit on CSPAN with Al Gore, Bill Clinton, and others speaking on a bipartisan bill concerning global warming and energy consumption. Ms. Szlosberg suggested finding a source for the summit so that Board members could view it.

Ms. Szlosberg adjourned the meeting at 9:10 A.M.

The next meeting of the Environmental Planning and Policy Committee is scheduled Wednesday, April 1, 2009 at 1 PM in the Board Room (Room 150) of the Transportation Building.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for April 1, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held April 1, 2009 at 1:00 PM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

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|--------------|----------------|---------------|
| Bob Collier | Conrad Burrell | Marion Cowell |
| Arnold Lakey | Andy Perkins | Cam McRae |
| Doug Galyon | Mac Campbell | Gus Tulloss |
| Lanny Wilson | Nancy Dunn | |

Other attendees included:

| | | |
|----------------|-----------------|------------------|
| Julie Hunkins | Angela Person | Len Hoey |
| Mark Terrell | Joel Setzer | Jay Swain |
| Mike Pettyjohn | Nancy Anderson | Barry Moose |
| Daneil Keel | Victor Barbour | Michael Shumsky |
| Kevin Lacy | Mike Mills | Tim Johnson |
| C. A. Gardner | Moy Biswas | Bill Carstarphen |
| Berry Jenkins | Art McMillan | Amy Simes |
| Scott Slusser | Don O'Toole | Neil Lassiter |
| Ricky Greene | Katherine White | Beth McKay |
| Wally Bowman | Greg Burns | Missy Pair |
| Greg Thorpe | Phillip Ayscue | Phil Harris |
| Don Lee | Steve Dewitt | Cecil Jones |
| Tom Norman | Tom Eagar | Laura Godwin |

Ms. Szlosberg called the meeting to order at 1:00 PM and accepted a motion to approve the meeting minutes from the March committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by mentioning that in the world of DOT and Highway contracting, performance contracting means one thing, while in the world of energy and environment, it means a little something different. She noted that the speakers were going to talk about something a little different from the kind of performance contracting that the Board may be accustomed to.

As a nation, there are all kinds of challenges dealing with energy. The resources are running out, and the resources that are available are linked to people that don't care for our nation that much. There is also the issue of the environment and greenhouse gases which are accelerating at a rate much faster than predicted two to three years ago. There has to be something done about this issue. The Legislature required that an energy plan be put in place a few years ago for our State Departments. Within that context, the Legislature also put programs in place to help meet those energy objectives.

Ms. Szlosberg introduced Mr. Len Hoey, Director of Utility Savings Initiative, at the North Carolina State Energy Office.

Mr. Hoey spoke about saving energy within the public sector in the State of North Carolina. The State agencies, the UNC system, community colleges, K-12 schools and local governments (both County and municipal) are all working to save energy. The Utility Savings Initiative was established in 2002, and in that time the new Governor was faced with a budget crisis and appointed a Commission who created utility savings initiative that would save money and manage the energy costs.

In 2007, Session Law 2007-546 was passed that requires all State agencies and Universities to reduce their energy consumption by 20% by 2010 and an additional 10% for a total of 30% by 2015. North Carolina is currently at 12% reduction on a statewide composite basis. New building construction was another issue addressed in the Bill. All new buildings that are constructed for the State have to be built to a standard that is 30% more efficient than a normal code building.

Within the utility savings initiative, many programs are offered. People are helped with utility accounting-- understanding their energy bills, what they are paying for and if they are on the best rate structures. They perform detailed and preliminary energy surveys in state and public buildings free of charge. They offer classes on how to prepare a strategic energy plan. They also help to develop conservation action teams. They have an energy management diploma class and have put around 400 people through the class that is conducted by the Office of Professional Development at NC State's McKimmons Center. The graduates get a diploma that certifies them to work in energy management. They conduct technical workshops about boilers, compressors, chillers, HVAC systems and lighting, which is offered free to people in the public sector.

Performance contracting comes in when realizing that saving 20% of energy on a baseline of 2002-2003 is a wonderful goal -- that it can save you money in the long run. When you look at the State data, our energy costs are rising at twice the rate being saved. Additional costs are being avoided. For example, if you buy a car that gets five miles a gallon better gas mileage and your gasoline jumps from \$2.00 to \$4.00 a gallon, are you going to save any money? The answer would be no to having extra money in your pocket, but you have avoided spending additional money, which is a very important concept as projects are reviewed.

Mr. Hoey continued by explaining that Performance Contracting has its own unique set of acronyms and abbreviations. A Performance Contract, also known as a Guaranteed Energy Savings Agreement (GISA), is a contract let between the owner and the vendor, where the

vendor is an Energy Service Company (ESCO). There are 12 pre-qualified ESCO's in the State. They are vetted and reviewed to make sure they are capable of doing the projects, and the Treasurer looks at the financial statements to make sure they can offer the guarantees that are mandated in the Statutes. Other acronyms are RFP (Request for Proposal), IGA (Investment Grade Audit). The local Government area normally don't like the term "audit" so it is also called a Detailed Energy Survey. M&V (Monitoring and Verification) is critical to a performance contract. This is what determines if you are getting what you paid for. An ESA (Energy Services Agreement) is the final contract. An ECM (Energy Conservation Measure) can also be used as an ECO (Energy Conservation Opportunity).

A performance contract is a "Design Build" type of contract. As such, you do not get the detailed specifications until after you are in the contract. Your contractor does all the design work, as well as the construction and the contracting. Savings and avoided costs are guaranteed. The owner pays for the project over time using the money avoided in the utility budget. An agency, University or the State does not have to look at creating a new revenue stream to pay for these projects. Money is diverted from the utility budget into a reserve account in order to pay for the cost of the project. State agencies require a third party review, monitor and verify the savings. Third parties do this because the capital, on-staff expertise and manpower is not available to oversee the whole project. The advantages of this design-build process is a single point of responsibility. It provides the capital for the project and by guaranteeing the savings; it also provides the method of repayment for the project. All the engineering and project management expertise needed to complete the project is provided and you get guaranteed performance and savings.

The process is not perfect and at times people fail to understand the contract commitments and agreements. The State Energy Office provides assistance with each step of the process, and all documents and steps must conform to General Statutes and LGC Application for approval. It is important that this is done correctly because it is taken before the Council of State to ask for approval of the project, and all of the rules and regulations must be followed. There is a standard RFP template that has gone through the Attorney General's office, so they know what is in it. There is a Standard Investment Grade Audit Contract and the Energy Services Agreement that are all available to assist applicants with projects.

Mr. Hoey introduced then Mr. Mark Terrell, an Energy Management Engineer with NCDOT's General Services Division.

Mr. Terrell stated that he works for the General Services Division, which manages facilities, designs and oversees construction of major facilities. Mr. Terrell noted that he has worked in residential construction, naval facilities command and education in construction and energy management.

He emphasized it is important to understand the vast size facilities within DOT. There are over 2,250 buildings statewide that NCDOT manages -- that is over 6 million square feet and the majority of those are over 35 years old; from an energy management standpoint, it is already evident that there is a need for improvement and upgrades. The findings with DOT buildings is that there has been some neglect with regard to improving or upgrading the structures. As far as

dollar value, the State has been hovering at \$15 million for the whole facilities management program. This also covers traffic services and signaling within each division.

The State mandates NCDOT to conserve 20% in energy by 2010 and 10% in water. Mr. Terrell's job was created in order to present the plan to the State Energy Office to monitor the department's efforts toward the 20% reduction by 2010. A program has been set-up on a three-way approach, and some strides have been made in these three areas.

In the continual rate reviews in accounting, there is a great support group coming from the fiscal unit working under the Mark Foster, NCDOT's Chief Financial Officer. Mr. Todd Honeycutt and his staff, who work with the Utility Unit, have done a good job in giving clear information concerning where water leaks are and how they can get better rates.

There are some funding issues that are keeping NCDOT from reaching the target of 20%. The performance contracting has not been utilized throughout DOT. There is a Waste-Enders program that was established that Mr. Terrell continues to work with; information on this program can be found on NCDOT's Intranet Portal. Here you will find information on what to do to conserve energy and water; there are also links to other websites and tips.

There have been some energy upgrades with the operational staff, different divisions, and at roadside environmental rest stops and welcome centers with efforts to reduce energy and water consumption. Ultimately, we may not make the 20% unless significant capital improvement is made, and that is why this program for performance contracting is appealing, because it gives an avenue of ways to meet the 20% goal.

Overall DOT is at about 16% of the energy goal and about 22% for water reduction, which is very significant. Initially, it is estimated that this accounts for around \$400,000 annually. There has been a four-year avoided cost of \$5.1 million, and adding in the traffic services would be another \$4.7 million, which comes to \$10.4 million in avoided cost that could have been spent if nothing at all was done. That equates to about 204 NCDOT full-time employees saved or 13 to 20 construction or engineering type jobs in the green economy. They have diverted water equivalent to about a thousand North Carolina homes.

The Guaranteed Energy and Performance Contract reduces energy and water consumption and provides cost savings at no initial cost to DOT. General Services is already engaged with the State Energy Office on the first application, which was submitted on February 18, 2009. They are submitting a project to get the downtown Raleigh area Transportation Building upgraded. However, funding is not available right now because the limit of about \$100 million has already been spoken for. However, the General Assembly is considering raising the cap on these funds, which may provide the initial funding for this program. If the funding cap is lifted, then NCDOT may be able to take advantage of this program. If the project goes through, the upgrades are those that you would not likely see because they are located within mechanical rooms.

This Performance Contracting project would involve the Highway Building, Annex and the old Art Museum. They have evaluated major equipment component parts, the age, when they were installed and how long it would last. There is possibility of tightening up the envelope of the

building. Changing out windows that are single paned to be more energy efficient, controlling the heat losses or gains within the facility, replacement of equipment from deterioration would all be candidate project components. There was a study done in 2007 that was paid for by General Services that proved that there are possibilities of energy conservation measures that can be implemented within the complex that will give us a payback of about four to five years and associated accumulative capital cost. To see some successes and to see the type of things that is proposed to do is very exciting. You can find this information at: <https://intranet.dot.state.nc.us/portalint/Home/Teams/tabid/54/Default.aspx>. Click employee information and energy conservation. Mr. Terrell asked if there were any questions.

Ms. Szlosberg mentioned that they created a base-line of three to four years and lock into that energy cost, and the difference between what we reduce by and our baseline is what pays for the capital improvements. It is no money out of our pockets but there is a predictable rate for utility cost at the time of contract. If someone comes in and installs a boiler or fixes a window, it is zero cost to DOT and at the end of the contract the energy cost go down so DOT is reducing the amount of energy used. DOT is locked into a predictable rate of energy consumption and then at the end of the contract we get all the benefits and pay nothing for the capital improvements.

Mr. Hoey answered that that one of the things to look at when determining if a building is a good candidate for a performance contract is that over-time they extend from 5 years to a maximum of 20 years. If you go for a 10 to 12 year contract, you want to make sure your building is not going to be demolished or in six years be in need of completely tearing the insides out of the building and re-work and re-do it. That is not a good candidate for a performance contract. You want to make sure the building will be in existence and the use will remain fairly consistent.

Ms. Szlosberg stated that it seems to meet in a fiscally challenged environment today where there are buildings with 20 years of age or more that we know we have to fix but have no money available, and struggling to fulfill our mission in terms of transportation. Performance Contracting would be a way of getting it done without any capital outlay from the Department.

Mr. Hoey stated that within the performance contracting statutes, there is a \$100 million dollar cap on the amount of performance contract we can enter into. It is currently at \$96 million, which is why DOT's Performance Contract is on hold. They will continue to work and prepare the RFP. There is a Bill in both the Senate and House that hopefully will be signed and passed into Law that will raise the CAP significantly or potentially move the CAP altogether.

Ms. Szlosberg stated that we can be helpful by lobbying for cap lift and do the work to get to mandated reductions.

Mr. Hoey stated that while sitting on the Climate Action Plan and Advisory Group (CAPAG), the Division of Air Quality had to put out a final report under the "Clean Smokestacks Act". Within the report it was mentioned that if you want to eliminate carbon dioxide, don't burn the fuel in the first place. That is what we are doing with energy efficiency. We are not consuming the energy in the first place.

Ms. Szlosberg adjourned the meeting at 9:10 A.M.

The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, May 6 2009 at 1:00 PM in the Board Room (Room 150) of the Transportation Building.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for May 6, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held May 6, 2009 at 1:05 PM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

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|---------------|-------------|
| Bob Collier | Nancy Dunn |
| Andy Perkins | Doug Galyon |
| Marion Cowell | Stan White |

Other attendees included:

| | | |
|----------------|-----------------|----------------|
| Julie Hunkins | Angela Person | Allen Pope |
| Ricky Greene | Katherine White | Beth McKay |
| Wally Bowman | Jennifer Garifo | Pat Simmons |
| John sullivan | Edie Dancausse | Phillip Ayscue |
| Greg Thorpe | Drew Joyner | Missy Pair |
| Terry Arellano | Jon Nance | Art McMillan |
| Amy Simes | Don Lee | Bob Andrews |
| Daniel Keel | Kevin Lacy | Berry Jenkins |
| Victor Barbour | Marion Cowell | |

Ms. Szlosberg called the meeting to order at 1:00 PM and accepted a motion to approve the meeting minutes from the April committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by mentioning that for a while there has been talk about the carbon-constrained world and the contribution that transportation makes to carbon loading and to our warming planet. There will be policy implications both at the Legislative level in North Carolina and with President Obama's administrative change with looking at carbon now as a pollutant. In the new world, carbon will be designated as a pollutant by the Environmental Protection Agency. Ms. Szlosberg introduced Mr. Tim Profeta, Director of the Nicholas Institute for Environmental Policy Solutions at Duke University. Mr. Profeta served as Council for the environment to Senator Joe Lieberman; Senator Lieberman was one of the authors of the Lieberman-Warner Bill that looked at climate change. Mr. Profeta is a visiting lecturer at the Duke Law School and before joining Lieberman's staff, he was a law clerk for Judge Freeman of the US Court for the District of Columbia.

Mr. Profeta's gave a snapshot of what is going on with the climate change policy and how that affects transportation. He came back to Duke University where he went to graduate school to curate the Nicolas Institute, which is a two-way bridge between Duke University and decision-makers. A lot of his time is spent in Washington, DC and in North Carolina running a program assisted by Bill Holman. Their job is to take all of Duke University's knowledge and use their ability to convene people to help them make their own decisions.

Mr. Profeta stated that there are two major pieces of legislations are likely to go through Congress this year that will be very relevant to transportation and climate change, one of which is the Climate and Energy Emissions Bill that has been proposed in previous Congresses and is now under consideration by the House of Representatives. Another is the big transportation re-authorization bill that will be worked on in the Fall. There are carbon reduction programs all over the world except for the United States. In the absence of reduction programs in the United States, there have been State and Regional programs popping up, particularly northeast, west and now mid-West.

The entire northern part of the world has emission reduction programs. However, climate change is fundamentally about the United States and China. This accounts for two-thirds of the emissions reductions that have to happen over the next 50 years if there is going to be any stabilization with greenhouse gas emissions. Right now, neither of these two countries are making any emissions reductions, so there is a long way to go internationally to address the problem. In the United States there has not been any definitive federal activity, but there is an emission reduction program arising regionally. These are cap and trade systems that are dominant policy devices to address climate change. Cap and trade is the ability for a jurisdiction to make greenhouse gases from sources, getting them in the market place and regulate buyers so that you have to own the right to make a greenhouse gas. Because of the cap, there are only so many rights that the sectors will emit out in the world, but there is trading between them. If reductions are made cheaper, then rights to emit could be sold to create a marketplace. It was handled that way in 1990, which was the cheapest and most effective reduction program ever run.

Ms. Szlosberg stated that on allocations of allowances, Obama's administration is looking at rebates for offsetting emissions. She asked, "Is the campaign promise to allocate allowances and give it back to the people?"

Mr. Profeta answered that first he would contrast the campaign and the political reality of the program. The campaign promise was to try and inspire to auction 100% of these allowances and return all the revenue to the American people. In the Waxman Negotiations right now, they are on the road to dole out 100% of these to stakeholder groups to make sure they have the votes. The revenue will only be used to further the purpose of the Legislation.

In the absence of the federal legislation, there is a "cap and trade" program that has trading in the northeast for utility sector. The western United States are developing one for all sectors of the economy, and now the Midwest is doing the same. When Mr. Profeta started working with Joe Lieberman in 2001, there was no opportunity to discuss greenhouse gas policy. It was not a

question of how to deal with it, but whether they wanted to deal with the greenhouse policy. In the federal debate now, it is a question of how they should deal with it. There was a debate about the Lieberman-Warner proposal of a 70% reduction in the last Congress, but it was an unsuccessful debate. What changes from the last Congress to now is the new President. We now have a President who wants this change, is part of his agenda, has made it a priority and has indicated that he is willing to spend some political capital towards it. Hopefully that will force the equitable compromises that are necessary to make this happen.

All the Congressmen that were in place before are all gone and in the US Senate there is leadership from Lieberman, McCain and Warner. One has retired and Lieberman and McCain, while still there, are no longer truly in leadership positions in our caucuses. In the House, you have leadership from John Dingell of Michigan and Rick Boucher of Virginia who moderate manufacturing cold state democrats that were moving a bill forward in October of 2008. They were upset and overturned by Waxman of California and Markey of Massachusetts (much more liberal members) and their Chairmanship and their committees, and now there is a brand new leadership team there.

There are two futures for climate policy in the United States. One would be a road toward a successful bill, and there are three things that need to happen to get there. One is that Henry Waxman has to be able to legislate. He is now the most important person in climate change policy in the United States. He is Chairman of the House's Energy and Commerce Committee, and no member of the House of Representatives is in better standing with the environmental community. Second is that moderates need to lead rather than complain. Mr. Profeta stated there is very little leadership in the Senate right now, and Barbara Boxer is not moving anything through her committee. The moderates are organized but not willing to act and are just gathered to complain about the proposals they see on tape. Lastly, the White House needs to put shoulder to the will and take some political leadership on this issue. If this does not happen, there is a second more chaotic situation. There would be leadership back in the Senate, all ideas on the table, but not enough time to address the issues; the end result would be no climate legislation.

Recently, Waxman and every single member of Congress went to the White House and was pressed by President Obama to get this Bill done. The President indicated that he wanted certain things on his agenda done first and that it was a key to his economic "One-Two Punch". There is no unified business voice as there is no unified environmental voice. There is a very strong group of businesses for "cap and trade", called USCAP (The United States Climate Action Partnership), who are convening in Washington, DC to discuss what they can do to keep things moving forward. There is a rising tax voice coming out from a couple of sources. People are concerned in the market that there is no strong political support for creation of carbon markets now, like there was five years ago. Some people are looking at taxing as a simpler and easier way to go. While there is a lot of talk about tax, it is more among the economic economist and the few select corporations.

Ms. Szlosberg asked, "Why is the US Chamber against cap and trade?"

Mr. Profeta stated that the US Chamber has been against cap and trade as much as they have been against tax. The US Chamber believes it is an additional cost of doing business and does

not want to impose upon their members. Even if the politics determine that legislation is something that is wanted, there is a lot to deal with like cost containment and trading competitiveness, allocation allowances, the Clean Air Act, and the billing of State and Federal partnership. The House stated last year that they wouldn't have complicated allocation systems, but by the time they got through the process, the result was a very difficult process to follow. Barbara Boxer even chose to make a very simple way to deploy the revenue by giving it to consumers, energy technologies, states, workers and wildlife conservation. They realized that she had tried to provide funding overseas to help developed nations adjust to climate change. State and federal partnerships are easier to get done because the States will give away their rights to have their own markets as long as they get some revenue back and have some right to continue to have emission reductions within their own States.

A lot of modeling was done with different scenarios as to how different bills would affect the economy. It gave the companies a sense of what they think the right levels and dates would be and how much they could make in reductions and how fast. The emissions in the United States is about 33% in the utility sector, 33% in the transportation sector and 20% for the industry. In all those scenarios, the utility sector goes to all zero emitting technology by 2035. The reductions are cheaper and the market drives them there. The transportation sector was calculated based on three different scenarios with the reduction from 2.5 to 2 billion, regardless of the assumptions that were put into the system. The transportation sector, based just on the basis of the system, doesn't respond. That is why everyone talks about the famous "Three Legged Tool" for transportation. Transportation can not only be addressed through the "cap and trade" program; it must be addressed through emissions from vehicles, the fuels and amount of vehicle miles traveled.

Policies need to cover all three. There is a lot of political pressure for complimentary legislation that will not only reduce the emissions of vehicles, but the others mentioned as well. The current proposal in the House, the Waxman-Markey Bill, includes a number of other measures including higher fuel efficiency improvement, vehicle emissions standards, low carbon fuel standards, electric vehicle infrastructure development, plug-in manufacturing assistance, large scale electrification and transportation grounds plane requirements. These mentioned are all in the proposed Transportation Bill re-authorization. There is likely to be new policy on each of these mentioned in reaction to climate change. It is very likely that because of the movement, the state of debate, and the pressure from the White House, these sort of requirements will be brought back up again in the next re-authorization.

Ms. Szlosberg stated that the NC Department of Transportation (NCDOT) is in the process of prioritizing our projects and it looks like DOT should consider green house gases (GHG) as part of our prioritization process.

Mr. Profeta stated that he wasn't aware if Barbara Boxer would let her bill out of her Committee without a GHG planning requirement. The State of California is trying to implement the GHG requirement, which is difficult to do with State Regional Planning Organizations, but they already have a bill trying to condition funding on having GHG plans for each regional planning area in California.

Ms. Szlosberg asked, “What advice would you give to policy makers at State level? What requests might we see in terms of GHG policy? Also, how would revenues be used and how much would be need to go towards transportation?”

Mr. Profeta answered that first you need to be aware of what the requests of the policy would be. There are revenues coming onto the playing field that could be used for infrastructure. You will find a lot of industry and environmental support that should be used for this purpose. Companies like Dupont are fearful that the transportation sector is so non-reactive that it will dry up the cost of doing business with everyone else. Dupont is very much in favor of using that revenue to work on low-carbon infrastructure and vehicle efficiency so that they do not affect the market adversely in their sector of the economy. The second is to not assume the equilibrium stays. After a meeting at the White House, likely with this Congress or somewhere in the next couple of Congresses, there will be a “cap and trade” bill or something that prices greenhouse gases. In new cost of doing business, it will be reflected in transportation costs, likely at the pump, and the use of fossil fuel will get more expensive and you will want to be able to provide infrastructure.

Ms. Szlosberg thanked Mr. Profeta for his presentation.

Ms. Szlosberg stated that as part of the White House discussions, US Department of Transportation’s Secretary LeHood, along with the new head of Housing and Urban Development, announced a joint venture that looks at livability and sustainability. As they put together a work plan, she has asked Secretary Conti to make sure they are all briefed and made aware of what is happening. In addition, she mentioned that the Southern Environmental Law Center put together a policy report titled “*How Do We Get There? A Roadmap for North Carolina’s Transportation Future.*” Ms. Szlosberg stated that a copy of this publication had been provided to all Board Members and senior staff and encouraged them to review it.

Ms. Szlosberg also provided an article about solar power for committee members review. She stated that Oregon has begun using solar power and has a pilot project where they are using the right of way around one large intersection to put solar panels down and light the intersection; this is a revenue neutral proposition. Don Lee, Roadside Environmental Unit Head, is continuing to work on some pilot projects where North Carolina maybe able to put some solar-power generated stations in a rest area.

Ms. Szlosberg adjourned the meeting at 1:50 P.M. The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, June 3, 2009 at 1:00 PM in the Board Room (Room 150) of the Transportation Building.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for June 3, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held June 3, 2009 at 1:00 PM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

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| Bob Collier | Marion Cowell | Nancy Dunn |
| Andy Perkins | Doug Galyon | Conrad Burrell |
| Arnold Lakey | G. R. Kindley | Lanny Wilson |

Other attendees included:

| | | |
|-----------------|------------------|------------------|
| Julie Hunkins | Angela Person | Sean Doyle |
| Ryan Zellar | Steven Waters | Don O'Toole |
| Jim Wetmoreland | Barry Moose | Ted Vaden |
| Pat Ivey | Sandy Nance | Shirley Williams |
| John Sullivan | Daniel Keel | Mike Mills |
| Debbie Barbour | Bill Carstarphen | Jim Humphrey |
| Berry Jenkins | Matt Lauffer | Amy Simes |
| Don Lee | Missy Pair | |

Ms. Szlosberg called the meeting to order at 1:00 PM and accepted a motion to approve the meeting minutes from the May 2009 committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by mentioning that there has been a lot of discussion about climate change, the role of the Department of Transportation and land use, and the important connection between land use and transportation. Mr. David Farren and Chandra Taylor from the Southern Environmental Law Center (SELC) are both working not only in North Carolina, but all over the southeastern United States on transportation issues. They are working together with Legislators and with other Departments of Transportation on how to make the system better.

Mr. Farren stated that the SELC have been following the issues very closely in North Carolina and in other states around the region. One of their functions as an organization is to focus on the Southeast as a whole in terms of policy, both at the federal and state level. Hopefully, one of the things that they bring is perspective and ideas based on what some of the sister states are doing

in the transportation arena, as well as what is occurring at the federal level. Their organization now has an office in Washington, DC and will be keeping close tabs on what is happening on federal policy, including transportation and climate change policy. It is a very exciting time for transportation policy. Mr. Farren has been doing this type of work for 15 years all over the Southeast both from a project-specific perspective and from a policy perspective. He noted that with all the changes occurring at the federal level, this a very exciting time to be looking at transportation issues beyond the narrow issue of getting more funds for transportation.

He spoke with the EPPC Committee a year ago in connection with the report for the 21st Century Transportation Committee and did a transportation presentation on behalf of a coalition of non-profit groups, including a social justice group, AARP and other environmental organizations; however, since then, so much has changed. At the federal level, there is a new President, a new Federal Transportation Secretary, and a lot of emerging focus on the federal transportation policy. An important part of this is the Climate Bill that is now making its way through congress. Tim Profeta from the Duke Policy Institute spoke about this at the May EPPC meeting. In connection with the Climate Bill and re-authorization of the Federal Transportation Bill, there should be some new federal policy in the area of controlling greenhouse gas admission that will affect transportation planning. The contents being discussed include potential auction proceeds and how greenhouse gases will be regulated. Some of those proceeds may go towards transportation projects that help greenhouse gas admissions, which leads to one big potential opportunity. Another opportunity relates to planning requirements for metro areas around greenhouse gas emissions.

There has been a lot of talk about the Stimulus Bill and the focus the US Department of Transportation has on making sure the funds are spent. It is a little window into the future transportation policy to see how much additional funding has gone toward passenger and freight rail relative to investing in highway capacity, as well as the emphasis on spending stimulus dollars on maintenance and repair. The state should position itself to take advantage of the funding forces and opportunities that would be well served in terms of economic competitiveness, quality of life, environmental stewardship and other interrelated issues that go together rather than conflict with each other.

Secretary Conti went to Washington, DC for a meeting related to rail funding. North Carolina is extremely well positioned as one of the seven national corridors and could end up being one of the top four priorities nationally. There are many opportunities that North Carolina could be taking advantage of if the state-level policies and programs in state law are tailored to take advantage of the opportunities. North Carolina now has a new Governor, a new Secretary of Transportation and an executive order that relates to ordinances and functions, and several bills were introduced in this Legislative session dealing with various aspects of transportation policy, including intermodalism. Some bills did not make the crossover, but can expect to be seen in the future relating to board functions. Board functions would include changing or improving the project approval process, looking at the equity formula, looking at the Turnpike Authority and how those functions intersect with the functions of the transportation agency as a whole. There is also a big focus on the budget, so he is unsure about how many of the bills will survive. This really shows that these issues are not about getting more money to carry out the same policies focused on in the past but looking at finding new ways of approaching transportation policy.

The Emerging Issues Forum in North Carolina this year focused on growth, which affects transportation. There will be 50% growth in North Carolina by year 2030 and North Carolina will become the seventh largest State. How that growth is accommodated will have huge implications for the economy, equality of life and protection of natural resources. The way North Carolina has been growing from 1950 to 2000, there has been tremendous growth in the metro areas, but the population growth has been outstripped by 3 to 4 times in terms of the amount of land consumed. Going into the 21st century, this pattern is not going to be sustainable in terms of finding availability to support low-density growth or from an environmental perspective relating to greenhouse gases and water quality. Impervious surfaces are the cause of non-point run-off, which is the leading cause of water quality degradation. It is also an issue related to recharge of aquifers with impervious surfaces and water runoff. Resources are lost more if there is no good planning in place to make sure the water is not being chunked away quickly. In North Carolina the impervious surfaces follow where the major metro areas and large cities are. The way in which we grow and encourage growth and the transportation choices that we make will have huge implications for both the water quality and water supply resources, which is tied to continued growth prosperity and economic development.

The other major issue is air quality. There are significant air quality issues in our major metro areas. All three of our largest metro areas have bounced in and out of non-attainment. All areas will be back in non-attainment under the new standard that requires planning and policies to reduce most stationary source pollution and make sure the transportation sector is doing its part to contribute to healthy air quality. This is particularly an issue in Charlotte right now. It is projected not to be on track by the 2009 deadline under the old ozone standard. Charlotte is now flirting with a conformity lapse that could lead to a cut off in federal transportation funds. This is something that Atlanta faced about a decade ago when it failed to take steps to improve transportation planning to ensure that air quality goals would be met. As of now, EPA has adopted the new standard and there is a yearlong process to decide what the geographic boundaries will be for the various non-attainment areas.

There is no way of obtaining our goal nationally without addressing transportation policy. Within transportation policy, there will have to be a multifaceted approach. It cannot just be one "silver bullet." It is going to have to be various wedges of the pie that add up to meeting the overall goal. If you look at transportation as a component of all greenhouse gas emissions, it is about one-third nationally. It is the fastest growing source of greenhouse gas emissions in the country and the State. The Southeast has a disproportionate impact, because of a relatively higher "per person" amount of driving. With the amount of driving that we are doing, it is escalating more quickly than our population or the number of vehicles. We will have to have cleaner cars, cleaner fuel, better gas mileage and will have to address vehicle miles traveled (VMT's). North Carolina cannot get where it needs to be if the level of per person driving continues solely by relying on fuel-efficient cars and cleaner fuel with lower carbon content. Project prioritization, maintenance and repair, multi-modal transportation choices, linking transportation to land use, and DOT reform are five specific recommendations on the report that are based on the policy background.

The first issue is project prioritization. We know that we are in a transportation funding crisis. The North Carolina long-range plans show that there are far less anticipated funds than the project list. Even if current policies continued, that would not be obtainable. There will need to be a better job done of prioritizing what we actually fund because not everything can be funded. There are ways that the policies can be improved at the agency level, but there are also ways that can help move North Carolina in the right direction by looking closely at some of the State laws. Some of the laws run counter to what a prioritization process for the 21st century might look like that would best promote the goal of both economic development and environmental stewardship. The highway trust fund is still about 60% un-built and would cost about 13 billion dollars to finish, and the latest estimate from the agency was that the earliest it could be completed was 2050. Continuing with the current policies based on the highway trust fund and the equity formula simply are not possible even if they wanted to make that policy choice.

As suggested by the 21st Century Transportation Committee, about seven percent of the highway corridors capture the vast bulk of our travel or congestion. A better prioritization process would help the State focus scarce dollars on where to get the “best bang for the buck” from a statewide perspective as opposed to a district or metro area perspective. It would be extremely helpful to have written into the State law what the key policies and factors are that should be looked at when prioritizing the transportation spending. A couple of years ago South Carolina passed a law that gives some guidance as to how a project should be prioritized. Some of the top priorities have been difficult to fund under the existing policy framework. There has been big emphasis on projects, such as replacing the Yadkin River Bridge on I-85.

Another issue is the Turnpike Authority and how that agency functions in parallel to DOT. The Turnpike Authority has a difficult job in terms of coming up with plans to fund some of these huge, expensive projects, which also happen to be some of the more environmentally controversial projects. There is a role for looking at toll roads in North Carolina, but Mr. Farren suggested that it would be better to have those functions pulled back into the DOT as a whole rather than being housed within a separate agency. Another issue that affects the Turnpike Authority is whether there will be enough traffic on the roads to generate the revenue to make it a viable project.

The Federal Express Corporation has developed a new corporate strategy to return profitability that was based on eliminating left turns. This shows how important direction and flow and the way traffic moves is just as important as how big your fleet is or what your highway capacity is. Having these kind of statutory benchmarks and policies within DOT to support them in terms of prioritization is something that DOT staff likes because it gives them the basis to say why they picked the project. This is why we cannot let politics influence how projects are selected. We have about 40% of our bridges that are deficient around the State. Looking at recent years, NCDOT budgets have not been meeting our target allocations on how much goes to maintenance and repair versus how much goes to new construction. If you look at the amounts compared to Virginia on maintenance and repair relative to capacity and other priorities, it is close to twice what it is in North Carolina and Virginia. Part of that is because they had a statutory mandate to maintain the roads and prepare to spend a certain percentage on maintenance and repair as it is continued to build to capacity. Another possible approach besides having targeted percentages is to have a required target as Michigan does for a percentage number of roads and bridges that

need repair at any given time. Having this concept written into law really helps as a backstop to make sure adequate attention is given to this issue.

Mr. Farren introduced Chandra Taylor, Senior Attorney from the Southern Environmental Law Center. Ms. Taylor mentioned three particular options: expanding transit options to address equity and concerns in North Carolina, expanding inner city passenger rail to better serve urban and rural areas and expanding rail freight capacity to unclog the roads to reduce wear and tear, as well as reduce greenhouse gas emissions. Forty-eight of the fifty largest metro areas in the United States are currently planning to build or expand transit, and North Carolina should not be left behind. One of the things that can happen with the expansion of transit options is addressing the Mobility Act. This deals with the need for people to get around that would use transit, and that need is not filled; there are a number of people who would use transit and could not, and that population would continue to grow as the State grows. This includes disabled people, people who have not as much income, and those who have no access to cars. Then there are choice-based riders who would have access to a vehicle but choose to use transit because of the increased cost of fuel or to be out of the congestion created by driving. There has been great progress in this regards in North Carolina. The Intermodal Bill passed out of the House and a great opportunity in this regard is getting that same bill passed in the Senate. There has been talk of removing the sales tax that is available, or consideration by rural areas to raise funds for expanding transit. All of North Carolina areas should have the opportunity to expand transit options in rural areas.

The North Carolina Rail network serves 86 of North Carolina's 100 Counties. If that same rail line was used for passenger rail capacity, it could serve 91% of North Carolina's population. There is a great deal of passenger rail service potential that can be promoted. The reason that this could happen is getting opportunities for commerce, especially through the Piedmont Crescent Area, running from around the Triangle to the Triad, down through Charlotte, increasing tours and leisure opportunities to the mountain areas, as well as creating access to jobs for our rural areas. Another aspect to inner city passenger rail is high-speed rail. Ms. Taylor showed a map of routes for enhanced rail and the various stages of environmental document completion with North Carolina. She noted that Secretary Conti has been working within partnerships to get people together to have a multi-state proposal for additional discretionary stimulus funds that that will be awarded competitively between the seven high-speed rail regions. That would be great progress and she encouraged the Board to support the Rail Division and the state and the partnerships to achieve the goal of enhanced inner-city passenger rail through high-speed rail.

Freight rail has many benefits and each ton-mile of freight moved by rail rather than highway reduces greenhouse gas emissions by two-thirds or more. Rail freight can move farther on less fuel than trucks, it reduces wear and tear on the highways, makes highway driving safer. The 21st Century Transportation Committee identified \$799 million of needs for maintenance and preservation modernization expansion of rail freight capacity. Progress has been made in the form of the Intermodal bill that holds a position for future grant funding so getting that out of the House is encouraging. Some areas of opportunity that can be encouraged are through the Department's Rail Division Short-Line Infrastructure Assistance Program. There is also an opportunity regarding competitive grants from the Federal Rail Administration from stimulus

dollars, especially with regard to specific ways to link public dollars and private entities to encourage rail freights. Comments in that regard could be somewhat helpful for promoting additional rail freight capacity. There are many great things that North Carolina could achieve, and the ability for NCDOT to do its job is going to be extraordinarily important.

Mr. Farren spoke on linking transportation planning with land use planning and on related strategies to get beyond the earlier policy views, to make sure that there is adequate capacity, and to make sure that the State continues to grow by leaps and bounds. There are two primary pieces. The linking issue to make sure that there is consistency between where transportation money is being put and where and how the local communities want to grow. This is a big opportunity to tie this into project prioritization and making sure that consistency with land use planning is a part of the prioritization process. In some cases, States have looked at the option of conditioning funding on making sure that there are appropriate development ordinances in place to preserve the capacity that is being invested in with the transportation investments. One of the issues covered in the report is planning on a regional level. The MPO's were established at a time when North Carolina had far fewer people. There is a lot more that can be done to plan at a regional level and make sure that major development, major infrastructure investments are serving the region as a whole, and that positive things are occurring in one part of the region.

Other States have had a variety of strategies and successes that NC could draw from. Mr. Farren stated that it is really something that cannot be put and needs to be addressed now. He commented that he knows that the Secretary is looking into a variety of issues dealing with the DOT reform, but there is still a long way to go. There are many policies in place that were developed and have served us very well for the 20th century, but now in the 21st century, a closer look will need to be taken to see how to best serve North Carolina in the future. One of the other issues is the integration between the NCDOT and the other agencies in North Carolina. Examples are Commerce, Agriculture and Housing and Social Services. Some of the other States have very robust programs to make sure all these issues are being coordinated as decisions are made about transportation investments. This ties back into the project prioritization issue, but making sure transportation decision are not being made based solely on traffic engineering, which is important, but also on all the other deeds and functions that a state government would legitimately serve, including housing, education, and economic development.

The last issue is the way the Board is structured. It is important to know if the structure serves the longtime interest of NC to have all of its functions to be primarily representing a particular district. Some At-Large Members on the Transportation Board represent issue areas. It is recommended that the State look into expanding this or possibly doing away with representation or at least modifying it in some way so that the overwhelming focus of each Board Member is overall state policy as opposed to filling an obligation to serve a particular district. In some ways, geographic representation is important, but expanding out to a policy focus is important as opposed to feeling compelled to have a mission to bring as much money as possible to a particular district.

These are exciting times and North Carolina is already fairly well positioned but could be even better positioned to take advantage of new federal policies, to take advantage of demographic trends and to move beyond the Good Roads State, which had served this state so well.

Ms. Szlosberg asked, “Can you talk about the linkage between land use and transportation in terms of job shed? What about economic development policy if you want to grow crops somewhere -- what would be the recommendation about use of transportation infrastructure to drive jobs to an area where none exist right now?”

Mr. Farren answered that if you are talking about some of our rural counties in North Carolina that have less economic opportunity, I would start by saying the current approach isn't working by building bypasses and four-lane roads in hopes that it will spur an industrial development park and jobs will be available. That is less likely to occur in the 21st century as our global economy shifts and what the future economic opportunities will be here in NC. We really have to focus on two things for these rural communities. One is to make sure that they are well connected to the engines of opportunity in our urban areas by bus or commuter rail, while making those areas more accessible and for transportation within those communities to approve their livability and desirability. In addition, it is important to make sure that we are investing in our wonderful small cities and downtowns and not bypassing them with our transportation investments. We need to help make the communities strong again by making them livable and being realistic about what these communities need; some of it may or may not be transportation. It could be high speed internet access; it could be investing in sustainable agriculture and making sure transportation investments compliment the vision of that local community for whatever the best economic opportunity would be, which in many cases would be things like sustainable agriculture, biomass, tourism and those sorts of opportunities that are created with our changing demographic. As we are getting older, people want to visit the beautiful areas of our State.

Ms. Szlosberg adjourned the meeting at 2:00 P.M.

The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, July 8, 2009 at 1:00 PM in the Board Room (Room 150) of the Transportation Building.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for July 8, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held July 8, 2009 at 1:00 PM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

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|--------------|----------------|
| Bob Collier | Nancy Dunn |
| Andy Perkins | Conrad Burrell |
| Arnold Lakey | Gus Tulloss |
| Gene Conti | |

Other attendees included:

| | | |
|------------------|---------------------|-----------------|
| Julie Hunkins | Angela Person | Neil Lassiter |
| Allen pope | Ricky Greene | Jerry Jennings |
| Brandon Jones | Greg Burns | Jennifer Garifo |
| Anne Tazewell | Rob Hanson | Jim Humphrey |
| Bill Carstarphen | Lacy Love | C. A. Gardner |
| Daniel Keel | Pat Ivey | Travis Marshall |
| Jim Westmoreland | Debbie Barbour | Barry Moose |
| Mike Pettyjohn | Mike Holder | Jay Swain |
| Joel Setzer | John Sullivan | Donnie Brew |
| Phillip Ayscue | Greg Thorpe | Donna Dancausse |
| Beth McKay | Delbert Roddenberry | Jon Nance |
| Art McMillan | Don Lee | Roger Henderson |
| Bob Andrews | Mike Mills | Whit Webb |
| Unwanna Dabney | Edward Parker | John Rouse |

Ms. Szlosberg called the meeting to order at 1:00 PM and accepted a motion to approve the meeting minutes from the June committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by recognizing some people that had been working very hard to bring this presentation via technology. Peggy Earo has been working with the Department of Transportation and the IT staff to help coordinate this technology with a lot of other partners. Ronnie Cashwell from the Information Technology Systems, Kim, Jeffery Smith, Bryan Cox and Mary Edmondson from USDOT and Julie Hunkins from NCDOT were among the coordinators. A

few weeks ago it was talked about in the Finance and Programming Committee that President Obama had directed our new US Secretary of Transportation to begin looking at how USDOT can do a better job of integrating and working with other departments, recognizing that it can't do it alone. It was June of 2009 that Secretary LaHood announced an initiative to join with the Secretary of Housing and Urban Development and the USEPA Administrator to all work together to plan for sustainable livable communities.

NCDOT has been thinking about that for a while. Governor Perdue has put together a working group to look at transportation and land use and recognized how important it is for NCDOT to do that. And the federal government recognizes how important it is to do that, too. Ms. Szlosberg introduced John Sullivan from the Federal Highway Administration. He has worked hard on the issue of integration, working in this multi-disciplinary environment to bring highways in with all the other things that DOT does to provide transportation to the citizens of our state.

Mr. Sullivan announced that it was his pleasure to introduce Beth Osborne. Ms. Osborne is the Deputy Assistant Secretary for Transportation for Policy within the Office of Secretary of the US Department of Transportation. As the Highway and Transportation Authorization runs out September 30 of 2009, Ms. Osborne's office is responsible for coordinating all of DOT's modes, which includes highways, transit and rail, in the re-authorization process and providing the policy piece to the Secretary, who will lead the US DOT's initiatives in the authorization process. Ms. Osborne has a wealth of experience in the legislative process. She has been on staff for a Senator and also with a Congressman.

Ms. Osborne stated that a sustainable community or livable community is one in which people have multiple, convenient transportation and housing options as well as destinations (jobs, medical services, schools, retail) easily accessible to people traveling in and out of cars. She commented that a friend once said he never wanted to live someplace where he couldn't walk to get a slice of pizza. Another way to think about it is like the former head of Envision Utah who said it was their priority to allow families to live close to one other, no matter what stage of life they are in: the college grad in an apartment, the young family in a house, the empty nesters in a condo -- all within walking distance of one another. Still another way to think about it is the type of community that every area puts on their tourism pamphlets. She commented that she has never seen a community advertise its strip malls. It is always a walkable community with restaurants, shops, a post office, dry cleaner, and housing all easily accessible without a car.

Household transportation costs are lower in sustainable communities because people don't need one car for every person over 16 in order to function. And the cars they do have do not get driven as often. These communities are more economically resilient. HUD has found that foreclosures have not been as pervasive in communities that are not car dependent. And in some cases, property values have actually continued to rise.

Ms. Osborne also added that there is an interesting disconnect in markets and policies. Livable communities are usually more expensive than car-dependent ones because the demand so overwhelmingly outstrips supply. And yet zoning and government programs prevent them being built.

Businesses have increased access to customers. Small businesses are more successful in areas where they have pedestrian traffic – they do not have the advertising budget to lobby customers to make a special car trip to their storefront. Big businesses do better, too. For example, Target opened a 2-story location in the middle of a mixed-use, mixed-income, walkable neighborhood with strong transit service in the middle of Washington, DC, a little over a year ago. It is now their most profitable location in the country.

Oil use and air pollution drops substantially in communities that allow people to buy a gallon of milk without having to buy a gallon of gas. An NPR case study in Atlanta compared the carbon footprint of a family in a walkable, transit served neighborhood versus a car-dependent one. The footprint of the first family was 40% smaller, with transportation accounting for almost 95% of the difference. Our experience with CAFE shows you cannot do this by fuel efficiency alone. While fuel economy rose in the wake of CAFE standards, so did our fuel usage because of an increase in vehicle miles traveled of 150%. Population accounted for only 13%. The majority of it was caused by dispersed development patterns and a lack of alternative forms of transportation.

Health improves, too. People who walk as part of their daily routine (as opposed to part of an exercise regime) tend to be healthier. Recent studies have shown an average weight difference of 6 pounds.

Finally, infrastructure costs are lower. Coordinating development and infrastructure development decisions tend to result in less need for various kinds of (usually unplanned) infrastructure investments at all levels of government. Envision Utah found that their “Quality Growth Strategy” – which focused development in areas where infrastructure already existed and included a more market-driven mix of housing – resulted in a 7.3 percent reduction in mobile source emissions, less traffic congestion, and required \$4.5 billion less investment in transportation, water, sewer, and utility infrastructure.

The problem is that these communities -- common in older cities and attractive for tourism -- are illegal to build in most parts of the country. This is partly due to state and local land use and development rules. But it is also due to federal programs that do not incentivize or prioritize funding to projects that produce the benefits of livable communities. So HUD, DOT and most recently EPA have come together to see if we could change this in terms of our programs. We are working to identify ways to support and promote livable communities – and current barriers to them.

We have agreed to 6 principles to govern the development of any new policies and the re-evaluation of current policies:

1. Provide more transportation choices, develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
2. Promote equitable, affordable housing. Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation.

3. Enhance economic competitiveness. Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets.
4. Support existing communities. Target federal funding toward existing communities – through such strategies as transit-oriented, mixed-use development and land recycling – to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes.
5. Coordinate policies and leverage investment. Align federal policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.
6. Value communities and neighborhoods. Enhance the unique characteristics of all communities by investing in healthy, safe and walkable neighborhoods – rural, urban or suburban.

Ms. Osborne stated that DOT hopes to use this partnership to ensure that our programs don't just reflect each other but coordinate in a very meaningful way. HUD has suggested joint implementation of their sustainable communities planning grants, which are in their FY10 budget request. DOT is developing details for its livable communities program that we have proposed for the extension bill and would like that funding to support planning and projects that are developed in coordination with housing and land use planning, which will require substantial guidance and support from HUD and EPA.

The partnership is in the midst of developing a list of barriers to livable communities so that they can remove any of the barriers at the federal level. She stated that the partnership will be seeking input to communities that have tried to do this across the country.

They are also developing an array of performance measures to determine when we are accomplishing the goals imbedded in the principles. Those measures will include an affordability index that looks at combined housing and transportation costs in order to inform consumers about the true cost of a home and to inform banks about how transportation costs might impact people's ability to pay their mortgage. For example, people seeking a \$300,000 house in a walkable neighborhood with a town center may be able to take out a larger mortgage and reliably pay it back because of the low transportation costs than a family buying a similarly priced house in a car-dependent community. Right now bank lending and HUD programs are unable to account for this – even though housing is usually the second highest costs to a household and sometimes the first. The partnership is just a month old and they are developing their workplan and deadlines now. She stated that they look forward to having more details and products in the near future.

Ms. Szlosberg commented that Ms. Osborne alluded to some of the obstacles that are currently in place to really actualize some of the goals. Ms. Osborne described what is called in some communities as location-efficient mortgages and that it has long been advocated by people working on the issue of sustainability. Ms. Szlosberg asked, "What sort of things would you foresee happening at the federal level to create some kind of program for location efficient mortgages?"

Ms. Osborne answered, “Transportation costs are not included in HUD and FHA’s mortgages. Adding those costs could be something to be considered. Also there should be support for mixed-use mortgages.”

Mr. Westmoreland asked, “You mentioned something about the partnership that existed between HUD, DOT and EPA and some of the work that you are doing. How will you specifically involve the states in those activities going forward and how we could partner together? Specifically from North Carolina’s point of view there is a lot of work that is currently underway, especially in urban and suburban areas of the state, to look at more efforts of sustainability. Are you focused yet or how can we get focused together on developing guidelines for rural areas of the country?”

Ms. Osborne answered, “We are starting to ask people to come in and brief our partnership on efforts on the ground. We are also looking for other formal or informal avenues about the barriers and the successes they have had and what it took to become success. In terms of rural areas, a lot of times people think the area is too small. There is irony in that because a lot of what we are trying to do in creating a livable community in the urban area is create a small town feel of rural America in the urban setting.”

Ms. Szlosberg asked if there were some best practices in other states? Often times in the world of sustainability people talk about Oregon and specifically Portland and the work they did with an urban growth boundary, which is sort of an icon for the sustainability movement. Ms. Szlosberg asked if there were some other examples around the country that Ms. Osborne could point to?

Ms. Osborne answered that the good news is that there are a large number of examples, but the bad news is that is it not the default yet.

Secretary Conti commented that he previously occupied the Assistant Secretary position with Ms. Osborne and her office. He commented that there was a good livable community tasks force under Vice-President Gore and he is glad that Ms. Osborne has taken the lead and is moving forward with Secretary LaHood and the HUD Secretary Donovan. There are a lot of good examples, as mentioned, on people moving forward, but he also wanted to mention that the Envision Utah was one of the first TCSP Grants made back before the days of congressional inter-marketing. It was a good start and he would be interested in opportunities to work with Ms. Osborne and her office in moving forward. There is a lot of interest in North Carolina and there are a lot of communities working on some of these issues. One area is just north of Charlotte; the Mayors of Huntersville, Cornelius, Davison, and Mooresville have started working together on land use and transportation issues and that would be a good place to look for interesting ideas coming forward. He thanked Ms. Osborne for moving forward and looked forward to working with her and her office as months and years progress.

Ms. Osborne thanked Secretary Conti for his comments but replayed that the only reason it can be successful now is that because it has been tried in the past with work that was started in the early and the late 90’s. It proves that this policy is necessary to accomplish a national goal that everyone believes is essential.

Ms. Szlosberg commented that she had been working on transit as a Board Member for eight years and there are some inherent obstacles. For example, the 80/20, 50/50 rule, which is if you are doing a road project you get an 80% match from the federal government and if you do a transit project, you are lucky if you get a 50% match; however, but mostly it is 40% and now 30%.

Ms. Szlosberg asked, “Looking at those kinds of incentives and disincentives, what might you expect in the future?”

Ms. Osborne answered, “As far as highway or airport infrastructure, the program would provide 80% of the cost and intercity rail with 0% of the cost. There are serious problems with funding and not enough funding to meet the demand.

Ms. Szlosberg mentioned that at DOT they are looking more at performance measurement and revamping to create a system that has some objective criteria for deciding what projects they will fund. Ms. Szlosberg asked about the externalities and what we can be doing to be profound to accept any livability initiatives. North Carolina wants to be prepared to accept any initiatives that come fourth from USDOT on livability or anything else. What are the kinds of activities other than what we have described or even structures that could be set up?

Ms. Osborne answered that there is a planning branch program that has already started that would provide to the communities lessons learned. HUD will collaborate with the transportation process for \$1.5 billion in TIGER grants, short term economics with long term benefits.

Ms. Szlosberg thanked Secretary Osborne for her remarks. Ms. Szlosberg officially accepted the invitation to come and see Ms. Osborne in Washington to tell her and her office what is happening in NC and provide some input as they are developing their guidelines. There will be a Complete Streets policy accepted for the first time in North Carolina history, which is an important move and they look forward to sharing the information with Washington.

In closing, Secretary Conti thanked Secretary Osborne again for speaking and mentioned that they looked forward to working with her and her office as they move forward. This is an exciting program and approach and they are glad that she is there.

Ms. Szlosberg mentioned that she thought there should be some sort of corollary here in North Carolina within our DOT. She advocated a sustainability working group and coordinator of the department’s sustainability initiatives.

Ms. Szlosberg adjourned the meeting at 1:50 P.M.

AJP/jh

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
August Meeting Canceled**



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for September 2, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held September 2, 2009 at 10:00 AM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg chaired the meeting. Other Board of Transportation members that attended were:

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| Bob Collier | Tony Dennis | Hugh Overholt |
| Andy Perkins | Conrad Burrell | Stan White |
| Arnold Lakey | Gus Tulloss | Chuck Watts |
| John Collett | Ralph Womble | |

Other attendees included:

| | | |
|------------------|---------------------|-----------------|
| Angela Person | Jerry Jennings | Beth Neely |
| Ricky Greene | Beth McKay | Ted Vaden |
| Wally Bowman | Delbert Roddenberry | Jennifer Garifo |
| Tom Norman | Jim Humphrey | Phil Harris |
| Greg Thorpe | Phillip Ayscue | Tad Boggs |
| Mike Bruff | Jay Stem | Amy Simes |
| Bob Andrews | Berry Jenkins | Don Lee |
| Bill Carstarphen | | |

Ms. Szlosberg called the meeting to order at 10:00 AM and accepted a motion to approve the meeting minutes from the July committee meeting. The minutes were approved as presented.

Ms. Szlosberg began the meeting by introducing the topic of sustainability and what that means to people. Recently with the new Administration there has been a lot of focus within the United States Department of Transportation on sustainability. President Obama has instructed three agencies – the US Department of Transportation, the US Department of Housing and Urban Development and the US Environmental Protection Agency (EPA) to join together and create some kind of effort around sustainability that blends transportation planning with how we develop our land and the protection of our environment to protect the health of the public. Discussion was started on how to position ourselves within the Department on the federal level dealing with money and funding. There was a presentation from one of the younger secretaries that mentioned a grant cycle being put together that will flow to state DOT's. When that money

comes from DC to the States, NC will need to be ready to accept the grant money that might be applicable to our state to help in the sustainability effort. The Board will be hearing a briefing today about some of the work that is being done by the staff. Julie Hunkins, of the Environmental Planning and Policy Committee, has been leading the charge with Lacy Love, Director of Asset Management, on a comprehensive sustainability initiative for the department.

Mr. Love's presentation was based on issues by the federal government and the American Association of State Highway and Transportation Officials (AASHTO) to promote the idea of sustainability within Transportation. In May 2009, Rodger Rochelle, Miriam Perry, Mike Bruff and Lacy Love attended a Peer Exchange in Washington, DC to have a conversation about sustainability and what it means in the transportation sector. The purpose was to come back and educate North Carolina DOT and share the information on sustainability.

The Peer Exchange in Washington, DC represented eight states that were considered the lead states in this area. Oregon, Washington, New York, , Colorado, Illinois, Maryland, Pennsylvania and Southeastern Pennsylvania DOT's. Other attendees were the Federal Transit Authority), Federal Highway Administration, American Public Transportation Association, Transit Authority of River City, Transportation Research Board, North Carolina Department of Transportation and AASHTO.

The agenda from the meeting covered the national perspective and framing of issues, DOT case studies on what other DOT states are doing, transit perspectives as part of the sustainability effort, best practices, defining sustainability, and measuring and tracking sustainability, as well as the challenges and goals. One thing recognized at the meeting with sustainability is that there needs to be a common language in order to be able to converse. State DOT's have certain things that they are responsible for doing, but there are certain things outside of their responsibility authority that they cannot do. However, they can help to influence and change other people's ideas. Definitions should reflect a diverse transportation agency, like there is in North Carolina. It includes multi-modalism -- ferry's in the east, bikes, pedestrian pathways, aviation efforts, transit, rail and highways. How do you define sustainability within all of those modes of transportation and still make sense of it all? How do you converse with the Board of Transportation, other stakeholders and the public about sustainability so they understand what is being talked about -- so there is a common language?

Mr. Love referred to the following definition of sustainability: "meeting the needs of the present without compromising the ability of future generations to meet their own needs." This excerpt comes from a 1987 commission in Europe, called the Brundtland Commission, about what sustainability is. Other terms, such as the "Triple Bottom Line," is the concept that you don't isolate any one part of the "three legged stool," -- environment, society and the economy. It is all three wrapped together to make decisions. In our case, it's considering all three of these when faced with transportation decision-making.

Challenges talked about at the peer exchange included defining what sustainability is in society and determining whether it is project level or program level. Again, there needs to be a common language to be able to talk to resource agencies and the public so that they understand what is being discussed. As an agency, DOT tends to focus on projects. They look at the projects'

impact on the environment – the natural and human environment. Another challenge is evaluating economic sustainability. For example, we need to consider the overall cost of a project. Sometimes a project with the lowest construction cost may be the most expensive overall if we were to consider the long-term maintenance costs over the expected life of a project. North Carolina does a fairly good job in evaluating life cycle costs in pavements and bridges, but there are other areas where the evaluation of life cycle cost are instrumental in selecting the “best” alternative and best return on investment.

There are a multitude of environmental regulations that a transportation agency must comply with; these regulations are intended to result in environmental protection. From an environmental standpoint, the key challenge in the future for North Carolina will be climate change. What does that mean? Do we bury our heads in sand or do we start looking around to see what other States are doing? Another challenge is creating multi-modal thinking in transportation projects. When doing a highway project, are transit and rail being considered as the transportation system for an area is being developed?

There has to be a way of measuring the impact or success of sustainability efforts. This is another challenge that lies before us. As an organization, NCDOT is working hard to develop metrics as a way of measuring our success. A main components of sustainability is being able to measure the success of efforts in meeting the objectives of a transportation facility.

Advancing sustainability voluntarily without regulatory authority or requirements is also a key challenge. How can transportation agencies do the right thing without additional bureaucracy and rulemaking through EPA or other organizations? How do we integrate land use planning and environmental considerations into programs and decisions? Jim Westmoreland has been working hard to figure it out for DOT.

One of the things discussed at the peer exchange is the importance of developing a set of best management practices (BMP's) through sharing knowledge amongst yourselves and across other states. At the workshop, participants were divided into three groups: Planning and Multi-modal, Design and Construction, and Operations and Maintenance to talk about how to develop management practices to share across the nation so that if a state is interested in getting into sustainability, they won't have to start from the beginning. The Planning and Multi-modal group identified BMP's were the mitigation of climate change (reducing the amount of greenhouse gases). In the case of transportation demand management, how do you develop BMP's around that, such as IT devices and message boards? There also needs to be early coordination across modes and departments for projects. There need to be a sustainability plan in place, as well as innovations in transit. There was a term used called Transit Oriented Development (TOD), which refers to placing transit hubs near heavy develop so you have riders for your transit system.

With the Design and Construction BMP's, you have climate change (adapting to a changing climate), construction practices and adjusting to regulatory frameworks. DOT uses a tremendous amount of recycled material in construction projects. We use recycled asphalt in pavements, and concrete and scrap tires are being placed in embankment sections of roads in order to divert these from the landfill.

Operations and Maintenance BMP's are based on how much and what kind of fuel is being used like bio-diesel or flex fuel. Management systems would be used to help determine the best investment with limited dollars. We have to be more strategic in how we operate and handle the network. We have typically been "firefighters" on the maintenance side. There is a fire that breaks out, and we put it out without a lot of logic or a strategic thought process. However, we need to be thinking more strategically – thinking about the long run. For example, we should consider the life cycle cost of our actions. Life cycle cost analysis is not necessarily the lowest cost up front.

One of the BMP'S identified in the Operations and Management group is pavement preservation. If you take care of pavement early and put continuing seals on it, then the pavement can last a long time. If ignored, it will fail on you.

We need to continue these kind of conversations and peer exchanges with not only the eight states, but expand to all 50 states, because these problems are common to us all. In New York there was a problem with pigeons in bridges near their coastal areas. One of the things they were trying was to put a box for falcons to nest and that alone eliminated the pigeon problem because that kept the pigeons away. It was low cost by spending around \$100 to build a nest and put it up. That is one example of sharing and learning from other States about sustainable practices.

Washington State produces a yearly sustainability progress report. The Governor for the State of Washington issued an Executive Order directing agencies, including their state DOT, to develop sustainability plans, track progress and issues reports on their sustainability practices. Their report includes examples of what they are going to measure, how they measured it and what success they've had with measuring it.

Defining sustainability can also be found at WSDOT. They define what "sustainability" means to them and what their expectations are for themselves and their employees. They have a target to replace their standard diesel with 20% bio-diesel blend . Their target was September 1, 2009, but North Carolina has already been at that stage for a number of months.

Some of the things that can be done in North Carolina to move forward with sustainability in transportation is to educate people about what we've learned from other States, talking with the senior level management at DOT that chart the direction of the Department, and continually learn what other agencies, states, and countries are doing. North Carolina is already doing, but they are not talked about a lot nor shared with others. It would be good to share that information. NCDOT already has many initiatives related to sustainability, such as the use of bio-diesel and use of incorporating warm mix asphalt into our operations, which requires less energy to produce because you don't heat it up as much. There is a 50 degree difference between warm-mixed asphalt and hot-mixed asphalt. Also, it uses less fuel. Our chip seal program is a preservation effort that is done to keep good roads in good condition, which saves the state a lot of money and provides a good level of service to the citizens.

Warm season grasses like centipede or Bermuda are used in the eastern part of the state. You don't have to mow this grass as often. Often times the reason you do have to mow these grasses

is because of the weeds that grow up in the grass. Grass, such as fescue, requires more mowing throughout the year depending on what your growing season is and how wet it is. If you establish centipede in a turf, particularly in the eastern part of the state, then a lot of money can be saved on mowing time and there is reduced energy consumption by mowers and tractors. It's economic and environmental win-win.

Pavement and bridge preservation is the same concept of maintaining your car or your house. If you take care of it, it will last a long time or it will rot. If North Carolina doesn't maintain its transportation system, it will rot. The use of context sensitive solutions on paving secondary roads is not a new concept. This is something the Division Engineers have been doing when paving dirt roads. They have been following a practical design of curves and using the right design for the road and not taking a hill or half a mountain down to build a road. The "fit for purpose" design is also called the "goldilocks design," which means it's not too big or too small – it's just right. This recently came out of the TMT effort on bridge design for low volume secondary roads.

The Signal Management Program is an effort that the Board has supported for a number of years which involved the maintenance, operation and management of re-timed signals so that you are not waiting in traffic for a light to change. The signals have been re-timed so that the progression of traffic moves and you are not sitting at the light idling.

One award-winning effort are the waterless urinals, which have already been placed in Division 1 and Division 4. There are also some at the Crestville rest stop.

NCDOT has been using LED's in traffic signals over the past couple of years. LED's are "light-emitting diodes" that have a current that passes through them to light them up. These lights are used on transit buses, digital displays, the speedometer and odometer in your car, cell phones and traffic signals. LED's are used because they are efficient and take a lot less energy to produce light than incandescent bulbs. The color is more clear and you don't have to do any tinting or painting to get a good color. The size can be very small and easily populated onto printed circuit boards. They light up very quickly, unlike incandescent bulbs, the cycling and dimming are very good, they are cooler to operate because they radiate very little heat, they don't leave you in the dark but fade away, they have a long useful life and are difficult to damage with external shock. They also do not contain mercury, unlike florescent bulbs.

North Carolina's experience with LED's started about 1999 with the installation of LED's where there were incandescent bulbs. The incandescent bulbs typically lasted about 12 to 18 months and when they fail, the display goes dark. When they go dark, they have to be re-lamped and the traffic service people were spending a lot of time putting in bulbs. The bulbs were cheap but cost a lot of labor to install. NCDOT started with the color red in bulbs and arrows, which was the more affordable color. As technology changed and LED technology was further developed, they used the color green and then yellow. Based on experience in 1999 and 2000 with LED's, in 2001 all new installations required LEDs. At present, ninety-five percent of the 8,800 signals in North Carolina now have LED's in them. The next step is to focus on pedestrian displays and crosswalk count-down indicators.

There are also economic benefits from using LED's. There have been instances when the power company will call people to say that something is wrong with there signal because it is not using power like it used to. Some states report the life of the bulbs to be around 7-10 years depending on where the bulb is being used. The warranty is 5 years on the bulb. There is low energy consumption, and other states have reported up to 93% of energy savings. There is also a low maintenance cost. There is not a lot of re-lamping unless they are red lights, and it doesn't go dark at failure -- it fades away. The display is brighter, except for the color yellow. It may cost a lot more initially, but the payback is approximately a year which make it worth the investment. It uses 93% less energy and the cost savings is good. There is less disruption to traffic and reduces idling of traffic signal trucks used to change the incandescent bulbs. The reduction of vehicle and pedestrian accidents could be reduced at 25%.

The next steps would be to continue educating NCDOT and senior management about sustainability and the benefits that can be derived. NCDOT should also continue dialog with AASHTO and other states. There are local communities and federal and state resource agencies and partners like US Army Corps of Engineers, the NC Department of Environment and Natural Resources, NC Wildlife Resources Commission, that NCDOT can work with and learn from.

Mr. Womble stated that LED technology is moving quickly with a one-year payback; however, he suggested there needs to be more attention paid to the obsolescent factor if the LED does not work or there is something else new and the LED becomes obsolete. In that event, you would have to replace them all again and there won't be replacement bulbs for the next level.

Mr. Love stated that technology is constantly changing and before there were diodes in signal heads of 8 to 12 inches. Now there is one bulb for that instead of the little pixels of diodes. The price of LED's have gone down over the last five years since the use of LED's started and the prices continually drop. The payback used to be 3 years, but now, in most cases, it is a year.

Ms. Szlosberg asked, "Does moving from multiple diodes make the light heads obsolete?"

Mr. Love answered, "No, they would not be obsolete. It is just a different way of working."

Mr. Overholt stated that this was great work and that the Department of the Army said that they use an environmental friendly program called "SURPASS" which is very active in North Carolina. They would be interested to interface with DOT. They have modified the program to where they are saving millions of dollars a year in various off-post and on-post energy saving efforts. The people to contact about the program are Carl Jenson and Paul Friday.

Mr. Love again stated that there are a lot of partners that have not been identified or made contact with by DOT.

Ms. Szlosberg mentioned that one of the things being done at Fort Bragg and Camp Lejeune is the digestive project.

Mr. Overholt stated that they have had a good deal of funding to do the Surpass program, so they have scientific data that they are willing to share.

Mr. Watts asked, “ How smart are the LED’s in terms of when they are not working?”

Mr. Love answered, “As far as he knows, there is no smart linkage back to the home office to indicate that the light is burned out. They just fade away and just observing that signal lets you know that it is approaching the time to change the light.

Mr. Watts asked was solar on the horizon?

Mr. Love stated that solar was in fact on the horizon and that there was a solar-generated overhead light fixture for roadway lighting on I-540.

Ms. Szlosberg stated that there is a whole solar movement in the Country. Oregon actually has a big study area where there is a big clover leaf intersection using solar panels to power that intersection. NCDOT is looking at a potential pilot program where they would basically put a little power company on the side of a rest stop and use the solar panels to generate electricity for the rest stop. We have almost 80,000miles of state-maintained highway, which means we have over 160,000 miles of right of way on both sides. That is a huge opportunity to use solar panels in some of those areas.

Ms. Szlosberg adjourned the meeting at 11:00 A.M. The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, October 7, 2009.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for October 7, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held October 7, 2009 at 8:30 AM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg-Landis chaired the meeting. Other Board of Transportation members that attended were:

| | |
|----------------|---------------|
| Bob Collier | Chuck Watts |
| Andy Perkins | Hugh Overholt |
| Arnold Lakey | Gus Tulloss |
| Wanda Proffitt | Tony Dennis |
| Doug Galyon | |

Other attendees included:

| | | |
|---------------|------------------|----------------|
| Angela Person | Julie Hunkins | Don Lee |
| Lacy Love | Beth McKay | Ted Vaden |
| Wally Bowman | Mike Bruff | Drew Joyner |
| Mark Terrell | John Sharp | Helen Landi |
| Ehren Meister | Jennifer Garifo | Jimmy Parrish |
| Ken Pace | Robin Maycock | Bob Andrews |
| Mike Mills | Tim Johnson | Victor Barbour |
| Don O'Toole | Daniel Keel | Mike Pettyjohn |
| M. L. Holder | J. J. Swain, Jr. | Joel Setzer |

Mrs. Nina Szlosberg-Landis called the meeting to order at 8:30 AM and accepted a motion to approve the meeting minutes from the September committee meeting. The minutes were approved as presented.

Mrs. Nina Szlosberg-Landis began the meeting by introducing the continuation of sustainability on the agenda. It was not long ago that the Obama administration at the federal level announced an initiative between the US Department of Transportation, Environmental Protection Agency, US Department of Housing and Urban Development, to bring housing, the environment and transportation together. NCDOT has been looking more closely at the issue of sustainability because it affects all of the divisions and the work that is done within DOT.

Mrs. Nina Szlosberg-Landis introduced Don Lee, State Roadside Environmental Engineer and Michael Pettyjohn, Division 11 Engineer to discuss a specific initiative in Wilkes County.

Mr. Lee began by updating the Board on the new and recently opened rest area and visitor center along US 421 in the Western part of North Carolina. They replaced a facility on US 421 that was recently closed. Mr. Lee showed photos which were taken the day of the dedication of the facility which includes a visitor center, rest area, green features with day lighting, and a rainwater collection system with water that comes from the roof that is fed through an underground tank and pumped into a 26,100 gallon cistern. The water is filtered and chlorinated before it is pumped back into the building. The filtered water is used for the lavatories.

Rest areas exist primarily for safety reasons. In 1948, they were originally called roadside parks and were built by local Government. The first ones in North Carolina were in Forsyth County along US 421, the Blowing Rock area and Sampson County on US 421.

The General Assembly got involved and authorized the Highway Commission to finance the roadside parks; then, with the Interstate System, the Federal Highway Administration branded them as rest areas. The General Assembly got involved again and funded the North Carolina Welcome Center Program, which locates facilities at the state lines in North Carolina for the convenience of the public and safety to stop, relax and wake-up. With the population increase from 4 million up to 9 million, today there are six rest areas, thirty-nine of which are on the interstate and 29 of which are on primary routes. There are also nine welcome centers and 10 visitor centers. An estimate of around 27 million people came through the rest area facilities in 2008.

The Legislative action in 1951 enacted authority to build facilities for the safety and convenience of the highway user. The Highway Commission adopted the Roadside Park Policy. In 2006, the Rest Area Development Policy was revisited for the N.C. Board of Transportation, which describes the distances for the locating of the rest areas and how welcome centers and visitors centers will be handled. In 2007, the General Assembly had a debate and passed Session Law 2007-356, which states how decisions for welcome centers and visitor centers by NCDOT, the NC Department of Commerce and the General Assembly would make decisions with regard to construction.

Recently, several northern States have had to close their rest areas due to budget restrictions. The public's reaction was fairly negative in regards to the questions received concerning whether NC would be closing rest areas too.

Mr. Don Lee introduced Michael Pettyjohn, PE, Division 11 Engineer, who gave site history of the facility.

Mr. Pettyjohn gave a few specifics on how it was decided to locate the visitor center and rest area in the specific location. In the early 2000's, NCDOT was in the process of widening US 421 and Catawba County had an existing rest area, but the road was relocated entirely away from that area so the rest area was closed. The initial plan was to replace the rest area in Catawba County. Some initial talking with the County and the Town of Boone, they concluded that it

would cost about 6 million dollars just to get the infrastructure in place. The County of Wilkes said if a visitor center and rest area were located in Wilkes County, Wilkesboro and North Wilkesboro would provide the infrastructure. In 2003, the Governor's office had requested that they construct "green" facilities. It was thought to be a good opportunity to pilot some "green" technology, as well as a facility that is open 24 hours a day. It would also be a good educational tool for the public. In 2005, the County and the Department entered into an agreement for the County and the towns to provide the land and infrastructure and operate the visitor's center. In late 2007 and 2008, NCDOT took bids and broke ground. The facility opened October of 2009.

Mr. Pettyjohn recognized the partners they took part in the planning of the facility -- Wilkes County, the Town of North Wilkesboro and the Chamber of Commerce who is operating the visitor's center. It took everyone involved to make the project as successful as it has been. Around 200 people attended the ribbon cutting ceremony. Secretary Conti attended and gave the keynote speech.

Mr. Lee said that the Secretary mentioned at the dedication that DOT is greening. They were asked to implement some design strategies and to look for LEED (Leadership in Energy and Environmental Design) certifications. This would be the first DOT facility with attempted LEED certification. NCDOT advertised and awarded the design part of the contract to Innovative Design in Raleigh who has been a leader in sustainability for 35 years.

Mr. Lee then shared some real-time information from the website, which can be accessed at <http://ncdot.technology-view.com/wilkes>. The online feature allows people to see how energy and water are generated at the facility and how much the facility uses. It equates that to energy and water savings over the life of the facility. This technology will enable NCDOT to answer questions in the future about the return on investment and provide insights as to what type of technologies they would want to deploy in the future based on the return on investment.

Mr. Lee began to describe the "green" components of the facility. The blocks have insulation inside of them. A secondary insulation system attached to the block, and a grid system attached to the stucco treatment on the side. It uses a very energy efficient wall insulation that is a soybean-based product. As far as getting the LEED certification and using recycled materials, the materials have to be within 500 miles of the site. Fifty percent of the wood products used have to be certified by Forest Stewardship Council. Most of the drainage of stormwater from the site comes into a hazardous basin with a gate to close in case of emergency or truck spills, and then goes into a bio-retention basin, which gives the capability of additional LEED points. The facility is smoke-free. The goal of the construction practices of the project is not to have greater than 50% of material going to the land fields; the contractor has diverted nearly 90% of waste material from the landfills. All the stumps were ground into 1,400 tons of mulch and used at the site. The small trees were chipped for an additional 1,900 cubic yards of mulch and were used for the walking trail at the site.

The design team is striving for a Gold LEED rating on this project – 46 LEED points are earmarked as viable possibilities. They were not able to achieve the 51 points for a Platinum rating but the Gold rating would be quite an accomplishment. It will take at least a year to know because it has to be proven that all the "green" changes have been made and that the facility is

functioning as planned. Some of the changes will take longer to see a pay off, and we may not be able to recoup those expenses in the short term. However, if fewer hours are kept from coming into the grid, the carbon footprint will be lowered and that should result in a savings of 37% over the conventional buildings. The power bill could also be lowered over the life span. With the wells and photovoltaic (PV) panel investment upfront, it would take 20-25 years to get that back. It is important to note, however, that there are benefits with regard to the educational component of the site that provide awareness to the public about the benefits of “green” building.

There is a public awareness and educational component for the “green” certification, and people can see the real-time energy via the web-based technological component. Doug Moxley, one of the designers of the facility, has made seven benches for the facility, all with materials from the site. There is a lot of passion and attention to detail in his work, and he was very proud of what he was able to accomplish for the facility.

Looking forward, as NCDOT renovated other existing facilities, they will be looking at rainwater catchments, solar hot water heating, construction material recycling, and incorporating on-site vegetation for walkways and furniture. They will also look further at PV and geothermal. These have already shown to have a good rate of return on our investment. There may also be some opportunities to get the facilities running totally on solar in the future.

In conclusion, Mr. Lee stated that the purpose of the facilities is for safety and that these technologies will be given serious consideration in the future as they do renovations to become more energy efficient.

Mr. Lee thanked Board Member Arnold Lakey for his support and guidance, the designers, contractors and Roadside Environmental design staff, and Mike Pettyjohn and his staff for the great work and attention to detail.

Mr. Perkins stated that he thinks it is a wonderful project but was curious about the impact in terms of how much it cost to put money in a web-based real time data that is all done remotely.

Mr. Lee answered that the cost of the web-based real-time data was built into the original part of the bid. He stated that knew that if NCDOT was going to put up the facility, we needed to be able to know if it was going to pay for itself.

Mr. Perkins stated that he asked that question because they are going to be doing the same thing at A&T State University with their new buildings and they are getting ready to go from a Gold certification. He is interested in being able to have a much broader and robust teaching opportunity if they have the real-time monitoring because kids can pull it up on the web. There may be a contractual cost but there should be some way to pull that out so we know the cost.

Mr. Lee answered that he would gather information to share. In the future, there should be an analysis so they can assess the potential return on investment, where they think it has application for it. Some kinks have to be worked out but Mike Pettyjohn has already been approached by some groups who want to bring some children through for educational purposes.

Mr. Perkins stated that he likes the part where you actually see it, but you can also determine if you are having much more robust activity- water generation for example or the solar issue -- and also get the annual savings.

Mr. Lakey stated that Mr. Lee mentioned that it was very close to being Platinum and that NCDOT did not go for another solar solution partly because of tax related issues. Those tax credits are really paid for by the Government. He asked what Mr. Lee's position was on that.

Mr. Lee answered that to get to Platinum, there is a cost issue. They wanted to get into the "green" business, but this LEED program is not really geared to highway projects but towards building projects. What hurt them on this project were the amount of grading and clearing that had to be done and the amount of asphalt for the parking facilities. They talked innovatively about it and think the United States Green Building Council needs to have a category for highway projects that want to be "green." That is what held this project back from getting a Platinum rating. There were too much clearing and safety issues that hurt them with the site construction.

Mr. Lakey asked if they considered pervious concrete.

Mr. Lee said that they did look into that but was somewhat late. In the future they would consider pervious pavement but there are some issues with the truck loads, sidewalks and car parking, but will give it serious consideration. There is subsequent legislation now that motivates them to look into it.

Mrs. Nina Szlosberg-Landis stated that it was amazing to her having been around for nine years how things are changing and evolving at NCDOT. NCDOT is doing more than talking the talk; they are walking the walk on moving towards a more sustainable DOT.

Mrs. Nina Szlosberg-Landis introduced Lacy Love, Director for Asset Management, who gave an update on the on-going work in to develop the sustainability blueprint for the department.

Mr. Love stated that the opportunity is clear of being able to leverage this technology into other parts of NCDOT business. One of the things that have been missing at NCDOT is the capability to gather this kind of information and expand and translate it into other parts for business to make a big improvement in how we do business at NCDOT.

NCDOT has not yet defined what sustainability is to DOT. The *Brundtland Commission Report of 1987* defines sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." This speaks of the triple bottom line, mixing economics, social and environment. The plan is to have an Advisory Group to get things started in the right direction. This should be a high-level, senior management kind of group to make sure they stay within the bounds of where they need to be. Over the next several months, they will be defining roles and responsibilities for the Advisory Group and trying to put their minds around this idea. We will conduct a workshop and bring in division engineers and maintenance engineers and people across the department to figure out what this means and what

NCDOT should be doing and help lay the ground work in developing a sustainability blueprint for our department.

Many things that are going on within NCDOT that are not being captured, so we will need to document some of these efforts. Part of the plan would include a list of goals and action items, including short-term, mid-term and long-term actions. We also want to capture what we are currently doing that supports the concept of sustainability. There will be metrics as a way to measure our performance and determine how well NCDOT is doing. We need an action plan with assignments, roles and responsibilities showing who is going to what and by when. We need to develop an implementation and communication plan and get it across the departments. These are all ideas on how to move forward, and the plan is to start immediately with the workshop before the first of the year. He stated that he would come back to the Board after the first of the year with a report on the draft blueprint and performance metrics.

Mrs. Szlosberg-Landis asked what the Board could do to be more involved.

Mr. Perkins answered that the Board does not need to have a significant role. We put the sustainability effort within the operations of the facility office that is at A&T. There is a lot of low hanging fruit with changes in life style and doing things that are normal operating procedures. The Divisions and operations section should be looked at and have them to be the champion for how we can reduce our overall carbon footprint for this department.

Mr. Love responded that there has to be a grassroots effort.

Mr. Perkins stated that we should say we need a grassroots effort and that some people need to be told what to do and then others will become involved. It is not just the lighting, it is about recycling and where you put your plastic and paper, and how many recycled boxes do you have. It is how you get other people involved like students, faculty and staff and, in NCDOT's case, operators in the field.

Mr. Collier asked were there any other visitor centers or rest areas being processed now or any long range plans for others down the road?

Mr. Lee answered that they do have others on the drawing board. There is one under construction now in Randolph County that is scheduled for an opening at the end of this year. With some of the features that were put into the design, it may, too qualify for LEED certification, but it will be at a lower level.

Mr. Parrish stated that they also have a facility in Davidson County that is a renovation project underway right. They have Cabarrus coming up to be let next month, Catawba County coming February of 2010, and McDowell coming up as a renovation project summer of 2010. They may be able to tie some of the strategies into some of the projects. They have a project in Beaufort County on US 17 coming up in about 3 years on which they will try to do rainwater catchments. By that time, they should have a good feel for what the site in Wilkes County is doing and the things that work really well; then they can tie those things into those designs. They have a

project in Haywood County on US 23-74 where they plan to build a single rest area in about four years.

Mr. Collier asked if any of those projects mentioned have a visitor center component to them.

Mr. Parrish answered that they do not have visitor center components.

Mrs. Szlosberg-Landis stated that one thing that strikes her is that they implemented the state minimum criteria about seven years ago that was established through a rule-making process that had to be done before getting environmental permits. There was concern and discussion about that, so in the spirit of transparency and accountability through imbedding performance measurements as we go, every quarter there is a report to the EPPC on how we are doing on minimum criteria. When we are looking at this blueprint idea, the establishment of some kind of performance measurement or accountability model to the Board on how we are doing is a good idea.

Mr. Perkins stated that the State Energy Office had already been mandated through the Governor's office that we have a 20% reduction of energy consumption through all of the departments. Each entity has to show on a quarterly basis or every 6 months where you are in terms of meeting that goal. I think we can start there and not have to reinvent the wheel.

Mrs. Szlosberg-Landis stated that the other part of the sustainability picture is what we are doing on multi-modal which is all part of the sustainability blueprint.

Mrs. Nina Szlosberg-Landis adjourned the meeting at 11:00 A.M. The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, November 4, 2009.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for November 4, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held November 4, 2009 at 8:30 AM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg-Landis chaired the meeting. Other Board of Transportation members that attended were:

| | |
|----------------|---------------|
| Bob Collier | Chuck Watts |
| Andy Perkins | Hugh Overholt |
| Arnold Lakey | Gus Tulloss |
| Wanda Proffitt | Doug Galyon |
| Conrad Burrell | |

Other attendees included:

| | | |
|-----------------|----------------|----------------|
| Angela Person | Julie Hunkins | Don Lee |
| Pat Ivey | Mike Mills | Greg Smith |
| Ed Lewis | Jerry Jennings | Ricky Greene |
| Wally Bowman | Rob Hanson | Julia Merchant |
| Jennifer Garifo | Don O'Toole | Susan Boyd |
| Tonya Stratton | Tami Gabriel | Teresa Hart |
| Greg Thorpe | Daniel Keel | Bill Gilmore |
| Victor Barbour | Sandy Nance | Debbie Barbour |
| M. L. Holder | Jay Swain | Joel Setzer |

Ms. Nina Szlosberg-Landis called the meeting to order at 8:30 AM and accepted a motion to approve the meeting minutes from the October committee meeting. The minutes were approved as presented.

Ms. Nina Szlosberg-Landis began the meeting by sharing history on one of the agenda items. Back in 2003, emails, phone calls and letters were received by Ms. Szlosberg-Landis over controversial issues from people in Durham. Interstate 85 was being reconstructed. The interstate had been in place for 40 to 50 years. She stated that when you are doing modernization on an old and urban project, you are going to disrupt some people and their neighborhoods. There were phone calls from parents who had children in elementary school in Durham, principles, the Superintendent of Education, Senators, and legislators – all because as

I-85 was being re-constructed, and they noticed that the construction was moving closer to the school and toward the children's playground. There was a plan to build a berm and plant some trees to screen the playground from the highway. The school wanted a noise wall instead – a sound abatement barrier. The calculations based on the objective criteria in the policy that was in place at that point did meet specifications. The construction was going to be 50 feet from the playground where there were 300 children playing.

Ms. Szlosberg-Landis noted that the policy that had been drawn up years ago needed some attention. Today's presentation will cover the topic of receptors that benefit from a sound wall and how many would you need before you could make the economic argument that you can invest in sound walls. Years earlier, there was no differentiation between a building that had 300 school children playing outside and another building that had only 50 people. That has changed now. A year was spent to thoroughly review the noise policy, making changes and getting input. A new policy was adopted in 2004 and, as part of that policy and because the previous policy had not been reviewed in the past, the Board wanted the Department to look at the policy every five years to see if it is meeting the needs of the public.

Ms. Szlosberg-Landis introduced Greg Smith, PE, Traffic Noise and Air Quality Supervisor within the Project Development and Environmental Analysis Branch.

Mr. Smith stated that 2009 was the year in which they are scheduled by the Board to review the current noise policy. Noise is generally defined as any kind of unwanted sound. What might be noise to you might be pleasure to someone else. The perception varies among individuals and there are a lot of influences like the impulsiveness of it, how long it lasts or how high pitched the noise may be. One thing that stands out is traffic noise which is actually a quality of life issue. When Mr. Smith took the position of Traffic Noise and Air Quality Supervisor, he wasn't really aware of the extent to which noise affects people and the emotions that it invokes. Some people can't sleep, work in their own yard or have a cook-out because of the noise.

Noise is measured by decibels, which is the unit of measure and often referred to as dBA, meaning that the decimal is un-weighted. The un-weighted scale addresses more of the noise that is irritating to humans that is within the noise spectrum that humans can typically hear. If you are at a rock concert and you are five meters away from the performers, that would be considered deadening at 110 decibels, which is something you shouldn't listen to very long. A large conference room with someone talking would be considered around 60 decibels. Watching television would be in the same range of 60 decibels. If you are mowing grass or someone else is mowing grass 30 meters or 100 feet away, that would be 70 decibels. When you are sleeping at night with no noise, you are still around 20-25 decibels. When doing the sound analysis, the Department looks at the high's and low's within a certain level over a certain time period, then normalizes the high's and low's to where that becomes the LEQ, which is the equivalent level of sound.

A noise receptor is anyone that hears noise. The "benefited receptor" is someone who receives a minimum five decibel reduction in the noise level that they hear based upon any kind of abatement measures that might be put into place.

How noise is made depends three things -- the volume of traffic, speed of traffic and the volume of trucks because trucks are so much more noisy than cars. Traffic speed at 65 miles per hour sounds twice as loud as the same traffic going 30 miles per hour. One truck going 55 miles per hour sounds just as loud as 28 cars going 55 miles per hour. The source of the noise is the vehicle drive train, the engine, the exhaust, tire pavement interaction as the tire friction between the tire and the pavement occurs and the aerodynamics of the vehicle.

Sound perception is the change in the noise levels. If there is a three decibel change, either plus or minus, that is barely perceptible to most humans beings. Very few people can hear change that is three decibels or less. When you have five decibel change, most people can say they hear either an increase or decrease in sound. With ten decibels, it sound twice as loud or half as loud depending on whether there is an increase in noise or decrease, respectively.

It is not uncommon when building a new highway that there is decibel increase of 10 decibels or more. If someone is outside on their deck, it becomes very loud to them if they were never exposed to those levels before. If you are 50 feet away from the source of noise and you have a sound level of 70 decibels, if you travel 100 feet, or double the distance, it reduces by 3 decibels. If you travel another 100 feet which is doubling that distance, you reduce the sound by another 3 decibels. As you get further from traffic, you get a noise reduction but it depends upon the distance.

When a traffic noise analysis is done on projects, a traffic noise model is used. A traffic noise model involves modeling software that is developed by FHWA and is required in all federally funded projects. It predicts the design year traffic noise and not the noise heard the day the highway opens. It identifies the impacted noise receptors along the highway and helps to design the optimum noise abatement. Typical noise abatement is a noise wall.

Mr. Gaylon asked, "How long has the model been in place?"

Mr. Smith answered, "The original version 1.0 came out in 1998 and there have been several version since then. Right now version 2.5 is being utilized and that came out in 2004." For the past 2 years, version 3.0 has been under development and is being fine-tuned.

Mr. Gaylon asked, "When 3.0 comes in, is that when you will switch and use the new version as the model or will you retroactively go back and adjust for the 2.5 and 3.0 model?"

Mr. Smith answered, "Yes, they [FHWA] will switch over when the 3.0 comes in. No, they will have a date to start using the new version and they will only use that new version. But until that date, they will use whatever was being utilized before the 3.0 comes out."

Before TNM (Traffic Noise Model) was developed, there were models called Optima and Stamina. Compared to version 2.5 now, they were ancient models that tended to under-predict or over-predict traffic noise levels. There are a lot of glitches with the 2.5 version that they guarantee are gone with 3.0 version which will be released soon. In the analysis, they look at where the receptors are in relation to a highway. Using the TNM software with a state highway

with a service road, it gives them contours, which means from the centerline of the road it measures 67 decibels. The maximum extent of that would be 50 decibels. They look at certain decibels levels to determine whether that particular receptor is considered an impacted receptor. They examine almost everything – like parks, hotels, schools, libraries, cemeteries and commercial areas. They all have a certain designated noise level attached to them.

Title 23 of the Code Federal Regulations, Chapter 70.72, is procedures for abatement of traffic noise and construction noise. That is what the federal government requires they follow. It provides the general procedures for noise studies and noise abatement. It also provides information that they have to provide to local governments regarding noise sensitive areas that are identified in the noise analysis. The noise abatement criteria is within the federal regulations or NAC. The noise abatement is divided into five categories:

- Category A would be lands of extreme importance and with extraordinary significance. The only place in the United States that has received the designation A is a Arlington National Cemetery in Washington, DC.
- Designation B includes residences, picnic areas, parks, hotels, motels, churches and schools. It is the huge majority of what they look at.
- Designation C is for commercial lands.
- Designation D is for undeveloped lands.
- Designation E is the interior levels of noise.

For interior noise levels must be 56 decibels or less before highway noise abatements would be required. For residences, 67 decibels on the outside is the threshold. If 67 decibels is reached, they are required to look at any type of noise abatement measure for that residence that might meet reasonable and feasible criteria. Residential areas are allowed a moderate noise level before they are required to do any kind of noise abatement.

The purpose of the noise policy is to give guidance in evaluating traffic noise impacts to the communities and facilities. It determines the need for noise abatement, and provides guidelines and/or thresholds. The federal regulations require that each state adopt a policy that is in conformance with the 23 CFR regulations and then the policy has to be approved by FHWA before it can go into affect. The policy sets the reasonableness and feasibility for abatement measures and what noise barrier or mitigations would be justified. It also helps to provide for the equitable administration of the policy.

The application of the policy only applies to type one projects. Type I projects are basically the construction of a highway on a new location, the right of an existing highway or anything that significantly changes the horizontal or vertical alignment or capacity of the highway. Type II projects, which are not addressed in the policy, are projects that are strictly for the construction of noise abatement measure on an existing highway. The Federal Government does not require them to have a Type II policy. Currently, 22 states have the Type II policy and only about half of those states do not fund the policy. There are very strict federal regulations on what would meet the criteria by which a Type II policy would be funded. The main one is that noise abatement is not allowed for any structure that was built after the highway was constructed. The

money for funding would also come out of the state funding, and a policy would have to be set up to be approved by FHWA as well.

Mr. Gaylon stated, “When we establish the corridor and file it with the County, then at that point, any construction that takes place after that, we are not responsible for the noise abatement.”

Mr. Smith continued that the policy requires that they meet with public and private entities as needed. He stated that NCDOT is hoping to improve public outreach. They identify noise sensitive areas along projects and any proposals they may have for doing noise abatement in any of those areas. The documents that are required under NEPA (National Environmental Policy Act) include the environmental impact statement or analysis that is required to provide the environmental documentation of the impacts of a particular highway project. Once an EIS (Environmental Impact Statement) is approved, the environmental analysis is done. Most of those projects will result in a Record of Decision. They are identifying noise sensitive areas on the public hearing maps. Generally by the time the public hearing is held, they don't know what the noise abatement areas are going to be to a project. They look at the areas that are noise sensitive and after getting the final design plans that include typography, a more detailed noise analysis is done. For these type of documents a preliminary traffic noise analysis is done that looks at a worse case scenario.

The “date of public knowledge” is the approval data, which is the final environmental document (the Record of Decision), that becomes public knowledge once approved by the Federal Government. After the date of approval, the state and federal government are no longer responsible for providing noise abatement measure for any new development within the noise impacted areas of the highway. This has caused a lot of problems for the Division Engineers related to noise. Once this document is signed, if a City goes in and allowed construction of a 2,000 home subdivision next to the highway, the City is responsible for providing any noise abatement measures.

Mr. Gaylon stated that the problem you have with that in particular places, is that it was filed in 1996 and construction was started in 2004 and completed in 2007. Many of the people knew nothing about the construction and moved in after all this took place. There has to be a better way to advise the public of the situation.

Ms. Szlosberg-Landis stated that the fact that a transportation facility is planned in a nearby or adjacent area should to be disclosed is part of a real-estate transaction.

Mr. Overholt stated that there should be some responsibility on the part of the developers.

Mr. Gaylon stated again that there should be a way to make it known to the public and that public outreach should be improved.

Mr. Smith continued by stating that in part it is the responsibility of the purchaser of the home to know where any new construction is going to take place, but DOT, the City or County also has a

responsibility to get the word out as to where these roads are going. The City and County are the ones that are approving the subdivisions and developments.

Ms. Szlosberg-Landis asked, "In North Carolina when there is a real-estate transaction, what has to be on the paperwork?"

Ms. Wanda Proffitt answered, "There is a residential property disclosure that says a seller and realtor have a responsibility to disclose pertinent information pertaining to any construction taking place that may involve the dwelling being sold. The residential property disclosure must be given to every home buyer."

Mr. Smith stated that those are the non-typical ways of getting the word out. NCDOT hopes to take advantage of and use different means to reach the public. There could be something worked out with the Real Estate Board in North Carolina where they would include some kind of disclosure of planned highway projects or airports.

Mr. Gaylon stated that they tried getting legislation when trying to bring more airplanes into the military bases, which is a huge issue.

Mr. Smith continued by stating that NCDOT and the state and federal government is not responsible for providing noise abatement measure after a certain date. It becomes the responsibility of local governments and private land owners to assure that noise compatible designs are used and developed. People have called to inquire why they don't have a sound wall and are told that it's because of the public data knowledge and that they should speak to the City. The City is telling the people that they have nothing to do with it and that it is NCDOT's fault.

For the impact determination for abatement, they determine future noise levels by traffic volumes for the design year. Traffic noise abatement is considered in two cases - when the noise levels exceed the Federal NAC or when they substantially exceed existing noise levels. If the initial noise levels are 50 decibels or less, it becomes a substantial increase when the predicted design levels are 15 decibels or more higher than that. In North Carolina the designed approach is to be within 1 decibel of the NAC levels. Therefore, they look at everything that is 66 decibels or higher which benefits the public even by one decibel.

With the mitigation measure they ask if it is reasonable and feasible. The feasibility deals with engineering and design consideration, and reasonableness is much more subjective. It shows that good judgment and common sense is used in the process.

Ms. Szlosberg-Landis stated that with the project on I-85, if you were to do a conventional noise wall, it would not have been feasible. Mr. Sanderson, who used to be the State Highway Administrator, came up with a creative design and looked all over the country and placed recycled tires as noise abatement. It worked and was cost-effective. There are innovative ways to make noise abatement feasible.

Mr. Smith continued by mentioning that there are a lot of different products available for noise abatement that are lightweight, like a clear-noise barrier that is a clear panel to maintain

visibility of mountains and scenery. There is also a project in Durham coming soon, that if the necessary wall is built, it will provide extreme shading for the houses adjacent to it. When you have a benefited receptor, \$35,000 is allowed per benefited receptor to be spent towards the wall, plus \$500 for every decibel average increase in the predicted noise levels of all the benefited residences.

When it is determined that a wall meets all reasonable and feasible criteria, they require 50 percent of the front row receptors of the people whose property is adjacent to the wall, to agree that they want the wall or it won't be built. A big part of whether a wall is justified or not is the density of development. If you have one house out in the middle of nowhere and they get \$35,000 towards a wall, they can't build a wall that will benefit them. If you have a neighborhood with density packed houses each one of them receive \$35,000 or more towards construction, they are much more likely to get a wall. In commercial areas, they look at those just like residential areas, but they typically don't want a wall. They want to be visible and have access.

The materials and aesthetics portion of the policy reads that consideration should be given to providing earth berms. NCDOT would love to construct earth berms but because of the right of way cost associated with those, a lot of times it will far exceed the cost of a similar noise barrier. The materials used in construction is generally an engineering decision that is based economics, the effectiveness and the visual impacts. Visual impact considerations ensure that the wall meets basic aesthetic values. The economic considerations try to limit maintenance over a long period of time.

The policy is set to be reviewed in 2009 by the FHWA. The federal regulations are undergoing revisions. The proposed rules are out now and they have a comment period that end November 16, 2009. The final rules will come out some time in 2010. After all is finalized, NCDOT will have six months from that date to provide to FHWA with a draft noise policy for their approval. There is an NCDOT policy review committee with a wide range of representation, including preconstruction and operations staff. They plan to meet in the coming month to start looking at what to do to improve the noise policy. In looking at the policy, things that need significant consideration is changing the allowable cost for benefit receptor, which is currently \$35,000. The reason for looking into that is because people equate that money with having a half million dollar home and paying more taxes, so their \$35,000 dollars should go more to the neighborhood where they have \$100,000 dollar homes that are getting a noise barrier and paying less taxes.

Ms. Szlosberg-Landis commented that today \$35,000 dollars buys a certain number of feet of tomorrow it may not.

Mr. Smith commented that unless they change \$15 dollars a square foot in the policy, then that's what dictates the \$35,000. When you take the 15 feet out and the \$35,000 out and just give a square footage, it would not change unless the policy changed to increase or decrease that amount of footage. It wouldn't be tied to any kind of a rolling number.

Mr. Smith continued by stating that the current policy is about seven pages. It includes not only policy issues but other information about "Noise 101". They have thought about taking that

extraneous text out and developing a policy that is leaner and more concise – one that is actually policy and not information. In conjunction with that, they envision developing more technical guidance and an interpretive document that will accompany the policy to be used by the public, consulting firms and NCDOT.

In order to look at all possible venues, they are soliciting input from Division Engineers, MPO's and RPO's, private consulting firms, the public and municipalities of the pros and cons and how they can improve the policy.

Mr. Smith stated there is a lot of research going on to produce quieter pavements. NCDOT just recently let a contract with East Carolina to develop baseline noise data for the pavements that is typically used statewide. The ultimate goal is to be able to use quieter pavements as a means in the TNM software which would be a noise abatement measure that the federal government would fund. The plan is to approach a lot of municipalities with the North Carolina Planning Association about doing some presentations about what can be done to reduce noise in a more noise compatible manner.

Mr. Gaylon asked, "With preconstruction, looking at the urban areas, is it better to put asphalt down as opposed to concrete? What is the cost of doing that and how can you reduce the noise level on the surface of the road?"

Mr. Smith answered, "That is something that can be done now but it doesn't get credit for noise abatement. FHWA is not convinced of some of the data. In Greensboro on the section of the southwest loop, the pavement that was put down is transversely tined. That is the loudest pavement one can build. Unfortunately, it is next to houses."

Mr. Gaylon asked, "How could that have been avoided?"

Mr. Smith answered, "They need to be more sensitive to particular areas that don't qualify for a wall. Some houses have been in place for many years, but because of the lack of density of the housing, they don't qualify for the walls or a lot of places there don't meet the qualifications because of the data public knowledge."

Ms. Szlosberg-Landis mentioned that everyone can see how important this issue is and when you are dealing with someone's home and refuge, people tend to get very emotional. It is an area that we all probably need to revisit and be responsive.

Mr. Collier commented on the appearance of the sound walls and how unattractive they are over any other state in the southeastern United States. He is hoping that something can be done to approve the aesthetics and appearance of the sound walls. He invited people back to the meeting at 11:00 AM to hear another presentation on the aesthetics of noise walls.

Ms. Szlosberg-Landis commented that the committee supports a review by the EPPC in six months. It is important that NCDOT's policy sync up with FHWA's. After going through the review and knowing what the Federal Regulations suggest, she suggested that they meet again in six months to discuss changes.

Ms. Szlosberg-Landis adjourned the meeting at 9:35 A.M. The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, December 9, 2009.

AJP/jh



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

EUGENE A. CONTI, JR.
SECRETARY

**North Carolina Board of Transportation
Environmental Planning and Policy Committee
Meeting Minutes for December 9, 2009**

A meeting of the Environmental Planning and Policy Committee (EPPC) was held December 9, 2009 at 8:30 AM in the Board Room (Room 150) of the Transportation Building. Nina Szlosberg-Landis chaired the meeting. Other Board of Transportation members that attended were:

| | | |
|---------------|--------------|----------------|
| Hugh Overholt | Gary Ciccone | Wanda Proffitt |
| Doug Galyon | Ronnie Wall | Conrad Burrell |
| David Burns | Andy Perkins | |
| Sam Halsey | Bob Collier | |

Other attendees included:

| | | |
|------------------|----------------|----------------|
| Angela Person | Julie Hunkins | Jerry Jennings |
| Ricky Greene | Tom Norman | Wally Bowman |
| Greg Burns | Richard Walls | Phil Harris |
| Greg Thorpe | Steve Dewitt | Donnie Brew |
| Ehren Meister | Julia Merchant | John Sullivan |
| Donna Dancausse | Jay Stem | Any Simes |
| Jon Nance | Bruce Dillard | Phillip Ayscue |
| Steve Gurganus | Tim Johnson | Mike Mills |
| Daniel Keel | David Willauer | Pat Ivey |
| Jay Swain | Joel Setzer | Philip Berke |
| Daniel Rodriquez | | |

Ms. Nina Szlosberg-Landis called the meeting to order at 8:30 AM and accepted a motion to approve the meeting minutes from the November committee meeting. The minutes were approved as presented.

Ms. Nina Szlosberg-Landis began the meeting by calling on Board Chairman, Doug Galyon, to introduce new Board Members.

Mr. Galyon stated that it was his privilege and pleasure to introduce the proposed Board members. The first was Gary Ciccone, a representative of Division 6 who is from Fayetteville; Ronnie Wall is the At-Large Member of Governmental Affairs and is the Mayor of Burlington; David Burns is from Scotland County and a representative of Division 8; and Sam Halsey is

from Jefferson County and a representative of Division 11. Mr. Galyon welcomed all the new Board Members and stated that he looks forward to having them join the team.

Ms. Szlosberg-Landis stated that this committee was established about eight years ago and prior to that, there wasn't any formal emphasis on environment. For the past eight years, they have been working on policy-related issues on how they can improve their environmental performance while continuing to be the engine of transportation in the state. The department has done incredible work, including the Ecosystem Enhancement Program (EEP), a mitigation program that has been mentioned in the news, has won national awards, and is recognized by the Federal Highway Administration as a model for how to do things for the rest of the country. She stated that the committee has been working on sustainability issues over the past year or so, and that today's topic on sustainability would be presented by two experts from the University of North Carolina's Institute for the Environment.

One of the speakers was Dr. Philip Berke, Deputy Director from the Institute for the Environment. He teaches courses in land-use and environmental policy and planning. The central focus of his research is to develop an understanding of the connections between human settlements and the natural environment. His research explores the causes of land-use decisions and their consequences on the environmental, social and economic systems of human settlements. Daniel Rodriguez, Director of the Carolina Transportation Program at the Institute for the Environment, was the second speaker. His focus is on the relationship between transportation and land development. The group studies the value impacts of transit investments on urban form and travel behavior and physical activity – something the Department of Transportation is looking at more and more. There is a lot of discussion about public health and its relationship to transportation because how we build our transportation infrastructure has an impact on public health -- there is a lot of obese children who are not walking to school.

Mr. Berke began by stating that that they appreciated being invited to the meeting. By the fact they were there shows that DOT is interested in the kind of work they are doing. He stated that there is a group in eastern North Carolina called the Southeast Regional Partnership for Planning and Sustainability (SERPPAS). The alliance's goals are to promote better collaboration in making resource-use decisions. SERPPAS works to prevent encroachment around military lands, encourage compatible resource-use decisions, and improve coordination among regions, states, communities, and military services. The region covered by SERPPAS includes the states of North Carolina, South Carolina, Georgia, Alabama, and Florida. He stated that they would really like to partner with DOT on some of the work they will be doing on regional planning.

Mr. Rodriguez stated that where we live has an impact on how we travel, where we travel and for how long we travel. Likewise, where we build our transportation infrastructure has an impact on where the settlement patterns occur. However, they also understand that that has consequences for individuals and communities in terms of economic development and the natural environment for the country, as well as the world.

Some of the facts that Mr. Rodriguez shared highlighted the impacts of transportation in North Carolina and some of the challenges that we face. The idea is to build on the strong elements and the things that are being done well and refine those that may need some adjustment. In terms of sprawl, we know that several cities rank in the bottom of the sprawl index in terms of

the more sprawling cities in the United States, and that has an impact on transportation and quality of life. Unfortunately, NHTSA (the National Highway Traffic Safety Administration) ranked North Carolina number 45 among the 50 states in terms of pedestrian and bicycle deaths. That is something that needs to be improved and the steps are there for these improvements. Charlotte is the only city in North Carolina that ranked in the top 50 cities getting federal funding for pedestrian and bicycle investments. They only get 19 cents per capita per year from the federal government. The top cities are not the large cities that people tend to think about. They are Nashville, Louisville and Atlanta. They are investing up to seven times more per capita on a yearly basis.

In terms of health, 67% of North Carolinians are overweight or obese and transportation has a relationship to that. A brief has been put together for the Robert Wood Johnson Foundation on the connection between transportation and health. You may access the brief at <http://activelivingresearch.org/resourcesearch/summaries> . It is a three-page summary of what is known in terms of our policies and how they impact physical activity and obesity. We know that up to 25 of our counties are in non-attainment of some of the new ozone standards and some of the particle matter standards.

Mr. Berke stated that one of the toward achieving sustainability is to prepare and anticipate. Planning – and having a vision of where the State is going -- is critical. Building partnerships along the way at multiple levels --not only public private partnerships, but partnerships in terms of land use to get sustainable transportation. There should be a combination developed to encourage cooperation and provide the right incentives and regulations. An example that Denver recently completed reveals the principles of preparing and anticipating growth and building public-private relationships. This could not have happened if it wasn't for the State Department of Transportation being supportive.

It is not highways that link cities, but has to do with transportation inside neighborhoods, economic developments and open space protection. What they attempted in Denver is to try and integrate land use and transportation plans working together. They have designated multi-use centers throughout the city. They are trying to design streetscapes in the multi-used centers, which are neighborhood centers where they are walkable and pedestrian oriented, vibrant and getting people to want to live there. The tools that were used for the neighborhood in Denver was that they changed the regulations. They moved away from standard zoning. They also instituted urban design standards and added infrastructure investments where they put in transit improvements and sidewalks, crosswalks, and tree planting schemes.

The big deal is public-private partnerships and how to incentivize. There are regulations for zoning, but there are areas where they use incentivizing where various techniques are being used. There are also sliding scale impact fees and development impact fees. These fees tend to go down in the core growth areas because there is not as much impact on the air and infrastructure, as well as housing subsidies.

Mr. Berke talked about a collaborative planning effort in Maine which involved 20 communities. They had no regional planning commission. What they did have was a forward-looking Maine Department of Transportation to really instigate dialogue between 20 communities along Route 1. Route 1 has a beautiful setting, but there is a lot of traffic congestion and view sheds are

being compromised, which is making the area unhealthy. What was done was to encourage the 20 communities to come together for over a year and a half to put together a vision for the corridor.

The technical people put some modeling together and included values and scenarios of alternative futures and looked at the impacts with the modeling. The scenarios were grounded in a place where stakeholders, tourism, and fishery people felt that they should continue with “business as usual”. By all 20 communities working together, they came up with a regional plan that is now finished – and it works for everyone. They have several core goals that are critical. One is that they want to grow jobs and balance housing near where they grow the jobs. The key was that across the 20 communities to designate what they call core growth areas. They wanted to amend the zoning to make it mixed use instead of standard single block use; they wanted to raise densities and require transit investments. They used market incentives because they wanted to raise the density, and they wanted to use tax credits and tax increment financing. They also worked with the Department of Environmental Protection in Maine because they are in charge of water and sewer.

They also tried to increase mobility. They have a variety of site design standards to develop shared connections in residential neighborhoods. They also were all about conserving open space. The core growth areas would try to relieve the pressure on the open spaces along the corridor, so they tried to coordinate their land use regulations and incentives. The State DOT provided start-up funding for the region to get the communities together and to hire people to come in to do the visioning and scenario building. The State DOT said that when there was a plan in place that was comfortable, then they would prioritize state funding for transportation projects, particularly in the core growth areas. They designated staff to work with the communities developing indicators to track success or failures.

They developed what is called the Corridor Coalition. By October 3, 90 months after the regional plan was adopted, 12 communities out of the 20 had to agree to become part of the Coalition and began local planning efforts that were consistent with the regional plan. After a year they will develop joint powers within the region to share land use responsibility. After five years, they hope to see a full partnership and receive an annual allotment from the State DOT for transportation funds that are distributed according to the local plans that have been approved by the State. They are also using transfer development rights, which is something that cannot be done in North Carolina.

Mr. Rodriguez stated that if we can’t think about a statewide vision, at least we could think about a set of statewide principles that then could be applied independently and locally based on priorities about sustainable transportation. Promoting the coordination between state regions and locals are important in creating partnerships and nurturing them. Some of the work that DOT has done in facilitating the creation of RPO’s and consolidating MPO’s is a critical step in the coordination of multiple scales of government. It also involves strengthening the funding for multi-modal transportation planning, not only for pedestrian-bike plans, but also encouraging land-use plans to be coordinated with transportation and providing guidance about what those plans could contain in terms of what characteristics constitute a “good” plan.. Another ideas is to enable jurisdictional agreements that share land-use planning that coordinate planning and

investment powers for water for sewer and transportation. The monitoring of progress and evaluation is important to be able to understand where you are in the process.

In terms of the plans themselves, it is important to prepare forward-looking model plans, operation guidelines and codes. They mentioned the pedestrian-bike planning effort that has been going on in the State, thanks to NCDOT. The Pedestrian and Bicycle Division has a great set of documents about what a model pedestrian and bicycle plan is about. There are high quality plans being created by our communities, but the question is how will the plan be put to action and how will the improvements be funded. "Complete Streets" is being talked about everywhere in the United States. The North Carolina Complete Streets Policy on paper looks wonderful. The next challenge is to implement it well. Pedestrian and bicycle planning improvements are critical in the urban areas to make those places vibrant. There should be new development encouraged in already build-up areas, which could be rural or urban areas, and we should promote reinvestment in some of the neglected and challenged communities.

The building of partnerships is very important. NCDOT plays an important role in educating other state and local actors about the challenges faced in terms of sustainable transportation. That would mean communicating in multiple ways -- understanding that there are high stress conditions, funding constraints, congestion, health challenges and greenhouse gases, and the rules have to be changed a little based on these high stress and high challenge conditions. There may be a fear of loss of property rights or how the state is conducting "business-as-usual" and acknowledge the uncertainty. We don't always get a right and in some cases we are not sure of the exact outcome of many of our actions.

The devolving of transportation investments and the authority to prioritize them to MPO's is also important. That means encouraging the use of CMAQ funds in a flexible way as per federal guidelines. Many other states allow a lot of flexibility in terms of CMAQ use. They don't necessarily need to go only to highways. Some could go to pedestrian, bicycle and transit projects. It is also important to not only allow flexibility, but sub-allocate the CMAQ funding or part of the funding to the MPO's so they have a stable stream of funding that they can count on and program for the future. Some of the CMAQ funding needs to remain in DOT for strategic projects for state or regional significance that sometimes doesn't need to be necessarily sub-allocated to the MPO's. It is walking a fine line between evolution and projects of strategic importance. In many cases, some of the RPO's and MPO's are young and growing, and DOT has wonderful technical knowledge; providing assistance in this process of evolution would be very helpful in evaluating and prioritizing projects regionally.

Ms. Nina Szlosberg-Landis asked to hear more about inter-jurisdictional agreements.

Mr. Rodriguez answered that the idea is that the municipalities or counties with jurisdiction enter into agreements to coordinate land-use planning and tax sharing. They also make joint decisions and work with utilities to jointly coordinate the investments.

Mr. Overholt asked in reference to smart growth, which state is doing it the best?

Mr. Rodriguez answered that Garrett Knapp from the University of Maryland has been monitoring their work and they are doing great work with smart growth. Tennessee and

Wisconsin also have recent smart growth initiatives. Oregon has a smart growth that have been in place for many decades.

Mr. Overholt asked how North Carolina rates with smart growth?

Mr. Rodriguez answered that we have CAMA and the vehicle and some of the institutions set in place to do good things, but in terms of some of the measures regarding sprawl, we are struggling relative to other metropolitan areas.

Mr. Overholt asked if it was because of a lack of money, coordination or just got started late?

Mr. Rodriguez answered that one of the problems is that North Carolina is a fast growing state so it's hard to keep up. The challenge is trying to come up with a vision of where we want to go and the coordination, getting the different localities working together and having the state agencies on the same page.

Mr. Overholt asked who should take the lead in Mr. Rodriguez's opinion?

Mr. Rodriguez answered that in his opinion it would be DOT, because the state planning office doesn't have the resources.

Mr. Collier asked if the I-73 corridor was a significant step in the right direction.

Mr. Rodriguez answered that is absolutely was a step in the right direction. The principles on that project included mixing multi-modal transportation and revitalizing the area and bring economic development in a place that got highway improvements and that also involves transit and pedestrian and bicycle improvements.

Mr. Berke asked if they knew about SERPPAS -- the Southeast Regional Partnership for Planning and Sustainability. It is based on Department of Defense (DOD) funding. DOD, Fort Bragg and Cherry Point are worried about being able to sustain their mission because of the sprawl and loss of open space.

Ms. Nina Szlosberg-Landis stated that a lot of the people sitting around the table represented areas of the state that don't have large metropolitan areas. She wanted to know how some of the principles applied to smaller communities.

Mr. Berke stated that in the Maine example, it included communities within the region that supported integrated transportation and land-use. You can target certain neighborhoods that you want to see improvements of economic revitalization.

Ms. Nina Szlosberg-Landis stated that the continuing frustration for her is that being in the transportation business, it is not recognized that the decisions that are made have implications for land use, but yet DOT has no authority on land-use. "How do you see bridging the gap so that we can more closely allow transportation and land-use decisions in the state?"

Mr. Berke answered that there is some legislation requiring municipalities to have land-use plans whenever DOT investments are going in. That is a wonderful step forward and that is probably stretching the authority as much as possible for now. There is a wide variety, in terms of the quality, of the planning and we are not in the position to tell them how they will grow. It is a two-way conversation between localities, municipalities and counties about how that growth should happen and strengthening the functions of planning and anticipation.

Mr. David Willauer, Senior Transportation Planner from Innovative Emergency Management, stated that he relocated from Maine and worked with the program that was mentioned. One of the things that led to the development of the project was the statewide corridor planning. There is something similar done in NC with strategic highway plans, including rail and highway. The Gateway Program became the mother of all Gateway Programs in Maine because it was a very big investment of about \$1 million to kick off a 5-year planning program. That is a very big investment for one corridor. The leadership was also important. The Director of the Bureau of Planning in Maine was the former land-use city planner for the City of Augusta . They are moving forward with the project.

Ms. Nina Szlosberg-Landis stated that with all the new faces, some time should be spent going through all the plans that DOT has that are on-going so everyone can get up to speed on how those plans are progressing. There are a lot of great initiatives underway and have a lot of great planning has been accomplished.

Tom Norman stated that in the past three years there has been an adhoc group working on the Healthy Environment Collaborative. Representatives include NCDOT, the Department of Commerce, NC Department of Environment and Natural Resources and the Department of Health and Human Services. Their mission is to integrate and influence interdepartmental efforts to improve the health of North Carolina's people, environments, and economy. Their vision is a "North Carolina where the government and its people work together to achieve healthy people, active environments and a strong economy in order to improve the quality of life for all North Carolinians." The group has been meeting for several years, they they have realized that their agencies don't always coordinate with each other and there can be conflicting policies. They are trying to see where there interests overlap and how the usefulness of one agency can help other agencies achieve their goals.

Ms. Nina Szlosberg-Landis thanked Dr. Burke and Dr. Rodriguez for their presentation. She then stated there was an article in the News and Observer about wetlands mitigation and she asked Greg Thorpe, Manager of the Project Development and Environmental Analysis Branch, to provide some insight about the topic.

Greg Thorpe talked about the relationship with the EBX bank, which was the subject of the News and Observer article. He stated that NCDOT's relationship with the EBX bank pre-dates EEP. In October of 1999, NCDOT issued a request for proposals for full delivery of wetland mitigation credits across the state. That was the first time NCDOT had ever issued such a request for independent providers to provide wetland mitigation credits for them. The lower Neuse River basin was one of those areas around the state where they had made the request for

proposals. EBX got a contract for delivering wetland credits. NCDOT only bought wetland credits and do not own the property. It is EBX's property and the wetland bank was approved and overseen by the US Army Corps of Engineers and the NC Division of Water Quality within the NC Department of Environment and Natural Resources.

NCDOT bought 465 wetland mitigation credits for \$7.1 million at the time. That EBX contract was signed in October of 2000. Around 2001 and 2002, NCDOT started having to provide stream mitigation credits. A request was issued to all of the mitigation providers that they had entered into full delivery contracts prior to that, and a number of the providers responded with proposals for stream mitigation credits; EBX was one of those. In November of 2002, they signed a contract for 22,500 feet of stream mitigation credits with EBX, and that was for \$1.8 million. The newspaper article referred to a \$1.8 million dollars expenditure for the stream mitigation credits. NCDOT ended up spending a total of \$8.9 million dollars for stream mitigation and wetland credits with EBX. That was the extent of NCDOT's involvement with the bank.

When EEP was established, they managed the remaining credits for the bank, but EBX continued to own the property. EEP just bought credits when they needed them. NCDOT continued to manage the contract, but that was only approving invoices or reducing bonds. NCDOT has not bought any nutrient off-set credits from EEP or EBX or anyone else. NCDOT has never had to provide nutrient off-set credits, and it is the addition of nutrient off-set credits to those mitigation sites that have caused the controversy.

Ms. Nina Szlosberg-Landis stated that what is in the article is not related to our work with DOT.

Ms. Szlosberg-Landis asked for other issues that they would like to have come before the Committee so they could be added to future agendas.

Ms. Nina Szlosberg-Landis adjourned the meeting at 9:30 A.M. The next meeting of the Environmental Planning and Policy Committee is scheduled for Wednesday, January 6, 2010 at 8:30 A.M.

AJP/jh