



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 3<sup>rd</sup> and 4<sup>th</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> 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 4<sup>th</sup> quarter. The seasonable pattern of work is slowing down, so the number of projects is less, particularly in the 4<sup>th</sup> quarter. They anticipate that in the 1<sup>st</sup> 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