

Agenda

Town of Fairview



Agenda

Town Council Meeting

March 14, 2016

7:00 pm

(Meeting to be held at the Old Fairview School)

1. Call the meeting to order: ---Mayor Thomas

Invocation
Pledge of Allegiance

- a) Agenda Changes
- b) Approval of Agenda

2. Public Comments

3. Presentations:

Brian Austin, Board President of Fairview Fire Department

4. Reports:

- a. Financial and Tax Reports --- *Darrell Baucom*
- b. Land Use Report --- *See Report Attached*
- c. Park and Recreation Report --- *Jerry Clontz*
- d. CRTPO --- *See Report Attached*
- e. Monroe/Union County Economic Development Committee Report --- *See Report Attached*

Agenda

5. Items of Business:

Item 1: Appoint 2 members to Park & Rec Committee (These appointments are for the positions currently held by Sharon Smith and Ronald Thomas –these terms will expire April 2019) ---*Ed Humphries*

Item 2: Approval of Minutes:

a) Regular Council Meeting – February 8, 2016

6. Council Comments:

7. Adjournment

AS A COURTESY, PLEASE TURN CELL PHONES OFF WHILE MEETING IS IN PROGRESS

**** Public Comments are limited to 3 minutes ****

Reports

5:38 PM
03/07/16
Accrual Basis

**Town of Fairview
Balance Sheet
As of February 29, 2016**

	Feb 29, 16	Jun 30, 15
ASSETS		
Current Assets		
Checking/Savings		
American Community Bank	200,648.99	387,855.57
Bank of NC	957,040.91	955,069.87
Total Checking/Savings	1,157,689.90	1,342,925.44
Other Current Assets		
Franchise Tax Receivable	43,188.53	43,188.53
Investments		
Investments NCCMT	965.43	964.95
Total Investments	965.43	964.95
PARTF Grant receivable	0.00	12,527.50
Prepaid assets	0.00	3,288.50
Sales Tax Receivable	4,001.24	4,001.24
Taxes receivable	3,616.05	4,635.53
Total Other Current Assets	51,771.25	68,606.25
Total Current Assets	1,209,461.15	1,411,531.69
Fixed Assets		
Accumulated Depreciation	-7,474.08	-7,474.08
Computer Equipment	12,643.66	12,643.66
Furniture and Equipment	1,698.00	1,698.00
Land	219,516.33	219,516.33
Land improvements	10,145.00	10,145.00
Leasehold improvements	2,500.00	2,500.00
Total Fixed Assets	239,028.91	239,028.91
Other Assets		
Park development costs	25,055.00	25,055.00
Total Other Assets	25,055.00	25,055.00
TOTAL ASSETS	1,473,545.06	1,675,615.60
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
Accounts Payable	8,000.00	18,235.46
Total Accounts Payable	8,000.00	18,235.46
Other Current Liabilities		
Accrued payroll	3,436.07	3,436.07
Deferred revenue - ad valorem	4,635.53	4,635.53
Payroll Liabilities	337.42	482.37
Total Other Current Liabilities	8,409.02	8,553.97
Total Current Liabilities	16,409.02	26,789.43
Total Liabilities	16,409.02	26,789.43
Equity		
Equity		
Fixed assets	264,083.91	264,083.91
Total Fund Balance	1,244,247.72	1,244,247.72
Total Equity	1,508,331.63	1,508,331.63
Retained Earnings	140,494.54	0.23
Net Income	-191,690.13	140,494.31
Total Equity	1,457,136.04	1,648,826.17
TOTAL LIABILITIES & EQUITY	1,473,545.06	1,675,615.60

Town of Fairview
Profit & Loss Budget vs. Actual
 July 2015 through February 2016

	<u>Jul '15 - Feb 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
Ad Valorem taxes	68,419.56	68,100.00	319.56
Cable TV franchise taxes	2,064.37	2,100.00	-35.63
Interest on delinquent taxes	152.63		
Investment income	2,054.90	1,600.00	454.90
Motor vehicle taxes	7,182.88	4,600.00	2,582.88
PARTF Grant reimbursement	5,505.00	160,000.00	-154,495.00
Sales and use tax	15,384.51	16,668.00	-1,283.49
Sales and use tax refund	130.26		
Utility Franchise taxes	84,208.12	75,000.00	9,208.12
Zoning fees	1,900.00	3,200.00	-1,300.00
Total Income	<u>187,002.23</u>	<u>331,268.00</u>	<u>-144,265.77</u>
Expense			
Advertising and Promotion	472.62	520.00	-47.38
Audit fees	6,800.00	6,800.00	0.00
Bank Service Charges	24.51	160.00	-135.49
Capital outlay	19,010.00	317,550.00	-298,540.00
Charitable Contributions	211,836.67	225,000.00	-13,163.33
Collection fees	1,171.57	960.00	211.57
Computer and Internet Expenses	4,916.15	4,668.00	248.15
Dues and Subscriptions	5,143.00	5,000.00	143.00
Elections expense	2,721.33	3,145.00	-423.67
Grants	4,000.00	7,500.00	-3,500.00
Insurance Expense	4,706.98	5,935.00	-1,228.02
Legal fees	3,859.74	4,000.00	-140.26
Miscellaneous Expense	233.92	0.00	233.92
Office Supplies	1,255.83	2,000.00	-744.17
Park Maintenance	100.00	16,000.00	-15,900.00
Park start-up and nonreimburse	35,037.40	35,000.00	37.40
Payroll Expenses	20,487.28	22,772.00	-2,284.72
Payroll taxes	3,416.23	3,900.00	-483.77
Planning and zoning	27,312.08	28,014.00	-701.92
Public Safety	20,000.00	20,000.00	0.00
Rent Expense	2,000.00	2,000.00	0.00
Telephone Expense	2,363.84	2,400.00	-36.16
Training fees	1,065.00	1,000.00	65.00
Travel Expense	758.21	1,000.00	-241.79
Total Expense	<u>378,692.36</u>	<u>715,324.00</u>	<u>-336,631.64</u>
Net Ordinary Income	<u>-191,690.13</u>	<u>-384,056.00</u>	<u>192,365.87</u>
Net Income	<u><u>-191,690.13</u></u>	<u><u>-384,056.00</u></u>	<u><u>192,365.87</u></u>

6:00 PM

03/07/16

Accrual Basis

Town of Fairview
Transactions by Account
As of February 29, 2016

Type	Date	Num	Name	Memo	Debit	Credit	Balance
American Community Bank							192,159.64
Paycheck	02/08/2016	101512	Darrell H. Baucom			533.60	191,626.04
Paycheck	02/08/2016	101523	Teresa Gregorius			772.61	190,853.43
Paycheck	02/08/2016	101511	Bradley W Purser			138.53	190,714.90
Paycheck	02/08/2016	101513	Edward D Humphries			1,975.42	188,739.48
Paycheck	02/08/2016	101514	Gary H Wilfong			138.53	188,600.95
Paycheck	02/08/2016	101515	Greg Morgan			46.17	188,554.78
Paycheck	02/08/2016	101516	Jerry C. Clontz			161.61	188,393.17
Paycheck	02/08/2016	101517	Jesse L Hargett			69.26	188,323.91
Paycheck	02/08/2016	101518	John A Biggers, Jr.			138.53	188,185.38
Paycheck	02/08/2016	101519	John H. Crowell			46.17	188,139.21
Paycheck	02/08/2016	101520	Nancy H Randall			46.17	188,093.04
Paycheck	02/08/2016	101521	Patricia H. Kindley			46.17	188,046.87
Paycheck	02/08/2016	101522	Phillip C Thomas			184.70	187,862.17
Paycheck	02/08/2016	101524	Tony FD Helms			46.17	187,816.00
Liability Check	02/08/2016	To Print	IRS	55-0789092		1,696.34	186,119.66
Check	02/08/2016	101531	Edward D Humphries	Expense reimbursement		180.90	185,938.76
Check	02/08/2016	101532	Clark, Griffin and McColl...	Legal fees for month		337.50	185,601.26
Check	02/08/2016	101533	Enquirer Journal	advertising for public he...		119.40	185,481.86
Check	02/08/2016	101534	Division of Archives and ...	Charge for storing minut...		16.00	185,465.86
Deposit	02/10/2016			Deposit	200.00		185,665.86
Deposit	02/12/2016			Deposit	14,964.08		200,629.94
Bill Pmt -Check	02/13/2016	101535	Union County Chamber ...	Replace lost check for p...		403.00	200,226.94
Check	02/18/2016		Verizon Wireless	Ed's cell phone		130.60	200,096.34
Deposit	02/22/2016			Deposit	710.03		200,806.37
Check	02/25/2016		Frontier Telephone	Monthly phone bill		165.36	200,641.01
Deposit	02/29/2016			Interest	7.98		200,648.99
Total American Community Bank					15,882.09	7,392.74	200,648.99
TOTAL					15,882.09	7,392.74	200,648.99

Town of Fairview
Park Related costs

<u>Date</u>	<u>Services</u>	<u>Payee</u>	<u>Check Number</u>	<u>Amount Paid</u>
2/9/2015	Design development - initial bill	Benesch	101245	8,370.00
4/13/2015	Design development - second bill	Benesch	101268	1,335.00
5/11/2015	Design development - third bill	Benesch	101292	4,610.00
6/8/2015	Design development - fourth bill	Benesch	101321	1,010.00
6/23/2015	NC DOT driveway permit application fee	NC DOT	101329	50.00
6/23/2015	NC DENR erosion and sedimentation app fee	NC DENR	101330	260.00
7/10/2015	Construction documents - June 28, 2015	Benesch	101335	9,420.00
8/10/2015	Construction documents - July 26, 2015	Benesch	101359	2,355.00
8/27/2015	NC DENR storm water permit	NC DENR	101383	505.00
9/14/2015	Construction docs - Aug 18 and perc test	Benesch	101385	1,895.00
10/12/2015	Const docs, permitting and bidding	Benesch	101411	6,255.00
11/9/2015	Bidding on park	Benesch	101437	3,100.00
12/7/2015	Amendment #1 for turn lane design	Benesch	101488	4,900.00
Total incurred costs-to-date				44,065.00

Park Budget	
Design and construction management	47,100.00
Cost to develop park	560,000.00
Contingency	28,000.00
Total park costs	635,100.00

Town of Fairview
Pond Related Costs

<u>Date</u>	<u>Services</u>	<u>Payee</u>	<u>Check Number</u>	<u>Amount Paid</u>
3/9/2015	Foster Lake and Pond - lowering pond level	Foster Lake	101248	2,450.00
	Total for 14/15 fiscal year			2,450.00
8/10/2015	Foster Lake and Pond - pond renovation	Foster Lake	101356	22,833.59
9/14/2015	Warlick Trucking - Grading, etc on pond site	Warlick Trucking	101386	9,500.00
	Total paid-to-date on pond renovation and maintenance			34,783.59

February 17 MPO Meeting Results

2040 MTP & 2016-2025 TIP Amendments: The MPO approved amendments to the 2040 Metropolitan Transportation Plan, the 2016-2025 Transportation Improvement Program, and made a finding of air quality conformity for seven projects.

Miscellaneous 2016-2025 TIP Amendments: The MPO approved amendments to the 2016-2025 Transportation Improvement Program for 12 projects that did not require an air quality conformity determination.

Prioritization 4.0: The MPO authorized the TCC to open a public comment period on a draft allocation of local input points to P4.0 projects following the April 7 TCC meeting. This assumption was made given that NCDOT will release the P4.0 scores for all projects in mid-March.

From: Tony Helms [mailto:tfhelms6@gmail.com]

Sent: Saturday, March 05, 2016 9:34 AM

To: Ed Humphries

Subject: Newsletter

Hi Ed,

Attached is a new news letter that is being published every quarter. Notes from our February meeting is noted below.

1. Much discussion regarding out work plan which is being changed slightly.
2. Announcement that Tyson food selected Monroe for \$5 Million equipment expansion which will create 50 new jobs. There was a total of \$ 225,000 incentive given by the county and city.
- 3, Brand RPM is considering a expansion \$ 2.3 million in Union County or a new building in S.C. County Commissioners has approved a \$46,000 grant.

Link to quarterly newsletter:

[http://developunion.com/assets/user/upload/files/the%20Prospector%20winter16%20\(email\).pdf](http://developunion.com/assets/user/upload/files/the%20Prospector%20winter16%20(email).pdf)

Appoint Park & Rec Members

Park & Rec Meeting Attendance 4/2/15 thru 2/4/16

Date	Jerry Clontz	BB Haigler	Sharon Smith	Stan Smith	Ronald Thomas	Leon Whitley
04/02/15	X	X		X		
04/16/15	X	X	X	X	X	X
05/07/15	X	X	X		X	
06/04/15	X	X	X	X		X
07/02/15	X	X	X			X
August No Meeting						
09/03/15	X		X	X		X
10/01/15	X	X	X			
November No Meeting						
12/03/15	X	X	X			
January No Meeting						
02/04/16		X		X	X	X

Approve Minutes

February 8, 2016



**Town of Fairview
Regular Meeting
February 8, 2016**

The following Council members were present: Mayor Phil Thomas, John Biggers, Jerry Clontz, Bradley Purser, and Gary Wilfong.

Others present: Joe McCollum, Town Attorney; Darrell Baucom, Financial Officer, Ed Humphries, Land Use Administrator/Deputy Clerk and Teresa Gregorius, Town Clerk

Agenda Changes

Mayor Thomas requested that in Section 4, Item 4 the word “Adopt” be added i.e. Discuss and Adopt Invocation Policy.

Approval of Agenda

Bradley Purser made a motion to approve the agenda as amended. Gary Wilfong seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Public Comments

None

Reports

- a) Darrell Baucom gave the financial report.

Jerry Clontz requested that the Garcia Forest Services invoice dated 10/13/14 be moved from the “Pond Related Costs” worksheet to “Park Maintenance”.

- b) Ed Humphries distributed the Land Use Report in the agenda packet.
- c) Jerry Clontz gave the Park and Recreation report.

Mr. Clontz informed the Council that the PARTF grant will not pay for the turn lane. Mr. Clontz stated that the bid process for the park needs to begin as soon as possible in order to have the park completed before the PARTF grant expires. The Council discussed moving forward with the bidding process. Jerry Clontz made a motion to

approve a left turn lane and county water line changes on Highway 601 for the park entrance John Biggers seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Mr. Clontz presented a revised resolution from the Town of Fairview to NCDOT regarding the left turn lane for the park that Representative Mark Brody requested. The Council discussed the revised resolution. Jerry Clontz made a motion to adopt the changes in the resolution from the Town of Fairview to NCDOT regarding the left turn lane on Highway 601 for the park entrance. John Biggers seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

- d) John Biggers gave the CRTPO report.
- e) Tony Helms distributed his Monroe/Union County Economic Development Committee report in the agenda packet.

Items of Business

Item 1: Approve Contract with N-Focus for Fairview Council Retreat Facilitation:

Bradley Purser made a motion to approve the N-Focus contract for the Fairview Council Retreat on March 12, 2016 at a location to be determined. Gary Wilfong seconded the motion. Mr. Purser rescinded his motion.

Bradley Purser made a new motion to approve the N-Focus contract for the Fairview Council Retreat on March 12, 2016 from 8:30 AM to 12:30 PM at Bethlehem Presbyterian Church. John Biggers seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Item 2: Adopt Fairview Council Rules of Procedure:

The Council discussed the Rules of Procedure documentation. Gary Wilfong made a motion to adopt the Rules of Procedure as amended. Jerry Clontz seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Item 3: Discuss Code of Ethics Policy:

Mayor Thomas stated that he wanted to provide a copy of the Code of Ethics that was adopted by the Council November 8, 2010 to all the Council members.

Item 4: Discuss and Adopt Invocation Policy:

Mayor Thomas presented the Council with an invocation policy. The Council discussed the policy. Bradley Purser made a motion to adopt the invocation policy as amended. John Biggers seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Item 5: Create "Fairview Festival" Committee:

Mayor Thomas presented the suggestion of forming a festival committee and the Council discussed various possibilities and ideas. John Biggers made a motion to form a Fairview

Festival Committee with Gary Wilfong as chairman and B.B. Haigler and Patti Freeman as members and add additional members at the Fairview Festival Committee's discretion. Bradley Purser seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Item 6: Renew Order granting Temporary Permit # TP 14-037:

Ed Humphries presented the renewal of the temporary permit # TP 14-037 for six months in the name of Gregory Morgan to add a manufactured home to his property (Parcel #08192012) for the purpose of caring for a relative—under Section 179 of the Fairview Land use Ordinance.

John Biggers made a motion to renew the temporary permit # TP 14-037 for six months to expire September 2016. Jerry Clontz seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Item 7: Approval of Minutes:

Jerry Clontz made a motion to approve the minutes of the January 11, 2016 meeting. Gary Wilfong seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Council Comments

John Biggers complimented the Mayor and appreciates his efforts for the processes being brought before the Council and look forward to getting together to discuss long term goals.

Bradley Purser stated that the fire department will be having their annual BBQ on Saturday, February 13th and if the Council does not object the fire department may need to use some of the Town property for parking. Council stated the fire department may use the property for parking.

Mayor Thomas noted that the League of Women Voters will be holding a Civics 101 Class beginning February 29th for seven weeks. The fee is \$25 and you can register online. Early voting for the March 15th primary begins March 3rd through March 12th at designated locations. A reminder that the Planning Board's training session is on February 16th and the Council will be sitting in on.

Jerry Clontz made a motion to adjourn. Bradley Purser seconded the motion. Councilmen Biggers, Clontz, Purser and Wilfong voted yes (4-0).

Respectfully submitted,

Teresa Gregorius
Town Clerk

Phil Thomas
Mayor

Approved this _____ day of _____, 2016

**For
Information
Only**

SOUTHERN ENVIRONMENTAL LAW CENTER

Telephone 919-967-1450

601 WEST ROSEMARY STREET, SUITE 220
CHAPEL HILL, NC 27516-2356

Facsimile 919-929-9421

March 3, 2016

Via E-mail and U.S. Mail

Nicholas Tennyson
Secretary of Transportation
North Carolina Department of Transportation
1501 Mail Service Center
Raleigh, NC 27699-1501
njtennyson@ncdot.gov

Re: Request to reassess the Monroe Bypass in light of SH 130 bankruptcy

Dear Secretary Tennyson:

On behalf of the North Carolina Wildlife Federation, Clean Air Carolina and the Yadkin Riverkeeper, we are writing to request that the North Carolina Department of Transportation ("NCDOT") reevaluate the financial feasibility of the Monroe Bypass toll road in light of the recently announced bankruptcy filing by SH 130 Concession Company in Texas.

As you know, SH 130 Concession Company, a partnership between Spain-based Cintra and San Antonio-based Zachry American Infrastructure, signed a deal with the Texas Department of Transportation to construct and operate the SH 130 toll road between Mustang Ridge, TX and Seguin, TX in exchange for a portion of toll revenue generated by the project. The toll highway, however, has failed to live up to expectations and toll revenue has fallen significantly below projections. As such, SH 130 Concession Company was forced yesterday to file for bankruptcy.

Because SH 130 was owned in part by Cintra, the private partner selected by NCDOT to build and operate the I-77 HOT-lanes, Governor McCrory has asked that NCDOT look afresh at Cintra's contract. We understand from a NCDOT news release that you will be travelling to Texas next week to meet with that state's transportation officials to further discuss these issues.

While we applaud these steps, we suggest that NCDOT should use this opportunity to think more broadly about its approach to tolling in North Carolina. At today's Board of Transportation meeting you noted that, unlike I-77 which involves managed lanes, SH 130 is a full toll way. And indeed, the literature on toll roads frequently distinguishes between new-location toll highways and expansions to heavily congested roadways such as I-77.

What you did not mention at the Board of Transportation meeting, however, is that NCDOT is elsewhere pursuing new-location toll highways much like SH 130. Both the Monroe Bypass and the Complete 540 toll road are designed as full toll highways that depend on significant traffic and toll revenue to help pay for their massive cost. The Monroe Bypass is

anticipated to cost over \$838 million and the Complete 540 toll road would cost over \$2.1 billion. What is more, unlike SH 130 and I-77, these projects are not Public Private Partnerships, but will be fully funded and managed by the state. While you noted at today's Board of Transportation meeting that NCDOT's I-77 contract with Cintra, "protects North Carolina taxpayers from financial losses throughout the project," no such protections exist for a future financial failure of the Monroe Bypass or Complete 540 project. As such, if revenue projections do not live up to expectations it will be North Carolina taxpayers who will suffer the extra cost.

Monroe Bypass Traffic and Revenue Study

We have long raised concerns that the Monroe Bypass will not live up to the expected projections for revenue, including in our 2014 comment letter to NCDOT.¹ To attest that the project is financially viable, NCDOT has relied entirely on a Traffic and Revenue study completed by Wilbur Smith in 2010. The study asserted to analyze the potential future growth in the study area, future traffic patterns, and the willingness of future travelers to pay the toll to use the road. Much has changed since 2010, calling into question the continued viability of the study's findings. Assumptions that were questionable in 2010 are even more so today.

Fundamental to the 2010 study was the assumption that there would be no "additional capacity" added or improvements made to roadways that will "compete" with the Bypass such as U.S. 74.² The report stressed that assumed poor operating conditions on area roadways were key to the financial success of the Bypass.³ Since 2010, however, a number of improvements have been made on U.S. 74 with many more slated for the coming years. As a result, traffic speeds on area roadways have dramatically improved and are now up to 10 mph higher than those assumed in the Traffic and Revenue Study.⁴ Consequently, the travel time savings that can be expected from the Bypass are now significantly lower than previously forecast.

The change in these travel time savings has serious implications for the 2010 revenue projections. In order to project future revenue from the Bypass and set a proposed toll rate, Wilbur Smith conducted a "value of time" assessment to determine, essentially, how much money people would be willing to pay to save a certain amount of time. The value of time for travelers on the Bypass was determined to be approximately \$8/hour for cars and \$15-20/ hour for trucks.⁵ This allowed Wilbur Smith to set an opening year toll rate of \$2.58 for cars and \$10.27 for trucks (in 2010 dollars).⁶ Given the significantly decreased new travel time saving projections, to keep with these same toll rates, values of time would need to be considerably higher—\$18.50/ hour for cars and \$30-60/hour for trucks.

In another departure from the expectations of 2010, traffic growth along U.S. 74 has not increased as expected. Where Wilbur Smith's projections relied on a minimum of 2.2% annual

¹ Comments from SELC, to NCDOT, re: Monroe Connector/Bypass Draft Supplemental Environmental Impact Statement (Jan. 6, 2014) (available upon request).

² N.C. TURNPIKE AUTHORITY, FINAL REPORT: PROPOSED MONROE CONNECTOR/BYPASS COMPREHENSIVE TRAFFIC AND REVENUE STUDY, at 6-4 (2010).

³ *Id.* at 6-5.

⁴ *Id.* at 2-15.

⁵ *Id.* at 2-16.

⁶ *Id.* at 6-11–6-14.

traffic growth between Wingate and Monroe, 1.2% growth around Monroe, 4.9% growth west of Monroe and 4.4% growth at the western end of the corridor,⁷ this growth has simply not materialized. Similarly, socio-economic growth for Union County is now expected to be significantly lower than predicted in 2010. This shift in expectations is extremely significant for the revenue projections. The Traffic and Revenue Study notes that a significant departure from the economic growth predicted for the project study area could “materially affect traffic and revenue potential” for the Bypass.⁸

Other Traffic and Revenue Studies

It is also worth noting SH 130 is just another in a long line of toll roads that have failed to live up to expectations. It is no secret that broadly speaking traffic and revenue studies in the United States and around the world have tended to over-predict future toll revenue. Robert Bain, previously the Director of Standard & Poor’s Infrastructure Finance Ratings practice and now the head of his own technical consultancy which analyzes transportation projects for banks and institutional investors, has made a study of this phenomenon. Bain’s significant study of traffic forecasting demonstrates that toll road traffic forecasts are characterized by large errors and considerable optimism bias. For example, in a recent report of what has been described as “the largest study of toll road forecasting performance ever conducted,” Bain reviewed commercial-in-confidence documentation released to project financiers and, over a 4-year period, compiled a database of predicted and actual traffic usage for over 100 international, privately financed toll road projects. Bain documented an “observed systematic tendency for overforecasting” showing/suggesting/indicating that the predicative accuracy of traffic models is poor.⁹

Bain’s studies demonstrate that toll road forecasts have, on average, overestimated traffic by 20-30%, some even more.¹⁰ For example, he has found every toll road that has opened in Australia since 2005 has underperformed, many 40-60% below forecast revenues.¹¹ He also notes a JP Morgan study of fourteen American toll roads, which found many operating more than 30% below their forecasts.¹² Bain cites issues such as optimism bias, overconfidence, unjustified assumptions, insufficient attention to demand side issues, insufficient emphasis on the impact of future events, unrealistic sensitivity testing, a lack of candor regarding uncertainties and model limitations, insufficient independent peer review, and the practice of awarding bids to those

⁷ *Id.* at 6-5.

⁸ *Id.*

⁹ Robert Bain, *Error and Optimism Bias in Toll Road Traffic Forecasts*, TRANSPORTATION, Vol. 36, No. 5 (September 2009).

¹⁰ Robert Bain and JW Plantagie, *Traffic Forecasting Risk: Study Update 2004* (October 2004), Standard & Poor’s; see also Robert Bain and L. Polakovic, *Traffic Forecasting Risk Study 2005: Through Ramp-Up and Beyond* (August 2005), Standard & Poor’s; Robert Bain and JW Plantagie, *Traffic Forecasting Risk: Study Update 2003* (November 2003), Standard & Poor’s.

¹¹ Robert Bain, *Toll Roads: Big Trouble Down Under*, INFRASTRUCTURE JOURNAL, 17 Jan. 2013; N. Smith N, Robert Bain and S. Kanowski, *An Investigation of the Causes of Over-Optimistic Patronage Forecasts for Selected Recent Toll Road Projects*, GHD (for the Australian Department of Infrastructure and Transport), Dec. 2011.

¹² Robert Bain, *Error and Optimism Bias in Toll Road Traffic Forecasts*, TRANSPORTATION, Vol. 36, No. 5 (Sept. 2009).

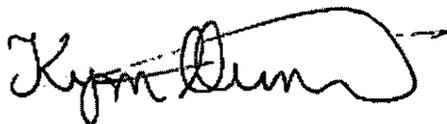
submitting the highest traffic (and hence revenue) projections among the many reasons why traffic forecasting, particularly for toll roads, is systemically inaccurate.¹³

In sum, we applaud the Governor's brave—albeit belated—move to take steps to reassess NCDOT's contract with Cintra for the I-77 project. If the Governor and NCDOT are truly serious about these issues, however, and not just engaged in a political stunt, we urge you to consider the risks of tolling more broadly. As such, when you visit Texas to discuss the SH 130 project, we encourage you to discuss and investigate what lessons might be learned to guide the future of other potential North Carolina toll highways including the Monroe Bypass and Complete 540.

North Carolina Taxpayers deserve the assurance that NCDOT will use their resources wisely—not throw them away on risky ventures without all due diligence.

Thank you for your consideration of our concerns.

Sincerely,



Kym Hunter
Staff Attorney



Ramona McGee
Associate Attorney

CC (via e-mail)

Mayor Phil Thomas, Town of Fairview
Mayor Kevin Pressley, Town of Hemby Bridge

¹³ See, e.g., *id.*; Robert Bain, *Big Numbers Win Prizes: Twenty-One Ways to Inflate Toll Road Traffic & Revenue Forecasts*, PROJECT FINANCE INTERNATIONAL, Issue 406 (Apr. 8 2009); Robert Bain and M. Wilkins, *The Credit Implications of Traffic Risk in Start-Up Toll Facilities*, PROCEEDINGS OF THE EUROPEAN TRANSPORT CONFERENCE (Sept. 9-11, 2002); Robert Bain, *The Wisdom of Crowds: A Survey of Forecasting Accuracy*, DATA & MODELING, Issue 8 (June 2011), 33-34; Robert Bain, *And Now, the Traffic Report*, TOLLWAYS, Journal of the International Bridge, Tunnel and Turnpike Association (Fall 2010), 69-76.