



**Date:** February 4, 2014

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Mark D. Ahrendsen, Director of Transportation  
**Subject:** Agenda Item – NCDOT Schedule C and Schedule D Municipal Agreements

**Executive Summary**

The City of Durham Department of Transportation operates traffic signal devices and computerized traffic control system for City and State Highway System streets within the Durham Signal System limits. The City receives cost reimbursements from the N.C. Department of Transportation (NCDOT) through Schedule “C” for the work performed on State traffic signals and through Schedule “D” for computerized traffic signal system operations and equipment. The purpose of this agenda item is to request City Council authorization for the City Manager to execute Schedule “C” and Schedule “D” municipal agreements for the fiscal year beginning July 1, 2013. The agreements reflect new reimbursement rates and standards for Federal Highway Administration compliance. It is recommended that the City Council authorize the City Manager to enter into the two municipal agreements with NCDOT for fiscal year 2013-14, and to execute up to four annual extensions of each agreement for the period ending June 30, 2018. The anticipated annual revenues are \$630,427 with Schedule “C” and \$153,272 for Schedule “D”.

**Recommendation**

The Department of Transportation recommends that the City Council:

1. Authorize the City Manager to execute municipal operations agreements with the NCDOT for: a) Traffic Control Devices Traffic Signals Schedule “C”; and b) Computer, Communications, Equipment, and Systems Operations for Computerized Traffic Signal System Schedule “D”.
2. Authorize the City Manager to negotiate and execute any extensions, including agreeing to additional compensation or higher reimbursement that may be provided for in such extensions. Extensions may be made in one (1) year increments, incorporating any mutually agreed upon adjustments, with the final year of service ending June 30, 2018.

## **Background**

The City of Durham operates the area's traffic signals and computerized system to provide traffic control and coordinated traffic signal operations. The system was constructed by NCDOT with federal, State and City funds and has been operated by the City of Durham for decades. Similar systems are in place across the state including municipally operated systems in the Town of Chapel Hill, Town of Cary and the City of Raleigh. The Durham system includes 401 traffic signals with 342 signals being on state-system roads and 59 located on City streets. The State provides local operating assistance with funds as stipulated in annual operating agreements. Since the State operating funds include federal funds, the agreements stipulate federal compliance.

The reimbursement rates reflect the level of service required to operate traffic signals and the computerized system. The operational and performance standards are specific and necessary to ensure operational standards and performance. In most instances, the City provides a higher level of service than the requirements set by the NCDOT in the municipal agreements. The State recognizes that municipalities are more aware of local needs and desire to provide residents and businesses with a higher level of service than State resources can provide.

## **Issues and Analysis**

To comply with Federal Highway Administration funding requirements, NCDOT recently amended its standard Schedules "C" and "D" agreement standards and reimbursement requirements. The changes required consultation and collaboration with multiple municipalities. This delayed the preparation of the fiscal year 2013-14 agreements into the fiscal year. Costs incurred by the City year to date will be invoiced and reimbursed as soon as the new agreements are executed.

The agreements cover fiscal year 2014, but allow for four annual extensions through June 30, 2018. Annual extensions will be contingent upon allocation of funds by the General Assembly and may incorporate mutually agreed upon rate adjustments. The reimbursement rates are set forth in the respective agreements. These are reviewed and adjusted annually by NCDOT to reflect current labor, material and equipment costs.

## **Alternatives**

- Execute new Municipal "C" and "D" agreements – Continue to perform work on State Highway System traffic signals and receive cost reimbursements in accordance with the respective rate schedules. This will allow the City to continue to provide desired traffic signal system levels of service.
- Do not execute the new agreements – the City would cease to operate State traffic signals within and adjacent to the City of Durham. The City would not be reimbursed for any work or services performed on these traffic signals or the operation of the computerized traffic control system. The level of service would be degraded (e.g., longer response time to traffic signal malfunctions, less frequent traffic signal timing optimization, etc.).

## **Financial Impact**

The FY 2013-14 City Traffic Operations budget estimated Schedule "C" and Schedule "D" revenues of \$580,000 and \$245,700, respectively. As indicated in the new agreements, the revised adjusted projected revenues will be \$630,427 and \$153,272, respectively. The total revenue will be \$42,001 less than anticipated. There are, however, provisions in each

agreement for replacement equipment and emergency repairs that may result in additional annual revenues subject to the availability of State funds and prior authorization by NCDOT.

**SDBE Summary**

Due to the nature of this item, an SBDE summary was not prepared

**Attachments**

Attachment A – Municipal Agreement for Schedule “C” – Traffic Signals

Attachment B – Municipal Agreement for Schedule “D” – Computer, Communications  
Equipment, and System Operations for Computerized Traffic Signal System