



# US 70 Corridor Commission

## DIRECTOR'S REPORT FOR MONTH OF APRIL, 2013 M. DURWOOD STEPHENSON, DIRECTOR

The month of April has been dominated by Executive and Legislative branches of government in North Carolina. Chief Executive, Governor McCrory continues to promote his transportation agenda based on three (3) basic criteria: jobs/commerce, congestion and safety. He further defined that agenda by eliminating the long-time funding distribution formula with priorities for state-wide projects, regional projects and the balance for maintenance. The 40/40/20 funding distribution plan will be further defined by legislation.

We have all been bombarded by a plethora of press clippings, commentaries, conjecture, criticism, praise and speculation on the Governor's Transportation Funding Distribution plan. At this juncture, we have the basic premise for a major change in the future of transportation funding abandoning the equity formula as established in 1989 by Governor Jim Martin. I will not speculate on the final plan that will evolve from the legislative process. I have frequently described the current equity funding formulas equally unfair to all. Hopefully the new plan can prove to be fair and equitable to all. If as suggested by the Governor and Secretary Tata, the new funding plan will fund an additional 85 projects and create 65,000 more jobs, North Carolina will embrace the new plan.

Like many of you I am aware of some discontent expressed by groups and individuals representing the interests of Eastern North Carolina. The sentiments conveyed to me generally favor the concept but are concerned by the proposed fund split. I have no special insights, but I anticipate some tweaking of the plan and would expect the 20% share to be increased at the expense of the 40% Statewide Allocation and/or the 40% Regional Allocation. New ideas generally meet with opposition, but a good idea coupled with a commitment to positive change will overcome naysayers.

The U.S. 70 Corridor Commission has not taken any official position on the Governor's "Strategic Mobility Formula." I know many of you are having discussions with your legislators expressing personal views on the plan and its impact on Eastern North Carolina. My personal opinion is that the major project priorities as endorsed by the Corridor Commission and the Eastern North Carolina Coalition will score well as more funds are directed to Statewide and

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Regional projects. But as the Governor and several legislators have noted, the current revenue sources are inadequate and new funding sources must be identified. Hopefully we can anticipate additional funding sources down the road after the Governor's plan has been given ample opportunity for evaluation. A good first step to aid revenue enhancement would be to end the annual transfer of \$ 200 million a year to the General Fund.

Deliberations and discussions will continue with a final bill probably enacted next month. When we have a final draft, we can as an organization evaluate the six (6) priority projects and determine potential for funding within a reasonable time period for each of these projects.

In summary when the new rules are established, we will adjust our "game" as necessary in order to compete for funding.

The new Board of Transportation met on April 2 and 3. The primary focus of the meeting was new member orientation. Although there were no Board of Transportation committee meetings, it does appear U.S. 17 and U.S. 70 committees will continue to function. In recent discussions with Division 4 Board of Transportation member Gus Tullos, he indicated the first meeting of BOT U.S. Corridor Commission would probably be scheduled in June. Rob Hanson has been designated as DOT staff contact. We are familiar with Rob and his work and are extremely pleased he will continue to keep us informed on projects' status and continue to promote those projects. I have spoken with Rob and he has agreed to continue the schedule of informal project briefings for months not scheduled for BOT U.S. 70 Corridor Commission Committee meetings. We are grateful for this extra special continuing effort by Rob and his staff.

On April 11 the Eastern North Carolina MPO/RPO Coalition met in Goldsboro. Executive Director Joel Strickland provided a staff update and advised ENC would begin meeting quarterly in order to maintain focus on eastern projects that significantly impact connectivity in the region. Tyler Bray provided a presentation on revenue potential by utilizing Vehicle Miles Travel (VMT), Interstate Tolling and 2040 Transportation Plan. Copies of the presentation are available upon request.

Project Manager, Kristine O'Connor gave an update on I-95 Tolling Economic Study. Kristine reminded us that 58% of the traffic on I-95 are not residents of North Carolina. Contrary to some area misconceptions, the purpose of the study is not to justify tolling, but rather an evaluation of economic factors that impact improvements of I-95. Upon completion, the communities served by I-95 should have the data to measure the positive, negative, and no impact factors, I-95 improvements and/or failure to improve will have on those communities. The information will give the local citizens facts and data to argue a specific viewpoint.

Lenoir County Commissioner, Mac Daughety and Greenville Mayor Allen Thomas, introduced the Quad East concept providing Interstate designation and connectivity of major Eastern North Carolina transportation routes: U.S. 264, U.S. 70 & I-95.

On April 17 a Concept Review Meeting was held at NCDOT Century Center in Raleigh to discuss the feasibility of a new location route for U.S. 70 from U.S. 17 Bypass to the proposed Havelock Bypass, around New Bern and James City.

For purposes of this study two (2) potential routes were considered which encompassed a 300-foot wide right of way corridor. The study also included a parallel 100-foot corridor for rail. Generally the rail corridor is 200-feet in width.

The meeting was well attended by officials and representatives from Craven County. They were obviously knowledgeable about area conditions, potential obstacles, and citizen sentiments. After much discussion, project consultant Florence & Hutchenson agreed to explore a third alternative route and incorporate some modifications of proposed routes.

There was not much sentiment favoring the rail component with some suggesting the rail corridor be deleted. Obviously an analysis of time savings travel vs. costs will be more favorable without rail.

The North Carolina Railroad was not represented at the meeting and apparently has not been consulted on this possibility. A U.S. 70 new location bypass will reduce traffic in James City, but traffic improvements in James City at Williams Road intersection will probably be necessary even with a new bypass.

The Corridor Commission membership has now been finalized. A copy is attached as assembled by Marcia for your files. It should be noted these individuals are the only voting members of the Commission. Board of Transportation members are ex-officio members and under current documents do not have voting rights. That is an issue that will be addressed and decided by membership as a new organizational structure is developed by Chairman Comer and his committee with the assistance of Attorney Arey Grady.

On April 19, at request of Commissioner Tom Marks and County Manager Jack Veit III, a meeting was scheduled in New Bern to discuss Quad-East concept and plan. Mac Daughety, Vice-Chairman of Corridor Commission and a sponsor/supporter of the concept provided a general briefing on the plan and its importance to the region. Marc Finlayson of the U.S. 17 Commission and I joined the discussions with Corridor Commission Chairman, Robin Comer. It was the consensus of the group in attendance that support of Interstates in Eastern North Carolina are important and added U.S. 17 and 795 to the planned Resolution of Support. This item will be on the May 16 Corridor Commission agenda.

Following the meeting with Craven County Commissioners, Robin and I met with Attorney Arey Grady in New Bern to discuss a proposal to provide legal services to the Corridor Commission to meet with Corridor Commission committee established by Chairman Comer and prepare legal documents forming a non-profit for Corridor Commission. This will enable Commission to engage in future projects as necessary promoting Corridor agenda. As you are

aware, the lack of legal status has delayed the U.S. 70 Economic Impact Study for several months. The Wayne County Commissioners have stepped in and are working toward finalizing those agreements. We are grateful for their assistance and participation. The study is more important than ever with the Governor's focus on jobs and commerce in funding transportation projects.

President Obama nominated Charlotte Mayor, Anthony Fox, to serve as Secretary of Transportation. The nomination is contingent on Congressional approval. It is anticipated Congressional hearings on the nomination will be held in late May or early June. If confirmed, Mayor Fox should begin his duties as Secretary by July 4.

At this juncture, we can only speculate what the appointment will mean for North Carolina. A review of Secretary LaHood's tenure suggests his home state of Illinois has fared well. That is not to suggest special dispensations were made for Illinois, but it does seem obvious the leadership in Illinois did have a sympathetic ear in Washington. We will hope for the same for North Carolina.

In my March report, I cited a widely distributed article written by Dr. James Johnson and Dr. Allan Parnell, entitled "**N.C.'s DEMOGRAPHIC DIVIDE WIDENING.**" A majority of you have probably seen the article, but a copy is attached for those who may have missed it. The facts and conclusions reported in this article are an accurate depiction of current trends and statistics in Eastern N.C. I have contacted Dr. Johnson and Dr. Parnell to discuss the article. I expressed agreement with the facts, but asked for solutions to reverse the downward spiral. They agreed to work with us to seek positive reversal and agreed to meet for further discussion. If the negative trends are going to be changed we must commence that process now. I will continue to keep you posted on progress and will be soliciting ideas, suggestions and assistance from each of you.

The U.S. 70 Corridor Commission leadership has been passionately engaged for months in efforts to curb wind farm developments that encroach upon military space. As noted in March report, our Eastern legislators have introduced legislation (HB 484) (SB 491) to provide tools to combat encroachment on military facilities. Please continue to express gratitude to Representatives John Bell, Jimmy Dixon, Pat McElraff, John Whitmire and Senator Harry Brown for their efforts to combat the problems created by wind farm developments along our coast.

Area environmental scientist, John Droz, is battling wind farm development by opposing the provisions of SB3 which mandates wind energy as an alternative energy source. HB 298 has been introduced as a measure to repeal the mandate of SB3. Dr. Droz argues that HB 298 will enhance economic development, protect NC military installations from problems created by industrial wind energy and protect NC Wildlife and environmentally sensitive habitats. In a newsletter voicing support of HB 298, Dr. Droz says wind energy is expensive and inefficient and is only viable with large public subsidies. The Corridor Commission has not taken an official position on this legislation and membership has not expressed an opinion on the merits, or lack of, for wind generated energy.

I readily admit I do not possess the knowledge to voice arguments pro or con, but common sense tells me wind farms in military flight patterns are bad.

Despite current trends in Eastern North Carolina indicative of a less robust future, we must remind ourselves that we still possess great assets with unfathomable opportunity and promise. A majority of the exported agriculture products are grown east of I-95 and we have the potential to be the bread basket for the world.

Agriculture remains the key component in North Carolina's economy contributing more than \$ 70 billion annually. Despite a prolonged economic downturn, agriculture production and revenues increased by more than 7% in 2010 and 2011.

In 2011 China purchased \$ 2.6 billion of U.S. products with N.C. agriculture among the import leaders. North Carolina alone exported \$ 27 billion in products and services in 2011 – again with Eastern North Carolina agriculture the leader.

North Carolina Agricultural Commissioner, Steve Troxler has for several years touted the merits of a cold storage facility at Global Transpark and the probability the facility will deliver North Carolina agriculture to the forefront of the global marketplace. We owe an obligation to the farm community to join the effort to make the long-term dream of a cold storage unit reality. It seems the push for the facility has been inconsistent and fragmented. It is time for all of us to become determined partners assembling the total team with common interests to make a no-quit push. We are committed to that effort.

The second most productive economy engine is our military. It is an asset that we must protect. Reference wind farm developments detailed above and the absolute necessity of protecting all military space, not just airspace for training routes, North Carolina State University in a joint effort with North Carolina Farm Bureau is leading a program called Sentinel Landscapes to protect military space and preserve agricultural lands.

Sequestration is in effect right now. A third of the military's budget is personnel which the Administration shielded from the cuts. It is our responsibility to provide those soldiers and the industries that serve them the best that we can offer. Transportation infrastructure that minimizes congestion and provides safe travel is a must. In conjunction with the effort to serve military personnel, we must also continue to maintain our long-standing reputation as the nation's friendliest military state. That reputation and commitment will be an advantage as funding cuts dictate higher efficiencies and assemblage of training, maintenance and development of new weapons which are sharing a disproportionate share of revenue cuts.

I continue to be surprised at the wide distribution of this monthly report and every month I am contacted by individuals and groups throughout the State. Inquiries, comments, ideas, suggestions and frequently questions come from review of my comments. I hope the

dialogue will continue. It tends to keep me on my toes and all of us focused on an ever expanding agenda.

We all have access in this information age to more information than we could ever digest. My dilemma is a feeble attempt to include information and fresh messages that are not overly repetitive and are representative of the data and message of hope. We all need to maintain focus on our agenda.

# N.C.'s demographic divide widening

By JAMES H. JOHNSON JR.  
AND ALLAN PARNELL

**N**orth Carolina continued to grow more rapidly than the nation and the South in 2012, according to recently released census statistics. But, predictably, most of the growth – an increase of 216,602 – was concentrated in the state's metropolitan areas, especially those along the I-40/I-85 corridor. Last year, in fact, Raleigh was the nation's fastest growing metropolitan area, and Charlotte was fifth.

## Point of View

Unfortunately, what these latest census statistics also reveal is how the demographic gap continues to widen between the state's thriving metropolitan areas and declining nonmetropolitan areas. Since 2010, 47 North Carolina counties have lost population, an unprecedented pattern of decline driven, in part, by recession-induced job losses. The economies of the counties experiencing population loss were long-dependent on either low-wage manufacturing industries (mainly in the Piedmont and the Mountains) or family farming (mostly east of I-95). As opportunity leaves these areas, young people follow, leaving behind an older population that is aging in place.

Owing to the exodus of the prime working-age population, the skilled labor force needed for 21st-century jobs is largely absent from these counties, making it increasingly difficult to attract jobs that will re-build their local

economies. Many of the skilled, ambitious young adults from these counties do not return home after college or military service due to the lack of economic opportunities. With fewer young adults, families aren't formed, and fewer children are born in our small towns and rural areas. This downward demographic spiral is difficult to stop.

Moreover, as the population declines, demand for residential and commercial real estate decreases, real estate values drop, and the property tax base shrinks, severely limiting the ability of these counties to provide the basic education mandated by the state's constitution. Without adequate support for education, it is difficult to develop the labor force needed to attract industry and foster economic growth and development.

We know the elderly will account for an increased share of the population as the state's 1.8 million baby boomers grow older over the next 20 years. That future already has arrived in 15 of North Carolina's rural counties, where more than 20 percent of the population is 65 or older today. Caring for the large rural elderly population is adding stress to local health services systems that are already financially strapped.

**No matter how we address** these structural changes in our declining rural counties, all of our choices are costly. We can choose to let market forces operate unimpeded, which will

lead to long-term economic and demographic declines, and hope that the state's small towns and rural areas miraculously regain competitive advantage and thereby stabilize demographically and economically. We can increase investment in infrastructure necessary for economic growth. We can reorganize governing bodies, consolidating essential services across counties. We can increase investments in public schools and lifelong learning, with an eye toward improving the human capital base required to attract industry and foster home-grown entrepreneurship and business development.

But, as a prelude to evaluating these options, we must first recognize the unprecedented population loss in almost half of North Carolina's counties. We might have passed a tipping point from which economic and demographic declines in many of our rural counties accelerate. We can focus on the impressive growth in our metropolitan areas, claiming, correctly, that our state as a whole is a national economic leader. But we should not simply avert our gaze from that other half of our state where opportunity and growth are slipping away.

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Dr. Jim Johnson is the Kenan Distinguished Professor of Strategy and Entrepreneurship at the University of North Carolina Kenan-Flagler Business School. Dr. Allan Parnell is Vice President of the Cedar Grove Institute for Sustainable Communities in Mebane.

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