# DIRECTOR'S REPORT FOR MONTH OF AUGUST, 2012 M. DURWOOD STEPHENSON, DIRECTOR

With the passing of August, the year is two-thirds gone and I am pleased to report attendance and apparent interest in the Corridor Commission agenda is growing in numbers and unity. The Corridor Commission is a non-partisan organization politically, but we are partisan about our region and agenda. We remain committed to assuring an adequacy of infrastructure to promote and expand our natural resources and the many assets that define our region and provide hope for a better economic future.

Pundits have repeatedly reminded us over the years, "All politics is local." It is extremely important for all of us to be informed and maintain close contact with elected officials, especially members of the General Assembly, to assist them as they struggle to represent Eastern North Carolina. As we discuss frequently, the incoming General Assembly representatives will be heavily skewed toward urban concerns. As the economic "pie" continues to shrink, we must be diligent in order to obtain an equitable distribution of available funds for an integrated transportation policy, the "centerpiece" of our agenda and a comprehensive strategic economic development plan.

During the next several months, we will, with your assistance, develop plans, ideas and possibly even legislation identifying strengths and weaknesses of Eastern commerce. As we are aware, Eastern North Carolina already is in arrears in opportunity and efforts to "catch-up" in a shrinking economic environment is more difficult – but together it is "doable."

The interest in Amtrak's plan for developing passenger rail service in Eastern North Carolina is growing. On August 1, I was contacted by Wilson Chamber seeking information on the plan. I referred them to Dennis Lyons, Program Director for Amtrak.

This fall Amtrak will expand its Thruway Service to Eastern North Carolina establishing two Eastern North Carolina routes — one serving Greenville, New Bern, Havelock and Morehead City and a second serving Goldsboro, Kinston, Jacksonville and Wilmington. Both routes will connect with the Amtrak Palmetto train service at the Amtrak station in Wilson.

Marcia continues to work on updating Corridor website. Haywood Daughtry and Brian Mayhew are assisting in providing latest crash data for the website. The new data will be available in February, 2013. After discussions with Haywood and Marcia we decided to delay posting crash data until more current data is available.

On August 2, I was contacted by Michael Wagoner, President, Carteret County Chamber of Commerce, regarding the status of permits for Gallant's Channel Bridge. I provided an update and suggested Chamber members send letters of support to Rear Admiral Steven Rati for 65-foot fixed span bridge. The Carteret Chamber has previously adopted a resolution supporting the bridge as designed. They have also been proactive in confirming local support. It should be noted this Chamber represents a large number of individuals and businesses. Local opinions should garner significant consideration in these deliberations.

In addition to the letters in support of 65-foot span bridge submitted by Chamber members, the North Carolina State Ports Authority also submitted a support letter and a Resolution of Support was approved by Board of Directors of North Carolina State Ports Authority. Mike Bradley, Director, NC Boating Industry Services submitted a letter opposing 65-foot span in favor of an opening bridge.

Since I joined the Corridor Commission in 2010 we have been promoting Unity and stressing the absolute necessity of thinking regionally and speaking with a single voice. I am in awe and most appreciative of the commitment and efforts so many of you have made to rally around the unity theme. It started with a small nucleus and has as of this month become a major voice in the East encompassing 41 counties.

In July, 2012, Daniel VanLiere was elected to serve as Director of the Eastern North Carolina Coalition. On August 14 a small number of us met with Daniel in Goldsboro to plan the formalization process establishing the larger coalition and the agenda for a meeting of all RPO's & MPO's on August 30. Enthusiasm was high and the meeting was well attended. Jack Best was elected Chairman.

On August 8, 2012, after months of discussion and debate, I submitted a preliminary draft to membership of RFP soliciting proposals for an Economic Impact Analysis for Eastern North Carolina. The RFP draft was approved at August 23 Corridor Commission meeting and will be publicized and placed on website after September 1, assuming no major revisions are requested by membership. We anticipate receiving proposals by September 21. I have made direct contact with 9 firms that offer this service and anticipate additional firms may express interest when advertised.

It is the stated belief of the membership, an Economic Impact Analysis will enable us to develop a comprehensive Strategic Economic Development Plan. Utilizing the data provided will aid us in identifying strengths and weaknesses of our region with recommendations to overcome obstacles to economic growth.

On August 9, Lee Smith requested that I meet in Goldsboro with a small group to discuss status of wind farm development. Despite the Governor's stated commitment to protect military space and in opposition to any wind farm encroachment that may imperil military operations, the process appeared to continue moving forward.

Emerging from this meeting the consensus of opinion, especially among the most important engaged partner, the military, was obvious. At this juncture, the military remains deeply concerned the wind farm developments as proposed will disrupt both flight patterns and radar facilities.

As support partners, we felt a sense of urgency, committing to a firm repudiation of Invenergy's development plans. First and foremost, we must protect military space; but a significant secondary purpose is to allay the concerns of the military and confirm North Carolina's total commitment to the military. With probably cutbacks in defense spending and possible new BRAC considerations in the foreseeable future, North Carolina must reassure our resolve and reputation as a military friendly State.

We conveyed the cloud of uncertainty and doubt to the Governor stressing the necessity of prompt, uncompromising action.

On August 18, Governor Perdue issued Executive Order 124 requiring State agencies to work closely with the military in North Carolina to avoid potential conflicts that could negatively impact military operations. State agencies will now be required to designate a Military Affairs Awareness Coordinator who is specifically responsible for making sure the needs of the military are taken into account when action is being considered that could potentially interfere with military operations or training. In addition, agencies must notify both military bases and local government officials of projects that may affect military installations. Agencies will also strive to make sure the issuance of State permits is compatible with military operations.

A copy of EXECUTIVE ORDER 124 is attached for your review.

A wind-farm project proposed by Invenergy on an 11,000 acre tract in Beaufort County has been stymied by concerns for habitat of bald eagles. The controversial project is located near the Pocosin Lakes National Wildlife Refuge. It appears research data on impact on bald eagles has probably doomed this project.

The persistent and determined efforts by so many of you coupled with a firm commitment and strong action by the Governor has derailed this project. However, wind power is a significant source of energy for the future. We acknowledge it is a valuable alternative energy source, but cannot be allowed to restrict military functions. It is absolutely imperative that we develop processes and procedures to identify and protect military space.

On August 8, Derrick Lewis and I began dialogue on status of three (3) critical Feasibility Studies, specifically:

- Part C Harvey Parkway
- NC 11/24/241 Connector
- U.S. 70 New Bern to Havelock Bypass (New Location)

I requested that studies for these projects be accelerated.

After four (4) years of study, the "Governor's Logistics Task Force Final Report" was officially released on August 9.

The "North Carolina Maritime Strategy Final Report" was finalized on June 26, 2012.

With these two (2) reports, we have a large volume of data, research and ideas to review, adopt and utilize to benefit the economics of our State and particularly Eastern North Carolina. As you review the data, you should assist in prioritizing the recommendations for improvements of our infrastructure and assets.

During the last session of the General Assembly, legislators authorized General Assembly staff to conduct a study of operations of North Carolina Railroad with public comment. I did not have an opportunity to attend a public comment session so I made an inquiry about the intended purpose and planned utilization of the study. In response to my inquiry, Jim Horne, Senior Program Evaluator for General Assembly, suggested the U.S. 70 Corridor Commission submit comments. The U.S. 70 Corridor Commission endorsed a resolution supporting a public comment letter to the study committee. A copy of that letter is attached and represents the opinions and beliefs of the Corridor Commission membership.

Although not an agenda item for Corridor Commission, Interstate tolling is an issue in Eastern North Carolina. Representative Renee Ellmers introduced H.R. 4174 entitled **NO TOLLS IN NORTH CAROLINA ACT OF 2012**. This legislation amends the Transportation Equity Act for the 21<sup>ST</sup> Century (TEA - 21) to prohibit the establishment in North Carolina of any of the three toll collection facilities the Secretary of Transportation is authorized to place on an Interstate System highway, bridge or tunnel under the Interstate System reconstruction and rehabilitation pilot program. The bill was referred to Subcommittee on Highways and Transit and has not as of this date been reported out of committee.

Following conversations with several RPO and MPO directors, I contacted General Trogdon and Bobby Lewis regarding SPOT 3.0. There is a feeling within ENC Coalition that rural Eastern North Carolina is not well represented on the study committee for SPOT 3.0. Based on my very limited knowledge of deliberations of this committee, it appears bonus points are biased toward population.

In the past, we have asked for bonus points for service (not direct access) to military operations without regard for population. I am hopeful that will continue to be a factor.

We must monitor the process as it moves forward and make every effort to assure our region is not overly penalized in funding access.

On August 22, Rob Hanson met with a small group representing Corridor Commission at Kinston District Office to briefly discuss critical issues involving Corridor projects. Committee Chair and BOT member, Leigh H. McNairy, focused discussions on the following projects:

- Gallant's Channel
- Slocum Gate
- Havelock Bypass
- Kinston Bypass
- New Bern/James City Bypass

A meeting with staff has been scheduled for September 14 to analyze and discuss data collected thus far on Kinston Bypass. The initial staff scoping meeting for New Bern/James City Bypass is scheduled for September 20.

In July, the City of Havelock adopted a Resolution in support of NCDOT improvements to the intersection of Slocum Road and U.S. 70. On August 13, the City amended the earlier Resolution with language as follows:

- Service roads should be expanded north and west to Carolina Pines and south and east to the Slocum Road/Highway 70 intersection.
- Consider relocation of the exit opening at MacDonald Downs Subdivision to a more central Highway 70 location between Slocum Road and Tucker Creek intersection and to allow for additional entrance/exit to MacDonald Downs Subdivision.

As stated in the Resolution, it is the opinion of City leaders these changes will improve traffic safety at this location.

On August 23, the U.S. 70 Corridor Commission met in Smithfield. Senator Brent Jackson and Senator Louis Pate attended the meeting and both emphasized the need for growing Eastern North Carolina and reconfirmed their commitment to the U.S. 70 agenda. It is obvious we enjoy strong support from our Eastern legislators. It is our responsibility to keep them informed of the issues that impact our region.

Scott Saylor provided an update on NCRR projects and plans for improvements in the East.

Derrick Lewis gave an update on three (3) major Feasibility Studies:

- NC 11/241/24 Completion scheduled late 2013
- James City New Location Consultant has been engaged. Scoping meeting September 20.
- Part C Harvey Parkway Completion Summer 2013

Corridor membership approved RFP for Economic Impact Analysis. The deadline for receiving proposals is September 21. A committee selected by membership will review proposals.

During public comment, New Bern resident and Corridor active participant, Don Black, made a presentation to relocate railroad from downtown, suggesting a rail corridor right of way be planned and purchased paralleling highway corridor for proposed James City Bypass. His presentation has been widely distributed and is being reviewed by NCDOT staff, NCRR and New Bern community.

It is an ambitious plan, but a practical resolution to a major problem.

We must continue to define and redefine our evolving agenda maintaining flexibility, adjusting to time, conditions, circumstances and practical realities. We will continue to promote the military, agriculture, tourism, medical care, ports and GTP. For the past two (2) years we have been diligently gathering our greatest assets: the people of Eastern North Carolina, expanding from 5 counties to 41 counties representing more than 2.6 million people.

Every journey begins with a single first step forward and ends successfully only through persistence and hard work. Together we will continue our journey.



BEVERLY EAVES PERDUE GOVERNOR

#### **EXECUTIVE ORDER 124**

## PROTECTING MILITARY INSTALLATIONS BY ENSURING THE COMPATIBILITY OF STATE ACTION WITH MILITARY NEEDS

WHEREAS, North Carolina is the home of six major Department of Defense (DOD)/Department of Homeland Security (DHS) installations: Coast Guard Station, Elizabeth City; Fort Bragg; Marine Corps Air Station Cherry Point; Marine Corps Air Station New River; Marine Corps Base Camp Lejeune; and Seymour Johnson Air Force Base as well as other DOD/DHS activities, properties and organizations; and

WHEREAS, the U.S. military is the second largest sector of North Carolina's economy, accounting for 8% of North Carolina's gross state product, worth \$23.4 billion, and more than 416,000 individuals are either directly employed by the military or working in jobs providing goods or services that support the military's presence in North Carolina; and

WHEREAS, defense procurement contracts in North Carolina exceeded \$4.1 billion in 2011, and businesses with defense related contracts operate in 87 of North Carolina's 100 counties; and

WHEREAS, North Carolina is committed to supporting and promoting the military within the state; and

WHEREAS, incompatible development of land close to a military installation can adversely affect the ability of such an installation to carry out its mission; and

WHEREAS, many military installations also depend on low altitude aviation training, which could be adversely affected by development; and

WHEREAS, the continued long-term military presence in North Carolina is directly dependent on DOD/DHS's ability to operate not only its installations but also its training and other readiness functions critical to national defense; and

WHEREAS, it is, therefore, of paramount importance to the future of North Carolina to maintain the best possible relationship with all branches of the U.S. military and to promote practices that maintain North Carolina's preeminent position as the best location for military bases and training installations; and

WHEREAS, to those ends, it is critical for all North Carolinians, all North Carolina businesses, all sectors of North Carolina's economy, and especially all branches and agencies of North Carolina's state and local governments to be knowledgeable about not only the military's presence and contributions to our state but also of the military's special and unique requirements that are critical to carrying out its national defense mission;

WHEREAS, North Carolina also seeks to promote the economic development, growth, and expansion of other industries within the state, such as the agriculture/agribusiness industry, the renewable energy industry, the tourism/outdoor recreation industry and the fisheries industry; and

WHEREAS, North Carolina has a vested economic interest in the preservation and enhancement of land uses that are compatible with military activities; and

WHEREAS, it is equally critical that activities of state agencies be planned and executed with full awareness of and sensitivity to their actual and potential impacts on the military; and

WHEREAS, the usefulness of such operational awareness is directly dependent on the timely exchange of information between all potentially affected parties at the earliest possible phase of any agency activity; and

WHEREAS, it is important for state agencies and local governments to consider the needs of our military installations, missions, and communities in their economic development activities.

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS ORDERED:

#### Section 1.

The Secretary of each Cabinet Agency shall designate a Military Affairs Awareness Coordinator, whose responsibilities shall include:

- a. Staying informed of the workings and activities of the North Carolina Advisory Commission on Military Affairs and maintaining regular and effective communications with its administrative head, the Governor's Military Advisor;
- b. Staying informed of the workings and activities of the North Carolina Commanders' Council and maintaining regular and effective communications with its North Carolina communications portal, the Department of Environment and Natural Resources ("DENR") Military Liaison and the Governor's Military Advisor;
- c. Becoming familiar with the North Carolina Working Lands Group and its implementation of the Governor's Land Compatibility Task Force Report;
- d. Becoming familiar with the operations of his/her own agency as it could impact military readiness and training:
- e. Regularly informing his/her Secretary of any military readiness or training concerns which could impact, or be impacted by, any of his/her Agency's activities or plans;
- f. Regularly informing the Governor's Military Advisor of any military readiness or training concerns which could impact, or be impacted by, any of his/her Agency's activities or plans;

- g. Regularly informing the North Carolina Commanders' Council, through the Governor's Military Advisor and the DENR Military Liaison, of any military readiness or training concerns which could impact, or be impacted by, any of his/her Agency's activities or plans; and
- h. Regularly informing any other state or local agency of any military readiness or training concerns which could impact, or be impacted by, that agency's activities or plans.

#### Section 2.

### All Cabinet Agencies shall:

- a. Cooperate with military installations and missions to encourage compatible land use, help prevent incompatible encroachment, and facilitate the continued presence of major military installations in this state;
- b. Notify the commanding military officer of a military installation and the governing body in affected counties and municipalities of any economic development or other projects that may impact military installations;
- c. Obtain knowledge of military requirements within local communities and throughout the State;
- d. Ensure that appropriate training on the requirements of military installations, missions, and communities is provided for staff members and others who work in the areas of land use planning, infrastructure siting, permitting, or economic development;
- e. Ensure that land use planning activities take into account the compatibility of land near military installations;
- f. Adopt processes to ensure that all agency planning, policy formulation, and actions are conducted with timely consideration having been given to relevant military readiness or training concerns, and with appropriate communications with all potentially affected military entities, including the entities listed in Section 1(a) and 1(b);
- g. Collaborate with applicants for grants, site selection, permits or other agency actions to avoid adverse impacts on military readiness or authority and incompatible land uses; and
- h. Share information and coordinate efforts with the North Carolina congressional delegation and other federal agencies, as appropriate, to fulfill the objectives of this Executive Order.

#### Section 3.

The Department of Commerce, DENR, the Department of Transportation, and the Department of Public Safety are specifically directed to work with the North Carolina Commanders' Council and the Advisory Council on Military Affairs to identify issues that could affect the compatibility of development with military installations and operations. Representatives from each aforementioned department shall coordinate with the Governor's Military Advisor regarding any issues identified.

#### Section 4.

The Secretary of the Department of Commerce and the Secretary of DENR are directed to work with the other cabinet agencies and other interested stakeholders to reexamine existing efforts, and to formulate new initiatives, designed to further the objectives set out in this Executive Order.

#### Section 5.

The heads of each Council of State Agency and all other state agencies, including boards and commissions, are encouraged to take the actions outlined above in Sections 1 and 2.

#### Section 6.

Local governments whose communities are affected by military installations are strongly encouraged to adopt criteria and address compatibility of lands adjacent to or closely proximate to existing military installations in their land use plans. Local governments are also strongly encouraged to comply with the provisions of Section 2 of this Executive Order.

#### Section 7.

This Executive Order is effective immediately. It supersedes and replaces all other executive orders on this subject. It shall remain in effect until rescinded.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this 18<sup>th</sup> day of August in the year of our Lord two thousand and twelve, and of the Independence of the United States of America the two hundred and thirty-seventh.

CALL STATE OF THE STATE OF THE

Beverly Eaves Perdue Governor

ATTEST:

Elaine F. Marshall Secretary of State

#### September 4, 2012

Mr. James D. Horne, CPA, CGFM
Senior Program Evaluator
North Carolina General Assembly Evaluation Division
300 North Salisbury Street, Suite 100
Raleigh, North Carolina 27603
ORIGINAL MAILED

RE: NORTH CAROLINA RAILROAD COMPANY

Dear Mr. Horne:

The U.S. 70 Corridor Commission has long recognized the NCRR as an invaluable asset of Eastern North Carolina and a significant contributor to economic development and the future of the region. At a regularly scheduled meeting of Corridor Commission membership on August 23, a resolution directing a letter of support for NCRR was unanimously adopted.

In order to adequately address the role and function of the NCRR, it was necessary to review the stated corporate mission:

To maximize the value of the North Carolina Railroad Company's value for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger services, improve safety and respect for the local environment.

The U.S. 70 Corridor Commission affirms the North Carolina Railroad Company is operating within the mission in cost effective manner providing the citizenry tangible value with economic support of the local community and continuing its history as a significant participant in the heritage of North Carolina.

The NCRR continues to serve North Carolina and its Eastern Region. Presently, the tracks in our eastern counties make links to important military bases in this region. The major US Marine Corps base at Camp Lejeune connects to the nation's rail system only via the North Carolina Rail Road. The same is also true with the rail spur at the Marine Corps Air Station (MCAS) at Cherry Point. Moreover, the Port of Morehead City, which is the port of embarkation and debarkation for the U.S. Marine Corps at Camp Lejeune, is linked by rail only by means of the NCRR. The NCRR also serves as an artery for aviation fuel for the Seymour Johnson Air Force base at Goldsboro.

Not only is the NCRR vital to the local military community, but it serves the commercial sector of our economy as well. Industries essential to the region's economy such as Weyerhaeuser, Duke Energy, Sanderson Farms, Cargill, Hanson, TransMontaigne, Dixieply, Kimberly-Clark, Electrolux and other North Carolinian industries transport raw materials and goods on the NCRR tracks. There is also a rail spur well underway to the Kinston GTP from the NCRR. According to the 2007 Research Triangle Institute report, 24% of our state's industrial economic output relies on the NCRR line for freight service with a total NC economic impact of \$143 million annually. The future outlook for revenues is promising as carload traffic has increased from approximately 6,500 carloads at Selma during 2009 to 11,000 in 2011.

The NCRR does not cost the state any revenue to operate. During 1998, the outstanding private shares of the North Carolina Railroad were acquired thus making the State of North Carolina the sole owner. Nevertheless, its properties are subject to North Carolina city and county property taxes. For over a century, the North Carolina Railroad has not operated revenue rolling stock but has instead leased its operations to other carriers. The first 99 year lease with the Southern Railway expired during 1995. A new agreement was negotiated with the Southern Railway's successor the Norfolk Southern. The lease agreement is what provides the income for the North Carolina Railroad. The NCRR profits are used to maintain the system and for at least the last fifty years NCRR has not been required to seek from the state any financial assistance for day to day operations. From 2000 to 2012, the NCRR invested \$62 million in capital projects and committed to another \$18 million towards future projects without any contributions from the taxpayer while at the same time benefiting the local economy. Indeed, over 80% of the NCRR revenue is re-invested into the rails system's infrastructure thus creating local jobs.

The North Carolina Railroad also benefits our local environment. According to the 2007 Research Triangle Institute NCRR Economic Impact analysis, the 254,000 freight cars transported annually on the system replace 762,000 trucks on North Carolina's highways. The use of rails is able to move freight with less fuel consumption than trucking as well as reduce congestion on otherwise busy highway arteries. The 2009 Federal Railroad Administration Comparative Evaluation of Rail and Truck Fuel Efficiency on Competitive Corridors reports that railroads are able to move freight with 50-80% less fuel consumption per ton-mile than trucks can on roadways. Thus the North Carolina Railroad reduces pollution in the eastern region by moving freight with less fuel consumption and also by alleviating traffic congestion by removing trucks off the roads. Any reduction in traffic congestion benefits highway safety issues as well.

Throughout our nation's rail system we find that many tracks have been abandoned as often those lines or sections became unprofitable for the carrier. In 1950, the nation's rail system boasted 225,000 road miles of track. That length is the aggregate length of track that excludes yard tracks, sidings, and parallel lines. In 2010, the Association of American Railroads reports just under 100,000 road miles of track exist. Therefore, it is significant to note that the NCRR has not abandoned any of the systems mainline in that time. While some sections of the North Carolina Railroad system will certainly be profitable to a private carrier, other sections of the line may prove not to be. Currently, the tracks of the NCRR east of New Bern carry far less freight tonnage than those around Selma. Should those lines become privatized, a private carrier may at some future date, based on the exigencies of commerce, abandon lines - even those sections that serve the region's military bases. Abandoned rail lines tend not to pay property taxes either. Should the lines become abandoned, the impact would be directly detrimental to both the local economy as well as the local tax base. Such possibilities also would likely be monitored by the Base Realignment and Closure Commission (BRAC) when considering which bases to close. North Carolina should not allow this to be an option. The eastern section of the rail system

serves military bases and other commerce crucial to both our state and region. The economic viability of eastern North Carolina continues to depend on Governor's Morehead's Tree of Life.

Governor Morehead's vision of the North Carolina Railroad was:

Let the North Carolina Railroad like a huge tree, strike its roots deeply into the shore of the Atlantic, and be moistened by it waters, and at last stretch its noble trunk though the center of the State, and extend its overshadowing and protecting branches through the valleys and along the mountain tops of the west, until it becomes indeed, the Tree of Life to North Carolina.

The Super 70 Corridor Commission believes that North Carolina Railroad Company is not only an important part of our state's heritage but remains vital to our region as well as our state. This Commission therefore urges the legislature to abandon any thought of privatization. This Commission also believes that the transfer of jurisdiction to the Department of Transportation or other state agency can offer no practical benefit. This Commission therefore recommends that the North Carolina Railroad Company should be allowed to maintain its current corporate structure.

The U.S. 70 Corridor Commission is grateful to the North Carolina General Assembly and to you and the staff of the North Carolina General Assembly for the opportunity to express our experience and sentiments regarding the North Carolina Railroad.

Sincerely,

M. Durwood Stephenson
Director
U.S. 70 Corridor Commission

cc: Chuck Allen, Chairman – <a href="mailto:chuck@allengrading.com">chuck@allengrading.com</a>
Jack Best, ENC Chairman – <a href="mailto:jackbest@bestcdev.com">jackbest@bestcdev.com</a>
Marcia Wilson – <a href="mailto:marcia.wilson@waynegov.com">marcia.wilson@waynegov.com</a>

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