



US 70 Corridor Commission

DIRECTOR'S REPORT FOR MONTHS OF JANUARY, FEBRUARY & MARCH, 2017 M. DURWOOD STEPHENSON, DIRECTOR

We have embarked on a new year and well on our way to the end of the first quarter. Here we are, three months into 2017 already ...how time flies!

The divisive election is approaching five (5) months in our past, yet the political and economic divide remains as current as today's headlines. In North Carolina, editorials touting the rural – urban divide continues and the realities of the decline of rural economic opportunities and population further divides our population.

When we began our journey together through the U.S. 70 Corridor Commission more than 6 years ago, we identified our priorities as follows:

- U.S. 70 Interstate (Now designated)
- Economic Opportunity ENC
- Connectivity – Roads
- Protect Military Space
- Promote NC Ports/Rail
- Promote & Enhance GTP

Although we have experienced some meaningful successes with our agenda, Eastern North Carolina and the urban – rural divide in concert with a national trend, has not reversed the decline. There is much work to be done and we cannot relax the intensity or passion for change.

Along the way, we have engaged several partners that share our vision for an economically improved rural North Carolina; i.e.,

- NC Rural Center
- NC Biotech Center
- NC Department of Commerce (Rural Division)
- NC Chamber (Rural Committee)

And more recently Ag Tech Accelerator providing venture capital for agricultural product development.

M. Durwood Stephenson
Director

P.O. Box 1187 ❖ Smithfield, NC 27577 ❖ (919) 934-1249 ❖ DurwoodUS70@gmail.com

Before we look forward and review the events of 2017's first quarter, it is necessary to take a quick look back to December 29, 2016. After a long-awaited Record of Decision (ROD) for Havelock Bypass, Southern Environmental Law Center filed for injunctive relief on behalf of Sierra Club against FHWA and NCDOT's decision to select the least environmental impact route for a new 10.3 mile, four-lane, median-divided highway to relieve congestion and improve traffic safety around Havelock and a critical military base. The proposed bypass will eliminate up to 14 traffic signals that create congestion to base and commerce traffic, also increasing troop security issues.

As we push for resolution of claims by Sierra Club and SELC, it is most important to remind project opposition of the potential of losing a key North Carolina economic engine by encouraging base relocation outside of our borders.

It is incumbent upon us to assure balance in evaluating arguments pro and con. Eastern North Carolina citizens and leadership are protectors of our environment, but recognize the necessity of balance.

On January 4, the North Carolina Bankers Association and the North Carolina Chamber hosted the 15th Annual Economic Forecast Forum to discuss the economic forecast for the year ahead. The consensus of opinions expressed by the five (5) economists was predictions for a period of uncertainty during a period of escalating interest rate increases. While all touted economic booms in metropolitan cities – especially in the Triangle, there was little to excite rural North Carolina in anticipating a better economic future.

Rock-bottom interest rates for years have undoubtedly aided economic activity in major markets. The Federal Reserve raised a key rate in December and predicted another three (3) increases in 2017, thus the uncertainty.

In searching for good news for rural economies, President Trump's \$ 1 trillion Infrastructure plan funded through public and private dollars offers promise. Quickly responding to the Infrastructure Plan, governor Cooper released a list of "shovel-ready" transportation project priorities as follows:

- ❖ Completing the Durham-Orange light rail transit project led by the GoTriangle transit agency: \$1.5 billion;
- ❖ Widening U.S. 74 in Mecklenburg County: \$426 million;
- ❖ Completing the Winston-Salem northern beltway: \$285 million;
- ❖ Completing I-295 Fayetteville outer loop in Cumberland and Robeson counties: \$ 280 million;
- ❖ Widening 22.2 miles of I-26 in Buncombe and Henderson counties: \$257 million;
- ❖ Improving I-95 Northampton, Halifax, Nash, Johnston, Harnett, Cumberland and Robeson counties: \$215 million;
- ❖ Widening I-485 in Mecklenburg County: \$214 million; and
- ❖ Improving the I-40 and I-77 interchange in Iredell County: \$204 million

According to recent National studies, current needs for upgrading roads and bridges exceeds \$ 1.1 trillion, but are currently funded at just \$ 941 billion – a fraction of the need.

Although there is agreement on the great need for infrastructure expenditures, there is little evidence of political support for even a \$1 billion infrastructure fund and no identified funding sources. According to CNN poll 79% of Americans regardless of political affiliation supports major infrastructure spending. Congestion alone costs us \$ 160 billion in lost productivity annually and extra fuel costs.

In rural regions – especially rural North Carolina, high speed internet via broadband, education, healthcare and economic development are issues pertinent to enhancing quality of life necessary to attract outside investments.

An estimated 5 million families with school-age children in the U.S. lack broadband internet access at home at a time when 7 of every 10 teachers give assignments that require web access and more than 34 million Americans do not have access to broadband. The extending of broadband is the modern-day equivalent to the Interstate Highway System of the 1950's and 1960's.

As newspaper articles, economists and our own Rural Center continue the focus on deficiencies in our declining rural communities, political leaders have “ramped” up efforts to address many of the identified deficiencies.

The BRIGHT Futures Act has been introduced by State Representative John Szoka and State Senator Wesley Meredith. This legislation will encourage local governments to partner with private companies to expand broadband connectivity. It will also establish a program within Department of Commerce to issue grants to underwrite projects that expand digital infrastructure in rural areas.

Senate Bill 208 (S208) An Act Authorizing Counties To Provide High Speed Internet Access Service. A Public Enterprise for the Purpose of Expanding Internet-Access Service in Unserved Areas of the County to Promote and Encourage Economic Development. No funding provided but specifies County can use only unrestricted general fund revenue for this purpose. The legislation further clarifies the County cannot provide internet service but must partner with unaffiliated, qualified private providers of high-speed internet.

According to high-tech employers, the need in work force far exceeds graduates in the STEM (Science, Technology, Engineering and Math) disciplines.

The importance of education continues to be a major factor in securing jobs. Manufacturing jobs in United States with less than a high school education decreased by nearly forty-four (44%) percent between 2000 and 2013 – but grew by seventeen (17%) percent for people with associate degrees – by thirty-two (32%) percent for people with graduate degrees. Although better education is a major factor in securing employment, there are more serious consequences; Death rates for white Americans is rapidly escalating according to a Princeton study. The mortality of white men ages 50 to 54 with a high school degree or less has now increased to 130% since 1998; for white women, it has increased 381% during that period. A lack of education and/or job skills have fueled this increase in younger death ages. Labeled by actuaries as “deaths of despair” resulting in drug overdoses, alcohol abuse and suicide.

In rural North Carolina (also a National Trend) too many of our citizens are out of work or are underemployed. Employers continue to remind us there are many well-paying jobs they cannot fill because of a lack of skills, education and training.

NCSU Economist, Dr. Michael Walden says the skills gap is a nationwide trend, citing a lack of trade and vocational training in our high schools and Community Colleges. Dr. Walden cites constant pressure on our youth to pursue an escalating prohibitive cost option for a four-year degree, too often in studies that are not relevant in today's jobs market. National job reports reflect more than five (5) million jobs open in United States; many of which are higher skill and higher paid – but do not require a four-year degree.

A recent Government Study reports there are now approximately 530,000 computing jobs open in The Central States, but only 60,000 students graduated with bachelor's degrees in computer science in 2015. The same government study predicts that by 2020, there will be 1.4 million computer science – related jobs available, but only 400,000 graduates with the skills needed to fill them.

In an economy that TIME news magazine reports only 1 of 7 males between ages of 18 and 54 are employed, there is an obvious disconnect between workplace needs and skills.

As a Nation and here in our State, we must study cause and effect: Why 6 of 7 are unemployed: Is it as military reported, refusal to accept nearly one-third of volunteers for drugs, felonies, obesity or disabled or are there other preventable causes? Some have cited low wages that do not balance with benefits outside employment.

Income Gap is a major issue in North Carolina. Per Capita income has actually decreased during the past decade: 2015 per capita income was lower than 2005 per capita income.

A report by the NC Department of Commerce says jobs created by new start-ups declined from 59% in the first quarter of 1993 to 45% in the second quarter of 2015 (the earliest and most recent dates available).

This decline is most prevalent in rural communities of less than 50,000 population. During this period, rural North Carolina has suffered through escalating stagnation and economic decline. As noted in an earlier report (October, November, December 2016); access to capital and a less well-educated population are cited as major factors in the decline of new start-ups.

In recent years, nearly 75% of available venture-capital went to three (3) states: New York, California and Massachusetts. This concentration of wealth and talent has created an economic divide modeling the rural-metropolitan divide in our State. It is possible to reverse this trend by attracting regional venture-capital – but we must first convince capital we are worthy of the risk.

AgTech Accelerator Venture Capital fund was recently established to provide capital for agricultural interests. Although investments will benefit rural agriculture, the first investment is in RTP.

At the U.S. 70 Corridor Commission meeting in Goldsboro on January 19; Timothy Downs, Craven County Economic Developer; Crystal Gettys, Wayne County Economic Developer; and Mark Pope, Lenoir County Economic Developer; presented their plan to designate and promote the three-county region as an Aerospace Corridor. All three (3) of the counties share facilities and existing aerospace related industries. The Corridor Commission voted to approve the designation and in a subsequent Corridor Commission meeting on March 16, in Johnston County passed a Resolution of Support for the Aerospace Corridor Designation. A copy of request for support was submitted to Governor Cooper, DOT Secretary Jim Trogdon and Commerce Secretary, Tony Copeland. (A copy of the Resolution is attached)

DOT Secretary Jim Trogdon quickly responded offering to schedule a meeting and extend ideas/strategies to the group.

On March 20, DOT Board Member General Hugh Overholt and I joined Division Engineer, John Rouse in a meeting with Craven County Board of Commissioners to discuss area transportation. Marc Finlayson joined us via phone. Marc also provided a history and current status of 17 Corridor projects in the region. We were also reminded by John and local MPO leaders of funding STI Scoring. Currently Federal funding for transportation provides approximately \$ 1.2 billion annually with State of North Carolina providing an additional \$400 - \$500 million annually. A majority of transportation funding from Feds and State comes from gas tax dollars. Unfortunately, these funds are inadequate and declining.

With current funding, only 18% percent of proposed and "needed" projects are funded – and to the chagrin of rural North Carolina, approximately 95% of available dollars for STI is awarded to MPO's. The primary criteria for scoring projects is congestion driven which favors metropolitan projects.

Representative John Torbett is offering a new source of funds for transportation projects. We will follow his suggestions with interest and extend our voice and support for the new potential revenue sources.

In early February of this year, the American Association of State Highway & Transportation officials proposed a 10¢ per gallon increase in Federal gas tax. U.S. Railroad officials joined in supporting the idea. Apparently the once fierce competitors have now recognized the escalating importance and costs of logistics and have come together as partners rather than as adversaries.

The Federal gas tax rate remains the same as it was in 1993 when Bill Clinton was President at 18.4¢ for cars and 24.4¢ for trucks.

Senator Deb Fischer, as Nebraska Representative and Chair of Senate Subcommittee on Surface Transportation has offered a funding plan to direct \$21.4 billion annually from revenue collected by U.S. Customs to cover the Highway Transportation Fund.

The 10¢ per gallon gas tax increases proposed by truckers and railroad officials says the small increase will cost the average driver approximately \$1.15 per week in fuel costs.

As Secretary Trogdon reminded us at a Transportation Summit in Goldsboro on February 13, the Highway Trust Fund cannot remain solvent at current collection rates. Millennials are driving less and gas mileage through technology and Federal mandates are on the rise as gas volumes sold are in decline.

Millennials now number the largest living generation and are charged with shaping our economic future primarily through high-tech innovations. That's 75 million people under 35 years of age. A generation that has proven difficult to predict as technology and new innovations rapidly change the economic landscape.

Unfortunately, the new technology and innovations are a "mixed" bag. Despite safer technology cars and safer roads, traffic deaths in the United States increased by more than 10% in the first half of 2016 according to National Highway Traffic Safety Administration (NHTSA); 2015 also witnessed a 7.2% increase in traffic fatalities.

The safer cars, highways and new technologies have been compromised by technology that has surpassed the movement to decrease traffic fatalities – probably the single greatest factor in the increase in vehicle crashes and fatalities, according to U.S. Transportation studies is smart phones and texting with an unwanted assist from alcohol and drug consumption.

The focus of local news headlines has been urban vs. rural and how do we balance commerce in both regions. In the oft quoted words of Tom Lambeth, “A leak at either end of the boat sinks the whole boat!”

In a recent article written by Esther Manheimer, Mayor of Asheville and Chairman of The North Carolina Metropolitan Mayors Coalition and Grant Godwin, Chairman of The North Carolina Rural Center cite co-operation rather than competitive in-fighting.

In the recently published well-thought, well-expressed article, the authors acknowledge the narrative of the rural-urban divide and the “us” against “them” mentality and arguments. Both discount the validity of the urban vs. rural divide. Quote, **“While that rhetoric may be politically expedient, it is not productive for our State as a whole. In reality, our fortunes are inextricably linked. We cannot afford to have winners and losers as we work to secure a bright future for our entire State.”**

It is impossible and probably unreasonable to have an economic discussion about rural North Carolina without discussing the impact of tobacco, textiles and furniture.

The abandonment of the tobacco support system was eased by an influx of cash for approximately 10 years. The cash is spent and the good financial times are over as rural agriculture faces difficult times and is now in a second year of recession.

On March 30, local television station WRAL, Channel 5 produced a documentary entitled, **“State of Inequality.”** The vivid portrayal of the depths of the poverty in the region was sobering and hopefully sufficiently troubling to stir us to action.

The New Administration in Washington, D.C. has promised to revive the economies of the Rust Belt, but the economists have repeatedly stated it cannot be done as suggested, which begs the question - - - “What about us?”

I close this report by attaching a copy of an article published in **The News & Observer**, March 26, 2017 entitled, **NC needs to save its farms**, albeit with new technologies and new products – by entrepreneurship and growth from within. We must save our farms – but with new and different crops.

THE END



US 70 Corridor Commission

March 21, 2017

Honorable Roy Cooper
Office of The Governor
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

RE: AEROSPACE CORRIDOR
WAYNE, LENOIR, CRAVEN COUNTIES

Dear Governor Cooper:

The U.S. 70 Corridor Commission of N.C., Inc. has endorsed with attached Resolution a proposal by Economic Development Offices of Wayne, Lenoir and Craven Counties to be designated as an Aerospace Corridor.

Our organization promotes economic opportunities in Eastern North Carolina and supports the efforts of the Economic Development Offices of these three (3) counties to expand the footprint of aerospace facilities and jobs in a region that has traditionally been active in this field.

We respectfully request that your office lend its full support of this marketing effort. By virtue of a copy of this Resolution and correspondence, we also ask for the support and endorsement of the concept by NCDOT Secretary Jim Trogdon and Commerce Secretary Tony Copeland.

Thank you for your voice and support as we strive to expand jobs and economic opportunities in Eastern North Carolina.

Sincerely,

M. Durwood Stephenson
Director
U.S. 70 Corridor Commission of N.C., Inc.

cc: Honorable Jim Trogdon
Honorable Tony Copeland
Honorable Tom Mark
Mark Pope
Crystal Gettys
Timothy Downs
Jennifer Collins



US 70 Corridor Commission

RESOLUTION OF SUPPORT FOR DESIGNATING U.S. 70 CORRIDOR IN WAYNE, LENOIR & CRAVEN COUNTIES AS AN AEROSPACE CORRIDOR

WHEREAS, U.S. 70 Corridor Commission of North Carolina, Inc. was established as a non-profit entity representing Eastern North Carolina by partnering with member Counties Johnston, Wayne, Lenoir, Craven and Carteret and local, regional and State government agencies to support initiatives enhancing safety, mobility and economic utility along the Highway 70 Corridor through land use planning, transportation improvements and economic development strategies; and

WHEREAS, the central focus and basic premise of the U.S. 70 Corridor Commission membership is to promote U.S. 70 as a freeway corridor with potential for Interstate Designation from I-40 in Wake County to the port at Morehead primarily for the purpose of promoting and improving economic opportunities for North Carolina's Eastern Region; and

WHEREAS, the Counties of Wayne, Lenoir and Craven Counties have a long history of involvement in aerospace and aviation. With assets like the North Carolina Global Transpark, the military installations and many companies that support public and private operations, this region of N.C. can provide a high level of aerospace activity; and

WHEREAS, designating U.S. 70 Corridor in Wayne, Lenoir and Craven Counties as an Aerospace Corridor will increase visibility from companies and site selection firms seeking locations for aerospace and aerospace – related activities; and

WHEREAS, the designation as an Aerospace Corridor will support economic development and enhance opportunities for high paying jobs in the region; and

WHEREAS, the designation as an Aerospace Corridor will provide unique marketing opportunities for the region; and

NOW, THEREFORE, BE IT RESOLVED, the U.S. 70 Corridor Commission of N.C. Inc., a long-time proponent of economic benefits to revitalize Eastern N.C. endorses the designating of U.S. 70 through Wayne, Lenoir and Craven Counties as an Aerospace Corridor to support and enhance the long-term prosperity of the Eastern Region and The State of NC.

ADOPTED this the 16TH day of March, 2017.

Honorable Tom Mark, Chairman
U.S. 70 Corridor Commission of N.C., Inc.

M. Durwood Stephenson, Director
U.S. 70 Corridor Commission of N.C., Inc.

M. Durwood Stephenson
Director

P.O. Box 1187 ❖ Smithfield, NC 27577 ❖ (919) 934-1249 ❖ DurwoodUS70@gmail.com

BUSINESS MARCH 24, 2017 10:15 AM

If NC wants to feed itself – and the world – it needs to save its farms



Sights like this – of a Chatham County farmer harvesting his silage corn last fall – are not as widespread as they once were in North Carolina. The number of farms in the state is declining, even as the state remains highly dependent on agricultural output for jobs and revenue. **Harry Lynch** - hlynch@newsobserver.com

BY CHRISTOPHER GERGEN AND STEPHEN MARTIN
Correspondents

North Carolina appears to be at a literal crossroads regarding its agricultural future.

By every measure, North Carolina is a national agricultural leader, and the state is highly dependent on agricultural output for jobs and revenue.

According to a study by N.C. State University, agriculture and agribusiness provides 663,000 jobs – 17 percent of all jobs in the state. This is topped only by education and healthcare with 765,000 jobs (though North Carolina is also a top agricultural educator, which contributes to the growth of this industry).

North Carolina's agricultural industry, including food, fiber, and forestry, contributes \$84 billion to the state's economy, making North Carolina one of the top farming producers in the Southeast.

We also have one of the most diversified farming states in the U.S. From the state's 52,000 farms, over 80 different commodities are produced. We are a top 10 producer in 19 commodities and are number one nationally in sweet potatoes and tobacco. Other top commodities include turkeys, hogs, strawberries, cotton, chickens, tomatoes and blueberries.

Additionally, we're the 11th largest overall U.S. agricultural exporter and top the ranks in tobacco with \$562 million in exports and are second in pork (\$739 million) and poultry (\$669 million).

IN 2012, NC HAD 52,000 FARMS – 2,700 FEWER FARMS THAN IN 2007 AND 100,000 FEWER THAN THE EARLY 1960S.

The 2013 Census of Aquaculture puts North Carolina in the top 15 nationally in the fishing industry, including being third in the country for trout and fifth for catfish. We also have almost 19 million acres of forest land (60 percent of our state's total land base) – helping the state rank second in the South for sawn-log production and providing 5,000 jobs.

While this all adds up to a dynamic economic picture, there are troubling signs on the horizon.

First, our farming population is growing older. According to the most recent Agriculture

Census, the average age of a North Carolina farmer is almost 59 years old (a bit higher than the national average).

Second, the number of farms in North Carolina is in steady decline. In 2012 (the most recent census data), North Carolina had 52,000 farms – 2,700 fewer farms than it did in 2007 and 100,000 fewer than the early 1960s. And since 2002, there has been a decrease of over 660,000 acres of farmed land (even though the average size of a farm has grown to 168 acres).

And, though the market value of NC agricultural products increased 22 percent to \$12.6 billion and the per-farm average value of sales grew by 28 percent to \$250,000 the economic gains have been far from evenly distributed.

Of the 52,000 farms in North Carolina 79 percent of them recorded less than \$50,000 in revenue. And only 43 percent of farms in the state recorded any net economic gains between 2007 and 2012. In other words, most of the farmers in the state are working harder for less. This, in turn, is leading more young people to abandon their farming roots and is helping accelerate consolidation and farm closures.

To try and reverse these tides, the North Carolina Rural Center has recently published Rural Counts – a set of 10 strategies for rural North Carolina's future. Included in the recommendations: increase innovation in education and workforce development, invest in stronger entrepreneurship and small business in rural areas, help farmers get more income for what they grow and raise, increase bio-tech opportunities, and increase entry and retention of young adults into farming.

To help create a future talent pipeline, North Carolina's 4-H chapter has more than 208,000 participants. Leadership development opportunities are also provided by the Farm Bureau's Institute for Future Agriculture Leaders and the North Carolina FFA.

The Golden LEAF foundation also recently gave NC State a grant of \$45 million to help launch the North Carolina Plant Sciences

Initiative – an effort designed to improve crop yields, introduce new crop and plant varieties, help farms be more resilient in the face of climate change, and increase crop output. As Dan Gerlach from the Golden LEAF says, the initiative is designed to “give rural North Carolina a competitive market advantage in feeding, fueling, and clothing a growing global population.”

Indeed, demand for food is expected to double globally by 2050, and, as North Carolina continues to grow in population, so too does our appetite for food.

North Carolina is well positioned to feed the world. But it’s going to take forward thinking policy, pro-active investment, and sustained effort to build on our agricultural foundation rather than see it erode away.

Christopher Gergen is CEO of Forward Impact, a fellow in Innovation and Entrepreneurship at Duke University, and author of *Life Entrepreneurs: Ordinary People Creating Extraordinary Lives*. Stephen Martin is deputy chief of staff at the nonprofit Center for Creative Leadership in Greensboro. They can be reached at authors@bullcityforward.org and followed on Twitter through [@cgergen](https://twitter.com/cgergen).

Christopher Gergen is a Founding Partner of HQ Community, a fellow in Innovation and Entrepreneurship at Duke University, and author of *Life Entrepreneurs: Ordinary People Creating Extraordinary Lives*. Stephen Martin is deputy chief of staff at the nonprofit Center for Creative Leadership in Greensboro. They can be reached at authors@bullcityforward.org and followed on Twitter through [@cgergen](https://twitter.com/cgergen).



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