



US 70 Corridor Commission

DIRECTOR'S REPORT FOR MONTHS OF OCTOBER, NOVEMBER & DECEMBER, 2017 M. DURWOOD STEPHENSON, DIRECTOR

As we bid farewell to 2017, we look to the future with hope and a renewed sense of optimism for our region: Hopes and plans for an Intermodal Rail Hub excited us, were in jeopardy and have recently resurfaced; the promise of cheaper, clean energy via the Atlantic Coast Pipeline with jobs and economic development opportunities remains viable; the continuing saga of I-42 as we move forward placing Eastern North Carolina on global maps and marketing opportunities; and an aggressive escalation of major projects by Secretary Trogdon and his staff.

Locally and more regional specific, we are focused on the State's 2018-2027 Transportation Plan including the Havelock, Kinston and James City Bypasses; Flood Abatement for Eastern North Carolina along the Neuse River; and infrastructure improvements in Eastern North Carolina; adding broadband along I-95 and U.S. 70.

In early October, the North Carolina Board of Transportation began sending Powell Bill checks to more than 500 cities and towns across North Carolina. The funds disbursements continued through December 30 until all disbursements were made for the year. The fund is named for Junius K. Powell, a former State senator and mayor of Whiteville, the primary sponsor of the 1951 legislation.

As we began our quest for an Interstate through the U.S. 70 Corridor, our objective was to market the region with freeway logistics. I learned from one of our advocates, Don Black, that Interstate 42 was already added to Google and GPS maps. Good news and progress.

After the U.S. 70 Corridor Commission adopted a Resolution of Support for the Atlantic Coast Pipeline, I was contacted by ACP advocates and PR firm seeking individuals to promote the pipeline via radio, television, newspaper, direct-mail and emails. On October 11, I requested permission from our Directors to speak on behalf of the Corridor Commission. Upon approval by our Directors, I agreed to become active in the support campaigns. Corridor Commission Director, Frank Price wrote, "the ACP is important to Economic Development along U.S. 70/I-42 as well as all of Eastern North Carolina. So, whatever can be done to bring it about is surely in the Commission's best interest." Frankly, I am surprised at the response and attention to the support campaign. To date, I have not received a single negative reaction by viewers and listeners to our message, but have been overwhelmed by words of thanks and encouragement.

**M. Durwood Stephenson
Director**

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As the Administration of Governor Cooper has continued with appropriate due diligence, we have pressed pipeline partners to assist in funding transition from pipeline to consumer interests and needs. Pipeline taps cost approximately one (1) million dollars each with distribution line construction estimated at \$ 1 million per mile. Our rural Counties cannot afford taps or consumer distribution lines. Negotiations have been spirited, persistent and continuous. Hopefully all partners and parties to this historic and life-changing infrastructure improvement for Eastern N.C. will soon be approved and under construction. It is a must for manufacturing prospects in our region.

Division 4 Engineer, Ronnie Keeter has been aiding Big Boys Truck Stop during the I-95 bridge replacement and closure access. The Truck Stop, with the assistance of a \$ 320,000.00 grant from Duke Energy has added Idle Air System to combat the lack of truck fuel traffic and sales. The Idle Air System provides drivers with the capacity to "plug-in" for heat, air conditioning, power for appliances, internet access and 50 channels of television. The Idle Air system technology reduces pollution and dollars for truckers. It is estimated the system will save approximately 25,000 gallons of fuel annually. This technology is labeled as a win, win, win scenario: Less pollution, significant fuel savings and lower operating costs, resulting in higher profits for our truckers.

In late October, the ever diligent, Bobby Lewis, began a quest to secure Federal grant dollars to install broadband in Eastern North Carolina along U.S. 70/I-42 and I-95. AECOM has been employed to assist with the grant under the direction of Suralya Motsinger. I am pleased to report to you that many of actions taken by the Corridor Commission have enhanced the grant application and are being included in Ms. Motsinger's grant application.

The Carteret County Board of Commissioners at their November meeting appointed Don Kirkman, Carteret County Economic Development Directors, to the U.S. 70 Corridor Commission. We welcome Mr. Kirkman and look forward to his first meeting on January 18, 2018. He is already making inquiries and familiarizing himself with an agenda and project priorities. They have also reappointed Jesse Vinson, a strong and active Director.

An internal self-assessment of the realities of the tools, goals and future of Eastern N.C. must be a first-step forward to thwart several years of economic decline. It is no comfort that our region is not an outlier; every rural region in the United States has been impacted by declines in population, jobs, education and infrastructure tools including roads, broadband and cheap, clean energy (natural gas). Rural areas across the U.S. have been victimized by population declines over the past six (6) consecutive years – the longest period on record, according to the U.S. Census Bureau.

Traditionally Eastern North Carolina has relied on tobacco and textiles as the primary drivers in the rural region economy. Both of these industries have disappeared permanently. Therefore, we must follow emerging trends and seek new economic engines for future prosperity. The Bureau of Labor statistics predicts the primary growing sector for jobs over the next decade will be health care, computers and clean energy.

An aging population coupled with an absence of new age job skills and a less educated work force demands less out-migration of our young and exposure to educational opportunities with new reformatory work skills.

We cannot anticipate any magical public policy initiatives or any new innovative government program to cure our ills.

As the global marketplace embraces new technologies and future economic opportunities are explored, we face challenges but there are great opportunities. Prior to the holiday shopping season, retail analysts predicted Amazon will provide more than 50 percent of all on-line sales. It will be interesting to review the actual numbers after the season.

The World is changing dramatically, but with change comes new and varied opportunities. We see evidence of change in every phase of our lives.

The recent past Thanksgiving 'Black Friday' shopping experience supports the realities of a continuing decline in historical shopping venues; brick and mortar malls and conventional retail facilities displaced by E-Commerce. Traditional retailers cite the loss of jobs contributing to income inequality among the less educated work force. E-Commerce advocates dispel those arguments with their own statistics suggesting a stagnant wage scale unchanged since 1987. E-Commerce advocates argue that E-Commerce creates more jobs than they displace at a higher wage rate than traditional retail workers with comparable educational and skill levels.

The "internet of goods" is in our future as is the demise of traditional shopping facilities. Hopefully, as promised, store clerks will transfer on to shipping and packaging workers with higher pay.

The evolution of commerce will provide new opportunities, but it will also pose challenges and uncertainties. As local neighborhood shopping malls disappear, local taxes will suffer (sales and property) as municipal governments look for new sources of revenue. Taxing mail/delivery goods have not yet solved that conundrum, but is a must for generating adequate tax revenues to support community services.

It is a paradox similar to the gas tax revenues funding transportation as electric vehicles reduce gas consumption and revenue.

The transition to electric vehicles is already impacting transportation funding and probably should be escalated. Our failure to identify non-gas tax revenues for transportation is creating a transportation funding crisis with declining sustainability, growing population, aging roads and bridges and future and present transportation needs.

In a 1993 editorial by **BUSINESS NORTH CAROLINA** editor, David Kinney wrote, "**Roads not only carry commerce, but bring with them expectations.**"

The U.S. 70 Corridor Commission has identified our needs and raised our expectations – now we must continue to "push" forward.

As we witness the evolution of commerce, we are also experiencing a revolution in transportation. Car manufacturers are rapidly abandoning the internal combustion engine favoring battery powered vehicles going forward. Tesla, the major supplier of lithium – ion batteries in the United States recently announced plans for a major battery production facility in November. However, leading battery users, producers and entrepreneurs predict the fast-growing global industry for batteries will be in China. The battery industry experts predict China will capture more than 65 percent of the looming huge battery market in the next 5 years.

Economists cite the huge gap in profitability between China and United States as reasons for the industry favoring China; the higher cost of land, labor and equipment are major contributors to the variance. In addition, the Chinese government is promoting the clean-energy sector and are offering large government subsidies. The United States promotes natural gas and “low emission coal,” but appears reluctant to financially support energy sources that will impact basic U.S. gas and coal industries.

Electric vehicles currently are only one (1) percent of the U.S. car market, but proclamations by China and several European markets expressing intent to ban all gasoline-powered vehicles have led to a scramble by U.S. car manufacturers to transition to all-electric sooner rather than later. General Motors and Ford have now joined Volvo in planning a transition from the internal combustion engine to all-electric vehicles.

But much like the transition in Commerce, evolving transportation from gas to electric also faces unique challenges.

It is estimated there are more than 100,000 gas stations along the country’s 4 million miles of roads, but few recharging stations for electric vehicles. As the sales of electric vehicles out number the sales of gas-powered cars by mid-century requires rethinking and planning vehicle support infrastructure. The one (1) percent electric car market is woefully underserved with an estimated ten (10) percent of the one (1) percent car market available at public charging stations.

Planning for future of transportation must also include car manufacturers transition as roadsides become dotted with battery charging facilities. A number of questions and challenges arise from this dilemma: who is responsible for creating and operating charging stations? Will private enterprise assume the risk replacing gas stations? When do road planners include the space on highway planning maps? Is space reserved and purchased by government or will traveling all-electric drivers be left to the peril of private entrepreneurs. Electric vehicles are here. Now we must figure out how to charge them.

Clean and alternative energy sources continue to be evolving and active. The Atlantic Coast Pipeline, as previously discussed in this report, offers an increase in availability of clean, cheaper energy as the industry continues to expand alternative energy sources. It appears North Carolina’s first off-shore wind farm is closer to becoming a reality.

Following a competitive bidding process an Oregon Energy Renewable firm won the leasing rights for a 122,000-acre tract off the coast of North Carolina and already approved by Federal Government. The site is located 24 miles off the coastline.

Environmental advocates have actively opposed the Atlantic Coast Pipeline citing need for more alternative energy, but have also voiced opposition to wind energy projects. The demand and need for energy is undeniable; therefore, we must find the balance that is acceptable to environmental and energy consumers.

Earlier in this report, I reported several significant U.S. 70/I-42 projects that have made notable progress in 2017.

Eastern North Carolina also experienced some major economic development announcements in 2017. Spirit Aero Systems announced an investment of \$ 55.7 million for an expansion at Global Transpark in Kinston. Carolinas Gateway Partnership CEO, Norris Tolson, and native son Governor Roy Cooper hosted two back-to-back economic development announcements on Tuesday, December 12 followed by a second announcement on the following Tuesday, December 19 for Edgecombe County.

Pharmaceuticals Grifols and Novo Nordisk, both announced expansions and jobs at existing facilities in Clayton.

More to come!

I have included remarks on Brexit over the past two years. Although Brexit is far removed from the fields of rural North Carolina, it is a major factor in global commerce. Britain continues to be sharply divided as negotiations continue on the exit from the European Union. The difficult and heated negotiations are leading many on both sides of the issue to suggest reversing the previous vote. Britain's Prime Minister, Theresa May is struggling to unite a cabinet divided over how to pull the country out of the European Union. Unfortunately, global trade will be impacted by Brexit negotiations.

2017 has been an extraordinary year with floods, powerful hurricanes, devastating earthquakes, high winds, wildfires and seismic activity are all naturally occurring events that impact lives, commerce and are expensive. More than a year after Hurricane Matthew, Eastern North Carolina and its citizens have not returned to normalcy.

Governor Cooper announced the Neuse River Flood Abatement Study in November. This committee plans to begin deliberations in early 2018.

Infrastructure resiliency with codes, policies and regulations that adapt to Nature's devastation must be planned forward.

In a recent book written by Jeff Goodell titled "THE WATER WILL COME:" How high and how soon and how do we prepare? Under the direction of Jamie Shern and the scientific community we must seek answers to both of the questions.

In an earlier report, I referenced a 1985 study and report prepared by U.S. Corps of Engineers. The recommendations of the report included the construction of twelve (12) downstream dams and water retention devices. The only structures constructed was Falls of Neuse Dam, not as a flood control project, but rather as a drinking water source for the City of Raleigh.

The destruction of our towns, cities and the devastating consequences of Hurricane Matthew upon our citizens invited/demanded that we revisit the 1985 report and seek to address downstream flooding. I feel certain Governor Cooper's Neuse River Flood Abatement Study will explore remedies to minimize future downstream flooding.

It is puzzling and disappointing the U.S. Corps of Engineers chose to destroy the century-old Milburnie Dam – the only stop-gap between Falls Lake and the Pamlico Sound. Despite an expression of concern by many along the Neuse River in Eastern N.C., the dam was destroyed in 2017.

With the destruction of Milburnie Dam, acres of wetlands have been destroyed by the agency charged with the responsibility of protecting wetlands. I have not heard a plausible explanation of why the dam destruction was authorized. Acres of wetlands are gone without re-establishing new replacement wetlands – a requirement for developers and NCDOT.

The only benefit acknowledged is a new source of recreational activity in the Raleigh area – with no barrier to slow the waters and minimize downstream flooding. By all reports, we need more flood control business – not less.

As we depart 2017, our thoughts are firmly set on what's next in 2018. Eastern North Carolina's ability to compete for job growth and economic development is linked to the connectivity of our transportation joining people and commerce.

It is imperative that we continue to "press" forward for delivery and funding of our agenda and continue to pursue economic development opportunities that are compatible with our geography and the citizens of the region that place a high value on jobs, work and the benefits derived – personal, social and economic.

Happy New Year!