



# US 70 Corridor Commission

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

The mild winter transitioned to a record heat summer and has now passed into autumn with year-end looming precipitously around the corner.

Following three (3) years of spirited debate and persistent urging by local officials and residents aided by Corridor Commission, consideration by NCDOT for a New Bern/James City U.S. 70 Bypass has commenced. For the past six (6) years proposals have been offered by transportation consultants utilizing existing U.S. 70 route to relieve congestion and reduce accidents. The local community routinely objected to proposed flyovers along existing U.S. 70. The Feasibility Study is the initial step in considering the best approach to improving traffic conditions along U.S. 70 in James City.

The decision to explore a bypass option for New Bern/James City has created significant debate and the local media has seized upon the movement with several articles. I believe the articles have been balanced and generally accurate expressing views of proponents and those opposed equally. An article in SUN JOURNAL on September 1 states **"State highway officials are about ready to give up on the idea of upgrading U.S. 70 through James City to a controlled access expressway."** Although an upgrade to expressway may be abandoned in this area, it is absolutely imperative that traffic conditions in this area be improved. It is highly congested and has one of the highest vehicle crash rates in Eastern North Carolina. Although a bypass option is significant and appealing to many in the local community, it will not "cure" all of the problems at existing U.S. 70 in James City. It will, however, reduce this traffic and hopefully open the region to commerce benefitting Craven County and, as noted in the article, the communities at River Bend and Pollocksville. One particular area of concern is the Williams Road intersection at McDonald's. Prior to his passing, the Honorable William Wainright insisted that measures be taken to improve traffic safety at this location. The Governor recently reconfirmed the need for an immediate "fix" at the McDonald's site. In response to those requests, NCDOT has closed the rear entry from McDonald's to Old Cherry Point Road. This will prohibit the unsafe practice of utilizing the McDonald's drive-thru as a full intersection

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permitting traffic directly from Williams Road to Old Cherry Point Road. It is not a permanent "fix," but it is an improvement for traffic safety.

On September 4, I submitted REQUEST FOR PROPOSAL to provide U.S. 70 Corridor Economic Impact Assessment to Marcia Wilson to post on our website. We have received three (3) impressive proposals and will be assessing them and conducting interviews during the month of October. Selection committee participants are currently evaluating proposals with interviews tentatively scheduled for October 23<sup>RD</sup> and 25<sup>TH</sup>. It is our hope to award the contract by the end of October.

In response to conversations with Corridor Commission and pursuant to Commission directive, I wrote a letter to James D. Horne, Senior Program Evaluator, for N.C. General Assembly. The letter and Commission directive was a result of General Assembly mandated study of North Carolina Railroad and its operations. A copy of the letter is attached for your information.

U.S. Representative G.K. Butterfield is a proponent of projects in his district, especially the U.S. 70 Slocum Gate flyover project in Havelock.

In late August, the President announced unspent highway funds from past appropriation bills will be reallocated. North Carolina has \$ 703,634 of unspent funds that were designated or "earmarked" dollars for projects in Greenville and Charlotte. Representative Butterfield has requested these funds be reassigned to Slocum Gate Flyover and a rail project in Goldsboro.

Approximately \$ 10 million of the \$ 18 million needed for Slocum Gate is available with right of way acquisition planned to begin in 2014 with construction scheduled for 2015. This project scored well for mobility funds and should be able to secure funds necessary for completion from mobility fund.

Secretary Conti says unspent "earmark" funds must be utilized in originally targeted communities. Therefore, these funds will remain and be spent in Greenville and Charlotte as designated.

Havelock Planning Director, Scott Chase and I have been having conversations about plans for a major business park and mixed use development in Havelock. The plan has promise, is innovative and would spur economic development, changing the face of Havelock. As always, funding is a central issue to moving forward with this plan.

The City of Havelock has engaged the services of Marlowe & Company of Washington, D.C. to seek funding for a feasibility and marketing study. I have had conversations with Mallory Grauer and John Harms, representatives of Marlowe & Company, regarding their plans and task. They have expressed interest and are seeking more information about the Economic Impact Study along U.S. 70 Corridor planned by Corridor Commission. We are hopeful and

optimistic our Economic Study will be beneficial to towns and communities throughout Eastern North Carolina.

On September 5, BOT U.S. 70 Committee chaired by Leigh H. McNairy met in Raleigh. Daniel VanLiere updated committee on status of evolving Eastern North Carolina Coalition. The coalition has grown from the original 5 counties to 41 counties representing approximately 2.6 million people. Bobby Lewis and Jamie Shern provided a detailed report on status of permitting for Gallant's Channel Bridge.

Rob Hanson and his staff gave current status of major projects along the Corridor including:

U.S. 70 Goldsboro Bypass – Funded and under construction  
Kinston Bypass – Environmental Studies & Capacity Analysis underway  
Havelock Bypass – Fully funded, CP4A Avoidance & Minimization Meeting (2013)

Corridor Upgrades

- Wilson's Mills – In planning. Not funded.
- Pine Level – Begin ROW acquisition (12/12)

Slocum Gate – Partially funded – Mobility Funds possible Construction 2015 schedule.

Gallant's Channel Bridge – Seeking 404 & USCG permits.

There are also currently seven (7) Feasibility Studies underway along the Corridor.

Rob and his staff are very responsive and efficient. The progress being made on the Corridor Agenda is unmatched and we are in their debt.

On September 13, an informal meeting of Eastern North Carolina MPO/RPO Coalition was held in New Bern. Jack Best gave a brief history of the coalition and a vision for its future. Director VanLiere discussed the equity formula that became a group argument for a larger funding pie rather than an inequitable funding formula. A follow-up meeting with all participants is scheduled for October 10 in Goldsboro.

Wayne County Manager Lee Smith has closely monitored Invenenergy's Wind Farm Pantego project. As reported last month, 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. However, significant research by Jim Kerr exposes a problem that merits our attention and focus. Apparently there are no specific statutes and regulations in-place to deny approval of encroachment upon military space by wind farms or other similar activities. Mr. Smith wisely suggests further action be initiated to assure there are mechanisms and processes to discourage military space encroachments. At

this juncture, I am not certain if legislative or local community actions should be implemented as a safety buffer, but this issue should be pursued with due diligence to allay the fears and concern of our military friends and partners.

As previously noted, this issue is probably not within the purview of the Corridor Commission; however, as strong military advocates, the Corridor Commission is willing to lend its assistance and commit our efforts and resources to a process that protects military interests.

I am suggesting that all interested parties join together soon after the election to pursue resolution. Despite an Executive Order by the Governor, concerns from the military and vociferous objections by local elected officials and citizenry, it may not be enough to stop the wind turbine encroachment on military operations. Generally we are opposed to additional regulations, but it may be necessary to establish an approval process within our State in order to control wind farm developments. Objections by Corridor Commission are not based on opposition to alternative energy options, but rather solely on negative impacts on military operations that may jeopardize the future of military presence in North Carolina.

Colonel Mike Kozik of Eastern North Carolina Mitigation Response Team has said more states need to enact statutes giving them authority to block projects until they are cleared by both state and DOD officials. The states of Maryland, Oklahoma and Texas have passed legislation blocking potential encroachments on military operations in their respective states.

Perhaps it is time for Eastern North Carolina's leaders to join together and find real long-term solutions to this problem. We have an invaluable resource in Attorney Jim Kerr who has the knowledge and years of research on the issue to lead the effort to effect change. He should be engaged by appropriate authorities to move us forward. Now is the time!

Julie White, Director, North Carolina Metropolitan Mayors Association has encouraged candidates for Governor to address the transportation issue. Ms. White in a letter to our candidates, reminded the campaigns of the importance of transportation to our economy, our citizens and business. It is generally agreed by most transportation officials that transportation is rapidly losing ground to deterioration and population growth. The debate on transportation funding faults the unsustainability of gas tax as a primary source for Federal and State funding of transportation needs.

The Mayor's Coalition continues to promote an agenda they proposed in early 2009 entitled, "**A 21<sup>ST</sup> Century Transportation System Requires a Modern Funding Formula;**" North Carolina's transportation system is overdue for change. We are all waiting for the next "big" idea for funding that is equitable to all regions of the State, acceptable to citizens and agreeable by a majority of our elected leaders.

On September 20, a scoping meeting for U.S. 70 New Bern/James City Bypass was conducted in Raleigh and led by Mark L. Reep, representing Florence & Hutchenson, Consultant for this project. The meeting was informative and well represented by local communities. Mr.

Reep provided maps of potential routes from U.S. 70 Havelock Bypass to U.S. 17 (new) Bypass near River Bend. Due to environmental constraints and proximity to National Forest, possible route locations are minimal. Several in attendance from local area expressed a preference for a location along County Line Road.

Tom Bradshaw, Executive Director of N.C. Ports Authority and Commerce Secretary Keith Crisco, are promoting a plan to promote the development of facilities at Port of Morehead City to provide wood pellets for export to Europe. The wood pellets are used for energy production abroad. The project could create jobs for loggers, truck drivers and timber interests throughout the state in addition to jobs at the Port. The plan will require a significant investment by the North Carolina Railroad estimated at approximately \$ 7 million per year for ten (10) years. A response from NCRRA is expected in October.

Derrick Lewis, Director of Feasibility Studies Unit for NCDOT, scheduled the first Conceptual Design meeting for Part C Harvey Parkway Extension from NC 58 to NC 11 for September 28. Mr. Lewis advised preliminary cost estimates for construction costs are approximately \$ 88 million for one (1) proposed route and \$ 98 million for the other. Those estimates do not include right of way or utility relocations. Both of the proposed alignments are also shown as alternates for northern route for Kinston Bypass. The programming document for this specific issue must be addressed during NEPA merger process. The Feasibility Study for this project is scheduled for completion in July, 2013.

Following more than two (2) years of conversation, debate and promises, Amtrak is planning Inaugural Run with media and elected officials of proposed bus/passenger rail service through Eastern North Carolina. The train will make stops in Wilson, Goldsboro, Kinston, Jacksonville, Wilmington, Greenville, New Bern and Havelock. Amtrak officials are optimistic the program will be successful. Another promise delivered, another opportunity for additional transportation options for our residents.

In a report several months ago, I quoted News & Observer Political reporter, Rob Christensen saying "It appears Eastern North Carolina has given up on themselves." Most of today's greatest challenges that we face in Eastern North Carolina are simply our oldest failures and adversaries. We cannot allow obfuscations of a region rich in marketable assets to continue a path of limited opportunity. We have a choice. We can shape our fate! We do not have to accept the past as our future.

I see a new determination among our leaders with shared values and a mutual agenda that enhances the economic landscape of our region. We have the resources within our grasp to compete globally. It is our task to encourage provocative conversations and spirited debates about creativity, leadership and our role in a global world.

This report has briefly mentioned challenges that absolutely must be conquered: Wind turbines that impact our military as brought to light by Wayne County Manager, Lee Smith; funding of declining revenue for deteriorating infrastructure as reported by Metropolitan

Mayors Coalition Director, Julie White; a host of environmental concerns that continue to delay much needed DOT projects; and rail improvements as suggested by Tom Bradshaw that will provide jobs and enhance port opportunities.

Together we will continue to maintain flexibility adjusting to time, conditions and circumstances and never succumb to the idea that we have given up on ourselves.

See you in Morehead on the 18<sup>TH</sup>!



# US 70 Corridor Commission

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.

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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.

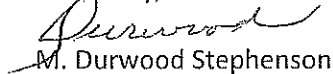
Governor Morehead's vision of the North Carolina Railroad was:

*Let the North Carolina Railroad like a huge tree, strike its roots deeply into the shore of the Atlantic, and be moistened by its waters, and at last stretch its noble trunk through 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,



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Director

U.S. 70 Corridor Commission

cc: Chuck Allen, Chairman – [chuck@allengrading.com](mailto:chuck@allengrading.com)  
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Special acknowledgement to Don Black for his research and contribution to this correspondence.