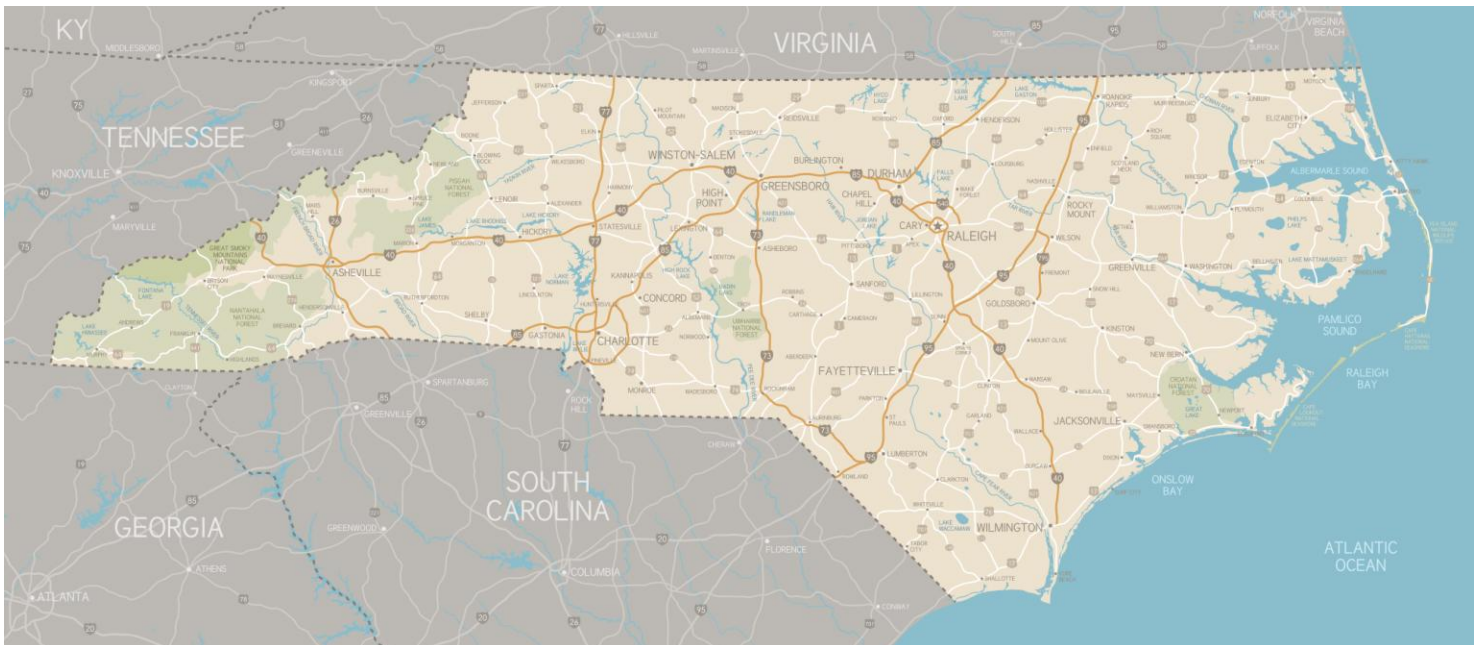




North Carolina  
Chamber

*A force for business.*

# 2012 BRIDGE TO A STRONGER FUTURE



## POWERING NORTH CAROLINA'S ECONOMY- TRANSPORTATION PAVES THE WAY

## **Mission**

*Encourage and advocate for commonsense, comprehensive solutions to return North Carolina as not only the “Good Roads State,” but the “Good Transportation State.”*

## **Principles**

The North Carolina Chamber believes transportation *is* business, and the state must find not only comprehensive, long-term solutions to meet the transportation and infrastructure needs that will continue to come with the projected business and population growth, but also ways to deal with current challenges. We have many unfunded and underfunded transportation challenges; failure to address these will have a detrimental and long-lasting impact on the state’s economy and ability to retain current investments and attract new jobs, new investments and expansions.

The rate at which goods move is critical to meeting the market demands and pressures of the State’s economy. Financial impacts are many to a company – from their ability to manage inventory and cash flow to business and location modeling for demand creation and supply chain performance. Businesses need a predictive model, a consistent funding method and a clear, long-term vision for certainty. The more uncertainty, less predictability and the inability to move goods and commerce quickly means fewer revenues are earned, therefore, less job creation and business and economic growth.

We believe that sound business practices, ideas and innovations, can assist in achieving results that are good for business and economic growth allowing for efficient and effective goods and commerce movement. Continuing to set the conditions for growth in North Carolina should be a top priority and transportation policy is a key success factor to that.

We believe that transportation infrastructure investment is a core governmental responsibility. The linkage of economic growth, safety and quality of life improvements to investments in transportation infrastructure is undeniable.

## **Priorities**

North Carolina has more than \$65 billion worth of transportation needs. North Carolina’s ability to create jobs and to recruit and retain business and industry depends on an integrated system of transportation and commerce assets that enables goods to move effectively and efficiently into and out of the state. The priorities must be placed on maintenance and construction of surface road and highway infrastructure, continued improvements to NC Ports System and freight rail optimization. All modes of transportation, including movement of people, are important for the long-term needs and growth of the state; however, the Chambers’ priorities are focused on areas with the highest return on investment meeting the most urgent needs.

## North Carolina's Transportation Challenges and Opportunities

<b>North Carolina Transportation Challenges</b>	<b>North Carolina Transportation Opportunities</b>
*\$65 billion worth of needs and modernization	The Federal Highway Administration has determined that for every \$1 billion invested into transportation, approximately 28,000 jobs will be supported.
Highest number of state-maintained roads in the nation	70% of the US population is within two days by truck of central NC allowing for greater connectivity, logistics and supply chain performance
*NC's drivers and businesses lose \$5.7 billion/year as a result of driving on congested and deteriorating roads and highways from vehicle depreciation, damage, tire wear, increased fuel consumption	½ of the US population is within 650 miles of central NC. This will allow businesses to capitalize on our proximity to those markets by virtue of NC's geographic location.
*Approximately one in seven bridges is considered structurally deficient – a number that will continue to increase without attention impacting safety and movement	The state's population is currently 9 million and is expected to reach approximately 12 million people by 2030, making NC the 7 <sup>th</sup> most populated state in the nation.
*Estimates that roadways in NC that lack some desirable safety features, have inadequate capacity to meet travel demands or have poor pavement conditions, cost the average motorist and business approximately \$1,000/year	*Vehicle Miles Traveled in the state are already over 1 billion - by 2030, vehicle travel in NC is projected to increase another 45%.
Unsustainable revenue method	*Despite the large size of NC's state-maintained roadway system, per-mile capital spending on state-maintained roads in NC is the 4 <sup>th</sup> lowest in the nation.
*NC's traffic fatality rate was 1.41 fatalities per 100 million vehicle miles of travel in 2008, higher than the national average of 1.25 fatalities per 100 million vehicle miles of travel.	The Federal Highway Administration has found that every \$100 million spent on needed highway safety improvements will result in 145 fewer traffic fatalities over a 10-year period.

\*Source: TRIP - A National Research Group

## Proactive and Positive - A Results-Based Approach

While the North Carolina Chamber reserves the right to remain selective in our identification and support for particular funding and policy mechanisms and measures, we view the following as important pillars offering long-term certainty and predictability for economic and business growth and improvement to safety and quality of life regarding transportation policy.

### SYSTEM NEEDS

To make North Carolina “the good transportation state,” the implementation of a long-term, multi-year, inter-governmental transportation agenda that promotes a comprehensive approach to maintain current logistic routes and construct projects of statewide significance, as well as additional options for connectivity of major freight and commerce-related movement, should be considered. Numerous studies have been done and execution of key items is necessary.

- **Highway Connectivity** – North Carolina is one of several “mega-regions” in the United States. Protection, expansion and maintenance of the key highway corridors are necessary in order to effectively move goods and commerce in and out of the state. Funding on these important corridors deserves top priority.
- **Federal Reauthorization of Surface Transportation Bill** – Swift passage of the federal bill at or above existing funding levels is vital to ensure the nation’s and state’s transportation infrastructure is adequately maintained and new capacity is constructed necessary to support business and economic growth. North Carolina should also continue to push for elimination as a “donor state” status in the federal program.
- **Maritime Improvements and Clarification of Needs:**
  - First port of call for inbound shipments is critical. Transit times are a critical piece to the supply chain and the Port of Wilmington is too far down the chain compared to other East Coast ports.
  - North Carolina should coordinate with the Department of Homeland Security to improve port operating hours, which would improve service levels, allow for greater competition and permit increased freight travel at night to improve safety and avoid peak congestion periods.
  - The current maritime tax credit is difficult for companies to earn. Not tying the tax credit to volume increases every year and a simple credit for using the ports system should be considered.
- **Rail Efficiencies** – North Carolina should work in partnership with the freight rail industry to maximize opportunities to improve efficiencies of movement and add new capacity where warranted.
- **State’s Authority** – The US Congress should return authority to individual state Departments of Transportation to determine and authorize longer combination vehicles to operate under regulations, restrictions and requirements appropriate for those individual states.



## DIVERSIFICATION OF REVENUES

- The North Carolina Chamber believes that the current maintenance and construction revenue model is a fair, necessary and clearest form of a user fee. However, with the increased efficiencies in vehicles, increased use of alternative fuels, and the increased pressure on global oil demand, it is quickly turning into an unreliable and unsustainable revenue stream to meet the increase maintenance and construction demands of the largest state-maintained system in the nation. The state should consider alternative ways to finance its transportation improvements that benefit the users of the system. A few examples follow:



- **Public/Private Partnerships** – Comprehensive studies have been done to understand the risks and benefits, strengths and weaknesses of these investments. The state should expand opportunities for design build, P3s and other alternative financing methods recognizing these alternative financing methods are not a panacea for solving the state's needs, just a supplement.
  - **Bonds** – The issuance of bonds should be considered as a mechanism. Interest rates are at historic lows, and construction pricing is also making this an ideal time to leverage resources and boast short-term employment in the construction fields. The completed projects will lead to long-term economic benefits to the overall economy. However, this can and only should be done in a fiscally responsible manner with ample funds to retire the obligations and with a positive return on investment for the state.
  - **Pass-Through Financing** – Expand tools to allow local communities to determine options for their most urgent transportation needs including capacity and maintenance improvements.
- **Enhancement Funding** – As a matter of policy, states should be responsible for determining the uses of funds without requirements of set asides from the federal government. Consideration should be given to identify ways to fund different modes of transportation without impacting resources from other modes.
  - **Interstate Maintenance and the Transportation Equity Formula** Removing the Federal Interstate Maintenance Funds from the Equity Formula should be considered. By removing them from the equity calculations, the system can be maintained at a higher service level without competing against other critical projects within a region. It would also allow for preventative maintenance treatments in a timelier manner.
  - **Limitations to Construction and Maintenance Revenues** – A strong, adequately funded transportation network in North Carolina is vitally important to economic development, keeping existing and attracting new investment, and is essential to safety, environmental protections and enhancing quality of life. Capping the maintenance and construction revenue should be avoided and not used for political purposes. Motorists are already spending upwards of \$1,000 per year in additional out-of-pocket expenses due to inadequacies in our current system. Capping an existing revenue stream will only add to the backlog of projects, raising costs on all users of the system.
  - **Energy Jobs Act** – This bill (S709) should become law. Long-term, it would allow for increased revenues without having to ask the taxpayers of the state to fund. Currently,



the bill has 10% of royalties dedicated to the Highway Trust Fund. We would encourage a greater percentage of at least 30%.

- **North Carolina Highway Trust Fund Protection** – There is little debate that current resources do not meet current needs. In a global economy, to meet the needs of the state’s businesses and citizens, the trust in the trust fund should be maintained. No new projects should be added to the Highway Trust Fund until current projects are fully funded. Additionally, no future dollar transfer out of the fund should be made unless improvements to the infrastructure and project delivery times can be seen.

## ORGANIZATIONAL ENHANCEMENTS

- **Project Delivery** – The state should implement the remaining recommendation contained in past studies in order to decrease the time between planning, funding, purchasing and letting of contracts. Initiatives should be launched by the legislature to review how pilot programs, best practices and other measures are working and adjustments recommended if necessary. For example, the NCDOT Merger Process is designed to create greater understanding and mitigate project issues on the front end, to avoid conflicts on the back end.
- **Streamlined Regulations** – For regulations the state controls, it should consider elimination of those which are duplicative to federal regulations, antiquated and unnecessary for the completion of a project. The goal should be to decrease review times and/or have tools in place to reduce the amount of time a project is being studied. Regulations add cost, time and requirements which will slow down project delivery and increase final cost to the taxpayers. This can be done so that environmental stewardship and economic growth balance.
- **Outsourcing to the Private Sector** – The legislature should consider reviewing the Department of Transportation to determine where opportunities exist that the private sector could perform at a lower cost and quicker turn-around time.
- **Economic Development Regions** – The legislature should consider an updated study to review the benefits and risks of aligning transportation funding divisions to economic development regions.
- **Economic Development Incentives** – The legislature should review economic incentive contracts to determine projects which included state responsibility and obligations to upgrade a certain road or bridge. Consideration should be given to finalize those projects that are yet to be completed and are needed for support and growth.
- **Expansion of the NC Mobility Fund** – consideration should be given to financially expand the fund for quicker action to address projects of statewide significance.



NCDOT should be commended for work done to prioritize improvement plans. They are a model for the country and are leading the way in some areas. Additionally, the NC Legislature should continue to make transportation a priority for job creation, business growth and safe commerce and movement.

Over the years, many studies have been employed, paid for, and acted upon in some circumstances. North Carolina is in danger of falling behind neighboring states in execution and implementation. When this happens, gains made in other areas of business reform could be undermined and delay or deter job creation or business and economic growth.

Surrounding states are not waiting for North Carolina to finalize studies, recommendations or processes. They are moving forward in an aggressive manner which will add more pressure to North Carolina's system. The following provide examples of how our neighbors have reinforced their transportation agendas as an economic competitiveness and quality of life issue.

### **Virginia**

Governor McDonnell Announces \$600 Million Transportation Bond Sale

*First step taken in the plan to invest nearly \$4 billion in roads, rail and transit over three years*

"This infusion of funds is the first step in the plan to help accelerate or complete more than 900 projects I recommended as part of our transportation funding package," said Governor Bob McDonnell. "These bond proceeds will begin funding the largest investment in Virginia's transportation network in a generation and comes at a time when interest rates and construction costs are at near historic lows." ([Virginia.gov](http://Virginia.gov))

### **South Carolina**

York County voters overwhelmingly approved a one-cent sales tax to pay for roads. They've been financing road projects with the Pennies for Progress tax since 1997. 82 percent of people at the polls voted in favor of continuing the tax. Also, [a special 16-member DOT panel](#) has been convened to discuss how the department can find more money to pay for road projects across South Carolina. ([WBTV](#) and [Pennies-for-Progress Campaign / Pennies for Progress Website](#))

### **Georgia**

Transportation Investment Act of 2010 – This landmark legislation has the potential to generate billions in funding for roads, bridges and other much need infrastructure in regions across Georgia if approved by voters in August 2012. ([Georgia General Assembly - Transportation Investment Act of 2010](#))

**The North Carolina Chamber remains committed to working with state and federal policymakers, allied organizations and business leaders to ensure North Carolina develops and implements a comprehensive, long-term transportation strategy that's vital to our economy and quality of life, with the goal of becoming the "Good Transportation State."**



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