

Minutes
Lenoir County Transportation Committee
Lenoir Economic Development Board Room
Scheduled Meeting
February 11, 2015 – 8:30 a.m.

Attendance:

Voting	Non-Voting	Absent
Gordon Vermillion, Lenoir County at Large, Chair	Adrian King, PRIDE of Kinston	John Craft, Manager, Town of LaGrange
John Marshall, Kinston-Lenoir County Chamber of Commerce	Jeff Cabaniss, NC DOT	Tony Sears, Manager, Kinston
Bill Whaley, Lenoir County Economic Development Board	Mike Jarman, Manager, Lenoir County	Patrick Flanagan, RPO
BJ Murphy, Mayor, City of Kinston	Mark Pope, Executive Director, Lenoir County Economic Development	Joe Albright, Town of Grifton, Manager
Dan Sale, Lenoir County, Member-At-Large	Rob Will, RPO Planner	Barry Seay, Lenoir County Planning Board
Mary Jane Westphal, NC GTP Authority	John Rouse, Division Engineer, NCDOT	Brian Lucas, City of Kinston
Eric Rouse, Lenoir County Commissioner	Chris Harper, County Transport	
Donald King, Town of Pink Hill	Adam Short, City of Kinston	
	Ferrell Blount, DOT Board Representative	

Chair Vermillion called the meeting to order at 8:30 a.m. Quorum was present.

Chairman Vermillion stated that since there are guests in attendance to share information regarding recent questions and concerns raised by the committee, he recommends to suspend the agenda items as presented in favor of beginning the meeting with introductions and discussion of these issues.

All members present preceded to introduce themselves by name, title, and affiliation to the committee.

Chairman Vermillion then summarized the committee's current situation and question to Mr. Ferrell Blount. He discussed that the committee had questions concerning where Lenoir County would stand in the next couple of years with only one project being approved, allocating funding set for 2022, in the recent STIP Draft Report. He proceeded to detail various plans of action discussed by the committee to express this concern such as organization of a campaign of the towns, city, and county administrators and elected officials to document concern. He then stated that the committee voted to hold off on taking action until they could meet with a North Carolina Department of Transportation Board Representative for Lenoir County and discuss. Chairman Vermillion stated that the committee agreed that this would help them to determine the best action to take moving forward.

Chairman Vermillion then asked Mr. John Rouse to commence with the introductions for the committee's invited guest, Mr. Ferrell Blount. Mr. John Rouse introduced Mr. Ferrell Blount as the DOT Member-at-Large and the Vice President for the North Carolina Department of Transportation Board. General Overholt had a conflict in schedule and could not attend the meeting. Mr. John Rouse stated that everyone with approved projects for Division 2 have funding for established for latter years. He said that this is simply due to lack of funding. If there was more money available, obviously the projects would be completed sooner. This is a problem occurring in all of the 14 divisions. There is a shortfall expected for the next 20-30 years in funding.

Chairman Gordon Vermillion stated that with the new formula, Lenoir County will never get funding back.

Mr. John Rouse stated that the new formula looks at the network of the state, not the county. It is a more efficient way to look at funding projects for the state. It is different from the old equity formula, where everyone received an equal portion of the funding.

Mr. Ferrell Blount said to compare the new formula to the old formula by knowing that 40% more projects are able to be funded using it. He says there are roughly 375 projects that will come down the list needing funding. Mr. Ferrell Blount

stated that the SI formula is transparent. He stated that how the projects are ranked and designed to recognize the state, regional, and local needs are easily explained using the SI formula. He feels that NC is on the cusp of astronomical growth and they are trying to anticipate that growth. He stated that the issues ultimately lies with the assembly. Larger population controls more votes. The 4.5 million budget for DOT comes from the assembly. The method of funding highways as we knew for the past 20 years with the gas tax model has to change. It is antiquated. Senate Bill 20 introduced recently is a way to attempt to stabilize funding. The mileage a vehicle gets is a lot more today than in past years. This affects the amount of gas people buy therefore lowering the amount of funds received for the gas tax. So consequently, we as a state and you guys as local representatives have to make a renewed commitment to infrastructure. His recommendation to ensure economic development is to place funds into highway infrastructure. That is the vision that we have to have as a state. Lenoir County must have a vision on how we can capitalize on what we have. First thing to capitalize on is that we can learn from the mistakes that have been made in this state. The secret of Lenoir County is the fact that we can offer people a rural way of life while also giving them 20-30 minute access to a good quality job, state of the art medical facilities, and recreational areas. We do this by making a commitment and telling legislatures that more money for highways would be supported by everyone. As chair of the Strategic Corridor subcommittee, the priority is for the regions and the state to come together and determine the facilities and roads that connect major activity. Transportation includes rail, public transportation, bike and pedestrian, ferry, airport, etc. He knows that the Lenoir County priority are the roads around our area. Part of the vision of connectivity is for people and businesses in the central part of the state, to have access to the ports. NC DOT is 20 years behind the ball on Highway 70 and how to increase the capacity. He feels we have made significant progress and that he will be on the board for another 6 years or so. Mr. John Rouse and Mr. Ferrell Blount have talked about the construction to increase Highway 70's capacity being completed during his tenure. The NC GTP is a diamond in the rough. It is not if it will be successful, but when. It is going to be a major economic center in NC. Mr. Ferrell Blount stated that he was part of the Martin administration to start the GTP. He stated that his Uncle Felix Harvey discussed the NC GTP a great deal with him. He has personally helped to fund activity in the GTP. NC wants to develop our own ports and to take advantage of neighboring Virginia ports. Morehead City will be developed into niche port. We can't compete with pan AmEx boats/ship that come through the Panama Canal. So they will develop commerce and niche port. Direct spin offs would include good paying jobs and a higher quality of living for Lenoir County and surrounding counties. It is not in law, but in an agreement across the state that we cannot have an interstate quality facility every 15 miles. There is a new designation of Highway 11/13 going north to 64 to the port as a priority in NC. Tying economic centers in Eastern NC is part of the vision. The bypass around Greenville will be completed in the next 5 to 6 years. Lenoir County must feed off the strengths of each community. All of our highway ideas and projects through RPO and MPO create 3,500 projects in the queue. Over 70 billion dollars of funding is needed to meet the current demand of projects in the system. Mr. Ferrell Blount feels that most of these projects are not necessary but are more of a wish list of local needs. NC currently only has money to currently fund 18% of those projects. The Federal Government is not looked upon as reliable support in NC. Internal forecast by NC DOT to account for a reduced amount from federal funding by 20% each year. \$4.5 billion budget includes construction, maintenance, etc. \$1.1 billion of those dollars comes from Federal sources. ¼ to 1/3 of total revenue is accounted for by the Federal government.

Chairman Gordon Vermillion asked Mr. Ferrell Blount how much of the \$4.5 billion dollar budget is used for new projects

Mr. Ferrell Blount and Mr. John Rouse confirmed \$2 billion dollars a year.

Less than ½ is new projects for all transportation and the majority are for the highway system.

Chairman Vermillion stated that this means 2 billion dollars is trying to solve a 70 billion dollar problem.

Mr. Ferrell Blount states that these have been the numbers for the last 10-15 years. It is time for NC to realize we need to make changes. The state will need to throw out the past and come up with a new vision and plan to fund things. It is important to get it stopped and turned around. The past 18 months has been used to analyze the systems in place and how to effectively come up with revenue for the DOT.

Mr. John Marshall asked how Lenoir County could better advocates for ourselves.

Mr. Ferrell Blount advised us to use the conduit through our assembly. However, he stated that method would bring on another challenge because the makeup of the assembly is by majority and is controlled by the central portion of the state.

Votes represent the masses of people. We don't have the mass of people for this representation or the number of votes. Mr. Ferrell Blount stated he remembers when he heard that Mr. Mark Basanite was going to resign. Mr. Basanite has helped to secure Eastern North Carolina funding over the past 10 years. In losing this advocate, it is imperative that we form new coalitions to assist in solving this problem.

Chairman Vermillion stated that when elected officials are asked about highway funding they now talk about not being able to assist in the effort because it is the solely up to the new formula.

Mr. Ferrell Blount stated that this is just an excuse and that they know the main situation is the need for more funding. He knows that projects with an expectation to let in 2020 could be released sooner if the funding was available. Phasing the projects is an effective way to get the project completed over time. However, he also stated that there is an issue with inflation and estimation of total project cost when splitting it into phases.

Mayor BJ Murphy asked where does the DOT outlook lie for the NC GTP and what role is it to play in the transportation vision.

Mr. Ferrell Blount stated that the transportation vision is an intermodal network. All parts of the system must connect for it to be effective. He sees the NC GTP as an activity center. It has several critical things that will make it a valuable asset for economic development in the future. Its central location to Charleston, Norfolk, and the NC ports is key to its success. Highway dollars needing to be spent to connect the railroad to the port will help with competitiveness in NC. Mr. Ferrell Blount spoke with rail users paying rail rates in the area. Anything that they can do to foster lower rail rates will greatly affect the overall economy in NC. Agriculture related businesses depend on grain. The NC GTP vision is to help provide rail service at a reduced rate and share with shippers all over Eastern North Carolina. It will help to put money on the bottom line. The infrastructure for Lenoir County highways are also needed to fully develop the NC GTP. It has to be connected. When industries look at areas to locate in, the first thing they look at is the overlay of interstate highways and facilities. The more we have, the better we look for these industries. It makes it easier for us to recruit. With 12,500 feet of run way at the NC GTP we can land anything out there. This is not an issue. It's not if for the GTP but it is when.

Chairman Gordon Vermillion asked where we are in connectivity with the GTP Rail. Is it in the entire park and does it connect to the coast?

Mr. Mark Pope stated that Norfolk Southern is connected to the Morehead City Port. However, the key is to have Harvey Parkway-Section C complete to help bring in the CSX line and offer competitive rates for our industries.

Mr. John Rouse and Mr. Ferrell Blount will meet with Mr. Paul Worley soon to determine hard numbers and to figure out what we are going to do. The reason this is a focus for NC and that it needs to be done comes from many talks to a number of livestock integrators. Grain trade depends on trains coming out of Evanston, Illinois. Illinois is the center of the grain trade for the US and maybe even the world. There are 2 strategic connections to Eastern North Carolina. Rail connectivity spends little money and opens up the opportunity to connect to the port at Morehead City. Several large companies and investors are expected to help lobby the assembly. Recruiting industry to the NC GTP will be helped by the competition of rail rates. As a state, we need to utilize the NC Railroad to its fullest. NC Railroad is a sleeping giant that can be used for economic development. It is important that we strategically use the rail more fully than it is currently being used. There are complicated issues surrounding it, but they will be identified and taken care of within the next year or two.

Chairman Gordon Vermillion asked if the new initiative bypass for Highway 70 has been bypassed. Mr. Rob Will states that it is not in the STIP as of now. Mr. John Rouse stated that the preliminary draft environmental statement will be completed for the project.

Mr. Ferrell Blount asked for the committee to keep in mind that things change rapidly as far as matching the shovel ready projects to the money. A project that is almost ready to let allows for more flexible project funding. Governor McCrory and other people with political power want to be able to get from the center of the state to the port in a more rapid fashion. They have to come through Kinston to do it and they don't want to come through 50 stoplights. When the state starts rocking and rolling, we need to get past the doldrums we have been in for the last 5 or 6 years. Money is sitting in cash that people and businesses want to invest, but the problem is that as a business person, needs a vision of the future. NC is going to be one of the first places, closely on the heels of Texas and Florida. We as a state are looking to do away with

personal income tax. South Carolina is not more efficient in spending transportation dollars. The system they use is just structured differently. Their structure helps to promote industry and business. NC is making that change. A new vision for raising funds to build roads for these projects will make it possible for them to occur during your lifetime instead of during your child's lifetime. It is dependent on the vision. There is a guaranteed return on money if it is invested in roads. Tax revenues that are generated in Wake County can be spent in Lenoir County. Tax revenue generated in Mecklenburg County and in Forsyth County can be spent in Lenoir County. To get the economy going, we have to help the low hanging fruit. As coffers generate over time, then we can spread it out. Mr. Ferrell Blount believes there are a lot of opportunities with Lenoir County at the crossroads of it all. He stated that whether you like it or not we are going to bring the NC GTP and Highway 70 along. As a state, we are going to use railroads to make transportation more competitive. Lenoir County is in the middle of it.

Chairman Gordon Vermillion asked if the \$2.5 million bond will do what needs to be done to fix our problems and fund more projects.

Mr. Ferrell Blount stated that it is a band aid fix. He sat with Mr. Bobby Lewis, to look at the way our gas formula is figured, and the following numbers will give you an idea of how it contributes to the overall picture. The state side of gas is .35 to .37 cents with a base of .07 cents that stays the same as written into law. This balance fluctuates and is adjusted in January and July. A bill was submitted to the Senate yesterday. We are looking for one to come out of the House. Within the next 30 days they will come up with a band aid that will take care of us during this time. The total projected for NC DOT funding is \$4.7 billion during the 2014-15 FY. The budget consists of: the motor fuel tax 39.5%, federal grants 4.2%, 27% federal highway funds, 5.8 % titles, fees, etc., 8.3% DOT registration, and 12.5% highway use tax. There are two main issues for the gas tax model as generating revenue for NC DOT. One, the unit has gas tax tied to each gallon of gas and that number is diminishing as cars become more efficient. Second, there are vehicles that do not use gas to ride on the highway. The 20th century model is outdated to the 21st century way of life. We need a current model. An example of an updated model would be to charge a vehicle for the miles that are driven. If you drive more miles, you pay more tax. Mr. Ferrell Blount feels that this kind of model is coming soon. We need to get away from existing gas tax model and determine the best way to raise money to fund roads. We all need to work together to have more roads in NC. Charlotte has taken one lane and made it a hot lane. If you want to bypass the bottle neck areas you pay to use another road that is much faster. This is the biggest bang for your buck. We as a state have got to agree that we want to be the good road state. Interstate 95 is a federally funded deal. We would like to have I-95, when you pass NC/VA line look better on the NC side. Getting from point A to point B is important. The new vision for NC DOT starts a process of bringing transportation into the 21st century.

Mr. Chris Harper watched a documentary that suggested you could not build your way out of traffic. He is the Director of Public Transportation for Lenoir County and this made him think about NC having the 2nd most highways in the US, directly following behind Texas. Mr. John Rouse validated Mr. Chris Harper's statement. Mr. Chris Harper asked if NC DOT focuses on build new roads and if so, will this continue.

Mr. Ferrell Blount stated that he felt it is more about altering what we have to meet the demands of this century. Technology is in a place where we can run automobiles with guidance systems. Guidance systems run the car within 5-10 feet of each other without incidents. It is more of a focus for NC DOT to take the assets we have and improve them to reduce fatalities, traveling time, and the connectivity to major activity centers in the state.

Chairman Gordon Vermillion asked the committee if there were any more questions. There were no more questions. Chairman Gordon Vermillion thanked Mr. Ferrell Blount and Mr. John Rouse for attending and stated that the committee would discuss how to think forward in terms of transportation as a whole for Lenoir County.

Mr. Jeff Cabaniss stated that we had a good report back on the pipe installed at the Smithfield Way extension project. He stated that the inspection was good. He said that the end pieces may need to be reset though. The project should resume as soon as the weather permits. Barnhill will be working on both Hill Farm Road and Smithfield Way Extension. He advised committee members to view the updated TIP and Non-TIP report for Lenoir County within their handouts. He also stated that he had a website address where comments could be entered for those members unable to attend the 70 Bypass public forum meeting.

Mr. Mark Pope stated that there would be a meeting at 10 am, at the New Bern Convention Center, this Friday, with NC Secretary of Transportation, Anthony Tata.

Old Business:

Approval of Minutes – Gordon Vermillion, Chair

- A quorum was present. The minutes were reviewed by the committee for January 14, 2014. Mr. Bill Whaley made a motion to approve the minutes. Commissioner Eric Rouse seconded the motion. All voting members were in favor of this motion. The minutes were approved by the committee.

Chairman Vermillion thanked Mr. John Rouse and Mr. Ferrell Blount again for taking time out of their schedules to attend the Lenoir County Transportation Committee to discuss their questions and concerns. Chairman Gordon Vermillion offered Mr. Ferrell Blount the open invitation to attend the committee meetings in future.

The next transportation meeting will be Wednesday, March 11, at 8:30 a.m.

Much discussion followed

The meeting was adjourned at 9:34 a.m.

Transcription: Amanda A. Conner, Office Manager, Lenoir County Economic Development