

Joint Committee to Study Interstate 73

November 10, 2014

The Joint Committee of the Senate Committee on Local Government and the Senate Committee on Transportation to study the construction of proposed Interstate 73 met on Monday, November 10, 2014, in Martinsville.

Election of Committee Chairman and Vice-Chairman

The meeting began with the election of Senator William Stanley as Chairman and Senator Stephen Newman as Vice-Chairman.

Project Introduction by Virginia Department of Transportation

Mr. Richard L. Walton, Jr., Chief of Policy for VDOT, provided an overview of the Interstate 73 proposal. In 1991, the federal Intermodal Surface Transportation Efficiency Act (ISTEA) identified what is now known as the Interstate 73 corridor as a high-priority corridor. A Virginia feasibility study followed in 1993. The Commonwealth Transportation Board began making location decisions, approving the first alignment in 2001. Other decisions followed, with the fourth and most recent alignment approved during 2011.

Portions of the cost of preliminary development of the corridor have been paid with funds from a federal TEA-21 earmark. The earmark totaled about \$12.5 million, of which about \$3.7 million remains; with funds from the two SAFETEA-LU earmarks, most of which remain unspent, the total earmark funding available is about \$14.7 million. The cost to construct Interstate 73 from Roanoke to the North Carolina line alone is expected to be more than \$4 billion.

Chmura Economics and Analytics Report

Dr. Xiaobing Shuai of Chmura Economics and Analytics explained the results of studies of the economic impact of Interstate 73 that the firm had conducted for three areas: Virginia, from Roanoke to the North Carolina line (2007), West Virginia (2009), and South Carolina (2011).

Dr. Shuai noted that new highways generally benefit the regional economy by providing a temporary construction impact, increasing economic efficiency, and encouraging the strategic development of business.

The direct impact on the three states from the construction of Interstate 73 is likely to be \$7 billion. This amount is less than the actual projected construction cost because some of the firms involved in the construction are located in other states.

The ripple impact of construction on the three states is likely to be close to \$11 billion. The construction phase, which is projected to last five years in South Carolina, nine years in Virginia, and 14 years in West Virginia, will employ thousands of construction workers on site, and these workers are projected to spend money locally.

Efficiency gains will come from increases in the efficiency of travel, such as reduced delivery times, and from cost savings, such as those that result from drops in fuel usage. These gains are projected to amount to more than \$300 million and 47,000 jobs in the region.

Dr. Shuai explained the five main factors that affect the attraction of service businesses such as gas stations and restaurants, and noted that the studies show a projected increase of about 6,000 jobs in the three states. Other industries that could expand as a result of the construction of Interstate 73 include the shipping or logistics industry, with new distribution centers particularly likely in West Virginia and Virginia, and the tourism industry, which is projected to be a significant beneficiary in South Carolina.

Considering the return on investments, Chmura's studies project a potential payback period for the cost of building Interstate 73 to be 26 years in West Virginia, less than 10 years in Virginia, and four years in South Carolina.

Turning to questions from the Joint Committee, Dr. Shuai explained that the analyses' estimates were conservative. The estimates do not include the impact of goods traveling to ports along the highway, and they include only basic estimates of the benefits to travel safety, such as through the improvement in hurricane evacuation routes.

Status of Interstate 73

Representatives of the other three states involved, South Carolina, North Carolina, and West Virginia, spoke on the status of the project in their states.

South Carolina State Representative Alan Clemmons, Chairman of the National I-73/I-74/I-75 Corridor Association, spoke about the enthusiasm for the project in his state. More than reducing travel time to the end of the highway in Myrtle Beach, Interstate 73 is a project of regional and national significance. Most of the new jobs entering South Carolina from outside the state are located within one mile of an interstate highway. Industries are looking for areas with connectivity.

In response to a question from Chairman Stanley, Representative Clemmons stated that it is imperative that the states work together in construction and in federal lobbying. Each of the states on the corridor has a small Congressional delegation, and federal funding must be a part of the equation. While none of the states can "go it alone," together they are a force.

Also representing South Carolina, Mr. Brad Dean, President of the Myrtle Beach Area Chamber of Commerce and Executive Director of the National I-73/I-74/I-75 Corridor Association, asserted that an "economic explosion" is about to happen. He stated that the Interstate 73 corridor is near three major rail lines and 42 ports and that the corridor is full of promise.

North Carolina representative Mr. Greg Errett of the City of Winston-Salem Department of Transportation described the several portions of Interstate 73 and Interstate 74 that are under construction or have been completed. Planning work is under way for other segments. Mr. Errett estimated that North Carolina has probably completed more than 100 miles of Interstate 73/74 together.

Questions from the Joint Committee followed. Chairman Stanley asked what North Carolina's secret is in building so many new highways. Mr. Errett answered that the state engages in long-

range planning for the financing of construction, uses state funds from its highway trust fund, and has local areas acquire and preserve rights-of-way, which account for about half the cost of constructing an interstate highway. Mr. George Lester asked whether the highway construction in North Carolina was made possible by a statewide referendum to increase the gas tax and dedicate the revenue to highways. Mr. Errett stated that the state's goal in 1989 was to have a major four-lane highway within 10 miles of every resident. In response to a question from Mr. Chris Merrill, Mr. Errett stated that although some studies were done several years ago, there was no state economic analysis of the segments already completed. Members of the Joint Committee and the audience discussed the current gasoline tax rate in North Carolina.

Finally, West Virginia representative Mr. Michael Mitchem, Executive Director of the King Coal Highway Authority, spoke on the progress of the highway in his state. The construction is planned to replace some 25 m.p.h. roads with 65 or 70 m.p.h. highways, bringing transportation out of the floodplain and onto the ridgetops. The West Virginia corridors of Interstate 73/74 are known as the King Coal Highway and the Tolsia Highway. Four projects have been completed so far, and a public-private partnership with Consol Energy should save money on construction. Mr. Mitchem noted that EPA concerns over endangered bats were holding up some construction. He detailed further projects proposed for the future.

Agenda and Work Plan

The Joint Committee discussed the agenda and work plan. During mid-spring of 2015, the Joint Committee hopes to travel to Washington, D.C., to meet with the Congressional delegations of the three states and with national transportation officials. The Joint Committee is working toward delivering a strategic long-range construction plan to the General Assembly on the first day of the 2016 session; the most important part of the plan will be a determination of how to pay for the construction of the highway.

Discussion

Joint Committee member Mr. W. Heywood Fralin noted the economic impact of Virginia Tech and suggested that the effects of building the highway to Blacksburg be studied. Mr. Lester noted that although the original plan was to construct the highway to Blacksburg, VDOT had decided to focus on the current alignment and potentially extend the route to Blacksburg at a later date.

Public Comment

The Joint Committee opened the floor to receive public comment. Mr. Talmadge Baker of Nashville, N.C. spoke about the current level of the gasoline tax in North Carolina. Mr. Skip Russell suggested several specific proposals for and benefits that would result from construction of the Interstate, urging the purchase of right-of-way in Martinsville and Henry County and the use of private construction contractors. Commonwealth Transportation Board member Mr. William H. Fralin, Jr., stated that the focus would have to be on the funding of the project, and that although the economic justifications for the highway are good, help still would be needed. He suggested that fortunately or unfortunately, regional funding is the way roads are built, and that until this project is made real in Richmond, it is not going to get anywhere. He is excited about the project and supportive of the Joint Committee's work.

Chairman Stanley recognized representatives from the offices of Delegate Daniel W. Marshall

III, Representative Robert Hurt, Representative Bob Goodlatte, Representative Morgan Griffith, and Senator Tim Kaine.

The meeting was adjourned.

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