



Governor's Logistics Task Force

FINAL REPORT

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ACKNOWLEDGEMENTS

First and foremost, the Task Force would like to acknowledge and applaud the vision of 2007 North Carolina General Assembly and the Office of State Budget and Management for the creation of the 2008 Statewide Logistics Study. Without the significant analysis completed by that effort and its accompanying recommendations, the Task Force might not have been created. The 2008 study served as a significant driver behind much of the Task Force's work as well.

Secondly, the Task Force would like to thank Governor Beverly Perdue for her vision and direction in the creation of the Task Force. Through her leadership, she allowed the Task Force to complete its work and to devise a structure to assist in moving the state forward through efficient and effective movement of people, goods and information.

The Task Force would also like to thank Secretary Gene Conti and the North Carolina Department of Transportation for their assistance in coordinating the operations of the Task Force during its existence. The Task Force would like to especially thank the following NCDOT staff members and contractors for their assistance during this process: Roberto Canales, Seth Palmer, Tammy Denning, Jed McMillan, Charlie Diehl, and Bradford Sneed.

Also, the Task Force would like to thank all of the persons and groups who have taken the time to present to the group, both during its regional outreach sessions, as well as during its working sessions. Without this input, the Task Force's final work product would not be what it is. In addition, the Task Force would like to thank all of the locations who hosted meetings during the group's regional outreach efforts.

Finally, the Task Force would like to thank all of its members for giving of their time and energy to this effort. Each should be applauded for their willingness to participate in this effort, even with the significant travel which was required during the regional outreach efforts.

EXECUTIVE SUMMARY

The Governor's Logistics Task Force was created by Executive Order 32 in December 2009. Led by Lieutenant Governor Walter Dalton, the group made up of thirty representatives from the public and private sector worked to understand how to efficiently and effectively move people, goods and information across the state. In order to accomplish their work, the Task Force embarked on a statewide listening tour, visiting each of the state's seven economic development regions. In all, the Task Force held twenty-four meetings, twelve of which were held outside of Raleigh.

The Task Force's work was guided by the previous *2008 Statewide Logistics Plan* which had been developed by the General Assembly in an effort to understand the State's "long-term economic, mobility, and infrastructure needs."¹ The Task Force utilized the study's framework and conclusions to develop its scope of work, as well as to develop areas for more detailed analysis.

Through the Task Force's work, numerous findings presented themselves. They include:

- North Carolina possesses numerous transportation and logistics assets, ranging from an extensive road network, to significant maritime and aviation facilities.
- North Carolina is one of the fastest-growing states in the nation, adding an additional 1.5 million people from 2000 to 2010. The state also lies in the "Piedmont Atlantic" megaregion which is one of the fastest growing areas in the world.
- The state's three largest economies, in order of size, are agriculture (\$74 billion), tourism and military.
- The state's seven economic development regions are each unique in size, population, topography, and primary economic driver.
- The state has numerous significant transportation infrastructure assets including an extensive, state-maintained highway system; two seaports; numerous airport facilities, including one of the largest runways in the country; numerous inland distribution facilities; and specialty assets such as ferries and the Intracoastal Waterway System.

The Task Force structured its work around a regional outreach effort which took them to each of the seven economic development regions. The Task Force heard numerous presentations from a variety of different groups including the regional partnerships, area companies, and other issue area experts regarding topics ranging from Foreign Trade Zones to international trade and agricultural economics.

In addition to its outreach efforts, the Task Force also recommended the commissioning of two studies to examine specific topics: inland ports and the future of the state's maritime infrastructure. The *Seven Portals Study* and the *North Carolina Maritime Strategy* were both contracted by the North Carolina Department of Transportation and devised to present specific

¹ *2008 Statewide Logistics Plan*—Executive Summary, pp. 1

information. The *Seven Portals Study* examined the feasibility of locating an inland port facility in each of the seven economic development regions, while the *North Carolina Maritime Strategy* examined the state's maritime economy, both current and future, as well as the development needs to support specific products or commodity lines, such as containers, bulk products, and roll-on roll-off equipment.

Following its analysis, the Task Force chose to structure its recommendations in the following areas:

- Recommendation 1: Governance
- Recommendation 2: Competitive Rail Access
- Recommendation 3: Foreign Trade Zones
- Recommendation 4: Interstate Partnerships
- Recommendation 5: Military
- Recommendation 6: North Carolina Maritime Strategy
- Recommendation 7: Agriculture
- Recommendation 8: Information Infrastructure/Broadband

CREATION AND PURPOSE OF TASK FORCE

The North Carolina Logistics Task Force was created by Governor Beverly Eaves Perdue pursuant to Executive Order 32, issued on December 7, 2009.² The Task Force was given two years from the signing of the Executive Order to complete its work. On December 5, 2011, Governor Perdue, by way of Executive Order 111 extended the work of the Task Force until March 31, 2012 in order to ensure that the group's final work product was fully representative of all logistics-related activities currently underway.³

Lieutenant Governor Walter Dalton was appointed by Governor Perdue to Chair the Task Force and thirty (30) members, representing the public sector and private industries, as well as experts in logistics and higher education, were appointed as members. These members include Al Delia, of the Governor's Office, who served as Vice Chair, as well as Secretaries Conti, Crisco, and Freeman representing the Departments of Transportation, Commerce, and Environment & Natural Resources respectively. Included below is the Task Force's full membership list.

Name	Title
Lieutenant Governor Walter Dalton— Chair	Lieutenant Governor of North Carolina
Al Delia— Vice Chair*	Senior Advisor to the Governor
Secretary Gene Conti	NC Department of Transportation
Secretary Keith Crisco	NC Department of Commerce
Secretary Dee Freeman	NC Department of Environment and Natural Resources
Senator Clark Jenkins	North Carolina Senate
Senator Michael Walters	North Carolina Senate
Representative Danny McComas	North Carolina House of Representatives
Representative Nelson Cole	North Carolina House of Representatives
Mayor Allen Joines	Mayor, City of Winston-Salem
Dan Danieley	Manager, Burlington-Alamance Regional Airport
Patricia Long	Vice-Chair, Longistics International
Earl Brinkley	Director of Global Logistics, John Deere [ret.]
Guy Shavender	Shavender Trucking
Dawn Clegg	Arvin-Meritor
Dee Blackwell	Executive Director, Western Piedmont Council of Governments
Mayor Terry Bellamy	Mayor, City of Asheville
Thomas Eagar**	CEO, North Carolina State Ports Authority
John Atkins	Chair, North Carolina Railroad
Jerry Orr	Manager, Charlotte Douglas International Airport
Bob Morgan	President, Charlotte Chamber of Commerce
Dr. Gary Teng	Director, Center for Logistics, UNC Charlotte
Dr. Paul Kauffmann	Professor, Department of Engineering, East Carolina University

²Executive Order 32: http://www.ncdot.org/download/business/committees/logistics/executive_order_32.pdf

³ The reasons for the extension, as outlined in a letter to the Governor (dated November 16, 2011) included the respective timelines of the North Carolina Maritime Strategy, the NC Military Growth Task Force Defense Logistics Initiative project, and other parallel logistics transportation efforts.
<http://www.governor.state.nc.us/NewsItems/UploadedFiles/85d09d0d-9569-40f2-85ec-da97d194de23.pdf>

Larry Wooten	President, North Carolina Farm Bureau
General Beth Austin***	Assistant Adjutant General, North Carolina National Guard
David Willauer	Transportation Manager, IEM
David Congdon	President and CEO, Old Dominion Freight Line
Lewis Ebert	President and CEO, North Carolina Chamber
Paul Friday	Deputy AC/S, Marine Corps Installations East
Joe Stephens****	Managing Director, Mid-Atlantic Hub, Fed-Ex
Rick Scholtes*****	General Manager, Target Distribution Center

*Al Delia was appointed Acting Secretary of the Department of Health and Human Services effective February 1, 2012

** Thomas Eagar was replaced by Jeff Strader, effective January 18, 2012

*** General Beth Austin was appointed to the Task Force in her previous role as Deputy Chief of Staff for Logistics, but was promoted to her current rank and position during the Task Force's work period [documents prior to June 2011 refer to her as "Colonel Beth Austin"]

****Mr. Stephens resigned his position effective September 7, 2011

*****Mr. Scholtes resigned his position effective September 30, 2010

The Task Force's purpose was to study the transportation and logistics needs of North Carolina currently and in the future to allow it to compete aggressively in the 21st Century economy. Also, the Task Force was directed to study North Carolina's transportation infrastructure and determine how best to move people and goods in and throughout the state to engage in the national and global marketplace.

The general concept of the Task Force was originally proposed and recommended in *the 2008 Statewide Logistics Plan* which was developed at the direction of the Office of State Budget and Management by the North Carolina State University Institute for Transportation Research and Education (ITRE). That study examined the state's transportation assets on a broad level and offered suggestions regarding governance modification and development.⁴ Further discussion about the *2008 Statewide Logistics Plan* is found in "History and Geography".

In creating the Task Force, Executive Order 32 charged the following:⁵

- Conduct a thorough inventory and evaluation of existing public and private transportation and commerce assets, including ports, inland ports, airports, highways, railroads, major distribution centers, and business and industrial parks.
- Report on the current system for moving goods and people, including the condition of the system, its overall performance, and its safety.
- Project future needs for the state's multi-modal transportation system and explore challenges and opportunities in meeting those needs.
- Identify relevant research and best practices in transportation and logistics from other states.

⁴ "Statewide Logistics Plan for North Carolina":

http://www.ncdot.org/download/business/committees/logistics/StatewideLogisticsPlan_080513.pdf

⁵ Executive Order 32: http://www.ncdot.org/download/business/committees/logistics/executive_order_32.pdf

- Inventory current laws, rules, policies, processes, and organizational structures that affect the movement of people and goods across the state and make recommendations for changes to improve the efficiency and safety of our transportation system.
- Explore innovative ideas in transportation and economic development that can help support the state's logistics capacity, including public private partnerships.
- Make additional short-term and long-term recommendations to create an integrated logistics plan for North Carolina.

Through these directives, the Task Force began its work in February 2010. As will be detailed further, a statewide analysis plan was devised by Task Force leadership in an effort to both complete its required inventory of the state's transportation assets and encourage involvement by local officials and interests into the overall process.

HISTORY AND GEOGRAPHY

Since its founding, transportation has been a key factor to North Carolina's growth and success. As a state which traverses more than 40,000 square miles⁶, it has been necessary to develop efficient systems to move goods from the mountains to the coast as quickly as possible. One of the primary drivers behind the state's growth was its primarily agrarian economy.

The state's highway system was first conceptualized in 1921 by Governor Cameron Morrison as a method of connecting farm to market. Known as the "good roads governor,"⁷ he proposed a system to connect every county seat by a hard surface road. It was the advent of the age of the automobile and trucking, and his vision was to have good routes of transportation for all of North Carolina. The cost of construction of these roads was principally funded by a \$50 million bond passed by the legislature during the 1921 session. The project built roughly 5,500 miles of road and the bonds were financed by receipts from automobile and gasoline taxes.⁸

Morrison's vision led to the large number of roads now existing in North Carolina and his concept was later given a tremendous boost by the creation of the Interstate Highway System proposed by President Dwight D. Eisenhower in 1956 through the Federal Aid Highway Act.⁹

Currently, North Carolina maintains over 80,000 miles of hard surface roads with state tax dollars, more than any other state.¹⁰ By comparison, Georgia, a state larger in area (roughly 57,000 square miles¹¹) than North Carolina, maintains only 18,000 miles of hard surface roads with state dollars.¹² Also, Georgia relies heavily on local taxes and local obligation to maintain the balance of their system.

2008 STATEWIDE LOGISTICS PLAN

As has been previously discussed, the *2008 Statewide Logistics Plan* was developed at the direction of the Office of State Budget and Management by the North Carolina State University Institute for Transportation Research and Education (ITRE) and was a significant influence on the creation of the Logistics Task Force, as well as a reference for much of the Task Force's work product. The study examined the state's transportation assets on a broad level and offered suggestions regarding governance modification and development.

Based on its analysis, the study offered recommendations based on seven (7) categories:

- 1) Embolden the Knowledge-Based Economy

⁶ "North Carolina Census Quick Facts": <http://quickfacts.census.gov/qfd/states/37000.html>

⁷ "North Carolina Governors: Cameron Morrison":
<http://www.governor.state.nc.us/contact/governors/cameronMorrison.aspx>

⁸ *Ibid*

⁹ Federal Aid Highway Act: http://nationalatlas.gov/articles/transportation/a_highway.html#three

¹⁰ www.ncdot.gov

¹¹ "Georgia Census Quick Facts": <http://quickfacts.census.gov/qfd/states/13000.html>

¹² "Georgia: Transportation" <http://www.georgiaencyclopedia.org/nge/Article.jsp?id=h-2444>

- 2) Support Existing Industries
- 3) Transform NC DOT into an operations-based agency
- 4) Facilitate Pass-Through Traffic
- 5) Support Import/Export Activity
- 6) Partner with Military Investments
- 7) Support Innovations in Transportation Infrastructure

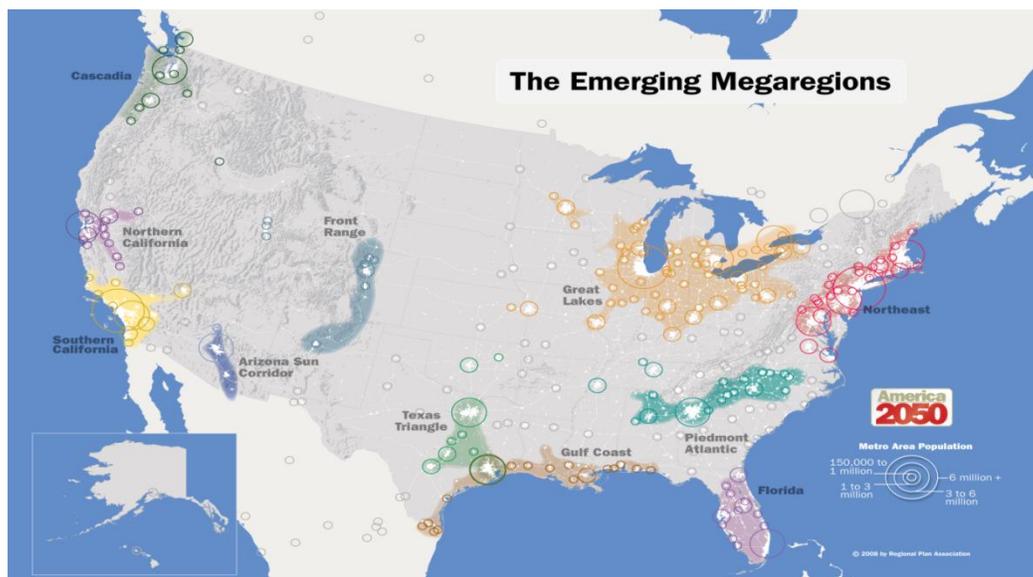
Under each of these sections, the study team provided various recommendations, typically scaled based on the time horizons of “short term; medium term; and long term”.

NORTH CAROLINA'S FUTURE

Due to the fact that North Carolina has so many hard surface roads and because of its ideal location on the East Coast, it has been recognized by many outside observers as an area which is well situated to be a leader in logistics, transportation, and distribution. Because of its location, infrastructure, wonderful climate, diverse geography, and excellent business climate, among other things, North Carolina has grown by 1.5 million people since 2000, making it one of the fastest growing states in the nation.¹³ It was one of only six states to grow by more than 1 million people during the decade. Furthermore, it is anticipated that the rate of growth will continue, if not accelerate.

This growth is not unique to just North Carolina. The America 2050 Commission has been tasked with examining the upcoming infrastructure, economic development and environmental issues which will face the country. Through their analysis, the Commission focused on a concept of “megaregions” which they describe as “large networks of metropolitan areas, where most of the population growth by mid-century will take place”.¹⁴ There are forty commonly-accepted “economic hotspots” in throughout the world. . Ten of these are in the United States: Florida; Piedmont Atlantic; Northeast; Great Lakes; Gulf Coast; Texas Triangle; Front Range; Arizona Sun Corridor; Southern California; Northern California; and Cascadia. Included below is a map which presents each of these regions and the areas that they encompass.

*America 2050 Megaregions*¹⁵



¹³ “1.5 Million More Call North Carolina Home,” Raleigh News & Observer, 22 December 2010,

<http://www.newsobserver.com/2010/12/22/875802/15-million-more-call-north-carolina.html>

¹⁴ “About America 2050”: <http://www.america2050.org/about.html>

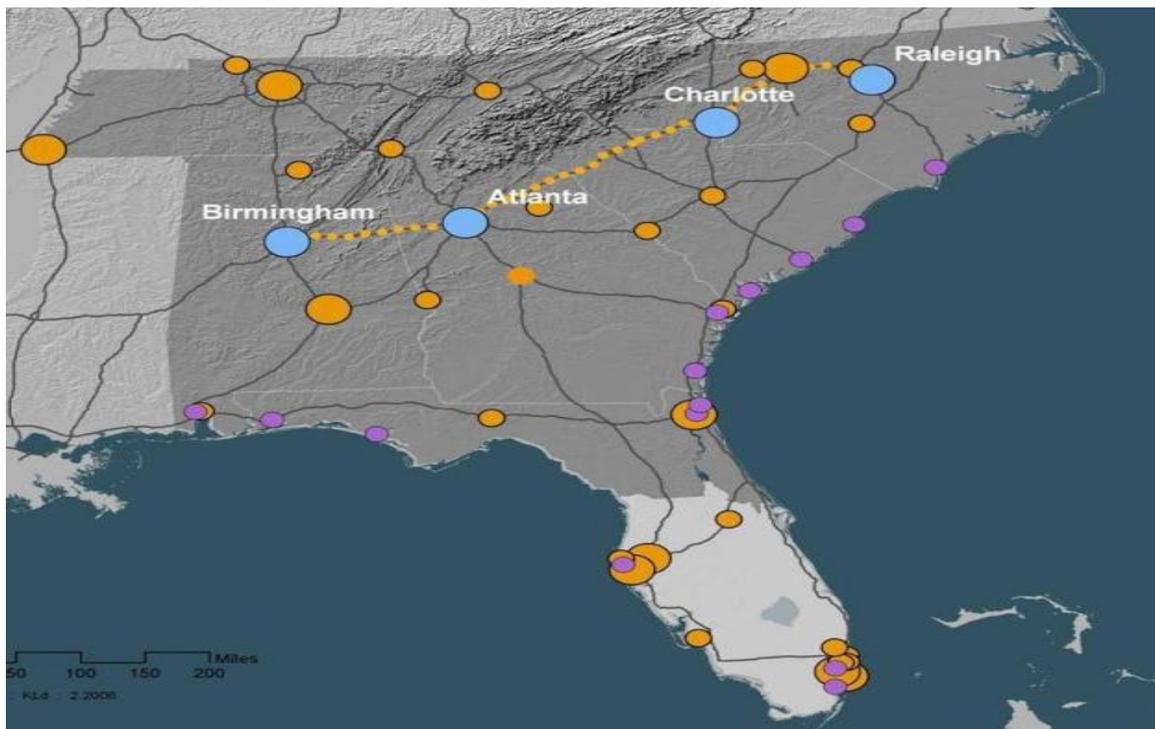
¹⁵ “America 2050 Megaregions”: http://www.america2050.org/images/2050_Map_Megaregions2008_150.png

The Piedmont Atlantic Megaregion is one of particular interest to North Carolina as it works to address its' future growth. This area runs from Raleigh to Atlanta, primarily along the I-85 Corridor. According to analysis by the Georgia Institute of Technology, the “Piedmont Atlantic” region is the 8th largest “hotspot” in the world.¹⁶ The America 2050 Commission characterizes the region as follows:

The low cost of living and high quality of life in the Southeast are two reasons for this megaregion's booming population, which is anchored by Atlanta but stretches east to Raleigh, North Carolina and west to Birmingham, Alabama. The region is facing challenges associated with its growing population, such as increased traffic congestion, runaway land consumption, and inadequate infrastructure, which it hopes to address with sustainable solutions.¹⁷

The map below shows the full expanse of the region and the adjoining chart details the regions characteristics and the projections for growth.

Piedmont Atlantic Megaregion¹⁸



¹⁶ “Piedmont Atlantic Region”: http://www.cqgrd.gatech.edu/program_areas/megaregions/pam.php

¹⁷ “Piedmont Atlantic” http://www.america2050.org/piedmont_atlantic.html

¹⁸ “Piedmont Atlantic Region”: http://www.cqgrd.gatech.edu/program_areas/megaregions/pam.php

Region Characteristics ¹⁹	
Location	Southeast U.S.
Principal Cities	Atlanta, Birmingham, Raleigh-Durham, Charlotte
Population (2010)	17,611,162
Percent of U.S. Population	6%
Population (2025)	21,687,449
Population 2050	31,342,393
Projected Growth (2010 - 2050)	78.0 percent (13,731,231)
2005 GDP	\$485,753,000,000
Percent of US GDP	4%

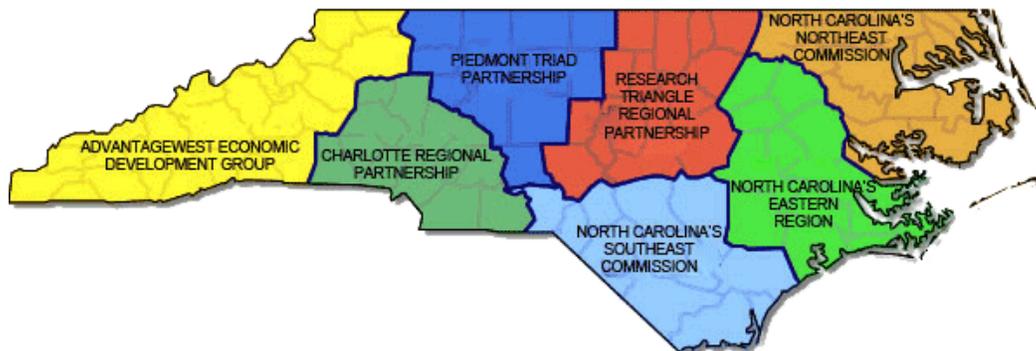
However, there can be downsides to rapid growth. It is widely understood that this growth will place a significant amount of stress upon North Carolina's transportation infrastructure. Currently, there are 40 billion dollars in unfunded transportation needs in North Carolina, according to a study by the North Carolina Department of Transportation.

¹⁹ "Piedmont Atlantic" http://www.america2050.org/piedmont_atlantic.html

TASK FORCE METHODOLOGY

Early in planning this process, the leadership of the Task Force felt it was important for its members to travel to different regions of the state to conduct hearings. The purpose of this was four-fold. First, they wanted to hear firsthand from the people and get their input on the needs of their respective region or area. Second, they wanted the people to know that the work of the Task Force would not be Raleigh-centric. It would be responsive to the true needs of the state. Third, the leadership thought it was important for the members of the Task Force to travel the state and experience the variance in topography and economic cultures. It was hoped that by doing so, members would become less focused on their own areas and get a better appreciation for statewide needs. Finally, it was understood by the leadership that whatever conclusions were reached, it would cost money to implement a plan and support by a majority of the people would be necessary.

The Task Force chose to structure its statewide outreach based on the seven economic development regions as it felt that these regions best illustrated the state related to economic forces.



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The Task Force leadership also agreed, per the *2008 Statewide Logistics Plan*²¹, that there was a strong need for “inland ports” in North Carolina. Also it was noted that the Appalachian Regional Commission (ARC), a federal entity, had commissioned its own study, “Western North Carolina Inland Port Feasibility Study”, which recommended specific locations in the western part of the state for inland port development.²² The results and recommendations of both studies are discussed further later in this report.

²⁰ http://triadsustainability.org/?attachment_id=656

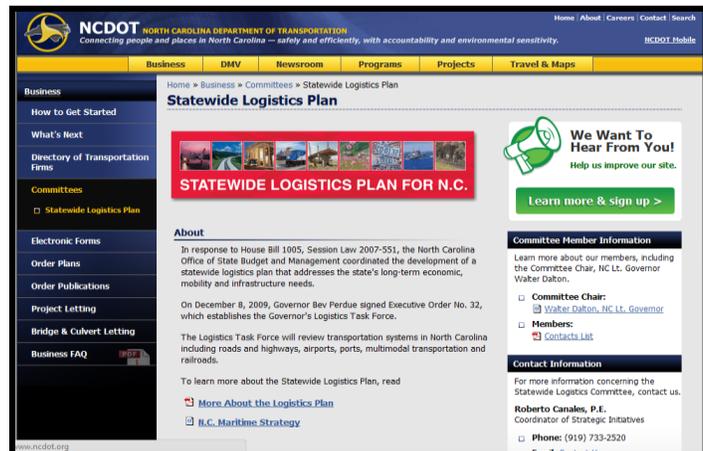
²¹ “Statewide Logistics Plan for North Carolina”:
http://www.ncdot.org/download/business/committees/logistics/StatewideLogisticsPlan_080513.pdf

²² “Western North Carolina Inland Port Feasibility Study”:
http://www.wcu.edu/WebFiles/PDFs/WNC_Inland_Port_Feasibility_Study.pdf

In order to examine this directive further, the Task Force recommended a study to determine if an inland port would be economically prudent and physically possible in each of the seven economic development regions, similar to the approach taken by Governor Morrison in his effort to connect farm to market. It was hoped that this would lead to a statewide vision which would help to focus on road and rail corridors that would be critical to commerce in the future, as well as gauge the flow of commerce through our ports and airports. Also it was proposed that this study would help to synergize and focus many ongoing efforts across the state to develop industrial locations, and that each economic region would derive a direct benefit. Called the *Seven Portals Study*, the effort was undertaken by numerous UNC-system institutions over a yearlong period, with regular comment and review by the Task Force and its respective subcommittees. The study is detailed further below in the section entitled “Seven Portals Study”.

The Task Force leadership also appointed four subcommittees to work in tandem with the overall group. Those subcommittees are: Governance, Commerce, Best Practices, and Regional Hub Design. Further discussion of their charges and resulting work products can be found in the section entitled “Subcommittees”.

A website was designed by NCDOT Communications staff to present information relevant to the general public about the Task Force, its members, and the work products generated by the group and its respective subcommittees. Also, this site allowed for members of the public to submit comment for review or further analysis by the Task Force and its staff. The website is found at <http://www.ncdot.gov/business/committees/statewidelogistics/>.



Utilizing leadership's direction, the Task Force conducted meetings across the state, covering all seven economic development regions and a majority of the fourteen (14) NCDOT divisions. Copies of the minutes and presentations made at each meeting are included in Appendix I. Information from each regional overview is also presented in this report in the section entitled “Regional Analysis Results” and its accompanying subsections. From those the Task Force began its working sessions to drive at the recommendations which will follow.

TASK FORCE MEETINGS

As has been previously discussed, the Task Force decided to begin their work with a statewide analysis which centered on the seven economic development regions. It was thought that these seven regions best represented the state as a whole and the driving commercial forces which direct transportation. It was felt that by actually going to each respective area, members would better understand the needs of that region and would be able to better devise plans for improvements.

As shown in the map below, the Task Force held regional analysis meetings in the following locations: Charlotte, Thomasville, Asheville, Cullowhee, Lenoir, Kinston, Elizabeth City, Wilmington, Morehead City, and Durham. The specific locations of each of these meetings are included are found in the chart below.



Region	Location
Northeast	<i>Elizabeth City</i> —Elizabeth City State University <i>Rocky Mount</i> —Nash Community College
East	<i>Morehead City</i> —Carteret Community College <i>Kinston</i> —North Carolina Global TransPark
Southeast	<i>Wilmington</i> —Cape Fear Community College <i>Fort Bragg</i> —NCNG 139 th Regional Training Institute
Research Triangle	<i>Durham</i> —North Carolina Central University
Piedmont Triad	<i>Thomasville</i> —Davidson County Community College
Charlotte	<i>Charlotte</i> —Charlotte Douglas International Airport <i>Lenoir</i> —Broyhill Civic Center
Advantage West	<i>Asheville</i> —Asheville Civic Center <i>Cullowhee</i> —Western Carolina University

The Task Force also held meetings specifically focused on discussing the importance of two of the state's largest industries, agriculture and military. These meetings took place in Rocky Mount (agriculture) and Fort Bragg (military). In addition, the state's third largest industry, tourism, was imbedded in many presentations throughout the state, especially those areas in which it is a primary player in their respective economy [i.e. Northeast, East, Southeast, and Advantage West].

Upon the completion of the Task Force's regional analysis in May 2010, the group began its working sessions at NCDOT in Raleigh for the remainder of its work.

Included in Appendix I of this document are the minutes and presentations from each of the Task Force's meetings.

SUBCOMMITTEES

In order to complete its tasks and address specific areas of interest, the Task Force appointed four subcommittees: Commerce, Governance, Best Practices, and Regional Hub Design. The membership listing for each subcommittee is as follows:

SUBCOMMITTEES²³			
<u>Best Practices</u>	<u>Governance</u>	<u>Commerce</u>	<u>Regional Hub Design</u>
Dan Danieleley- Chair	Gen. Beth Austin- Chair	Larry Wooten- Chair	John Atkins- Chair
Dr. Paul Kauffman	Sec. Gene Conti	Allen Joines	Sec. Dee Freeman
Dr. Gary Teng	Sec. Dee Freeman	Terry Bellamy	Dan Danieleley
Dawn Clegg	Earl Brinkley	Bob Morgan	Earl Brinkley
Buddy Shavender	Dee Blackwell	Paul Kauffman	David Willauer
	Tom Eagar	Nelson Cole	Pat Long
	Jerry Orr	Lew Ebert	David Congdon
	Sen. Clark Jenkins	Sen. Michael Walters	Tom Eagar

Each subcommittee received a specific charge related both to its area of focus, as well as to the specific areas of expertise of its members. Listed below are charges for each of the respective groups.

The Commerce subcommittee was charged with examining the state’s largest exporters, determining where their products are going and by what method of transportation those products leave the state. Also, they have been investigating what can be done to help them move freight in a more rapid and efficient fashion, as well as what is currently working, and what steps are needed for improvement.

Governance subcommittee was charged with reviewing the current operational structure of North Carolina’s freight logistics and other transportation assets, and with making recommendations as to potential improvements.

The Best Practices subcommittee was directed to study what other states and/or countries have done successfully in regards to logistics that North Carolina might want to emulate.

Finally, Regional Hub Design subcommittee was tasked with exploring the feasibility and design of regional transportation hubs to make sure the entire state of North Carolina is able to move goods efficiently. The subcommittee was also designated to work closely with the multi-

²³Subcommittee membership is listed as reflected in the original assignments made by the Chair. No adjustments were made to reflect resignations from the Task Force

university *Seven Portals Study* research team, and make recommendations on characteristics and proposed locations of inland ports and/or other multi-modal freight facilities.

The work of the respective subcommittees is detailed further herein as much of their work has resulted in significant recommendations to the overall Task Force. Following their work, each respective subcommittee submitted recommendations for the Task Force's consideration. These recommendations were presented at the Task Force's August 23rd, 2011 meeting and examples are highlighted below. The full reports of each subcommittee are provided in Appendix II, as well as the minutes of each of the subcommittee's respective meetings.

SELECTED SUBCOMMITTEE RECOMMENDATIONS (AUGUST 2011)

REGIONAL HUB DESIGN SUBCOMMITTEE

**During the August 23, 2011, the Regional Hub Design Subcommittee provided a report summarizing its work to date on the *Seven Portals Study*. That document was incorporated into the final revisions to the *Seven Portals Study*.

Following that presentation, the subcommittee chose to develop further recommendations to the Task Force regarding other areas of their charge and the Task Force's work as a whole. Those recommendations were presented to the Task Force on October 12, 2011 and are listed below.

- Statewide Intrastate Connectivity
 - Highway 70 upgrade (Havelock Bypass, Goldsboro Bypass, Kinston Bypass, Gallants Channel Bridge, North Carteret Bypass)
 - I-74 upgrade from Wilmington to Charlotte
 - Upgrade all of US 74/76 to interstate standard
 - Completion of the Monroe Bypass
 - Reroute I-74 design (from the Green Swamp route) to connect to the I-140 bypass
 - US 74/76 short-term improvements (right of way/access management/grade separations)
 - Maintenance and expansion of I-85 and I-95 to accommodate population growth and movement of freight within and outside of North Carolina.
 - Beltways must be developed and/or expanded to provide bypass and effective traffic flow on major interstate highways
 - Complete Wilmington Bypass (I-140) and the Cape Fear Skyway Bridge
 - A source of funding, i.e. tolls or tax, must be identified and enacted to support highway infrastructure requirements
 - Designation of I-20 along I-95 and US 74/76 to Wilmington (from Florence, SC)
 - Highway access to major military installations must be maintained and/or expanded as required
 - Highway 87 Wilmington to Fayetteville/Ft. Bragg
 - Highway 17 Wilmington to Camp Lejeune

- Highway 24 Camp Lejeune to Port of Morehead City
- Agriculture
 - The Logistics Coordinating Council should create a work group to undertake the study of agricultural products to determine the requirements to handle these products in a cost effective manner, how products move today and why, and what action would be required to offer a competitive service utilizing North Carolina's ports.
- Military
 - Fund and support the Eastern Region Military Growth Task Force's Defense Logistics Initiative to secure military maintenance and repair facilities with equipment/vehicles moving over North Carolina's ports.
 - Both Agriculture and the Military are crucial components of North Carolina's economy, and their continued vitality and growth should be protected from encroachment through forward thinking land use planning.
- Rail Infrastructure
 - Fund and complete the Pembroke Northern Bypass rail connecting track, which would allow efficient and timely rail access between Ft. Bragg and the Port of Wilmington, and provide a direct connection between Ft. Bragg and MOTSU.
 - Complete the CSX-Ft. Bragg Connector to allow Ft. Bragg movement within Fayetteville that will make the Port of Wilmington a more attractive destination than competitors.
 - Complete the Castle Hayne to Wallace rail corridor to allow freight and passenger trains to travel directly from Goldsboro to Wilmington.
 - Secure competitive double stack service between Port of Wilmington and Charlotte, which is critical to the continued growth in liner services, market share, and the Port's ability to compete with neighboring South Atlantic ports.

GOVERNANCE SUBCOMMITTEE

- Completion of further analysis regarding the establishment of an “overarching authority” which can coordinate the actions of numerous entities related to transportation.
 - The subcommittee believes that such authority could rest with the Secretary of Transportation, but felt that such a decision should not be made without full consideration of all parties involved and their specific organizational structures.
 - The subcommittee did agree that any new “overarching authority” would need to have the ability to make decisions, but to do so in a fair and equitable process.
- Logistics Coordinating Council
 - The subcommittee recommends that stronger language be used regarding the “Proposed Projects” for the Council as laid out in the establishing documents. The subcommittee recommends that three of the projects be classified as “Organization and Processes” and be prioritized as follows:
 - i. Work to create a Logistics Division under the operational structure of the North Carolina Department of Transportation—i.e. a “one-stop-shop”

- ii. Establish a reporting structure for managers of NCGTP, NCSPA, and NCRR, respectfully, reporting directly to the Secretary of Transportation
- iii. Explore and develop innovative financing for development of future infrastructure improvements for logistics, including public-private partnerships and local financing options by leveraging state assets to provide opportunities to attract private capital
- Recommends that the Secretary of Transportation consider incorporating private business representatives into the membership of the Council recommends that an Advisory Group be created which allows for private business and other outside entities to provide comment and advice to the Council.
- The subcommittee feels that consideration should be given to incorporating representation from the North Carolina Department of Environment and Natural Resources into the Council's membership, specifically through the Secretary's appointments.

BEST PRACTICES SUBCOMMITTEE

- North Carolina should create “Logistics Authority” or “Logistics Division,” to be operated within the NC Department of Transportation
 - The separate positive impacts of these assets can be magnified if they were all “under one roof,” so to speak. The three entities operating in a new NCDOT Logistics Authority would offer customers a unified, synchronized voice. The “one-stop shopping” opportunity would allow businesses interested in locating in North Carolina the opportunity to work with the NC Ports, the NC Railroad, and the NCGTP concurrently rather than consecutively, saving them time, effort, and resources as they choose where to invest.
- Recommend that North Carolina create a series of regional facilities that are both connected in practice to one another, and operate seamlessly with our State's transportation assets and the global trade system. These might vary in size and exact function due in part to the nature of the businesses that use them and the commodities they move, but they should all still share certain traits. Each would be a multi-modal transload facility with assembly, distribution, handling, and customs-related capabilities.
- Recommend that North Carolina work to enhance and support the military by working to secure the direct service air-travel needed between Fayetteville and Washington, D.C.

COMMERCE SUBCOMMITTEE

- Recommends that a closer examination of the North Carolina State Ports Authority's sales and marketing operations be undertaken. It is recommended that this analysis examine a myriad of factors including, but not limited to the marketing plan of the Authority; the sales methodology employed by the persons responsible for port promotion to both export/import customers, as well as the attraction of shipping lines; the ability and authority of sales staff to have the direct ability to act regarding the needs/wants of prospective customers; and the previous efforts which have been made to contact North Carolina-based companies.

- Recommends that more efforts need to be undertaken by the state to ensure competitive rail pricing for the movement of goods across North Carolina. The subcommittee also recommends that, through the current work of the USDOT Surface Transportation Board, dialogue between the state and the respective rail organizations operating in North Carolina needs to continue, and in many cases, be increased from current levels.
- Recommends that further study be completed regarding improving access to both port facilities. This study should include an examination of routes to and from the port, as well as discussion regarding new infrastructure development. The subcommittee recommends that analysis be completed of the infrastructure supporting neighboring port facilities such as those in South Carolina, Virginia and Georgia.
- Recommends that analysis be done into the development and utilization of alternative funding mechanisms for road infrastructure improvements.
- Recommends that continued analysis be done into the impact that regulations have on the movement of goods throughout the state by way of roads/highways. This analysis can include truck weight and axel laws, cohesion between federal and state regulations, as well as many other topics.
- Recommends that work continue on this project as it would serve as a vital connection to a thriving tourism asset, as well as the farthest western reaches of the state.
(Andrews/Murphy)

SEVEN PORTALS STUDY

In an effort to understand the current situation and future possibilities of North Carolina's transportation and logistics infrastructure, the Task Force approved the creation of an academic investigation into the types of inland ports or other multi-modal freight facilities that might best serve the state's respective regions. Called the *Seven Portals Study*, the Task Force vision for this research was to examine the feasibility of placing an inland port facility in each of the seven economic development regions.

The Institute for Transportation Research and Education of North Carolina State University served as the primary investigator for this study with individual region-specific research being handled by representatives from other UNC-system institutions. The Universities involved and their respective study region are as follows:

Region	University
Northeast	East Carolina University
East	UNC-Chapel Hill
Southeast	UNC-Greensboro
Research Triangle	NC State University
Piedmont Triad	NC A&T State University
Charlotte USA	UNC-Charlotte
Advantage West	NC State University (with review by Western Carolina University)

In addition to the seven regions approach, the Task Force wanted to learn from those sectors of the economy which demand the greatest logistics support and to learn what commodities will drive commerce in the future. Agribusiness, the military and tourism are main drivers today, but previous analyses have suggested that biotech, aerospace, computers, pharmaceuticals, and others may have a more significant impact to the future economy. Furthermore, this mix varies from region to region, as will be noted in more detail in this report.

In an effort to illustrate areas and/or sites which either could already support inland port activity, or which had significant potential to be developed as inland port facilities, the study teams focused on numerous, regionally specific criteria. These illustrative sites ran the gamut from large, already developed industrial parks to airports, seaports and other large tracts of land identified by local economic developers. Listed below are the more than thirty (30) sites identified by the respective regional teams.

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NORTH CAROLINA’S NORTHEAST	
	Ahoskie (including the Tri-County Airport) Edenton (including the Northeastern Regional Airport) Elizabeth City (including the Elizabeth City/USCG Air Station) Williamston (including the Martin County Airport) “Import/Export Village”
NORTH CAROLINA’S EASTERN REGION	
	North Carolina Global TransPark Port of Morehead City Rocky Mount and Edgecombe County Kingsboro-Rose Megasite Jacksonville (including the Albert J. Ellis Airport)
NORTH CAROLINA’S SOUTHEAST	
	Laurinburg-Maxton (including the Laurinburg-Maxton Airport) Fayetteville (including the Fayetteville Regional Airport) International Logistics Park (Columbus/Brunswick Counties) Wilmington International Airport Port of Wilmington
RESEARCH TRIANGLE REGIONAL PARTNERSHIP	
	Raleigh-Durham International Airport Sanford-Lee County Executive Jetport Johnston County Triangle North Properties
PIEDMONT TRIAD PARTNERSHIP	
	Aerotropolis Village Winston-Salem/Smith Reynolds Airport Alamance County Industrial Development Area and Burlington-Alamance Regional Airport Davidson County
CHARLOTTE REGIONAL PARTNERSHIP	
	Charlotte and Mecklenburg County Monroe and Union County Salisbury and Rowan County Statesville and Iredell County
ADVANTAGE WEST	
	Valley River Valley Asheville Isothermal Belt Wilkes County

In addition to the presentation of these respective illustrative sites, the study team presented numerous findings related their illustrative sites, as well as many of the major economic forces present in the state. These findings, as summarized in the report’s “Executive Summary”, are listed below.

Main Findings: ²⁴

- *The state has to partner with the private sector in this initiative. Its supply-push investments need to be linked to demand-pull initiatives undertaken by the business sector.*
- *The state needs to partner with organizations like the regional partnerships and the Eastern Band of the Cherokee Indians to work locally with business to transform commerce ideas into reality.*
- *These organizations also need to partner with one another - and with their neighboring states where appropriate - assisted by state-level leadership - to achieve the greatest common good.*
- *Economic sectors around which the infrastructure investments can be focused include: agriculture, military support, aerospace, transportation and logistics, manufacturing, health and wellness (biomedical, pharmaceutical, and rehabilitation), and tourism.*
- *The inter-dependencies among these sectors need to be recognized and supported. A good example is the tight connection between agricultural activity and military support.*
- *Land conservation and zoning measures should complement business activity, such as preserving agriculture land near military bases and over fly zones and restricted zoning for both land use compatibility and height issues surrounding airports.*
- *High quality higher education and information outreach is critical for continued business prosperity and growth in many areas, e.g., biotechnology, gaming, and healthcare.*
- *International portals can help tie the state to the world. This includes ocean-side ports as well as inland ports - locations where goods can pass through US Customs. Via these portals, North Carolina can engage more directly in international commerce.*
- *A portal in every economic development region is a somewhat bold move; but it would tie every local North Carolina doorstep more closely to the world economy. It would be the 21st century equivalent of building the farm-to-market roads. To make this happen, partnering with US Customs, the US Department of Agriculture, and possibly other federal agencies would be critically important. Some portals might be large; some small; and they could have varied scopes and purposes that reflect regional identities. Connectivity is the key.*
- *Such portals already exist in some of the regions, like Wilmington (port and ILM), Morehead City (port), RTP (and RDU), Charlotte (and CLT), and Greensboro (and PTI). Other places that could be considered include GTP, Asheville (and AVL), the I-95/US-70 vicinity (e.g., Selma/Smithfield), and the I-95/US-74 vicinity (e.g., Lumberton/Maxton). This list is not exhaustive. The regional reports describe more than 30 sites. Two regions lack portals: North Carolina's Northeast and Advantage West.*
- *Increased support for domestic transportation and distribution is also important. The state is in a natural location to play a prominent role in logistics along the eastern seaboard. Future demands for highway, rail, and water commerce-intrastate and interstate-will identify gaps in existing infrastructure where investments now will facilitate goods movements later.*

²⁴ Seven Portals Study: Master Report, pp. 1-3

- *Both transportation and land use need to be planned. After careful environmental analysis, rights-of-way need to be set-aside for future network growth. And those choices then need to have staying power, so the facilities can eventually be built. The state also needs to engage in strategic land use partnerships with the counties and local governments.*
- *The state needs to make investments that help businesses grow, without over investing. It needs to invest where its dollars can make the biggest difference; and where private sector dollars are relatively scarce and need to be attracted to help the local economy grow faster. For example, investments in the Andrews/Murphy area, made in partnership with the Eastern Band of the Cherokee Indians, have the potential to be a game-changer for that part of the state.*
- *The state needs to take incremental steps by advancing supply-push initiatives to sensible milestones - while not expending scarce public funds to create underutilized facilities. At the same time, businesses must be engaged to use new infrastructure in support of their needs (demand-pull).*
- *North Carolina should become the "best wired" state in the nation. This would attract businesses that are IT-intensive (and typically high-valued products and jobs). The service should be ubiquitous, wired and wireless. Businesses could manage their day-to-day activities anytime, anywhere, seamlessly.*
- *The state should make more extensive use of the North Carolina Railroad (NCRR). NCRR could help build statewide rail service that provides greater accessibility, higher capacity, better competitive rates, shorter lengths of haul, and more frequent service. The state should grow the network of short lines, play a greater role in rail network planning and service provision, freight and passenger, and work with the Class 1 railroads to find win-win solutions. Rail improvements would support both intrastate and interstate commerce and passenger travel, and these demands should be known prior to new investments.*
- *The state should invest in its ports. The reason is more related to exports than imports. North Carolina can capitalize on its agricultural and other natural assets and help the US with its balance of trade challenges.*

The full text of the study is included as Appendix III of this report and is also available electronically at <https://apps.dot.state.nc.us/Projects/Research/ProjectInfo.aspx?ID=2761>.

The Task Force took the information presented by the study team and incorporated it into further portions of this report, especially in the respective regional reports found in the “Regional Analysis” section of this report.

NORTH CAROLINA MARITIME Strategy

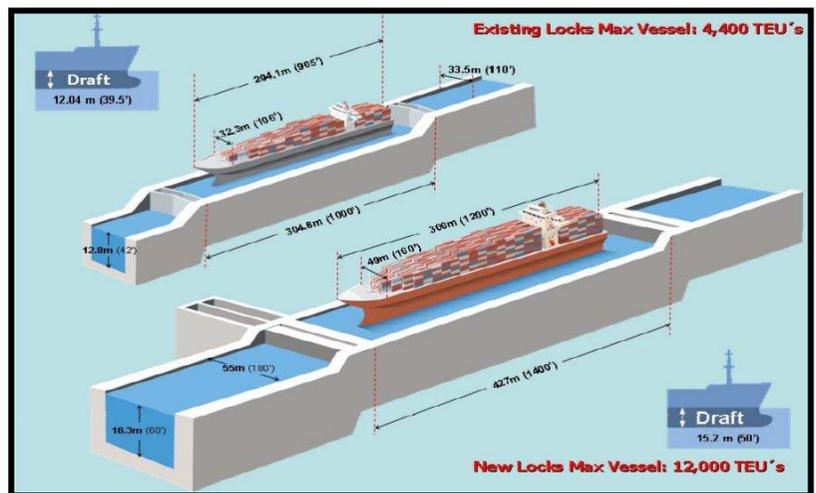
Through the work of the Task Force, the importance of the maritime industry to the state has been made abundantly clear. North Carolina has a long and illustrative history in the industry due to its great coastline and central location along the eastern seaboard. Dating back to before the Revolutionary War, North Carolina's port cities have been used to export products such as naval stores (tar, pitch, and turpentine), cotton, and timber.

Currently, North Carolina maintains two seaports in Wilmington and Morehead City. The Port of Wilmington serves as the state's only container port, while the Port of Morehead City provides service for bulk and break-bulk commodity shippers. Over the life of each of these facilities, both have been modified in an effort to ensure that they meet the needs of their respective customers, as well as the ever-changing nature of the maritime marketplace.

Through the work of the Task Force, the importance of the maritime industry was prominently presented. Due to the complexity and breadth of the issues which needed to be considered, leadership believed that this issue merited its own separate study. The need for the study was accelerated due to the on-going Panama Canal and Suez Canal improvement projects. As shown, new locks are being constructed which will be able to accommodate larger vessels.²⁵ These locks are designed to allow larger ships to transit the Canal, some of which can carry roughly 12,000 TEU.

This project is scheduled to be completed in 2014 and will allow vessels with a fifty foot (50') draft [also called "Post-Panamax" vessels] to traverse the channel.

Currently, the only East Coast port equipped to handle such vessels are the Hampton Roads terminals of the



Designation	TEU Capacity	Year	Length	Beam	Draft
Panamax	3,000-5,000	1980	965 ft	106 ft	39.5 ft
Post-Panamax	5,000-6,000	1992	1,043 ft	128-138 ft	49 ft
5th & 6th generation	5,000-8,700	1997	1,148 ft	128-138 ft	49 ft
Neo Panamax	10,000-13,000	2009	1,200 ft	160 ft	49.9 ft

²⁵ <http://www.pbcpanama.com/lockexpansion.jpg>

Port of Virginia (Norfolk International Terminal and APM Terminal).²⁶ Other ports have expansion/deepening projects proposed, but none have been completed at the time of this report.

Based on this information, the Task Force proposed that the study focus on determining the state's current and future status in the maritime marketplace. It was proposed that the study consider all options related to the development of maritime/port infrastructure (i.e. from a “do nothing” option to a full-scale development capable of accommodating any active or proposed vessel in the marketplace). It was thought that consideration should also be given to understanding the markets for goods in which the state could compete in now or in the future (i.e. under-utilized assets/commodities). Due issues which arose due to the North Carolina State Port Authority's proposed “North Carolina International Terminal” project in Brunswick County, leadership believed that this study needed to be conducted by firms with significant experience in the maritime industry, as well as those who had not previously completed work for the North Carolina State Ports Authority. The Task Force directed NCDOT to engage such a firm. In May 2011, NCDOT entered into a contract with two firms, AECOM and URS, who both have significant experience in the maritime industry, as well as in North Carolina.

Included below are the mission and process for the study which was devised by the respective teams.

Mission

The State of North Carolina has initiated the development of the North Carolina Maritime Strategy to serve as an open evaluation of North Carolina's position, opportunities and challenges as a portal for global maritime commerce. The study will examine the role that North Carolina ports play in sustaining and strengthening the State's economy, and identify specific strategies to optimize benefits received from the State's investments in port and associated transportation infrastructure. The North Carolina Maritime Strategy is being prepared as the expansion of the Panama Canal nears its scheduled 2014 completion, and the United States recognizes the increasing importance of exports to national and regional economic growth.

Study Process

- 1. Prepare a project work plan that outlines all aspects of the Maritime Strategy project.*
- 2. Prepare a comprehensive and ongoing public involvement program that will engage the public, private sector, government agencies and others.*
- 3. Review and evaluate prior studies to ensure that this current study builds upon past efforts.*
- 4. Collect and analyze additional data, as needed, to supplement information from prior studies. This effort includes a market analysis and an analysis of infrastructure and facilities.*
- 5. Construct a comprehensive Geographical Information Systems (GIS) database.*

²⁶ <http://www.portofvirginia.com/>

6. *Define maritime market scenarios in which the State could realize economic benefit. Special emphasis will be made to link potential market positions with industry in the State.*
7. *Define potential port improvements based upon maritime market scenarios from Task 6, above.*
8. *Define evaluation criteria for final Maritime Study recommendations.*
9. *Conduct analysis of potential port investment alternatives, including environmental screening, a cost-benefit analysis and funding/financing options.*
10. *Prepare a final Maritime Strategy report.*

One of the study's primary directives and a significant focus of the team's efforts was stakeholder and public outreach. Stakeholders were broadly defined and it was intended that a comprehensive and ongoing public involvement program would engage the public, agencies and others through a series of informational meetings, public workshops and focused discussions with industry, as well as environmental and community groups. Listed below is a chart of the respective direct stakeholder meetings which were held by the study team.

Group	Date
Stakeholder Meeting: NoPort Southport	June 13, 2011
Stakeholder Meeting: Save the Cape	June 13, 2011
Industry Stakeholder Meeting: Rail, Trucking and Distribution Workshop	July 21, 2011
Stakeholder Meeting: Southport - Oak Island Area Chamber of Commerce	July 21, 2011
Stakeholder Meeting: YesPort	July 21, 2011
Industry Stakeholder Meeting: Shippers Workshop	August 10, 2011
Industry Stakeholder Meeting: Agriculture Workshop	August 16, 2011
Industry Stakeholder Meeting: Shipping Lines/Ocean Carriers Workshop	August 30, 2011
Stakeholder Meeting: North Carolina Ports Committee (Morehead City)	September 28, 2011
Stakeholder Meeting: Clean County Coalition	September 28, 2011
Industry Stakeholder Meeting: Logistics and "Special Zones"	October 5, 2011
Industry Stakeholder Meeting: Military	October 6, 2011

The study team was also advised by an Advisory Council, made up of more than forty persons representing both the public and private sectors.

NORTH CAROLINA MARITIME STRATEGY ADVISORY COUNCIL

Name	Title	Company
John Atkins	Chair	North Carolina Railroad
Gen. Beth Austin	Assistant Adjutant General	North Carolina National Guard
Dr. Joy Bhadury	Associate Dean	UNC Greensboro Bryan School of Business and Economics
Dee Blackwell	Executive Director	Western Piedmont Council of Governments
Sec. Tom Bradshaw*	Former NCDOT Secretary	
Earl Brinkley	Director of Global Logistics (Ret.)	John Deere
Sen. Harry Brown	Senator	North Carolina Senate
Glenn Carlson	Chief Commercial Officer	North Carolina State Ports Authority
Jake Cashion	Director of Government Affairs	North Carolina Chamber
Vito Ciaccia	Director, International Operations	International Paper

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Dan Danieley	Manager	Burlington-Alamance Regional Airport
Steve Evans	AVP Ports and International	Norfolk-Southern
Bob Ford	Executive Director	North Carolina Poultry Federation
Gen. Thomas Gorry	Commanding General	Marine Corps Installations East
Charles Hall	Chief Executive Officer	North Carolina Soybean Producers Association
Dr. Woody Hall	Professor	UNC Wilmington Cameron School of Business
Paul Hargett	Vice President, Sales,	Mediterranean Shipping Company (USA)
Capt. Carroll Harris		Harris Boat Delivery and Seamanship School
Robert Hosford	International Trade Specialist	NCDA&CS—International Marketing
Tom Howard	Vice President, Government Relations	Domtar
Pat Long	Vice Chair	Longistics
Keith Lucas	Vice President, Marketing	Carolinas Cotton Cooperative
Mike Mabry	Executive Vice President, Logistics and Distribution	Lowes
Rep. Danny McComas	Representative	North Carolina House of Representatives
Leigh McNairy	Board Member	North Carolina Board of Transportation
Barbara Mulkey	Founder & Chairman of the Board	Mulkey, Inc.
Craig Mygatt	Senior Director, Commercial Planning	Maersk
Councilwoman Laura Padgett	Councilwoman	Wilmington City Council
Andrew Perkins	Board Member	North Carolina Board of Transportation
Dean Raymond Pierce	Dean	NCCU School of Law
Greg Plemmons	Vice President	Old Dominion Freight Line
David Powell	President & CEO	Piedmont Triad Partnership
Sen. Bill Rabon	Senator	North Carolina Senate
Mike Radak	Senior Vice President, Sales	Hanjin Shipping
Peter Reichard	Member	North Carolina Economic Development Board
Simon Rich	General Manager	Stevens Towing
Col. Jeff Ryscavage	Commander	US Army Corps of Engineers, Wilmington District
Russ Smitley	Vice President, Marketing	Aberdeen Carolina & Western Railroad
Curtis Struyk	Vice President	TMX Shipping
Col. Mark Sutherland	Executive Director	NC Eastern Region
Jim Van Derzee	Manager, Regional Development	CSX
Michelle Vaught	Manager, Public Affairs	PCS Phosphate
Larry Wooten	President	North Carolina Farm Bureau

Another significant aspect of the study's public outreach efforts were the three respective series of public outreach sessions. These meetings were held in Wilmington (Series 1-3); Morehead City (Series 1-3); and two locations in Brunswick County, St. James (Series 2) and Supply (Series 3). The intent of these meeting was to allow for members of the public to provide comment as to the content and direction of the study. Also, the meetings of series 1 served to meet the requirements of Executive Order 99. Executive Order 99 was signed by Governor Perdue on July 27, 2011 and directed the study team and the Department of Transportation to "specifically identify activities at and uses of the Wilmington and Morehead City ports that are

not incompatible with the underlying economic base and existing predominant economic sectors supported by the surrounding community.”²⁷

This information comes from the study website which can be found at <http://www.ncmaritimestudy.com/>. Included in Appendix IV of this report is the full study findings and the accompanying recommendations.

²⁷ Executive Order 99: <http://www.governor.state.nc.us/newsItems/ExecutiveOrderDetail.aspx?newsItemID=1941>

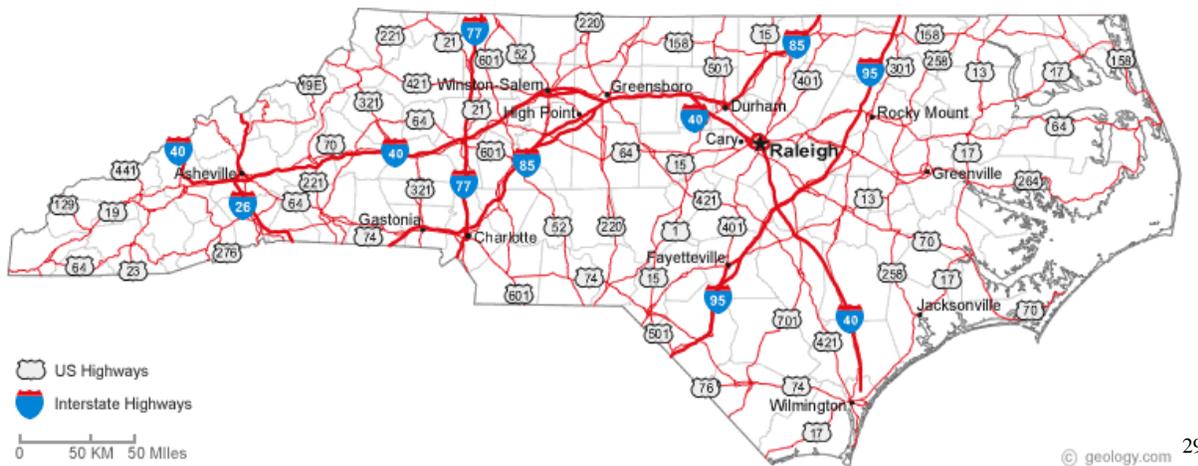
STATE TRANSPORTATION ASSET INVENTORY

As a part of its directive, the Task Force was required to develop an inventory of the state's transportation assets. Much of this came as an organic function of the group's statewide outreach process, but a significant portion was drawn from the information provided by the respective presenters and also from the *Seven Portals Study*. The inventory is broken down into five different groups: roads, railroads, aviation, ports, and specialty assets [waterways, barges, and ferries]. Each of the presentations is by no means meant to be an exhaustive display of the entirety of the specific assets in each area. The Task Force has incorporated much of the information gleaned from its inventory into the overall direction of its recommendations which are included at the end of this report. Included in Appendix V is a listing of the agencies/organizations responsible for the operation and maintenance of said assets and who assisted in the compilation of the data

Roads

As was discussed previously, North Carolina maintains more road miles with state dollars than any other state, roughly 80,000 miles.²⁸

Currently, North Carolina has five (5) interstates in the state [I-85, I-95, I-40, I-26, and I-77] with numerous additional projects underway including I-74, I-73, and I-785 which are at various stages of funding and project completion within the NCDOT State Transportation Improvement Program (STIP). In addition, there are many United States Highways traversing the state both north-south and east-west as will be detailed further in this report. Included in Appendix V of this report is a detailed map of the state's road infrastructure.



All of this is said to accentuate the huge and critical relationship our state and others have with the federal government and the need to always be attentive to getting “our fair share” of tax dollars being returned to the state for this purpose.

Because of its extensive highway system, North Carolina is also well positioned for goods movement throughout the region and the country. As shown by the maps below, North Carolina-based companies have access to significant portions of the country's population, many of which within a one day truck trip (i.e. roughly 500 miles).

²⁸ This number is highly variable and fluctuates over time due to the completion of projects and assumption of local road maintenance responsibility.

²⁹ “North Carolina Road Map”: <http://geology.com/state-map/maps/north-carolina-road-map.gif>

N.C. Market Access



30

Transportation Time Estimates



31

A significant asset related to the roadway system is the state's trucking industry. As has been presented to the Task Force, most loads travelling within the state are carried by truck. According to the North Carolina Trucking Association, there are more than 15,000 trucking companies located within the state. Though many of these are small, locally owned individual

³⁰ http://www.thrivenc.com/sites/default/files/client_notebook/MarketAccess.pdf

³¹ http://www.thrivenc.com/sites/default/files/client_notebook/MarketAccess.pdf

firms, there are also numerous regional and national companies such as Old Dominion Freight Line, JB Hunt and MCO Transport.

The Task Force also heard that in 2009, trucks hauled 91.4 percent of total manufactured tonnage or roughly 691,000 tons per day.³²

³² North Carolina Trucking Association “Industry Facts and Other Links”:
<http://nctrucking.wildapricot.org/Default.aspx?pageId=992501>

Railroads

As has been presented to the Task Force, rail still remains a vital asset for the movement of large goods or goods over a long distance. Many of North Carolina's cities and towns were created and/or grew because of the railroads, which is true throughout the nation. Tobacco, furniture, and textiles were the main cargo, but while these demands still exist, their economic strength has diminished while computers, electronics, pharmaceuticals, aerospace, other products have gained in popularity.

North Carolina has two Class I railroads traversing the state, CSX and Norfolk Southern. Through their respective corridors, they connect North Carolina throughout the country and allow freight to move in a generally efficient manner. According to the National Surface Transportation Board (NSTB), railroads are classified by the amount of yearly revenue that they generate. A Class I railroad is defined by NSTB as a carrier with operating revenues of roughly \$400 million or greater.³³ All other railroads are classified as either Class II or III depending on their annual revenues. Typically, Class II railroads are considered regional carriers and Class III are identified as "shortline" carriers.³⁴

As has been presented to the Task Force, rail is a highly fuel-efficient manner of transporting goods, moving a ton of freight roughly 484 miles on a gallon of gas or the equivalent of a trip from Raleigh to Columbus, OH.³⁵

According to the Association of American Railroads, North Carolina possesses 22 freight railroads (Class I, regional and shortline carriers) which traverse roughly 3,200 miles of rail throughout the state.³⁶

CSX Transportation, based in Jacksonville, Florida, owns and operates a corridor which extends throughout the state. One of its primary corridors is from Wilmington to Charlotte and provides service to and from the Port of Wilmington. CSX also possesses connections to its "main lines", which run north-south along the I-95 corridor, as well as through Raleigh. In an effort to improve its connectivity throughout the United States, CSX, like many other railroads, has proposed its "National Gateway Project" to improve the ability to move goods from east coast ports into the Midwest.³⁷

Norfolk Southern (NS) runs basically from Morehead City to Charlotte. Much of the right-of-way used by Norfolk Southern in North Carolina is leased from the North Carolina Railroad. However NS does maintain its own lines, especially with regards to its mainline connections [i.e. north-south connections along the I-95 corridor]. Like CSX, NS is also embarking on a project to improve its connectivity to the Northeast and Midwest. Called the "Crescent Corridor", this project calls for the development of intermodal facilities [Memphis, Birmingham, and Franklin

³³ http://www.aslrra.org/about_aslrra/FAQs/

³⁴ *Ibid*

³⁵ "Freight Railroads in North Carolina": <http://www.aar.org/Railroads-States/North-Carolina-2009.pdf>

³⁶ *Ibid*

³⁷ <http://www.nationalgateway.org/background>

County, PA], as well as the “Heartland Corridor” which would provide connection from Norfolk to Chicago.³⁸ For North Carolina specifically, the project calls for the development of an intermodal facility in Charlotte (\$104 million project), located at the Charlotte Douglas International Airport, which is scheduled for completion in late 2012.³⁹ This project is discussed further in the “Charlotte” regional report of the “Regional Analysis” section.

The North Carolina Railroad (NCRR) is a unique asset of the state. It originated in 1849 as one of the first corporations in the state with both private shareholders and the state as a primary backer for capital investment. The railroad operated under this structure until 1998 when the state acquired the entirety of the company’s shares. Currently NCRR still functions much like a private corporation, but its Board of Directors is appointed by both the Governor and legislative leadership. The NCRR corridor is roughly 300 miles long and runs from Morehead City to Charlotte, passing through Selma, Thomasville, and many other small towns. Currently the entire corridor is leased under a forty-year agreement to Norfolk Southern, a portion of which is set to expire in 2014. Included in Appendix VI is a map of the NCRR corridor.

North Carolina is also blessed to have many shortline railroads that connect to the Class I railroads or provide specialty service to many areas. Currently, there are seventeen (17) shortline or regional carriers which operate throughout the state. Included below is a list of those carriers.

NORTH CAROLINA SHORTLINE RAILROADS	
Aberdeen and Rockfish Railway	Highpoint, Thomasville, and Denton Railroad
Aberdeen, Carolina and Western Railway	Laurinburg and Southern Railroad
Alexander Railroad Company	Nash County Railroad
Atlantic and Western Railway	North Carolina and Virginia Railroad
Caldwell County Railroad	Thermal Belt Railway
Carolina Coastal Railway	Wilmington Terminal Railroad
Carolina Southern Railroad	Winston-Salem Southbound Railway
Chesapeake and Albemarle Railroad	Yadkin Valley Railroad
Great Smoky Mountain Railroad	

Many of these carriers use track which was either abandoned by Class I railroads or which they lease from those respective carriers. Numerous industries depend upon these shortline rail services and as will be seen in this report, they potentially could play a larger role in the future. Included in Appendix VI is a map showing the routes covered by each of these carriers.

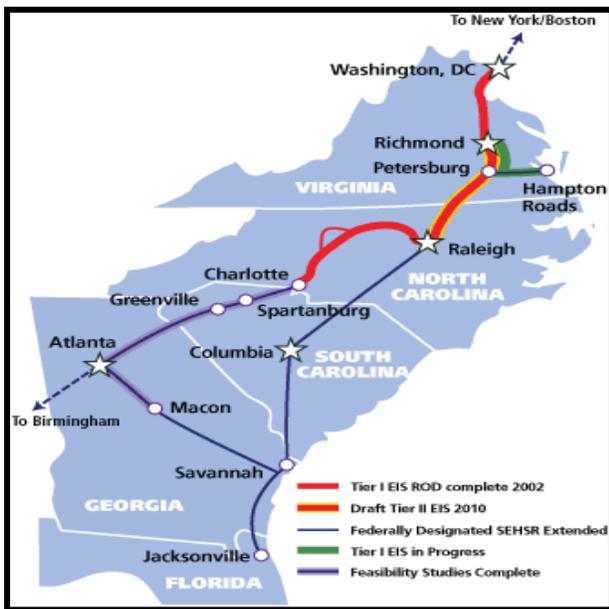
³⁸ “NS: Crescent Corridor” <http://www.thefutureneedsus.com/>

³⁹ “NS: Crescent Corridor—North Carolina” <http://www.thefutureneedsus.com/crescent-corridor/state-profiles/north-carolina/>

As roads have become more congested and the price of gas has continued to increase, many have looked to passenger trains as an alternative mode of transportation. North Carolina is fortunate to have a significant Amtrak corridor connecting travelers both through the major interstate



corridors (I-40 and I-85), and also providing passengers connections to Amtrak's main north-south lines. The map below shows the various lines throughout the state.⁴⁰



With the need for increased speed in passenger movement being realized, North Carolina has been an active participant in the nationwide high speed rail corridor. As a primary player in the Southeast High Speed Rail Corridor (SESHR), connecting Washington, DC and Charlotte, the NCDOT Rail Division has worked extensively with the Virginia Department of Transportation (VDOT) to secure significant federal funds for the project. As shown on the map below, the corridor will provide connections from both Charlotte and Raleigh north into Virginia and ultimately to Washington, DC. It will also connect to the other corridors which are planned, primarily out of Atlanta and into Jacksonville, FL.⁴¹

⁴⁰ "Amtrak Map": <http://www.bytrain.org/passenger/citystops.html>

⁴¹ SESH Corridor: <http://www.seshr.org/>

Aviation

From the automotive age spawned the aeronautics age, beginning in North Carolina at Kitty Hawk. Today, aeronautics is a key sector that is anticipated to continue to grow in North Carolina as evidenced by the location of companies like Spirit Aviation, Honda Jet, and Timco.

According to the NCDOT Aviation Division, North Carolina has 72 publicly-owned airports and nearly 300 privately-owned airports. Nine airports have regularly scheduled airline service; four of those providing service to international destinations. Listed below are the airports which have regular passenger service, both international and regional.

Regular Airline Service:

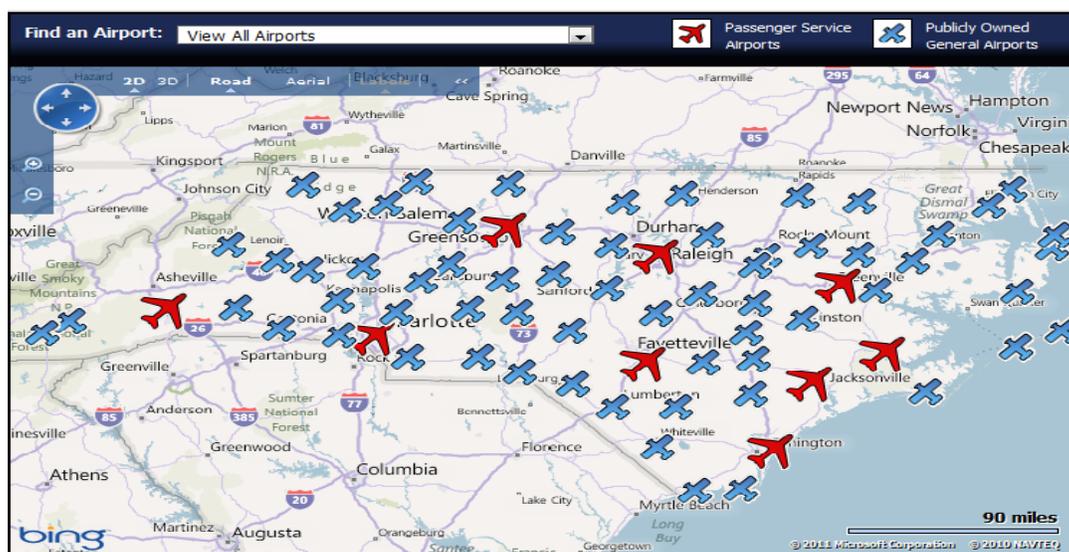
International Airports:

- Raleigh Durham International Airport (RDU)
- Charlotte Douglas International Airport (CLT)
- Wilmington International Airport (ILM)
- Piedmont Triad International Airport (GSO)

Other Airports with Regional Airline Service:

- Asheville Regional Airport (AVL)
- Fayetteville Regional Airport (FAY)
- Coastal Carolina Regional Airport (EWN) [New Bern]
- Albert J Ellis Airport (OAJ) [Jacksonville]
- Pitt Greenville Airport (PGV)

Shown below is a map showing the state's publicly-owned airport facilities, both commercial (passenger service) and general aviation.



⁴² NCDOT: Airport Locations: <http://www.ncdot.gov/travel/airports/default.html>

According to data maintained by the Aviation Division, “more than 47 million passengers fly to and from North Carolina each year and more than 800 million pounds of air freight originate annually in the state.” While freight is a small percentage of the airport traffic, it is a critical function. Fortune 500 companies like UPS and Fed-Ex have seen the advantages of North Carolina’s ideal location and are doing significant business in our state, giving us an international reputation for logistics.

Listed below are the longest runways in the state. Some of the airports listed below possess multiple runways, so the listing is calculated based on the longest of their respective group.

Airports with 6000'+ runways (in order of length)⁴³

Airport	Runway Length(s)
1. Kinston Regional Jetport (NCGTP)	11500'
2. Piedmont Triad International Airport (GSO)	10001', 9000', 6380'
3. Raleigh Durham International Airport (RDU)	10000', 7500', 3570'
4. Charlotte Douglas International Airport (CLT)	10000', 9000', 7502'
5. Wilmington International Airport (ILM)	8000', 7004'
6. Asheville Regional Airport (AVL)	8000'
7. Fayetteville Regional Airport (FAY)	7709', 4801'
8. Concord Regional Airport (JQF)	7400'
9. Elizabeth City CGAS/Regional Airport (ECG)	7219', 4519'
10. Albert J Ellis Airport (OAJ)	7100'
11. Rocky Mount-Wilson Regional Airport (RWI)	7100'
12. Statesville Regional Airport (SVH)	7006'
13. Charlotte-Monroe Executive Airport (EQY)	7000'
14. Smith Reynolds Airport (INT)	6655', 3938'
15. Pitt Greenville Airport (PGV)	6500'
16. Raleigh Exec Jetport (TTA)	6500'
17. Hickory Regional Airport (HKY)	6400', 4400'
18. Laurinburg-Maxton Airport (MEB)	6503', 3753'
19. Wilkes County Airport (UKF)	6200'
20. Person County Airport (TDF)	6005'
21. Coastal Carolina Regional Airport (EWN)	6004', 4000'

**It was presented to the Task Force that the Burlington-Alamance Regional Airport (BUY) would possess a 6400' runway by the end of 2012. Upon the completion of that project, BUY would be listed in a tie for 17th on this list with HKY.

The airports highlighted above are the facilities previously discussed which have regular commercial airline service. All other facilities listed do not currently possess service from commercial carriers, but many have previously had such service.

As shown in the above chart, a significant aviation asset is the North Carolina Global TransPark (NCGTP) (operating through the Kinston Regional Jetport) in Kinston. Created in 1991 by the North Carolina General Assembly, the North Carolina Global TransPark Authority operates the

⁴³ Information compiled from the 2011-2012 North Carolina Airport Guide produced by the NCDOT Division of Aviation

roughly 6000 acre industrial park. Located on this property is the TransPark’s 11,500 foot runway, one of the longest non-military runways on the East Coast.

Also North Carolina is fortunate to have six (6) military aviation locations within its borders: Pope Army Airfield [part of Fort Bragg], Seymour Johnson Air Force Base, Marine Corps Air Station Cherry Point, Marine Corps Air Station New River, Simmons Army Airfield [part of Fort Bragg], and Coast Guard Air Station Elizabeth City [operates on-site at Elizabeth City Regional Airport].

Airfield	Runway Length
Seymour Johnson Air Force Base	11760’
Marine Corps Air Station Cherry Point	8984’, 8399’, 8188’, 7553’
Pope Army Airfield	7501’, 3000’
Elizabeth City CGAS/Regional Airport (ECG)	7219’, 4519’
Marine Corps Air Station New River	5114’, 4790’
Simmons Army Airfield	4650’

The North Carolina Air National Guard also has active operations through its 145th Airlift Wing. The unit operates out of both the Charlotte Douglas International Airport, as well as the Stanly County Airport.

As aviation has both a historical and functional significance to the state, the Task Force focused a significant portion of its work on looking at the state’s aviation infrastructure. Sites with a 5000 foot or greater runway were examined in the development of the illustrative sites presented by the *Seven Portals Study* team both for their significance in the movement of freight, as well as the movement of corporate executives to businesses located within the respective areas. Also aviation was presented as a significant asset for the state’s second largest industry, tourism. Much of this need pertained to securing more regular commercial flights between large population centers and the regions’ respective air hubs. More discussion of specific needs is addressed within the “Regional Analysis” section.

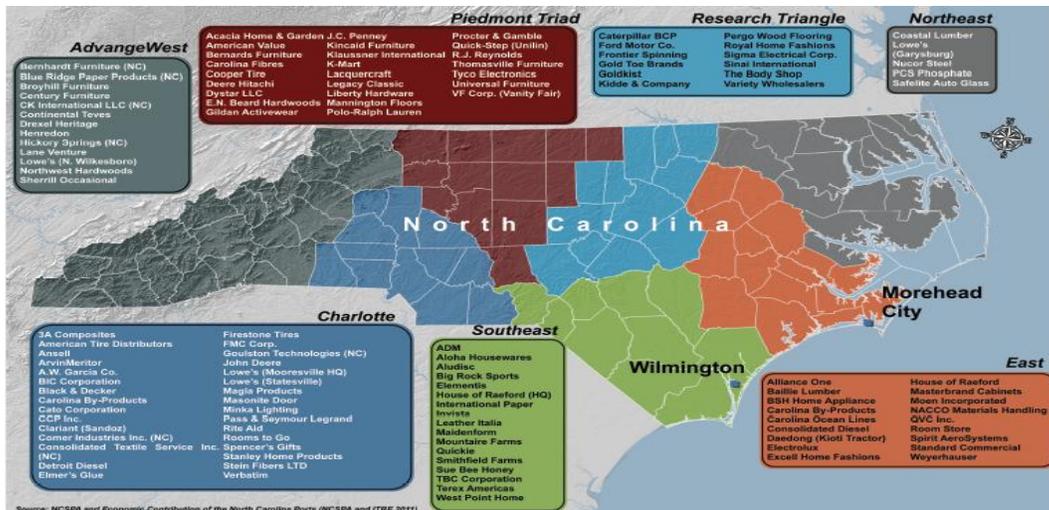
Ports

Historically, North Carolina has operated two seaports—Wilmington, which is principally a container port and Morehead City, which is principally a bulk and break-bulk port.

The Port of Wilmington is located roughly twenty-six (26) miles from the sea buoy on the Cape Fear River. It is a 300 acre facility with 4 Post-Panamax cranes and a channel with a maintained 42 foot depth. The port is serviced by eight (8) shipping lines with ports of call ranging from Europe to Asia and South America.⁴⁴ The rail service into the port facility is owned and operated by CSX railroad which provides clients with connections to Charlotte and the remainder of the entire CSX service. The port does possess on-dock rail service through the Wilmington Terminal Railroad, a shortline carrier operated by the Genesee & Wyoming Rail Company. The Port of Wilmington also has bulk, breakbulk and roll-on-roll-off (RoRo) service for commodities such as woodchips, grain, and surplus military equipment. Also located on port-owned property are the VoPak terminals, a company responsible for the import and export of a variety of chemicals.

The Port of Morehead City lies roughly six (6) miles from the sea buoy and possesses water depths ranging from forty-five to fifty feet at some locations along its berths. The Port services bulk and break-bulk commodities ranging such as wood chips, rubber, fertilizer, aggregate and rail (Norfolk Southern). The Port is also home to the export operations for the Potash Corporation (PCS Phosphate), which is a significant exporter of phosphates for use in numerous industrial operations such as fertilizers.

As has been presented to the Task Force, North Carolina's ports impact both the regions in which facilities are located, but also the state as a whole. Included below is a map which details the many of the companies located throughout the state which utilize the state's ports.



⁴⁴ NC State Ports—Ocean Carrier Services: http://www.ncports.com/ocean_carrier_services.htm

⁴⁵ http://files.www.ncmaritimestudy.com/outreach/ALL_MaritimeBoards24x36_FINAL.pdf

According to a 2010 study by the North Carolina State University Institute for Transportation Research and Education (ITRE), the North Carolina State Ports support more than 65,000 jobs statewide. Also, the study found that goods movement through the Ports contributed roughly \$7.5 billion to the state's economy. Finally, tax revenues of more than \$500 million were gained through activity supported by the Ports.⁴⁶

§ 136-263. Container shipping.

The State Ports Authority shall provide at the ports of Morehead City and Wilmington adequate equipment and facilities including container cranes at each port as needed, in order to maintain existing and future levels of containerized cargo shipping at both ports and provide and encourage growth in handling of containerized cargoes at both ports. (1979, c. 934; 2011-145, s. 14.6(b).)

It is worth noting that G.S. § 136-263⁴⁷ mandates that both North Carolina Ports have container capacity, but at the present none exists at Morehead City due to actions taken by the state in 1979 to move Morehead City's only container crane to Wilmington to serve its growing container business.⁴⁸ Though a crane capable of handling containers has since been restored to Morehead City, the port does not currently possess any container service.

In addition to its two marine terminals, the Ports Authority maintains two inland terminals in Charlotte and Greensboro respectively. The Charlotte Inland Terminal (CIT) serves the I-85 and I-77 corridors and is a 16 acre facility with space to stack 391 containers and 292 parking spaces. It serves the Authority's inland truck service, such as the "Sprinter" service between Charlotte and Wilmington. The Piedmont Triad Inland Terminal (PTIT) serves the I-40 and I-85 corridors and is located 10 miles away from the Piedmont Triad International Airport (PTI). Though neither have direct rail access both are in close proximity to rail facilities in both areas [CSX—Charlotte; Norfolk Southern—Greensboro].

As was discussed earlier in this report, the state has engaged in a roughly ten month study regarding its maritime opportunities. The results of that study are discussed in the section entitled "North Carolina Maritime Strategy" and are also incorporated into the final Task Force recommendations, which are included at the conclusion of this report. As has been discussed, the state already has significant assets for engagement in the global maritime marketplace. Through the work of the Maritime Strategy, it is intended that the state will be better able to determine the role that it desires to play in the future development of the marketplace, as well as the modifications and improvements to infrastructure needed to play said role.

⁴⁶ <http://www.ourncports.com/nc-economic-regions/>

⁴⁷ N.C.G.S. 143B-454.1:

http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_143B/GS_143B-454.1.html

⁴⁸ Turner, Walter R. *Waterways to the World: The Story of the North Carolina State Ports Authority.* pp.52

Other Specialty Assets

In addition to its traditional transportation infrastructure assets, North Carolina also possesses unique logistics assets and capabilities not always seen in states.

An asset which is vital to transportation is the state's waterway system, primarily made up by the Atlantic Intracoastal Waterway (AIWW). The Atlantic Intracoastal Waterway is a 1200 mile waterway extending from Norfolk, Virginia to Key West, Florida.⁴⁹ The AIWW is a section of the Intracoastal Waterway system. North Carolina possesses the second-longest stretch of the waterway, second only to Florida, which extends roughly 300 miles.⁵⁰

This asset has been of particular interest as of late to address the growing congestion problem along the north-south highways/interstates of the East Coast. To that end, the U.S. Maritime Administration (MARAD) has identified eighteen "marine highway corridors" across the United States as shown on the map.⁵¹



One such corridor of particular interest is corridor designated as "M 95". It extends along the same general path as its intrastate namesake, i.e. from roughly Maine to Florida, covering about 1200 land miles. Currently, MARAD is engaged in numerous studies and initiatives to examine the utilization of the corridor and develop plans for traffic diversion.

A full listing of these projects can be found at http://www.marad.dot.gov/ships_shipping_landing_page/mhi_home/mhi_home.htm. The East Coast Marine Highway Initiative is specifically addressing the M95 corridor. The scope of the project is as follows:

The East Coast Marine Highway Initiative proposes to develop a service utilizing a fleet of existing and new-build U.S. flag vessels to transport both international containers and trailers along the I-95 Corridor. The service would utilize ports near I-95, including New Bedford, Baltimore and Canaveral, offering multiple medium and long-haul options for shippers along the corridor. Each of these three ports has or is developing the infrastructure necessary to accommodate the proposed service.⁵²

One asset which relies primarily on the Intracoastal Waterway for transit is the barge infrastructure. This activity is managed by private companies such as Stevens Towing, which

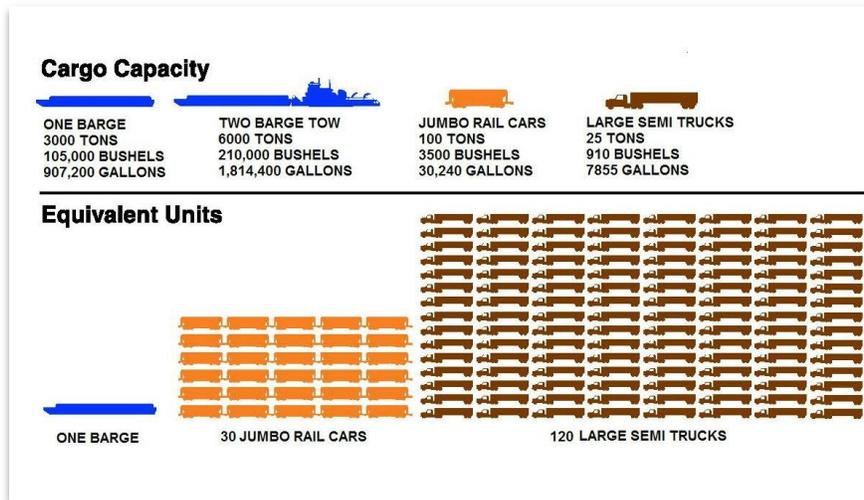
⁴⁹ <http://www.atlintracoastal.org/waterway-facts>

⁵⁰ <http://www.infoplease.com/ipa/A0001801.html>

⁵¹ http://www.marad.dot.gov/ships_shipping_landing_page/mhi_home/mhi_home.htm

⁵² http://www.marad.dot.gov/documents/MarineHighway_Initiative_Descriptions_Designated.pdf

presented to the Task Force at both its Elizabeth City and Morehead City meetings. According to both presentations, barges are an effective and efficient method of transporting cargo, especially that which is too heavy or large to be moved via the road or rail. As shown in the chart below, one barge can carry 3000 tons which is the equivalent of 30 “jumbo rail cars” (100 ton capacity) or 125 “large semi-trucks” (25 ton capacity).



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In addition to being able to transport significant amounts of weight, barges are able to perform their operations with limited impact on the environment. As shown in the graphics below, barges are the most fuel efficient method of transporting goods, moving one ton of cargo 576 miles per gallon of fuel, and as a whole produce less tons of carbon dioxide per million ton-miles.

Moving Forward, Saving Energy

Transporting freight by water is the most energy-efficient choice.



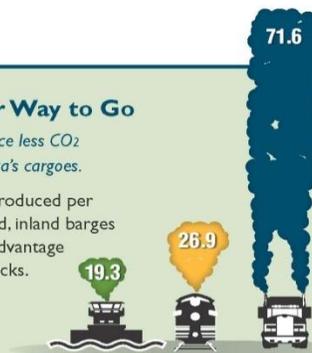
Ton-miles Traveled per Gallon of Fuel

The most energy-efficient way to move commodities such as coal, grain, iron, steel, aggregates, petroleum and chemical products is to use the nation's navigable rivers. Barges can move one ton of cargo 576 miles per gallon of fuel. A rail car would move the same ton of cargo 413 miles, and a truck only 155 miles.

The Greener Way to Go

Inland barges produce less CO₂ while moving America's cargoes.

In terms of CO₂ produced per ton of cargo moved, inland barges have a significant advantage over trains and trucks.



Tons of CO₂ per Million Ton-miles

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As was presented to the Task Force, barges are essential to companies who move large quantities of heavy goods. These include companies such as Nucor in Hertford County, PCS Phosphate in Aurora, Progress Energy, and the United States military. It was also discussed that barges would

⁵³ Stevens Towing—Presentation to LTF, Morehead City

⁵⁴ *Ibid*

play a significant role in the development of any future offshore wind power initiative, as they would be able to transport the components, many of which exceed the weight limits to be carried on the highway.

Passenger transit along the state's waterway system is also an important transportation asset as it provides connection for residents and tourists to many of the state's barrier islands. Created in 1947, the North Carolina Ferry System is operated by the NCDOT Ferry Division and is the second-largest in the United States⁵⁵ [Washington State Ferry System is the largest in the United States⁵⁶].⁵⁷ The system operates along seven (7) routes utilizing twenty-one ferries and employing roughly 400 people. Included below is a map detailing the system's respective routes and terminal locations.



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Ferry terminals are located in Aurora, Bayview, Ceder Island, Cherry Branch, Currituck, Fort Fisher, Hatteras, Knotts Island, Minnesott Beach, Ocracoke [2 terminals: North and South], Southport, and Swan Quarter.⁵⁹ The Ferry System traverses five (5) bodies of water—the Currituck and Pamlico sounds and the Cape Fear, Neuse and Pamlico Rivers—and is the only

⁵⁵ <http://www.ncdot.org/about/kids/FerryActivityBook/page5.html>

⁵⁶ <http://www.wsdot.wa.gov/ferries/pdf/wsflargest.pdf>

⁵⁷ <http://www.visitnc.com/journeys/articles/lighthouses-ferries/1/take-the-ferry>

⁵⁸ <http://www.ncbeaches.com/Features/Attractions/Ferries/>

⁵⁹ <http://www.ncdot.org/travel/ferryroutes/>

connection between the mainland and Ocracoke Island.⁶⁰ Annually, these ferries carry more than 1.1 million vehicles and 2.5 million persons across its routes.⁶¹

In addition to the state ferry system, there are numerous private ferries which transport residents and tourists to areas such as Bald Head Island and along the Cape Lookout National Seashore, including Shackleford Banks.

⁶⁰ <http://www.ncdot.gov/ferry/>

⁶¹ *Ibid*

NORTH CAROLINA FOREIGN TRADE ZONE PROGRAM

Currently there are six (6) Foreign Trade Zones located throughout the state. Of these six, three are controlled by state agencies. These zones, numbers 66, 67, and 214, are located at both North Carolina Ports facilities [Wilmington and Morehead City] and the North Carolina Global TransPark respectively. The remaining three (3) are operated by the following agencies: Zone 93: Triangle J Council of Governments; Zone 230: Piedmont Triad Partnership; and Zone 57: Charlotte Regional Partnership. The locations of all of the state’s zones are shown on the map below.



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As defined by the US Department of Commerce, a foreign trade zone or FTZ, “provide special customs procedures to U.S. plants engaged in international trade-related activities.” In most cases, “duty-free treatment is accorded items that are processed in FTZs and then reexported, and duty payment is deferred on items until they are brought out of the FTZ for sale in the U.S. market. This helps to offset customs advantages available to overseas producers who compete with domestic industry.”⁶³

The chart below lists the specific activities which are permitted within Foreign Trade Zones:⁶⁴

Activities Permitted in a Foreign Trade Zone Merchandise Entering the Zone May Be:		
Assembled	Manufactured (w/ special permits)	Repackaged
Tested	Stored	Destroyed
Sampled	Salvaged	Mixed
Relabeled	Processed	Manipulated

⁶² “NC Foreign Trade Zones”: http://www.ncports.com/foreign_trade_zones.htm

⁶³ “What is a Foreign Trade Zone”: <http://ia.ita.doc.gov/ftzpage/tic.html>

⁶⁴ “What are FTZs”, National Association of Foreign Trade Zones, <http://www.naftz.org/?WhatAreFTZs>

As has been presented to the Task Force, FTZs have the potential to provide companies significant financial benefits due to the flexibility that they provide related to duty payments. An example of such savings was presented as more than \$1 million for an automotive parts manufacturer.

The state's Foreign Trade Zone program is currently undergoing significant modifications, due both to the transfer of the North Carolina State Ports Authority and Global TransPark Authority to the Department of Transportation, as well as recent modifications to the federal Foreign Trade Zone regulations. Of primary concern during this transition process is the modification and operation of zones 66 and 67 at both Port facilities. As was presented to the Task Force in February 2012, both zones were created in 1981 but have not been operational during their existence. Another effort underway is the development of collaborative marketing materials to be used by local, regional and state economic developers to promote all of the state's zones, but especially those under the direction of state entities.

MILITARY

As the Task Force heard both during its regional outreach sessions, as well as its military-industry specific session at Fort Bragg, US military installations and military contractors make up a significant portion of the North Carolina economy [roughly \$25 billion per year]. As has been presented to the Task Force, the state is home to the fourth largest active duty population in the country and 50% of the east coast's active duty ground combat units.⁶⁵ These troops and personnel are distributed throughout seven military installations and fourteen US Coast Guard facilities.⁶⁶ According to research done by the North Carolina Department of Commerce, military installations support over 416,000 jobs, roughly eight percent of the total state employment.⁶⁷ It was also presented to the Task Force that 85 of North Carolina's counties have a military contractor located within their borders.

Some of the state's respective major US military installations are shown on the map below.



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In addition to the installations identified on the map, there are also the following installations:

- Marine Corps Air Station, New River
- Military Ocean Terminal Sunny Point (MOTSU), Brunswick County
- Numerous North Carolina National Guard installations located throughout the state, including Joint Forces Headquarters, Raleigh

One of the primary items presented to the Task Force was improving the existing connections to and from the state's respective military installations.

One such connection, which is discussed further in this report in the "Southeast Region" section, is the desire for there to be daily direct flights from the Fayetteville Regional Airport (FAY) to Washington, D.C.'s Reagan National Airport (DCA). This desire was due to the recent

⁶⁵ "North Carolina Logistics Initiative: Defense, Industry, Community, Infrastructure"

⁶⁶ *North Carolina Maritime Strategy* pp. 75

⁶⁷ "North Carolina's Military Footprint: Current Economic Impacts and Projections for 2013" NC Department of Commerce, June 2008

⁶⁸ <http://www.ncmilitary.org/node/2>

relocation of the U.S. Army Forces Command (FORSCOM) to Fort Bragg and the regular need for personnel to travel to and from the Pentagon. Based on information presented to the Task Force by the BRAC Regional Task Force, during a 2009 survey, 45% of the respondents surveyed listed Washington, DC as their top destination for business travel (241 responses). Through BRAC's analysis, they found that with the increased traffic attributed to the opening of FORSCOM at Fort Bragg, direct flights to and from Reagan National Airport (DCA) would represent roughly 30,000 annual passengers and \$7.3 million in revenue.⁶⁹ In January 2012, US Airways announced that they would provide daily service between FAY and DCA beginning March 25th. Also in this agreement, the airline also stated that they would provide new service between DCA and Jacksonville, NC, home to Camp Lejeune Marine Corps Base.⁷⁰ This item is also further recounted in the regional analyses of the Southeast and East respectively.

Other connections are focused significantly on the road and rail connections to and from Fort Bragg. With regards to rail, the identified connections include numerous improvements to the existing CSX line extending from Wilmington to Charlotte, with connections in and around Fayetteville and Fort Bragg. Some of these improvements include improving the existing rail turn at Pembroke, as well as the connections within Fayetteville. Another rail project of great significance to the improved connection, especially between Camp Lejeune and the Port of Wilmington, as well as would be the replacement of the former line connecting Castle Hayne and Wallace. Due to inactivity, this line was closed in 1986 and the rail was removed.⁷¹ Per statutory obligations, NCDOT took possession of the right of way in order to preserve the rail corridor.⁷² In an April 2007 Department of Defense study, this line was identified as one of the top priorities for improved connection, especially to the Port of Wilmington, which is designated as a Strategic Seaport. According to information provided to the NCDOT Rail Division by the Department of the Army Military Surface Deployment and Distribution Command, the replacement of this line/improvement of the corridor would reduce deployment time by “more than 4 hours.”⁷³ Based on a 2004 study completed by the NCDOT Rail Division, the cost for restoring the line was estimated at roughly \$6.8 million.⁷⁴ However, as presented to the Task Force, there is currently no planned project to restore the rail line, though discussions are ongoing with all parties involved.

In addition to these rail and passenger air connections, the Task Force also heard presentations regarding numerous improvements to the road and highway infrastructure, primarily in and around bases.

⁶⁹ http://www.bractrf.com/documents/FayettevilleRegionalAirportWashingtonDCAirServiceOpportunities_000.pdf

⁷⁰ <http://www.fayobserver.com/articles/2012/01/03/1147760?sac=Local>

⁷¹ “Department of Defense Report to Congress on Projected Requirements for Military Throughput at Strategic Seaports—April 2007”

⁷² NCGS Chapter 136 Article 2D

⁷³ Letter to Patrick Simmons, Director NCDOT Rail Division from the Military Surface Deployment and Distribution Command Transportation Engineering Agency, 21 February 2012

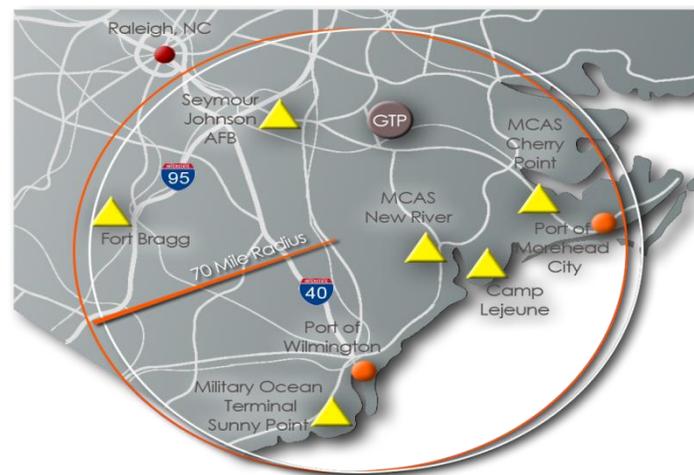
⁷⁴ “Restoration of the Wallace to Castle Hayne Rail Corridor Economic Feasibility Study—February 2004”
<http://www.bytrain.org/quicklinks/reports/WtoWEconomicStudy.pdf>

NORTH CAROLINA DEFENSE LOGISTICS INITIATIVE

Created in late 2010 by the North Carolina Eastern Region Military Growth Task Force, the Defense Logistics Initiative was created to develop a plan by which the state could engage in the repair and refurbishment of military equipment currently being brought back from forward operations in areas such as Iraq and Afghanistan. As was presented through the effort,

North Carolina is home to 47% of the active duty ground combat arm forces East of the Mississippi River or 118,083 troops. These troops are concentrated within a 70-mile radius, including both ports and the Global TransPark. Our state is ranked 3rd in the number of military personnel but 29th (\$2.4 Billion) in the value of military contracts awarded in 2010. Because of our position on the East Coast and our relationship with the military, we have an opportunity to save the Department of Defense millions of dollars and at the same time create thousands of jobs in North Carolina, especially Eastern North Carolina.⁷⁵

Shown on the map below, much of the state's military installations are concentrated within a seventy mile radius within both the Eastern and Southeast regions. Also included within this radius are both of the state's seaports and the Global TransPark.



The Initiative was completed in coordination and collaboration with Kimley-Horn and the East Carolina University Department of Engineering, who completed significant analysis of the infrastructure of the study area

The activity where North Carolina can save the military millions of dollars is the location(s) where the Army and the Marines ship ground military vehicles for repair, reconditioning and storage until needed. The following is the current situation.

⁷⁵ Defense Logistics Initiative—Executive Summary, as prepared by Logistics Task Force member Earl Brinkley, 8 March 2012

- *The Army and the Marines each have two ground systems repair depots – one on each coast. These have been in existence since the 1950's and have largely met the needs of the two services.*
- *Marine ground vehicles from deployment generally are received via the Port of Jacksonville, FL and shipped to Albany, GA for repair and reconditioning. They are then shipped to Camp Lejeune, NC (or other locations) as needed.*
- *Army Ground vehicles from deployment generally are received via the Port of Charleston, SC and shipped to Anniston, AL for repair and reconditioning. They are then shipped to Ft. Bragg, NC (or other locations) as needed.*
- *The Army vehicles travel a total of 878 miles and the Marine vehicles travel a total 1047 miles. These long distances are expensive, time consuming and risky (accidents, road repairs, etc.).*

North Carolina should develop a program and network to have the same services performed in facilities located in Eastern North Carolina. It would include the following.

- *Set up a Military Logistics Operational Center at the Global TransPark in Kinston, NC. This center would control and be responsible for the movement and services to ground vehicles outside the confines and control of the direct military.*
- *Develop locations within Eastern NC for specialization by type of vehicle. Included would be Goldsboro, NC where there already exist a rail yard for loading and unloading heavy units. Rail lines from both ports intersect in Goldsboro, NC. Other proposed locations would be Jacksonville (Onslow County), Fayetteville (Cumberland County), Wallace (Duplin County), Trenton (Jones County), Morehead City (Carteret County) and others.*
- *Use the Ports of Wilmington and Morehead City as receiving ports for vehicle from deployment.*
- *From these two ports, the ground vehicles could be delivered to the repair locations via rail, truck or even driven if the unit is a drivable wheel unit. They could also be delivered to the destination needed via rail, truck or again, driven by a pool of qualified drivers.*
- *The vehicles for both the Army and the Marines would travel a total maximum of 165 miles, which is an average of 82% savings in miles traveled.*
- *Use empty facilities and open land now available.*

Some of the agricultural products produced in North Carolina are exported utilizing North Carolina port facilities. The charts below list the types and volumes of agricultural products which were exported through the North Carolina State Ports Authority, both in containers, as well as in breakbulk form during fiscal year 2011.

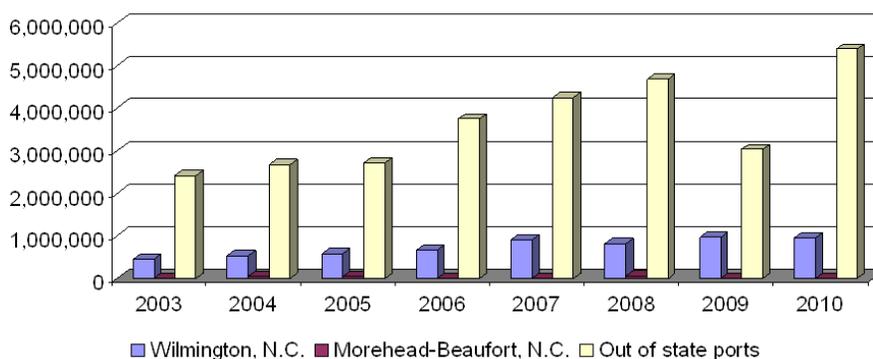
Containerized

Commodity	Tonnage
Forest Products	432,425
Wood Pulp	141,931
Meat and Poultry (fresh/frozen)	131,439
Textile Products	78,327
Pet and Animal Feeds	62,168
Tobacco	10,915

Breakbulk

Commodity	Tonnage
Woodpulp	171,166
Forest Products	30,995
Fertilizer	56,622

However, though these volumes are significant, much of North Carolina agricultural products are exported through ports other than those based in North Carolina, namely South Carolina and Virginia.



Some of the work of the North Carolina Maritime Strategy has focused on the state's agricultural industry and the potential for development of facilities capable of handling certain products (i.e. grain, soybeans, cold storage for proteins, etc.). This work has examined the markets which both currently exist, as well as future volumes. These results are then calculated as a portion of the study's overall cost-benefit analyses for future development. These discussions and results are included in the final report of the Maritime Strategy which is included in Appendix IV of this report.

INFORMATION INFRASTRUCTURE

In addition to examining the state's physical transportation infrastructure, the Task Force also examined the state's capabilities related to internet connectivity through broadband infrastructure. During its work, the Task Force heard multiple presentations about the efforts currently underway, especially those related to improving broadband connections for persons in rural areas.

At the request of the Task Force, the following information was compiled by Joe Freddoso, President and CEO of the MCNC regarding the state's broadband infrastructure and the applications that broadband can have related to transportation. Mr. Freddoso presented this and subsequent information to the Task Force during its October 2010 meeting in Elizabeth City, as well as during its May 2011 meeting in Durham.

Fiber optic infrastructure is the digital highway of the present and future. The Logistics Task Force learned through its work that the transfer of real time information is a critical component of efficient logistics. The passage of information has many forms:

- *Real time highway traffic information to drivers*
- *Facilitation of customs details*
- *Supply chain communications*
- *Homeland Security (DHS) communications and alerts*
- *Public safety real time information*

All of these information flows and more are reliant on a robust and scalable broadband infrastructure that has networks of fiber optic highways as its base.

Like road infrastructure, fiber-based broadband infrastructure should allow for the option of information to traverse any one of a multitude of paths from an origin point to its destination. The fiber networks of today are equipped with intelligence and automatically can choose the optimal path for the flow of information when several paths are available. If information flow is congested on one path, another is chosen. If the one path is blocked due to a fiber cut or equipment maintenance, traffic is routed off this path to alternatives, all in a matter of milliseconds.

The State of North Carolina has been provided with a great boost in its fiber optic infrastructure in the last three (3) years. Over \$350 million of investment in fiber infrastructure investments has occurred from federal recovery funds and private investments. The most significant of these investments is from the non-profit, MCNC, which operates the North Carolina Research and Education Network (NCREN). MCNC raised \$40 million in private funds and won a competitive grant process for \$104 million in federal funds to build a 2600 mile fiber backbone that touches 82 of North Carolina's

100 counties. No state funds were required to secure this funding and infrastructure build.

In addition to this information, during the Task Force's September 2010 meeting in Wilmington, the group also heard about the efforts underway in New Hanover County to access "white space" broadband. Begun as a pilot in February 2010, New Hanover County and the City of Wilmington looked to develop infrastructure to harness "white space" signals, freed up by the conversion from analog to digital television as a means for wirelessly transmitting broadband internet signals. These applications allow for access without the expense and infrastructure requirements for the deployment of broadband lines. Following the pilot project, in January 2012, New Hanover County was granted to country's first commercial white space network by the Federal Communications Commission (FCC).⁷⁶ Currently, the city and county are engaging in numerous test sites for the product, such as free Wi-Fi access in area parks. However, they are also examining opportunities for utilizing the service in remote monitoring devices at water pumping facilities, as well as for traffic cameras. Both during the pilot project, as well as under the network, numerous companies located operations in and around the area to develop products which would utilize the white space service.

A final component of the state's information infrastructure is the prevalence of data centers throughout the state. As will be discussed further in the respective regional analyses, many areas have seen significant investment by companies to develop such centers to manage their respective operations.

Overall, the state has been greatly benefitted by the efforts to develop broadband connections, both wired and wireless, for citizens across the state.

⁷⁶ <http://www.starnewsonline.com/article/20120127/ARTICLES/120129724>

TASK FORCE REPORTS TO THE GOVERNOR

As stated in Executive Order 32, the Task Force is required to provide reports to the Governor every six months.⁷⁷ To date, the Task Force has presented two (2) such reports. The initial report, dated August 2010, both detailed the initial work of the group as well as presented the plans of work for the respective subcommittees. The February 2011 report detailed the Task Force's work to date, as well as provided recommendations for action on behalf of the group. Following, the February 2011 report, the Task Force requested that it be allowed to summarize all of its work in a final report, as opposed to presenting its remaining reports.

Also, in November 2011, the Lieutenant Governor, on behalf of the Task Force, requested that the Task Force be extended until March 31, 2012 (Executive Order 32 stated that the Task Force would sunset on December 7, 2011) in order to provide time for the group to summarize the work of parallel efforts such as the North Carolina Maritime Strategy and the North Carolina Defense Logistics Initiative. An extension was granted by the Governor through Executive Order 111.

Finally in addition to its reports to the Governor, the Task Force provided a report to the Joint Legislative Transportation Oversight Committee in January 2011, pursuant to the requirements laid out in *SL 2010-0152, Part XXX*.

Summary of Task Force Reports

August 2010

This report detailed the following:

- 1) The Task Force's meetings/regional outreach efforts to date
 - a. Charlotte
 - b. Thomasville
 - c. Asheville
 - d. Cullowhee
- 2) Discussed the creation of the *Seven Portals Study*
- 3) Discussed the creation of the Task Force's four subcommittees and their respective charges
 - a. Best Practices
 - b. Commerce
 - c. Regional Hub Design
 - d. Governance

January 2011: Report to the Joint Legislative Transportation Oversight Committee

In 2009, the Task Force was directed by the North Carolina General Assembly to examine the following:

PART XXX. GOVERNOR'S LOGISTICS TASK FORCE TO STUDY COMBINING GLOBAL TRANSPARK AUTHORITY, PORTS AUTHORITY, AND RAILROAD;

⁷⁷ Executive Order 32: http://www.ncdot.org/download/business/committees/logistics/executive_order_32.pdf

AND ESTABLISHING SERVICE OF A CLASS I RAIL SERVICE TO THE GLOBAL TRANSPARK AND THE PORTS (McComas)

SECTION 30.1. *The Governor's Logistics Task Force, as established by Executive Order 32, may study the following issues:*

- (1) Combining the operations and governing authority of the Global TransPark Authority, the North Carolina Ports Authority, and the North Carolina Railroad to create one entity and one governing body to oversee the combined infrastructure of air cargo, rail, and sea transportation.*
- (2) Establishing service of a Class I Rail service by more than one railroad to both the Global TransPark and the State Ports.*

SECTION 30.2. *If the Task Force undertakes this study, it shall report its findings to the Governor, the General Assembly, and the Joint Legislative Transportation Oversight Committee on or before the convening of the 2011 Regular Session of the 2011 General Assembly.*⁷⁸

Pursuant to the requirement in Section 30.2 of that directive, Lieutenant Governor Dalton, on behalf of the Task Force, submitted a report on January 26, 2011. An excerpt of that report is included below. The entire report is included in Appendix III.

As Chair of the Governor's Logistics Task Force, pursuant to SL 2010-0152, Part XXX, the Governor's Logistics Task Force, hereby reports the following:

The Task Force has begun examination of items (1) and (2) as laid out in the legislation. Also in consultation with the Governor, issues related to item (1) have also been included in a forthcoming report from the Governor regarding plans for reorganization of state government.

February 2011

This report provided the following three recommendations to the Governor.

- 1) The Task Force has determined that it is prudent for the General Assembly to consider the movement of the North Carolina State Ports Authority from under the Department of Commerce and placing it, along with the NC Global TransPark Authority under the Department of Transportation
- 2) With regards to the movement of the North Carolina Railroad in the same manner, the Task Force does not believe that such action should be taken at this time. The Task Force believes that further examination of the work of the North Carolina Railroad needs to be undertaken before decisions are made.
- 3) Upon initial review of the concept of establishing dual Class I rail access to the NC State Ports facilities and Global TransPark, the Task Force has determined that more

⁷⁸ <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S900v7.pdf> , pp. 15

research needs to be committed to this idea. Currently each Port facility has access by a single Class I carrier, as does the Global TransPark. Future expansion of rail coverage to these areas would need to be examined based on current right of way contracts between the respective carriers and the rail in question.

In addition to its three general recommendations, the report also presented a specific recommendation from the Governance subcommittee. That recommendation is as follows:

The Governance subcommittee also recommends that the General Assembly consider further realignment to the North Carolina Board of Transportation to allow for representation generally from the respective seven economic development geographic boundaries, as well as to better address the current and future logistics needs of the citizens and businesses of this state. With actions being taken under the current appointment and term structure, it is proposed that the Board membership be realigned to allow for 2 members to come from each of the respective regional boundaries (a total of 14 members) and 5 members to be treated as “at-large members” in one of the following areas of interest: Environment, Logistics/Multimodal Transport, Government & Finance, Rural Transportation, and Urban Transportation. As referred to in this proposal, regional boundaries are defined as the current and future counties which make up the seven economic development regions as defined by the North Carolina Department of Commerce. This proposal also retains the current Department Division structure at this time. The Task Force also recognizes the need for further evaluation on the matter of regional boundaries for this purpose and will continue to study this concept.⁷⁹

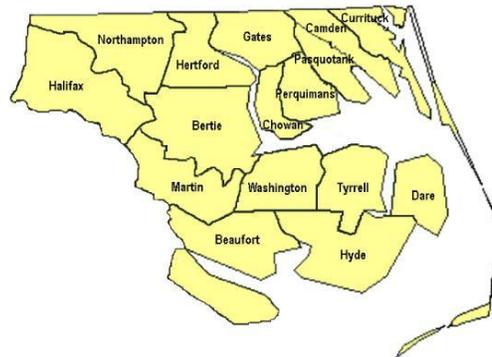
⁷⁹ February 2011 Report to the Governor

REGIONAL ANALYSIS RESULTS

As was discussed previously, much of the Task Force's work has been focused on the state's seven economic development regions. It was thought that the regional model was important because of the strong connection to the economic vitality of each individual region, as well as the state as a whole. This section presents highlights from the Task Force's regional outreach efforts, as well as the work of the *Seven Portals Study*. Each of these regional reports have been reviewed and approved by the respective regional partnerships. Though none are considered an expansive examination of a respective region, each serves as a representation of many of that area's specific assets and the potential for growth.

The Task Force greatly appreciates the assistance from each of the respective partnerships, both during their outreach efforts, as well as in the review of the content.

Northeast Region⁸⁰



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The Northeast Region consists of sixteen (16) counties, all lying east of I-95. The counties making up the region are: Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington.

The largest cities in the Northeast are Elizabeth City (~ 19,000 people), Roanoke Rapids (~16,000 people), and Washington (~10,000 people).⁸² The lack of a major urban center hampers economic development in the region to a significant degree, but the influence of the Norfolk-Hampton Roads area is undeniable in the Northeast. Every day, roughly 24,000 people commute from their homes in the Northeast to jobs in Virginia.⁸³ Tourist traffic comes from and thru Virginia to visit the Outer Banks and commercial traffic flows thru North Carolina going to and from Virginia seaports.

In his presentation to the Task Force, the Northeast Region's CEO Vann Rogerson stated that four clusters have been identified as having the most potential for future growth in the Northeast:

- 1) Aviation – The existence of the US Coast Guard Air Base and the existence of three commercial airports gives this sector potential. Also, this cluster is progressing in other areas of the state and could compliment the activity in the Northeast. The region is already moving to enhance aviation training programs at Elizabeth City State and the College of Albemarle.
- 2) Automotive Research – The North Carolina Center for Automotive Research (NCCAR) is located in Garysburg and has the potential to grow into a major automotive research and technology center. It is located close to I-95 and therefore

⁸⁰ www.ncnortheast.com

⁸¹ http://www.ncports.com/Northeast_Region_Economic_Impact.htm

⁸² North Carolina's Northeast Regional Profile:

<http://www.ncnortheast.info/PDFs/Regional%20Profile%20%20Blue.pdf>

well situated logistically – automotive, manufacturing & distribution also a material offshoot of this investment.

- 3) Biofuels and Agribusiness- Northeastern NC is positioned to be a leader in alternative energy. In addition, the Northeast is heavily invested in Agriculture & Agribusiness is NC's #1 economy. The demand for Agribusiness products will continue to progress as the world's population is anticipated to double by 2030.
- 4) Tourism – Home to the Outer Banks and some of the world's most beautiful & pristine beaches & its abundant residential growth should be vibrant in the future. The key will be smart growth to preserve the attractiveness of the region.

Recently, a private investor purchased a 3000 acre site near Elizabeth City ("Tanglewood" site) with the intent of creating an inland port. Obviously, private investment is preferred and this site presents a good alternative due to its proximity to Norfolk and the Hampton Roads area [approximately 50 miles away].

As for public improvements to enhance this park, Highway 158 needs priority both east and west to I-85. Also Highways US-17 and US-13 North, which provide access to the Norfolk area, should be improved. Of lesser importance, but of benefit, would be the improvement of Highway 168 North. Additionally, it was discussed that there was a potential need for redundancy along the US-17 corridor to ensure transit during high-volume times, such as hurricane evacuation, as well as to handle capacity if sections were destroyed due to such storms.

Also, improvements to the short line railroads in the area are important, particularly in that they connect to both CSX and NS, which is possible across the border in Virginia. By such improvements it is hoped that more competitive pricing can be obtained for companies doing business in North Carolina. The Board of Transportation may want further study on the issue of shortline improvements and how, if at all, it would improve competitive advantage, and investigate how the NCRRT would be used to assist in these improvements

The potential of Tanglewood is impressive, but as in all regions, the *Seven Portals Study* identified other areas for consideration. Edenton, Ahoskie, Elizabeth City, Williamston, Roanoke Rapids and other locations were identified. Improvements to Tanglewood should enhance the logistics message for the entire region and other locations should benefit over time.

Eastern Region⁸⁴



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The Eastern Economic Development Partnership consists of thirteen (13) counties and hosts two of the most strategic logistics assets in North Carolina's arsenal, the Port of Morehead City and the North Carolina Global TransPark. The counties included in the Eastern region are: Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Nash, Onslow, Pamlico, Pitt, Wayne, and Wilson.

As was discussed in the "Inventory" section regarding the state's port assets, the Port of Morehead City (MHC) possesses the deepest depths of either port in the state (roughly 47 feet in the channel and 50 feet around the berths) and is the closest port to open seas on the East Coast (roughly six miles from the port to the sea buoy). It is a break bulk port, but there has been much discussion about the need for container service at the port and current statutory language encourages this. The Port has limited space on the landside and would be in need of substantial road improvements at the Port and through or around the city if container service is added. Much of these proposed improvements are discussed in the section detailing the "North Carolina Maritime Strategy" of this report, as well as North Carolina Maritime Strategy Final Report.



The second major logistics asset in the region is the North Carolina Global TransPark (NCGTP). Over the years the State has invested significant dollars in maintaining the park. The investment has begun to pay big dividends with the location of Spirit Aviation. NCGTP has an existing foreign trade zone (FTZ) [Zone 214]⁸⁶ and is also home to companies like Longistics, Mountain Air Cargo and numerous state and federal safety offices (i.e. NCSHP, NC Emergency Management, US Forest Service). Because of the available acreage at the TransPark and the infrastructure already in place, it is well suited to serve as an inland port,

⁸⁴ www.nceast.org

⁸⁵ http://www.ncports.com/Eastern_Region_Economic_Impact.htm

⁸⁶ http://www.ncgtp.com/media/gtp_foreign_trade_zone2.jpg

particularly for the Port of Morehead. With improved rail and road infrastructure, it is possible that the NCGTP could also service companies using the Port in Wilmington, as well as out-of-state ports.

The region has identified aerospace, biotech, agribusiness, marine trade, boat building, military, tourism and others as key economic sectors presently and for the future. NCGTP is well situated within the region to compliment this economic activity. It has space to incubate the movement and refurbishing of military equipment on site, but corridors to the ports and to military bases need to be improved. This capability has been extensively discussed by the NC Eastern Region Military Growth Task Force, especially through their Defense Logistics Initiative project (DLI). This effort was previously discussed in the “Military” section of this report.

As has been presented to the Task Force, improvements to U.S. 70 are of high priority to the region and many of its residents. Durwood Stephenson, Executive Director of the U.S. 70 Corridor Commission presented the following to the Task Force during its October 2011 meeting:

The U.S. 70 Corridor is a vital transportation corridor to the State of North Carolina, stretching statewide from the Pisgah National Forest to the Atlantic Coast. U.S. 70 between Raleigh and Morehead City is a major arterial link in the state's transportation system and has been designated as a Strategic Highway Corridor. This 135 mile strategic corridor is the main street for commerce in Eastern North Carolina. U.S. 70 and its arterial system of roadways are the vital link between communities serving the essential corridor for commerce, trade, and tourism transporting people, goods, and services...Improving the U.S. 70 Corridor to move traffic more efficiently and with greater safety is consistent with the most recent [Base Realignment and Closure Commission] goals. It is also compatible with Strategic Corridor strategies to convert the 135 mile corridor into a freeway. At the present [time] only 48 miles of the 135 mile route has freeway status. With a 135 mile freeway corridor servicing our Eastern region, it will logistically connect [the] Global TransPark, anchor site for North Carolina's emerging aerospace cluster and home to Spirit Aerosystems; support efficient movement of troops, equipment and supplies; move agriculture products from farm to market; provide a safe and mobile roadway for visitors to our coast; expand the outreach of the port at Morehead City; and increase safety and mobility to the ECU Trauma Center.

Particular attention should be given to improving Hwy 70 from GTP to Morehead, as well as improving Hwy I-795 and Hwy 117 to I-40. Obviously, the ultimate connection to I-95 is key.

*Southeastern Region*⁸⁷



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The Southeast Region includes eleven (11) counties and includes NC's only container port in Wilmington. The Southeast is made up of Bladen, Brunswick, Columbus, Cumberland, Hoke, New Hanover, Pender, Richmond, Robeson, Sampson, and Scotland counties.

Logistics is critical to this area for many reasons and particularly because of the military presence in the area. Fort Bragg is the largest U.S. Army installation by population with roughly 10% of the Army's fighting force based there. North Carolina brags that it is the most military friendly state in the nation and we are proud to be "Home to our Heroes." With Pope Air Force Base and Fort Bragg in this region, the movement of equipment and goods and overall logistics is critical. Additionally, the region is home to a little-known military facility: the Military Ocean Terminal at Sunny Point (MOTSU). MOTSU is one of the largest ammunition depots in the world and is responsible for shipping most of the ammunition and ordinance to forward units around the world.

Agriculture has a strong presence in the Southeast, both from the production side and the processing side. Smithfield Foods (Tarheel and Clinton), International Paper (Riegelwood) & Campbell Soup (Maxton), as well as many others, are major players in international agribusiness. Pharmaceuticals also constitute a burgeoning economy in the Southeast with companies like PPD & AAI Pharma located in New Hanover County. Nuclear energy is also a significant economic driver due to the Progress Energy Brunswick Nuclear Facility in Southport, as well as the GE Hitachi nuclear generator production facility in Wilmington.

Tourism is obviously a major driver in the Coastal areas, with boating, fishing, and golf being the major attractions. Probably no region accentuates the challenges between military land use challenges and commercial tourist growth, more than the Southeast.

⁸⁷ www.ncse.org

⁸⁸ http://www.ncports.com/Southeastern_Region_Economic_Impact.htm

As was emphasized at regional meetings, planning for this growth is necessary. As was presented to the Task Force, South Carolina lost its air force base at Myrtle Beach largely due to the incompatible uses of commercial tourism and the military airspace, as well as noise concerns. In order for both to survive and be healthy, logistics and land use issues must be addressed.

The region is also blessed with the presence of a port facility, much like their neighbors to the north (Eastern Region). As was discussed in the “Ports” section of the State Transportation Asset Inventory, the Port of Wilmington is the state’s primary container facility, serviced by eight (8) shipping lines with ports of call ranging from Europe to Asia and South America.⁸⁹

A good area for an Inland Port would be the Laurinburg-Maxton area. It provides access to a good North-South route with I-95 and to a good East-West route with the Highway 74 By-pass around Monroe. An additional benefit to this location is that it would move the logistics village away from more urban areas and therefore, away from congestion. There is access to CSX which serves the Port of Wilmington at this location. If the military rail at Ft. Bragg is used, the military could ship by rail to this location also. If this location was chosen, priority should be given to improvements to Highway 401 between the inland port and Fayetteville.

As in other areas, short line railroads should be studied to see if they can be used to leverage price competition between Norfolk Southern, which also has a presence in the region, and CSX which has exclusive service to the Port of Wilmington.

Improvements to I-295 around Fayetteville are a must and this is certainly a priority for the military and should be for the state.

The *Seven Portals Study* references four possible sites for a logistics village, one of which is the Fayetteville Regional Airport site. It appears to the Task Force that the Laurinburg-Maxton site, which was a finalist location in the 1990s for the BMW plant, has greater potential with less cost, provided all military needs can be appropriately addressed. If, however, this site was chosen to serve as an inland port location, less emphasis should be placed on improvements to Highway 87 between Fayetteville and Wilmington. In either case, the completion of the I-295 loop around Fayetteville is paramount.

Also, regardless of the location of the inland ports, the State should explore the method through which it can entice direct flights out of the Fayetteville Regional Airport to and from Washington, DC (specifically Reagan National Airport) due to military-related traffic. Based upon the presentations before the Task Force, this is a priority with the military; however, it appeared the greatest challenge to its implementation was space at Reagan National to accommodate additional flights.⁹⁰

Another site of particular interest for inland port development is the International Logistics Park (ILP); an 1100 acre privately owned park and a joint venture with Columbus and Brunswick

⁸⁹ NC State Ports—Ocean Carrier Services: http://www.ncports.com/ocean_carrier_services.htm

⁹⁰ This item is discussed further in the “Military” section of this report

Counties also provides opportunities, especially for refrigerated goods. The discussion of the ILP and its coordinated development with the Wilmington International Airport and the Mid-Atlantic Logistics Park, to provide a “virtual logistics village” is a constructive approach and is detailed in the *Seven Portal Studies*.

Research Triangle Region⁹¹



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The Research Triangle Park Region is made up of thirteen (13) counties and is anchored by the capitol city of Raleigh, as well Durham and Chapel Hill (thereby making up the “Research Triangle”). The counties included in the region are: Chatham, Durham, Franklin, Granville, Harnett, Johnston, Lee, Moore, Orange, Person, Vance, Wake, Warren.

A significant asset of the region and the source of its namesake is the Research Triangle Park (RTP). RTP was the vision of Governor Luther Hodges as an effort to link the power of North Carolina Research Institutions in the region, principally NC State, UNC-Chapel Hill, and Duke University, to the needs of business. The vision continues to pay great dividends to the state and region and has led to, among other things, North Carolina becoming a national leader in Biotech, ranking #3 in accordance with an Ernst & Young study. Created in the 1950s by political, business and education leader as an area for future growth and research into new and innovative products, the park now boasts a footprint of more than 7,000 acres with roughly 22.5 million ft² of developed space. The park is home to more than 170 companies including IBM, GlaxoSmithKline, Syngenta, RTI International, Credit Suisse, and Cisco. These companies employ more than 38,000 people and provide significant economic benefit to the region, as well as the state as a whole.⁹³



The region is greatly benefitted also by its infrastructure connectivity. Both I-40 and I-95 are present in the region, with I-40 serving as a primary connector throughout most of the constituent counties.

⁹¹ “Research Triangle Regional Partnership”: <http://www.researchtriangle.org/>

⁹² http://www.ncports.com/Research_Triangle_Economic_Impact.htm

⁹³ “About RTP”: <http://www.rtp.org/about-rtp>

The “cutting edge” vision and futuristic economy is adjacent to Rural Counties in the Region, which also benefit from RTP. Many of the raw materials for pharmaceutical companies are produced in the fields of North Carolina. The Research Triangle Partnership has done an excellent job of planning for the future and aligning rural and urban needs to complement one another.

According to the Research Triangle Partnership, the region's economic development arm, the region is focused on attracting and further cultivating business opportunities in the following clusters: advanced medical care; agriculture biotechnology; analytical instrumentation; biological agents and infectious diseases; cleantech; defense technologies; informatics; interactive gaming and e-learning; nanoscale technologies; pervasive computing; pharmaceuticals; and sustainability.⁹⁴

As seen by the list, the movement of raw materials and finished product is important, but even more so is the movement of the vast number of people in this region involved in Research, education, government and health care. Thirty One (31%) percent of workers commute in this region.

Raleigh and the region are areas growing in population much faster than the rest of the nation and congestion of the highway is already an issue.

As to an inland port, the *Seven Portals Study* identified the following four areas:⁹⁵

1. Raleigh-Durham (RDU) International Airport Area
2. Triangle North Properties (4 sites)—Franklin, Granville, Vance and Warren
3. Johnston County
4. Sanford-Lee County Executive Jetport Area

After significant review and discussion, the Task Force believes first priority should be given to the RDU area. This selection is not to diminish the importance of the other locations and activities which are ongoing there. Particularly, the hub & spoke concept at Triangle North is an excellent example of collaboration & cooperation. Also, these counties are to be commended for sharing Tier I tax credits pursuant to legislation they requested in Kerr-Tar.

The efforts at RDU are supported by one of the region's most significant logistics assets in the World Trade Park. The World Trade Park is a 100 acre logistics park which serves as the general purpose site for Foreign Trade Zone #93. Also on the property are a US Department of Commerce Export Assistance Center, Longistics⁹⁶, the North Carolina Trucking Association, and the North Carolina China Center. In addition to its general purpose site, FTZ #93 also includes sites in Holly Springs and North Raleigh (Dudson China).⁹⁷

⁹⁴ “Clusters of Innovation”: <http://www.researchtriangle.org/clusters/>

⁹⁵ *Seven Portals Study* “Research Triangle Region” pp.2-3

⁹⁶ Longistics serves as the operator of Foreign Trade Zone #93

⁹⁷ <http://www.tjcog.dst.nc.us/econdev/ftz.shtml>

The Sanford-Lee & Johnston County initiatives can be important components if the overall plan says more about these especially Sanford. Both CSX and N-S cross there, but again, emphasis should first be given to making the RDU inland port state of the art and by doing so, the entire region will derive the greatest benefit.

The Task Force has also heard of the significant developments in the region's educational offerings related to logistics. Currently, both the University of North Carolina at Chapel Hill (Center for Logistics and Digital Strategy⁹⁸ and Center of Excellence in Logistics and Technology⁹⁹) and Wake Technical Community College (Global Logistics Technology Department¹⁰⁰) both possess entities focused on logistics. Also, North Carolina State University is working to develop a Center for Excellence in Logistics and Distribution (CLEDi).

⁹⁸ <http://www.kenan-flagler.unc.edu/kenan-institute/about/organization/logistics-digital-strategy.aspx>

⁹⁹ <http://logtech.org/>

¹⁰⁰ <http://business.waketech.edu/index.php?page=logistics-main>

*Piedmont Triad Region*¹⁰¹



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In order to examine the Piedmont Triad region, the Task Force held its meeting in April 2010 at Davidson County Community College. There the group heard presentations from the Piedmont Triad Partnership, as well as numerous business leaders from around the area.

The region consists of twelve counties: Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Montgomery, Randolph, Rockingham, Stokes, Surry and Yadkin.

In addition, the Triad has at four significant urban areas with populations over 50,000 each. Winston-Salem, Greensboro, Burlington, and High Point are centrally located in the state and in the region, and while devastated by the diminishing role of textile and furniture manufacturing, they have done a good job with repositioning and planning for the future.

This is the only region where six interstates will ultimately traverse the region; I-85, I-40, I-77, and the future I-73, I-74, and I-785 connections.

In addition, both Class I railroads are present in the region (Norfolk Southern [both on its own track and in the NCRR corridor] and CSX). Also, short line railroads are present throughout the region and with improvements, could be used to leverage competition between the respective Class I carriers.¹⁰³

¹⁰¹ <http://www.piedmonttriadnc.com/>

¹⁰² http://www.ncports.com/Piedmont_Triad_Economic_Impact.htm

¹⁰³ *Shortline Railroads in PTP*: Yadkin Valley Railroad; Winston-Salem Southbound Railway; High Point, Thomasville & Denton Railroad; and Aberdeen, Carolina and Western Railroad

The educational structure for the Triad is also very impressive with 11 colleges and universities¹⁰⁴, as well as 9 community colleges¹⁰⁵ located throughout the region.

The vision of the leadership in the Triad has been to create a “North Carolina Center for Global Logistics”. The existing 100 acre campus is prepared to expand to fulfill the needs for logistics education and training for not only the Triad, but all of North Carolina and beyond.

Accordingly, the Center's mission is to:

- 1) *Collaborate with business and education institutions to create an elite workforce for the Transportation, Logistics and Supply Chain Industry*
- 2) *Provide research and consultation services to the industry utilizing our partners in industry and our higher education institutions*
- 3) *Provide the industry expertise and research capabilities needed to support our local, regional and state economic development partners¹⁰⁶*

One concept envisioned by the Center's leadership is the creation of a stand-alone university whose primary concentration would be logistics.

The Triad economy, while still having a significant tobacco, textile, and furniture presence, has diversified into aerospace with Timco and Honda Jet; biotech and pharmaceuticals with LabCorp, Targacapt; regenerative medicine led by Dr. Tony Attala at the Wake Forest University School of Medicine; as well as many other companies competing in the 21st century economy.

The Triad region has taken very seriously the “Aerotropolis” concept espoused by Dr. John Kasarda of UNC Chapel Hill.¹⁰⁷ This “city” focuses on the logistics around an airport and within a sixty mile radius. This location has already been the subject of significant planning and implementation, a part of which is the vision of expanding the NC Center for Global Logistics to university status.

Completion of the I-840 loop is of critical concern, as is the completion of both I-73 and I-74. Improvements on NC 68 from High Point to the Piedmont Triad International Airport (PTI) are essential. The Sandy Ridge Road-I-40 Winston-Salem Connector is also key, as well as the widening of I-40 between US 311 and its junction with I-40 business. Further recommended improvements for the PTI “Aerotropolis” are detailed in the *Seven Portals Study* report [Appendix IV].

¹⁰⁴ Colleges and Universities in PTP: UNC Greensboro; NC A&T State University; Wake Forest University; Winston-Salem State University; Elon University; High Point University; Guilford College; Greensboro College; Salem College; UNC School of the Arts; and Bennett College

¹⁰⁵ Community Colleges in PTP: Alamance Community College; Davidson County Community College; Forsyth Technical Community College; Guilford Technical Community College; Montgomery Community College; Piedmont Community College; Randolph County Community College; Rockingham Community College; Surry Community College

¹⁰⁶ <http://www.nccgl.com/aboutus.aspx>

¹⁰⁷ <http://www.aerotropolis.com/>

In addition to the Aerotropolis, the *Seven Portals Study* highlighted other possible locations for an inland port and which would be complementary to PTI.

Though not listed specifically in the *Seven Portals Study*, there are also numerous joint ventures between counties in the region and municipalities in Virginia to create an industrial park in the Berry Hill area, just across the state line.¹⁰⁸ This site represents a type of partnership which may be necessary, especially in border areas to develop such sites for economic development.

Finally, the region is greatly benefitted by the significant tourist attraction in the North Carolina Zoo, located outside of Asheboro. The Zoo is a significant economic driver for the area attracting hundreds of thousands of visitors annually and contributing revenues through outside expenditures such as restaurants and hotels. According to a 2012 report by the North Carolina General Assembly, the Zoo's economic impact for 2011 was \$146.5 million.¹⁰⁹

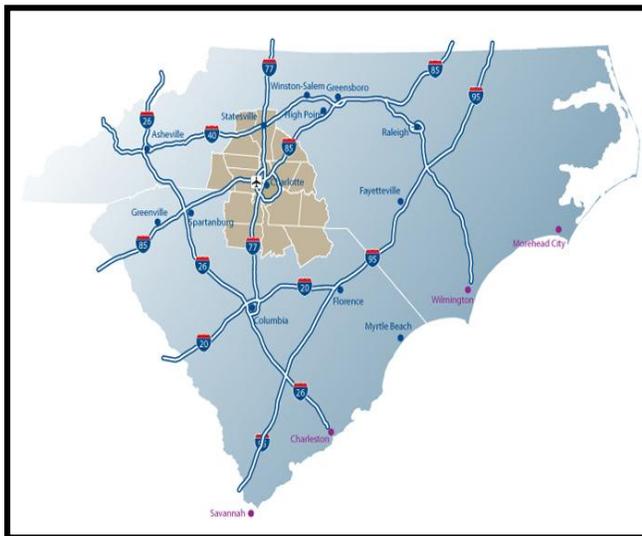
¹⁰⁸ <http://www.bizjournals.com/triad/news/2012/03/01/developer-says-berry-hill-megasite-at.html>

¹⁰⁹ http://www.ncleg.net/PED/Reports/documents/Attractions/SA_Report.pdf

Charlotte Region¹¹⁰



The Charlotte Region is unique in many respects. First and foremost it is not only the principal economic engine of North Carolina, but for a significant portion of South Carolina as well. This fact is underscored by the previously referenced studies designating Raleigh to Atlanta along the I-85 corridors as the 8th “hottest” economic hub in the world for the next 50 years. That delineation has been conversationally focused by experts to references of “Charlanta” as the fastest growing portion of that corridor.



The region is also unique in that its economic development partnership, consisting of a total of 16 counties, has four counties in South Carolina as members.¹¹² This inclusiveness and collaboration is to be commended, especially in logistics planning, since companies moving freight or people care not about political borders, but do care about the road & rail corridors crossing them. Obviously, such a partnership has its challenges, as both states compete in the economic recruitment arena. Nevertheless, the bi-state approach to this partnership is the type of effort needed if we are to move expeditiously in logistics for the 21st Century.

Charlotte is the hub of the region with nine (9) Fortune 500 companies headquartered there. It is within two hours flight time and one day’s truck drive to 60% of the nation’s population and 60% of its industrial base. Also, it is home to more banking resources than in all but one other city.¹¹³

¹¹⁰ “Charlotte Regional Partnership”: <http://charlotteusa.com/>

¹¹¹ http://www.ncports.com/Charlotte_Economic_Impact.htm

¹¹² Map: <http://charlotteusa.com/news-media/maps/>

¹¹³ http://www.thrivenc.com/sites/default/files/uploads/NC_Fact_Sheet.pdf

Congestion is a major factor for the region, but the Governor's recent announcements and DOT's recent actions are addressing some of the most critical needs, i.e. the completion of the I-485 Loop, the improvements to Independence Blvd, and the construction of the new Yadkin River Bridge.

Fortunately, this region has projects underway in multiple counties that will assist with the disbursement of industrial growth, thus alleviating some congestion.

In examining inland ports, the most obvious fact is the multi-modal initiative underway in and around the Charlotte-Douglas International Airport. It is the largest airport in the state and the 11th largest in the nation. In 2010 the airport accommodated roughly 33 million passengers and roughly 122,000 metric tons in air freight.¹¹⁴ It has been presented to the Task Force that air cargo is expected to double out of this location with the next 15 years and actions are already being taken to accommodate this increase.

Charlotte-Douglas, with the support and endorsement of the state, applied for and received a TIGER grant from the federal government to help fund an intermodal facility on airport property which consists of over 6,000 acres. The intent is to relocate the Norfolk Southern [NS] facility from downtown Charlotte to the airport site. The relocation is being made possible through a Transportation Investment Generating Economic Recovery [TIGER] Discretionary Grant to the airport.

As was presented to the Task Force, the airport also has land available to construct three more runways, giving it the potential to equal or exceed the current capacity of Hartsfield-Jackson Atlanta International Airport.

During the Task Force's discussions, it was presented that the "Steele Creek" property, located just southwest of the airport and consisting of 2,266 acres of available land, is well suited for light industrial and distribution. In addition, opportunities for growth near the airport are in the Dixie-Berryhill area just west of the facility.

The planning and development of this "inland port" is well underway. The local governments, and particularly the airport authority, are to be commended for their vision and action. The state should continue to be a principal partner and enhance road and rail corridors to those inter-related projects as detailed in the seven portals study.

It should be noted that Charlotte is the first city in the state to implement light rail and while it is still in its infancy, appears to be a success. Expansions are planned and critical to the movement of vast numbers of people in the area.

The good news for the region is that other counties in the region are also planning intermodal facilities. Due to the projected growth in this region, multiple sites are welcome. However, first

¹¹⁴ http://www.aci-na.org/sites/default/files/_rankings-2010nam_.xls

priority should be to complete the work already underway at Charlotte-Douglas and the relocation of the NS yard in downtown Charlotte.

The proposed “Legacy Park” located outside of Monroe in Union County has tremendous potential. Consisting of 5,000 acres and the presence of a CSX line, the ingredients are there for success. Much will depend, however, on the success of a public private partnership with CSX, and if that should fail, the alternative options discussed in the Legacy Vision Plan¹¹⁵ and the *Seven Portals Study* should be monitored.

The development of potential sites in Salisbury/Rowan County and in the Statesville/Iredell County area as discussed in the *Seven Portals Study* is a logical progression of the growth projected for this region.

Key to any of the sites discussed above and in the *Seven Portals Study* is the completion of the Monroe By-Pass. The task force has seen this project referenced as important or critical to multiple regions, and therefore it should be one of the highest priorities for DOT.

In conclusion for the Charlotte Region, its challenge is not to enhance or entice growth; its challenge will be to accommodate growth. The “buy-in” from the region should benefit all the member counties. The planning & construction underway at Charlotte-Douglas are “spot on” and the movement of the NS intermodal yard is a plus for the airport, downtown Charlotte, & the region. The Legacy Park and others will be natural players as the growth plays out. However, all may be delayed & stymied if the Monroe By-Pass is not completed soon.

¹¹⁵ <http://www.unioncpp.com/legacy/index.html>

Advantage West Region¹¹⁶



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The Advantage West Region is the largest region, spanning an area the size of the state of Maryland.¹¹⁸ In order to appropriately cover the needs of this region, it was decided by the leadership that two meetings would be held in this area, one in Asheville and one in Cullowhee.

The region consists of Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes, and Yancey counties. It stretches from the Virginia border at the north to the Georgia/South Carolina border at the south.

All of these counties lie within the Appalachian Regional Commission (ARC) which was established by the Federal government to support the economically distressed areas along the Appalachian Mountains. It is a diverse area and its mountainous terrain can make logistics infrastructure a challenge. According to a presentation made to the Task Force, the expected economic growth will principally be located along the I-26 corridor from Asheville to the Greenville-Spartanburg (SC) area. The presentation described this corridor as a principal “rib” off of the Charlotte, I-85 backbone.

Tourism is a key industry in the Western North Carolina and the increase in direct flights into the Asheville airport created a noticeable boost in tourism dollars for the region.¹¹⁹ Though due to cut-backs in the airline industry during the work of the Task Force some of these flights have left the area, others are being recruited to ensure connectivity for the airport and the region.¹²⁰

Also, the improvements being made to the Harrah's Cherokee resort have had a positive impact on tourism with many patrons driving from surrounding states to go to the casino. Currently, the casino has a \$650 million improvement project underway which will make the hotel the largest

¹¹⁶ www.advantagewest.com

¹¹⁷ http://www.ncports.com/Advantage_West_Economic_Impact.htm

¹¹⁸ Staff Discussion with Scott Hamilton, CEO—AdvantageWest

¹¹⁹ <http://www.mountainx.com/article/29916/Asheville-Airport-sees-big-increase-in-travelers-for-the-second-month-in-a-row>

¹²⁰ <http://www.airlinenewsamericas.com/2011/08/asheville-regional-airport-director.html>

in the state, as well as having an increased gaming floor, conference center and events pavilion. This project should be complete in 2012.

According to a June 2011 study by the UNC Kenan-Flagler School of Business, the casino provides roughly \$386 million to the economy of Western North Carolina with two-thirds of these revenues being derived from out-of-state visitors.¹²¹ Also, this revenue may be significantly increased by the ability to have “live table games” at the casino which is currently under discussion by the Governor and General Assembly. Most of these visitors arrive by car, although the road infrastructure is not optimum. It has been presented to the Task Force that business in Cherokee and all of the western counties would be improved with better air service to accommodate private aircraft or charters.

One concept to improve air service which was discussed by the Task Force and the Commerce and Best Practices subcommittees was making improvements to the Andrews-Murphy Airport to serve as a passenger hub for the farthest western counties. Additionally, it was presented to the Task Force that improvements to this facility could allow it to serve as an overflow hub for the Hartsfield-Jackson Atlanta International Airport, as well as an East Coast base of operations for the U.S. Forest Service's firefighting aircraft.

Also, not to be over-looked is the region's manufacturing economy which contributes \$1.3 billion to the region's overall economy. These operations are completed via companies such as Altec Industries, Raflatac, Nypro, Borg Warner Turbo Systems, Team Industries, Carriage House Doors, Smiths Aerospace (GE Aircraft), Continental Teves, Genesis Furniture Industries, Exelsior Packaging, Cobia Boats, James Tool, Zickgraf Industries, Google, Elkamet, Volvo Construction Equipment, Sonopress, Blue Ridge Paper Company, and Charleston Forge.¹²²

The region has also become the home to numerous data centers for technology companies. Companies such as Apple, Facebook, and Google [located on the border of the region in Lenoir] have chosen to open operations for the management of their server operations.¹²³ Many of these locations take advantage of sites previously occupied by textile manufacturing operations and though they are not necessarily labor-intensive to operate, they provide significant economic impact through their construction and development.

Corridor “K” is listed as a priority for the region. This section is part of the Appalachian Development Highway System, as defined by the Federal government. This section of highway extends 127-miles, starting at I-75 near Cleveland, TN and ending near Dillsboro, NC.¹²⁴ The project calls for improvements and relocation of US 74. The project would improve the roadway to interstate quality and would allow for greater connectivity throughout the entire Appalachian region.¹²⁵

¹²¹ http://www.nc-chokeee.com/theonefeather/files/2011/07/2011_CherokeeCasino_Report.pdf

¹²² http://www.advantagewest.com/content.cfm/content_id/132/section/regional

¹²³ http://www.computerworld.com/s/article/9217259/Apple_Google_Facebook_turn_N.C._into_data_center_hub

¹²⁴ “Background of Corridor K Project”: <http://www.corridork.com/>

¹²⁵ “US 64/CORRIDOR-K FACTS”: <http://www.corridork.com/>

Connecting the western counties to one another and to established interstates has been presented as an item of primary importance to the area. This entails widening of US 221 (colloquially referred to as the “Skiline Highway”) from the South Carolina line (Highway 221 leads to I-85 in SC) to the McDowell County line, and making improvements to 321 for better access from Boone to the Charlotte-Gaston County area (although recent improvements have already made a noticeable difference). Finally, completing US 19 from Boone to Madison and I-26 will provide much freer travel and access for tourists and residents in the west.

The concept of a comprehensive logistics village is more challenging for this area because of terrain. The Federal government has encouraged development of inland ports in the Appalachian region. An ARC study recommended a site in Rutherford County, which has convenient access to I-26, I-40, and I-85, and is just north of Spartanburg, South Carolina, which has terminal operations for both Norfolk Southern and CSX.

The *Seven Portals Study* listed the Rutherford County (Isothermal) option as well as Asheville, which is the largest city in the west and a focus of commerce and directly at the intersection of I-26 and I-40. The study also presented the concept of virtual logistics villages and conceptualized one being centered on the Wilkes County area, as well as adding additional infrastructure in the Valley River Basin.

Both Norfolk Southern and CSX are present near Asheville. Restoration of the Norfolk Southern line from Spartanburg, SC through Asheville (the old Saluda grade) would be a significant plus and would give Western North Carolina better access to the Crescent Corridor and the South Carolina State Port Authority's terminals in Charleston, which is the dominant port for Western North Carolina because of distance.

Finally, with the exception of the specialty trips run by Great Smoky Mountain Railroad¹²⁶, passenger rail is absent in Western North Carolina, although it has been presented that Asheville is the number one most requested destination for future Amtrak connection.

The Task Force also commented about the greater need of redundancy in the west because of the lack of good alternatives in the event of rockslides or other inclement weather. Significant discussions were had by the Task Force during their regional outreach sessions in Asheville and Cullowhee related to the impact of rock slides which took place in October 2009 and closed sections of I-40 until April 2010.¹²⁷ Numerous presenters suggested the creation of additional alternate routes which would allow for greater abilities to remain connected, especially for freight moving in and around the North Carolina-Tennessee border, in the event that such a closure occurs again.

¹²⁶ <http://www.gsmr.com/>

¹²⁷ <http://www.wral.com/traffic/story/6278952/>

In conclusion, the Advantage West region should prioritize these ideas and determine if money is best used for the development of an inland port at this time or is it better used to enhance and accelerate road, air and rail infrastructure to increase and facilitate tourist traffic. The concept of an inland port fits and is a priority of ARC and should be sited for possible future development, but acceleration of the major highway improvements as referenced herein may produce the quickest advantage and return on investment through increased tourism.

RECOMMENDATIONS

In formulating its recommendations, the Task Force chose to structure them to reflect both the work of its subcommittees, as well as the overall information presented through its listening sessions. Some recommendations have been previously espoused in other sections of this report and are replicated here for the purpose of continuity.

Recommendation 1: Governance

A significant focus of the Task Force's efforts was the discussion of how logistics/transportation assets were managed. Numerous groups who made presentations to the group present options for reform. Below are recommendations from the Task Force related to governance in four different areas: (1) One Stop Shop; (2) North Carolina Board of Transportation; (3) North Carolina Railroad; and (4) Regional Ports/Villages.

1.1 One Stop Shop

Consolidation of assets and streamlining the components of logistics has been a consistent theme of the Logistics Task Force. Previously, the Task Force recommended bringing the North Carolina State Ports Authority and the North Carolina Global TransPark under the authority of the Department of Transportation.¹²⁸ This recommendation in concept was supported by the Governor through Executive Order 85¹²⁹ and by the General Assembly through House Bill 200 and Senate Bill 409 respectively.^{130 131}

Executive Order 85 also created the State Transportation Logistics Coordinating Council, a group tasked with examining a "one-stop-shop" concept to provide better coordination of the state's logistics assets. The Council is made up of the Secretary of Transportation, who serves as Chair of the group; the Chief Executive Director of the North Carolina State Ports Authority; the President of the North Carolina Railroad; and the Executive Director of the North Carolina Global TransPark Authority. The Executive Order also grants the Chair the authority to appoint other members as they deem necessary. These appointed members currently include, but are not limited to the Secretaries of the Departments of Commerce and Environment and Natural Resources respectively, as well as the Commissioner of the Department of Agriculture. Making these members permanent to the Coordinating Council is consistent with the Task Force vision of a "one stop shop" approach.¹³²

¹²⁸ February 2011 Report to the Governor:

http://www.ncdot.gov/download/business/committees/logistics/GovernorReport_Feb2011.pdf

¹²⁹ Executive Order 85: <http://www.governor.state.nc.us/NewsItems/ExecutiveOrderDetail.aspx?newsItemID=1766>

¹³⁰ House Bill 200 "Appropriations Act of 2011": <http://www.ncleg.net/Sessions/2011/Bills/House/PDF/H200v9.pdf>

¹³¹ Senate Bill 409: <http://www.ncleg.net/Sessions/2011/Bills/Senate/PDF/S409v6.pdf>

¹³² The structure of the Logistics Coordinating Council was discussed significantly by the Governance Subcommittee. This discussion included but was not limited to examination of the development of a more permanent structures, as well as involvement of outside persons in the Council. These discussions are presented in the Governance Subcommittee report found in Appendix II.

As stated in the Executive Order:

The Council shall identify areas for cooperation among the State's transportation logistics entities, including improving the State's transportation services, coordinating on projects to create or expand companies in North Carolina or to attract companies to the State, and sharing of personnel and resources to the maximum extent practicable.¹³³

The 2011 General Assembly took action to address the Task Force's recommendation to move the North Carolina State Ports Authority and North Carolina Global TransPark Authority to the Department of Transportation. House Bill 200, the "Appropriations Act of 2011". HB 200 transferred the NCSPA from the Department of Commerce to the Department of Transportation (Section 14.6(a-k)"Transfer State Ports Authority from Department of Commerce to Department of Transportation") via a Type II transfer, while Senate Bill 409 "Global TransPark Governance Reform and Loan Repayment" called for greater connection and reporting of the Global TransPark to the Department of Transportation. The legislation also modified the Global TransPark's Board to provide for greater statewide input, as well as issue/area-specific representation.¹³⁴

It is believed that this consolidation should continue and eventually include the creation of a "one stop shop" for logistics. Multiple subcommittees supported the creation of a Logistics Division within NCDOT and/or a separate, freestanding Logistics Authority to manage the state's logistics assets. The creation of this body should be part of the overall effort to streamline the management of current and future logistics resources. The Task Force believed that in no way should this endeavor create/require additional and burdensome bureaucracy.

The Task Force applauds the Governor's creation of the State Logistics Coordinating Council, as well as her recommendation for the transfer of both the Ports Authority and the Global TransPark to the Department of Transportation. It is recommended that the Governor continue this process of consolidation and believes its natural progression should lead to a modified Board of Transportation with an Executive Committee, similar to the core representation of the Logistics Coordinating Council. Further discussion regarding modifications to the Board of Transportation will be presented below.

1.2 North Carolina Board of Transportation

Through the work of the Task Force, recognition and appreciation has been given to the current and past work of the Board of Transportation [Board]. Its shift in focus and direction to more policy-centered actions has been seen by the Task Force as beneficial as the state moves forward with future transportation projects.

¹³³ Executive Order 85: <http://www.governor.state.nc.us/NewsItems/ExecutiveOrderDetail.aspx?newsItemID=1766>

¹³⁴ Senate Bill 409: <http://www.ncleg.net/Sessions/2011/Bills/Senate/PDF/S409v6.pdf>

In its February 2011 report to the Governor, the Task Force recommended that the consideration be given to aligning Board appointments with the Seven Economic Development Regions, as opposed to their current appointments based on the respective Highway Divisions. The Task Force also recommended that limited modifications be made to the current at-large positions. It was the intent of the Task Force that any such changes would take place under the current member terms, thereby not disrupting the current Board structure. In order to do so, the Department and the current Board of Transportation should both be involved in discussions to modify the future Board structure.

Due to the recent changes in focus, as well as the shifts in operating authority for the NCSPA and GTP, the Task Force now believes that future consideration should be given to creating ex officio appointments to the Board from both groups, as well as the North Carolina Railroad.

In building off of the Task Force's February recommendation, the Task Force recommends that the following proposed Board structure be considered.

- Two representatives from each of the Seven Economic Development Regions [14 members]
- At-large members representing the following groups/areas [5]:
 - Environment
 - Rural Transportation Issues
 - Government-Related Finance and Accounting
 - Urban Transportation/Mass Transit
 - Logistics

Under this modification, the Board would remain at its current size of nineteen members, but would retain the intent of the Task Force to better streamline the efforts of the state in transportation as they relate to the economic regions. The Task Force recognizes that future changes to the overall structure may be necessary. Also, the Task Force recognizes that any changes to the Board or NCDOT organization as a whole may have unintended consequences, therefore it recommends that further study and public outreach in the various divisions be completed prior to these modifications.

As discussed in recommendation 1.1, the Governor via Executive Order 85 appointed the Logistics Coordinating Council. Due to the fact that the work of the Logistics Coordinating Council is important to the overall development of the state's logistics mission and the creation of a "one stop shop" for streamlining efficiency, the Task Force believes that continued consideration should be given regarding a modification of the Board's focus to reflect these changes.

In addition to this discussion of Board structure, the Task Force also heard presentations about the historical structure and leadership of the Board. In order to unify the efforts of all parties involved in transportation, the Task Force believes that consideration should be

given as to the selection of the Chair of the Board of Transportation. Previously the Secretary of the Department served as Chair, however currently the Chair is elected by the body. In general, the Task Force recommends that the concept should be reconsidered for future use.

Additionally, the Task Force recommends that there be close coordination of the North Carolina State Ports Authority¹³⁵ and the North Carolina Global TransPark Authority with the Board of Transportation. Specific personnel issues related to both Authorities should also be addressed through the development of protocols between the respective groups. Due to the unique nature of each Authority's facilities, persons with specific subject matter experience are necessary for efficient operation. It is the belief of the Task Force that due to this expertise, such employees should not be subject to the political whims which may be present through the Board and believes that consideration should be given to alternative hiring mechanisms.

Finally, the Task Force recommends that the Chair to designate members of the Board to chair subcommittees on Rail, Aeronautics and other specialized areas with authority on an as needed basis to add public members to the subcommittee in an advisory capacity. Conceptually this would place a Board member as Chair of the respective subcommittees so their voice is directly linked to the decisions of the Department of Transportation.

1.3 North Carolina Railroad

The uniqueness of the North Carolina Railroad (NCRR)¹³⁶ presents a conundrum as a consolidation approach is considered. The NCRR is a very unique asset. As a private, for-profit company entirely owned by the State, it has greater flexibility to engage in economic development. From a commercial perspective, its advantage would be diminished by any attempt to make it a state agency by legal action or by de facto submersion of its mission under the control of a Logistics Division or Authority. However, there are several options to better align the NCRR with the logistics goals of the state, but each comes with significant barriers that will need to be overcome.

One plausible option involves the Board of Directors of the NCRR. As the sole shareholder, the state appoints the Board of Directors of the NCRR and the Board in turn selects the officers.¹³⁷ Therefore, the Task Force believes that the Board of Transportation should have a presence on the NCRR Board, and consideration should be given to giving the NCRR a place on the Board of Transportation as well. Obviously this relationship between NCRR and the state deserves greater study and legal analysis to

¹³⁵ With regards to the NCSPA, the Task Force believes that any structural changes should only be with respect to the operational structure and control of the Authority and its respective properties. Due to the Authority's outstanding obligations (i.e. bonds), the Task Force believes that it would be imprudent to make any changes to the body's bonding ability/authority at this time.

¹³⁶ NCGS Chapter 124

¹³⁷ NCGS § 124-6.

determine the appropriate action. It is clear, however, that such a relationship should exist in an effort to better coordinate the efforts of all the state's logistics assets

The main concern with this alignment is that there is a fiduciary duty for the officers and directors of the NCRR to derive a profit for the company. Such a duty may not always align well with a logistics vision of the state and its driving commercial forces. Another possible solution could be to alter the charter of the NCRR to make it a nonprofit entity, which would legally allow its mission to better align with the public good of the state. This may be possible through the creation of a special "for benefit" corporation structure, but significant work would need to be completed through the General Assembly to make such an action possible.

1.4 Regional Ports/Villages

Regional "inland" ports or villages are a concept that the Task Force has given considerable time and energy to study. However through those discussions, the question has arisen as to how these will be owned, operated, and governed.

In the current economic times investment by private entities is obviously preferred, an example of which is the Tanglewood Project in the Northeast. It will be likely though that the State would need to work to enhance the necessary infrastructure to make these investments viable. But since these facilities are principally dependent upon public infrastructure, and since many locations clearly have begun to develop, public-private partnerships may be the best and most viable option to pursue.

The Task Force feels strongly that local governments should share both in the responsibility of financing these facilities as well as in any future benefits derived from these facilities. One possible option is to make these inland ports/villages regional assets with the tax base and profits derived from the development shared among the counties in the region. This concept is not foreign to North Carolina. As was presented to the Task Force, special legislation in the Kerr-Tar region allowed four counties to develop industrial parks and utilize a Tier I status even though one county historically was Tier III, provided they all share in the benefits of the projects as a whole.

Another possible for financing would be incremental tax financing. This could be used with empowering legislation to partially finance the construction and development of the regional ports/villages.

Regardless of the method, the Task Force agrees that no local government should control or regulate the development of those regional assets. The Global TransPark is an entity unto itself, with its own governance and its own extra territorial jurisdiction (ETJ). It is this type of model that the Task Force believes should be pursued for the governance of logistics villages/ports.

Obviously, financing will be key and will in most instances require public-private partnerships and local, state, and federal money. Bonding authority will likely be necessary. Whether this is to be done by a regional authority or a state bond referendum or both is yet to be determined.

Further investigation and legal expertise is needed to formulate the appropriate governance and financing models for these proposed regional assets and the model may differ from region to region. However, these models should be developed and questions answered before embarking on substantive actions related to their creation and the expenditure of funds for the inland ports and infrastructure related thereto.

Recommendation 2: Competitive Rail Access

The issue of competitive rail access has been discussed for many years, especially as it relates to access to the state's port facilities. Prior to the creation of the Task Force, Rep. Danny McComas of New Hanover County introduced House Bill 1355¹³⁸ which called for the development of dual Class I rail service to both North Carolina ports facilities. In 2010, the content of this bill was directed to the Task Force via the 2010 Studies Bill. The Task Force studied the subject during much of its work both through the discussions of the respective subcommittees, as well as the group as a whole. Working in parallel to this effort, the Task Force recommended the creation of the North Carolina Maritime Strategy. Due to the significant information presented through the Strategy, though the Task Force recognizes the importance of dual service rail to the state's port facilities, it believes that further examination should be undertaken before such actions are pursued. Areas for further examination could include improved utilization or funding structures for shortline rail carriers, as well as the potential for creating mirror-image port facilities. The Task Force also notes significant federal interest in rail competition through ongoing analyses of the National Surface Transportation Board [NSTB]. The Task Force encourages the Department of Transportation to continue its communication with NSTB on this issue and to provide subsequent comments as it deems appropriate.

Recommendation 3: Foreign Trade Zones

The Task Force recognizes that importance of Foreign Trade Zones, both to the organizations which operate them, as well as to the companies which utilize them in an effort to mitigate the impact of customs duty rates on their overall bottom line. Through the Task Force's analysis, they have seen the potential marketing tool presented by having such capability both for new, as well as existing industry. In examining the state, it was seen that the only two regions not currently covered under the state's existing program were the Northeast and Advantage West. In the past, FTZ #57 managed a subzone outside of Asheville, but that operation was shuttered due to the company closing its operation.

Because of the benefits which could be derived from this program, the Task Force encourages further examination into the creation of new zones within these areas or coverage into them by existing zones. The Task Force recognizes that because of the proximity of both these regions to

¹³⁸ House Bill 1355: <http://www.ncleg.net/Sessions/2009/Bills/House/PDF/H1355v1.pdf>

neighboring states, coverage may be best found through the utilization of existing zones in Virginia and Tennessee respectively.

As these abilities would require legislative modification to the existing state Foreign Trade Zone statutes (Chapter 55C), the Task Force recommends that such action be considered. Even though said zones would be operated by a non-North Carolina entity, the direct benefits of having such status would directly benefit the state through potential employment and tax revenue derived from companies locating within the state.

Recommendation 4: Interstate Partnerships

Though the Task Force's primary focus was on examining the needs of the state's transportation system, issues related to "interstate partnerships" and border strategies became pertinent. As has been shown by the Task Force's analysis efforts, all of the state's economic regions include counties which border a neighboring state. Each of these regions has a different relationship with their respective neighbor. These relationships include the inclusion of four South Carolina counties in the Charlotte USA region to a significant portion of the Northeast population which commutes daily to jobs in Virginia. With regards to the Task Force's work, significant discussion arose related to collaborative efforts related to items such as coordinated trucking permits and carriage agreements, as well as joint marketing of North Carolina-based industrial sites for use by out-of-state entities. The Task Force also had significant discussion regarding the export of North Carolina products through neighboring port facilities. For example, roughly twenty-five percent of the exports of the Virginia Port Authority are derived from North Carolina-based companies.

Recommendation 5: Military

As has been discussed extensively by the Task Force, both through its work and in this report, the military is of the utmost importance to North Carolina. The Task Force has recognized that retaining the state's military assets is vital for the sustained growth of both the industry sector and the state as a whole, particularly in this time of federal government efforts intended to streamline the nation's military operations and overall footprint. The Task Force has also recognized that while significant infrastructure has been developed to serve the needs of the respective installations, additional improvements and development is necessary to ensure connectivity between the installations, as well as to improve the efficient movement of personnel and equipment in times of conflict. Finally, the Task Force has heard numerous presentations related to new and innovative concepts design to both protect areas for future military use, as well as increase the state's military footprint and provide an overall savings to the Department of Defense. In an effort to ensure that the state remains the "most military friendly state", as well as preserve the significant investments, the Task Force hereby recommends the following.

5.1 North Carolina Defense Logistics Initiative

The Task Force applauds the work of the North Carolina Eastern Region Military Growth Task Force and Col. Mark Sutherland (Ret.) for their efforts to develop the North Carolina Defense Logistics Initiative. As discussed in the "Military" section of this report, this initiative serves to develop a program by which equipment brought back from theatre is returned through North Carolina seaports, repaired and refurbished by private

entities throughout the state, and ultimately returned to the end user, a majority of which reside at Fort Bragg or Camp Lejeune. The initiative's work has been presented as possessing the capability of deriving significant time and financial savings for the Department of Defense, which is already facing a mandated reduction in spending [reported as on the order of 25%].

The Task Force believes that efforts should be undertaken on behalf of the state to encourage the Department of Defense to explore the opportunities presented by the initiative due to their cost savings and efficiencies. The Task Force recommends that the State should communicate with its respective Congressional representatives, as well as the commanding officers to its respective installations to encourage their support for this initiative as it is considered by the Department of Defense.

5.2 Airspace preservation and protection

With growing residential and commercial developments encroaching on areas in close proximity to military installations, the issue of airspace preservation has been presented to the Task Force. Installations, as well as parallel organizations, are concerned about this encroachment due to the impact that such development can have on the availability and access to airspace rights both for manned vehicles, as well as for unmanned aerial systems (UAS) currently under development. It has been presented to the Task Force that separate efforts are underway, coordinated by the North Carolina Farm Bureau and North Carolina Military Foundation respectively, to both develop plans by which land can be preserved for flight patterns, as well as develop systems for corridor development for unmanned aerial systems (UAS). The Task Force applauds both efforts and encourages that both of these efforts be completed and that recommendations from each be provided to the respective state leadership.

In addition, the Task Force recommends that the General Assembly, in consultation with the Governor develop a framework by which municipal and county zoning decisions in areas with active or proposed military operations were reviewed to ensure that there is limited impact on airspace in said areas. The Task Force believes that this framework should include the development of a clearinghouse model, through which such actions can be considered. Representation from the North Carolina Department of Transportation's Aviation Division and the North Carolina Advisory Council on Military Affairs should be included in such a group. This group would not be proposed to necessarily have the power to prevent counties or municipalities from zoning decisions, but rather have the opportunity to provide comment as to the impact that such decisions may have on the health and future capabilities of the military installations or operations in that area.

The Task Force believes that any efforts to ensure the appropriate protection of airspace for both manned and unmanned aerial systems will allow North Carolina to remain not only a courteous neighbor to its respective installations, but also better position itself for future opportunities related to these efforts.

5.3 Preservation of corridors important to military installations

Throughout its work, the Task Force has heard numerous presentations related to the infrastructure needs of the states' respective military installations. Much of these needs involved the improvement and/or preservation of existing road corridors. Many of these projects are already listed in the state's Transportation Improvement Program (TIP) and some have received the necessary funding for completion. As was discussed, these respective corridors are beneficial both to the respective installation, as well as to the surrounding areas due to the fact that they may diminish congestion or provide alternate routes away from areas of significant activity related to the installation.

The Task Force applauds the work of NCDOT to date to ensure collaboration between the Department and the respective installations. The Task Force encourages more collaboration in the future to ensure that such corridors are maintained and strengthened to ensure appropriate connection between and around the state's respective military installations.

5.4 Improvement and development of rail corridors important to military installations

Rail connections have repeatedly been presented to the Task Force as areas of significant need related to the states' military installations. These needs have been espoused both in presentations to the Task Force, but also through the work of the *Seven Portals Study* and the North Carolina Defense Logistics Initiative.

Specific interest has been placed on two projects: (1) the restoration of the rail line between Wilmington and Wallace [specifically Castle Hayne to Wallace] and (2) what is referred to as the "Pembroke Rail Connector" (colloquially referred to as the "Pembroke Turn"). As was discussed in the "Military" section of this report, both projects are particular of particular interest due to the connections they provide for the military to the Port of Wilmington. Both projects have also been presented as allowing for significant time savings for the military related to the deployment of equipment and personnel.

It was presented to the Task Force that the Pembroke project was in the initial stages of development and that NCDOT was pursuing funding options to complete this project.

Due to the overall significance of the Wilmington to Wallace connection both to the Department of Defense, as well as future opportunities out of the Port of Wilmington, the Task Force recommends that NCDOT develop a coordinated plan of action related to the replacement of the necessary rail connections. The Task Force also recommends that the General Assembly, in consultation with NCDOT and the Department of Defense, examine the necessary funding needed to complete said project in an efficient and effective manner for all parties.

Recommendation 6: North Carolina Maritime Strategy

The Task Force appreciates the efforts which have been undertaken by the respective firms engaged in the completion of this effort. Though the study's final report was not complete at the

terminus of the Task Force's efforts, the group believes that the information presented by the existing drafts adequately presents the state with the desired listing of alternatives, as well as the market scenarios facing the state. The Task Force believes that the state should give equal consideration to each of the alternatives presented by the study in an effort to fully appreciate and determine the state's future role in the maritime industry. Based on the analysis completed by the Task Force, the importance of the maritime industry to the state, both historically and currently, has been recognized. The Task Force believes that through the efforts which have been completed, the state is well positioned to determine how best to serve the maritime needs of industry both currently and for the foreseeable future.

Recommendation 7: Agriculture

North Carolina's agricultural industry is supremely important, not only as the state's largest industry (\$74 billion) and one of its primary employers, but also due to its historical significance. As has been discussed extensively by the Task Force, many of the infrastructure developments throughout the state's history were driven in whole or at least in part, by the needs of agriculture. The Task Force applauds the work of Commissioner Steve Troxler and the North Carolina Department of Agriculture & Consumer Services for their diligent work in promoting North Carolina products both domestically, as well as internationally. In order to support this industry, the Task Force recommends the following.

7.1 Development of facilities for agricultural exports

Throughout its discussions about the state's agricultural products, it has been presented that though the state is a significant producer and exporter in many areas, much of those products are not exported through North Carolina ports. One of the key reasons which have been identified is the lack of facilities needed for handling such products. It has been discussed that the state's ports would need facilities such as cold/refrigerated storage, grain storage, and biomass/wood pellet facilities. Significant discussion regarding improvements to the port facilities has been incorporated into the North Carolina Maritime Strategy, including specifications for facility design and conceptual volumes that such developments could expect based on the state's historic production. The Task Force recommends that efforts be undertaken by the North Carolina State Ports Authority and North Carolina Department of Transportation to develop such facilities, based on the results of the North Carolina Maritime Strategy.

Recommendation 8: Information Infrastructure/Broadband

Through the efforts of numerous organizations, counties and municipalities, North Carolina is well-positioned for future growth in its information infrastructure. Connecting people and business, especially in rural areas has been identified as a necessary service and through the efforts of organizations such as MCNC and the eNC Authority has been granted. The Task Force encourages that these programs be continued with the intent of connecting all North Carolinians with broadband internet access in the near future.

SUMMARY AND CONCLUSIONS

North Carolina is a unique state, both physically and economically. The state has distinct geographic regions which dictate much of the activities which occur within. From agriculture to manufacturing to military and tourism, the state's primary economic drivers also vary significantly throughout the state. All of these features play a significant role in the development of the transportation infrastructure which is necessary to efficiently and effectively move people goods and information throughout the state.

Through its work, the Governor's Logistics Task Force examined the state's existing assets and developed plans for future developments in all areas of transportation. The Task Force travelled the state to see first-hand how many of these assets function and to hear from local residents and constituency groups about needs for future improvements.

The Task Force recognized that as North Carolina is one of the fastest growing states in the nation, efforts would need to be undertaken to ensure that the state's infrastructure met the needs of the future population. The Task Force also recognized that in order to manage these assets, improvements would need to be made to the respective governance structures to better account for the economic forces on transportation, as well as to provide for the management of new assets such as inland ports.

It was also recognized that the efforts being undertaken by North Carolina were not unique; other states have been working to address their future transportation needs and to better account for freight logistics as a significant participant in their overall transportation vision. Additionally, the Task Force heard about other state's efforts particularly that of our neighbors, to improve their access to and through North Carolina in order to move products from North Carolina based companies. Due to these efforts, the Task Force recognized that it might be necessary to begin to understand the benefits of interstate partnerships and how we can work together with our neighbors towards mutual benefits.

In conclusion, the Task Force believes that North Carolina is poised to continue to develop its transportation infrastructure in order to best meet the needs of not only business, but its continually growing population.

GLOSSARY OF TERMS AND ACRONYMS

Panamax Vessel: A vessel which meets the maximum specifications allowable to transit the current Panama Canal locks (i.e. pre expansion project)

Post-Panamax Vessel: A vessel whose dimensions exceed the maximum allowable to transit the current Panama Canal locks, but typically within the specifications to transit the locks following the expansion project

NCDENR: North Carolina Department of Environment and Natural Resources

NCDOT: North Carolina Department of Transportation

NCGTP: North Carolina Global TransPark

NCRR: North Carolina Railroad

NCSPA: North Carolina State Ports Authority

N-S: Norfolk Southern Railroad

TEU: Twenty-foot equivalency unit; a common container in the marketplace is forty-feet long or 2 TEU

APPENDICES

APPENDIX 1: TASK FORCE MEETING LOCATIONS AND MINUTES

Task Force Meeting Locations

February 2010: NCDOT Board Room—Raleigh
March 2010: Charlotte Douglas International Airport—Charlotte
April 2010: Davidson County Community College—Thomasville
May 2010: Asheville Civic Center—Asheville
June 2010: Western Carolina University—Cullowhee
July 2010: NCDOT Board Room—Raleigh
August 2010: Broyhill Civic Center—Lenoir
September 2010: Cape Fear Community College—Wilmington
October 2010: Elizabeth City State University—Elizabeth City
November 2010: Spirit Composite Center of Excellence—Kinston
December 2010: NCDOT Board Room—Raleigh
January 2011: Nash Community College—Rocky Mount
February 2011: ITTS Freight in the Southeast Conference—Charlotte¹³⁹
March 2011: NCNG 139th Regional Training Institute—Fort Bragg
April 2011: Carteret Community College—Morehead City
May 2011: North Carolina Central University—Durham
June 2011: NCDOT Board Room—Raleigh
August 2011: NCDOT Board Room—Raleigh
September 2011: NCDOT Board Room—Raleigh
October 2011: NCDOT Board Room—Raleigh
November 2011: NCDOT Board Room—Raleigh
January 2012: NCDOT Board Room—Raleigh
February 2012: NCDOT Board Room—Raleigh
March 2012: NCDOT Board Room—Raleigh

Task Force Meeting Minutes

****ALL REFERENCED APPENDICES CAN BE FOUND ON THE ELECTRONIC VERSIONS OF EACH MONTH'S MINUTES. THOSE ARE FOUND AT**

[HTTP://WWW.NCDOT.GOV/BUSINESS/COMMITTEES/STATEWIDELOGISTICS/](http://www.ncdot.gov/business/committees/statewide/logistics/)

**February 5, 2010
Raleigh, NC**

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:30 a.m. on Friday, February 5, 2010 in Raleigh with the following members present:

¹³⁹ The February 2011 meeting was not a formal meeting of the Task Force; as NCDOT was the host for the Institute of Trade and Transportation Studies' "Freight in the Southeast Conference", Task Force members were invited to attend the conference's first day, as presentations pertained to state freight planning activities.

Gene Conti, Dee Freeman, Nelson Cole, Dan Danieley, Paul Kauffmann, Larry Wooten, Rick Scholtes, Gary Teng, Buddy Shavender, Earl Brinkley, Tom Eagar, Pat Long, David Willauer, Keith Crisco, Al Delia and Tom Bradshaw.

Members absent were: Clark Jenkins, Dawn Clegg, Allen Joines, Dee Blackwell, Terry Bellamy, John Atkins, Jerry Orr, Bob Morgan, Jeff Frazier and Colonel Beth Austin.

Chairman Dalton introduced Secretary of Transportation Gene Conti who welcomed everyone to DOT. He thanked everyone for the great effort that has been shown so far in getting this task force started. Secretary Conti stated that DOT is committed in helping this commission and how important it is to work together. He expressed that this is a great opportunity but it is going to take a lot of hard work.

Chairman Dalton expressed his excitement for this task force and getting it going. He thanked Secretaries Conti, Crisco and Freeman for their excitement and commitment and he is looking forward to working with everyone.

Roberto Canales introduced John Farley who presented a map of North Carolina Facilities showing an inventory of what the state has available as far as airports, rail, etc. Mr. Farley stated that there are approximately 80,000 state maintained roads in North Carolina. He will provide the task force members with a CD listing the county boundaries and economic regions throughout the state upon their request. Chairman Dalton stated that we have the tools that we can overlay to show what is available.

Bob Foyle and George List from NCSU-ITRE presented the task force with the OSBM Logistics Report. This report presents a statewide logistics plan for North Carolina. It responds to House Bill 1005, Session Law 2007-551, which instructed the North Carolina Office of State Budget and Management to develop a statewide logistics plan that addresses the State's long term economic, mobility, and infrastructure needs. Mr. List will provide the task force with a copy of the slides used in his presentation.

Secretary Conti again expressed the amount of work that will have to be accomplished in a short period of time. He stated that the task force has no hidden agenda and will move in a direction to make things better. Everything the task force executes will have to be approved by the Legislature.

Al Delia extended Governor Perdue's appreciation to the task force for agreeing to serve and also to Lt. Governor Dalton for his willingness to serve as Chairman. He stated that it was very important to identify ways to come out of the depression and move ahead.

After a short break, Chairman Dalton called the meeting back to order at 10:25 a.m. At that time he introduced Tom Eagar, the Chief Executive Officer with the NC Ports Authority. Mr. Eagar presented information regarding what the Ports Authority is involved in at this time and some of their plans for the future. He presented each task force member with a pamphlet of information.

Pat Simmons, Director of the NCDOT Rail Division presented the task force with information. Mr. Simmons stated that the State Rail Plan was adopted in 2009. A copy of this plan was given to the task force members. Mr. Simmons also provided the task force members with a copy of the state railroad lines.

Richard Wiley with Economic Development made a presentation on behalf of the North Carolina Railroad. He stated that there are 317 miles of railroad in North Carolina. At this time there are 60 freight lines and 8 passenger lines. Mr. Wiley invited the task force to attend an upcoming event,

Progress in Motion to be held on May 11, 2010 from 8:00 a.m. until 1:30 p.m. at the Raleigh Convention Center.

Darlene Waddell, Director of the North Carolina Global TransPark Authority presented the task force with an overview of the GTP project and future plans for the TransPark. She provided the task force members with an information pamphlet. Mrs. Waddell stated that approximately 20,500 jobs have been created in the Eastern Region since the inception of the Global TransPark. This is due, in part, to a \$5 tag fee charged to the citizens in the 13-county region from 1995-1999 by the Eastern Region (formerly Global TransPark Commission). The Eastern Region has provided low interest loans and grants to companies and counties with the monies collected. By law, none of those funds can go to the GTP. The GTP's anchor tenant, Spirit Aerosystems, is nearing completion of a 500,000 SF manufacturing facility. Opening of the facility is expected to take place in the spring of 2010.

Richard Walls, Director of the NCDOT Aviation Division made a presentation to the task force. He provided various information regarding the airports located throughout North Carolina. He stated that North Carolina has 300 airports.

Terry Gibson, State Highway Administrator provided information to the task force regarding roads throughout North Carolina. He stated there are 80,000 miles of state maintained roads in North Carolina. These include Interstate, US Highways, NC Highways, and secondary roads. Mr. Gibson referenced the 2009 Annual Performance Report that was provided to the task force members and pointed out that lots of valuable information located in this report.

Chairman Dalton thanked all presenters and opened up the floor for questions. A request for a dictionary of acronyms was requested by several of the task force members. Some of the acronyms can be found in the Statewide Logistics Plan for North Carolina provided by George List and Bob Foyle. Roberto Canales agreed to develop a dictionary for the task force.

Chairman Dalton stated how very important it is for the task force to consider every area of economic interest. There are seven economic regions in North Carolina. The task force is planning to hold meetings at various regions throughout the state. He also stated that subcommittees will be appointed within the task force.

The next meeting of the Logistics Task Force is scheduled for March 16, 2010 at the Charlotte International Airport.

The meeting was adjourned at 12:25 p.m.

March 16, 2010 Charlotte, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:30 a.m. on Tuesday, March 16, 2010 in Charlotte with the following members present:

Bob Morgan, David Willauer, Larry Wooten, David Congdon, Leslie Pagliari, Earl Brinkley, Gene Conti, John Atkins, Dee Blackwell, Jimmy Yokeley, Dan Danieleley, Gary Teng, Jerry Orr, Dee Freeman, Col. Beth Austin, Al Delia, Keith Crisco and Terry Bellamy.

Members absent were: Nelson Cole, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Patricia Long, Buddy Shavender, Thomas Eagar, and Paul Kauffmann.

Chairman Dalton welcomed everyone to Charlotte and thanked Jerry Orr for hosting the meeting in Charlotte.

On behalf of Governor Perdue, Vice-Chair Al Delia thanked everyone for their willingness to participate. Mr. Delia stated he is looking forward to the recommendations that will be coming from the Task Force.

Chairman Dalton introduced Jerry Orr, Manager of the Charlotte Douglas Airport. Mr. Orr welcomed the Task Force to Charlotte and presented the Task Force with the following information. Charlotte Douglas Airport currently has 599 daily departures, non-stop service to 131 destinations, non-stop service to 29 international destinations, over 18,000 employees, 34,536,666 passengers in 2009 as well as 119,551 tons of cargo moved in 2009. The airport's USO opened September 1, 2006. It is located on the second floor of the Atrium and hosts nearly 7,000 military men, women and their family members each month. Currently ranks as the fourth busiest USO in the nation. Mr. Orr informed the Task Force of the Medical Center that will be coming to the airport soon. This will be an in-terminal Medical Center that will provide treatment for minor ailments, preventative care, X-rays and vaccinations. Prescriptions and packaged medicines will also be available. Charlotte Airport offers terminal-wide free wireless-internet access. Forbes.com ranked CLT 20th among the "World's Most Wired Airports". Mr. Orr discussed the airport's green efforts. During FY09 CLT recycled 42.2 tons of glass, 396 tons of cardboard & paper and 9.7 tons of coffee grounds. They also use hybrid airport shuttle buses. There are several airlines increasing air service at CLT. JetBlue has added a second nonstop flight between CLT and Boston. US Airways resumed nonstop service between CLT and Paris, while adding nonstop service to Montreal, Key West and Melbourne. In December, US Airways added nonstop service to Rio de Janeiro and Honolulu. The airport now has a new 9,000 foot runway, and a new business valet parking deck. Concourse E, which opened in February 2002 recently expanded by adding 6 gates. Currently Concourse E has 32 total gates and plans for 4 additional gates in the future.

Barry Moose, NCDOT Division Engineer for Division 10 located in Charlotte, presented the Task Force with information regarding the roles and responsibilities of the NCDOT Division office. There are 14 Division Offices throughout the state. The majority of the roles and responsibilities of the divisions are the same; however, due to geographic locations there are specific roles and responsibilities that apply to each division.

Division 10 has 5013 miles of highway and 801 bridges and other structures that are maintained. They also oversee the construction of all highway projects, as well as plan and program contract resurfacing for the five county area. The Division office design and let to contract smaller projects up to \$1.2 million (typically intersection improvements and turn lanes), review all site plans and issue access permits on all system streets, administer local funding programs including small construction, economic development, enhancement, spot safety and public access. They work directly with municipalities in funding small projects through these funding programs. Mr. Moose and the Division 10 office serve as the NCDOT liaison for local transportation issues. They routinely work with the following partners to ensure that a true comprehensive transportation network is achieved: City of Charlotte, CLT Airport, Cats, MUMPO, Mecklenburg County, NCDOT Rail Unit and adjacent divisions.

Some of the upcoming projects for Division 10 are:

- R-2248E - The last roadway section of I-485 and in conjunction with R-2123CE will complete the 485 loop.
- Project R-2123CE is the interchange of I-485 and I-85; the other project to complete the loop. High speed design interchanging freeway to freeway.
- Project I-3803B is the widening of I-85 from interchange with I-485 to the interchange with NC 73. Project is 5.5 miles long and will widen to and 8 lane section.
- Project U-0209B will convert Independence Blvd. to Expressway from Albemarle Road to Conference Drive. Will provide for center lanes for future transit and/or managed lanes.
- Project 2248H will complete interchange at Garrison Road and will serve both CLT airport and Norfolk Southern Inter-modal facility current under construction.
- Project I-4733 is the reconstruction of Catawba Avenue interchange with I-77. Originally proposed as new interchange at a cost of \$35 million. Has a federal earmark of \$5 million. Looking at the use of a Diverging Diamond design which will reduce cost to \$6 million and will use the existing bridge.
- The Monroe Bypass is scheduled to be let to contract early 2011. This will be a Design Build contract administered by the Turnpike Authority.
- There are two rail projects that will be let to contract within the next two years as part of the \$545 million NC received through competitive ARRA grants.

Darrell Wilson, Assistant Vice President for Norfolk Southern was introduced by Chairman Dalton. Mr. Wilson provided information to the Task Force regarding the Crescent Corridor Intermodal Freight Program. He stated the current coalition members include 9 states, 16 U.S. Senators, 44 U.S. Representatives, 15 Planning Organizations and 200+ state and locally elected officials, nonprofits & logistics companies. The Governors of Pennsylvania, Alabama, Mississippi, Tennessee and Virginia submitted a joint TIGER grant application for the Crescent Corridor. Mr. Wilson stated the benefits of the Corridor to North Carolina would be 392,000 annual trucks diverted, 6.2 million Gallons of fuel saved, 69,000 reduced tons of CO₂, \$4.2 million pavement savings, \$21 million congestion savings, \$5.3 million safety savings and \$81 million in shipping & logistics savings. There were 1457 TIGER applications received from 50 states. The Crescent Corridor grant was the largest grant awarded in the amount of \$105 million.

Chairman Dalton introduced John Muth, Deputy Director, CATS/LYNX. Mr. Muth shared several milestones for CATS:

1998: 2025 integrated transit/land use plan was developed based on Centers and Corridors Vision. This led to voters approving transit sales tax (58%).

1999: Metropolitan Transit Commission was established.

2000: CATS created; Light Rail LPA for South Corridor; Major investment studies initiated in other corridors

2001: 2025 Corridor System Plan adopted

2000-2006: Transit service expanded and improved

2006: 2030 Corridor System plan adopted

2007: LYNX Blue Line opened – sales tax reaffirmed: 70%

CATS has a bus fleet of 324 which includes 7 hybrid-electric buses. The bus fleet uses ultra-low sulfur diesel fuel to help with the environment. All CATS buses have bike racks. 78,000 bikes were transported in FY 2009. The LYNX Blue Line ridership averaging 14,000 – 17,000 daily trips. The 1100 space deck is often full. There are several items CATS is working on for the future. They would like to secure NC General Assembly approval of an increase in the annual state Budget Appropriations for statewide Public Transit projects for: Capital, Operating Assistance and New Starts. Also, secure NC General Assembly appropriation of state matching funds for the local funding share of: North Carolina Red Line (HB 1005) and Northeast Blue Line Extension (New Starts). CATS is hoping to have the NC Board of Transportation to amend the SMAP (State Maintenance Assistance Program) policy to make rail transit eligible for operating assistance. Also to increase NCDOT's budget appropriation for Transit Maintenance Assistance to sufficiently fund the amended SMAP policy and expand transit operations.

Chairman Dalton introduced Carl Warren with CSX. Mr. Warren shared the locations of CSX operating facilities in Charlotte, Winston Salem, High Point, Hamlet, Raleigh, Apex, Fayetteville, Leland, Rocky Mount, Clinton and Wilmington. There is 1,770 miles of track with 1,000 employees. CSX moved 867,000 carloads in 2009. On February 17, 2010 the National Gateway was awarded \$98 million in TIGER funds to fund Northwest Ohio to Chambersburg. The \$160 million balance of required federal funds will support MD clearances and Virginia Avenue Tunnel, projects critical for success of ports in Virginia and North Carolina. Construction started May 2009 in Northwest Ohio. The earthwork is 98% complete and 8 miles of track have been assembled. The crane rail foundation is complete and the facility should be operational in mid-2011. Northwest Ohio Widespan Crane Operation will have 5 widespan cranes, 8 working tracks, 2 straddle lanes, 1 truck lane, 5 container stacks (4 high) and 18 block swap tracks.

Gary Teng, Director, Center for Logistics at UNC-Charlotte was introduced by Chairman Dalton. Mr. Teng made a presentation regarding planning lean and integrated logistics systems for North Carolina. The objective of global manufacturing/business operations is to obtain manufacturing/business results that can create the maximum value to the company and customers. The current global business environment demand quick response. Quick response cuts down products' lead times to market by moving them rapidly from design to production to delivery. The objective of NC logistics operations is to obtain lean, efficient, and integrated logistics operations that can provide the maximum value to NC companies and citizens of the state. Mr. Teng shared that in the Greater Charlotte Region 60% of the US population (and the industrial base) lives within 2 hours of flight time or one day delivery time by motor freight. Five of the top six statewide mobility projects are found in the Charlotte region:

1. I-85 from NC 150 to US 29/52/70
2. Independence Blvd. from 485 to Idlewild
3. I-77 from Uptown Charlotte to I-85
4. I-77 from 485 to NC 73
5. I-85 from NC 73 to US 601

6. I-77 from NC 73 to US 21

Mr. Teng quoted Jim Smith, UNC economist, stating “of all the economic activities a state can have, ports have the highest multiplier. Every dollar spent importing or exporting through a port adds \$12 to state income.” The freight volume in the Charlotte area is expected to double by 2020. The increase will occur across the region.

Chairman Dalton made a recommendation to the Task Force that NCDOT commission a study to further explore and make sure all regions of the state have access to inland ports or regional hubs in the interior of the state. David Congdon made the motion which was seconded by Earl Brinkley and Larry Wooten and the vote was unanimous.

Chairman Dalton and Vice Chair Delia will get together and set up committees for the Task Force.

The next meeting of the Logistics Task Force is scheduled for April 22, 2010 at Davidson Community College.

The meeting was adjourned at 12:44 p.m.

April 22, 2010 Davidson County Community College

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:31 a.m. on Thursday, April 22, 2010, at Davidson County Community College with the following members present:

Gene Conti, Keith Crisco, Nelson Cole, Terry Bellamy, Tom Eagar, John Atkins, Gary Teng, Paul Kauffmann, Rick Sholtes, Allen Joines, Dan Danieley, Patricia Long, Buddy Shavender, Dee Blackwell, Larry Wooten, Colonel Beth Austin, David Willauer, David Congdon, Joe Stephens and John Goodman.

Manly Wilder attended the meeting on behalf of Task Force Member Dee Freeman.

Member Earl Brinkley participated via conference call.

Members absent were: Al Delia, Clark Jenkins, Dawn Clegg, Jerry Orr, and Bob Morgan.

Chairman Dalton welcomed everyone to Davidson County and thanked Allen Joines, Mayor of Winston Salem and Dr. Mary Rittling for hosting the meeting. Mayor Joines welcomed everyone and introduced Dr. Rittling, President – Davidson County Community College. Dr. Rittling welcomed the Task Force to Davidson County and shared information about the Community College.

Chairman Dalton introduced Mr. Joseph Stephens. Mr. Stephens is the newest member of the Logistics Task Force. He is the Managing Director of FedEx Express.

Chairman Dalton introduced Mr. Don Kirkman with Piedmont Triad Partnership. Mr. Kirkman pointed out the seven economic development regions in North Carolina and listed the key advantages of the Piedmont Triad Counties. Some of those advantages are the Mid-Atlantic location, interstate highways, FedEx Express and ground hubs, eleven 4 year colleges and universities, nine community colleges and of course the furniture market. Mr. Kirkman expressed the Piedmont Triad Partnership is a key player in the

transformation of the region. In working with the U.S. Department of Labor through their WIRED (Workforce Innovations in Regional Economic Development) grant, the Partnership is focused on making the Region's global competitiveness stronger through the creation of high-skill, high-wage jobs.

Mr. David Congdon was introduced by Chairman Dalton. Mr. Congdon represents Piedmont Triad Aerotropolis. He explained that Aerotropolis means a city in which the layout and infrastructure and economy are centered around a major airport. Mr. Congdon provided the Task Force with several handouts regarding regional assets. The Aerotropolis Leadership Board currently has 35 members. He stated the clear vision and priorities are leadership, coordinated land use planning, workforce development, marketing and branding, inland port and funding. The funding comes from PTP Legacy Corporate in the amount of \$500K, Counties and EDC's in the amount of \$250K and new "clusters of opportunity" corporate funding in the amount of \$1.3M for a total of \$2.050M. Mr. Congdon also stated how important it is to get support from the General Assembly.

Mr. Congdon introduced Mr. Dave Hauser and Dr. Joy Bhadury from the UNCG Center for Global Logistics. Dr. Bhadury stated the vision of the center is to be the premier global supply chain, logistics and transportation management resource center. The center's business plan was developed and approved the summer of 2009. Mr. Hauser and Dr. Bhadury provided the Task Force with a handout listing various Piedmont Triad Regional Logistics Educational Projects.

Chairman Dalton introduced Mr. Joe Stephens with FedEx. Mr. Stephens shared FedEx PTIA Hub facts including the project initiation in October 1997, with the project completion on May 31, 2009. The FedEx budget is \$228.3M and it has eight stand-alone facilities on a 168 acre site. The PTIA Hub has a sort system comprised of 2.25 miles of conveyors with four 2,000 KW generators. This allows 29K packages per hour to be handled. There are twelve freight build up and break down positions with three technologically advanced CTV lifts and eleven A/C gates. This allows about 8M shipments per day. FedEx has revenue of \$33B. They employ 280,000+ team members and contractors with 42 air express and ground hubs. 700+ team members and contractors are located in the Triad area.

Mike Mills and Pat Ivey, Division Engineers with the Department of Transportation, were introduced by Chairman Dalton. Mr. Mills represents Division 7 which includes Alamance, Caswell, Guilford, Orange and Rockingham Counties. He shared several projects of interest in his division with the Task Force. Mr. Ivey represents Division 9 which includes Davidson, Davie, Forsyth, Rowan and Stokes Counties. He also shared several projects of interest located in the Division 9 area with the Task Force Members.

Secretary Gene Conti thanked Mr. Mills and Mr. Ivey for sharing information from each of their respective areas. One project Secretary Conti pointed out is the Yadkin River Bridge project. The second piece of this project is not currently funded. However, it is a project that could be used as an example to the legislature as a project that could use mobility funding once it is established.

Chairman Dalton introduced Brent McKinney with PART (Piedmont Authority for Regional Transportation). Mr. McKinney stated the importance of I-40 and I-71 in the Triad area as it relates to logistics. He stated that we have to keep the level of service moving along on 311 Bypass and cannot allow I-40 to breakdown. Mr. McKinney also stated the need to pick up the pace. High speed rail is very important. He also mentioned that Winston-Salem and Greensboro are looking at installing street cars in their areas.

Mayor Becky Smothers from High Point asked the Task Force to investigate the possibility of an independent study of the equity formula. This would give support to an independent analysis.

Chairman Dalton informed the Task Force Members that Chairs will be appointed soon to the various subcommittees. Once the Chairs are appointed, they may call for meetings of their subcommittee at any time.

Mr. Joe Stephens stated that with the new FedEx Express facility, Old Dominion and the future opening of the FedEx Ground facility, along with the highway infrastructure and surrounding land, the Triad is an excellent location to capitalize on the logistics desires of the Task Force.

Secretary Gene Conti advised the Task Force that a scope of work will be given at the May meeting regarding the study being conducted by NC State.

Chairman Dalton announced the next meeting of the Logistics Task Force will be Monday, May 17, 2010 from 1:00 p.m. – 5:00 p.m. at the Asheville Civic Center.

The meeting was adjourned at 12:45 p.m.

May 17, 2010 Asheville, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:03 p.m. on Monday, May 17, at the Asheville Civic Center with the following members present:

David Willauer, Gary Teng, Dee Blackwell, Thomas Eagar, John Atkins, Dee Freeman, Al Delia, Terry Bellamy, Gene Conti, Patricia Long, Dan Danieley and Earl Brinkley.

David Hauser attended the meeting on behalf of Task Force Member David Congdon.

Member Colonel Beth Austin participated via conference call.

Members absent were: Keith Crisco, Nelson Cole, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Buddy Shavender, Jerry Orr, Bob Morgan, Paul Kauffmann, Larry Wooten, John Goodman and Joe Stephens.

Chairman Dalton welcomed everyone to Asheville and thanked Terry Bellamy, Mayor of Asheville, for hosting the meeting. Mayor Bellamy welcomed everyone to Asheville and shared information from the Asheville Area Chamber of Commerce. A few of the issues the Chamber would like for the Task Force to consider are: Support the development of alternate routes for I-40 and I-26 to ensure redundancy and available ingress/egress following catastrophes such as the recent rockslide; Support the improvement of rail lines and service; Support the availability of alternative fuels for regional freight carriers; Support the establishment of permanent, statewide supply chain advisory body providing comprehensive input to regional and state level infrastructure planning and decision making; Support the establishment of community freight consolidation, cross-dock facilities as recommended in the Inland Port Study commissioned by Western Carolina University (2009); and, Support better coordination and cooperation between State of North Carolina and neighboring states in the development of consistent, user-friendly logistics laws and regulations that facilitate intra-state movement of goods as well as the continues enhancement of the reputation of the Southeast as a manufacturing and distribution friendly region.

Vice Chairman Al Delia thanked everyone on behalf of the Governor for giving their time to serve on the Task Force. Mr. Delia introduced Julie Sitton with the Governor's Western office. Mr. Fred Harrill, western representative for Senator Kay Hagan's office, was also introduced.

Chairman Dalton introduced Dr. John Bardo, President of Western Carolina University. Dr. Bardo presented the Task Force with information regarding economic growth and how globalization has changed the playing field. He stated there are two economic processes underway simultaneously. They are globalization and regionalization. The world economy is refocusing into 40 "super regions". Our "super region" is referred to as "Charlanta". If "Charlanta" were a country, before the downturn, its GDP would have been larger than India. A copy of Dr. Bardo's presentation is made a part of the minutes as Addendum Item 1.

Chairman Dalton introduced Scott Hamilton, President and CEO of Advantage West Economic Development Group. Mr. Hamilton shared some regional facts regarding the western portion of North Carolina. There are 23 counties that cover 9,629 square miles. There are 1,320 manufacturing firms in the region. Western North Carolina is the home to 11 community colleges; 3 universities, and 6 private colleges. AdvantageGreen, which is an AdvantageWest job creation initiative, will develop and structure the foundation for future business development in the green economy in the region. The region is served by I-26 & I-40 with direct interstate access to I-85, I-77 and I-81. A copy of Mr. Hamilton's presentation is made a part of the minutes as Addendum Item 2.

Ms. Marla Tambellini was introduced by Chairman Dalton. Ms. Tambellini represented Asheville CVB/Asheville Chamber of Commerce/Buncombe County TDA. She stated that Asheville is the tourism hub for the mountains as well as a showcase destination loved by the media. Tourism dollars impact the residents in Buncombe County a great deal. Without tourism revenues, each Buncombe County household would pay an additional \$300 or more in taxes each year. There are more than 25,000 jobs that are supported through the hospitality industry in Buncombe County. The I-40 Rock Slide had a tremendous impact on WNC businesses. However, the recent presidential visit created higher profile for the mountain region. A copy of Ms. Tambellini's presentation is made a part of the minutes as Addendum Item 3.

Chairman Dalton introduced Dr. Michael Smith, Associate Professor of Global Management and Strategy at Western Carolina University. Dr. Smith shared with the Task Force how trade is critical to the vital economy. He reminded everyone that we need to preserve manufacturing key trade and economic vitality and the need to link local networks to the global economy. The top concerns of North Carolina Infrastructure are Roads and Bridges. 27% of North Carolina's major roads are in poor or mediocre condition. 31% of North Carolina's bridges are structurally deficient or functionally obsolete. Dr. Smith stated that meeting the regional needs will mean connecting to the national economy (ADHS) and connecting to the global economy (intermodal, connections to sea ports, etc.). A copy of Dr. Smith's presentation is made a part of the minutes as Addendum Item 4.

Mr. Dan Smith, Transportation Director for Ingles, was introduced by Chairman Dalton. Ingles distribution Center is strategically located adjacent to Interstate 40 and in close proximity of Interstate 26. This location is within 275 miles of each one of Ingles' 200+ stores. The 868,000 sq. ft. facility houses both grocery and perishable operations. Mr. Smith stated that Ingles owns and operates a fleet of 106 tractors and 500 trailers. They also employ 165 truck drivers. The backhaul program operated by Ingles allows them to broaden the spectrum of product movement and increase the opportunity of revenue potential. The fleet of Ingles' trucks travels 12,695,000 miles per year. Schedules are made to avoid traffic congestion if at all possible. Their drivers schedule early AM and late PM deliveries to avoid rush

hour traffic. They also make weekend deliveries. A copy of Mr. Smith's presentation is made a part of the minutes as Addendum Item 5.

Chairman Dalton introduced Pat Simmons, Director of the NCDOT Rail Division. Mr. Simmons shared information with the Task Force regarding the fact that passenger service is built on freight lines. NCDOT Rail is continuing to bask in the funding that was recently received. This funding will assist in closing three dozen crossings by building bridges. One of the projects is the Charlotte Railroad Improvement and Safety Program (CRISP). CRISP Phase I will build a bridge where CSX Transportation crosses Norfolk Southern in Charlotte. The project also will require re-location of the Archer Daniels Midland flour mill. The mill is the largest in the South and the home of all Lance and Krispy Kreme products. Mr. Simmons also informed the Task Force that NCDOT Rail will be submitting an application to FHWA to receive an \$8.3M grant. The results are expected in the fall.

Jay Swain, NCDOT Division Engineer, was introduced by Chairman Dalton. Mr. Swain represents Division 13 which includes Buncombe, Burke, Madison, McDowell, Mitchell, Rutherford and Yancey counties. He stated that the Asheville area has been logistically challenged due to the I-40 rock slide and the past winter being the third snowiest winter for the area. Mr. Swain also shared several projects of interest in his division.

Chairman Dalton informed the Task Force that the Inland Port Study is being worked on. Task Force Member Tom Eager asked how we are defining an Inland Port. Chairman Dalton asked that Mr. Eagar's committee research and work on this.

Task Force Member David Willauer stated that it was helpful to see both presentations from CSX and NS in past meetings. He is interested in having the opportunity to hear from short line railroads. Chairman Dalton stated the Task Force would have presentations on short line railroads in future meetings.

Chairman Dalton asked the Chairs of the subcommittees to please try to plan their meetings on the same day as the full Task Force meeting to help eliminate travel and make it easier for everyone to attend.

A motion was made by Task Force Member Dee Freeman and seconded by Task Force Member Gary Teng to approve the minutes for the April 22, 2010 meeting.

Chairman Dalton announced the next meeting of the Logistics Task Force will be Thursday, June 24, 2010 in Cullowhee.

The meeting was adjourned at 4:00 p.m.

June 24, 2010 Cullowhee, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:43 a.m. on Thursday, June 24, at the Hinds University Center with the following members present:

Gene Conti, Dan Danieleley, Patricia Long, Dee Blackwell, Terry Bellamy, Larry Wooten, Joseph Stephens.

Manly Wilder attended the meeting on behalf of Task Force Member Dee Freeman.
David Hauser attended the meeting on behalf of Task Force Member David Congdon.

Jed McMillan attended the meeting on behalf of Task Force Member Keith Crisco.

Members John Atkins and Tom Eagar participated via conference call.

Members absent were: Al Delia, Dee Freeman, Nelson Cole, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Earl Brinkley, Buddy Shavender, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffman, Colonel Beth Austin, David Willauer, John Goodman, Danny McComas and Michael Walters.

Mr. Kenneth Flynt, Associate Dean of Advancement, welcomed everyone to Western Carolina University. He was happy that the Task Force was meeting in this part of the state.

Chairman Dalton thanked Mr. Flynt for hosting the meeting at Western Carolina University. He stated that the Task Force is charged with what is important to the various areas of the state and traveling to these different areas allowed the Task Force to hear what some of the needs are.

Chairman Dalton introduced Chief Michell Hicks, Eastern Band of Cherokee Indians. The Mission of the Eastern Band of Cherokee Indians is to understand the needs of our people and to address those needs in an ethical and responsible manner. As a Tribe, we strive for cultural integrity, economic prosperity, a healthy and educated membership and a natural environment that is respected and protected. EBCI is an empowered sovereign nation. Through sovereignty, EBCI maintains its own financial, legal, medical, educational and public service system. In 1994 EBCI successfully completed compact negotiations with Governor Hunt that allowed the opening of their Casino Enterprise. On November 13, 1997 Harrah's Cherokee Casino opened on the Qualla Boundary. The Casino currently employs 1674 people. With the expansion taking place at the Casino it is the sixth largest construction project in the United States. A copy of Chief Hick's presentation is made a part of the minutes as Addendum Item 1.

Dr. Mickey Duvall, Director of Planning and Development with the Eastern Band of Cherokee Indians spoke with the Task Force about programs that Governor Perdue has put together to help with logistics in North Carolina. Dr. Duvall stated that financial support to form business education partnerships need to continue. Also, the business climate to encourage small business growth in the western part of the state is very important. One project that will improve infrastructure for western North Carolina is the Andrews Airport expansion.

Dr. Steve Ha, Director of Graduate Programs at Western Carolina University, talked with the Task Force about the economy of western North Carolina – NCDOT Division 14. There are 10 counties in Division 14. The unemployment rate for the counties are as follows: Cherokee – 13.6%, Clay – 10.4%, Graham – 14.1%, Haywood – 9.4%, Henderson – 8.4%, Jackson – 8.6%, Macon – 10.3%, Polk – 8.4%, Swain – 11.9% and Transylvania – 8.9% A copy of Dr. Ha's presentation is made a part of the minutes as Addendum Item 2.

Dr. Michael Smith, Professor of Global Management and Strategy at Western Carolina University shared information with the Task Force regarding finding regional logistics solutions. He stated that the work of the Logistics Task Force is very important in reaching solutions. One of the keys in finding these solutions is a variation in transportation infrastructure. Dr. Smith also mentioned rail issues in the western part of the state are Murphy Gap and Saluda Grade. A copy of Dr. Smith's presentation is made a part of the minutes as Addendum Item 3.

Mrs. Olivia Collier, Chief of Local and Regional Affairs, ARC Program Manager with the NC Department of Commerce shared information with the Task Force about the Appalachian Regional

Commission. The ARC is a federal-state partnership providing social and economic support for a 13 state region. It was established by the Congress in 1965 and has worked to bring Appalachia's 22 million people into America's economic mainstream since then. One of the goals of ARC is to develop and improve Appalachia's infrastructure to make the region economically competitive. A copy of Mrs. Collier's presentation is made a part of the minutes as Addendum Item 4.

Mr. Dan Danieley, Manager the Burlington Alamance Airport Authority shared information with the Task Force regarding North Carolina aviation system. There are 9 commercial air services and 63 funded general aviation airports in North Carolina. In 2009 there were 24 million enplanements. Mr. Danieley stated the general aviation airports act as reliever airports by reducing congestion at air carrier airports and also by supporting pilot training. There are 180 aerospace companies in North Carolina offering 9500 high-tech jobs. A copy of Mr. Danieley's presentation is made a part of the minutes as Addendum Item 5.

Dr. George List from NC State University presented information to the Task Force regarding the "Seven Portals Study". The idea of the study is to find possible locations for transport-driven logistics portals statewide, study several options in each of the seven economic regions and examine modal connections, land availability, economic growth impact potential, feasibility, benefits and costs. The Study Group plans to gather relevant regional data and studies; meet with airport and town managers; gather answers to the assessment questions; investigate site conditions and compare the findings against the development criteria; establish deficiencies and estimate the investments needed to meet the development criteria and prepare a brief report on the findings. Chairman Dalton asked Dr. List why do we need to focus on 7,000 foot runways? Dr. List responded that if you are interested in bringing people to your, you have to have such access. A copy of Dr. List's presentation is made a part of the minutes as Addendum Item 6.

Mr. Joel Setzer, NCDOT Division Engineer, shared information with the Task Force regarding transportation infrastructure in the far west. There are 9 strategic highways in the Division 14 area. Overall this strategic highway system works well. With the exception of I-40 and I-26, there is generally enough capacity for the traffic for years to come. A few needs of the strategic highway network in the area are the connectivity with Southeast Tennessee, the Chattanooga to Asheville link (Appalachian Corridor K). Also, additional capacity on segments of I-40, I-26, US 64 and NC 107 to address occasional and future congestion. Mr. Setzer shared several needs for the regional roads and local roads. He stated that the terrain and environmental concerns in the area will result in high costs for improvements. A copy of Mr. Setzers's presentation is made a part of the minutes as Addendum Item 7.

Chairman Dalton thanked all of the presenters and announced the next meeting of the Logistics Task Force will be Monday, July 19, 2010 in Raleigh.

The meeting was adjourned at 12:55 p.m.

July 19, 2010 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 12:32 p.m. on Monday, July 19, 2010, at the Transportation Building with the following members present:

Al Delia, Secretary Dee Freeman, Earl Brinkley, Beth Austin, Bob Morgan, David Congdon, John Atkins, Dan Danieley, Larry Wooten, Pat Long, Joe Stephens, Dee Blackwell, David Willauer, Gary Teng, Senator Michael Walters, Tom Eagar, Representative Nelson Cole, and Secretary Gene Conti.

Members absent were: Secretary Keith Crisco, Senator Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Guy Shavender, Terry Bellamy, Jerry Orr, Paul Kauffman, John Goodman and Representative Danny McComas.

Chairman Dalton thanked everyone for attending in Raleigh and also for attending the meetings in various areas of the state. He stated that it is very important to attend the meetings in various areas of the state in order to get an idea of the opportunities that are available throughout the state. He encouraged everyone to continue to support the Task Force by attending the meetings.

Chairman Dalton informed the Task Force that the Legislature did not approve any funding for the International Port. However, the issue has not gone away. The issue of a deep water port is something that will probably be looked at by this Logistics Task Force. The Task Force has not taken an official position on this issue. Chairman Dalton welcomed Senator Michael Walters, a new member to the Logistics Task Force.

Al Delia welcomed everyone and talked briefly about the Legislature asking the Logistics Task Force to complete a study regarding rails, ports, GTP, etc. Mr. Delia also mentioned the Task Force has not taken an official position on the deep water port. He stated the Task Force should take a look at all aspects.

Chairman Dalton introduced Mr. Anthony Menzies, Market Manager and Mr. Russ Smitley, Vice President of Marketing with Aberdeen Carolina & Western Railway Company's. Mr. Smitley presented the Task Force with information regarding railroads in North Carolina. He shared several ideas of how global economics are impacting North Carolina logistics. Mr. Smitley introduced Mr. Carl Hollowell, Vice President Operations and General Manager of Aberdeen Carolina & Western Railway Company's. Mr. Hollowell shared information with the Task Force regarding shortline railroads of North Carolina and how they bring value to the state. There are 18 shortline railroad companies that operate in 46 North Carolina counties. Both ports in North Carolina are served by the shortline railroad. A copy of this presentation is made a part of the minutes as Addendum Item 1.

Chairman Dalton introduced Kevin Lacy, State Traffic Engineer for NCDOT. Mr. Lacy presented information to the Task Force regarding Mobility and North Carolina Highways. Mr. Lacy stated there are approximately 5,400 miles of Strategic Corridors (Statewide Tier). This includes Interstates, Intrastate System routes, National Highway System routes and other major highways. There are approximately 9,300 miles included in the Regional Tier which are the primary routes (US and NC) not on the Statewide Tier. The Subregional Tier has approximately 64,000 miles which include secondary routes (SR) not on the Statewide Tier. Mr. Lacy also shared information regarding how NCDOT is measuring mobility and their traffic flow theory. A copy of this presentation is made a part of the minutes as Addendum Item 2.

A motion was made by Task Force Member Congdon which was seconded by Task Force Member Danieley to approve the minutes of the June 24, 2010 meeting in Cullowhee.

A motion was made by Task Force Member Danieley which was seconded by Task Force Member Long to approve the minutes of the May 17, 2010 meeting in Asheville.

The Task Force Members broke out into Subcommittees.

The full Logistics Task Force reconvened at 2:51 p.m. for reports from the four subcommittees.

Report from the Best Practices Subcommittee: Chairman Dan Danieley stated their subcommittee discussed the need to effectively interact with all the subcommittees on the Logistics Task Force. He stated how important it is for all subcommittees to work together. This subcommittee wants to look at bringing ideas back to NC in order to make it a better place. They will look into any success story throughout the world and define the characteristics needed for a better future for North Carolina.

Report from the Governance Subcommittee: Chairman Austin stated their subcommittee will be looking at how North Carolina governs logistics. A question that will be investigated is whether or not NCDOT logistics are laid out correctly. They will look at other states for governance. The subcommittee would like to have George List, Rob Martinez and Walter Kissmmes meet with them. They feel a statewide marking would be better than regional marking. Earl Brinkley was appointed as Vice Chairman of the subcommittee.

Report from the Commerce Subcommittee: Chairman Larry Wooten stated the importance of the interdependence of all subcommittees. Jed McMillan will provide the subcommittee with an inventory of importers and exporters regarding business and industry into the state. The subcommittee will determine what are the needs of these importers and exporters. Also, what is needed regarding high speed rail and ports. The subcommittee will bring back any policy implications.

Report from the Regional Hub Design Subcommittee: Task Force Member Pat Long shared the charge of this subcommittee. Mr. George List from NCSU discussed the “7 Portal Study”. A final report will be ready in late January 2011. This subcommittee will look into what are other states doing regarding regional hub designs.

Chairman Dalton announced the next meeting of the Logistics Task Force will be Wednesday, August 25, 2010 at the Broyhill Civic Center in Lenoir.

The meeting was adjourned at 3:05 p.m.

August 25, 2010 Lenoir, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:35 a.m. on Wednesday, August 25, 2010 at the Broyhill Civic Center in Lenoir with the following members present:

Al Delia, Gene Conti, Nelson Cole, Beth Austin, Dee Blackwell, Earl Brinkley, Patricia Long, David Congdon, Gary Teng, Lew Ebert, Larry Wooten, Dan Danieley, Allen Joines.

Manley Wilder attended on behalf of Dee Freeman and Stephanie McGarrah attended on behalf of Keith Crisco.

Members participating via conference call: John Atkins.

Members absent were: Clark Jenkins, Dawn Clegg, Rick Sholtes, Buddy Shavender, Terry Bellamy, Thomas Eagar, Jerry Orr, Bob Morgan, Paul Kauffmann, David Willauer, Joseph Stephens, Danny McComas and Michael Walters.

Chairman Dalton thanked everyone for participating in the meeting and introduced Dr. Ken Boham, President CCC&TI, David Barlow, Mayor of Lenoir, Rudy Wright, Mayor of Hickory and Ben Griffin, Chair of Caldwell County Commissioners. They each expressed appreciation to the Task Force for meeting in Lenoir and shared information regarding their areas.

Chairman Dalton introduced Harry Whalen, Executive Director of Caldwell County EDU. Mr. Whalen informed the Task Force of various industries located in Caldwell County and how important logistics is to the area. He stated that the unemployment rate in Caldwell County is down to 13.4 %.

Mr. Whalen introduced Scott Millar, Executive Director Catawba County EDU. He talked with the Task Force about improvements in the Catawba County area as far as logistics. Target has recently opened a regional distribution center. This center is 1.7 million square feet and employees a great number of people in the area. He stated this is only one example of the importance of logistics in the area.

Chairman Dalton introduced Jeanette Goldsmith, McCallum Sweeney Consulting. Ms. Goldsmith presented the Task Force with information regarding the role of logistics in site selection process. McCallum Sweeney Consulting specializes in site selection and incentive negotiation services. Some of their clients are Dollar General, Nordex, Boeing, Nissan, Michelin and many others. Ms. Goldsmith stated that logistics are a key part of the evaluation process. They must recognize the logistics assets in the community and state and market those assets to appropriate companies and industries. A copy of this presentation is made a part of the minutes as Addendum 1.

Chairman Dalton introduced Enoch Moeller, Operations Manager for Google in Lenoir. Mr. Moeller talked with the task force about the importance of fiber optic path ways as it related to logistics. He stated that most states are behind in getting this information out to the communities. Mr. Moeller shared how important it is to move bits around the state through data centers.

Mr. Kevin Perry, Lowe's/Director of TL Transportation Services were introduced by Chairman Dalton. Mr. Perry informed the Task Force that Lowe's has 1,725 stores, over 238,000 employees; stores are located in all 50 states plus Canada and Mexico. They have an average of 14 million customers per week. Currently there are roughly over 40 distribution centers. In North Carolina, Lowe's has 110 stores, 5 distribution centers, 2 corporate offices, 22,000 employees. This makes Lowe's second in the state in corporate revenue. They are currently ranked number 42 on the Fortune 50. Logistics is very important to Lowe's. National, they move over 1 million annual truckload shipments, 5 million parcel shipments with 200 contracted carriers. Lowe's is the 2nd largest importer over the Port of Wilmington. A copy of this presentation is made a part of the minutes as Addendum 2.

Chairman Dalton introduced Boyd George, Alex Lee, Inc.-MDI/IFH, Lowes Foods, FTZ. Mr. George talked with the task force about how Alex Lee, Inc. supplies customers throughout the state. Asked that task force maintain the roads. Any increase in total weight on vehicles would

be very helpful. He expressed how important it is to continue to improve roadways such as extending Hwy. 321 to a 6 lane highway up to Lenoir.

Mr. Costi Kutteh, Mayor of Statesville/Statesville Regional Airport was introduced by Chairman Dalton. Mayor Kutteh discussed information regarding the importance of Regional Airports to the state. The Statesville Regional Airport is located only 1 mile north of I-40, I-77 is 8 miles away. The nearest major road is US-70 (0.5 miles north). Nearest major airport is Charlotte Douglas. The runway at Statesville Regional Airport is 7,500 feet X 100 feet meaning aircraft of almost any size can land at and depart. Based users of the airport are Lowe's Corp., Newell Rubbermaid, DEI, Dale Earnhardt Jr./Kasey Kahn, Greg Biffle/Elliot Sadler /Jamie McMurray, Petty Motorsports and Michael Waltrip racing. The vision of the airport is to acquire additional property. Fuel flow is an important source of revenue for the airport. SVH has been fortunate in that the City of Statesville and Iredell County have supported the airport both politically and through funding. SVH also has strong support from the Greater Statesville development Corporation (GSDC) and the Statesville Chamber of Commerce. A copy of this presentation is made a part of the minutes as Addendum 3.

Chairman Dalton introduced Mike Pettyjohn, NCDOT Division Engineer. Mr. Pettyjohn represents Division 11 which consists of Alleghany, Ashe, Avery, Caldwell, Surry, Watauga, Wilkes and Yadkin Counties. He presented information to the Task Force regarding the infrastructure of Division 11. The Strategic Highway Corridors are so very important and there are not as many in the mountainous areas. They are: I-77; I-74/US 52, (24,000 vehicles per day travel this road.) US 421, (Bus route from Greensboro to Boone travel this road), US 321, US 221, NC 105 and NC 16/18.

Mike Holder, NCDOT Division Engineer representing Division 12 which consists of Alexander, Catawba, Cleveland, Gaston, Iredell and Lincoln Counties presented information to the Task Force regarding the issues facing the Division 12 area. The Strategic Highway Corridors in the area are: NC 150, which is used very heavily in transporting freight, NC 16, NC 73, I-77, US 74, I-85; US 321, I-40 and US 70. Division 12 has several distribution centers in the area and feels they are very important in offering employment.

Chairman Dalton introduced Dr. George List. Dr. List shared information with the Task Force regarding the Seven Portals Study. He updated everyone on the activity since the last meeting. The plans are to have the overall findings presented to the Task Force in March 2011. The committee working on the study will bring more information to the Task Force at the next meeting in Wilmington.

The Governance, Commerce and Best Practices Subcommittees met briefly.

Chairman Dalton announced the next meeting of the Logistics Task Force will be Tuesday, September 21, 2010 at Cape Fear Community College North Campus in Wilmington from 9:30 a.m. – 1:00 p.m.

The meeting was adjourned at 12:36 p.m.

**September 21, 2010
Wilmington, NC**

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:44 a.m. on Tuesday, September 21, 2010 at Cape Fear Community College North Campus in Wilmington with the following members present:

Al Delia, Keith Crisco, Dee Freeman, Nelson Cole, Larry Wooten, Dee Blackwell, Earl Brinkley, David Willauer, Gary Teng, David Congdon, Patricia Long, Beth Austin, Dan Daniele, Tom Eagar, Terry Bellamy.

Members absent were: Gene Conti, Clark Jenkins, Dawn Clegg, Allen Joines, Guy Shavender, John Atkins, Jerry Orr, Bob Morgan, Paul Kauffmann, Lew Ebert, Joseph Stephens, Danny McComas and Michael Walters.

Correction to the August 25, 2010 minutes: Task Force Member Thomas Eagar participated via conference call during the meeting in Lenoir.

Chairman Dalton introduced Dr. Eric McKeithan, President of Cape Fear Community College who welcomed everyone. Dr. McKeithan introduced Mr. Bill Saffo, Mayor of Wilmington, who welcomed everyone to Wilmington and stated how important roadways are in this area. Mayor Saffo introduced Mr. Jason Thompson, Chairman, New Hanover County Commission. Mr. Thompson also welcomed everyone to New Hanover County. He stated that New Hanover is a Triple A rated county. He also stated Education is so very important to this county. New Hanover County works in a partnership with the City of Wilmington. One of the biggest things going on is "White Space". New Hanover County is the model for the US as to how this can bring opportunities. Google and Microsoft are looking in the Wilmington area.

Chairman Dalton thanked Dr. McKeithan and talked about what a great community college they have in New Hanover County. He also thanked Mayor Saffo and Chairman Thompson. Chairman Dalton stated that the Task Force is looking at how we will move goods and people in this century and come up with a plan of how North Carolina can make this work.

Al Delia thanked everyone for having the Task Force meeting in Wilmington. He stated that Wilmington is one of the economic engines in the state and he was looking forward to hearing presentations and working to make those presentations take effect.

Mr. Mike Rice, No Port Southport Group was introduced by Chairman Dalton. Ms. Toby Bronstein thanked the Chairman for allowing time to speak to the task force. This group was formed 3 years ago to stop the progress of the port. They will continue to present information to Raleigh and Washington. Mike Rice presented information to the task force about the general lack of understanding of what this group is trying to do. He presented each member with a report. The proposed port will be located on 600 acres between the Progress Energy Plant and the Cape Fear River. There would be 17 miles that would have to be dredged out in order to get out into deep water. The estimated cost of this would be \$1.2 billion. This would have to be

dredged each year. There are several environmental impacts. Mr. Rice stated this project has been advanced by the ports authority from the bottom up and that is not the way to do it. It has to be done from the top down. Chairman Dalton stated this is not a matter the Logistics Task Force will be dealing with at this time due to action taken by the General Assembly.

Chairman Dalton introduced Mr. Steve Yost, Director of NC Southeastern Partnership. Mr. Yost presented information to the Task Force regarding an economic overview of the area. Region covers 11 counties with 7,500 square miles. The mission and purpose is to try to provide regional partnerships, generate industry leads for region and counties, collaborative initiatives, build on key regional assets, focused and innovative marketing strategies and lead and facilitate where we can add value. Logistics is critical to all sectors. There are 28,000 people employed in logistics in the region. Some of the logistics assets in the region are I-95, I-40, I-74 and NC Port of Wilmington. There are four new industrial logistics parks in region. He stated the Port of Wilmington is the region's most direct and important link to the global economy. 40% of the NCSE new clients have a port component, this percentage is increasing.

Mr. Bill Ralph with RK Johns Associates was introduced by Chairman Dalton. He presented information to the Task Force regarding US Container Trade Trends. His company works with a lot of ports. What drives container trends – 1/3 (30%) of containers that move into our areas effects our homes. The "Great Recession" hit trade hard. 13 of 22 ports that report monthly information to AAPA show an increase by midyear 2010. According to a Danish magazine, the Ebba Maersk recently carried 15,011 containers on board during a voyage from Europe. East/Gulf Coast ports need to take necessary steps to be ready for larger ships after Panama Canal expansion. Dredging is a critical component, as is terminal productivity and new development.

Chairman Dalton introduced Dr. Woody Hall from UNC Wilmington. Dr. Hall shared information with the Task Force regarding NCSE Economic Conditions. The area consists of 11 counties. The average annual unemployment rate was at a 25 year high. He stated there is a 75% reduction in sales of single family homes. Two areas in Eastern North Carolina that have held up fairly well are Camp Lejeune and Fort Bragg. Online analysis is available at <http://www.csb.uncw.edu/cbes/newsletter/index.htm>.

Mr. Billy King, Wilmington Industrial Development was introduced by Chairman Dalton. Mr. King shared information regarding what Wilmington Industrial Development does for the area. Everything the client looks at involves how to get products out to the citizens. He stated that we have to make sure there is proper infrastructure.

Chairman Dalton introduced Mr. Jim Bradshaw, Brunswick County EDC; Mr. Gary Lanier, Columbus County EDC; and Mr. Jimmy Yokeley, NC Ports. Mr. Bradshaw talked with the Task Force regarding the International Logistics Park of North Carolina and the Mid Atlantic Logistics Center. Mr. Lanier shared information regarding key clients that are looking at areas (Feasibility Study). He then called on Mr. Yokeley who discussed the mission at the North Carolina Ports. One very important issue is they want to enhance global economy.

Mr. Glen Carlson from NC Ports was introduced by Chairman Dalton. NC Ports is an economic engine for the state. Port of Wilmington serves container, bulk and break-bulk markets. Morehead City handles both break bulk and bulk cargo. They support a lot of industry in the state. A few examples are: International Paper, Nucor, Goodyear, Camp Lejeune/Fort Bragg, Lowe's, and QVC. He stated that NC Ports have historically supported manufacturing. In the mid 1990's a new trend began there was a transition from exporting to importing driven by Global Outsourcing of manufacturing. When intermodal rail service is added to a ports truck service area a much larger cargo access market is created. He recommended the Task Force actively support at port distribution center model in North Carolina.

Chairman Dalton introduced Mr. Don Parker, Deputy to the Commander with MOTSU. Mr. Parker shared information regarding the Military Ocean Terminal Sunny Point North Carolina. They are the DOD's premier ammunition terminal. They own 17 miles of army rail track. 80% arrive by rail and 20% by truck. He also shared information regarding Force Protection – Landside Security and Water side Security. They are mutual aid to the community of Brunswick County. The rail line they own supports 3 commercial industries: Progress Energy, Edmonton Power Corp and Archer Daniels Midland Co.

Mr. Johnny Griffin with Wilmington Regional Film Commission was introduced by Chairman Dalton. Mr. Griffin shared information regarding the film commission. They have the largest studio complex east of California. They also have a water tank. There are very few of these in the country. Weather and history are a big part in getting clients. For 15 years NC was known as the third largest place for the film industry. This changed in the mid 90's. He stated we are losing locations to Louisiana, Georgia and New Mexico.

Chairman Dalton introduced Ms. Kim Hufham with the Cape Fear Visitors Bureau. Ms. Hufham shared information about tourism in Southeastern NC. In 2009 domestic visitors to New Hanover County generated an economic impact of \$390 million. This was a 7.6 % decrease from 2008. Ms. Hufham also mentioned the Wilmington Convention Center opening late 2010.

Chairman Dalton opened the floor to Public Comments.

Mr. Dan Ryan with the Nature Conservation presented the Task Force with a map. He shared information and stated what a great investment this could be in North Carolina heritage.

Mr. Sandy Korschun shared his feelings regarding the Ports. He feels that both ports are important. He stated that North Carolina has 2 Class A Railroads operating that could possible give us an advantage with our ports.

Dr. Michael Mallin from UNC Wilmington stated that he supports the No Ports-Southport. He feels it will greatly impact storm water runoffs and wetlands as well as increase amount of erosion.

Dr. Curt Stiles stated that he is eager for development in the area. His emphasis is on scholarly activities. Please check out website.

The next meeting of the Logistics Task Force will be Monday, October 18, 2010 at Elizabeth City State University beginning at 11:00 a.m.

The meeting was adjourned at 1:20 p.m.

October 18, 2010 Elizabeth City, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 11:00 a.m. on Monday, October 18, 2010 at Elizabeth City State University with the following members present:

Gene Conti, Dan Danieleley, David Willauer, Joe Stephens, John Goodman on behalf of Lew Ebert, and Jed McMillan on behalf of Keith Crisco.

Paul Friday, Tom Eagar and Danny McComas participated via phone.

The following members were absent: Al Delia, Dee Freeman, Nelson Cole, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Patricia Long, Earl Brinkley, Guy Shavender, Dee Blackwell, Terry Bellamy, John Atkins, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, Larry Wooten, Beth Austin, David Congdon, and Michael Walters.

Correction to minutes from the September 21, 2010 meeting in Wilmington. The minutes reflected a comment from Mr. Mike Rice incorrectly. The sentence should have read “Mr. Rice stated this project has been advanced by the ports authority from the top down and this is not the way to do it. It has to be done from the bottom up.”

After the correction to the September 21, 2010 minutes, the minutes of the August 25, 2010 and the September 21, 2010 meetings were unanimously approved upon a motion by Dan Danieleley and were seconded by Gene Conti.

Chairman Dalton introduced Dr. Willie Gilchrist, Chancellor, Elizabeth City State University. Chancellor Gilchrist welcomed everyone and thanked the Task Force for visiting ECSU.

The Chairman thanked Chancellor Gilchrist and also recognized and thanked Representative Bill Owens and Board of Transportation Member Stan White for attending the meeting. Chairman Dalton introduced Mr. Roger McLean, Mayor of Elizabeth City. Mayor McLean stated how happy he was to have the Logistics Task Force in Elizabeth City.

Mr. Eddie Lynch, Chairman, North Carolina's Northeast Commission was introduced by Chairman Dalton. Mr. Lynch thanked the Task Force for being in Northeast North Carolina. He stated that small business is critical in this area and it is so important that we all work together. He looks forward to working with the Task Force.

Chairman Dalton introduced Mr. Vann Rogerson, President & CEO, North Carolina's Northeast Commission. Mr. Rogerson presented the Task Force with information regarding Statewide Consistency, Regional Flexibility. He stated that each region must have the flexibility and local awareness to meet the special needs of our local constituents. A statewide policy (or focus) does not fit all. The Northeastern long term strategy consists of development of clusters focusing on new wealth and new jobs, development of economic niches that are globally competitive, new technologies and product commercialization and a link of cluster development to education and research. He stated the emphasis should be on Aviation/Aerospace, Plant Ag Biotechnology, Automotive R&D, Marine, Alternative Energy, Food and Food Products and Defense R&D. He discussed the needs of the Northeastern region as being a Virginia Port strategy for NENC, an innovative investment by North Carolina, and NC and VA exploring mutually beneficial options. A copy of Mr. Rogerson's presentation is made a part of the minutes as Addendum #1.

Chairman Dalton introduced Mr. Johnny Jacobs, Shipping Manager of Nucor. Nucor is located in Charlotte with 20,000 team members. Mr. Jacobs talked with the Task Force regarding education and the impact it has on the Logistics arena. Transportation is the process of getting goods in and out of the area. Nucor has prided its self in what they have been able to accomplish in this area. Today there are 430 team members in the Northampton area. Mr. Jacobs stated the importance of the highways in the area. He is also looking forward to growth in this area. He mentioned another key mode of transportation in this area is the rail sector. At this time, CSX services the northeastern area. This area also has the NC/VA railroad. Mr. Jacobs stated that waterways are also very important due to the use of barges in the Chowan River. Dredging and maintenance of the waterways is also very important. Nucor appreciates the focus of the Task Force. Mr. Jacobs feels this region is on the verge of greatness.

Dr. David Bejou, Dean of ECSU School of Business and Economics was introduced by Chairman Dalton. Dr. Bejou presented information to the Task Force regarding ECSU's Economic Impact on Northeastern NC. In 2003 Smith-Moore conducted a study showing the direct and indirect economic impact on the region economy more than \$100 million. Over the next decade, ECSU's impact on northeastern NC will exceed any other single business or institution. Nearly 1500 regional workers depend on ECSU for employment. Dr. Bejou also shared the economic development impact of the Aviation Science Program. ECSU has been and will continue to be a resource, partner and a major driving force in the economic development of Northeastern North Carolina. A copy of Dr. Bejou's presentation is made a part of the minutes as Addendum #2.

Chairman Dalton introduced Mr. Gregory Edwards, Director of External Affairs, Virginia Port Authority. Mr. Edwards shared information with the Task Force regarding the relationship between eastern NC and the Virginia Port. A few of the top trading partners for export and imports are China, Germany, Netherlands, Belgium, and Indonesia. The nearly 1.8 million TEUs moving over the Port of Virginia in 2009 were transported by: 4% barge, 30% Rail and 66% Trucks. A copy of Mr. Edwards's presentation is made a part of the minutes as Addendum #3.

Captain Werner Winz, Commanding Officer, US Coast Guard Aviation Logistics Center was introduced by Chairman Dalton. Capt. Winz presented information to the Task Force regarding the Aviations Logistics Center. The ALC is the hub for the Coast Guard aviation support, which included the missions of aviation depot level maintenance, structural engineering, spare parts warehousing, and information services needs. ALC is the central point for all aircraft repairs. Capt. Winz stated that ALC manages the shipment, component repair, and warehousing of all aviation spare parts. The center serves as the central warehouse for a \$1.2 billion spare parts inventory.

Chairman Dalton introduced Dr. Anthony Sharp, Director, ECSU Aviation Science Program. Dr. Sharp thanked everyone for visiting ECSU. He stated that ECSU is the only 4-year college or university in North Carolina that offers a degree in aviation education. In the fall of 1986 ECSU began aviation studies. In the fall 2010 ESCU has 92 students enrolled in the program.

Chairman Dalton introduced Mr. Simon Rich, General Manager, Stevens Towing Company. Mr. Rich shared information regard Stevens Towing Company stating they were founded to move grain and produce. Mr. Rich started the North Carolina site in 1999. Some of the North Carolina customers are NUCOR Steel, Progress Energy, MiTek, US Military, and J.W. Jones Lumber. Mr. Rich stated the need to preserve and improve North Carolina's water trade routes and infrastructure such as the Atlantic Intracoastal Waterway. Also, the need to preserve North Carolina's existing commercial docks and rural ports for loading cargo to connect with cities and major ports for increased trade and create waterside industrial development sites for new companies that depend on water freight. A copy of Mr. Rich's presentation is made a part of the minutes as Addendum #7.

Mr. Jerry Jennings, NCDOT Division Engineer, was introduced by Chairman Dalton. Mr. Jennings informed the Task Force that Division 1 is the largest division geographically within NCDOT. Counties are: Bertie, Camden, Chowan, Currituck, Dare, Gates, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington. There are 5, 142 road miles, and 571 bridges. Some of the longest bridges in the state are located in this area. Highway 12 is located in Currituck County. This highway has a lot of problems with over wash during storms. Division 1 also has two river ferries. Parkers Ferry and the San Suzy Ferry are cable guided. Mr. Jennings shared the designated corridors in the area with the Task Force. A copy of Mr. Jennings presentation is made a part of the minutes as Addendum #4.

Chairman Dalton introduced Mr. Joseph Freddoso, President & CEO, MCNC. Mr. Freddoso presented information to the Task Force regarding broadband build out in North Carolina. He stated how important it is for everyone to have access to broadband. This area has good access to roads and we need to keep it that way. Now we need to work on the broadband. There is a need to build public/private partnerships to reach areas like Avery/Tyrrell/Hyde/Washington Counties. MCNC will have the fiber assets to help but we need to be part of a plan, not the entire solutions. They save millions of dollars a year by providing this service. A copy of Mr. Freddoso's presentation is made a part of the minutes as Addendum #5.

Chairman Dalton introduced Dr. George List, Professor, NCSU. Dr. List updated the Task Force on the progress of the Seven Portals Study. Activity since last update showed the subcontract placement had been completed. Team assignments had been adjusted and finalized. There has been a visit to Hampton Roads and Chicago. The Regional investigations have begun. They have attended Regional Hub Design Subcommittee meetings and presented a briefing for the Commerce Subcommittee. The rail assessment has also been conducted. Dr. List will provide future presentation at the November, December, February and March LTF meetings. A copy of Dr. List's presentation is made a part of the minutes as Addendum #6.

Chairman Dalton opened the floor to public comment.

Mayor Roger McLean, Elizabeth City thanked the Lt. Governor for what he is doing as Chairman of the Logistics Task Force. In Elizabeth City they have specific needs. It is one of the poorest congressional districts in North Carolina. The utility rate has increased at a rate of 65%. Mayor McLean expressed his willingness to work with the Task Force to improve the area.

Chairman Dalton thanked ECSU for hosting the meeting. He announced the next meeting of the Logistics Task Force will be Thursday, November 18, 2010 at the North Carolina Global TransPark Spirit AeroSystems Composite Center of Excellence in Kinston beginning at 12:15 p.m.

The meeting was adjourned at 3:29 p.m.

November 18, 2010 Kinston, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 12:14 p.m. on Thursday, November 18, 2010 at the Spirit AeroSystems Composite Center of Excellence in Kinston, North Carolina with the following members present:

Dee Freeman, Larry Wooten, Beth Austin, Pat Long, Michael Walters, Dan Danieley, John Atkins, David Congdon, Earl Brinkley, Gary Teng, Paul Friday, Tom Eagar, Joe Stephens, John Goodman on behalf of Lew Ebert and Jed McMillan on behalf of Keith Crisco.

The following members were absent: Al Delia, Gene Conti, Nelson Cole, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Paul Kauffmann, David Willauer, and Danny McComas.

Minutes from the October 18, 2010 meeting in Elizabeth City were unanimously approved upon a motion by John Atkins and were seconded by Dan Danieley.

Chairman Dalton introduced the Honorable B. J. Murphy, Mayor of Kinston. Mayor Murphy welcomed everyone to Kinston and thanked the Task Force for meeting in the eastern portion of

the state. He requested the Task Force continue to work with connecting the significant roads in the eastern part of the state.

Chairman Dalton introduced Mr. Calvin Anderson, Chairman, North Carolina's Eastern Region. Mr. Anderson welcomed everyone to Kinston and stated that Kinston has been an advocate for transportation and looks forward to working with the Task Force.

Chairman Dalton discussed the purpose of the Task Force. The Task Force decided that meetings should be held all over the state in order to better understand the logistic needs throughout the state. He also discussed the importance of Spirit AeroSystems and the opportunity it will bring to the eastern part of North Carolina.

Ms. Chandra Taylor, Senior Attorney, Southern Environmental Law Center was introduced by Chairman Dalton. Ms. Taylor informed the Task Force that the Southern Environmental Law Center is a non-profit center that began in 1986. She shared information regarding the Transportation Challenge which includes: Project Prioritization, Fix-It-First, Transportation Choice, Link to Land Use and DOT Reform. Ms. Taylor also shared a list of duties the Task Force should have. She stated that between 1950 – 2000 the land development rapidly outpaced the population growth. A copy of Ms. Taylor's presentation is made a part of the minutes as Addendum 1.

Chairman Dalton introduced Mr. John Chaffee, President & CEO, North Carolina's Eastern Region. Mr. Chaffee stated the Eastern Region is one of seven economic partnerships in North Carolina. The Eastern Region represents 13 counties. These 13 counties have a landmass larger than the states of Connecticut and Rhode Island with a population of 1 million. They have \$22.5 million raised through local taxes that support their local counties. The Eastern Region's mission is to promote regional economic development. Mr. Chaffee also provided a list of major initiatives for the region. A copy of Mr. Chaffee's presentation is made a part of the minutes as Addendum 2.

Dr. James Kleckley, East Carolina University College of Business was introduced by Chairman Dalton. Dr. Kleckley discussed information regarding ECU and their economic impact in eastern North Carolina. ECU is the third largest university in the state system. 80% of the students are undergraduates. They are in the process of bringing a dental school to the campus in Greenville. ECU has 5000 faculty and staff. According to a 2007 Economic Impact Study, ECU contributed about \$3 billion a year to the economy. The university is the second largest employer in Pitt County.

Chairman Dalton introduced Ms. Darlene Waddell, Executive Director, North Carolina Global TransPark. Ms. Waddell stated their vision is for the GTP to be a strategic location for global businesses engaged in aerospace, advanced manufacturing, logistics and related sectors. The GTP is located close to seven military bases, it has interstate highway access as well as proximity to two NC seaports and the rail spur connection will be available soon. Ms. Waddell also shared a list of the GTP's goals. The GTP has a very strong economic impact. The current tenant operations generate \$27.5 million annually to the GDP of the 13 county region. The

current statewide economic impact from the GTP is estimated to be \$52.9 million annually. Ms. Waddell shared a list of the completed, current, ongoing and future initiatives of the GTP. A copy of Ms. Waddell's presentation is made a part of the minutes as Addendum 3.

Ms. Waddell also presented information regarding Spirit AeroSystems. The construction site is the size of 90 football fields and the building is the size of 11 football fields. Their product responsibility is the Airbus A350xwb Program. They also have a facility in France. Spirit will create 1000 jobs by 2016.

Chairman Dalton introduced Col. Randall Ogden, Commander, Air Refueling Wing, Seymour Johnson Air Force Base. Col. Ogden began by stating that North Carolina is the friendliest military state in the nation. He presented information to the Task Force regarding the 916th Air Refueling Wing that is a reserve wing. In October 1986, the 916th Air Refueling Group activated at Seymour Johnson AFB. From 1996 to 1997 the unit grew to more than 800 members. They realigned internally with three groups, several squadrons and flights; unit transferred two KC-135s to other AFRC units. Currently there are approximately 900 citizen airmen who are members of the 916th Air Refueling Wing. They are the 8th largest employer in Wayne County with an annual payroll of \$14.6 million. A copy of Col. Ogden's presentation is made a part of the minutes as Addendum 4.

Mr. Paul Friday, Deputy Assistant Chief of Staff G5, Marine Corps Installations East, was introduced by Chairman Dalton. Mr. Friday stated the MCIEAST provides management control and oversight for seven of the nine Marine Corps installations on the East Coast. Their mission is to implement policies, develop regional strategies and plans, prioritize resources and provide services, direction and oversight through assigned U.S. Marine Corps installations to support the operating forces, other tenant commands, and activities. Mr. Friday shared the 2009 economic impact of the MCIEAST to North Carolina as \$5,188,739,067. They have an annual payroll of \$3,273,998,676. MCIEAST feels that improved logistics will bring improved transportation corridors, mission capacity, safety on the ground and in the air, mobility, relief during natural disasters/evacuations and quality of life. A copy of Mr. Friday's presentation is made a part of the minutes as Addendum 5.

Chairman Dalton introduced Mr. Neil Lassiter, NCDOT Division Engineer, Division 2. Mr. Lassiter presented information regarding the Division 2 area. This division consists of eight counties. They are: Pitt, Beaufort, Pamlico, Carteret, Jones, Lenoir, Greene and Craven. Two primary corridors are US 17 and US 70. Mr. Lassiter also shared information on various projects throughout the Division 2 area that will benefit the eastern part of North Carolina. A copy of Mr. Lassiter's presentation is made a part of the minutes as Addendum 6.

Dr. George List, Professor, NCSU was introduced by Chairman Dalton. Dr. List presented information regarding the Seven Portal Study Update. He shared information regarding the activity since the last update. He will provide a site assessment to the Task Force at the next meeting in December and the overall findings will be presented in March 2011. A copy of Dr. List's presentation is made a part of the minutes as Addendum 7.

Chairman Dalton opened the floor to public comment.

There being no public comment, Chairman Dalton thanked everyone for their participation in the meeting and to NCGTP for hosting the Task Force meeting. He announced the next meeting of the Logistics Task Force will be Wednesday, December 15, 2010 at the Transportation Building Board Room in Raleigh beginning at 9:30 a.m.

The meeting was adjourned at 3:03 p.m.

December 15, 2010 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:32 a.m. on Wednesday, December 15, 2010 at the Transportation Board Room in Raleigh with the following members present:

Keith Crisco, Nelson Cole, Michael Walters, Pat Long, Dan Danieleley, Lew Ebert, David Willauer, David Congdon, Gary Teng, Joe Stephens, Beth Austin, Dee Freeman, Al Delia, and John Tippett attended on behalf of Dee Blackwell.

David Hauser also attended.

Members absent were: Gene Conti, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Earl Brinkley, Buddy Shavender, Terry Bellamy, Tom Eagar, John Atkins, Jerry Orr, Bob Morgan, Paul Kauffmann, Larry Wooten, and Danny McComas.

Minutes from the November 18, 2010 meeting in Kinston were unanimously approved upon a motion by Nelson Cole and were seconded by Gary Teng.

Chairman Dalton welcomed everyone to Raleigh and informed the Task Force that this meeting will be to discuss the Seven Portals Study. This is not the final report; therefore, no approval of the study will be taken at the meeting today.

Chairman Dalton introduced Dr. George List, Professor, NCSU. Dr. List gave an overview of the Seven Portals Study and introduced members of the study team that would be presenting information to the Task Force. A copy of Dr. List's presentation is made a part of the minutes as Addendum 1.

Dr. Joy Bhadury, UNC Greensboro, shared a presentation covering the Southeastern Region portion of the study. He shared the Clusters of Economic Activity (Present and Targeted). Dr. Bhadury shared a summary of four sites. Those sites were: Laurinburg-Maxton Airport, Fayetteville Airport, International Logistics Park, and Wilmington International Airport. He discussed the strengths, weaknesses and needs for these areas as it relates to the logistics needs of the area. He suggested the Task Force utilize the pending Moffatt and Nichol study that is expected to be finalized in the first quarter of 2011 and then engage in a state-wide dialogue and

debate on the four areas listed above. A copy of Dr. Bhadury's presentation is made a part of the minutes as Addendum 2.

Dr. Steve Appold, UNC Kenan Institute, presented information covering the Eastern Region. The Eastern region is divided into four sub-regions. They are: North Sub-Region, Pitt Sub-Region, Central Sub-Region and Coastal Sub-Region. Dr. Appold discussed the different villages in the area listing their strengths, weaknesses and needs. The Villages are: Rocky Mount, Kinston, Jacksonville, and Morehead City. A copy of Dr. Appold's presentation is made a part of the minutes as Addendum 3.

Dr. Richard Monroe, East Carolina University, presented information to the Logistics Task Force covering the Northeastern Region. There are approximately 24,000 residents that commute to jobs outside the Northeast Region. About half of those commute to jobs in Virginia. Dr. Monroe discussed the different villages in the area listing their strengths, weaknesses and needs. The Villages are: Ahoskie, Edenton, Elizabeth City; and Williamston. A copy of Dr. Monroe's presentation is made a part of the minutes as Addendum 4.

Mr. Bob Foyle, ITRE - NCSU, presented information to the Task Force regarding the Triangle Region. There are 13 counties in this region. He also presented an overview of the Research Triangle Park. Mr. Foyle discussed the different villages in the area listing their strengths, weaknesses and needs. The Villages are: RDU International Airport (Tier 3), Triangle North Properties, Johnston County, and Lee County. A copy of Mr. Foyle's presentation is made a part of the minutes as Addendum 5.

Dr. Kathryn Dobie, NC A&T State University, presented information to the Task Force regarding the Triad Region. There are 12 counties in this region. Greensboro, Winston-Salem and High Point together ranked 37th in size among US cities. Dr. Dobie discussed the different villages in the area listing their strengths, weaknesses and needs. The Villages are: Aerotropolis Airport City at PTI, Burlington/Alamance, and Montgomery County. A copy of Dr. Dobie's presentation is made a part of the minutes as Addendum 6.

Dr. Gary Teng, UNC-Charlotte, presented information to the Task Force regarding the Charlotte Area Region. This region includes the state's major airport, Charlotte Douglas International. The airport maintains support relationships with US Customs, US Department of Immigration and US Department of Agriculture. Dr. Teng discussed the different villages in the area listing their strengths, weaknesses and needs. The Villages are: Charlotte, Monroe, Salisbury and Statesville. A copy of Dr. Teng's presentation is made a part of the minutes as Addendum 7.

Dr. John Stone, ITRE - NCSU, presented information to the Task Force regarding the Western Region. This region has 10,000 square miles, approximately the size of Maryland. It is the home of the Eastern Band of the Cherokee Indians. Dr. Stone discussed the different villages in the area listing their strengths, weaknesses and needs. The Villages are: Andrews, Asheville, and Wilkesboro. A copy of Dr. Stone's presentation is made a part of the minutes as Addendum 8.

Dr. George List presented additional information regarding the Seven Portals Study to the Task Force. He gave an overview of the rail findings, highway assessment, maritime assessment and the integrative observations. A copy of this presentation is made a part of the minutes as Addendum 9.

Chairman Dalton opened the meeting to discussion between the Task Force Members.

David Willauer encouraged the involvement of the MPOs and RPOs in the study. Chairman Dalton stated that he is sure the MPOs and RPOs have worked with the 7 economic areas and will continue to do so.

Pat Long expressed her appreciation to the team for doing an excellent job putting together this study. She stated that we are no longer the good roads state and we have to make sure we put things into priority.

Secretary Dee Freeman stated the report would be stronger if it included a line of environmental issues and needs.

David Congdon suggested the Task Force determine what the priorities are and use a selection grid technique.

Joe Stephens suggested the Task Force develop a road map of sorts for the coming decision-making process.

Chairman Dalton stated the Task Force has to look outside the borders of North Carolina. He asked is it greater to move freight or people in for tourism? He also stated that whatever the Task Force recommends has to have a good, solid basis.

John Tippet sitting in for Dee Blackwell, stated that he felt it would be helpful if the Task Force identify what are some of the connections within these various regions.

Chairman Dalton stated that North Carolina has not given up on the idea of a deep water port.

Dan Danieleley asked if the Task Force would ever consider a joint investment with a neighboring state? Chairman Dalton responded, yes.

David Willauer asked what are the next steps for the study? Dr. List stated the team will continue to work and prepare presentations to be shared at the February and March Logistics Task Force meetings.

Chairman Dalton commented that the Seven Portal Study arose from the previous NCSU study that recommended the state create more Inland Ports. He reflected that in the 1920's, Governor Cameron Morrison (later known as "The Good Roads Governor"), had a vision to connect each county seat by a hard surfaced road. Chairman Dalton commented that in his view the plan proposed by the Logistics Task Force should similarly have direct positive impact for each

region of the state. The Seven Portal Study concept was devised to determine if it was economically feasible, cost effective and viable to construct an Inland Port or Logistics Village in each region.

Chairman Dalton also commented that if Inland Ports or Logistics Villages should be recommended, the Task Force should study how these entities should be governed. He indicated that consideration should be given to exempting these assets from local zoning and to create a method where all in the region share in the responsibilities and benefits for the assets created in the boundaries of the Inland Ports or Logistics Villages. He indicated that Colonel Austin's subcommittee would be initially charged with this task as the Task Force moves forward.

There being no additional business, Chairman Dalton thanked everyone for their participation and wished them a happy holiday season. He announced the next meeting of the Logistics Task Force will be Tuesday, January 19, 2011 in Rocky Mount.

The meeting was adjourned at 1:48 p.m.

January 19, 2011 Nash Community College

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:27 a.m. on Wednesday, January 19, 2011 at Nash Community College in Rocky Mount, NC with the following members present:

Gene Conti, Nelson Cole, Beth Austin, Dee Blackwell, David Willauer, John Atkins, Pat Long, Larry Wooten

Bradford Sneed attended for Al Delia. Glenn Carlson attended for Tom Eagar. Jed McMillan attended for Keith Crisco.

Members absent were: Keith Crisco, Dee Freeman, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Dan Danieley, Earl Brinkley, Buddy Shavender, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, David Congdon, Lew Ebert, Joseph Stephens, Danny McComas and Michael Walters.

Chairman Dalton welcomed everyone to Rocky Mount and thanked them for participating in the Logistics Task Force Meeting. He introduced Dr. William S. Carver, II, President, Nash Community College. Dr. Carver welcomed everyone to Nash Community College and thanked the Task Force for having the meeting in Nash County.

Chairman Dalton stated this meeting was strictly based on agriculture since it is a very important part of our state. He introduced Mr. Larry Wooten, President of NC Farm Bureau Federation and a Logistics Task Force member.

Mr. Wooten discussed how the work of the Task Force will help the state. He stated this Task Force has moved around the state looking at the diversity of the state and the needs of all areas. Agriculture is the most visible and largest to our state and we sometimes forget how important it is. Agriculture is a very diverse industry. North Carolina is number one in certain crops.

Chairman Dalton introduced Mr. Bob Slocum, Executive Vice President, NC Forestry Association. Mr. Slocum presented information to the Task Force regarding Forestry and the Forest Products Industry in North Carolina. The Forestry Association is celebrating their 100th anniversary this year. He stated that the rural road system and bridges are critical in the movement of wood. Mr. Slocum also expressed how exports are critical to the forestry industry. The future of the forest is tied to the future of the economic interest. Demand for wood and paper products will increase worldwide. A copy of Mr. Slocum's presentation is made a part of the meeting as Addendum #1.

Gene Conti asked about the export market in the sense of getting products to our ports. He asked if rail was a factor? Mr. Slocum stated there is a rail component. Many of the sawmills do not have rail service; however, bulk paper does. It tends to be a higher cost. Hardwood mills are export. Western NC tends to use the Charleston Port; however, most are moved by truck. Pat Long asked what is the percentage of Christmas trees? Mr. Slocum stated that Christmas trees are one of the largest producers. Commissioner Steve Troxler stated the International Trade Division is trying to get more exports for Christmas Trees.

Chairman Dalton introduced Mr. Glen Carlson, Chief Commercial Officer of the North Carolina Ports Authority. Mr. Carlson provided information to the Task Force regarding the export of woodchips and how it will affect the ports.

Mr. Jim Durham, Fiber Supply Manager, International Paper, was introduced by Chairman Dalton. Mr. Durham stated they have 20 facilities in North Carolina. They employ 2,200 employees state wide as well as 6,000 contract and seasonal employees. The Riegelwood Mill is located in Columbus County. They produce over 2,400 tons per day finished products, such as, bleach board, coated bristles, market pulp and fluff pulp. They consume 3.5 million tons of wood per year. Approximately 90,000 trucks start, stop or pass through NC annually to support IP facilities. He stated that safely increasing interstate weight limits would eliminate 10% of the trucks needed to carry their products through the state. Mr. Durham stated reasons we should increase the vehicle weight limits are because freight hauled by trucks in the U.S. are expected to nearly double by 2035, and truck traffic is growing 11 times faster than road capacity. A copy of Mr. Durham's presentation is made a part of the minutes as Addendum #2.

Chairman Dalton introduced The Honorable Steve Troxler, NC Commissioner of Agriculture. Commissioner Troxler presented information to the Task Force regarding the total value of NC Ag Exports. There are a lot of products grown in North Carolina that are being exported. Sweet potatoes are being exported to the European areas. Tobacco, cotton and soy beans are the major exports from North Carolina. Commissioner Troxler stated that there is a great need for improved ports. The Morehead City Port is a under-utilized facility. He feels it can be upgraded

to handle the new large ships coming in the future. A copy of Commissioner Troxler's presentation is made a part of the minutes as Addendum #3.

Ms. Deborah Johnson, Chief Executive Officer, NC Pork Council and Mr. Don Butler, Director of Government Relations/Public Affairs, Murphy-Brown, LLC were introduced by Chairman Dalton. They presented information to the Task Force regarding the critical role of the NC Pork Council. Ms. Johnson stated pork is a very important part of North Carolina. In 1919 there were 1.3 million pigs in North Carolina and 1.5 million people living on farms. Ms. Johnson stated that 70% production of hogs is shipped out of state. Most production in North Carolina is contract production. North Carolina has a high reputation in the pork industry. We are home to the top 4 producers in the world. A copy of this presentation is made a part of the minutes as Addendum #4.

Mr. Butler shared information regarding Smithfield/Murphy Brown. More pork is consumed in the world over any other protein. Japan is the leading value destination of US pork. There is a three part production in working with pigs; #1=sow farm, #2= nursery, #3=finishing operation. In 7 months most pigs will reach 280 pounds. More than 80% are produced under some type of contract. They are heavily dependent on transportation. Export is a huge part of their business. Slightly more than 20% of US production is exported. Mr. Butler also stated North Carolina is a corn deficit state. The majority of corn comes from the Midwest via rail. Soy beans are the second most important ingredient. It takes 246 trucks a day to supply the state's two biggest plants operating. Weight limits on some of the bridges are a problem with the transport of the product. A copy of this presentation is made a part of the minutes as Addendum #4

The meeting was adjourned at 11:41 a.m. for lunch.

Chairman Dalton reconvened the meeting at 12:48 p.m.

Chairman Dalton asked for a motion to approve the minutes from the December 15, 2010 meeting. A motion was made by Nelson Cole and seconded by Beth Austin. The minutes were unanimously approved.

Mr. Bob Ford, Executive Director, NC Poultry Federation was introduced by Chairman Dalton. Mr. Ford shared information with the Task Force regarding North Carolina Poultry and Transportation Issues. Poultry is the #1 agricultural industry in North Carolina. The Poultry Industry offers 110,000+ jobs for citizens of North Carolina. Mr. Ford stated there are 20 poultry plants in North Carolina. The current weight limit for transporting poultry is 80,000 pounds. Some states allow for a weight exemption. Mr. Ford would like North Carolina to allow a 10% weight exemption. He stated this would benefit everyone. A couple of the benefits would be an annual fuel savings over 1 million gallons, faster delivery of poultry products and less traffic on country roads. A copy of Mr. Ford's presentation is made a part of the minutes as Addendum #5.

Chairman Dalton introduced Dr. Michael Walden, Department of Agriculture & Resource Economics, NCSU. Dr. Walden presented information to the Task Force regarding the value of

Agribusiness. Agribusiness is defined as producing, processing, wholesaling and retailing food, natural fiber and forestry products in North Carolina. Agribusiness is 20% of the economy in North Carolina. The U.S. has a competitive advantage in farming and agribusiness. Dr. Walden stated as world incomes rise, food demand will increase, particularly for value-added food. He feels there will be shifts in domestic food demand. There will be increased focus on nutrition, safety and convenience. Transportation is a vital link for agribusiness. Facilitating the “supply chain” connecting the agribusiness components is very important. A copy of Dr. Walden’s presentation is made a part of the minutes as Addendum #6.

Dr. George List, Professor, NCSU was introduced by Chairman Dalton. Dr. List reported the status of the Seven Portals Study. He also presented ideas about a statewide logistics planning matrix. The full report should be ready for presentation to the Task Force in May 2011. A copy of Dr. List’s presentation is made a part of the minutes as Addendum #7.

Chairman Dalton stated the key work Dr. List used is “matrix” (connection of interrelated parts). This will be a way of prioritizing our road and rail needs. Chairman Dalton feels this will enhance the mobility in North Carolina.

Chairman Dalton thanked everyone for very informative presentation. He also thanked Larry Wooten for all of his hard work in the agriculture business.

Chairman Dalton announced the next meeting of the Logistics Task Force will be held in Charlotte, February 9 – 11, 2011. This meeting will be held in conjunction with the Institute for Trade and Transportation Studies’ “2011 Freight in the Southeast Conference”.

The meeting was adjourned at 1:23 p.m.

Monday, March 14, 2011 Fort Bragg, NC

Lt. Governor Walter Dalton, Chairman of the Governor’s Logistics Task Force, called the meeting to order at 9:40 a.m. on Monday, March 14, at the Regional Transportation Institute at Fort Bragg, NC with the following members present:

Al Delia, Beth Austin, Dan Danieleley, Pat Long, Tom Eagar, John Atkins, Larry Wooten, Paul Friday, and David Willauer.

Roberto Canales attended on behalf of Gene Conti, Stephanie McGarrah and Jed McMillan attended on behalf on Keith Crisco, Amie Simes attended on behalf of Dee Freeman, and Richard Monroe attended on behalf of Paul Kauffmann.

Members absent were: Clark Jenkins, Michael Walters, Nelson Cole, Danny McComas, Dawn Clegg, Allen Joines, Earl Brinkley, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, David Congdon, Lew Ebert and Joseph Stephens.

Chairman Dalton introduced Major General Gregory Lusk, Adjutant General of the North Carolina National Guard, who welcomed everyone to Fort Bragg and thanked the Task Force for the work they are doing with the National Guard and for North Carolina.

Chairman Dalton thanked everyone for attending the meeting and shared the Task Force's statewide plan for looking at logistics. He stated that he is very proud of the military presence in our state. Chairman Dalton introduced Colonel Beth Austin and thanked her for arranging the meeting.

Colonel Austin, NC National Guard, J4 Deputy Chief of Staff for Logistics, and member of the Logistics Task Force, welcomed everyone and shared information regarding the National Guard. She stated the military is made up of active and reserve components. The National Guard makes up 33% of the Army. Major headquarters are located in Raleigh, Charlotte, Clinton, Washington, Morrisville, Greensboro and Ft. Bragg. The approximate number of people serving at the headquarters is 11,700. Construction of a new Joint Force Headquarters is underway and scheduled to be complete in May 2011. This facility is located off District Drive in Raleigh and will house operations center for NCDOT, Emergency Management and Communications Center for SHP. Colonel Austin stated the National Guard provides ready forces in support of Federal missions State missions. They also participate in local, state and national programs that add value to our families, employees and communities. Two Federal Missions they have participated in are Operation Iraqi Freedom and Operation Enduring Freedom. The National Guard also provides counterdrug support to Law Enforcement Agencies and community groups. Colonel Austin also shared information regarding logistics support to the NC National Guard. A copy of Colonel Austin's presentation is made a part of the minutes as Addendum #1.

Chairman Dalton thanked Colonel Austin and introduced Major General Carl Jensen, Commanding General, Marine Corps Installations East. Major General Jensen shared information with the Task Force regarding the MCI East Installations. MCIEAST controls seven of the nine Marine Corps installations on the East Coast and is headquartered in Camp Lejeune, North Carolina. He stated they have developed a strong partnership with North Carolina, and when coupled with a coordinated regional planning effort, it will further enhance their ability to train. He also stated that North Carolina is the most military friendly state in the union. Major General Jensen stated the utilization of regional partnerships with critical stakeholders will help alleviate future logistical issues and concerns. A copy of Major General Jensen's presentation is made a part of the minutes as Addendum #2.

Task Force Member David Willauer asked about rail use in the military. Major General Jensen replied that the military still use rail; however, the importance has diminished in the past years. Mr. Willauer also asked about the use of NC Ports. Major General Jensen stated the tug prices are extremely high in Morehead City. The Navy is responsible for paying these bills and they are very concerned with the high prices due to no competition.

Task Force Member Dan Danieleley asked if the air training space is adequate. Major General Jensen stated this was something that needs to be looked at very closely in the future.

Task Force Member Larry Wooten stated the Agriculture Industry is working closely with the military to make sure both aspects are met. They are working with local land owners to try and get easements. They are willing to consider 20 - 50 year easements. They have multiple stake holders.

Chairman Dalton thanked Major General Jensen and introduced Colonel Shirlene Ostrov, (USAF), United States Transportation Command. Colonel Ostrov presented information to the Task Force regarding the USTRANSCOM. This is a joint command with a staff total of 2,397 military, civilians and contractors. The TRANSCOM Team has a total force of ~145,000 that provide air, land, and sea transportation for the DOD, in both time of peace and time of war. On any given day they may handle 100 railcar shipments, have 44 ships loading, offloading or underway, and handle 480 airlift missions, among many other tasks. There is an aircraft takeoff or landing every 79 seconds. Colonel Ostrov stated there are several challenges ahead; however, their bottom line is to support the warfighter. The four steps of this are: 1) get the warfighter to the fight, 2) Sustain the warfighter during the fight, 3) Support rapid force maneuver and patient movement and 4) Bring the warfighter home. A copy of Colonel Ostrov's presentation is made a part of the minutes as Addendum #3.

Chairman Dalton thanked Colonel Ostrov and introduced Colonel Stephen Sicinski, Garrison Commander, Fort Bragg. Colonel Sicinski presented information to the Task Force regarding demographic figures of Fort Bragg. It is the largest Army installation in the inventory. The total Fort Bragg population in FY 10 was 148,450. The eleven surrounding counties are called the All American Corridor with a population of 262,685. Fort Bragg covers 160,000 acres. Colonel Sicinski also shared information regarding Womack Army Medical Center. This is the largest in the installation. An average day at Womack consists of 27 surgical procedures, 1,028 X-rays, CT Scans and MRI's, 183 ER Encounters and 9 babies born. The economic direct/indirect impact is \$9.5B annually. Colonel Sicinski expressed the importance of a direct flight link from Fort Bragg to Washington DC, Regan National. A copy of Colonel Sicinski's presentation is made a part of the minutes as Addendum #4

Chairman Dalton introduced Colonel Mark McCormick, President, Army Logistics University. Colonel McCormick presented information regarding the university located at Ft. Lee, VA. The university was established in 2009. The mission of the university is to provide professional military education (PME) and professional development education and training to the Army's logistics civilians, officers, warrant officers, NCOs, as well as members of other Services and agencies and international partners. The ALU enhances readiness and sustainability of US forces through education and training in logistics, acquisition, and operations research and systems analysis. They have 3 colleges and 1 NCO academy. A copy of Colonel McCormick's presentation is made a part of the minutes as Addendum #5.

Chairman Dalton thanked Colonel McCormick and introduced Captain Anthony Popiel, Sector Commander, US Coast Guard Sector North Carolina. Captain Popiel presented information to the Task Force on the Base Support Unit located in Elizabeth City, NC. He also shared information regarding the Coast Guard Exchange 3M project. This facility will be 13,000 GSF and have mini-mart/gas station and a barber shop/hair styling. It was funded via non-

appropriated funds by Community Service Command (CSC) with a budget of \$3M. The Barracks Building is 64,308 GSF with the central core area having office, recreation and support spaces. The Galley Building will be 9,044 GSF with 84 indoor seats and 16 seats in the exterior covered patio. Captain Popiel also shared information regarding the Air Station Elizabeth City. A copy of Captain Popiel's presentation is made a part of the minutes as Addendum #6.

The meeting was recessed for lunch at 12:34 p.m.
Chairman Dalton reconvened the meeting at 1:10 p.m.

Chairman Dalton introduced Colonel (Ret.) Mark Sutherland, Eastern Region Military Growth Task Force. Colonel Sutherland presented information to the Task Force regarding the Military Growth Task Force. They are an eight county consortium funded by DoD (OEA), NCER, counties and private donors. Colonel Sutherland stated we should think about your military as an industry. Congress has instructed for the DoD budget to be reduced by 25%. North Carolina is the only area that has not lost a military installation due to BRAC. He expressed the reason North Carolina was such a good area is because it is centrally located with existing airfield, rail, highway and port capacity and there are large tracts of flat land, away from corrosive effect of the sea. A copy of Colonel Sutherland's presentation is made a part of the minutes as Addendum #7.

Chairman Dalton thanked Colonel Sutherland and introduced Mr. Greg Taylor, BRAC Regional Task Force which is now called Fort Bragg Regional Alliance. Fort Bragg Regional Alliance is a partnership of local governments with 11 member counties. Mr. Taylor expressed appreciation to the Governor and the Board of Transportation for allocating the funding to make the Fort Bragg to I-295 connection happen. He discussed several projects that would benefit the area. Mr. Taylor stated the Fort Bragg Region contains vital links of the Strategic Rail Corridor Network which is a continuous and interconnected rail system of over 38,000 miles of track connecting all major Army installations, depots and ports of embarkation. However, he stated the current rail service is inefficient. Mr. Taylor shared the status of the Freight Rail Study regarding the new Fort Bragg-CSXT connector. He also shared several recommendations of the BRAC-RTF Military Freight Rail Study. A copy of Mr. Taylor's presentation is made a part of the minutes as Addendum #8.

Chairman Dalton thanked Mr. Taylor and introduced Colonel (Ret.) John Nicholson, Governor's Military Affairs Advisor. Colonel Nicholson shared the focused areas of interest. Senior DoD/ Executive leadership concerns are: Basic Infrastructure/Services and Encroachment. Future Planning: Establish plans/conditions to best position the state to complement future National Security/Defense requirements. Colonel Nicholson also stated the importance and need for the air slots at Reagan National in Washington, DC. A copy of Colonel Nicholson's presentation is made a part of the minutes as Addendum #9.

Chairman Dalton opened the floor for public comments. There being none, Chairman Dalton informed the Task Force members of information that will be sent out soon asking for their insight in working with the 7 Portals information on the potential for logistics village locations.

The next Logistics Task Force meeting will be Monday, April 18, 2011 in Morehead City.

The meeting was adjourned at 2:08 p.m.

Monday, April 18, 2011
Carteret Community College

Lt. Governor Walter Dalton, Chairman of the Governor's Logistics Task Force called the meeting to order at 10:45 a.m. with the following members present: Al Delia, Keith Crisco, Dee Freeman, Dan Danieleley, Michael Walters, Nelson Cole, Pat Long, Earl Brinkley, John Atkins, Tom Eagar, Larry Wooten, and Col. Beth Austin

Members absent were: Gene Conti, Clark Jenkins, Danny McComas, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffman, David Willauer, David Congdon, Lew Ebert, Joseph Stephens and Paul Friday.

Chairman Dalton introduced Dr. Kerry Youngblood, President, Carteret Community College. Dr. Youngblood welcomed everyone to Carteret County and thanked the Logistics Task Force for visiting Carteret County.

Chairman Dalton thanked everyone for attending the meeting and shared the mission of the Task Force. He introduced Mr. Jeff Miles, Chief Operating Officer, NC State Ports Authority. Mr. Miles presented information regarding the Port of Morehead City. He stated the navigational access to the Port of Morehead City is exceptional. This port has 9 warehouses with 988,000 square foot of storage space. Mr. Miles also stated how important the rail facility is to the port. It has a 100 car working capacity. Radio Island Rail Yard is connected to Morehead City by rail track which houses an engine maintenance facility. A copy of Mr. Miles' presentation is made a part of the minutes as Addendum #1.

Chairman Dalton thanked Mr. Miles for his presentation and introduced Mr. Glenn Carlson, Chief Commercial Officer, NC State Ports Authority. Mr. Carlson presented information to the Task Force regarding the Port of Morehead City – Business Development. He shared recommendations to ensure North Carolina remains competitive. The port serves as the primary point on the east coast for Norfolk Southern steel rail used in maintenance and expansion projects. They also handle stone aggregate that comes in from the Bahamas as well as natural rubber for tire companies. They also started handling woodchips. April 24, 2011 will be the first test shipment to Spirit AeroSystems. They will receive the unit and place it into storage until it is loaded on the barge. Approximately one per month. Mr. Carlson made a recommendation to the Task Force regarding the truck road weight limits. He asked for the load limit to be increased to meet the surrounding states. A copy of Mr. Carlson's presentation is made a part of the minutes as Addendum #2.

Chairman Dalton thanked Mr. Carlson for his presentation and introduced the Honorable Steve Troxler, NC Commissioner of Agriculture. Commissioner Troxler presented information to the TF regarding Morehead City's opportunity as a port. He stated agriculture is the #1 industry,

worth \$74 billion. It employs 688,000 people statewide. North Carolina is the #1 producer in tobacco and sweet potatoes. Agriculture exports help boost prices and help the economy. Commissioner Troxler feels we are not reaping the benefits in North Carolina. If we do not address these needs, the Port of Virginia will continue to get North Carolina's business. There is growth at the Wilmington port. Wilmington has served us well in the transport of soybeans. Commissioner Troxler feels if we do things right we can double our trade with China. We can deliver everything China wants if we improve our ports. He stated that we need better rail access to the ports. This has got to be "All in One". We can't have DOT, Ports and Railroads pulling in different directions. We have to work together. The ports are the future of this state. A copy of Commissioner Troxler's presentation is made a part of the minutes as Addendum #3.

Chairman Dalton thanked Commissioner Troxler and introduced Mr. Craig Mygatt, Senior Director of Trade and Marketing, Maersk Line. Mr. Mygatt presented information regarding the Maersk Container Business. He stated the United States has shifted from being a major manufacturer to becoming primarily an importing country. The shift in trade growth has caused a significant trade imbalance. Mr. Mygatt stated in order to maximize critical mass to major discharge ports would require port depth, crane capabilities and infrastructure available to move boxes quickly to the highway system/rail. Revenue wise the big driver is the export. Wilmington area is perfect for them. Morehead City is not on their radar at this time. A copy of Mr. Mygatt's presentation is made a part of the minutes as Addendum #4.

Chairman Dalton thanked Mr. Mygatt for his presentation and adjourned the meeting at 12:15 p.m. for lunch.

Chairman Dalton called the meeting back to order at 12:57 and asked for a motion to approve the minutes from the December, January, February and March meetings. A motion was made by Larry Wooten and seconded by Earl Brinkley. The minutes were unanimously approved.

Chairman Dalton introduced Mr. Simon Rich, NC Operations Manager, Stevens Towing Company. Mr. Rich shared information about the company. Stevens was founded in Charleston, South Carolina in 1913. They began their North Carolina company, located in Edenton, in 1999. Stevens currently owns and operates a fleet of 40 barges, 10 tugboats and 1 ship. They move freight of all types on the east Coast, Gulf Coast, West Coast, Inland Rivers and points foreign. Mr. Rich informed the Task Force the most energy-efficient way to move commodities is to use the nation's navigable rivers. This is also the greener way to go, as well as one of the safest transportation modes on Earth. Mr. Rich stated the Port of Morehead City is the perfect bulk port to support North Carolina's heavy industry, agricultural and forest resources. He would like to see the Port of Morehead City become North Carolina's new Energy Port. A copy of Mr. Rich's presentation is made a part of the minutes as Addendum #5.

Chairman Dalton thanked Mr. Rich and introduced Mr. Stefan Nowicki, Communications and Government Relations Manager with Domtar and Mr. Dale Helgason, Rail and Marine Manager with Domtar, Mr. William Ponton, Superintendent, Product Distribution, PCS Phosphate and Ms. Michelle Vaught, Manager, Public Affairs, PCS Phosphate. Mr. Nowicki and Mr. Helgason presented information regarding Domtar. They are a paper manufacture that relies on import

volume for empty containers to ship their products. They also depend on Ocean Carrier Services for stops at a range of discharge ports. They stated the Panama Canal expansion will bring bigger ships to the East Coast and will provide more shipping flexibility. Mr. Nowicki and Helgason offered recommendations regarding the truck weights on interstate highways and how that relates directly to how efficiently we can ship products. Their presentation is made a part of the minutes as Addendum #6.

Ms. Vaught, PCS Phosphate, presented information to the Task Force about the company. PotashCorp-Aurora is located adjacent to the Pamlico River and has been in operation since 1964. They are the world's largest vertically integrated fertilizer enterprise and a leading supplier to the agriculture, animal nutrition, and industrial chemical markets. They employ approximately 1,100 permanent employees and as many as 1,000 contract workers. PotashCorp has been involved in wetland creation research since the late 1970s. They restored or created more than 6,500 acres of wetlands in the last 20 years. They are also a leader in land reclamation.

Mr. Ponton presented information regarding the Use of the Morehead City Port. PotashCorp is the largest user of the Morehead City Port with a shipment of approximately 1 million tons of product through that single port at an average yearly cost of more than \$17 million. Dry fertilizer and phosphoric acid are shipped by barge from Aurora and animal feed products, phosphoric acid are shipped by rail. PotashCorp-Aurora also imports sulfur through the port at Radio Island. A challenge they face in using the Morehead City Port is the ICW depth limitations. It currently limits barge draft to 9'. A copy of their presentation is made a part of the minutes as Addendum #7.

Chairman Dalton thanked the presenters and introduced Mr. Marc Finlayson, Executive Director, Highway 17 Association. Mr. Scott Saylor, President, North Carolina Railroad Company and Mr. Cannon Moss, Manager of Market Development, Norfolk Southern Ports and International. Mr. Finlayson discussed how Hwy. 17 fits into the logistics of North Carolina. US Hwy. 17 begins in the Shenandoah Valley and goes all the way to Florida. There are 1,200 miles in length with 300 miles in North Carolina. In 1975 the Hwy. 17 association began and in 2006 the local governments along the corridor pulled their resources and opened an office. Their purpose is to make sure improvements are made to Hwy. 17. The corridor is made up of 13 counties. There are 10 significant municipalities, 3 highway divisions and 3 congressional districts. If Hwy. 17 can be completed, it will enhance the regions ability to receive goods. Mr. Finlayson stated if access to the ports is made easier and safer, it will enhance the quality of life for the local people. NCDOT and the Hwy. 17 Association will undertake a \$250,000 economic study. When the project is done it will be useful to NCDOT and all of the counties and cities to help recruit industry.

Mr. Saylor presented information regarding the NC Railroad Company. Their mission is to maximize the value of the NC Railroad Company's properties for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger service, improve safety and respect the natural environment. NCR carries 50-60 freight trains and 10 passenger trains daily. Partners include Norfolk Southern, NCDOT, NC Department of

Commerce, transit agencies, Amtrak and local communities. The rail service saves freight customers \$198 million annually. Mr. Moss stated the 254,000 freight cars on the NCRRT replace 762,000 trucks on North Carolina's highways. The military uses rail to transport equipment. Norfolk Southern has 21,000 miles of rail with 1,299 miles in North Carolina. They employ approximately 1,207 people in North Carolina. Norfolk Southern has 354 warehouses / distribution centers and 175 bulk transfer facilities. A copy of their presentation is made a part of the minutes as Addendum #8.

Chairman Dalton thanked all of the presenters and opened the floor to public comments. There were no public comments.

The next meeting of the Logistics Task Force is Monday, May 23, at North Carolina Central University School of Law in Durham.

The meeting was adjourned at 2:07 p.m.

Monday, May 23, 2011
North Carolina Central University School of Law
Durham, NC

Lt. Governor Walter Dalton, Chairman of the Governor's Logistics Task Force called the meeting to order at 9:31 a.m. with the following members present: Al Delia, Dee Freeman, Keith Crisco, Gary Teng, Lew Ebert, Paul Friday, Dan Danieley, Pat Long, David Willauer, Earl Brinkley, Nelson Cole, Larry Wooten, Terry Bellamy and John Marshall attended on behalf of Dee Blackwell.

The following members were absent: Gene Conti, Clark Jenkins, Michael Walters, Danny McComas, Dawn Clegg, Allen Joines, Buddy Shavender, Tom Eagar, John Atkins, Jerry Orr, Bob Morgan, Paul Kauffmann, Beth Austin, David Congdon and Joe Stephens.

Chairman Dalton thanked everyone for attending the meeting and introduced Dr. Charlie Nelms, Chancellor, North Carolina Central University. Dr. Nelms welcomed everyone to NCCU and thanked the Logistics Task Force for meeting at this location. Dr. Nelms stated that NCCU has approximately 8,700 students. They are very concerned about logistics due to the fact that only 2,900 students are housed on campus. The others have to travel to the campus. Dr. Nelms introduced Mr. Raymond Pierce, Dean, NCCU School of Law. Mr. Pierce welcomed everyone and also thanked the Task Force for choosing NCCU for their meeting site.

Chairman Dalton stated the Task Force has met in all seven economic regions in order to gain knowledge of what is needed throughout the state. He feels this has been very beneficial to the Task Force Members. Chairman Dalton introduced Secretary Dee Freeman, NC Department of Environment and Natural Resources. Secretary Freeman presented information regarding "Why We Are Here". He shared the goals for the Task Force is to create jobs and recruit industry by developing better way to move people, goods and information. Secretary Freeman also stated how important it is not to forget the environment when planning a project. We have to protect

the air, land and water for future generations. Clean air + water + land = attractive business environment. According to a report in the May 2011 issue of Chief Executive Magazine, North Carolina is ranked #2 Best State for Business. He stated you should always include the environment early in planning process. Most all projects require permits of some kind. Most environmental laws DON'T say you can't do something. They say you must consider and reduce the impacts. Secretary Freeman stated that due to our economy, we all must do more; provide better service with fewer resources. He also stated that the military is one of the strongest partners. A copy of Secretary Freeman's presentation is made a part of the minutes as Addendum #1.

Chairman Dalton thanked Secretary Freeman for his presentation and introduced Mr. Charles Hayes, President and CEO, Research Triangle Regional Partnership. Mr. Hayes shared information regarding the triangle economic region. Their mission is to market the 13 counties to the benefit of their communities and to direct strategic and tactical efforts to maintain global competitiveness. Their vision is to be a world leader in intellectual capacity, education and innovation in order to enhance productivity and economic growth and achieve a superior quality of life for all our citizens. Mr. Hayes states the Research Triangle Region is Best for Business, Work and Play. There are 2 million plus people in this region. The high quality of life enables the region to attract and retain knowledgeable workers. This region has the largest science park in the United States. It also has the top ranked K-12 schools, community college education and training programs and top universities. Research Triangle Region has a plan to create 100,000 jobs and boosting employment in all 13 counties of the region by focusing on three key strategies: Business Growth; Product Development and Regional Collaboration. A copy of Mr. Hayes' presentation is made a part of the minutes as Addendum #2.

Chairman Dalton thanked Mr. Hayes for his presentation and introduced Mr. Ed Johnson, Director, CAMPO and Mr. Mark Ahrendsen, Director, DCHC MPO. Mr. Johnson and Mr. Ahrendsen presented information regarding transportation challenges in the Research Triangle Region. They shared the key roles of MPOs in Transportation. They are: Long-range transportation plan; Transportation Improvement Program and National Air Quality Regulations. Mr. Johnson explained that Transportation Management Areas are urbanized areas with a population of over 200,000 or by special designation. 9 of the 17 North Carolina MPOs are designated as TMAs. He also stated the Triangle region is projected to receive nearly a third (31%) of our state's total population growth over the next 25 years. Mr. Ahrendsen spoke regarding the task at hand of how we need to get busy now and not wait until 10 years when things are happening. Some of his recommendations were to continue to identify projects and programs where the needs are the greatest, continue to phase out Highway Trust Fund revenue transfer to the NC General Fund, increase funding available through the NCDOT's Mobility Fund for major multimodal infrastructure projects and secure new sources of dependable transportation funding that can be used flexibly by NCDOT and MPOs to support transportation needs for all of the state's transportation modes and tiers in the most cost-effective manner. A copy of their presentation is made a part of the minutes as Addendum #3.

Chairman Dalton thanked Mr. Johnson and Mr. Ahrendsen and introduced Mr. Joe Milazzo, Executive Director, Regional Transportation Alliance. Mr. Milazzo presented information

regarding their 2011 action plan. He discussed information regarding the Triangle Connector to I-85 and shared several quick facts. Mr. Milazzo also shared information regarding the Intercity High Speed Rail in North Carolina and Virginia. He discussed The Future Interstate 44: Raleigh to Hampton Roads. Mr. Milazzo also shared information regarding the Bus on Shoulder Systems. This will allow buses to travel on the shoulder of the highways in order to bypass congestion and maintain transit schedules. Buses cannot go any faster than 15 mph over what traffic is moving. For example, if traffic is at a standstill the bus can run 15 mph on the shoulder. This was first implemented in Minnesota more than 20 years ago. At least 10 states now use bus on shoulder. A copy of Mr. Milazzo's presentation is made a part of the minutes as Addendum #4.

Chairman Dalton thanked Mr. Milazzo for his presentation and then asked for a motion to approve the minutes from the March meeting. A motion was made by Larry Wooten which was seconded by Nelson Cole. The March minutes were unanimously approved.

Chairman Dalton introduced Mr. Jerry Bridges, Executive Director, Port of Virginia. Mr. Bridges shared information regarding the Ports in Virginia. They service a large portion of products coming to North Carolina. Their Cargo Terminals are Hampton Roads Harbor, APM Terminals, Norfolk International Terminals, Portsmouth Marine Terminal, and the Newport News Marine Terminal. Each facility has on dock rail. Norfolk International Terminal is the largest. Newport News Marine Terminal can receive automobiles. They also operate an Inland Port which has a five-day-a-week rail service between the Virginia Inland Port and the Hampton Roads marine terminals. Mr. Bridges stated that 75,000 employees have work in this part of Virginia since the port has been there. The Future Craney Island Marine Terminal will open approximately 2025. They have received \$750 million from the federal government. The Port of Virginia is ranked third among the top 10 U.S. East Coast Ports and seventh among the top U.S. Ports. Nearly 1.84 million TEUs moving over the Port in 2010 were transported by barges, rail and trucks. There were 4% by barge, 28% by rail and 68% by truck. Mr. Bridges stated the expansion of the Panama Canal is a huge project. It is on time and under budget. He feels that until some work is done to the Port in Wilmington, products will continue to go through the Virginia Port. As North Carolina starts to do the economic plans, there are great opportunities to work jointly. Secretary Dee Freeman posed a question regarding financing of the Craney Island facility development. Mr. Bridges discussed the use of bonds to finance growth and development opportunities, but he stressed that re-payment of those obligations will be made with operating revenue generated through Virginia Port Authority. A copy of Mr. Bridges' presentation is made a part of the minutes as Addendum #5.

Chairman Dalton thanked Mr. Bridges for his presentation and introduced Mr. Lou Tapper, Vice President for Global Business Development, Longistics. Mr. Tapper shared information regarding the Importance of FTZ's (Foreign Trade Zones) in Global Logistics. FTZ's are secured areas under the supervision of customers and borders protection. They were created in 1934. There are over 230 FTZ's nationally with 400 subzones. North Carolina has 6 FTZ's. They are located in Charlotte, Port of Wilmington, Port of Morehead City, Piedmont Triad, Raleigh RTP and Global TransPark. Several features of FTZ's are direct delivery which expedites arrival of goods and eliminates exams/delays; inverted tariff, weekly customs entry

reduces paperwork and recordkeeping; reduction of merchandise processing fees and duty deferral or elimination. FTZ's offer great incentives for attracting new business or maintaining the existing business. The Department of Commerce has a full time staff working with people on establishing FTZ's. A copy of Mr. Tapper's presentation is made a part of the minutes as Addendum #6.

The meeting was recessed for lunch 12:05 p.m.

Task Force Member Dee Freeman reconvened the meeting at 12:39 p.m. He introduced Mr. David Willauer, Manager, Transportation and Geospatial Technologies Division, IEM. Mr. Willauer presented information regarding the statewide regional hazardous materials study. This study is sponsored by the NC Division of Emergency Management. The study team includes NCEM, NCDOT, NCDENR, NCDA&CS and NCPH. It is funded by USDOT Hazardous Materials Emergency Preparedness (HMEP) funds. He shared the hazardous chemical routes and some of the effects of the chemicals that are transported. Mr. Willauer also shared information on identifying truck tankers and rail tank cars. A copy of Mr. Willauer's presentation is made a part of the Minutes as Addendum #7.

Chairman Dalton thanked Mr. Willauer for his presentation and introduced Ms. Crystal Collins, President, North Carolina Trucking Association. Ms. Collins shared information regarding the North Carolina Trucking Association. It was founded in 1929 and is governed by a board. Safety is the most important issue in which they train. Ms. Collins stated that trucking drives the economy. In 2008, the trucking industry in North Carolina provided 211,847 jobs, or one out of 16 in the state. The Trucking Association has partnerships with NC Highway Patrol, FMCSA and Governor's Highway Safety Programs. Chairman Dalton asked if there were three things that North Carolina could do/not do to make their industry better what would they be. Ms. Collins will discuss this with their board and get back to the Task Force. A copy of Ms. Collins' presentation is made a part of the minutes as Addendum #8.

Chairman Dalton thanked Ms. Collins and introduced Mr. Joe Freddoso, President and CEO, MCNC. Mr. Freddoso shared information regarding Golden LEAF rural broadband initiative and the future of MCNC/NCREN. Mr. Freddoso stated that if you are not connected, you are disenfranchised. He provided a list of places they serve today. He explained the advantages of a backbone, you pay for the backbone; however, your price for internet bandwidth is much cheaper. A financial example for a rural facility before NCREN, the circuit cost is \$2800/month and the bandwidth at 10mbps is \$1200/month. With NCREN the circuit cost is \$1900/month and the bandwidth at 100 mbps is \$600/month. ARRA provides \$7.2B to enhance broadband access. MCNC applied because of limited fiber available in rural North Carolina. They wanted to ensure NCREN's capacity to provide efficient service and maintain low cost to our public schools, Universities and Community Colleges. They also wanted to bring middle mile closer to underserved consumers and small businesses. They have secured two rounds of grants, they are using no state funds. A copy of Mr. Freddoso's presentation is made a part of the minutes as Addendum #9.

Chairman Dalton thanked Mr. Freddoso and introduced Dr. George List, NCSU/ITRE. Dr. List gave an update to the Task Force regarding the Seven Portal Study. This has been a very interesting study. The next step is to prepare the final report draft. The final report draft is due by mid-June. The Regional Hub Design committee will review the study and hope to share the report in August. A copy of Dr. List's presentation is made a part of the minutes as Addendum #10.

Chairman Dalton thanked Dr. List and introduced Ms. Rachel Vandenberg, AECOM. Ms. Vandenberg presented and Overview of the North Carolina Maritime Strategy. One of their goals is to take a fresh look at the role of North Carolina ports in sustaining and strengthening the State's economy. The North Carolina Maritime Strategy is being prepared as the expansion of the Panama Canal nears its scheduled 2014 completion, and the United States recognizes the increasing importance of exports to national and regional economic growth. Ms. Vandenberg stated they plan to have their recommendations by December 2011 and the final report by February 2012. A copy of Ms. Vandenberg's presentation is made a part of the minutes as Addendum #11.

Chairman Dalton thanked Ms. Vandenberg for her presentation and stated how interesting this study will be. He then opened the floor for public comments. There were no public comments.

Seth Palmer distributed information to the Task Force members asking that they look over the information and offer comments at the next meeting.

The meeting was adjourned at 1:58 p.m.

June 28, 2011 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:00 p.m. on Tuesday, June 28, 2011 in Raleigh with the following members present: Gene Conti, Nelson Cole, Beth Austin, Earl Brinkley, Tom Eagar, Dee Freeman, David Congdon, Larry Wooten, Dan Danieley, Matt Nolan attended on behalf of Pat Long, Jake Cashion attended on behalf of Lew Ebert, Scott Saylor attended on behalf of John Atkins and Jed McMillan attended on behalf of Keith Crisco.

Joe Stephens participated via conference call.

Members absent were: Al Delia, Clark Jenkins, Dawn Clegg, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, David Willauer, Danny McComas and Michael Walters.

Chairman Dalton asked for a motion to approve the minutes of the May meeting. A motion was made by Earl Brinkley, which was seconded by Tom Eagar.

Chairman Dalton congratulated Colonel Beth Austin on her promotion to Brigadier General. He discussed how the Task Force has completed their travels around the state, meeting in all seven economic development regions within all fourteen Divisions. There have been over 100 presenters throughout these meetings.

Chairman Dalton called on Seth Palmer to share information of the work and progress of the Task Force since the beginning in February 2010. Mr. Palmer showed the locations of the meetings throughout the state. He also shared the reports produced by the Task Force. The first report was sent to Governor Perdue in August 2010. In January 2011 a report was given to the Joint Legislative Transportation Oversight Committee and in February 2011 another report was given to Governor Perdue. An additional report will be completed and turned into the Governor by August 2011.

Chairman Dalton thanked Charlie Diehl, Roberto Canales, Jed McMillan and Seth Palmer for all of their work with the Task Force. He stated the Seven Portals Study is still a work in progress and called on Dr. George List to present an update.

Dr. List thanked the study team for their dedication and work. He shared information regarding the results and findings of the Seven Portals Study. The Project Status was outlined stating the target date for a final document is December 2011. Dr. List also discussed the main findings of the study. One of the main findings is the importance of Public-Private Partnerships. The state has to partner with the private sector in this initiative. He also shared information from the 2008 Statewide Logistics Plan Study. Dr. List stated focusing on sectors of the economy is important, such as supporting commerce. He also shared information from the findings of the Regional studies.

There was discussion between Task Force members regarding the importance of showing a good return for your money. Chairman Dalton agreed that the Task Force does need to make sure the final plan does get the most “bang for the buck” for North Carolina. There was also discussion regarding concerns about the railroads. Chairman Dalton stated the Task Force does have to look at the realities.

Seth Palmer discussed the next steps for the Task Force from July 2011 until December 2011. There will be no Task Force meeting in July; however, the subcommittees will meet two times in July. Mr. Palmer also shared the Task Force Rules for Working Sessions including the meeting format. Subcommittee chairs will provide a report to the full task Force during the August meeting. He also discussed the expectations of the four subcommittees.

In September the full Task Force will have discussions regarding the Seven Portals Study, potential approval of the final report from the Seven Portals Study and any additional presentations by outside entities.

October, November and December – During the final three months the Task Force will have discussion/drafting of the task Force final report and potential approval of the task Force final report.

A question was asked regarding the 2040 Plan. Roberto Canales and Charlie Diehl explained what this plan is and how it affects the state.

The Task Force Conclusion states that per Executive Order 32 the Task Force shall terminate its work on December 7, 2011. It is the intention of staff that the final report will be fully completed and ready for presentation to the Governor by no later than February 2012.

The meeting was adjourned at 2:36 p.m.

August 23, 2011 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:05 p.m. on Tuesday, August 23, 2011 in Raleigh with the following members present:

Al Delia, Dee Freeman, Nelson Cole, Dan Danieleley, Earl Brinkley, Tom Eagar, John Atkins, Larry Wooten, David Willauer, Paul Friday, Roberto Canales attended on behalf of Gene Conti, Jed McMillan attended on behalf of Keith Crisco and Matt Nolan attended on behalf of Pat Long.

David Congdon participated via conference call.

Members absent were: Clark Jenkins, Michael Walters, Danny McComas, Dawn Clegg, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, Beth Austin, Lew Ebert and Joseph Stephens.

Chairman Dalton asked for a motion to approve the minutes of the June 28, 2011 meeting. A motion was made by Earl Brinkley, which was seconded by Larry Wooten. The minutes were unanimously approved.

Chairman Dalton welcomed everyone to Raleigh and stated this meeting would focus on the reports from the various Subcommittees. He introduced Mr. John Atkins.

John Atkins, Chairman of the Regional Hub Design Subcommittee, shared information with the Task Force regarding the work of the subcommittee. They held ten meetings and Mr. Atkins was pleased to report they always had enough members present to conduct business. Mr. Atkins introduced the subcommittee members and thanked them for their commitment and participation. He also thanked Dr. George List for his work on the 7 Portals Study. The subcommittee was asked to review the draft of the 7 Portals Study and bring back recommendations to the Task Force. The subcommittee had a lot of discussion on how the study would best benefit the state. Chairman Dalton thanked Mr. Atkins for his work with the subcommittee and introduced Mr. Earl Brinkley.

Earl Brinkley, Governance Subcommittee member, presented information regarding the subcommittee. Mr. Brinkley stated the Governance Subcommittee was tasked with examining

numerous areas in an effort to ensure that governance and leadership needs for logistics assets, both current and future, were appropriately and effectively conveyed in the ultimate final product of the Task Force. He shared the recommendations from the subcommittee, as well as other points which have been raised through the subcommittee's analysis and discussion. Mr. Brinkley stressed that the Task Force should be sure to focus on transportation needs and opportunities, and not be influenced by political issues. Logistics is not just about roads, rail, ports, airports or inland terminals. It is how all of these work together as an integrated fashion.

Chairman Dalton thanked Mr. Brinkley for his presentation and asked about the recommendation to create a Logistics Division under the operational structure of the NCDOT Mr. Brinkley had discussed. Chairman Dalton stated that incorporating the NCRR into this plan may cause legal issues as far as it being a private entity. He emphasized they do all need to work together; however, legally there could be issues regarding the NCRR becoming part of NCDOT. Chairman Dalton agreed that we need to get to the one stop shopping. Al Delia stated when Governor Perdue put together her Executive Order regarding this issue it was to preserve the flexibility to work quickly.

Dan Danieleley, Chairman of the Best Practices subcommittee, shared information from the subcommittee with the Task Force. Mr. Danieleley expressed it had been an honor and pleasure to work with the staff and subcommittee members. The Best Practices subcommittee took a look at many areas in neighboring states. They were tasked with examining numerous areas in an effort to ensure that future policies respect commonly held practices across the logistics industry, as well as work to utilize our existing assets in the most effective and efficient manner possible. Mr. Danieleley discussed the various recommendations.

The Chairman recessed the meeting at 1:52 p.m., just after the meeting attendees felt tremors from an earthquake, for a 15 minute break.

Chairman Dalton reconvened the meeting at 2:05 p.m. and introduced Larry Wooten.

Mr. Wooten, Chairman of the Commerce Subcommittee, thanked the subcommittee for their work and dedication. He discussed the task of the subcommittee which was to examine numerous areas in an effort to ensure the state's business/commerce needs were appropriately and effectively conveyed in the ultimate final product of the Task Force. Mr. Wooten also discussed the various recommendations of the subcommittee. He emphasized the importance of road access to the state ports and how it all depends on a good road system.

Chairman Dalton thanked Mr. Wooten and introduced Seth Palmer.

Mr. Palmer addressed the Task Force regarding the next steps of the committee. He shared the rules for working sessions from this point forward. In September, the Task Force will have discussions regarding the Seven Portals Study, approval of the Final report from the Seven Portals Study and additional presentation by outside entities. During the final three months of the Task Force, they will be engaging in two activities: discussion/drafting of the Task Force's final report and potential approval of the Task Force's final report. Mr. Palmer stated per

Executive Order 32, the Task Force shall terminate its work on December 7, 2011 and it is the intention of staff that the final report will be fully completed and ready for presentation to the Governor by no later than February 2012.

The meeting was adjourned at 2:22 p.m.

September 20, 2011 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:04 a.m. on Tuesday, September 20, 2011 in Raleigh with the following members present:

Gene Conti, Dee Freeman, Nelson Cole, Dan Danielely, John Atkins, Larry Wooten, Beth Austin, David Willauer, Jed McMillan attended on behalf of Keith Crisco and Laura Blair attended on behalf of Tom Eagar.

Earl Brinkely participated via conference call.

Chairman Dalton introduced Durwood Stephenson, Executive Director, US 70 Corridor Commission. Mr. Stephenson discussed the NCGTP and how they have a commonality with the US 70 Corridor. He feels the two go hand in glove. Each of these will promote the assets of Eastern North Carolina. Mr. Stephenson stated the importance of promoting agriculture, military, Global TransPark, railroads, Morehead City Port and tourism. He stated that in this global economy logistics and connectivity to freeways, rail, ports and air travel are an absolute necessity if we are going to be a participant. Mr. Stephenson shared information with the Task Force regarding what the US 70 Corridor Commission has accomplished and what they are currently working on.

Chairman Dalton introduced Pat Simmons, Director, NCDOT Rail Division. Mr. Simmons shared information with the Task Force regarding the various rail projects, some having a positive impact on logistics in North Carolina. He discussed the Piedmont Improvement Program (PIP), these are a program of projects between Raleigh and Charlotte. Several things the Rail Division is working toward are modernized rail and highway. They put a lot of thought into freight and intermodal because they are big parts of their business. Intermodal is the fastest growing component of rail. A grant award was announced in January 2010 in the amount of \$545M for high speed rail development. In order to secure passenger funds we had to have passenger trains. The Rail Division has 38 projects totaling \$364 million. These projects include 28 miles of double track, 18 new bridges, 12 miles of new highway construction, 4 miles of passing sidings and 24 at grade crossings to be closed. Mr. Simmons stated that double track projects are like new interstates.

Chairman Dalton asked for a motion to approve the minutes of the August 23, 2011 meeting. A motion was made by Dan Danielley, which was seconded by John Atkins. The minutes were unanimously approved.

Gene Conti introduced the new Deputy Secretary of Transit, Paul Morris.

Chairman Dalton introduced Scott Saylor, President of the North Carolina Railroad. Mr. Saylor shared a video with the Task Force regarding the history of the NC Railroad. Their mission is to maximize the value of the North Carolina Railroad Company's properties for the people of North Carolina through partnerships that drive economic growth, enhance freight and passenger service, improve safety and respect the natural environment. NCRR is a private company whose shareholders are the citizens of North Carolina. CSX crosses at 7 areas. Therefore they are a partner. 24% of North Carolina industrial economic output relies on the NCRR line for freight service. Traffic on NCRR lines is up 30%. Mr. Saylor shared information with the Task Force regarding the NCRR major capital improvements schedule and commitments through 2015.

Chairman Dalton stated that we are getting down to the last rows. Staff has compiled information that was distributed to the Task Force members. He asked the members to look at the 7 Portals Study, as well as the information compiled by staff. He would like to get input from everyone as quickly as possible.

Chairman Dalton introduced Seth Palmer. Mr. Palmer discussed the information that was distributed. He stated that all of these documents are tools.

David Willauer asked the Chairman if it would be possible to have another meeting once the maritime study is complete. The Chairman will consult with the Governor and inform the Task Force at the next meeting.

The next Logistics Task Force meeting is scheduled for Wednesday, October 12, 2011 in Raleigh.

The meeting was adjourned at 11:17 a.m.

October 12, 2011 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:07 p.m. on Wednesday, October 12, 2011 in Raleigh with the following members present:

Dee Freeman, Gene Conti, Dan Danieleley, Earl Brinkley, Beth Austin, Danny McComas, Jed McMillan attended on behalf of Keith Crisco.

Tom Eagar, Gary Teng and Mike Evers (on behalf of Paul Friday) participated via conference call.

Chairman Dalton welcomed everyone to the meeting and thanked them for their participation.

He introduced Tyler Bray, NCDOT Statewide Plan Engineer. Mr. Bray thanked the Task Force for the opportunity to discuss the NC 2040 Plan. He introduced Mark Boggs, Atkins Global, who presented information regarding the NC 2040 Plan. Mr. Boggs shared the objective of his presentation to define 2040 Plan objectives and gain Logistics Task Force input on necessary policy directions that are critical to achieving North Carolina's economic opportunity goals. He stated the 2040 Plan reflects NCDOT's mission and goals that drive the delivery to transportation infrastructure and services. The 2040 Plan objectives are to merge recent/ongoing statewide policy initiatives into adopted transportation plan; to address statewide trends and challenges; to provide Board of Transportation program and policy direction and to define transportation investment priorities responsive to funding realities. Mr. Boggs stated the Logistics Task Force Plan somewhat overlaps the 2040 Plan.

Chairman Dalton asked to what extent are we tracking new innovations or inventions in order to speed up construction. Mr. Boggs was unsure about anything and he referred the question to Roberto Canales. Mr. Canales informed Chairman Dalton that he is unaware of any specific innovations or inventions; however, he is sure there are proposals in process. Chairman Dalton also asked if there have been any incentives for have people living inside the beltway, closer to their work place. Mr. Boggs stated there has been some thought on this and there has been some consideration regarding the strategic areas. Scott Saylor, North Carolina Railroad, asked if there has been any thought within the 2040 Plan regarding Rail hubs being located in downtown areas. Mr. Boggs stated not specifically; however, Pat Simmons, NCDOT Rail Director, has been looking into the long term needs of rail facilities.

Chairman Dalton introduced Dan Danieleley. Mr. Danieleley shared information with the Logistics Task Force regarding the amended recommendation of the Regional Hub Design Subcommittee. He stated the subcommittee stands in support of all of the other recommendation that have been made including the 7 Portals Study; however, they also want to consider the following recommendations. Primary consideration should be given to connectivity between ports (global gateways) and major NC economic hubs. Beltways must be developed and/or expanded to provide bypass and effective traffic flow on major interstate highways.

Mr. Danieleley stated that it is very important that we remember the State's agriculture industry is wide-spread over each of the State's economic regions. The subcommittee recommends the Logistics Coordinating Council should create a work group to undertake the study of agricultural products to determine the requirements to handle these products in a cost effective manner, how products move today and why, and what action would be required to offer a competitive service utilizing North Carolina's ports. Other areas in which the subcommittee made recommendations include the Military, Rail Infrastructure, Port Infrastructure and Aviation/Aeronautics. Danny McComas asked if any consideration had been given to moving rail out of the Port of Wilmington across the river tying it in with the proposed Cape Fear Skyway project so that rail does not have to go through downtown Wilmington and then doing something similar in Morehead. Mr. Danieleley stated the subcommittee did not look at that detail in particular; however, he would like to add this recommendation to the subcommittees list to be investigated.

Chairman Dalton stated that he thought all of these recommendations were good; however, he thinks the Task Force should wait and see what is done with the 7 Portals Study because this could shift some things.

Chairman Dalton asked for a motion to approve the minutes for the September 20, 2011 meeting. A motion was made by Earl Brinkley, which was seconded by Dan Danieley. The minutes were unanimously approved.

Chairman Dalton introduced Dr. George List, NCSU ITRE, who provided an update on the 7 Portals Study. Dr. List shared a summary to revisions that have been made to the document. Earl Brinkley asked if any comments had been made regarding Hwy. 17. Dr. List stated yes. Dee Freeman asked if these documents have been submitted to the military. Charlie Diehl stated they have not at this point; however, this is something that can be done. Mr. Freeman stated it would be a good idea to get the information to them requesting their input. Chairman Dalton suggested the document go out with a cover letter stating we would like to hear from them by a certain time. This should be sent out to the broader group not only MCI East.

Chairman Dalton stated the Task Force is now beginning to focus on the final recommendations. He stated that he did send out a letter on the issue of Governance. One thing that came out loud and clear in the subcommittee reports is that everybody is all for the “one stop shop”. Earl Brinkley stated the importance of this. In looking at this concept there has been some concern with the NCR. It is a separate stand-alone entity. Over time this is a good thing and there is flexibility there. Chairman Dalton stated that there needs to be as much cooperation as possible between NCR and NCDOT. Something that has been discussed to help with this is to have cross representation between the Boards. A member of the Board of Transportation (or more than one) would also be a member of the NCR Board. Chairman Dalton stated the need to get to one source contact. Gene Conti would like to see continued discussion on this topic. He stated the Logistics Coordinating Council got off to a good start. Danny McComas and Tom Bradshaw offered positive comments in working toward the one source contact.

Chairman Dalton also discussed possible changes in the Board of Transportation. The Board of Transportation is currently based along NCDOT's 14 divisions. The recommendation is to allow systematic change in the Board of Transportation to have a single member from each of the seven economic development regions. Over time this change would reduce the overall size of the Board from 19 to 15 members, with the remaining members representing specific issue areas.

Another suggestion discussed is making the Secretary of Transportation the Chair of the Board of Transportation. Danny McComas asked if this was leading into the secretary being a permanent position, not based on administration change. Chairman Dalton stated this would have to be discussed based on the Personnel Act. Gene Conti feels having the gubernatorial control on the secretary position is a good thing. It could cause conflicts if the secretary is selected by a commission or others. Chairman Dalton stated that there needs to be a very high level person in transportation that is not political that could keep things running even with political changes. There will be further discussion regarding this.

Chairman Dalton also discussed making the existing North Carolina State Ports Authority Board of Directors an advisory council to the Board of Transportation. Also, appointment of subcommittee chairs from Board of Transportation to oversee the areas and issues previously addressed by the Aeronautics and Rail Councils. With respect to these subcommittees, public members should be allowed to provide input on an as needed basis as well.

Chairman Dalton shared information regarding the work that has been done on the idea of the inland ports. Earl Brinkley feels as we look at the GTP as an inland port verses other inland ports there would be some differences. Dan Danieleley concurred that we need to look at GTP today as to where it is and where it needs to go. Chairman Dalton stated that if you make it a regional asset you get more buy in and not only get people and counties working together for this regional asset, but perhaps they work better in other areas. Dee Freeman stated if the regional approach is consistent with existing requirements from the environmental side, both from the state and EPA standpoint, you will find that things will move quicker. Chairman Dalton stated those areas of governance were topics of discussion today. Some final recommendations will be worked on.

Chairman Dalton introduced Secretary Gene Conti who shared information with the Task Force regarding the Urban Loop Projects. The Governor announced several weeks ago the acceleration plan for the urban loop program. NDOT developed a program recently on how we could accelerate the program. It was estimated under the current funding it would take almost 50 years to complete the program at a cost of \$8 billion. We have now put together a plan to use the GARVEE program to assist in accelerating the urban loop program.

Chairman Dalton stated that staff will be in touch with information before the next meeting. He asked that everyone please continue to work with staff on their comments.

The meeting was adjourned at 3:30 p.m.

November 8, 2011 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:03 p.m. on Tuesday, November 8, 2011 in Raleigh with the following members present:

Al Delia, Gene Conti, Nelson Cole, Pat Long, John Atkins, Beth Austin, Earl Brinkley, Terry Bellamy, Dan Danieleley, Keith Crisco and Dee Freeman.

Tom Eagar participated via conference call.

Chairman Dalton asked for a motion to approve the minutes from the October 12, 2011 meeting. A motion was made by Earl Brinkley, which was seconded by Dan Danieleley. The minutes were unanimously approved.

Chairman Dalton welcomed everyone to the meeting and thanked them for their participation. He recognized Al Delia, who on behalf of the Governor, thanked everyone for the time and effort they have put into this.

Chairman Dalton introduced John Dillard, Resident Vice President, CSX and Bruce Kuzma, Director, International Sales and Marketing, CSX. Mr. Dillard presented information to the Logistics Task Force regarding how CSX connects the nation and the globe. In North Carolina CSX has 1,100 employees with \$84 million in compensation. There are 1,700 railroad miles, 2,250 at-grade public and private rail crossings and nearly 905,000 carloads of freight. National Gateway is their public/private partnership that impacts 6 states and the District of Columbia. He also shared information regarding the key elements of a strong port. Mr. Dillard stated that several projects ongoing in North Carolina are located in Charlotte, Fayetteville, Greenville, Pembroke and Raleigh.

Chairman Dalton introduced Alpesh Patel, NCDOT Strategic Planning Office. Mr. Patel shared information with the Logistics Task Force regarding the North Carolina Statewide Travel Demand Model. This is a simulation of travel demand and traffic patterns based on mathematical equations and illustrated on a network of links and nodes. Data required to run Model includes: census, employment, traffic counts, roadway attributes, travel behavior, speed studies, household surveys and specialized software. The Model Schedule / Phasing is that the 1st Generation Model will be complete in Spring 2012. The goal for summer 2012 and beyond is to have the Stand-up Second Gen. Model (with more money) in 2012/2013. Mr. Patel shared the things that have already been accomplished. He stated that they need the support of the Logistics Task Force to continue building this into the future as well as support for other data sources.

Chairman Dalton introduced Rachel Vandenberg from AECOM for an update on the Maritime Study. The Logistics Task Force recommended that the Maritime Strategy be initiated to evaluate North Carolina ports' current and future role in strengthening the state's economy. The Maritime Strategy will complement and coordinate with the 7 Portals Study. Ms. Vandenberg provided information on the study scope. A summary of the timeline states the Final Report will be in February 2012. She shared how they have collected data and analysis for this study. She also shared information regarding how North Carolina Ports compare to the competition. Ms. Vandenberg stated how important it is to keep a focus of container sites in North Carolina. She stated the next steps are Quantify investments – port, waterway, road, and rail – that can reduce transport costs to North Carolina shippers; translate growth in maritime volumes into economic benefits to the State; align strategies with other North Carolina initiatives and develop evaluation measures. Chairman Dalton praised Ms. Vandenberg and AECOM for the work they have done so far and look forward to the things to come.

Chairman Dalton opened the floor for Task Force discussion. Dr. George List has provided a final draft of the 7 Portals Study. Chairman Dalton asked that the members take it home and look it over. He asked they let Seth Palmer know their comments.

Roberto Canales informed the Task Force that Charlie Diehl is meeting with the US 70 Corridors study team, which includes members of the NC Board of Transportation, on some remaining issues regarding the 7 Portals Study.

The Task Force was given a copy of a handout regarding Governance. Chairman Dalton asked for a motion to approve the handout in order for it to be incorporated into the final report. A motion was made by Dan Danieley, which was seconded by Terry Bellamy.

The Task Force was also given a copy of the Draft Final Report. Chairman Dalton asked the members to take this home, look over and provide comments to staff. After November 20th, the comments received will be looked at and consider any significant changes. This information will be presented to the Governor and the Board of Transportation.

Meeting was adjourned at 2:49 p.m.

January 18, 2012 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:07 p.m. on Tuesday, January 18, 2012 in Raleigh with the following members present: Al Delia, Gene Conti, Dee Freeman, Nelson Cole, Dan Danieley, Earl Brinkley, David Congdon, Jeff Strader, John Atkins, Beth Austin, and David Willauer.

Jed McMillan attended on behalf of Keith Crisco, Mike Evers attended on behalf of Paul Friday, and Jake Cashion attended on behalf of Lew Ebert.

Members absent were: Clark Jenkins, Michael Walters, Danny McComas, Dawn Clegg, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, Larry Wooten, and Pat Long.

Chairman Dalton welcomed everyone to Raleigh and welcomed Jeff Strader, Chief Financial Officer of the NC State Ports Authority to the Task Force.

Chairman Dalton commented that members have received three sections of the Task Force Draft Final Report, and that today they will receive draft sections for the Eastern Region, the Research Triangle Region, and the Charlotte Region.

Chairman Dalton introduced Dr. George List. Dr. List gave an update on the Seven Portals Study, which is near completion. He gave an overview of the findings on each of the seven economic regions and their respective attributes. Dr. List described a list of Major Thoughts of the study, including: Use of Public-Private Partnerships; Forge Other Partnerships; Think Teamwork; Focus on Sectors; Seek Synergies; Use Logistics Villages; Create International Portals; Emphasize Transportation and Distribution; Manage Land Use; Invest Where and When it Matters; Highways; Airports; Rail; Ports; and Information Technology. The task will involve pulling it all together and making governance decisions.

David Willauer asked how the Seven Portals Study and the Maritime Strategy Study will fit together with the work of the Task Force. Chairman Dalton answered that they will fit together in whatever manner the Task Force members want them to. Similarly, the Task Force Final Report will be what the Task Force members want it to be.

David Congdon mentioned the importance of working in collaboration with NCDOT's transportation planning efforts. Secretary Conti commented that the Governor created the Logistics Coordinating Council to continue the work of the Logistics Task Force, and that the private sector could be added at some point, also. Chairman Dalton commented that one option regarding governance could be that the state maintains the Board of Transportation, with advisory groups from the GTP, the Ports Authority, and NC Railroad. The DOT Board could also potentially serve as the state's Logistics Authority. Earl Brinkley commented that it will be important include people with real world experience when creating Boards and Authorities.

In discussing the Task Force Final Report's most recent draft, David Congdon offered a number of comments and suggestions. Particularly, the inventory on page 18 does not mention trucking, and Mr. Congdon noted that 97% of consumer goods, and 70% of all goods are delivered by truck. Noting that the Triad is an example of an established distribution hub, the State must look where there is already economic activity, not necessarily where the State might want to push business. Mr. Congdon mentioned the strengths of the PTI Airport being that it is under-utilized, but surrounded by existing industry, excellent infrastructure, and transportation companies. The Global TransPark was recognized as an under-utilized asset with great potential, especially in the military, agriculture, and aerospace sectors. Mr. Evers noted that Secretary Freeman's Department of Environment and Natural Resources has been the catalyst for agricultural/military-beneficial land use planning. Mr. Congdon stated that he will re-submit information regarding the Center for Global Logistics to clarify the section in the Report regarding university relationships.

Roberto Canales noted that the studies underway will identify both logistics opportunities in the state and the infrastructure needed to pursue those opportunities. Also, NCDOT is heavily funding the Defense Logistics Initiative effort. Jed McMillan mentioned efforts already underway to pursue cold storage opportunities. Regarding military opportunities, Mr. Strader noted that both the Port of Wilmington and the Port of Morehead City have "Roll-on, Roll-off" capability, and they have been extremely engaged in deployment.

Chairman Dalton recognized Dr. Bob Clark and Dr. Ron Hughes to discuss the joint NC State University/Virginia Tech Crash Pattern Study. The study focused on fatal tractor-trailer crashes in North Carolina. 70% of the State's fatal accidents involve tractor-trailers. For fatal tractor-trailer involved crashes that occurred off Interstate highways, carriers were smaller, North Carolina-based, more private carriers (not for-hire), and close to home. Conversely, fatal tractor-trailer involved accidents on Interstate highways tended to involve companies with a bigger fleet size, for-hire carriers, and operators that were farther from home. 72% of fatal truck crashes were off Interstates, even though 49% of tractor-trailer miles were on Interstate highways. The crash rates were 2.5 times higher off of Interstates. The high level findings of the study were that to

affect the high rate of off Interstate fatal crashes, extra outreach and safety training is needed for North Carolina domiciled small carriers.

Seth Palmer discussed the new Task Force Final Report draft, with more to come. Palmer reviewed the format of the report, additions and changes from the November draft, added maps, the State Transportation Asset Directory, an inventory of laws and regulations related to logistics, innovative funding opportunities, and topics under development such as the Defense Logistics Initiative, the Maritime Strategy Study, and the Seven Portals Study. Palmer also discussed a timeline and the solicitation of comments from the Economic Regions.

Mr. Willauer suggested putting the rail map back in. Mr. Congdon asked about the Port of Virginia using Norfolk Southern Railroad to connect to the Triad, and Secretary Conti responded that there have been some preliminary, exploratory discussions with the Port of Virginia on potential collaboration.

The meeting was adjourned at 3:15 p.m.

February 15, 2012 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:10 p.m. on Wednesday, February 15, 2012 in Raleigh with the following members present:

Gene Conti, Keith Crisco, Nelson Cole, Jeff Strader, Beth Austin, Pat Long, Earl Brinkley and Dee Blackwell. Mike Evers attended on behalf of Paul Friday. David Willauer and Dan Danieley participated by phone.

Members absent were: Dee Freeman, Clark Jenkins, Michael Walters, Danny McComas, Dawn Clegg, Allen Joines, Buddy Shavender, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, Larry Wooten, Lew Ebert and John Atkins.

Chairman Dalton welcomed everyone to Raleigh and introduced Tom Bradshaw, newly-appointed Statewide Logistics Director. Mr. Bradshaw thanked the Chairman, and stated that he is excited about the new role and continuing to work with the Task Force.

Chairman Dalton introduced Mark Sutherland. Col. Sutherland gave an update on the initiative to market North Carolina for military ground force system maintenance. Sutherland first presented to the Task Force in the spring at Ft. Bragg. He noted the Department of Defense is morphing in a big way, due to budget constraints, a move toward privatization, and evolving threat scenarios. A big focus involves looking for efficiencies in logistics systems. North Carolina is the center of mass for East Coast military operations, and we have a value proposition to make, as we can help the military by reducing the cost for transportation of equipment. There are rail and highway improvements in the works that should make the state even more attractive for this initiative.

Consolidation of maintenance operations is a part of the proposition, and the F35 Strike Force Fighter is an example of how both branches can use the same maintenance operations. Privatization of maintenance operations is already working at several North Carolina sites, with Oshkosh Defense in Jacksonville as an example. This is consistent with the vision of the Defense Business Board. Sutherland showed the Task Force a video explaining the initiative.

Military logistics is a \$182 billion business. Maintenance is a significant portion. The research is complete, with funding provided by NCDOT, the Eastern Region, the Southeast Region, and numerous counties. The game plan is set, and we are in implementation mode now. Targeted outreach is underway. The state's congressional delegation is to be briefed eye-to-eye in March.

This is not about shutting down existing depot operations in Albany, GA or Anniston, AL. It is about handling the vast amount of military repair and reset that will exceed their capabilities. Primarily, this will be a private industry decision on how they can most efficiently and cost-effectively provide service to the military. Sutherland opined that the military will become a nuisance to the Ports in Charleston and Jacksonville in a post-Panamax world, just as has already happened at Long Beach, Alameda, and San Francisco, where military operations were basically run off from the ports.

Earl Brinkley noted that while North Carolina ranks 3rd in military troops, the state ranks only 29th in the value of military contracts, so this is a huge opportunity to improve that status.

Chairman Dalton thanked Col. Sutherland for his report. The Task Force approved the minutes from the previous two meetings.

Chairman Dalton recognized Seth Palmer to give a report on North Carolina's Foreign Trade Zone Program. Palmer noted that Lou Tapper of Longistics reported to the Task Force on FTZ basics at a previous meeting. North Carolina has six FTZ's, three of which are owned and/or operated by state agencies. Those FTZ's are the Port of Wilmington, the Port of Morehead City, and the NC Global TransPark. The remaining three are operated by the Triangle J Council of Governments, the Piedmont Triad Partnership, and the Charlotte Regional Partnership.

Mr. Palmer described what an FTZ is, and listed some of the tax/duty advantages of utilizing FTZ's. Per staff analysis at the directive of the Logistics Coordinating Council to investigate what is needed to "Maximize Foreign Trade Zone advantages and utilization through coordinated efforts of State transportation entities," the following became evident:

1. The zones under state control are generally underutilized
2. The state has a limited collaborative marketing effort for Foreign Trade Zones
3. The state's zones might be better suited by utilizing the new "Alternative Site Framework" put forth by the US Foreign Trade Zones Board
4. Due to the legislated transfer of the Ports Authority and Global TransPark to NCDOT, modifications will need to be made to the authorizing grants for the respective zones to reflect their current organizational structure

5. A Timeline should be developed for completion of necessary modifications to respective zones.

Chairman Dalton asked if Alternative Site Framework FTZ's can cross state lines. Palmer replied that it is unclear at this point, although there are certainly areas such as northeastern North Carolina with multi-state potential. It is also currently unclear as to whether one large ASF FTZ could encompass all three of the state-owned FTZ, per Secretary Conti's inquiry.

Pat Long offered that we all need to work together to market the FTZ's, and that it is a long sell. We can start with small companies and build. Jed McMillan added that we can do seminars to educate businesses of the advantages of utilizing FTZ's, as the GTP has done some in the past.

Chairman Dalton thanked Mr. Palmer for his presentation. (A copy of Palmer's PowerPoint presentation is attached.)

Chairman Dalton recognized Seth Palmer again to discuss the Task Force and its reports. The Seven Portals Study is complete, and each Task Force member was given a Master Report along with a CD containing each of the seven Regional reports.

The Maritime Strategy Study is nearing completion, and a draft report will be presented to members of the Maritime Study Advisory Council by February 19th. Task Force members will receive the draft report by email. A final round of three public information sessions to be held in Brunswick, New Hanover, and Carteret Counties will take place in early March. Following those events, the Maritime Strategy Study team will put together its final report.

The Final Report of the Governor's Logistics Task Force is being drafted. Palmer reported that a newly formatted draft report will go out to members in the next week and a half, and members were asked to submit comments. Chairman Dalton stated that the comments already received have been helpful and they have been incorporated into the report. Please keep them coming.

The meeting was adjourned at 2:45 p.m.

March 19, 2012 Raleigh, NC

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 1:06 p.m. on Monday, March 19, 2012 in Raleigh with the following members present:

Gene Conti, Nelson Cole, Dan Danieley, Earl Brinkley, Beth Austin, David Willauer, Lew Ebert, and Pat Long. Manny Wilder attended on behalf of Dee Freeman, and Jed McMillan attended on behalf of Keith Crisco. Gary Teng participated by telephone.

Members absent were: Clark Jenkins, Michael Walters, Danny McComas, Dawn Clegg, Allen Joines, Buddy Shavender, Dee Blackwell, Terry Bellamy, Jerry Orr, Bob Morgan, David Congdon, Paul Kauffmann, Larry Wooten, and John Atkins.

Chairman Dalton welcomed everyone to Raleigh, and stated the purpose of today's meeting is to work on the Final Report. We will be putting finishing touches on the Report, subject to last minutes tweaks from the members as we continue after today, either by email or conference call, if needed. Dalton thanked the staff for their hard work in this effort, particularly Seth Palmer, who has done a great deal of the drafting. He added that members should bear in mind that the Task Force's entire body of work (minutes, testimony, presentations, etc.) collectively makes up the full Report. The Final Report is meant as an encapsulation of all of that material. Dalton Recognized Seth Palmer to go through the Final Report to-date, and explain section-by-section changes.

Mr. Palmer reported that the changes and recommendations that have been submitted are incorporated in this version, which each attendee had before them. The Regional sections have been distributed to the respective Regional Partnerships for review and comment. The first three sections (Table of Contents, Acknowledgements, and Executive Summary) are blank templates, to be completed after the body of the Report. Palmer went through each of the sections of the Report, explaining what had been added or changed. Appendices will be added to include maps, Task Force and subcommittee minutes. The Seven Portals Study and the Maritime Study will stand alone, rather than including those voluminous documents in this Report.

The subcommittee section includes membership and a highlighted version in each subcommittee's recommendation reports. The full recommendation reports will be included as appendices. Palmer added that an asset inventory will be included, as well a report on trucking market access at the recommendation of David Congdon.

Palmer opened the floor to questions and comments. Nelson Cole noted that Interstate 73/74 is already completed in some sections to interstate standards, as is I-785. Palmer replied that it does not show up on state maps yet, but it will be added. Lt. Governor Dalton asked about traffic counts and congestion on North/South Interstate routes (I-95, I-85, and I-77). Palmer stated that there is information available that can be included in the report.

David Willauer stated that he was pleased with the inclusion of comprehensive information on short line railroads. Richard Wiley of the North Carolina Railroad Company that the information regarding Norfolk Southern's contract with the NCRP should clarify that the agreement is really a 45-year deal, with Norfolk Southern holding the option to renew every 15 years. The next option year is 2014.

Discussion the Aviation section, Palmer stated that there are currently 21 airports in North Carolina with a 6,000-foot runway, with was the base criteria considered in the Seven Portals Study. Dan Danieley added that there will be a 22nd very soon. Palmer stated that the Report will be incorporating some of the information (including charts) from the Maritime Strategy Study.

Palmer reported that Jeff Strader of the NC State Ports Authority was not able to attend today due to a conflict with a national ports meeting. Lt. Governor Dalton mentioned that Larry Wooten of NC Farm Bureau was unable to attend due to a family illness.

Palmer discussed that North Carolina has over 300 miles of Intracoastal Waterway, and that special asset could possibly be better utilized for barging of freight. Marine Highway development, such as the M-95 corridor, represents an opportunity to reduce highway congestion. Deputy Secretary Wilder commented that our state currently faces shallow inlet dredging funding problems. The Report will include barging information and also ferry transportation information.

As requested, a Foreign Trade Zone section has been included in the Report. The Military section includes the new direct commercial air connection between Fayetteville and Washington Reagan Airport, as had been requested by the US Army. The Military section also now includes the rail projects that had been cited as needed by the Army, including the Pembroke Turn and the Castle Hayne-Wallace connector.

David Willauer and Lt. Governor Dalton recommended that language be added to the report discussing airspace corridors and complimentary agricultural land use protections, and potential legislation to require notification to avoid encroachments. Willauer also recommended recognition of Military Ocean Terminal – Sunny Point. Lt. Governor Dalton recommended that discussion be added to the report regarding staging of Wind Power equipment at the Port of Morehead City.

Palmer reported that a great deal more will be added to the section on Agriculture. Lt. Governor Dalton said to be sure and explore the connection to the Port of Morehead City. Mr. Willauer mentioned that supply chain security (not just in the context of food) is an emerging topic. Mr. Palmer will be sending out a proposed Agriculture section to the members for comments/approval.

Lt. Governor Dalton recognized Earl Brinkley to describe and display the framed Logistics print intended as a gift for Governor Perdue in recognition of her establishment of this Task Force. Brinkley was thanked, and attendees applauded.

After a brief break, Mr. Palmer reviewed the subcommittee recommendations and the Regional analysis sections. In the Northeastern NC Region, Vann Rogerson had provided some updated information on NCCAR and some general statistics. Palmer was asked to also include information on Nucor's barge traffic needs.

For the Eastern Region, information was added relating to Port of Morehead City, the NC Global TransPark, and the Defense Logistics Initiative. Information regarding the importance of the US 70 Corridor to the economic viability of the state and region was included, taken virtually verbatim from the testimony provided by Durwood Stephenson of the 70 Corridor Commission. At the recommendation of Pat Long and Lt. Governor Dalton, language on highway redundancy will be added to the section on Infrastructure. References to Highway 17 also will be added to all three of the regions through which it passes.

The Southeastern section includes information on the encroachment threat to military operations, and the need for land-use protections. This section also includes discussion on a potential inland

port in the Laurinburg/Maxton area. David Willauer asked a question regarding CSX, which does not itself actually go on-port in Wilmington. Palmer reported that he will modify page 59 to address that issue.

The Research Triangle Region section is still being reviewed by the regional partnership. It discusses how RTP was developed and the importance of road access. Lt. Governor Dalton recommended changing the first sentence of the last paragraph. Pat Long stated that she will see that additional comments from the region are submitted in the next two days.

The Piedmont Triad Region highlights that area's abundant transportation assets, and the section could benefit from additional information and clarification on issues such as the changes going forward with the NC Center for Global Logistics, the region's logistics programs, the aerotropolis concept. Nelson Cole pointed out that Burlington is an MPO in the region, the potential of the Virginia megapark to the region, and that the I-785 mention should be included.

The Charlotte region includes information on significant opportunities in the region encompassing parts of two states, the importance of being the state's largest city, the Norfolk Southern rail project at Charlotte-Douglas Airport, and Union County's Legacy Park development potential.

The Advantage West Region section has been reviewed and comments have been received from the regional partnership. They wanted to be sure that attention is given to the regions manufacturing base, as well as its tourism industry. ARC and Corridor K information has been added, as well. The importance of redundancy will be highlighted more, in light of the threat of rockslides. Reference will also be made to the presence of high-tech data centers in the region.

Regarding subcommittee recommendations to the full Task Force, the highlights are listed on page 4 of the current handout. They include: Governance issues; One Stop Shop concept; NC Board of Transportation/NC Railroad; Regional Ports/Villages; Competitive Rail Access; Foreign Trade Zones; and Interstate Partnerships.

New recommendations involve dual rail access to both ports, as has been proposed legislatively and in NCDOT's comments to the Surface Transportation Board on rail competitiveness. Possible Foreign Trade Zone proposals could involve statewide coverage, and cross-border coverage through interstate partnerships.

Additional topics for potential new comments could involve the Seven Portals Study, the Maritime Strategy Study, Military Infrastructure and the Defense Logistics Initiative, and the Agriculture section.

The Summary and Conclusions section as well the Glossary section will have to be put together once all of the content of the Report is established. Members were asked to please provide all comments to Seth Palmer by email at wspalmer@ncdot.gov no later than 5PM on March 26th in order for them to be reflected in the Final Report.

Lt. Governor Dalton thanked the “core group” that has worked so hard on this Task Force, and asked that they stay involved and accessible. Tom Bradshaw added that he and his group will be developing a Strategic Plan for Logistics, access to Task Force members’ expertise will be needed and appreciated.

Earl Brinkley made a motion to approve the Final Report, subject to edits and changes made by Seth Palmer encompassing the recommendations discussed today, to be sent to the members for their approval. The motion was seconded by David Willauer, and passed by a unanimous vote.

Secretary Conti commented that this journey started for him about three years ago when a discussion about logistics with Governor Perdue resulted in her enthusiastic support for this concept and the creation of the Governor’s Logistics Task Force. He joined the Lt. Governor and Mr. Bradshaw in thanking all the members for their participation and contribution of thoughts and energy. Conti stated that this is one of the most gratifying things he has been involved with. Conti agreed with Lt. Governor Dalton that this work will help North Carolina move forward.

In closing, Lt. Governor Dalton thanked Pat and Duane Long for hosting the event where the Governor’s Logistics Task Force was first announced.

The meeting adjourned at 3:02 p.m.

APPENDIX II: TASK FORCE SUBCOMMITTEES

SUBCOMMITTEE MINUTES

*****The minutes of all subcommittees are located on the Task Force website at <http://www.ncdot.gov/business/committees/statewidelogistics/>***

SUBCOMMITTEE REPORTS—AS PRESENTED TO THE TASK FORCE AUGUST 23, 2011

REGIONAL HUB DESIGN SUBCOMMITTEE REPORT John Atkins, Chair

August 23, 2011

INTRODUCTION

In an effort to understand the needs related to the development of potential inland regional logistics hub locations, the Logistics Task Force leadership chose to form a subcommittee specifically focused on such issues. Over its existence, the Regional Hub Design subcommittee has examined the characteristics of such portals, as well as existing locations across the state which may be well suited for such development. The subcommittee was also the primary reviewer and conduit for information regarding the Task Force's "Seven Portals Study", which was developed through a contract executed by NCDOT with North Carolina State University and a consortium of other UNC-system institutions.

Following the Task Force's regional outreach efforts the subcommittee was tasked with further review of the Seven Portals Study work product, as well as developing recommendations based on the work presented. The areas that the subcommittee was tasked with examining are listed below.

- Review of the DRAFT Seven Portals Study
- Development of recommendations to the full Task Force related to the Seven Portals Study

GOVERNANCE SUBCOMMITTEE REPORT Gen. Beth Austin, Chair

August 23, 2011

INTRODUCTION

In an effort to understand the unique leadership structures of logistics assets, the Logistics Task Force leadership chose to form a subcommittee specifically focused on such issues. Over its existence, the Governance subcommittee has examined the governance structures of existing state logistics assets, such as the NC State Ports Authority and NC Global TransPark Authority. They have also considered possible future governance structures of new assets (i.e. inland hub facilities), as well as the funding needed for such projects.

Following the Task Force's regional outreach efforts the subcommittee was tasked with examining numerous areas in an effort to ensure that governance and leadership needs for logistics assets, both current and future, were appropriately and effectively conveyed in the ultimate final produce of the Task Force. The areas that the subcommittee was tasked with examining are listed below.

- Examination of issues related to local governance of logistics authorities/inland ports (i.e. who governs these groups and how?)
- Examination of issues related to financing of logistics village development and future infrastructure improvements for logistics—including but not limited to public private partnerships and local financing options
- Continue examination of realignment of NCDOT and the creation of a Logistics Division within NCDOT which incorporates the NCSPA, Global TransPark Authority and North Carolina Railroad

Included below are recommendations from the subcommittee to the full Task Force which reflect these directives, as well as other points which have been raised through the subcommittee's analysis and discussion. These recommendations are presented in a narrative form and though numbered for listing purposes are not classified in order of importance or priority.

RECOMMENDATION #1—LOCAL GOVERNANCE STRUCTURES

During its discussion and analysis, the subcommittee received numerous presentations from staff regarding existing logistics asset governance structures. These assets included the NC State Ports Authority, NC Global TransPark Authority, local airport authorities, regional transportation/government groups (MPOs, RPOs, COGs), and regional partnerships. These presentations included discussion regarding these organizations' governing boards/organizations, and for many, the statutory authority which created them and continues to operate them.

Attachment #1 provides examples of such governance structures.

Through this discussion, the subcommittee recognized the unique qualities that each of these structures possesses in an effort to address the specific issues that the organization is tasked with addressing. The subcommittee found that though combining some of these groups may lead to certain levels of operation efficiency and a reduction in redundancies, retention of certain unique structures is necessary. In many cases, "unified decision-making" may cause more issues than it would alleviate. It was also seen that many existing structures have a broad ability to modify themselves based on changes in need.

Because of these factors, the subcommittee recommends that further analysis be completed regarding the establishment of an "overarching authority" which can collaborate the actions of numerous entities related to transportation. The subcommittee believes that such authority could rest with the Secretary of Transportation, but felt that such a decision should not be made without full consideration of all parties involved and their specific organizational structures. The

subcommittee did agree that any new “overarching authority” would need to have the ability to make decisions, but to do so in a fair and equitable process.

RECOMMENDATION #2—FINANCING

The subcommittee received information from staff regarding existing funding structures which could be utilized in future development of regional logistics hubs. This information included the funding structures available through the federal government, state government entities, local funding, as well as outside organizations who provide funding for economic development projects. **Attachment #2** to this report is a listing of such funding sources.

Following this discussion, it was determined by the subcommittee that determinations regarding funding for regional logistics hubs may be premature given the fact that plans have yet to be finalized regarding the development or overall need of such facilities throughout the state. Though the subcommittee felt that these facilities may be needed, they believe that further analysis is needed by the Task Force as a whole before decisions are made regarding financing. Also, the subcommittee felt that more information needs to be compiled regarding the utilization of outside funding sources for such hub development.

RECOMMENDATION #3—NCDOT REALIGNMENT

The issue of realigning the operations of the North Carolina Department of Transportation and the Board of Transportation has been a large point of discussion throughout the life of the subcommittee. Previously, the subcommittee has submitted recommendations to the full Task Force regarding the realignment of the Board of Transportation to reflect regional economic interests, as well as advocating for the incorporation of existing logistics assets into the operational framework of the Department (NC State Ports Authority and NC Global TransPark Authority). These recommendations were approved by the full Task Force and were incorporated into the February report to the Governor. Comments regarding these recommendations were also provided to the Joint Legislative Transportation Oversight Committee of the North Carolina General Assembly as they related to the operational shifts of the Ports Authority and Global TransPark to NCDOT.

Specifically during this work period, the subcommittee was asked to examine further operational changes to NCDOT to work to best address the needs of current and future logistics assets. During its analysis, the subcommittee was presented with numerous documents which laid out proposals for such realignment. The main point of discussion centered around the state's Logistics Coordinating Council which was established through the Governor's Executive Order 85. The Council is focused on 4 areas related to transportation and logistics including:

- Identify areas for cooperation among the State's transportation logistics entities
- Improve the State's transportation services
- Coordinate on projects to create and expand companies in North Carolina or to attract companies to the state
- Share personnel and resources to the maximum extent possible

The membership of the Council, as laid out in the Executive Order, is the Secretary of Transportation (Chair) and the respective executive officers of the North Carolina Railroad, North Carolina State Ports Authority, and the North Carolina Global TransPark Authority. The Executive Order also grants the Secretary the ability to appoint other members at their choosing. The subcommittee reviewed the draft recommendations regarding the inaugural Council membership during their discussion. Attached to this document is the draft Council description and membership which was presented to the Task Force (**Attachment 3**).

It is the belief of the subcommittee that the creation of the Council has been needed for some time. The subcommittee applauds the work of the Governor to create such a Council and looks forward to its operation.

Following their review of the documents related to the Council, the subcommittee recommends that stronger language be used regarding the “Proposed Projects” for the Council as laid out in the establishing documents. The subcommittee recommends that three of the projects be classified as “Organization and Processes” and be prioritized as follows:

- Work to create a Logistics Division under the operational structure of the North Carolina Department of Transportation—i.e. a “one-stop-shop”
- Establish a reporting structure for managers of NCGTP, NCSPA, and NCRR, respectfully, reporting directly to the Secretary of Transportation
- Explore and develop innovative financing for development of future infrastructure improvements for logistics, including public-private partnerships and local financing options by leveraging state assets to provide opportunities to attract private capital

The subcommittee believed that these three projects should be treated with higher priority than the others listed as it was thought that by accomplishing each, the state would better position itself for future success.

Also the subcommittee recommends that the Secretary of Transportation consider incorporating private business representatives into the membership of the Council. Currently, the Council is made up only of representatives of state government/constituent agencies, as was laid out with respect to the spirit of the Executive Order. The subcommittee felt that due to the impact that private industry has on the operations and potential success of the state, their input should be incorporated into any discussions such as this. If it is not deemed possible to incorporate such members into the Council, the subcommittee recommends that an Advisory Group be created which allows for private business and other outside entities to provide comment and advice to the Council. Finally, with regards to the Council’s membership, the subcommittee feels that consideration should be given to incorporating representation from the North Carolina Department of Environment and Natural Resources into the Council’s membership, specifically through the Secretary’s appointments.

Overall, the subcommittee applauds the current work of the Department of Transportation with respect to the ongoing transition processes of the North Carolina State Ports Authority and North

Carolina Global TransPark Authority into the operational and oversight structure of the Department. The subcommittee believes that these actions will lead to future success for these entities individually, as well as for the state as a whole.

OTHER STAFF DIRECTIONS

Though not specific recommendations to the Task Force as a whole, the subcommittee directed staff to complete numerous projects related to its specific work. Those projects include

- Development of a white paper regarding the actions of other states, particularly neighboring states, related to the governance of logistics assets and the financing mechanisms which support transportation and logistics in those states
- Further development of a white paper detailing the North Carolina's respective transportation and logistics asset organizational structures
- Further development of a white paper regarding existing funding sources for transportation and economic project development within North Carolina

The subcommittee asked that staff complete such papers prior to the next meeting of the full Task Force and that reports be provided to the subcommittee for review prior to dissemination.

ATTACHMENT #1

EXAMPLES OF EXISTING LOGISTICS-ASSET BOARDS IN NORTH CAROLINA

GTP Board Structure (as described by Senate Bill 409[Session Law 2011-340])

Board of Directors. The Authority shall be governed by a Board of Directors. The Board shall consist of at least the following 20 members:

- 1) Seven Six members appointed by the Governor. One member shall be representative of the economic development industry, two members shall be representative of commercial real estate development industry, two members shall be representative of the banking and finance industry, and one member shall be representative of environmental interests. Of the Governor's six appointments, at least one member shall come from each of the State's three regions: Western, Piedmont, and Eastern.*
- 2) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. One member shall be representative of the aerospace and aviation industry, one member shall be representative of advanced manufacturing industries, and one member shall be representative of the logistics and supply chain management industry.*
- 3) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. One member shall be representative of the aerospace and aviation industry, one member shall be representative of the emergency response and disaster relief industries, and one member shall be representative of the defense and security industry.*
- 4) The State Treasurer, who shall serve as an ex officio nonvoting member.*
- 5) The President of the North Carolina System of Community Colleges, provided that the President of the North Carolina Community Colleges may instead appoint to the Board*

of Directors one member of the board of trustees of a community college or one president of a community college. If such an appointment is made, the appointee shall serve at the pleasure of the President.

- 6) *The President of The University of North Carolina, provided that the President of the University of North Carolina may instead appoint to the Board of Directors one member of the board of trustees of a constituent institution of The University of North Carolina, or one chancellor of a constituent institution of The University of North Carolina. If such an appointment is made, the appointee shall serve at the pleasure of the President.*
- 7) *The Chairman of the State Ports Authority.*
- 8) *One member appointed by the board of county commissioners of any county in which the cargo airport complex site is located.*
- 9) *One member appointed by the city council of the city which is a county seat of any county in which the cargo airport complex site is located.*
- 10) *The Commissioner of Agriculture.*
- 11) *The Secretary of the Department of Commerce.*

North Carolina State Ports Authority [as established by NCGS § 143B-452]

- *It shall be governed by a board composed of 11 members*
- *The Governor shall appoint six members to the Authority, in addition to the Secretary of Transportation [Commerce], who shall serve as a voting member of the Authority by virtue of his office, and four persons appointed by the General Assembly.*
- *The members of the Authority appointed by the Governor shall be selected from the State-at-large and insofar as practicable shall represent each section of the State in all of the business, agriculture, and industrial interests of the State. At least one member appointed by the Governor shall be affiliated with a major exporter or importer currently using the State Ports.*
- *Any vacancy occurring in the membership of the Authority appointed by the Governor shall be filled by the Governor for the unexpired term.*
- *The Governor shall appoint from the members of the Authority the chairman and vice chairman of the Authority. The members of the Authority shall appoint a treasurer and secretary of the Authority.*

Local Airport Authority—Example: Burlington Alamance Airport Authority

**Established by the General Assembly in 1969; Chapter 814 of Session Law

“The Airport Authority shall consist of five (5) members who shall be appointed to staggered terms of four years. Two (2) members shall be appointed by the City Council of Burlington, two (2) members shall be appointed by Alamance County Commissioners and one (1) member shall be appointed by the City Council of the City of Burlington and Alamance County Commissioners in a joint meeting.”

Regional Partnership [established by the General Assembly]—Example: North Carolina's Eastern Region

**Established by the General Assembly in 1993; “Commission Membership”—NCGS § 158-35

- *The board of commissioners of each county participating in the Region shall, in consultation with the county's local business community, appoint one member*
- *The General Assembly shall appoint two members to the Commission on the recommendation of the Speaker of the House of Representatives and two members on the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. The Governor shall appoint two members to the Commission. No two members appointed under this subdivision may be residents of the same county. The President Pro Tempore of the Senate, Speaker of the House of Representatives, and the Governor shall consult to assist in geographic diversity in those six appointments. In order to be eligible for appointment under this subdivision, a person must be a resident of the region. No person appointed under this subdivision is eligible to be chairperson or vice-chairperson.*
- *Ex Officio Member. – The member of the State Board of Education appointed to represent the second education district shall serve as a nonvoting ex officio member of the Commission.*
- *Terms. – Members of the Commission shall serve for staggered four-year terms. Three of the members initially appointed by the boards of county commissioners pursuant to subdivision (a)(1) of this section shall serve an initial term of two years. The three members to serve initial terms of two years shall be determined by lot at the organizational meeting of the Commission. Each of the initial appointees by the General Assembly and Governor pursuant to subdivision (a)(4) of this section shall serve an initial term of two years.*

Regional Partnership [not established by the General Assembly]—Example: Research Triangle Regional Partnership

**from <http://www.researchtriangle.org/about-us/>

The Research Triangle Regional Partnership (RTRP) is a business-driven, public-private partnership dedicated to keeping the 13-county Research Triangle Region economically competitive through business, government and educational collaboration.

Leadership

RTRP's 59-member board of directors comprises representatives from each of the 13 counties and the Research Triangle Park. The board advises and oversees RTRP initiatives. An Economic Development Advisory Committee of county economic developers and partners meet monthly to plan and implement strategic marketing efforts.

ATTACHMENT #2

POTENTIAL FUNDING SOURCES FOR LOGISTICS PROJECT DEVELOPMENT

FEDERAL

Federal funding is extremely variable and dependent on the type of project being proposed. Also, the environment in which funding is allocated is extremely competitive, thereby sometimes limiting the access to funding. Also, in recent years, a shift in focus has been seen regarding large-scale federal funding programs. Though no significant actions have occurred to date, there are many unanswered questions regarding the sustainability of the federal government as a primary significant funding source for the future.

Federal funding sources include:

- Transportation Investment Generating Economic Recovery (TIGER) grants—created via the 2009 Stimulus Bill; currently in its 3rd round of allocations [TIGER 3]
- Harbor Maintenance Trust Fund—created in 1986, Congress established a user fee for deep draft coastal ports and harbors - the Harbor Maintenance Tax (HMT). The HMT was designed to provide 100% of the cost of operations and maintenance, primarily dredging, of the nation's deep draft and coastal ports and harbors. It was intended to ONLY support maritime based projects [questions have been raised as to its current utilization].

STATE

NC Department of Transportation:

- Highway Trust Fund
 - Enacted in 1989 and identifies specific highways that will be four-laned or improved in order to complete a 3,600 mile intrastate system. Also provides funding for urban loops around 7 of the state's largest cities (Asheville, Charlotte, Durham, Fayetteville, Greensboro, Greenville, Wilmington, Winston-Salem). Provides money for the paving of secondary roads (Secondary Road Improvement Program), as well as money for municipality and county road maintenance
- North Carolina Mobility Fund
 - Created in 2010 to “address critical congestion bottlenecks and to improve [the state's] logistics capabilities”; funding proposed to be phased in over 3 year period (including changes in existing reversions from the General Fund to Highway Trust Fund and Highways fund); allocation formula is still being developed.
 - Examples of projects areas which could be funded through this program: Highway, Rail, Aviation, Ports, Ferry, Transit

NC Department of Commerce:

**Most of these funding mechanisms are typically utilized in the attraction of new and retention of existing businesses. They are provided for illustrative purposes only as they relate to business

development. They could potentially be used if logistics assets were developed through public-private partnerships.

- One North Carolina Fund
 - The One North Carolina Fund was created in 1993 to help North Carolina by recruiting and expanding quality jobs in high value-added, knowledge-driven industries, and by providing "financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to expand in North Carolina." In 2006, the NC General Assembly allocated \$10 million to the fund for use at the discretion of the Governor.
 - The fund currently consists of nonrecurring appropriations made by the General Assembly, intended to be immediately available for companies seeking to undertake new expansion or locate new operations in the state. The immediacy of the fund allows the Governor to distribute grants on an "as-needed" basis, which ensures the Fund's flexible application and speedy distribution. (from <http://www.nccommerce.com/finance/incentives/onenc/>)
- Job Development Investment Grants (JDIG)
 - JDIG is a discretionary incentive that provides sustained annual grants to new and expanding businesses measured against a percentage of withholding taxes paid by new employees.
- Tier-based incentives
 - All 100 counties are ranked in a tier classification system based on that county respective economic condition [made up by numerous factors]
 - Counties are classified as either a Tier I (the lowest), Tier II, or Tier III
 - In general terms, the lower your tier, the more incentives your county is eligible to receive to use in business recruitment efforts
- Port Enhancement Zone funding
 - Created by House Bill 751 [Session Law 2011-302]—introduced by Rep. McComas
 - Allows companies which choose to locate within a 25 mile radius from NC State Ports Authority facilities the opportunity to receive addition credits for investments (hiring of persons, property) based on the tier classification of the area in which they are located
- NC Ports Tax Credits
 - North Carolina operates a modern port system that connects businesses in the state to the global economy.
 - Businesses who pay North Carolina state income tax and use North Carolina ports can qualify for tax credits on both inbound and outbound cargo.
 - The credit is earned on cargo wharfage and handling fees paid to the N.C. State Ports Authority which exceed the average for over three tax years. The credit applies to taxes due to the state - up to 50% of the total tax liability for each tax year. Any unused credit may be carried forwarded up to five years for a total credit of up to \$2 million.(from <http://www.thrivenc.com/incentives/financial/tax-credits/nc-ports-tax-credits>)

LOCAL

Counties and municipalities possess a myriad of funding opportunities for business development. Many of these sources, however, are variable based on groups' financial situations and the type of project being discussed.

OTHER FUNDING SOURCES

- Golden LEAF Foundation funds
 - The Golden LEAF Foundation was formed under a charter established by the North Carolina General Assembly. According to the charter, the Golden LEAF Foundation “shall promote the social welfare and lessen the burdens of government [by using its funds] to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina in accordance with the Consent Decree [between the state of North Carolina and cigarette manufacturers].” (from <http://goldenleaf.org/charter.html>)
 - Golden LEAF's grantsmaking priority areas include agriculture, job creation and retention, and workforce preparedness. The foundation also supports projects that provide educational opportunities and increase economic vitality. To fulfill our purpose, Golden LEAF makes grants to government entities, educational institutions, economic development organizations and nonprofits. Currently Golden LEAF has funded 1,089 grants, totaling more than \$502 million. (from <http://goldenleaf.org/about.html>)
- Area-specific funding
 - This funding, like that derived from the Golden Leaf Foundation, is dependent upon the region/area of the state that the project is being proposed or developed.
 - One such funding source which is area-dependent is funding through the Appalachian Regional Commission (ARC). The Appalachian Regional Commission's programs address the four goals identified in the Commission's strategic plan (from http://www.arc.gov/program_areas/index.asp):
 1. Increase job opportunities and per capita income in Appalachia to reach parity with the nation
 2. Strengthen the capacity of the people of Appalachia to compete in the global economy
 - Funding from the ARC can however, only be used to support efforts which are being undertaken in the following counties: Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Cherokee, Clay, Davie, Forsyth, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Mitchell, Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, and Yancey.

ATTACHMENT #3

**Items listed in italics reflect the recommended changes to this document as presented by the Governance Subcommittee

State Transportation Logistics Coordinating Council

Purpose

On March 25, 2011 Governor Perdue issued Executive Order 85 to ensure that State governmental services are delivered in an effective and coordinated way, recognizing her responsibility to spend tax dollars wisely and efficiently. Economic challenges dictate that the way State Government operates must change in order to continue to deliver critical services to North Carolina citizens. As a result, the Governor ordered the consolidation and reorganization of State Government.

As it pertains to the Department of Transportation, E.O. 85 established the State Transportation Logistics Council, to be located administratively within NCDOT. The Council shall exercise its powers within existing resources of NCDOT. Further, the Council shall:

- Identify areas for cooperation among the State's transportation logistics entities;
- Improve the State's transportation services;
- Coordinate on projects to create or expand companies in North Carolina or to attract companies to the State; and
- Share personnel and resources to the maximum extent practicable.

Objectives

- **Project Synchronization.** Create a "One Stop Shop" for clients, allowing them to save time and avoid redundant efforts by working with the State's transportation entities concurrently rather than consecutively.
- Through transportation entity collaboration, the State can improve client services with fewer personnel and with reduced total resources.

Prioritized Projects

Organization and Processes

1. *Work to create a Logistics Division under the operational structure of the North Carolina Department of Transportation—i.e. a "one-stop-shop"*

2. *Establish a reporting structure for managers of NCGTP, NCSPA, and NCRR, respectfully, reporting directly to the Secretary of Transportation*
 3. *Explore and develop innovative financing for development of future infrastructure improvements for logistics, including public-private partnerships and local financing options by leveraging state assets to provide opportunities to attract private capital*
- Coordinate State transportation entities' support of the Military, and projects such as the Military Growth Task Force's vehicle multi-branch vehicle maintenance project (Defense Logistics Initiative).
 - Coordinate State transportation entities' support of agricultural export efforts (Grain, BioMass, Cold Storage, etc.).
 - Ensure that State transportation entities are coordinating support for one or more Inland Ports in North Carolina.
 - Maximize Foreign Trade Zone advantages and utilization through coordinated efforts of State transportation entities.
 - Enhance Intermodal Container operations through the Port of Wilmington and create Intermodal Container opportunities through the Port of Morehead City with collaborative activities of the State's transportation entities.
 - Coordinate State transportation entities' strategic planning with the 2040 Statewide Plan, Prioritization 2.0, and all NCDOT strategic planning initiatives.

Members (per Executive Order 85)

Secretary Gene Conti, NCDOT – Chairman
Tom Eagar – NCSPA
Darlene Waddell – NCGTP
Scott Saylor – NCRR

Members appointed by Secretary Conti

Lt. Governor Walter Dalton
Al Delia – Office of the Governor
Secretary Keith Crisco, NC Dept. of Commerce
Secretary Dee Freeman, NC Dept. of Environment and Natural Resources
Commissioner Steve Troxler, NC Dept. of Agriculture
Carl Stewart – NCSPA
Jim Fain – NCGTP
John Atkins – NCRR

Col. John Nicholson – Governor's Military Affairs Advisor

Ralph Womble – NCDOT Board

***Representative from private industry—TBD [or the creation of a separate "Advisory Group" made up of private sector representatives*

Staff

Roberto Canales – NCDOT

Mark Tyler – NCDOT

Jed McMillan – NCDOT/Commerce

Bradford Sneed – Governor's Office/NCDOT

Seth Palmer – Lt. Governor's Office/NCDOT

Rob Hosford – NC Dept. of Agriculture

Charlie Diehl – NCDOT/NCGTP

Laura Blair - NCSPA

NCRR - TBD

BEST PRACTICES SUBCOMMITTEE REPORT

Dan Danieley, Chair

August 23, 2011

INTRODUCTION

In an effort to understand the “best practices” which may be utilized by the state in an effort to help to move the state forward with regards to the development of logistics-focused facilities, as well other transportation assets, the Logistics Task Force leadership chose to form a subcommittee specifically focused on such issues. Over its existence, the Best Practices subcommittee has examined the numerous areas and the actions of many states, especially those who are our neighbors (South Carolina, Georgia, and Virginia).

Following the Task Force's regional outreach efforts the subcommittee was tasked with examining numerous areas in an effort to ensure that future policies respect commonly held practices across the logistics industry, as well as work to utilize our existing assets in the most effective and efficient manner possible. The areas that the subcommittee was tasked with examining are listed below.

- Development of a North Carolina-specific definition for “inland port/intermodal terminal”—i.e. if we are talking about developing this type of facility, what should its characteristics be and why call it this above something else
 - Examine literature regarding inland port characteristics and provide sound, researched basis for the use of the term
- Examination of the North Carolina State Ports Authority's existing inland terminals, located in Greensboro and Charlotte
 - Discuss the existing utilization of both of these facilities

- Examine the future opportunities for these sites
- Examine the potential for potential partnerships (public-private) with other entities/organizations already underway in their respective areas
- Examination of the future opportunities facing the North Carolina Global TransPark related to functioning as an inland terminal facility
 - Examine existing literature produced by the Global TransPark related to their strategic planning and future development initiatives
 - Discuss and evaluate opportunities for utilization of existing facilities by niche market commodity producers
 - Discuss and evaluate needs for improved connectivity from the Global TransPark facility to other points of production, embarkation or debarkation (i.e. production facilities, port facilities, etc.)

Included below are recommendations from the subcommittee to the full Task Force which reflect these directives, as well as other points which have been raised through the subcommittee's analysis and discussion.

We make these recommendations fully cognizant of the diminishing state resources and the difficulty in funding. Further analysis and utilization of performance measures will be needed to ensure efficient state expenditures.

These recommendations are presented in a narrative form and though numbered for listing purposes are not classified in order of importance or priority.

RECOMMENDATION # 1

Building on Governor Perdue's Executive Order 85 and the creation of the State Logistics Coordinating Council, North Carolina should create "Logistics Authority" or "Logistics Division," to be operated within the NC Department of Transportation. A number of other states already have Logistics Authorities, Freight Authorities, Logistics Departments, etc. Our state is unique in that North Carolina has state-owned transportation entities that are related in function, but currently operate separately. North Carolina's State Ports and the NC Global TransPark both operate under the NCDOT umbrella, but they each have their own governing Authority. The NC Railroad Company is a private corporation, whose stock is wholly owned by the State of North Carolina.

Only one other state has its own railroad (Alaska), and no other state can offer businesses the three-faceted multi-modal freight entities to work with that North Carolina currently does. The separate positive impacts of these assets can be magnified if they were all "under one roof," so to speak. The three entities operating in a new NCDOT Logistics Authority would offer customers a unified, synchronized voice. The "one-stop shopping" opportunity would allow businesses interested in locating in North Carolina the opportunity to work with the NC Ports, the NC Railroad, and the NCGTP concurrently rather than consecutively, saving them time, effort, and resources as they choose where to invest.

Given NCDOT's obvious role in developing and maintaining the State's highway system, creating this Logistics Authority under NCDOT would give customers quick access to one entity that services all four modes of freight transportation: air, water, highway, and rail. In addition to making transportation services more efficient, creating this Logistics Authority would conserve state resources.

Capital projects for all three entities within the Logistics Authority could be funded through a dedicated source. As an example, the state could dedicate one dollar (or any amount) annually from each vehicle registration fee. This would be similar to how the Commonwealth of Virginia funds capital projects for the Port of Virginia.

RECOMMENDATION # 2

The term "Inland Port" has many definitions, and means different things to different people. Some inland ports are simply river terminals for barge operations, inland from a seaport. Others, like the Virginia Inland Port, are transfer stations where freight arrives by rail and then either shifts to truck transportation or continues on to a distant destination via rail. Still others involve not only multi-modal transportation of goods, but the goods are handled, processed, assembled, consolidated, and/or repackaged on-site before leaving that location.

Given that lack of consensus on what exactly an inland port is, we recommend that North Carolina create a series of regional facilities (they could be called International Logistics Hubs, or anything similar) that are both connected in practice to one another, and operate seamlessly with our State's transportation assets and the global trade system. These might vary in size and exact function due in part to the nature of the businesses that use them and the commodities they move, but they should all still share certain traits. Each would be a multi-modal transload facility with assembly, distribution, handling, and customs-related capabilities.

We recognize that the Seven Portals Study currently being conducted to provide information to the Governor's Logistics Task Force will also speak to these issues in detail.

See **Attachment #1** for a description of a possible "inland port" facility model.

RECOMMENDATION # 3

In light of modern global economic conditions and practices, we recommend that both of North Carolina's seaports be fully capable of providing container, bulk, and break-bulk services. North Carolina General Statute § 143B-454.1 reads as follows:

"Container shipping.

The State Ports Authority shall provide at the ports of Morehead City and Wilmington adequate equipment and facilities including container cranes at each port as needed, in order to maintain existing and future levels of containerized cargo shipping at both ports and provide and encourage growth in handling of containerized cargoes at both ports. (1979, c. 934.)"

The subcommittee recommends that the NC State Ports Authority give strong consideration to this statutory requirement as it proceeds with its current and future work so as to ensure that the state moves forward and continues to expand its commerce opportunities.

We recognize that the North Carolina Maritime Strategy Study being conducted in conjunction with the Governor's Logistics Task Force will also speak to these issues in detail.

RECOMMENDATION # 4

Rail service is critical to the success of the ports and to businesses that want to or need to utilize ports. On the subject of rail opportunities, the subcommittee recommends that any or all of the following objectives be pursued:

- Dual Class One rail service to both the Port of Morehead City and the Port of Wilmington.
- “Quasi-Dual Class One” rail service to both ports can be accomplished by establishing fully capable “mirror-image” ports in Wilmington and Morehead City, with on-dock rail service.
- The NC Railroad could take more control of the Raleigh to Morehead City segment with open trackage rights (toll road-type) for use by both Class One railroads, shortline railroads, and even potentially the NC Railroad as an operator itself.

RECOMMENDATION # 5

North Carolina is blessed with thriving major international airports in the Triangle, the Triad, and in Charlotte. Along with the many successful smaller airports throughout the State, they collectively do a wonderful job of providing passenger and air-freight service to our citizens and business trading partners. A weakness that has come to light through the Logistics Task Force's regional outreach meetings is that better air service is needed west of Asheville. Improving western North Carolina air service in such ways as lengthening the runway at Andrews-Murphy Airport would grow the tourist trade, enhance fire-fighting capabilities, and provide emergency relief for major regional airports.

A third parallel runway at RDU International Airport has been identified as a development needed to help serve the State's aviation needs. One other unmet need in air service came to light during the Ft. Bragg meeting of the Governor's Logistics Task Force on military issues is that daily direct flights are needed between Fayetteville and Reagan National Airport in Washington, D.C. This is especially critical as military consolidation and the location of FORSCOM at Ft. Bragg have greatly increased the need of top officers, staff members, and contractors to make frequent trips between the base and the Pentagon and the nation's capital in general.

The military represents a \$32 Billion industry in this State. We recommend that North Carolina work to enhance and support the military by working to secure the direct service air-travel needed between Fayetteville and Washington, D.C. One possible solution is to work with the airlines that currently serve the military's very large troop transportation needs.

RECOMMENDATION # 6

The subcommittee recognizes that North Carolina currently maintains the nation's second largest highway system. Additionally, we acknowledge that even with increasing modal shifts for freight transportation, highway transportation of freight will remain critical to the State and nation's logistics and distribution system. We recommend continuation and strong support for NCDOT's needs based highway planning functions, including Prioritization 2.0 and the 2040 Statewide Transportation Plan.

ATTACHMENT # 1

NORTH CAROLINA CENTER FOR LOGISTICS AND GLOBAL COMMERCE

Moving North Carolina products from our doorstep to the world"

CONCEPT:

Creation of a singular, over-arching authority/group for the development of the effort. This authority/group would be tasked with the below-listed areas in order to facilitate statewide development through the respective economic development regions.

- Collaborative effort between the North Carolina Department of Transportation and the North Carolina Department of Commerce
- Oversight by North Carolina Board of Transportation [as it relates to site development and infrastructure connectivity] and the respective state leadership

TASK:

- Development of management plans/structures for regional centers/locations
- Development of collaborative efforts related to the intersection between freight logistics and global commerce (exports)—how to better coordinate the movements both intrastate, interstate and throughout the world
- Collaboration in business development/recruitment efforts related to increasing import/export markets/opportunities (ex. through collaborative marketing efforts, study trips, etc.)
- Interaction with proposed NCDOT Freight Logistics Authority to direct policy/action related to further development of logistics infrastructure for future commerce growth
- Development of academic analyses re: economic drivers (state and regional) for transportation and logistics, export volumes, etc.

Creation of "one-stop-shop" for new business (domestic and international)—development of policies, procedures and regulations to assist incoming businesses—coordination with existing groups/efforts [i.e. US Customs, USDA, FDA, NCDENR, NC Commerce, etc.]

COMMERCE SUBCOMMITTEE REPORT
Larry Wooten, Chair

August 23, 2011

INTRODUCTION

In an effort to understand the respective business and commerce forces and the role that they play in the development of North Carolina's transportation infrastructure, the Logistics Task Force leadership chose to form a subcommittee specifically focused on such issues. Over its existence, the Commerce subcommittee has examined the predominant economic drivers of the state and has presented concepts by which the state can better serve its current industries, as well as work to develop future opportunities. The Task Force's regional outreach session focused on agriculture was developed specifically from a recommendation of this subcommittee.

Following the Task Force's regional outreach efforts the subcommittee was tasked with examining numerous areas in an effort to ensure that the state's business/commerce needs were appropriately and effectively conveyed in the ultimate final produce of the Task Force. The areas that the subcommittee was tasked with examining are listed below.

- Continue analysis of current markets for North Carolina products
- Development of list of potential future markets for North Carolina products
- Analyze the current and future logistics needs for North Carolina-based companies
- Analyze the current and future import market in North Carolina (i.e. what products are coming into the state and where are they going)
- Collaboration and discussion with "Defense Logistics Initiative" currently being developed by the North Carolina Eastern Region Military Growth Task Force

Included below are recommendations from the subcommittee to the full Task Force which reflect these directives, as well as other points which have been raised through the subcommittee's analysis and discussion. These recommendations are presented in a narrative form and though numbered for listing purposes are not classified in order of importance or priority.

RECOMMENDATION #1—NORTH CAROLINA STATE PORTS AUTHORITY

It has been well documented that North Carolina has a unique asset in that it owns, through the North Carolina State Ports Authority, two seaports located in Wilmington and Morehead City. These assets give the state the opportunity to participate in the global marketplace through the importation of foreign made goods into the state and country, as well as the exportation of North Carolina made goods to points across the globe. Over time, the state's port facilities have asserted various positions in the delineation of ports across the country regarding their volumes of imports and exports. Currently, the Authority is undergoing a transition process in which its oversight authority will be transferred from the North Carolina Department of Commerce to the North Carolina Department of Transportation.

In light of this transition process and the work currently underway through the work of the Task Force and the North Carolina Maritime Strategy effort, the subcommittee believes that further

analysis should be done as to the Authority's sales and marketing efforts. It has been brought to the attention of the subcommittee and the Task Force as a whole that there are numerous North Carolina-based companies (both headquarters and significant operations) which export their finished products or import raw materials through port facilities located in neighboring states. Though it has been presented that the Authority possesses a sales and marketing team, questions have been raised by the subcommittee as to their methodology and overall effectiveness in attracting North Carolina operations to utilize the Authority's facilities.

Therefore, the subcommittee recommends that a closer examination of the Authority's sales and marketing operations be undertaken. It is recommended that this analysis examine a myriad of factors including, but not limited to the marketing plan of the Authority; the sales methodology employed by the persons responsible for port promotion to both export/import customers, as well as the attraction of shipping lines; the ability and authority of sales staff to "make deals" regarding the needs/wants of prospective customers; and the previous efforts which have been made to contact North Carolina-based companies. The subcommittee also believes that efforts should be specifically focused on the needs of potential port customers [consumer/customer driven].

It is the belief of the subcommittee membership that through the above examination, the Authority will be able to develop a more concerted effort focused on the attraction of North Carolina-based companies and operations to increase utilization of the Authority's properties. This effort will be extremely beneficial both to the Authority, as well as to companies throughout the state who desire to use the facilities which are supported by the state in which they operate.

Also, with regards to the current efforts underway regarding the transition process of the Authority, the subcommittee supports the present actions of the Department of Transportation to work to ensure that the Authority and its respective facilities work to become a more profitable endeavor for the state, as well as a competitive and effective vehicle for North Carolina's engagement in the global marketplace. Port facilities have been seen to be a strong economic engine and an asset to the state from both a commerce and transportation perspective. It is the belief of the subcommittee that the efforts currently underway will help to continue to move the Authority forward in a positive manner.

RECOMMENDATION #2—NORTH CAROLINA ECONOMIC DRIVERS

Through the work of the Task Force, and specifically the Commerce subcommittee, it has been recognized that North Carolina is benefitted by having numerous strong industries which make up the majority of the state's economic picture. For the large portion of the state's history that picture has been dominated by the agriculture industry and that dominance persists today. As a \$74 billion per year industry, agriculture has a strong effect on most every county in the state. It employs thousands of persons and touches many other facets of the state's economy. Following behind agriculture are the military and tourism industries. Though each is of great importance to the state, their economic impacts are roughly \$35 billion and \$30 billion respectfully. Both industries continue to grow; the military industry has seen tremendous growth over the past decade through the national base realignment effort and the positioning of the U.S. Army Forces

Command [FORSCOM] in Fort Bragg. Much of the growth in the area of military industry has yet to be seen, as many efforts are underway to attract more military-focused businesses.

Even with these industries being the primary forces in the state's economy, they are not alone. It is clear that the economy of North Carolina is made up of numerous industries. The subcommittee has requested that staff work with the Department of Commerce to develop a chart listing these industries for distribution to the Task Force. It is clear that without all of these industries functioning in a collaborative fashion, the state would not be able to operate in an efficient manner.

Because of all of the varied industry needs the subcommittee recommends that there needs to be continued recognition of the diversity of industry sectors throughout the state. In order to recognize that diversity, the subcommittee recommends that efforts continue to enhance the connectivity between areas for business purposes. This connectivity will be discussed further in Recommendation #4—State Road/Highway Infrastructure.

RECOMMENDATION #3—STATE RAIL INFRASTRUCTURE

Through the work of the Task Force, the vast nature of the state's rail infrastructure has been brought to light. North Carolina possesses a unique asset in that it is one of only two states which own its own railroad, through the North Carolina Railroad Company. This corridor extends from Morehead City to Charlotte and is currently leased by the Class I carrier, Norfolk Southern. The state also has Class I rail service by CSX whose line runs throughout the state, primarily from Wilmington to Charlotte. The state also has numerous shortline railroads that cover many areas in rural North Carolina. Overall because of these resources, it has been seen by the subcommittee that North Carolina has a great amount of potential as it relates to rail.

The subcommittee has found that efforts have not been taken to best utilize the state's rail resources for the betterment of business interests throughout the state. The subcommittee recommends that more efforts need to be undertaken by the state to ensure competitive rail pricing for the movement of goods across North Carolina. The subcommittee also recommends that, through the current work of the USDOT Surface Transportation Board, dialogue between the state and the respective rail organizations operating in North Carolina needs to continue, and in many cases, be increased from current levels. It is the belief of the subcommittee that such dialogue and action is necessary in order to improve North Carolina's business interests and to allow for future business growth throughout the state.

RECOMMENDATION #4—STATE ROAD/HIGHWAY INFRASTRUCTURE

As has been regularly presented, the North Carolina Department of Transportation currently maintains more road miles than any other state in the country (roughly 80,000 miles). In order to complete such maintenance and development projects, the Department relies on numerous funding and prioritization programs such as the State Transportation Improvement Program (STIP), Highway Trust Fund, and the recently-created Mobility Fund.

It has long been the direction of the state to work to connect its rural and urban areas. Under the direction of Governor Cameron Morrison, the state's first highway system was created with the

intention of connection farms to market. Much of the analysis done by the subcommittee and Task Force as a whole has found that these connections still need to exist. [“Farm to Fork”]

Though the state possesses a fairly substantial rail infrastructure, it has been presented that the majority of commodities moving throughout North Carolina are still carried by trucks. Because of this fact, the subcommittee recommends that the Department engage in analysis related to the incorporation of business/commerce needs to its existing and future funding formulas and prioritization programs. As has been presented to the subcommittee, many of these efforts are currently underway through the Department's 2040 Strategic Planning efforts, as well as the development of further iterations of the prioritization programs (i.e. SPOT 2.0 and 3.0).

Also, it has been seen by the subcommittee that more emphasis needs to be placed on improving the connections to the State Ports facilities in both Wilmington and Morehead City. Currently, both facilities are experiencing significant congestion due to incoming and outgoing products from both facilities. In the case of Morehead City, the port facility is served by a two-lane road which is the only access on and off the peninsula. Any amount of congestion from either cars or trucks can cause time delays throughout the corridor. With regards to Wilmington, at current volumes of production, a significant amount of truck congestion has been seen on area streets. It has been stated that though increased volume of business would be welcome at the Port of Wilmington, any volume increase would have a detrimental effect on the surrounding infrastructure. Due to both of these hindrances to port access, it is recommended by the subcommittee that further study be completed regarding improving access to both facilities. This study should include an examination of routes to and from the port, as well as discussion regarding new infrastructure development. The subcommittee recommends that analysis be completed of the infrastructure supporting neighboring port facilities such as those in South Carolina, Virginia and Georgia.

A conceptual recommendation from the subcommittee to address the congestion issue facing the Port of Morehead City would be the creation of a dual-use bypass corridor. Such a corridor would provide both highway and rail infrastructure and would conceptually be constructed outside of the city limits of Morehead City, but would connect directly to the port facility. Hypothetically such a corridor would help to relieve congestion caused by current port activities, as well as support any future growth, development and use of the property. Such a bypass may also be needed to support the Port of Wilmington.

Finally, the subcommittee recognizes that any infrastructure improvements will need to be supported through some type of funding source. Due to the state's current economic situation and potential future needs, the subcommittee recommends that analysis be done into the development and utilization of “creative funding” mechanisms for road infrastructure improvements. These mechanisms could be through modification of existing mechanisms (i.e. Highway Trust Fund, Mobility Fund, etc.) or through the creation of new funding formulas specifically related to improvements for commerce purposes. The potential for analysis into the impact of truck volumes should also be included into any future funding formulas. The subcommittee believes that it is necessary for funding programs to exist which work to address

“Projects of Statewide Significance” for the sustainment of current and the development of future business/commerce opportunities.

Finally, the subcommittee recommends that continued analysis be done into the impact that regulations have on the movement of goods throughout the state by way of roads/highways. This analysis can include truck weight and axel laws, cohesion between federal and state regulations, as well as many other topics. Such analysis should also take into account the impact that volume increases may have on surface conditions and longevity. Though the subcommittee recognizes that some work has been done through the North Carolina General Assembly regarding weight regulations, the subcommittee believes that other issues have yet to be resolved which would be of benefit to companies looking to transport freight on North Carolina's roads.

RECOMMENDATION #6—RAIL PASSENGER SERVICE

On numerous occasions the importance of increased passenger rail service throughout the state has been presented to the Task Force. Also the Task Force has heard about the ongoing efforts to develop a high-speed rail corridor through the state, as a part of a larger national network (SESHR corridor). The subcommittee believes that connections between population centers and points throughout the state, especially those with vibrant tourism industries are necessary for the continued development of that economic sector. Due to the fact that further presentations will be made to the Task Force over the coming months, the subcommittee reserves the right to make a specific recommendation regarding passenger service until a later date.

RECOMMENDATION #7—STATE AVIATION INFRASTRUCTURE

The Task Force has certainly heard about the strong airports across North Carolina and the vital link that they provide for the state's tourism industry. Also, the growth in freight transport over the past decade has been well-discussed. Much of the growth in freight volumes leaving North Carolina is due to the location of the Fed-Ex hub at the Piedmont Triad International Airport outside of Greensboro. This location serves as a strong economic engine for both the local economy, as well as the state as a whole. The growth at the North Carolina Global TransPark has also been discussed at length. Because of the strong existing airports, the subcommittee recommends that continued investment be made in the sustainment and development of these facilities.

One area that the subcommittee believes could be improved is in the connection to the western part of the state, particularly west of Asheville. With the growing tourism-based economy of the west, thanks in large part to the growth of the Harrah's Cherokee Hotel and Casino complex, a need has been presented for increased service to the Andrews/Murphy area. Such volume increase would require the lengthening of the existing runway, a project which is currently being examined by the state, as well as private interests. There has also been a significant amount of interest from the FAA, as well as the U.S. Forest Service for utilization as both a base of operations for emergency management functions, firefighting capabilities, and serving as a potential overflow facility for the Atlanta Hartsfield Airport. The subcommittee recommends that work continue on this project as it would serve as a vital connection to a thriving tourism asset, as well as the farthest western reaches of the state.

APPENDIX III—TASK FORCE REPORTS

AUGUST 2010 REPORT TO THE GOVERNOR



State of North Carolina Office of the Lieutenant Governor

WALTER H. DALTON
LIEUTENANT GOVERNOR
lt.gov@nc.gov

20401 MAIL SERVICE CENTER
RALEIGH, NC 27699-0401
TELEPHONE: (919) 733-7350

August 5, 2010

Governor Beverly Perdue
North Carolina Office of the Governor
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Dear Governor Perdue,

Thank you for the opportunity to serve as Chairman of the Governor's Logistics Task Force. The task force began its work in February and has held monthly meetings throughout the state. Along with your Senior Policy Advisor Al Delia who serves as Vice Chairman, we have been pleased to be working with a membership of governmental and industry leaders that bring an impressive breadth of experience and institutional knowledge to this important endeavor.

The task force membership includes Department of Transportation Secretary Gene Conti, Department of Commerce Secretary Keith Crisco, and Department of Environment and Natural Resources Secretary Dee Freeman. Participating members of the General Assembly are Senators Clark Jenkins and Michael Walters, as well as Representatives Nelson Cole and Danny McComas.

Pursuant to the requirements of Executive Order 32, please find attached a copy of the task force's six month report. A full listing of the task force membership is also included as an addendum to this report.

Over the coming months, the Task Force will continue its meetings across the state in an effort to gain a better understanding of the transportation and infrastructure needs of our communities. We plan to have a more comprehensive report, as well as recommendations for legislation to be considered by the 2011 Session of the General Assembly, for your review by the end of the year.

Thank you again for all that you do for the state.

Most Sincerely,

Handwritten signature of Walter Dalton in cursive script.
Walter Dalton



The Governor's Logistics Task Force was established pursuant to Executive Order Number 32, issued on December 8, 2009, and will expire on December 7, 2011. The Task Force is charged with researching existing and potential transportation efficiencies, and making short-term and long-term recommendations to create an integrated logistics plan for North Carolina.

The Task Force has met monthly since a February 2010 kick-off meeting at the NC Department of Transportation in Raleigh. Aside from the July meeting in Raleigh that was devoted largely to subcommittee work, the monthly meetings of the full Task Force have been regional outreach meetings. These meetings have afforded the Task Force the opportunity to learn the unique characteristics and needs of the various regions of the state.

The basic format for the regional outreach meetings involves presentations and committee interaction with multiple speakers. At each meeting, the first group of speakers presents an economic overview of the region. They are followed by speakers discussing the regional assets that are in place, and their importance. Finally presentations are given on the region's infrastructure for moving people, freight, and information.

The regional outreach meetings not only serve to inform the Task Force members about the respective areas of North Carolina, but they also provide citizens around the state with a forum to interact with the Logistics Task Force and learn of their work.

To date, regional outreach meetings have been held at Charlotte-Douglas International Airport, Davidson County Community College, Asheville Civic Center, and Western Carolina University. Future regional outreach meetings are planned to be held in Lenoir, Wilmington, Elizabeth City, Kinston, Rocky Mount, and Fayetteville.

In March 2011, a Logistics Task Force meeting will be held in Charlotte in conjunction with the annual meeting of the International Trade & Transportation Studies.

In addition to our meetings, the Logistics Task Force has also initiated an academic investigation into the types of inland ports or other multi-modal freight facilities (varying in size and characteristics) that might best serve the state's respective regions. In the 2008 "Statewide Logistics Plan for North Carolina", the North Carolina State University-based researchers concluded that the state should invest in the creation of inland ports. Based upon a discussion of that report, the task force voted to recommend a "Seven Portals Study," financed and managed by the NC Department of Transportation, which will examine and analyze these issues, and findings will be reported to the Task Force. The overall vision for this research is to examine the feasibility of placing an inland port facility in each of the seven economic development regions. The North Carolina State University-led research team includes representatives from colleges and universities throughout the state.

The Task Force has four working subcommittees, each of which has begun meeting. While all four groups have their distinctive charges and work plans, they will communicate freely in order to benefit from the efforts of the other subcommittees.

The Best Practices Subcommittee (Dan Danieleley, chairman) has begun its work, and is studying what other states and/or countries have done successfully in regards to logistics that North Carolina might want to emulate.

The Commerce Subcommittee (Larry Wooten, chairman) is examining the state's largest exporters, determining where their products are going and by what method of transportation those products leave the state. They are investigating what can be done to help them move freight faster and more efficiently, what is currently working, and what steps are needed for improvement. Commodities likely to be important to North Carolina's future are being researched, as well.

The Governance Subcommittee (Colonel Beth Austin, chairwoman) is reviewing the current operational structure of North Carolina's freight logistics and other transportation assets, and will make recommendations as to potential improvements. Pursuant to the recommendations of the 2008 Statewide Logistics Plan for North Carolina and a directive to the Task Force by the General Assembly, this subcommittee is specifically studying the concept of combining the North Carolina Railroad, the North Carolina Ports Authority, and the NC Global TransPark under one entity with one governing oversight body. Additionally, the legislation encourages the establishment of Class One Rail service by more than one railroad to the NC Global TransPark and the State Ports.

The Regional Hub Design Subcommittee (John Atkins, chairman) is exploring the feasibility and design of regional transportation hubs to make sure the entire state of North Carolina is able to move goods efficiently. This subcommittee will work closely with the multi-university "Seven Portals Study" research team, and will ultimately make recommendations on characteristics and proposed locations of inland ports and/or other multi-modal freight facilities.

A Task Force website has been created by the NC Department of Transportation that will give the public access to information including the Statewide Logistics Plan, Executive Order 32, Task Force membership and contact information, Subcommittee information, minutes of meetings, and a schedule of future meetings.

While this Governor's Logistics Task Force is a two-year project, the subcommittees and the Task Force as a whole are working towards an interim report this fall in order that any recommendations which require legislative action to implement can be presented to the General Assembly in time for consideration in the 2011 legislative session.

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FEBRUARY 2011 REPORT TO THE GOVERNOR



State of North Carolina Office of the Lieutenant Governor

WALTER H. DALTON
LIEUTENANT GOVERNOR
ll.gov@nc.gov

20401 MAIL SERVICE CENTER
RALEIGH, NC 27699-0401
TELEPHONE: (919) 733-7350

February 23, 2011

Governor Beverly Perdue
North Carolina Office of the Governor
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Dear Governor Perdue,

Thank you again for the opportunity to serve as Chairman of the Governor's Logistics Task Force. By our travel through the state, we are listening to the people and learning of their needs and their ideas on how to best move people, goods and information in a more effective manner. I continue to be very pleased to be working with a membership of governmental and industry leaders that bring an impressive breadth of experience and institutional knowledge to this important endeavor.

Pursuant to the requirements of Executive Order 32, please find attached a copy of the task force's second six month report. Since we have had a couple of additions to the membership of the Task Force, a full listing of the current membership is included as an addendum to this report.

Contained within this report is a brief overview of our recent regional outreach meetings, as well as a summary of the work done by the North Carolina State University-led research team on the task force's "Seven Portals Study". Also included are recommendations related to improving the governance structures of our state's transportation assets. We intend to continue our initial work on governance since the task force believes that improving the manner in which our logistics assets operate will help to better position our state for success in effectively moving people, goods and information.

Over the coming months, the task force will begin to wrap-up its regional outreach meetings and begin developing our final report. We welcome your input as we go forward so that our analysis of the state's logistics capabilities is as comprehensive as it can be. The task force looks forward to submitting our final report to you by the end of this calendar year.

Thank you again for all that you do for the state.

Most Sincerely,

A handwritten signature in black ink, appearing to read "Walter Dalton".

Walter Dalton



LOCATION: 310 NORTH BLOUNT STREET, RALEIGH, NC 27601
FAX: 919-733-6595

The Logistics Task Force has continued its travels across the state in an effort to understand the transportation needs of the respective regions, as well as the industries which are of paramount importance to the economy.

Since our last report, the Task Force has held regional meetings in Lenoir, Wilmington, Elizabeth City, Kinston and Rocky Mount, with working meetings also being held in Raleigh. These meetings have afforded the Task Force the opportunity to learn the unique characteristics and needs of the various regions of the state. A full listing of our past and future meetings is included as Addendum #1 to this report.

Additionally, one industry sector-specific informational meeting was held at Nash Community College in Rocky Mount focusing on Agriculture. Speakers advised Task Force members on the importance of agriculture to North Carolina's state-wide economy, current transportation practices, and potential transportation changes that would help the industry grow.

Over all of our regional meetings the basic format continues to involve presentations and committee interaction with multiple speakers. At each meeting, the first group of speakers presents an economic overview of the region. They are followed by speakers discussing the regional assets that are in place, and their importance. Finally presentations are given on the region's infrastructure for moving people, freight, and information.

In February 2011, Logistics Task Force members attended the International Trade & Transportation Studies' *Freight in the Southeast* symposium.

We have begun to conclude our regional outreach, but we still have meetings planned in Fayetteville/Fort Bragg, Morehead City, and Durham which will take place over the coming months. The meeting in Fayetteville will take place on Fort Bragg and will focus on the importance of the military industry in North Carolina.

Following the conclusion of the regional outreach meetings, working sessions will be held for the remainder of the year in order to complete the work of the Task Force in compliance with the Executive Order.

As stated in our first report, the Task Force has also initiated an academic investigation into the types of inland ports or other multi-modal freight facilities that might best serve the state's respective regions. The overall vision for this research is to examine the feasibility of placing an inland port facility in each of the seven economic development regions. The Institute for Transportation Research and Education of North Carolina State University has served as the primary investigator for this study with individual region-specific research being handled by representatives from other UNC-system institutions. The Universities involved and their respective study region are as follows:

Region	University
Northeast	East Carolina University
East	UNC-Chapel Hill
Southeast	UNC-Greensboro

Research Triangle	NC State University
Piedmont Triad	NC A&T State University
Charlotte USA	UNC-Charlotte
Advantage West	NC State University (with review by Western Carolina University)

Over the past months, the respective universities have communicated with representatives of their specific region. The study team leadership has regularly provided updates to the Regional Hub Design subcommittee, as well as the Task Force as a whole.

During a December working session, the respective regional study teams provided updates to the Task Force regarding their work. Each study group discussed the characteristics of their respective region, as well as presented illustrative sites within the region for potential development of inland port or intermodal facilities.

Following these presentations, the Task Force recommended that the study teams solicit comment their respective regional partnerships regarding their current research. From those comments, the Task Force asked that a form of quantitative measure be developed which could be used to further understand the comparison between respective illustrative sites. The Task Force directed the study team to continue its work, remaining in regular communication with the Regional Hub Design subcommittee, and making monthly presentations to the entire group. It is expected that the full study team will generate their final report for submission to the full Task Force by May.

Another aspect of the Task Force's work over the past months has involved the development of governance structures to operate and regulate logistics activities within North Carolina. Many of these governance structures already exist in entities such as the North Carolina State Ports Authority and the North Carolina Global Transpark Authority.

As you may be aware, the Task Force was directed by the General Assembly to study two items related to governance. The first the concept of combining the North Carolina Railroad, the North Carolina Ports Authority, and the North Carolina Global TransPark Authority under one entity with one governing oversight body. Additionally, the legislation encouraged the establishment of Class One Rail service by more than one railroad to the North Carolina Global TransPark Authority and the State Ports. [*SL 2010-0152, Part XXX*] Through our work, the Task Force has examined both issues and has made the following recommendations:

- 1) The Task Force has determined that it is prudent for the General Assembly to consider the movement of the North Carolina State Ports Authority from under the Department of Commerce and placing it, along with the NC Global Transpark Authority under the Department of Transportation
- 2) With regards to the movement of the North Carolina Railroad in the same manner, the Task Force does believe that it should also report to the Department of Transportation. However, because of the organization's unique structure, further study regarding any reporting powers needs to be undertaken before any action commences.

- 3) Upon initial review of the concept of establishing dual Class I rail access to the NC State Ports facilities and Global Transpark, the Task Force has determined that more research needs to be committed to this idea. Currently each Port facility has access by a single Class I carrier, as does the Global Transpark. Future expansion of rail coverage to these areas would need to be examined based on current right of way contracts between the respective carriers and the rail in question. Also, the feasibility of using shortline rail carriers to leverage rate competition between Class I carriers should be studied if expansion of service is not deemed practicable or feasible. The Task Force is also aware of the current action by the federal Surface Transportation Board regarding an examination of rail competitiveness and will stay apprised of further action by the Board on this issue.

The Task Force provided a report to the General Assembly on January 26th in compliance with the study language regarding its work to date on issues related to governance.

The Governance subcommittee also recommends that the General Assembly consider further realignment to the North Carolina Board of Transportation to allow for representation generally from the respective seven economic development geographic boundaries, as well as to better address the current and future logistics needs of the citizens and businesses of this state. With actions being taken under the current appointment and term structure, it is proposed that the Board membership be realigned to allow for 2 members to come from each of the respective regional boundaries (a total of 14 members) and 5 members to be treated as “at-large members” in one of the following areas of interest: Environment, Logistics/Multimodal Transport, Government & Finance, Rural Transportation, and Urban Transportation. As referred to in this proposal, regional boundaries are defined as the current and future counties which make up the seven economic development regions as defined by the North Carolina Department of Commerce. This proposal also retains the current Department Division structure at this time. The Task Force also recognizes the need for further evaluation on the matter of regional boundaries for this purpose and will continue to study this concept.

Following the January meeting focused on agriculture, the Task Force has directed the Commerce subcommittee to continue its analysis of the potential for growth in the export market for our agricultural products. The Task Force has also directed the subcommittee to examine the impact that current statutes have on the actions of the agricultural industry and how they can be modified to improve the conditions for increases in exports of North Carolina products.

In the coming months, the Governance subcommittee will also begin to consider the potential governance structures for proposed inland ports and intermodal facilities, as recommended by the *Seven Portals Study*. Additionally, they will examine possible funding structures and potential public-private partnerships which may be established to construct and maintain various inland port facilities throughout the state.

The Task Force's other subcommittees have also been diligently working. The Regional Hub Design subcommittee continues to serve as an advisor to the *Seven Portals Study* team and will soon begin to examine the characteristics of “model logistics villages” in collaboration with the Best Practices subcommittee. Best Practices will also begin a literature review of previous studies of logistics capacity both in states and in specific logistics facilities. Finally, the Commerce subcommittee is planning to engage in further study of the markets for North Carolina products, as well as an analysis of the types of products which are both imported into and exported from the state.

Finally, the Task Force has a website which is located at <http://www.ncdot.gov/business/committees/statewidelogistics/>. The site, which is maintained by NCDOT, contains meeting minutes from the Task Force, as well as our subcommittees. As we continue our work, we anticipate continuing to add information to inform the general public about what we have done. The site also has the ability for members of the public to provide comment to the Task Force.

Overall, the Task Force has certainly made a lot of progress since our initial meeting in February 2010. We have learned a lot about the various regions and industries of this state and the needs that each have as it relates to transportation and logistics. During the next few months, we will begin to develop a statewide vision for future growth and improvement in the area of logistics. Effectively moving people, goods and information throughout North Carolina will certainly position our state for future success in all areas.

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JANUARY 2011 REPORT TO THE JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE



State of North Carolina Office of the Lieutenant Governor

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20401 MAIL SERVICE CENTER
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January 26, 2011

Dear Members of the General Assembly,

As Chair of the Governor's Logistics Task Force, pursuant to SL 2010-0152, Part XXX, the Governor's Logistics Task Force, hereby reports the following:

The Task Force has begun examination of items (1) and (2) as laid out in the legislation. Also in consultation with the Governor, issues related to item (1) have also been included in a forthcoming report from the Governor regarding plans for reorganization of state government.

The Governor's Logistics Task Force, established under Executive Order 32, will continue to study these issues for the remainder of its term in an effort to understand how North Carolina can move people, goods, and information in the most efficient manner possible. Over the past year, the Task Force has travelled across the state to hear about the logistics needs and assets of our state. The Task Force has also commissioned a study led by North Carolina State University to examine the needs of the state's seven economic regions and to determine the feasibility of creating logistics hubs focused on economic activity.

We look forward to future communication with the General Assembly and Joint Legislative Transportation Oversight Committee as we continue our work. The Task Force maintains a website which contains future meeting dates, meeting minutes and information about our respective subcommittees. That site can be found at <http://www.ncdot.gov/business/committees/statewidelogistics/>.

Please do not hesitate to contact me if you have any questions regarding this report.

Sincerely,

A handwritten signature in cursive script that reads "Walter Dalton".

Walter Dalton
Chair, Governor's Logistics Task Force



LOCATION: 310 NORTH BLOUNT STREET, RALEIGH, NC 27601
FAX: 919-733-6595

APPENDIX IV—SEVEN PORTALS STUDY

As was discussed in the “Seven Portals Study” section of the Task Force report, the Seven Portals Study was completed by a consortium of UNC-system institutions. The respective study teams’ work was divided based on the state’s seven economic development regions. The group produced its final report in December 2011.

The reports of the respective regions, as well as the summary report can be found at the following sites.

Master Report: <http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-0masterfinalreport.pdf>

Northeast Region: <http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-1northeastregionreport.pdf>

Eastern Region: <http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-2easternregionreport.pdf>

Southeast Region: <http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-3southeastregionreport.pdf>

Research Triangle Region:
<http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-4trianglerregionreport.pdf>

Piedmont Triad Region:
<http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-5triadregionreport.pdf>

Charlotte Region: <http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-6charlotterregionreport.pdf>

AdvantageWest Region:
<http://www.ncdot.gov/doh/preconstruct/tpb/research/download/2010-34-7westregionreport.pdf>

APPENDIX V—NORTH CAROLINA MARITIME STRATEGY

As the North Carolina Maritime Strategy was not completed at the publication of this report, the most current version of the study can be found at <http://www.ncmaritimestudy.com/>

APPENDIX VI—ADDITIONAL MAPS AND CHARTS

Included in this section are maps to provide further illustration of the state's transportation assets. The following maps are included in this appendix.

- I. North Carolina Rail Map—prepared by the North Carolina Department of Transportation Rail Division (pp. 198):
<http://www.bytrain.org/quicklinks/pdf/RailMapFeb2012.pdf>
- II. Maps prepared by the North Carolina Railroad Company (pp. 199-204):
<http://www.ncrr.com/corridor-map/>
- III. North Carolina Highway Map—prepared by the North Carolina Department of Transportation (due to space this map is only included as a link):
<http://www.ncdot.gov/travel/mappubs/statetransportationmap/>

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Governor's Logistics Task Force – Final Report

North Carolina RAILROAD SYSTEM



Beverly E. Perdue, Governor
Gene Conli, Secretary
Paul Morris, Deputy Secretary for Transit
Patrick B. Simmons, Director, Rail Division
1553 MSC, Raleigh, NC 27699-1553
Phone: (919) 707-4700, Fax: (919) 715-6580

NC's Amtrak Train Stations

Burlington	Gastonia	Rocky Mount
Cary	Greensboro	Salisbury
Charlotte	Hamlet	Selma
Durham	High Point	Southern Pines
Fayetteville	Kannapolis	Wilson
	Raleigh	

1-800-BYTRAIN (1-800-298-7246) – Information
1-800-USA-RAIL (1-800-872-7245) – Reservations

Legend

- Existing Rail Corridor
- - - - - Preserved Rail Corridor/Out of Service

ABBREVIATION	RAILROAD NAME
ACWR	Aberdeen Carolina & Western Railway
AR	Aberdeen & Rockfish Railroad
ARC	Alexander Railroad
ATW	Atlantic & Western Railway, LP
CA	Chesapeake & Albemarle Railroad
CALA	Carolina Southern Railroad
CFR	Cape Fear Railways
CLNA	Carolina Coastal Railway
CMR	Craggy Mountain Railroad
CPLU	Camp Lejuene Railroad

Railway Association of North Carolina – www.ncrailways.org

ABBREVIATION	RAILROAD NAME
CSX	CSX Transportation
CTR	Clinton Terminal Railroad
CWCY	Caldwell County Railroad
GSMR	Great Smoky Mountains Railroad
HFTD	High Point, Thomasville & Denton Railroad
LRS	Laurinburg & Southern Company, Inc.
NCOT	N.C. Department of Transportation
NCRR	North Carolina Railroad Company
NCVA	North Carolina & Virginia Railroad
NCYR	Nash County Railroad

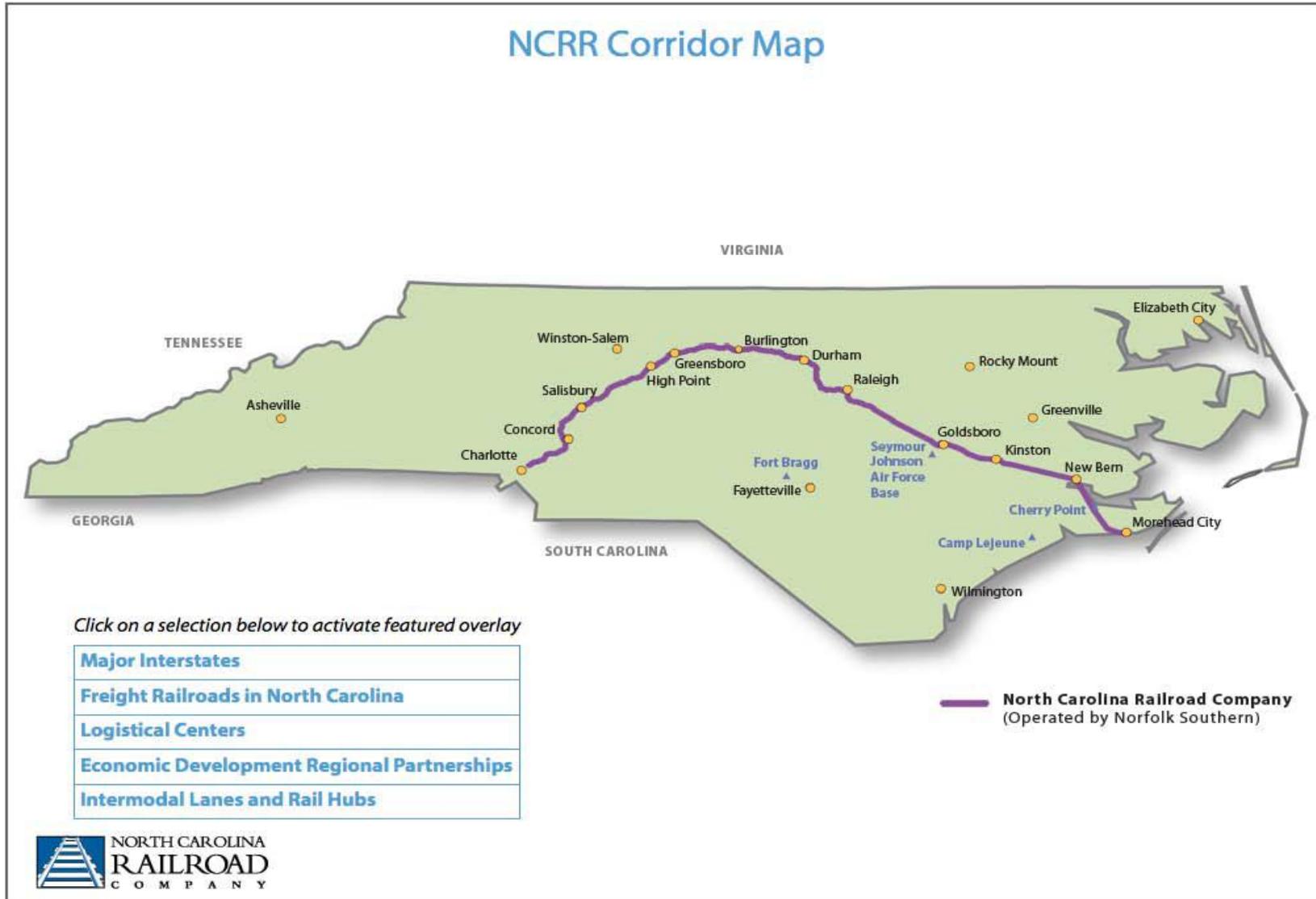
ABBREVIATION	RAILROAD NAME
NHV	New Hope Valley Railroad
NS	Norfolk Southern Corporation
PDOR	Pee Dee River Railway
RSNR	Red Springs & Northern Railroad
SUR	State University Railroad
TBRV	Thermal Belt Railway
US	US Military
WSS	Winston-Salem Southbound Railway
WTRY	Wilmington Terminal Railroad, Inc.
YVRR	Yadkin Valley Railroad



CSX Emergency Number
1-800-232-0144

NS Emergency Number
1-800-453-2530

February 2012



NCRR Corridor Map



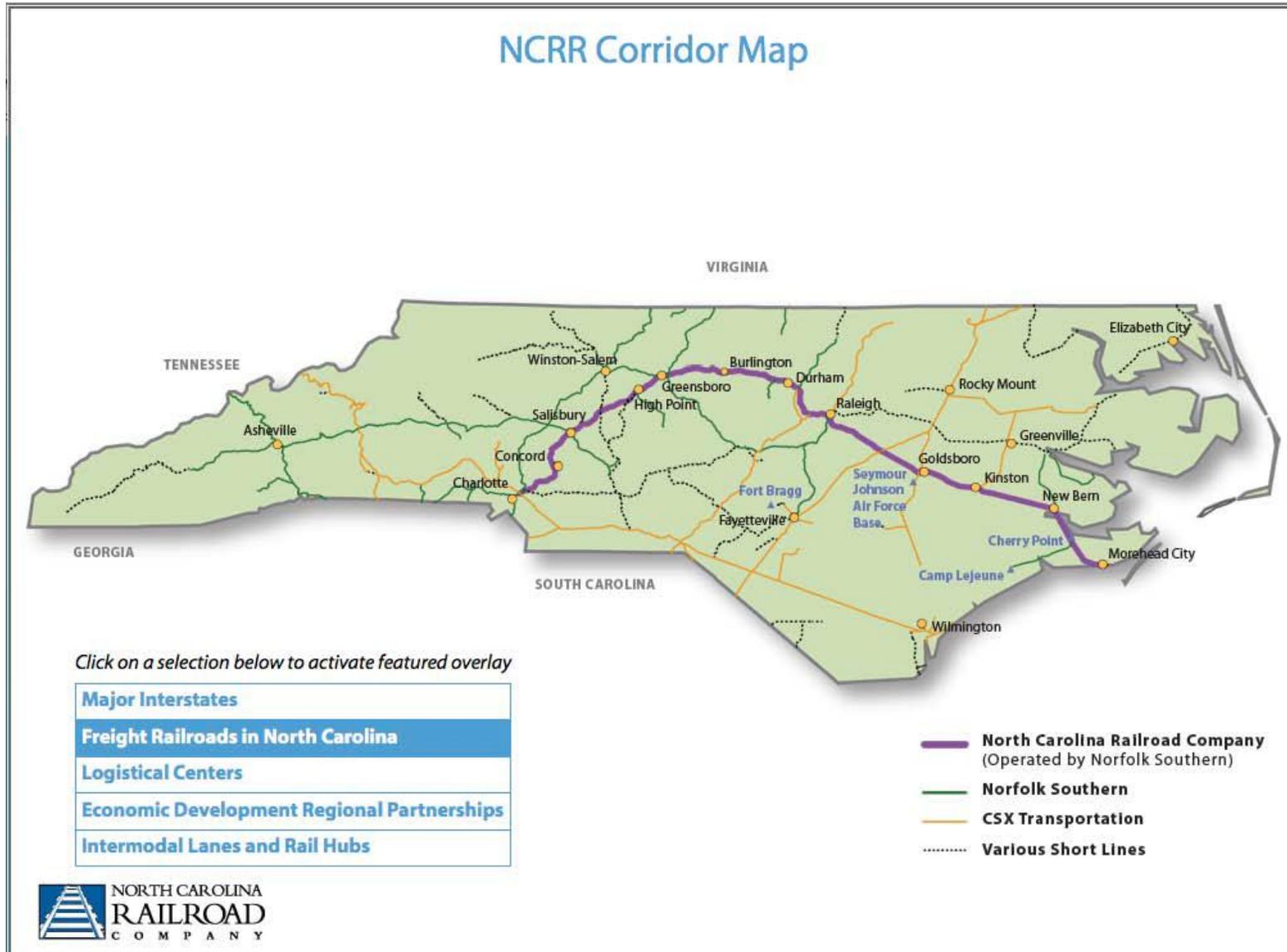
Click on a selection below to activate featured overlay

- [Major Interstates](#)
- [Freight Railroads in North Carolina](#)
- [Logistical Centers](#)
- [Economic Development Regional Partnerships](#)
- [Intermodal Lanes and Rail Hubs](#)

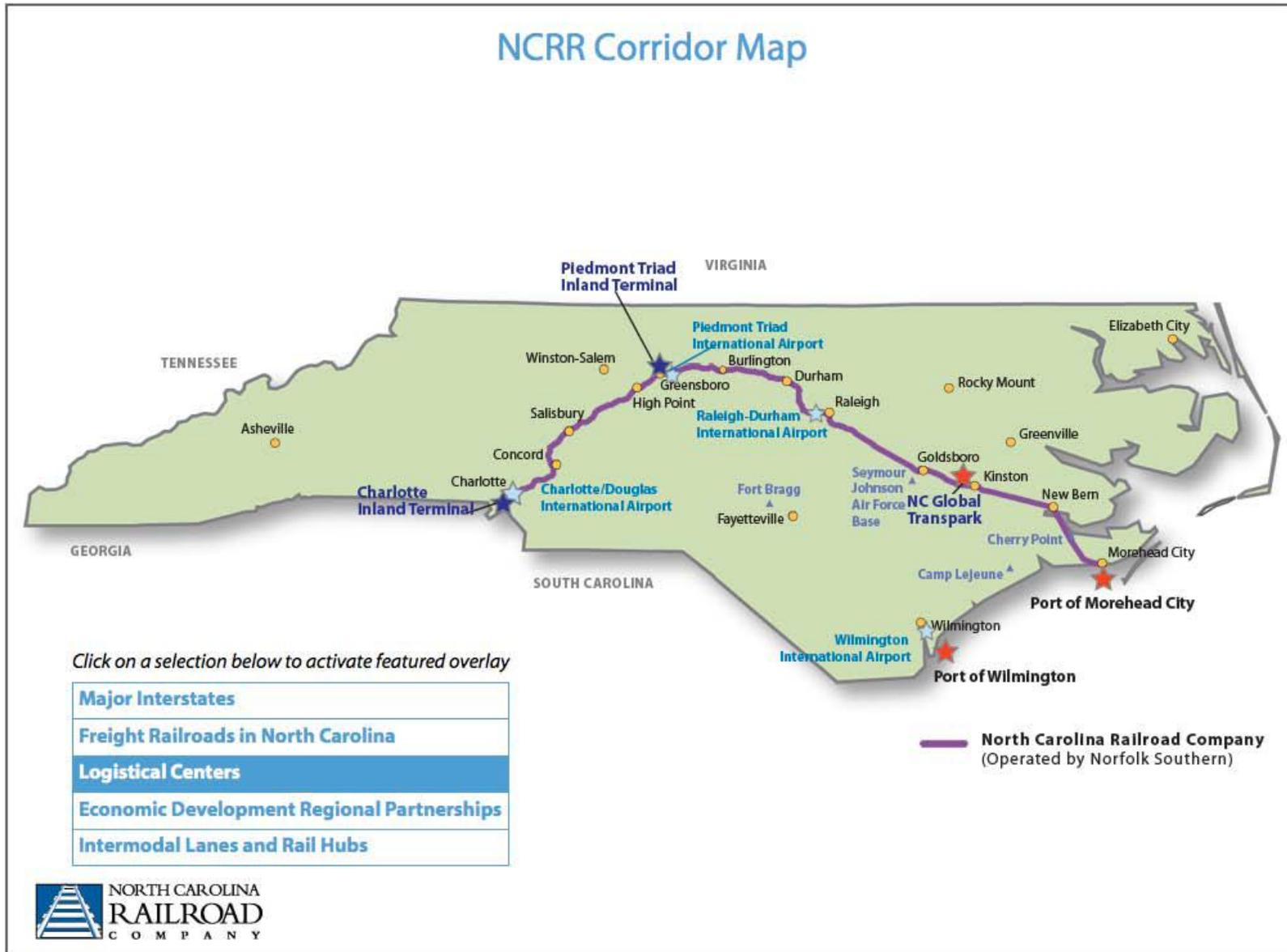
 **North Carolina Railroad Company**
(Operated by Norfolk Southern)



Governor's Logistics Task Force – Final Report



Governor's Logistics Task Force – Final Report



Governor's Logistics Task Force – Final Report

NCCR Corridor Map



Click on a selection below to activate featured overlay

- Major Interstates
- Freight Railroads in North Carolina
- Logistical Centers
- Economic Development Regional Partnerships**
- Intermodal Lanes and Rail Hubs

select any shaded region above for more information on that region

North Carolina Railroad Company
(Operated by Norfolk Southern)

