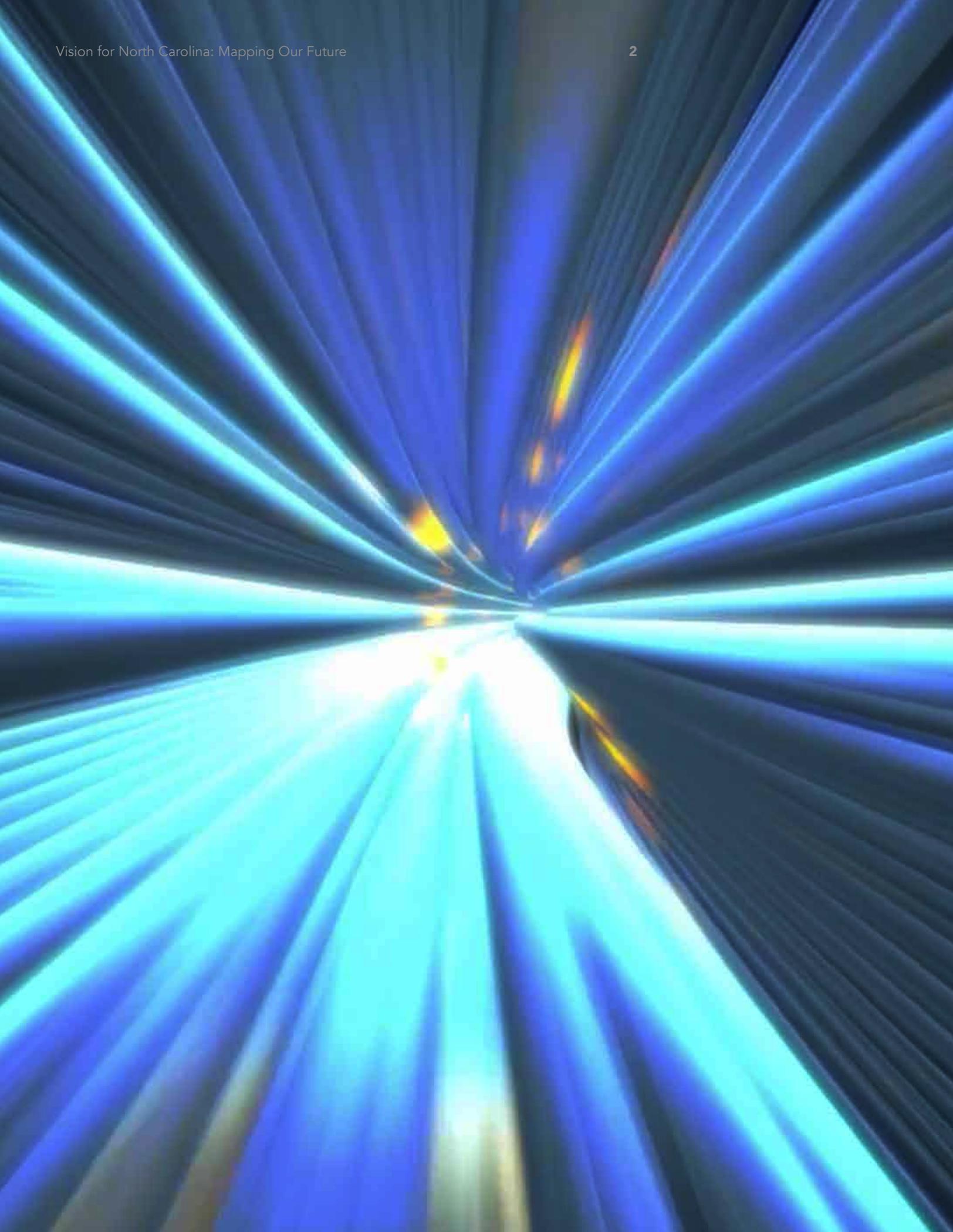


GOV. McCrORY'S
25 *year*

Vision for North Carolina

MAPPING
OUR FUTURE





Dear Friends,

Transportation impacts nearly every aspect of North Carolina, playing a central role in the overall well-being of our state and our efforts to maintain a high quality of life for our communities. In particular, transportation infrastructure is a powerful economic engine, supporting job creation, helping us attract new business and industry, and ultimately creating better lives from the mountains to the coast.

North Carolina is one of the fastest growing states in the nation, bringing both new challenges and opportunities as we work to keep pace with increasing demand on our infrastructure. The transportation needs of our state are also incredibly diverse, making it impossible to devise a single solution. Complicating this, our traditional revenue sources are falling short of projected levels, making it even more critical that we think and act strategically.

To that end, over the past year and a half, we have been listening closely to stakeholders, partners and citizens to evaluate how we can make the greatest impact with our limited resources, and how we can work together to invest in the right way for North Carolina. We examined existing studies and reports, and we worked together to pass the new Strategic Transportation Investments law, which changes how we fund and prioritize transportation projects and lays the foundation for our efforts moving forward.

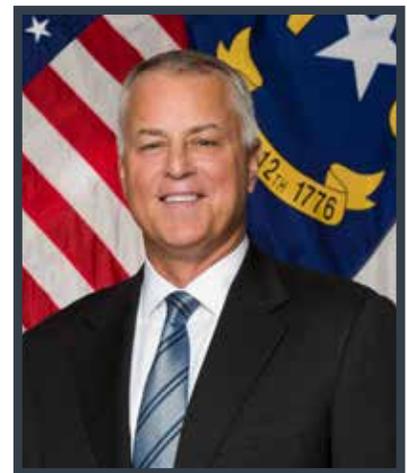
Building on that groundwork, this vision serves as a roadmap for strategic investment over the next quarter century to ensure we are fully leveraging our transportation system. It does not provide a list of specific projects, but instead gives us high-level direction for all our transportation efforts by laying out the comprehensive and regional solutions that are needed for North Carolina to achieve its full potential and realize continued success.

The conversation is just beginning, and it will be up to all of us to determine how we make this vision a reality. We invite all of you to partner with us as we work toward transportation investments that will help secure a promising future for North Carolina.

Sincerely,

Pat McCrory
 Pat McCrory
 Governor

Anthony J. Tata
 Anthony J. Tata
 Secretary of Transportation



CONTINUING GROWTH

1848
NC RAILROAD
CREATED

1855
FIRST 130-MILE
SEGMENT OF NCRR
COMPLETED
BETWEEN
GREENSBORO &
GOLDSBORO

1889
FIRST TROLLEY
SERVICE
ESTABLISHED
(ASHEVILLE)

1898
FIRST CARS SOLD

1903
FIRST IN FLIGHT

1921
HIGHWAY ACT
OF 1921 PASSES
1¢ GAS TAX

1927
FIRST PASSENGER
AIR SERVICE STARTS
(CHARLOTTE)

1931
OWNERSHIP OF
ALL SECONDARY
ROADS
TO NCDOT

1934
FERRY SYSTEM
FUNDED BY
GOVERNMENT

1973
AVIATION BRANCH
JOINS NCDOT

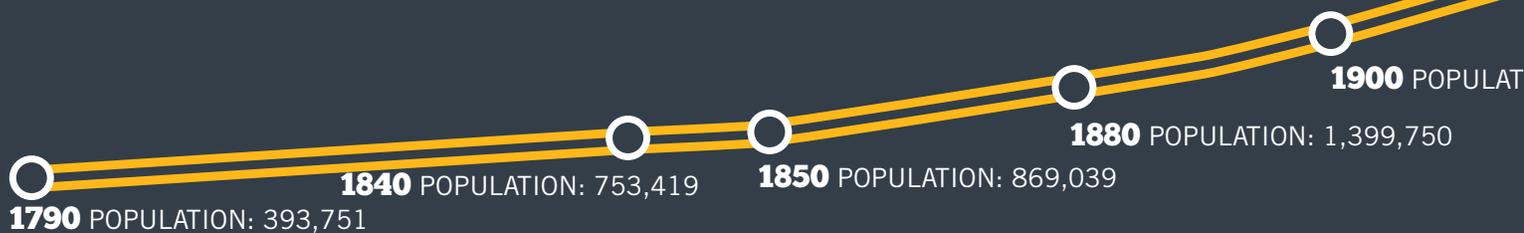
1974
TRANSIT OFFICE
CREATED UNDER
NCDOT

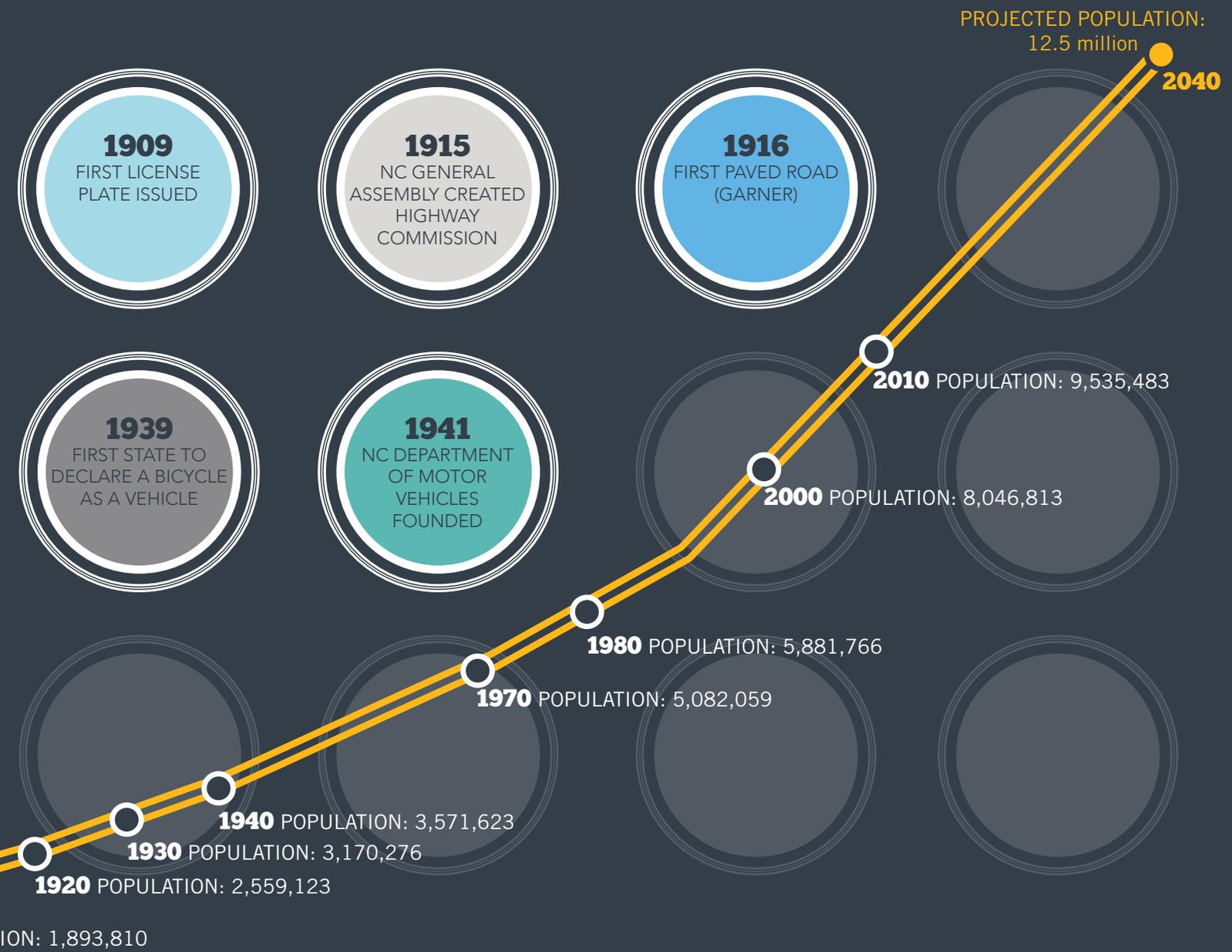
1989
HIGHWAY TRUST
FUND CREATED

2002
TURNPIKE
AUTHORITY CREATED

2011
TRIANGLE
EXPRESSWAY
OPENS

2013
STRATEGIC
TRANSPORTATION
INVESTMENTS
LAW PASSED





OUR DEPARTMENT

2nd largest
state-maintained highway system
with nearly 80,000 miles
more than
13,500
bridges

nearly
15,000 miles
of primary highways
(Interstate, US and
NC routes)
nearly
65,000 miles
of secondary roads



10
commercial airports
have regularly
scheduled service

3,300
miles of tracks
operated in North
Carolina



transit systems
provide
transportation
options to

**residents in all
100 counties**

72
publicly owned airports
and nearly 300 privately owned
airports, heliports and other
landing areas

more than 5,000
miles of regional or statewide bicycle and
pedestrian routes planned

2nd
largest state-operated
ferry system and the
largest
on the East Coast



22
ferries that serve
7
routes

North Carolina's
Amtrak provides
3 roundtrips daily
to Charlotte,
Greensboro, Raleigh
and **9** other North
Carolina cities

8.8 million
vehicles registered in
North Carolina

7.4 million
licensed drivers

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MAPPING OUR FUTURE

From the mountains to the coast, North Carolina is a state of diverse landscapes, people and industries. These attributes make our state a great place to work, visit and call home.

Our talented and educated workforce, innovative research centers and global connectivity attract many companies to our state each year. These companies recognize that our transportation infrastructure is the backbone of North Carolina’s economy. With the right new investments in our roads, bridges and other transportation modes, our state will solidify and grow its position as an economic powerhouse.

We cannot reach that goal without a vision and road map for our transportation future. This plan provides a guide for the next 25 years that clearly illustrates how we can better connect all North Carolinians with jobs, education, healthcare, recreation and each other.

Our state has many great opportunities, but we also face challenges.

North Carolina is one of the fastest growing states in the nation. More than 12.5 million people are projected to live here by 2040, a 32 percent increase from the state’s 2010 population. The majority of that growth will occur in major metropolitan areas, which are projected to house 81 percent of the state’s overall population by 2040. Across the state, our smaller communities are expected to see population growth of more than 180,000 people over the next 25 years.

During this period of rapid growth, we are one of many states simultaneously seeing a sharp decline in the projected revenue needed to build and maintain infrastructure. The state gas tax is no longer a reliable revenue source, and federal funding is uncertain. Therefore, we must find new ways to strategically invest in our transportation network to meet growing demands. The 2040 Plan estimates that over the next 25 years it will cost between \$94 billion and \$123 billion to maintain and enhance the quality of service offered by our transportation system.

As we work to generate alternative funding sources, we are making the best use possible of our existing revenue by implementing the Strategic Transportation Investments (STI) law. STI allows the state to prioritize its investments, based on quantifiable needs and community input. Early indications show that we can schedule more than twice as many projects with STI than under the old funding system.



2040 BY THE NUMBERS



Urban Population: 81%



Rural Population: 19%

PROJECTED: 12.5 million residents



Statewide Travel

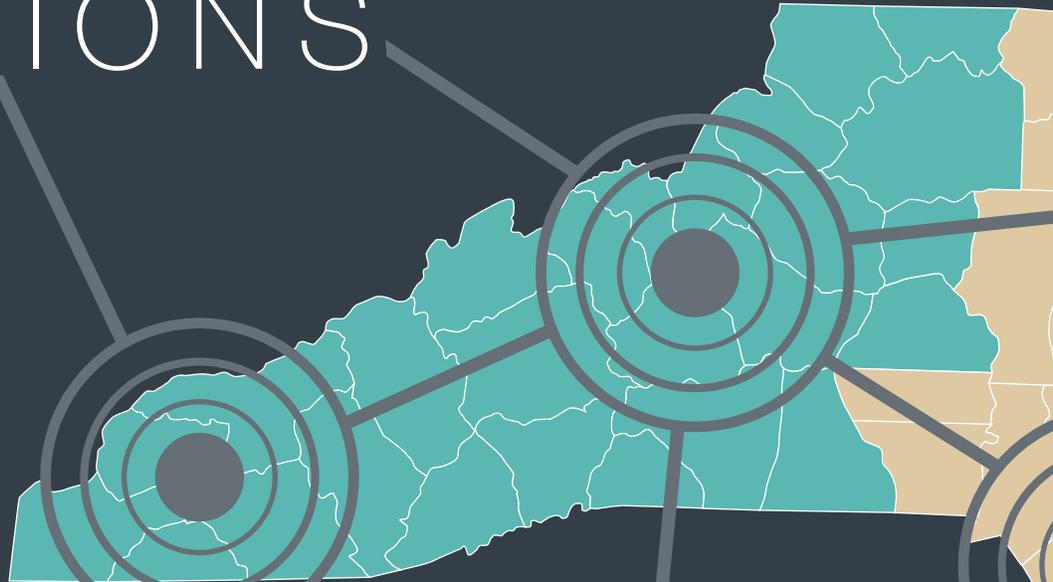


In this plan, we review the importance of each region of the state, identify its unique challenges, explain what will happen if no action is taken, and lay out solutions. By mapping our future in this way, we can better leverage our transportation infrastructure to create jobs and stimulate continued economic growth while reducing congestion, improving connectivity and providing additional travel options.

connect all **NORTH CAROLINIANS** with *jobs, education, healthcare, recreation* and *each other*

REGIONAL SOLUTIONS

Considering the unique landscapes, economic diversity and distinct challenges present in each region of our state, it is clear that a ‘one-size-fits-all’ approach for infrastructure investments will not work in North Carolina. This plan recognizes four regions in which we identify the specific infrastructure solutions needed to make our state more globally competitive. On the following pages, we provide a regional breakdown of targeted investments in multi-modal solutions that will create a stronger, more reliable transportation network that connects people to places, products to markets, expands jobs and industry, and enhances the overall quality of life in North Carolina.



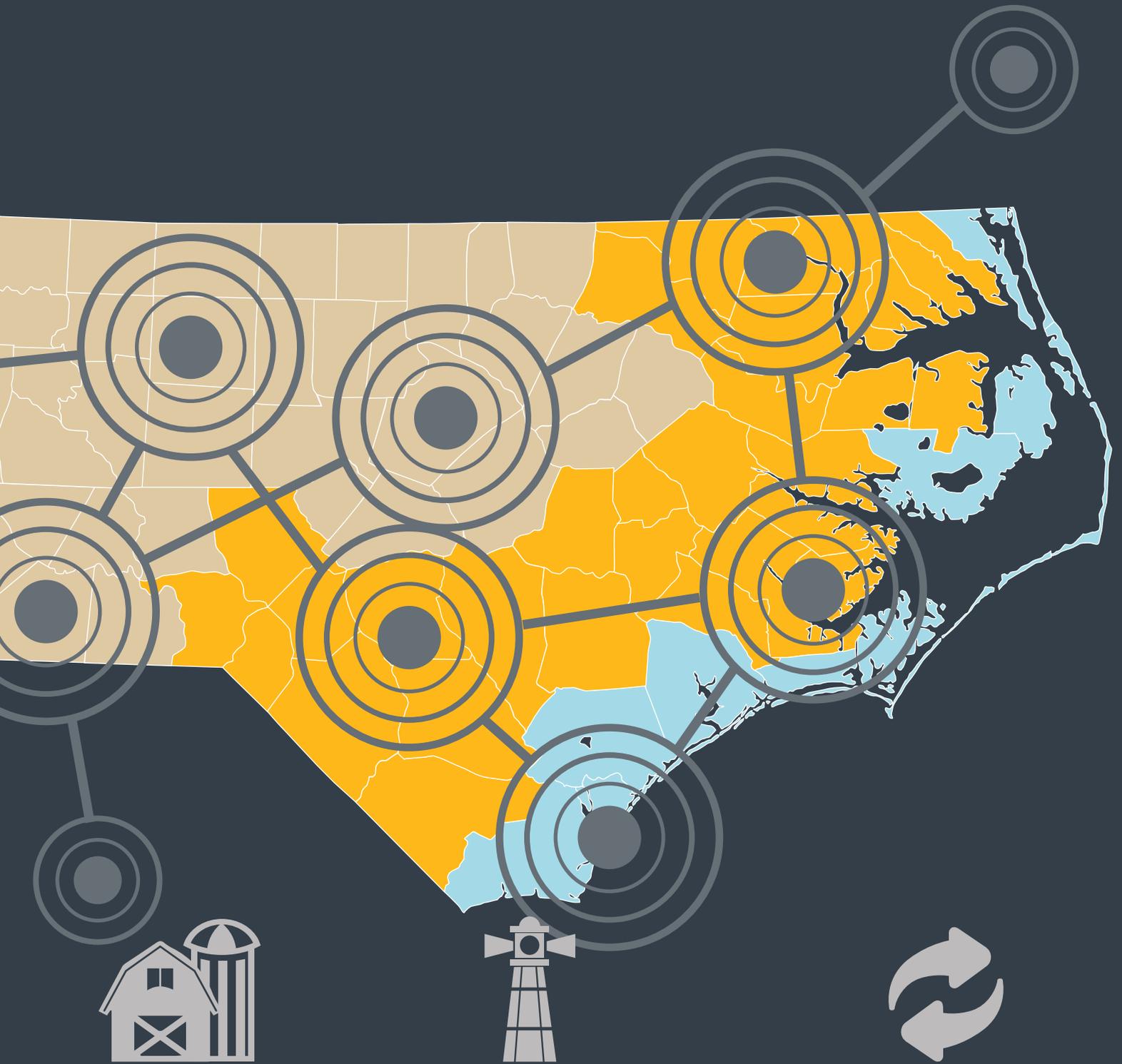
WESTERN SOLUTIONS

- *Improve Interstate Connections*
- *Strengthen Highway Connectivity from Mountains to Coast*
- *Improve Intrastate Connections*
- *Enhance Industrial Rail to Support Freight and Economic Growth*



CENTRAL SOLUTIONS

- *Relieve Congestion for People and Products*
- *Expand Mass Transit Options*
- *Enhance Access to Inland Ports*
- *Improve Connectivity to Logistics Hubs*
- *Support Connections to Privately Developed Megasites*



EASTERN SOLUTIONS

- *Improve Highway to Hampton Roads*
- *Strengthen Military Connections*
- *Enhance Freight Movement*
- *Improve I-95 Connections*

COASTAL SOLUTIONS

- *Sustainable Beach Nourishment*
- *Improve Highway Connections*
- *Replace Aging Bridges*
- *Stabilize Inlets*
- *Transform North Carolina Ports*

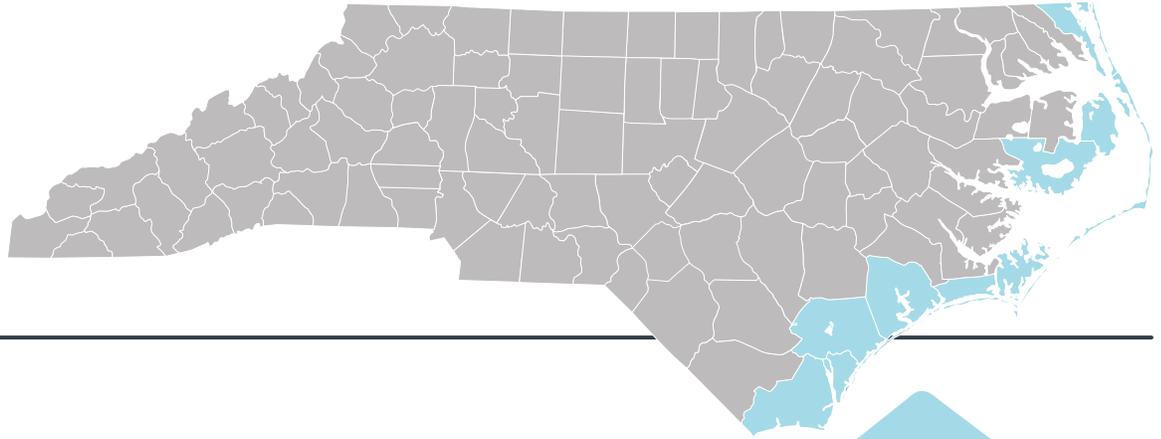
COMPREHENSIVE SOLUTIONS

- *Strengthen Maintenance of our Existing Facilities*
- *Improve Public Transportation Network including Passenger Rail*
- *Expand Bicycle and Pedestrian Network Statewide*
- *Support Greater Broadband Connectivity through Existing Right of Way*

COASTAL REGION



Photo courtesy of VisitNC.com



IMPORTANCE

Millions of visitors flock to North Carolina’s coastline every year to enjoy more than 300 miles of beautiful beaches, boating and rich history. Tourism rates continue to increase annually, bringing in nearly \$2.6 billion a year in economic activity in coastal North Carolina. In addition, the tourism industry provides more than 29,000 jobs in the state each year.

Dating back to the early 18th century, the fishing industry remains a way of life for our coastal communities. It is responsible for more than 5,180 jobs and contributes more than \$255 million to the state’s economy annually.

Shipping is another major industry along our coast. Ninety-five percent of global trade and commerce depends on seaports. Our state ports in Wilmington and Morehead City, both foreign trade zones, have a \$7.5 billion annual economic impact and support 65,000 jobs statewide. With landside and waterside improvements, the ports would be positioned to respond to the next generation of shipping vessels that will be in service once the major Panama Canal enhancement project is completed.

CHALLENGES

Coastal North Carolina faces a number of challenges, many related to Mother Nature and the area’s unique environment.

Severe erosion and extreme weather events like hurricanes continue to shrink the size of our beaches and threaten the roads that run alongside them. Continued exposure to salt water has left many aging coastal bridges in need of repair or replacement.

Shifting sands off the coast often make it difficult to navigate the waterways, and constant dredging is needed to keep channels open for shipping and to allow fishing boats to pass through safely.

Seasonal changes in traffic, changing demographics of the year-round residential population and the growing need for access to multi-modal transportation options also place dynamic pressures on the region’s transportation infrastructure.



\$2.6 billion industry



65,000 jobs statewide

COASTAL REGION

CHALLENGES (CONT.)

Preserving the natural beauty of this region is not just the right thing to do; it is essential to sustaining the region's robust tourism industry. We must balance providing access to residents, tourists and businesses while maintaining the natural beauty and environmental integrity of our coast. Addressing these needs has been, and continues to be, a challenge for our coastal region.

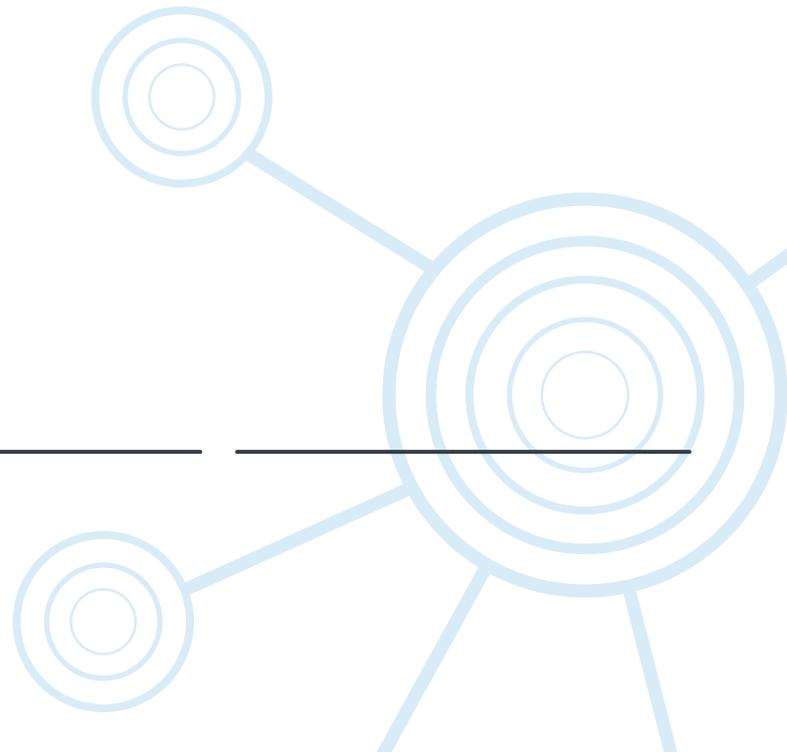
RISK OF DOING NOTHING

If we do not take immediate action to address these transportation issues, we risk losing important connections, thousands of jobs and millions of dollars to support our state. Keeping our roads open and our waterways accessible are vital to many of our state's industries and are necessary if we want to expand economic opportunities and create jobs.

Seasonal congestion and lack of efficient access to and from the coast threaten the viability of our tourism industry. Lack of sufficient channel depths will continue the diversion of our active fishing industry to other marine landings. In addition, if we fail to make improvements at our ports, we stand to lose business in a highly competitive shipping industry. Doing nothing may make it difficult for our ports to attract investments and create new employment opportunities.

If we do not invest in our coastal infrastructure, residents could face isolation from mainland services and resources. Aging bridges, such as the Bonner Bridge, have already encountered temporary closures, which shut down the only highway connection for thousands of Hatteras Island residents to work, schools and healthcare.

balance
providing access
to residents, tourists
and businesses while
MAINTAINING
the *natural beauty*
and environmental integrity
of our coast



INVESTING IN SOLUTIONS



Sustainable Beach Nourishment

- Coordinate with local, state and federal partners to develop and implement a proactive, long-range plan for sustainable beach nourishment to protect infrastructure.



Improve Highway Connections

- Continue to improve highway routes which provide access to the coast and offer congestion relief during seasonal traffic peaks, while serving as essential emergency evacuation routes.



Replace Aging Bridges

- Continue work to replace aging bridges, keeping important connections for residents, businesses and tourists in place.



Stabilize Inlets

- Develop and implement a proactive, long-range plan for stabilizing our shallow draft inlets and shipping channels, providing important opportunities for industry and improved reliability for our vital ferry routes.

Transform North Carolina Ports

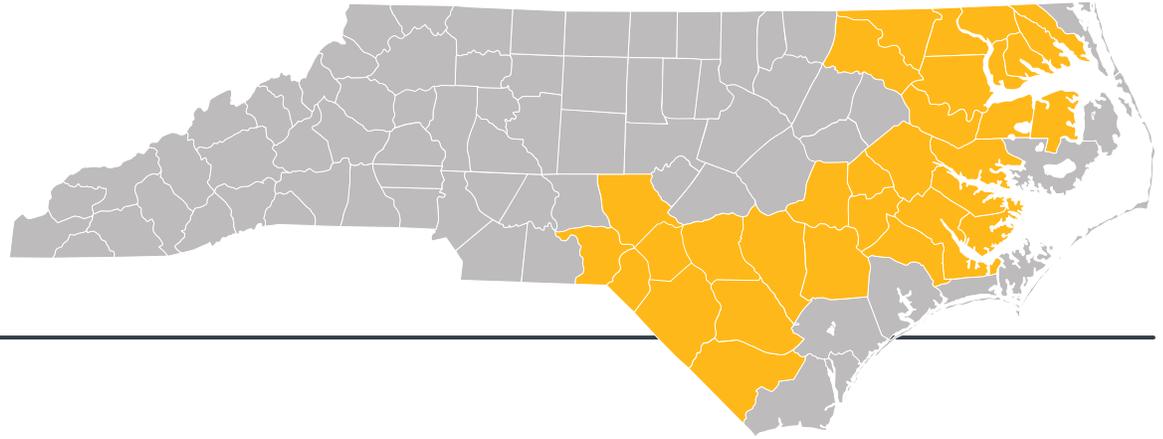
- Pursue including a recommendation in the Army Corps of Engineers Chief's Report to deepen and widen our channels to support movements of the newest generation of shipping vessels.
- Develop intermodal train service at the Port of Wilmington.
- Continue to seek opportunities to develop intermodal facilities along the I-95 corridor to support freight shipping.
- Leverage public-private partnerships to complete the development of Radio Island, and support landside improvements in interstate quality connections and enhanced rail access to the Port of Morehead City.



EASTERN REGION



Photo courtesy of NC Department of Agriculture and Consumer Services



IMPORTANCE

Eastern North Carolina is a region rich in history, a center of agriculture and home to some of the nation’s largest military communities. It is an area built on farming and manufacturing, particularly textiles and tobacco, and it has experienced tremendous change as many of its traditional industries have seen significant declines in prominence.

The region also features a number of healthcare and education centers, and is well positioned to connect with other economic centers across state lines, particularly in the southeastern and northeastern corners of the United States. In addition, the northern portion of the region is strategically located near Hampton Roads, Va. and the Port of Norfolk, which boasts an annual gross domestic product of \$85 billion.

With a robust military presence, the eastern region is home to seven military bases. With more than 110,000 active duty personnel (fourth largest in the nation) and 770,000 veterans, North Carolina is regularly recognized as one of the most military friendly states in the nation. Annually, the area supports an overall military-related economic impact of \$48 billion, including 540,000 military-related jobs.

Agriculture remains an economic staple for the region, generating a total annual income of \$6.7 billion in eastern North Carolina alone.

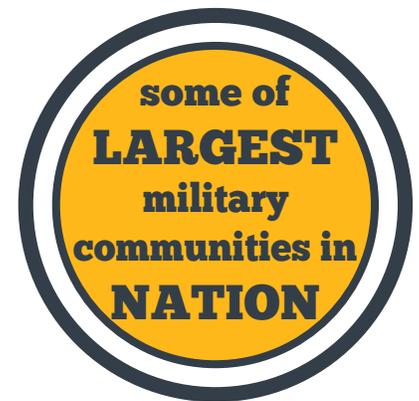
The area is also home to the 2,500-acre Global TransPark, which features a foreign trade zone and an 11,500 foot runway, and is strategically located along the U.S. 70 corridor between the Port of Morehead City and Raleigh. Anchor tenant Spirit Aerosystems projects it will increase its workforce to more than 1,000 employees by 2016, doubling its staff size.

CHALLENGES

Sounds, wetlands, rivers and streams are just a few of the prominent environmental features of the eastern region that create challenges as we work to design a safe, efficient, environmentally sound and well-connected transportation network in this region.



540,000
military-related jobs



\$6.7 billion
agriculture industry

EASTERN REGION

CHALLENGES (CONT.)

Lack of interstate-quality access to and from the GTP limits the number and type of businesses we can attract to this facility. Even with the foreign trade zone, commercial runways and onsite facilities prepared to serve growing businesses, the lack of investment in the “last-mile infrastructure” prohibits the GTP from successfully recruiting new companies and expanding existing ones.

As it transitions from a center of manufacturing and agriculture, the eastern region has struggled to complete several significant infrastructure projects, such as improvements to U.S. 17 and U.S. 70, that would help the area recruit new businesses to better meet its changing needs.

Population rates continue to decline in the region, as trends indicate that people are moving away from rural areas and into high-growth urban centers. Without the infrastructure to support new industries and provide efficient connections to job centers, this trend will not change.

RISK OF DOING NOTHING

Without appropriate infrastructure investments in the eastern region, this area will miss opportunities to reclaim manufacturing jobs that are returning to the United States and will not be able to respond to changing agricultural demands. Lack of timely investment along the U.S. 70 corridor will limit the region’s ability to leverage its position to enhance the economy on local and state levels.

If we do not invest in highway and rail connections that support military freight and deployment needs, military readiness may be impacted. Likewise, if we do not provide better access for service members and their families to healthcare and education, we risk failing those who have sacrificed so much. Additionally, we risk not keeping highly trained and talented veterans and civilians in our state.

design
a *safe, efficient,*
environmentally sound
and *well-connected*
TRANSPORTATION
network in this region



we **risk**
failing
those who have
SACRIFICED
so much



INVESTING IN SOLUTIONS



Improve Highway to Hampton Roads

- Request future interstate designation for the section of U.S. 64/U.S. 17 connecting to Hampton Roads, Va., and complete improvements that bring this section of roadway to interstate standards.



Strengthen Military Connections

- Improve highway and rail connections between bases and to ports of embarkation and debarkation.
- Improve highway connections between bases and regional healthcare and education centers.



Enhance Freight Movement

- Improve U.S. 70 to interstate standards to enhance freight movement and reduce travel time through the region.
- Support economically competitive rail access to the GTP and the Port of Morehead City.



Improve I-95 Connections

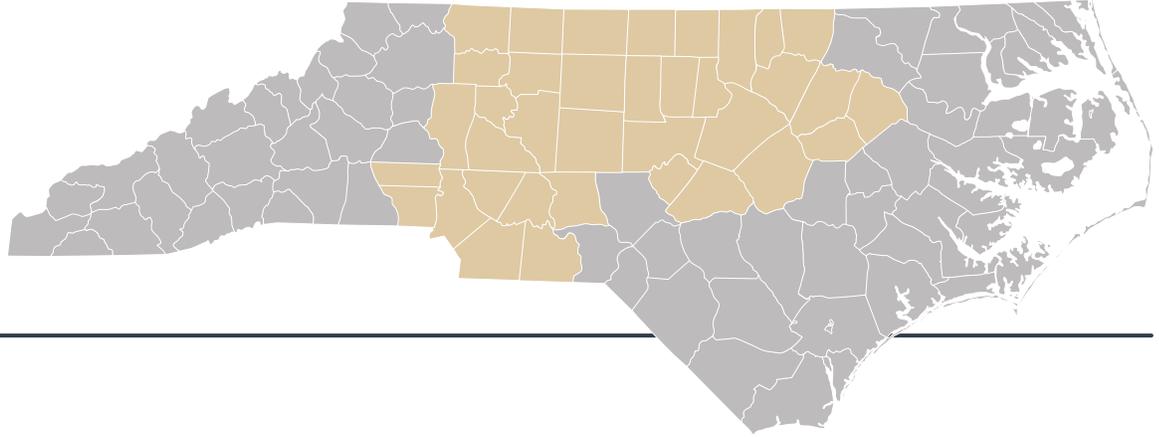
- Improve connections to the I-95 corridor from rail and seaports to serve markets throughout the eastern United States.



CENTRAL REGION



Photo courtesy of Visit Winston-Salem; photographer Jay Sinclair



IMPORTANCE

Central North Carolina is a center for high-tech industry, innovative medicine and research, and world-renowned higher education. From the Charlotte area to the Triad and the Triangle, people and products are on the move, and global connectivity has never been more important. The majority of the jobs, as well as some of the state’s largest companies and employers, are located in this area.

The central region is the state’s largest economic engine, providing \$300 billion in gross domestic product and accounting for 67 percent of the state’s total GDP. Currently, 61 percent of our population lives in central North Carolina, and trends indicate that percentage will continue to grow.

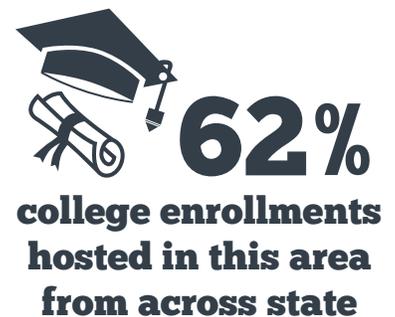
With foreign trade zones at Charlotte-Douglas International, Piedmont-Triad International and Raleigh-Durham International airports, the region is well-connected to global markets. In addition, the area, internationally known for its exceptional colleges and universities, hosts 62 percent of all college enrollments in the state.

As central North Carolina grows in both population and economic importance, it will need infrastructure enhancements to manage and support this growth.

CHALLENGES

Increasing population growth will continue to place pressure on a transportation system that in many areas is at or beyond capacity. Growing demand for mobility options will overload existing transit services and congest roadways, causing them to rapidly deteriorate.

Expanding industries, while beneficial to the economy of the region, place additional demands on infrastructure originally designed for smaller scale logistics and commuter needs. Businesses looking to transport goods and services are competing for space on congested commuter routes. People who live in high-growth areas within the central region have limited options to avoid existing congestion, such as mass transit, passenger rail, light rail and bicycle/pedestrian routes. Trends show that more people are moving to



CENTRAL REGION

CHALLENGES (CONT.)

densely populated areas, where they expect access to these services as they live, work and play.

RISK OF DOING NOTHING

In the metropolitan areas of central North Carolina, congestion alone costs travelers nearly \$1.9 billion a year. Drivers also spend an estimated \$2.3 billion a year in safety-related repairs to vehicles annually after traveling on roads in need of repair or resurfacing. These costs combined total \$4.2 billion a year. The only way to reduce that figure is to improve existing roadways and launch innovative new infrastructure projects to address the worst congestion in our major urban areas.

With \$364 billion in goods shipped from sites within North Carolina and \$337 billion in goods shipped to sites in our state each year, the quality of our transportation system is increasingly important as a site selection criterion for companies looking to relocate or expand. Specifically, highway accessibility remains their number-one site selection factor.

Eighty-six percent of goods shipped from sites within North Carolina are carried by truck, which illustrates that well-maintained roads without traffic bottlenecks are essential to a vibrant economy. The strength of our logistics and shipping industries in the central region will be marginalized if we do not keep our sights on the maintenance and traffic flow improvements needed in this increasingly congested portion of the state.

Another factor companies will consider before making a move to central North Carolina is the quality of life for their potential employees. Excellent transportation services are essential to the region's success in this area. Access to efficient, reliable public transportation options will not only address traffic congestion, it will also increase safety by reducing crash rates. If we take no action, we will lose intercity connections and easy access to community services. This will lead to other states outcompeting us during site selection processes. We must plan for the future transportation needs of all residents by including robust plans for multi-modal transportation options.

the *quality* of our
TRANSPORTATION
system is increasingly
important as a site selection
criterion for
companies

86%
goods shipped
by truck

EXCELLENT
transportation services
are **essential**
to the *region's success*

INVESTING IN SOLUTIONS



Relieve Congestion for People and Products

- Continue work on interstate improvements and congestion relief projects to support freight movements and commuter needs and better connect people to education, healthcare, job and recreation centers.



Expand Mass Transit Options

- Support the expansion of mass transit options in high-growth areas to address the needs of a changing demographic, congestion and land development concerns.
- Support the expansion of light rail services in existing and new urban markets when demand, local planning and funding support the service to address the needs of a changing business climate and congestion concerns.



Enhance Access to Inland Ports

- Improve highway connections and seek economically competitive rail service to inland ports in and around Charlotte.



Improve Connectivity to Logistics Hubs

- Improve highway connections and expand airfreight and rail capabilities to support the Triad Logistics Hub.



Support Connections to Privately Developed Megasites

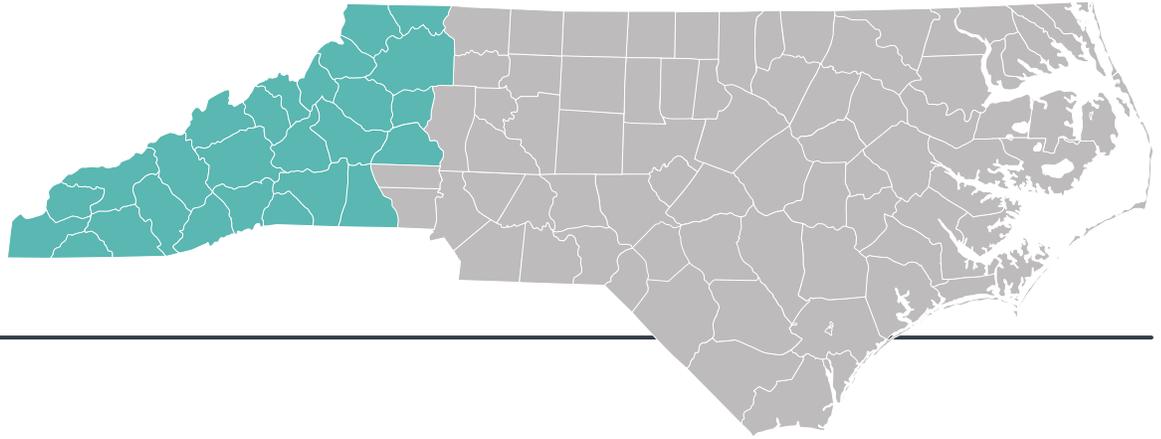
- Ensure infrastructure plans recognize the development of megasites in the region and support their ability to attract new businesses in targeted industry clusters.



WESTERN REGION



Photo courtesy of VisitNC.com



IMPORTANCE

Western North Carolina’s tree-lined mountains not only make this region unique, they also contribute in a significant way to our economy. Our state ranks second in the nation in Christmas tree production, a business that generates more than \$75 million in annual sales, mostly from several key western counties. The craft brewing industry is rapidly growing in the western region, too, and popular breweries such as Sierra Nevada and New Belgium are now opening shop in the area.

Another major economic driver in western North Carolina is the apple industry. In Henderson County alone, it generates about \$22 million annually and accounts for 65 percent of all apple production in the state.

The region also offers the greatest concentration of arts and crafts education in the country. Sales of art in western North Carolina are nearly 30 percent higher than the state as a whole on a per capita basis. Buncombe County saw about \$44 million in direct economic benefits from the arts and crafts trade in 2012.

Western North Carolina’s breath-taking waterfalls and winding trails make it a prime tourist destination, as well. The scenic beauty of this region is what draws thousands of people from across the state and around the world to the area each year to camp, ski, raft or simply take in the view from the Blue Ridge Parkway. Historic sites like the Biltmore House and Gardens, and gaming attractions like the casino in Cherokee also significantly contribute to the local economy by attracting more than 4.5 million visitors each year.

In addition, western North Carolina provides a gateway to a number of economic centers in surrounding states, and enhanced connections would open new opportunities for employment, healthcare, education and recreation.

CHALLENGES

The natural beauty and rugged terrain that are hallmarks of the state’s western region also limit our ability to build new infrastructure and expand what already exists without negatively impacting the natural environment. Preserving the beauty of this region is



**2nd largest
Christmas tree producer**



**greatest
concentration of
arts and crafts
education in nation**

WESTERN REGION

CHALLENGES (CONT.)

key to our \$3 billion tourism industry, yet we must find a way to provide access and connections to and through this region.

The region continues to struggle as workers move away from small towns to high-growth urban centers for job opportunities and access to healthcare and education services. Infrastructure investments that increase the freight capacity and throughput potential in the area will have a significant impact on the region's ability to maintain current businesses and attract new ones.

Challenging terrain and deteriorating facilities present obstacles to moving freight along highway routes and rail corridors. With \$1 billion in agribusiness annually, the western region must find ways to expand rail access, which will provide opportunities to expand this industry and draw in new business.

RISK OF DOING NOTHING

If we do not invest in the infrastructure necessary to better connect the western region to economic centers within the state (Asheville, Charlotte, Winston-Salem, etc.) and to nearby economic centers such as Atlanta, Greenville/Spartanburg and Knoxville, the number of businesses and jobs in the region will decline rapidly. With GDP rates of \$294 billion, \$18.9 billion and \$35 billion respectively, lack of adequate connections to these economic centers will make it nearly impossible for western North Carolina to achieve its vision of a sustainable and thriving regional economy.

Without new investments to expand industrial rail access, freight movements throughout the region may become less efficient and less reliable. Growth in agribusiness will become flat, commercial warehouses will continue to move away, and businesses attracted to the quality of life unique to the region will ultimately decide to locate elsewhere. That would mean fewer jobs available for local residents.

\$3 billion
tourism
INDUSTRY

**CHALLENGING
TERRAIN**
and
**deteriorating
facilities**
present obstacles to
moving freight

INVESTING IN SOLUTIONS



Improve Interstate Connections

- Improve highway connections throughout the western region to attract business to North Carolina through expanded access to economic centers in Georgia, South Carolina and Tennessee.



Strengthen Highway Connectivity from Mountains to Coast

- Improve U.S. 74 to interstate standards from Asheville to Charlotte and from Charlotte to Wilmington to improve freight movements and in-state access to the Port of Wilmington.



Improve Intrastate Connections

- Improve highway connections from the western region to Asheville, Charlotte and Winston-Salem to support a growing tourism economy and provide greater access to healthcare services and job training opportunities.



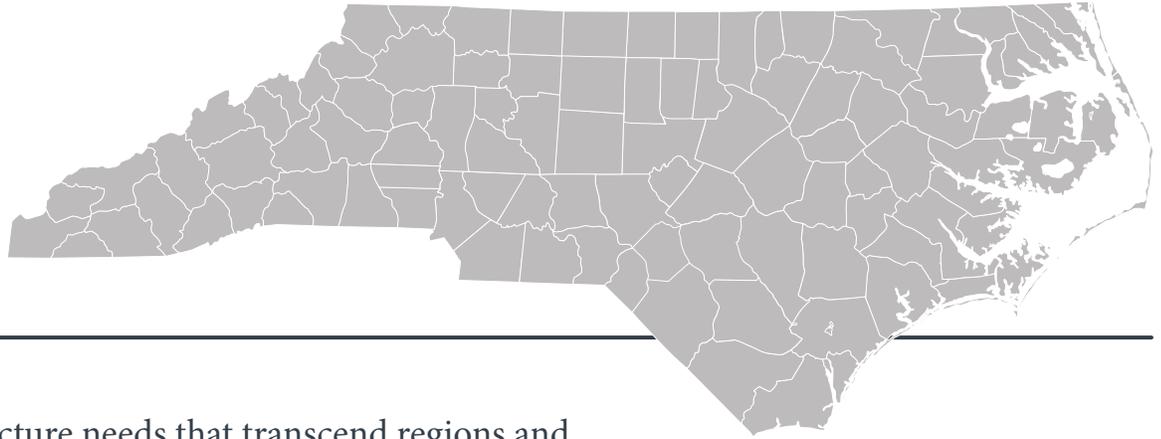
Enhance Industrial Rail to Support Freight and Economic Growth

- Provide industrial access to freight rail lines to accommodate expanding agribusiness and economic development needs while fully utilizing our multi-modal transportation system.



COMPREHENSIVE NEEDS





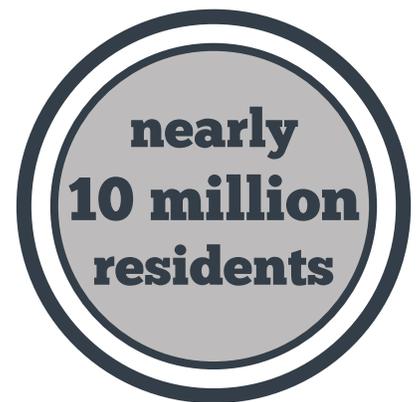
There are infrastructure needs that transcend regions and require comprehensive solutions. We must strengthen the maintenance of our existing roadways, improve public transportation networks including passenger rail service, expand bicycle and pedestrian networks and support greater broadband connectivity. This section of the plan addresses the importance and challenges of these infrastructure needs, examines the potential risks of ignoring these concerns and identifies strategic solutions.

IMPORTANCE

North Carolina is a great place to live, work and visit, and our state continues to see a significant increase in population and businesses every year. Nearly 10 million people call North Carolina home, an increase of 1.5 million in less than 10 years. As people make decisions about where to move, they often factor in the walkability of the area, local public transportation options and connectivity to education, healthcare and recreation options.

Our state is home to 21 Fortune 1,000 companies, and in 2013, *Forbes Magazine* ranked North Carolina the fourth best state in the nation for business. Recent tax code changes lowering tax rates will help attract even more new businesses to the state. As site selection experts increasingly make decisions based on available amenities, our state is poised to be a global economic powerhouse. Making the right investment in our transportation network will enhance the quality of life throughout North Carolina.

The many great things that attract people and companies to North Carolina also contribute to one of the state’s biggest challenges, rapid population growth. In an era of “hyper-connectivity”, North Carolina needs to be innovative in its approach to connecting all regions of the state to important economic, education, healthcare and recreation centers. We must plan for and invest in the infrastructure needed to support the nearly 12.5 million residents expected to call North Carolina home over the next 25 years.



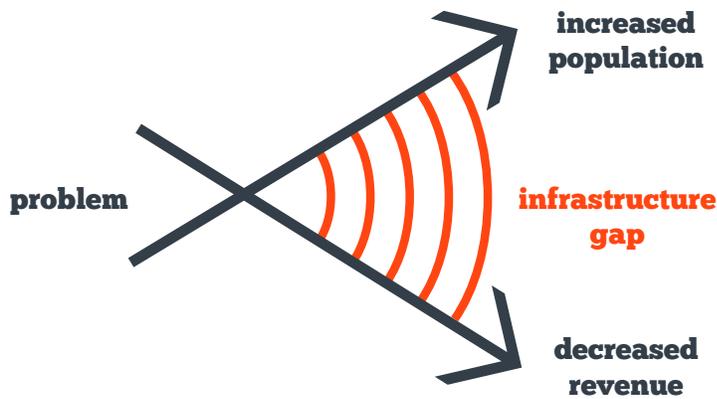
**4th best
state in nation for
business**

**21
Fortune 1,000
companies**

COMPREHENSIVE NEEDS

CHALLENGES

Overall funding levels for investments in transportation infrastructure are insufficient. In 2014, metropolitan and rural planning organizations and NCDOT identified more than 3,100 projects, totaling \$70 billion in infrastructure needs across all modes of transportation. With \$1.5 billion per year in funding available over the next 10 years, clearly, there is not enough money to support all of those needs. The largest portion of that available funding goes toward highways and bridges. North Carolina must find a way to financially support investments in all modes of transportation and be prepared to address emerging trends, such as fuel efficient/alternative fuel vehicles, autonomous vehicles, public-private partnerships and light rail systems.



RISK OF DOING NOTHING

To maintain a competitive advantage, North Carolina must invest in its existing infrastructure, while identifying deficiencies where new facilities are needed. Delays in the delivery of goods and services, inefficiencies in the movement of freight and lost time due to congestion during daily commutes come at a tremendous cost to the state. Certainly, there are direct financial considerations such as the \$6.5 billion lost by North Carolina travelers as they drive along roadways that require improvements. However, the most significant costs to the state will be lost wages, lost jobs, lost revenue and lost opportunities.

Our transportation network is at or beyond its capacity in some of the fastest growing regions of the state. In our smaller towns and rural counties, facilities are aging and in need of costly repairs. Inadequate investment in either will overwhelm North Carolina and create an unsafe, inefficient and uninviting environment.

North Carolina
must
invest
in its
INFRASTRUCTURE

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of the **STATE**

INVESTING IN SOLUTIONS

Strengthen Maintenance of our Existing Facilities



- Evaluate and improve the prioritization system for funding maintenance projects to implement an authentic, needs-based program.
- As funding solutions are determined, ensure an increased percentage of revenue directed toward maintenance.
- Identify opportunities for using public-private partnerships to fund maintenance needs.

Improve Public Transportation Network including Passenger Rail



- Expand access to mass transit options in high-growth areas to accommodate a changing demographic and address congestion issues.
- Expand access to public transportation options for people in all regions of the state to accommodate local transportation needs and enhance the quality of life throughout the state.
- Expand access to passenger rail options in all regions of the state to accommodate a changing demographic, address congestion issues and meet regional transportation needs.

Expand Bicycle and Pedestrian Network Statewide

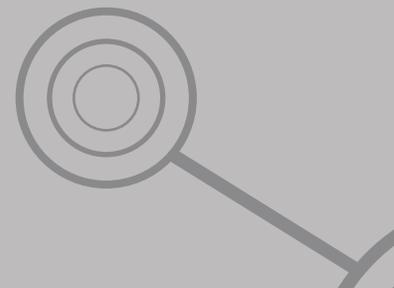


- Implement Walk/Bike NC, the North Carolina Statewide Pedestrian and Bicycle Plan, enabling the state to become a premier place for walking and bicycling.
- Continue the implementation of the North Carolina Complete Streets Policy to make it easier and safer for people to walk, bicycle, drive or use public transportation services.
- Support the completion of statewide and regionally significant bicycle and pedestrian systems in order to provide transportation options and promote the “great trails state” brand.

Support Greater Broadband Connectivity through Existing Right of Way

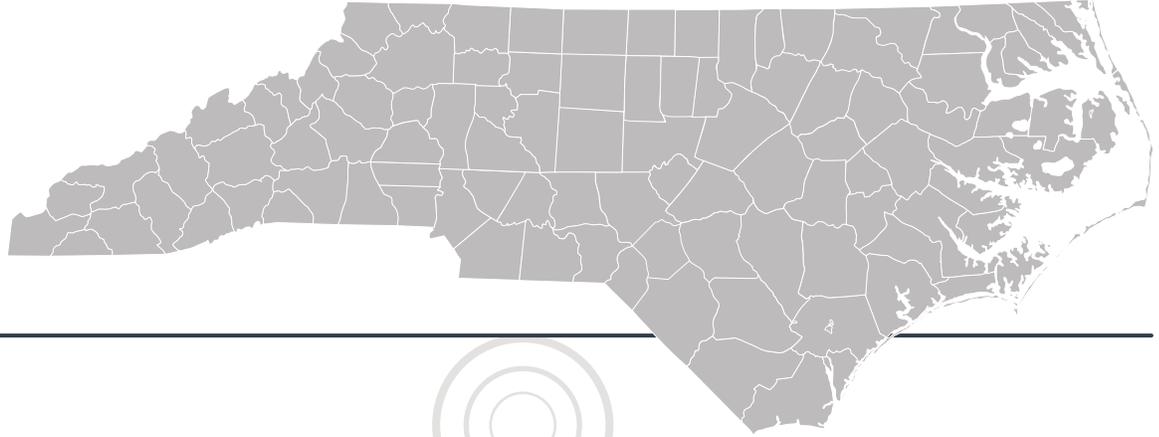


- Support the expansion of broadband access, using existing right of way where possible, to establish the foundation for connectivity required for intelligent transportation systems, support the growth of high-tech businesses, expand access to educational opportunities, and enhance global business connectivity.



INVESTING IN OUR VISION





IMPORTANCE

With STI's data-driven prioritization process increasing our efficiency in using Highway Trust Fund money to program close to 370 projects over the next 10 years, and a vision that maps our future and guides infrastructure investments over the next 25 years, we must now focus on investing in our vision.

North Carolina is rated number five by CNBC's America's Top States for Businesses 2014. We are consistently ranked among the best business climates in the nation by *Forbes*, *CNBC*, and *Chief Executive* and *Site Selection* magazines. Our low cost of living and high quality of life make North Carolina a magnet for recruiting and keeping a talented workforce. Currently, we are ranked number one in the southeast for manufacturing employment, and ninth overall in the United States. North Carolina is home to a 58-campus community college system, nationally recognized for its customized workforce training programs. Our 16-campus renowned university system is integral to North Carolina's strong research and development infrastructure and one of the most varied biotech sectors in the nation.

Because infrastructure is the backbone of North Carolina's economy, we cannot afford to let our system deteriorate, and we must build to anticipate future growth.

CHALLENGES

Already, North Carolina residents are paying out of pocket for insufficient transportation infrastructure in congestion costs (\$2 billion), vehicle operating costs (\$1.8 billion) and safety-related expenses, which equal approximately \$639.95 per taxpaying citizen. Costs for improvements on aging infrastructure are increasing rapidly, with Interstate 95 improvements alone projected to cost \$4.5 billion. Industries along the coast, such as commercial fishing, are already being diverted to competitor ports due to inadequate maintenance of shallow draft shipping channels. Older structures along the coast created a dangerous situation when residents were isolated from essential services during the Bonner Bridge closure in 2013. In addition, residents and travelers are at an increased safety risk as 13 percent of all traffic fatalities involve bicyclists and pedestrians.

At 80,000 miles, North Carolina maintains the second largest highway system in the nation. The state also maintains the second largest ferry system in the nation; 3,345 miles of rail lines; the Ports of Morehead City and Wilmington; the Charlotte and Piedmont Triad Inland Terminals; and the Global TransPark. In addition, North Carolina supports

GOAL:
stimulate
job growth
and generate an overall
positive
**ECONOMIC
IMPACT**

one of the **most
varied biotech
sectors in the
United States**

ranked
#1
in the southeast
for manufacturing
employment

INVESTING IN OUR VISION

CHALLENGES (CONT.)

72 publicly owned airports, 99 public transit systems, and more than 5,000 miles of planned bicycle and pedestrian routes throughout the state. Maintaining and growing these investments is critical to our state's continued success.

Future discussions about transportation funding will focus on the role of the state in supporting the costs of maintaining and building transportation infrastructure—Should there be a fee for service utility? Or, should there be a public service supported by taxes? More than 12.5 million people are projected to reside in North Carolina by 2040, and finding additional revenue to support our transportation needs will not be a simple task.

North Carolina provides a strategic transportation and logistics connection to markets throughout the region, nation and world. Historically, our transportation investments focused on building infrastructure that connected producers to markets. This basic principle still holds. However, today, producers and markets look different and are located in different areas of the state than in the past. In the world of geopolitics, our military installations continue to use facilities that allow them to deploy troops via land, sea and air. The freight industry continues to ship products up and down the east coast using deteriorating facilities like I-85/I-95. Tourists regularly overwhelm local transportation systems during peak seasons. We must support these industries through the maintenance and expansion of our transportation network.

RISK OF DOING NOTHING

If North Carolina does not reinvest in its transportation infrastructure and revisit how we generate revenue to build new infrastructure, our transportation network will become inefficient, unreliable and unsafe. As increased congestion limits access to essential services, creates hardships for businesses dependent on reliable movement of goods and services, and crash and fatality rates increase due to deficient facilities, businesses will choose to move to or locate in other states, taking jobs and economic development opportunities with them.

As infrastructure investments cease to address the needs of our growing population, industries will face great challenges. Agricultural businesses may not be able to grow and respond to changes in global demands for their products and services. Military installations will not be able to effectively deploy troops when needed. Tourist destinations may be increasingly difficult to reach, and vacationers will stop traveling to our most popular sites.

If we do not increase our investments in support of existing and needed infrastructure, North Carolina will fail to thrive.

MAINTAINING
and **GROWING**
these investments is
critical to our
state's **CONTINUED**
success.

SUPPORT these
industries through
the *maintenance*
and *expansion* of our
transportation
network

ALTERNATIVE FUNDING SOLUTIONS

P3

Optimize Public-Private Partnerships

- Optimize the use of public-private partnerships, innovative managed lanes and other fee-for-service projects.



Reduce Dependency on Federal Dollars

- Reduce our dependency on federal dollars in preparation for a potential reduction in the federal transportation budget.



Take Advantage of Low Interest Rates

- Take advantage of historically low interest rates to enhance our ability to fund projects with just-in-time bond strategies.



Present Revenue Recommendations

- Present targeted revenue recommendations to the General Assembly for its action during the 2015 legislative session.



VISION FOR NORTH CAROLINA: MAPPING OUR FUTURE

With a new data-driven law and strategic focus through this 25-year vision, North Carolina is poised to be a global economic leader by using our transportation network to create jobs, grow the economy and improve the quality of life for all of our citizens.



STATE OF NORTH CAROLINA
GOVERNOR PAT McCRORY

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