



Application for
Tolling & Pricing
For I-73 in South Carolina

Phase II Application for
SAFETEA-LU Section 1604(c)

Prepared in Partnership with the
South Carolina Division,
Federal Highway Administration,
U.S. Department of Transportation

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EXECUTIVE SUMMARY

South Carolina is seeking tolling authority for a new interstate facility, Interstate 73, as provided for under SAFETEA-LU Section 1604(c). This authority would allow construction of the 80-mile facility that is beyond the capability of South Carolina Department of Transportation's current or anticipated financial resources.

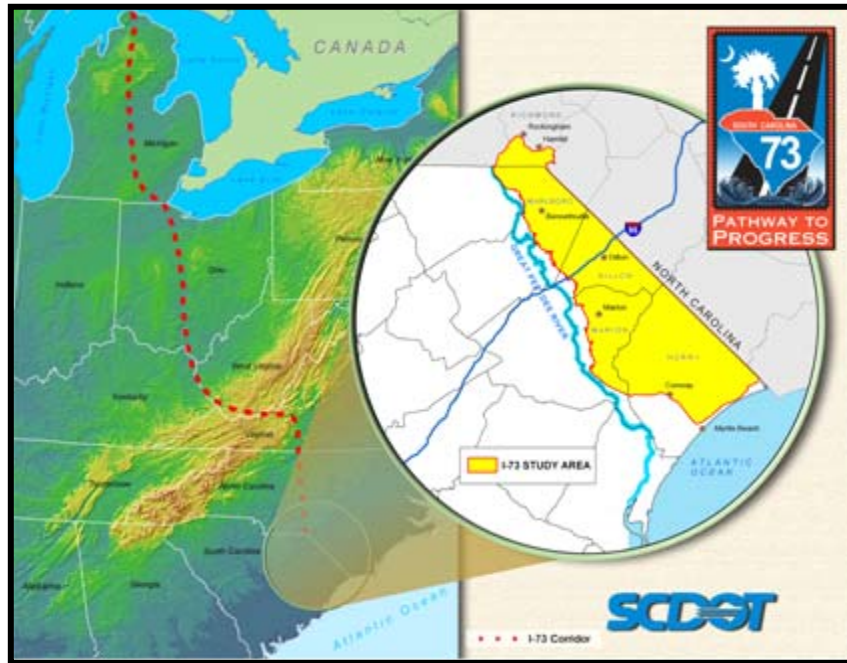


Figure ES-1

As illustrated in **Figure ES-1**, the facility being offered for consideration is in the northeastern corner of the state running from the Myrtle Beach area to the North Carolina/South Carolina state line in Marlboro County. Interstate 73 is a new highway first planned in 1991 as part of High Priority Corridor 5 as defined by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Amendments to the routing of Interstate 73 occurred in 1995 with the passage of the National Highway System Designation Act and in 1998 with the passage of the Transportation Efficiency Act for the 21st Century (TEA-21).

The proposed Interstate Route 73 corridor in South Carolina will merge with the existing I-73 route in North Carolina that will eventually extend to Michigan. Nationally, the project is supported by a five-state coalition of public and private entities working under the auspices of the National I-73 Corridor Association. To date, Congress has provided approximately \$81 million in high priority federal funding to SCDOT. The project has widespread support in South Carolina. The South Carolina General Assembly has enacted legislation that would allow tolling of the route, but federal regulations prohibit tolling of an Interstate facility while using federal funds without gaining a special exception from the U.S. Secretary of Transportation as provided under SAFETEA-LU, Section 1604 Tolling.

VISION

SCDOT's vision is to complete ***Interstate 73 in 10*** years: three years for environmental approvals and seven years for right-of-way, design, and construction. Interstate 73 officially began in August 2004, with the Notice of Intent to prepare an Environmental Impact Statement for the southern segment of the project. This EIS will be completed in approximately three years, and construction could begin as early as 2009. South Carolina's legislature, its U.S. Congressional delegation and the citizen's of South Carolina are committed and supportive of moving forward with I-73 as rapidly as possible.

Horry County is the most populated county in the State not served by an interstate highway. I-73 would provide this needed connection for the highly popular tourist destination, Myrtle Beach, and at the same time, also provide a much needed hurricane evacuation route.

South Carolina is seeking tolling authority for a new interstate facility to bring this vision to reality. The authority would allow construction of the corridor that is beyond the capability of SCDOT's current or anticipated financial resources.

SCDOT has a demonstrated record of success in innovative financing and contracting as exemplified by its \$5.3 Billion ***27-in-7 Accelerated Construction Program*** now nearing completion. More than 200 projects that would have been otherwise been programmed out over 27 years were delivered years ahead of schedule allowing the public to drive on tomorrow's roads today. These projects, including the Cooper River Bridge, Conway Bypass and Carolina Bays Parkway, could not be afforded at today's prices under traditional pay-as-you-go financing. SCDOT estimates that ***27-in-7*** saved well over \$3 Billion by avoiding future escalation costs.

SCDOT completed ***27-in-7*** and other major projects in partnership with FHWA using public-private and local partnerships, innovative forms of design/build contracting, Construction and Resource Management contracts, SCDOT bonding authority, a TIFIA loan and the South Carolina State Transportation Infrastructure Bank that has now financed over \$3 Billion of infrastructure projects and is larger than all other SIBs in the United States, combined.

CORRIDOR INFORMATION

I-73 is a national highway project that will provide a transportation corridor from Michigan to South Carolina. The proposed I-73 facility would be a high speed, divided, fully controlled access roadway that would require interchanges for access. The national I-73 project starts at Sault Ste. Marie, Michigan, and proceeds through portions of Ohio, West Virginia, Virginia, and North Carolina, before terminating near the Myrtle Beach, South Carolina area.

The I-73 Corridor was identified as a High Priority Corridor by the United States Congress in the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. Congress designated high priority corridors as those that would provide the most efficient way of integrating regions, linking major population centers of the country, providing opportunities for increased economic growth, and serving the travel and commerce needs of the nation. The corridors that Congress designated were to be included in the National

Highway System. Congress instructed the FHWA, along with the states, to develop long-range plans and feasibility studies for these corridors, and focus federal funds towards these areas for road construction.

The Transportation Equity Act for the 21st Century (TEA-21), enacted in 1998 by Congress, built on what ISTEA had established by continuing and improving existing programs, while establishing new initiatives. TEA-21 shortened the I-73/I-74 High Priority Corridor by changing its terminus from Charleston, South Carolina, to the general vicinity of Myrtle Beach, Conway, and Georgetown, South Carolina.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was passed by Congress and signed into law on August 10, 2005. SAFETEA-LU acknowledges the prior purpose for, and designation of, I-73 as a High Priority Corridor, along with designating it as a project of “national and regional significance” (23 U.S.C. §101(2005)). In addition, SAFETEA-LU provides dedicated high priority funding for the I-73 project in South Carolina. At the State level, Concurrent Resolution H 3320 passed by the South Carolina General Assembly in 2003 states “that the members of the General Assembly express their collective belief and desire that the Department of Transportation should consider its next interstate project as one that provides the Pee Dee Region with access to the interstate system.” Both Congress and the South Carolina General Assembly have appropriated money to SCDOT to study the potential corridor for the proposed I-73.

The state of Michigan has already upgraded existing roads to interstate standards and has one 50-mile segment remaining to construct. Twenty miles of this segment has received funding to complete design and begin purchasing right-of-way. Since the route would follow existing roadways along the I-73 corridor, Ohio has decided not to construct a new facility for I-73. Instead, Ohio is addressing individual congestion issues along the existing roadways. West Virginia has completed a small portion of I-73, also known as the King Coal Highway and Tolsia Highway. West Virginia is waiting for additional funding prior to completing the I-73 corridor project. Virginia has completed a Final Environmental Impact Statement (EIS) for its portion of I-73 that was approved by the Federal Highway Administration (FHWA) on December 1, 2006. FHWA issued a Record of Decision (ROD) for the I-73 Final EIS in Virginia on March 30, 2007, allowing the final design process to begin for the project. The Virginia Department of Transportation is currently re-signing the portion of I-73 along the existing roadway and will proceed with construction of I-73 on new alignment as funding becomes available. North Carolina has also completed portions of I-73 by the re-signing of existing roads to interstate facility. The North Carolina Department of Transportation (NCDOT) is currently completing environmental analyses, planning phases, and right-of-way acquisitions for its portion of I-73 on new alignment.

Interstate 73 in South Carolina is a new construction corridor that will extend through Marlboro, Dillon, Marion, and Horry Counties. The entire length of the project will be approximately 105 miles (80 miles of new construction and 25 miles of the existing Veterans Highway, S.C. Route 22). The I-73 corridor is currently listed as number five on the National Highway Systems High Priority Corridors list.

A South Carolina corridor feasibility study was conducted in 1994 after ISTEA was approved. It identified the I-73/I-74 corridor as a high priority. This study evaluated the upgrading of existing roads starting at the North Carolina state line at U.S. Route 1 in Marlboro County, going through Dillon, Marion, Horry, Georgetown, or possibly Williamsburg and Berkeley Counties, and ending on the U.S. Route 17 corridor near the city of Charleston, South Carolina in Charleston County.

A second feasibility study was completed by SCDOT for I-73 in South Carolina in June of 2003. The study was done in response to the change of the I-73 terminus from Charleston, South Carolina, to the Myrtle Beach, South Carolina area by TEA-21. The study cited the needs for I-73 as fulfilling congressional intent and providing an interstate link to the Grand Strand area along with the benefits of improved hurricane evacuation, improved capacity for vehicular and freight movement in the area, and support of population and economic growth.

The feasibility study recognized that there had been some improvements to roads in the project study area; however, the improved roads were predicted to have capacity problems along some segments by the year 2025, based on traffic modeling. Future traffic projections indicated that I-73 would divert traffic from existing roadways, thereby improving capacity and reducing traffic congestion.

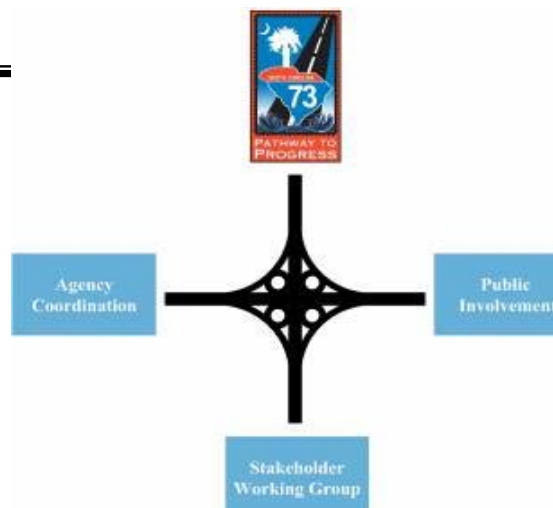
Two typical sections were developed to accommodate the number of lanes needed for the future traffic volumes, as well as a multimodal rail corridor. An interim design, was developed that would be initially constructed to accommodate two lanes of traffic in each direction. In the future, when traffic volumes increase to a point that additional lanes are necessary in order to maintain an acceptable level of service, an additional lane in each direction could be added to the median. This ultimate design would accommodate three lanes of traffic in each direction.

PROPOSED PROJECT TIMETABLE

South Carolina began the environmental process required for construction of Interstate 73 in August 2004 . For environmental purposes, the project has been divided into northern and the southern segments, approximately 40 miles each with independent utility. The Record of Decision for the first EIS, I-73 South, is anticipated in August 2007. The I-73 North Record of Decision is anticipated in mid-2008. The schedule for completion of the design and construction will depend upon the method of project delivery selected. It is anticipated that all or portions of I-73 could be under construction as early as 2009 using design/build contracting and substantial financing through public-private partnerships and other sources. Depending on the construction and financing methods used, South Carolina could have a fully functioning toll operation in approximately seven (7) years.

PARTNERS

South Carolina Department of Transportation (SCDOT) and Federal Highway (FHWA) have developed a three-tiered approach for public involvement, which includes agency involvement through the formation of the Agency Coordination Team (ACT), special interest and local involvement through the Stakeholder Working Group, and public input through meetings, mailings, a website, and a telephone hotline. The public, agencies, and other interested parties or groups (such as local governments and organizations) have extensive project involvement during this ongoing process.



The ACT is an enhancement of the cooperating agency process found in 40 C.F.R. §1501.6 and SAFETEA-LU. Lead agencies, in this case, SCDOT and FHWA, are those with the primary responsibility for the project. The lead agencies can invite other agencies that have special expertise or jurisdiction by law over a resource to be cooperating agencies. Due to the large study area and array of resources, SCDOT and FHWA invited many partners:

- NOAA -- National Oceanic and Atmospheric Administration
- NRCS -- Natural Resources Conservation Service
- SCDAH -- South Carolina Department of Archives and History
- SCDHEC -- South Carolina Department of Health and Environmental Control
- SCDHEC-OCRM -- South Carolina Department of Health and Environmental Control, Office of Coastal Resource Management
- SCDNR -- South Carolina Department of Natural Resources
- SCDOC -- South Carolina Department of Commerce
- SCEMD -- South Carolina Emergency Management Division
- SCPRT -- South Carolina Parks, Recreation, and Tourism
- USACE -- United States Army Corp Of Engineers
- USCG -- United States Coast Guard
- USFWS -- United States Fish and Wildlife Service
- USEPA -- United States Environmental Protection Agency

Since the South Carolina portion of I-73 includes approximately four miles of roadway in the state of North Carolina, federal resource agencies in North Carolina agreed that their South Carolina counterparts would be the lead for their agencies in that section of the project. The North Carolina state agencies had separate interagency meetings and discussed the issues that were relevant to their area. The ACT enhanced the cooperating agency process by allowing extensive agency involvement and collaboration on the project. The ACT had approximately 27 meetings to discuss the Southern and/or Northern projects. The main goals of the ACT were the following:

- To increase agency involvement;

- To reach decisions by consensus;
- To improve efficiency of the NEPA process;
- To meet or exceed agency mandates; and
- To improve communications and relationships between agencies.

The public has been involved extensively throughout the development of environmental documents for the Southern segment. Several public meetings were held. The meetings included scoping meetings and information meetings:

- Public Scoping Meeting – September 18, 2004 in Mullins, SC;
- Public Scoping Meeting – September 21, 2004 in Conway, SC;
- Public Information Meeting – March 8, 2005 in Dillon, SC;
- Public Information Meeting – March 10, 2005 in Myrtle Beach, SC;
- Public Information Meeting – March 22, 2005 in Aynor, SC;
- Public Information Meeting – May 3, 2005 in Mullins, SC;
- Public Hearing – June 15, 2006 in Aynor, SC;
- Public Hearing – June 20, 2006 in Mullins, SC; and,
- Public Hearing – June 22, 2006 in Dillon, SC.

The public has also been involved throughout the Northern segment. Several public meetings have been held, including the following scoping and information meetings:

- Public Scoping Meeting in Bennettsville, SC – August 30, 2005;
- Public Scoping Meeting in Hamlet, North Carolina – November 28, 2005;
- Public Information Meeting in Bennettsville, SC – September 7, 2006; and,
- Public Information Meeting in Hamlet, North Carolina – September 12, 2006.

A telephone hotline and a website have been available since June 2004, for the public to view information and comment on the project. All of the public meetings have been advertised in local newspapers. Community information meetings were also held throughout the project study area in an effort to reach out to local citizens, minority populations, and other community groups.

ENVIRONMENTAL DATA:

For the purpose of completing the environmental work for I-73, it was separated into two segments. For the southern I-73 project area, from I-95 to the Myrtle Beach terminus, the Draft Environmental Impact Statement was approved in May 2006. The Final Environmental Impact Statement for the southern project is on schedule to be approved shortly. For the northern I-73 project area from I-95 to the South Carolina/North Carolina state line, the Draft Environmental Impact Statement is scheduled to be complete in July 2007, with the Final Environmental Impact Statement scheduled to be complete by mid-2008.

The wetland delineation, protected species survey, and cultural resource survey have all been completed and are awaiting agency approval for the southern project area. These

tasks will be completed for I-73 North within the next several months. Once they have been completed for I-73 North, a Section 404 (wetland) permit application can be submitted.

TOLL INFORMATION

The South Carolina Legislature has enacted legislation approving the tolling of I-73. Act 228 of 2006, states:

“the Department of Transportation may impose and collect a toll on the proposed I-73 corridor upon completion of this highway project. This toll must be used to pay for the cost of planning, right-of-way acquisitions, financing, construction, operation, and other expenses associated with this highway project, and for the removal of the tolls upon payment of all such costs.”

The Governor, both US Senators, and several members of Congress have publicly endorsed the tolling of this Interstate. Although I-73 has been designated to receive approximately \$100 million dollars in Congressional High Priority funding and an additional \$2.5 million dollars in state funding from the South Carolina General Assembly, sufficient funding to complete this project has not been identified.

Traditionally, roadway construction has been financed using the money raised by highway user fees levied on fuel. Historically, the federal government provided the largest share of the funding, typically 80 to 90 percent, while the state and/or local governments provided the balance. The projected highway needs for South Carolina total more than \$59.7 billion over the next twenty years (2005 dollars). The FHWA funding projections for South Carolina over that time are \$10.5 billion and state highway funding projections are roughly \$8.9 billion. This leaves a projected funding shortfall of more than \$40 billion dollars. SCDOT, along with the Metropolitan Planning Organizations (MPO) and Councils of Governments (COG), has identified interstate improvement and construction projects throughout the state. These needed interstate improvements, which include widening existing interstates, improving existing interchanges, and construction of new interstates, are estimated to cost approximately \$10.5 billion (2005 dollars, I-73 is one of the projects listed) over the next 20 years.

The gap between state needs and the available funding is not unique to South Carolina. High infrastructure demands nationwide have led to a wide disparity between the cost of roadway improvement needs and the amount of money available for financing projects. This has resulted in a movement toward the use of innovative finance techniques and other methods of project delivery such as the design/build approach. In an effort to take advantage of every opportunity to attract the funds necessary for the project, all available means to provide the financing for this project will be explored.

Congress has also recognized this gap and has enacted changes in federal legislation to permit the use of innovative financing. Previous highway bills began addressing innovative financing by permitting the establishment of State Infrastructure

Banks (SIB's) which allow the use of federal funds to make loans to projects requiring additional funding to advance the projects in a timely manner. South Carolina has the most successful SIB in the country, assisting in the financing of more than \$3 billion of projects in the state. However, these loans require some form of revenue to pay debt service over the life of the bonds, which are issued by the bank. Loan repayments have included local fees and taxes as well as state truck registration fees, gas tax, and future federal highway funds.

Another useful financing tool has involved the establishment of loan and credit assistance programs under the Transportation Infrastructure Finance and Innovation Act (TIFIA). This program provided a much needed federal loan which allowed construction to begin on the Arthur Ravenel, Jr. Bridge in Charleston, for example. The funds to repay the loan included a combination of future state highway funds, local county funds, and funds from the State Ports Authority.

The advent of innovative financing tools has generated more interest in the use of tolls as a financing mechanism in many parts of the United States. Until recently, tolls were not allowed on interstate facilities except on new highway bridges or tunnels. A major change occurred as a part of the 1998 highway bill (TEA-21), which established the toll pilot program. This program allowed tolling on up to three existing interstate facilities to fund needed construction or rehabilitation on interstate highway corridors that could not otherwise be maintained or improved.

SAFETEA-LU (passed in 2005) provides states an opportunity to allow tolling on new facilities that use federal funds (Section 1604(c), Interstate System Construction Toll Pilot Program).

- States or interstate compacts of states may apply;
- Tolling must be the most efficient and economical way to finance the project;
- Automatic toll collection is required (see later discussion of toll collection);
- There may be no requirement to block improvements to competing facilities;
- Revenues may only be used for debt service, reasonable rate of investment of private equity, and for operation and maintenance costs.

Innovative ways of financing roadway construction are currently being utilized throughout South Carolina, including the issuance of bonds that are paid back over time to pay for the construction of projects. These bonds can be paid back in a variety of ways. Though the state does not have the ability under state law to issue GARVEE bonds, federal funds are in fact being used to repay state bonds. Many localities are also joining in funding projects that would have previously been funded entirely by the state. One example is the hospitality fees Horry County used to match State Infrastructure Bank funds to construct the Road Improvement and Development Effort (RIDE) program. Several counties have enacted local option sales taxes to assist in meeting highway transportation demands, including York, Beaufort, Horry, Aiken, Florence, Dorchester and Charleston Counties. SCDOT has also constructed the first road in the state funded with revenues from tolls (the Cross Island Expressway on Hilton Head Island) and licensed a private entity, the Connector 2000 Association (a 401C(3) corporation), to build and operate a second toll road, the Southern Connector in Greenville County.

Public-Private Partnerships (P³) have recently been recognized as an important tool for transportation agencies seeking funds to build and operate facilities. Section 57-3-200 of South Carolina state law allows the use of P³ agreements. The state of South Carolina has already used this approach with the Southern Connector and will certainly consider it again with I-73.

A recent innovation in the United States has been the sale of a “concession” to private entities to finance, design, and operate toll facilities. This P³ method provides a private organization the opportunity to obtain a lease to build and/or operate a roadway facility for a period of time. To date, concessionaires have been European or Australian investors who have acquired a portfolio of toll facilities in those countries which are anticipated to provide sizeable returns on investment over a long period (i.e. 75 to 99 years). The stability provided by the portfolio as a whole has attracted large investors, such as pension funds, which heretofore have not been attracted to toll road investment. In most cases, the facility is or will be a toll road that provides the long-term return on investment.

In some cases, especially with pre-existing facilities, the concession has been deemed of such value that the concessionaire has provided the owner an up front payment for the long-term lease. An example of this is the Chicago Skyway, where a private firm paid over \$1.8 billion for a 99-year lease to operate the facility. The amount paid for a concession is directly related to the amount of money anticipated to be generated over the life of the lease. A second example involves the construction of a new facility in Texas. The Trans-Texas Corridor Initiative has resulted in an agreement with a concessionaire giving them the right to finance and construct \$6 billion in infrastructure projects (toll roads) in the I-35 corridor. In return, the concessionaire is to pay \$1.2 billion for the concession rights. It should be noted that the creation of such a concession often entails restrictions on improvements to competing routes to protect the potential revenue stream for a leased facility. In lieu of the prohibition against competing routes, states may have to agree to pay damages when competing routes are created. These examples are among only a few throughout the country and the world that provide the opportunity for such a large up front payment to the owner. However, that approach may be applied to construction of I-73.

There appear to be five general approaches to financing I-73:

1. Traditional financing with 80% federal and 20% state or local funding;
2. Publicly issued bonds backed by future revenue; either from federal funding, toll revenue, local funds or some combination of the three;
3. A combination of 1 and 2;
4. A public/private partnership involving some level of private/ public funds; and,
5. Use of the concession approach involving a lease to a private entity in return for the right to finance, design, and build the road, perhaps including collateral development opportunities within the right-of-way.

The last four options would probably involve toll financing. Each of these financing mechanisms is dependent upon the potential future revenues, either from federal allocations, other taxes, or tolls.

The amount of money that can be borrowed is limited by projections of these future revenues. An evaluation of the potential toll revenues, called an investment grade toll study, is a way to project the future revenues. It would be performed by the entity interested in financing the project. The revenue obtained by tolling can vary depending upon the toll rate, traffic volume, and competing un-tolled routes. These factors are often interrelated, i.e. the availability of competing routes can affect the traffic volumes on a tolled facility.

The method of tolling can also affect the toll revenues. For example, a “closed system” with a toll required at most entrances and exits along a road would normally generate more money than an “open system” with a limited number of toll booths at specific locations. The closed system would generally involve traditional toll booths where users pay cash by the trip and could also contain electronic toll lanes which accommodate frequent users who can pay tolls electronically without the delay of stopping at a toll booth. An open system would eliminate cash booths and would require all users to have an electronic toll tag. Clearly this presents a problem on a facility like I-73 that will have a significant number of non-local users. In the future, many anticipate a regional or even national system of electronic toll tags which can be used at all toll facilities in the region or ultimately in the United States. This would make the open system more attractive. Finally a discount for local traffic, either based upon number of trips per month or use of an electronic transponder, would affect projected revenue.

NATIONAL IMPACT:

I-73 will provide linkage to facilitate the movement of people and goods to and from South Carolina via the interstate highway system. The current roadways through the project study area are subject to frequent stop and go situations and heavy congestion during peak traffic conditions. This project would provide a corridor for moving goods between the Southeast and the Midwest United States more efficiently and greatly reduce the congestion on local roads, which would reduce the travel and delivery times for commercial freight.

Completion of an additional interstate in the US will allow goods to move to and from markets and ports in the south with delivery reaching into Canada. In addition, I-73 provides an opportunity to address a significant link lacking in the interstate system in South Carolina. Horry County is the most populated county in the State not currently served by an interstate highway. The proposed project would provide a needed connection between the highly popular tourist destination of Myrtle Beach and the interstate system at I-95, with further connections including NC 74 leading to the Charlotte metropolitan area. It would also provide an interstate link to Marion County.

According to the 2006 Myrtle Beach Statistical Abstract, there were an estimated 13.2 million visitors to the area in 2004. Approximately 81 percent of the visitors travel to the area via automobile from within South Carolina; from surrounding states such as North Carolina, Kentucky, New York, Pennsylvania, and Ohio; and from the eastern Canadian provinces. In 2004, the American Automobile Association (AAA) ranked Myrtle Beach fourth in the United States as a driving destination, behind the major metropolitan areas of Orlando, Florida; Anaheim, California; and Las Vegas, Nevada. Myrtle Beach is the only one of these destinations not served by at least one major interstate.

MOBILITY IMPROVEMENTS:

Reaching the destination with efficiency and ease is a part of the overall vacation experience. By providing a controlled-access interstate facility, the efficiency of traffic flow through the I-73 corridor would be improved. Local mobility is a key for the tourist traffic to/from Myrtle Beach. Over 80 percent of visitors travel to Myrtle Beach by automobile. This large number of visitors arriving to the area by vehicle congests the local transportation network. Traffic diverted to I-73 would reduce congestion on local roads. The American Automobile Association, along with the American Highway Users Alliance and The Road Information Program, released a study in 2005 locating the top summer traffic bottlenecks in the country. These bottlenecks were based on information from the FHWA, state departments of transportation, and the travel and tourism industry. The drive between I-95 and the Myrtle Beach area on U.S. Route 501 was listed as 23rd in the top 25 for vacation travel delays and congestion. The proposed project would enable tourists to access the area more efficiently and provide a high-speed access route to the region.

Access to the Myrtle Beach area for out-of-state travelers is critical to maintain the economy of the state. Approximately 32 percent of the 8.5 billion dollars spent by tourists in the state in 2005 was in Horry County. In 2004, almost 70 percent of those employed in the Grand Strand area were in retail and wholesale trade, and service industries. According to the 2006 Myrtle Beach Statistical Abstract, there were an estimated 13.2 million visitors to the area in 2004, and each spent an average of \$101.76 per person per day. Approximately 81 percent of the visitors, 10.3 million, travel to the area via automobile. In 2004, the American Automobile Association (AAA) ranked Myrtle Beach as the fourth most popular driving destination in the United States, behind the major metropolitan areas of Orlando, Florida, Anaheim, California, and Las Vegas, Nevada. Myrtle Beach is the only one of these areas not directly linked to a major interstate corridor.

Tourism is based on the concept of a location being a desirable vacation destination. The Atlantic Ocean and abundance of golf courses, entertaining venues and shopping opportunities add to the attraction of the Myrtle Beach area as a destination of choice. Reaching the destination with efficiency and ease is a part of the overall vacation experience. According to the 2006 Myrtle Beach Statistical Abstract, the top ten states of visitor inquiry origin in 2002 included North Carolina, New York, Pennsylvania, Ohio, Virginia, South Carolina, Tennessee, Georgia, New Jersey, and Maryland. The proposed project would enable tourists from these and other states to access the area more efficiently.

State roads provide current access through these counties between the I-73/I-74 Corridor in North Carolina and the portion of proposed I-73 between I-95 and the Myrtle Beach area. The northern segment of the SC I-73 project would link the southern portion of I-73 to the I-73/I-74 Corridor, which would provide interstate access throughout the entire northeast portion of South Carolina and beyond to the Myrtle Beach area. This access would allow visitors to reach their vacation destinations in the eastern portion of South Carolina more easily.

Safety is a concern on roadways, especially those with unfamiliar drivers and commercial traffic as well as uncontrolled access and frequent stop and go conditions. This project would improve safety on the current roads by reducing the volume of traffic on them and provide a route with more consistent speed and capacity for local, out-of-state, and commercial traffic into and throughout the project study area. Most highways in the project study area are two-lane roads not divided by a median or barrier. Some portions of these roads have been upgraded to four-lane highways; however, these roads do not meet the safety standards of an interstate. The current roads in the project study area have uncontrolled access, which means cars can enter and leave along these roads where curb cuts are provided, at side roads and driveways.

Traffic congestion in the United States is expected to increase 400 percent on urban freeways by 2020. The United States Department of Transportation (USDOT) found that in 2003, Americans lost 3.7 billion hours sitting in traffic jams. Traffic congestion is not limited to urban areas. Rural roadways leading to popular tourist destinations also experience congestion during peak seasons. One need is to provide a corridor to accommodate a future multimodal facility. By providing for a multimodal facility, future visitors could be served by high-speed rail rather than by car or airplane. Although at this point in the planning process a specific multimodal component has not been designated, the proposed project provides additional right-of-way corridors that will allow for future rail facilities.

Hurricane evacuation is a concern for the Myrtle Beach region due to the dramatic increase in the resident population and the coinciding tourist and hurricane seasons. The region is currently served by three designated hurricane evacuation routes that connect U.S. Route 17 to I-95: S.C. Route 9; U.S. Route 501; and U.S. Route 521. In addition, U.S. Route 378, designated as a hurricane evacuation route, connects to U.S. Route 501 in Conway.

Horry County had a permanent population of 196,629 people in 2000. According to South Carolina Department of Parks, Recreation, and Tourism (SCPRT), Horry County's resident population, combined with its tourists, equated to an average population per day of 296,809. In the event of a natural or man-made threat, Horry County would need to evacuate both the resident and tourist populations. Approximately 300,000 people attempting to leave an area via the current evacuation routes would result in a strain of the existing facilities. The addition of a four-lane interstate system would help reduce the time for evacuation giving emergency preparedness officials a much improved margin of error.

The 2003 *South Carolina Hurricane Plan*, completed by South Carolina Emergency Management Division (SCEMD), contains evacuation estimates for the Northern Coastal Conglomerate that encompasses Clarendon, Darlington, Dillon, Florence, Georgetown, Horry, Lee, Marion, Marlboro, Sumter, and Williamsburg counties, and in turn, the project study area. As stated in the 2003 Plan:

“Clearance times generally fall below 24 hours...however, due to the limited road network and the large numbers of tourists and permanent residents who would have to evacuate in the northern conglomerate, times could potentially exceed 26 hours for a Category 4-5 hurricane, high tourist occupancy scenario.”

Within the Northern Coastal Conglomerate, two major bottlenecks occur on U.S. Route 501. One bottleneck occurs on U.S. Route 501 between U.S. Route 17 Bypass and Conway that causes an increase in evacuation time. Lane reversal is feasible on a portion of U.S. Route 501; however, it results in negligible clearance time reductions because the other major bottleneck that controls clearance time on this road (U.S. Route 501 at Aynor) is “upstream” of the reversal area. The proposed project would provide a four-lane controlled-access interstate facility for which the lanes could be reversed, as opposed to U.S. Route 501, which is not a controlled-access facility. This would easily provide a more efficient evacuation route than is currently in place and is anticipated to relieve pressure on other evacuation routes currently running at capacity.

A study was completed (**See Figure 1**) to analyze what impacts the I-73 corridor would have to the efficiency of evacuating residents and tourists from the Myrtle Beach area during the threat of a hurricane coinciding with high tourist occupancy rates. The same model used by SCEMD to study hurricane evacuation scenarios was used to perform this analysis. The study looked at evacuation times for 2005 along U.S. Route 501, as it is the primary evacuation route for the largest number of people in the region has the greatest bottlenecks, and it would be the most relieved if I-73 were constructed. The study compared evacuation times for the year 2005 and the year 2030 with and without I-73, and if lanes were reversed on I-73, including the Veterans Highway (S.C. Route 22) section.

Evacuation Times on U.S. Route 501, S.C. Route 9 and I-73 by Hurricane Category (in hours)			
Interstate 73 EIS: I-95 to the Myrtle Beach Region			
	Category 1-2	Category 3	Category 4-5
Evacuation times on U.S. Route 501			
2005 Base Year	16	21	24.2
2030 without I-73 constructed	24	32	37.4
2030 with I-73 constructed	16.7	22.6	26.5
2030 with I-73 constructed & Lane Reversal on I-73	13.8	18.9	22.4
Evacuation times on S.C. Route 9			
2005 Base Year	9.8	11.6	13.4
2030 without I-73 constructed	11.2	13.2	15.5
2030 with I-73 constructed	9	10.8	12.6
2030 with I-73 constructed & Lane Reversal on I-73	7.9	9.5	11.2
Evacuation times on Interstate 73			
2030 with I-73 constructed	19.5	25	29
2030 with I-73 constructed & Lane Reversal on I-73	12.6	16	18.9

Figure 1

If I-73 is constructed, and assuming high tourist occupancy, the time for evacuation along U.S. Route 501 would reduce by 10.9 hours for a Category 4-5 and high tourist occupancy with the addition of traffic evacuating along I-73. If lanes were reversed on I-73 and the Veterans Highway (S.C. Route 22) then the evacuation time would reduce by 15 hours on U.S. Route 501 for a Category 4-5 storm and high tourist occupancy. Evacuation time along S.C. Route 9 would also benefit by decreasing 2.9 hours with I-73 present and by 4.3 hours if lanes were reversed on Veterans Highway and on I-73.

If I-73 were not built, the evacuation time in 2030 on S.C. Route 9 would be greater than 15 hours while evacuation time could exceed 37 hours in a worst-case scenario (Category 4-5) on U.S. Route 501. With clearance times this long, the decision to evacuate would have to be made early in the hurricane watch period before the National Hurricane Center has reliable data to make predictions concerning storm track or hurricane intensity. This could result in needless evacuations of residents and tourists, which would hurt the region's economy.

I-73 would provide another route for evacuation and reduce clearance times along U.S. Route 501 by over ten hours. The southbound lanes of I-73 and the Veterans Highway (S.C. Route 22) could also be reversed, allowing more cars to evacuate at the same time.

With lane reversal, evacuation time would be reduced by an additional four hours along U.S. Route 501 and an additional ten hours on I-73. The potential overall savings

in evacuation time could be up to 18 hours in a worst-case scenario (Category 4-5 and high tourist occupancy).

On October 20, 1992, under ISTEA, the USDOT announced the designation of the Southeast High-Speed Rail (HSR) corridor connecting Charlotte, North Carolina, Richmond, Virginia, and Washington, District of Columbia. On December 1, 1998, under TEA-21, the Southeast HSR corridor was extended from Charlotte, North Carolina, through Greenville, South Carolina, and Atlanta, Georgia, to Macon, Georgia; and from Raleigh, North Carolina, through Columbia, South Carolina, and Savannah, Georgia, to Jacksonville, Florida. HSR, as a mode of transportation, has the potential to provide an efficient, reliable, safe, and affordable alternative to highway and airport congestion. In order to implement the development of the Southeast HSR corridor, the Southeastern Economic Alliance was created consisting of 16 cities across six Southeast states. In 1999, the SCDOT Commission passed a resolution in favor of the Southeast HSR corridor and supporting extensions of the HSR system to Charleston, South Carolina, and Myrtle Beach, South Carolina.

A Tier I EIS was completed for the corridor between Washington, D.C, and Charlotte, North Carolina, in 2002, identifying a preferred route for the rail system. The Tier II Draft EIS for the segment from Petersburg, Virginia (and possibly Richmond, Virginia), to Raleigh, North Carolina, is currently underway and is expected to be completed in August 2009 with public hearings scheduled for December 2009. A Tier I EIS has been prepared for the linking of Hampton Roads and Norfolk, Virginia area to the Southeast HSR corridor and public hearings are being scheduled.

A feasibility study for high-speed rail between Charlotte, North Carolina, and Macon, Georgia, was completed in 2004 and concluded that the most cost-effective design would allow speeds between 79 and 90 miles per hour. The North Carolina, South Carolina, and Georgia Departments of Transportation are also continuing to study the suitability and costs of HSR from Charlotte, North Carolina, to Macon, Georgia.

Because the alignment of the Southeast HSR corridor could come near the ultimate I-73 corridor, this project seeks to proactively plan for future transit options by preserving a corridor within the proposed I-73 right-of-way. This rail corridor could provide a connection between the HSR line and the Myrtle Beach region. The future rail for this project study area would be limited to a design speed of 79 miles per hour, which is slightly higher than the proposed design speed of 75 miles per hour for I-73. Any future rail project would be required to undergo a separate NEPA analysis and Section 404 permitting process prior to construction.

ECONOMIC BENEFIT:

Marlboro, Dillon, and Marion Counties are some of South Carolina's and the nation's poorest counties. Unemployment rates are also high for these counties, with a three-county region unemployment rate of roughly 11.5 percent, the region's

unemployment is much higher than South Carolina's state average of 6.7 percent and the national average of 5.1 percent. Marlboro, Dillon and Marion Counties have three of the higher unemployment rates in South Carolina. (See **Figure 2** below.)

Unemployment Rates, 2005	
Interstate 73 EIS: I-95 to the Myrtle Beach Region	
	2005 Unemployment Rate
Dillon	9.5%
Marlboro	11.0%
Marion	13.9%
Three-County Average	11.5%
State Average	6.7%
National Average	5.1%

Figure 2: SOURCE: South Carolina Employment Security Commission, "Labor Force and Employment Data, 2005"

According to the U.S. Census Bureau, a county is considered poor if more than 20 percent of its population is below the poverty line. **Figure 3** below displays 2000 poverty estimates calculated by the U.S. Census Bureau, both Dillon (24.2 percent) and Marion Counties (23.2 percent) have in excess of 20 percent of their populations living below the federal poverty threshold. Horry County has only 12 percent of its population living below the poverty line. The state percentage of 14.1 percent is also lower than both Dillon and Marion Counties.

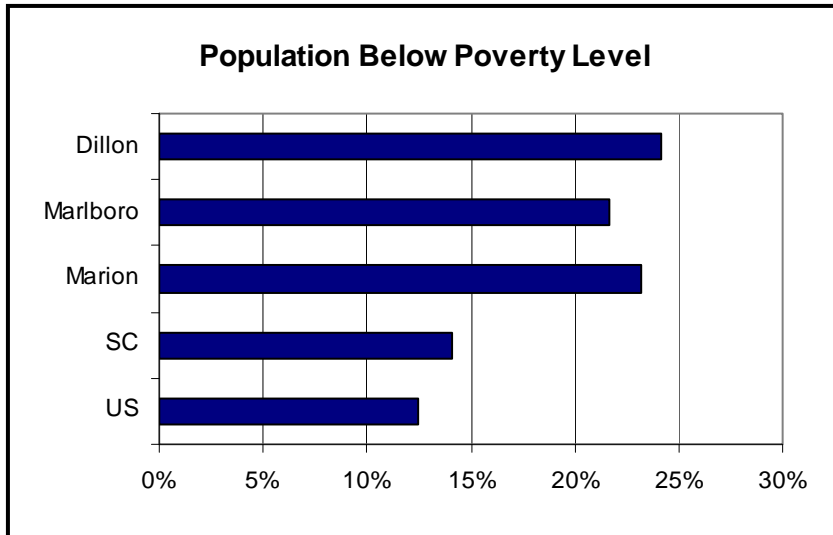


Figure 3

In 2000, Both Dillon (24.2 percent) and Marlboro (21.7 percent) Counties were considered poor by this standard, while Richmond County was on the threshold, with 19.6 percent of its population living below the poverty level (refer to Chart 1.9, page 1-26). Scotland County had 12.4 percent of its population living below the poverty level in 2000. All four counties had higher percentages of their population living below the poverty level when compared to their respective states, with 14.1 percent of South Carolina's population living below the poverty level, and 12.3 percent of North Carolina's population living below the poverty level. In addition, all four counties had either similar or greater percentages living below the poverty level when compared to that of the nation (at 12.4 percent) in 2000. This disparity is even evident in the median household income chart below (**Figure 4**).

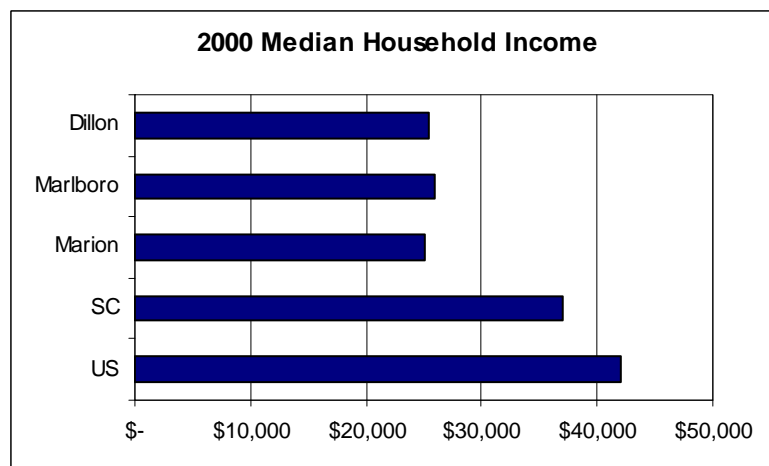


Figure 4

Figure 5 shows the northern portion of the project; Marlboro and Dillon Counties in South Carolina and Richmond and Scotland Counties, also had unemployment rates of 6.5 percent (Dillon), 6.5 percent (Marlboro), 5.4 percent (Richmond), and 5.8 percent (Scotland) in 2000, which were higher than the nation’s rate of 4.2 percent. These unemployment rates have increased since 2000, with all counties having unemployment levels over nine percent in 2003, (Dillon had 9.5 percent, Marlboro had 13.1 percent, Richmond had 10.1 percent, and Scotland had 11.6 percent). Unemployment rates went down in most of the counties in the project study area in 2006 with Richmond having the lowest unemployment rate at 7.7 percent, Scotland having 9.0 percent, Marlboro having 11.1 percent, and Dillon having 9.5 percent. These counties’ percentages are high when compared to those of North Carolina (4.8 percent), South Carolina (6.5 percent), and the United States (5.1 percent).

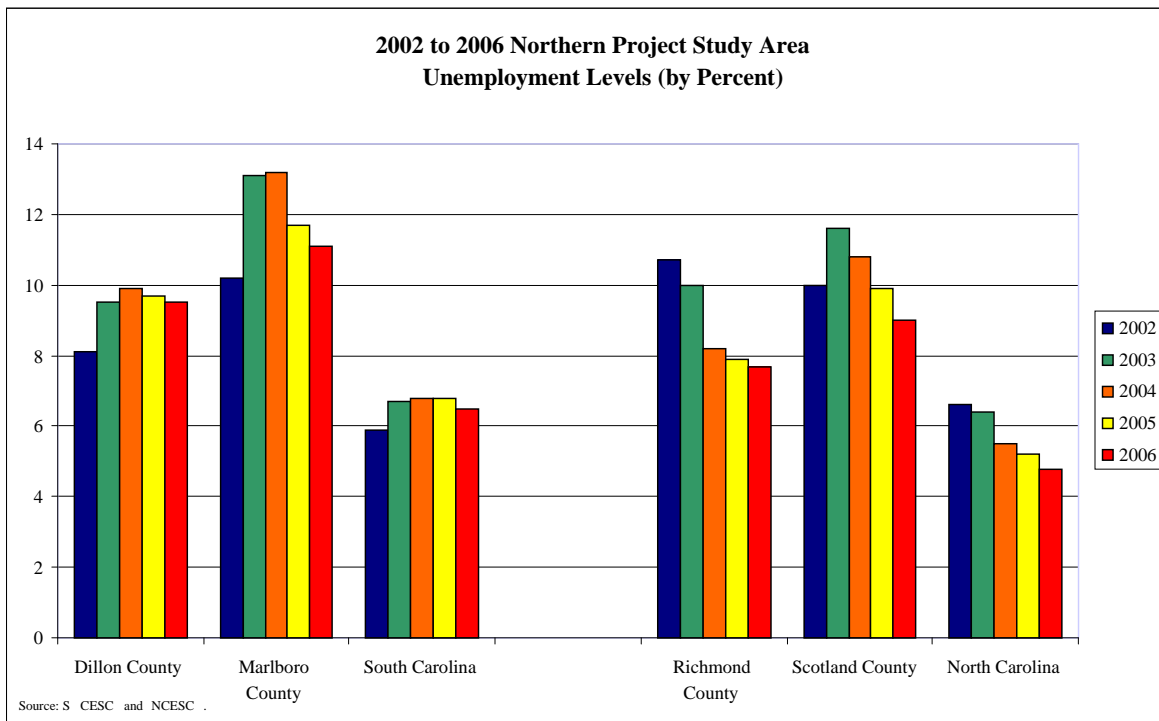


Figure 5

Having an interstate would provide opportunities to recruit new businesses and industry by virtue of being linked and having proximity to the interstate system. Although the presence of an interstate is not enough to generate new jobs, it is one of the key factors that industries and businesses seek when viewing a facility. Certainly an interstate alone does not necessarily lead to economic growth, but the improved access and mobility from I-73 would provide the Pee Dee Region with enhanced development opportunities. However, the presence of an interstate is a necessary component of the ability to attract new businesses to an area.

Local city and county governments, along with non-governmental organizations, would have the ultimate responsibility of recruiting new businesses and industries to their

areas. However, having this interstate would be an added advantage to attract a company to locate in these counties.

It is also anticipated that the construction of a new interstate facility would stimulate the development of tertiary services in close proximity to the corridor. Convenience services such as restaurants, gas stations, and accommodations would provide additional employment and income to the neighboring communities. Opportunities for development of tourist-friendly establishments and recreational facilities would likely increase with an interstate connecting to I-95 and the interstate highway system.

A regional economic model (**Figure 6**) was run to estimate the effect that I-73 would have on the local economy. A 2.7 billion dollar increase in the gross regional product would occur over a 15 year time period, based on travel efficiencies alone. The accumulated economic output (GRP) over the fifteen-year period is forecasted to be about \$2.0 billion for the Preferred Alternative on the Southern segment of the project and \$695 million on the Northern segment.

Economic Impact Summary (Alternatives compared to No-build)			
Variable	Southern Project	Northern Project	Total
Cumulative Gross Regional Product (Billions of dollars -- 2000 for southern and 2007 for northern)	2.0	0.695	2.695
Total Employment (Permanent to full-time)	3,995	787	4,782

Figure 6

The total employment would increase by approximately 3,995 permanent full-time jobs over a 15 year period above the No-build Alternative, while the Northern Project would experience an increase in the number of full-time positions by approximately 787 over the No-build Alternative.

SUMMARY:

I-73 has widespread support in South Carolina. The need for an interstate system connecting to the Grand Strand has been recognized for many years. Tolling authority for I-73 would allow this new facility to (1) increase safety, (2) reduce traffic congestion, (3) improve emergency response times in the region, and (4) promote economic development. **Tolling authority is needed for this project to move from a vision to a reality.**