

From: Godfrey, Rob
To:
Date: 12/4/2012 5:54:55 PM
Subject: Gov. Nikki Haley: Rail resolution a win-win

Rail resolution a win-win

City of North Charleston and Commerce agree to terms that set South Carolina on right track for post-Panamax economic competitiveness

COLUMBIA, S.C. – A settlement among the South Carolina Department of Commerce, its Division of Public Railways and the City of North Charleston was approved today by the North Charleston City Council. This is a first step towards ending all pending litigation among the parties, as well as the State Ports Authority, creating a win-win for the state and the city.

Commerce Secretary Bobby Hitt and North Charleston Mayor Keith Summey negotiated a deal that enables South Carolina to offer equal dual rail access to the Port of Charleston through an intermodal rail yard that will be located strategically on the former Charleston Naval Base while protecting the neighboring communities.

Together with funds appropriated to advance harbor deepening, the settlement signals to the global business community that South Carolina will be ready to accommodate the rapid growth in commerce that will move through the Port after the Panama Canal is widened in 2014. As a key partner in the deal that will facilitate the efficient and cost-effective movement of cargo through the Charleston region and statewide, the City of North Charleston will also benefit from new investment and job creation.

"With today's vote by North Charleston City Council, everyone in South Carolina wins," said South Carolina Governor Nikki Haley. "First, let me thank Mayor Summey and Secretary Bobby Hitt, who have done a tremendous service to our state by bringing us to this point. South Carolina as a whole is now positioned to even further benefit from our world-class port and the expansion of the Panama Canal - it truly is a great day in South Carolina."

The settlement demonstrates that the state and the City of North Charleston have put past differences aside and are ready to work together to redevelop the former Charleston Naval Base in a way that gives the Charleston region and the state a path forward..

Key elements of the settlement include:

- An exchange of property between North Charleston and Public Railways that divides property at the former naval base so that North Charleston controls the property closest to the waterfront that is best suited for residential and recreational development, while Public Railways retains property required to implement the rail yard and associated rail lines, as well as other property best suited for industrial and economic development.
- Payments to North Charleston by Public Railways from privately-generated revenues available for capital projects, including \$8 million paid in \$2 million installments over four years and assumption of the Tax Increment Financing (TIF) bond debt associated with the former Noisette acreage acquired by Public Railways.
- A comprehensive surface transportation study to identify impacts of rail and highway traffic related to state port and rail operations throughout North Charleston. Public Railways, the State Ports Authority, the South Carolina Department of Transportation and North Charleston will equally fund the study that will identify the infrastructure required to mitigate these impacts.
- Administrative support by the City of North Charleston for rezoning, permitting, and other issues needed to implement the rail yard, resolve existing rail and other related issues, and attract new investment and jobs to the former Charleston Naval Base.

Senator Hugh Leatherman, chairman of the Senate Finance Committee, said, "The agreement reached to move forward on the dual-access rail was a long time coming, but a great day for all areas of South Carolina. Because of these state-of-the-art rail facilities, I expect our ports to be busier, I-26 less congested and our businesses to enjoy another efficient and viable option to move their goods throughout our state, country and world. By this agreement, the people of South Carolina and the residents of North Charleston are the winners! I commend Mayor Summey, Secretary of Commerce Bobby Hitt, Former Secretary of Commerce Joe Taylor and Councilman Ron Brinson, who worked so diligently to make this day a reality."

With this agreement, South Carolina can build an intermodal container transfer facility that allows equal access to both Class I rail carriers. One intermodal train equals 280 trucks. An effectively-implemented dual access rail solution will keep those additional trucks off the roads and will minimize negative impacts to the environment and the region as a whole.

"I've said before that I knew this issue could be resolved and that we're getting closer," said Secretary of Commerce Bobby Hitt. "And now we're here. This is a win for both South Carolina and the City of North Charleston. This agreement puts us at the top of the game for competing globally for post-Panamax business. Like water poured on a rock, when the commerce comes, it has to have somewhere to go. The solution we have reached with the City of North Charleston will result in a higher volume and more efficient distribution channel for companies in South Carolina and all over the world. Importantly, we found ways to accomplish this while minimizing impact to North Charleston residents. Special thanks are due to Buck Limehouse who served as mediator in the process."

"Today is an important moment for the City of North Charleston," said Mayor Keith Summey. "We now have a great opportunity to resolve many of the lingering surface transportation issues that have plagued the greater North Charleston region for many, many years. The joint study commissioned by the state parties and the City will seek a solution to many of our area's transportation problems and lessen port traffic impacts on the North Charleston community. Anyone driving along North Charleston's major thoroughfares has at some point been stuck in gridlock traffic or stopped by a train, unfortunately all too often. This fight has been over rail, but I believe that the City has really objected to the human impact of rail more than to rail itself. With this settlement, I believe that North Charleston will emerge as a better community, and that all of the citizens of the State of South Carolina will realize that it was this community that made the tough decisions for their economic growth."

Starting with the surface transportation study, the settlement outlines steps that will be taken to mitigate the adverse impacts of the increased rail and traffic to the North Charleston region, including the establishment of quiet zones and other related measures. This effort will include rail and highway traffic simulations to determine the impacts followed by public hearings to assess how best to address the impacts in a manner that incorporates the concerns of the local citizens who are most affected by them.

Public Railways President Jeff McWhorter is ready to get started. "This has been a long process and we are looking forward to working with everyone concerned to better prepare our state and the City of North Charleston for the opportunities coming our way," McWhorter said. "We expect to begin the permitting process for the intermodal facility after the first of the year and will take steps to get the surface transportation study underway as soon as possible." He added, "Our plan allows for efficient rail service that will reduce truck traffic and highway congestion starting with the direct involvement of Public Railways in helping to ease some of the traffic tie-ups that are experienced today at North Rhett. We will work closely with Mayor Summey, his staff and nearby communities to mitigate the impact of rail as it relates to our facility on the former Charleston Naval Base."

As chairman of the Review and Oversight Commission for the South Carolina State Ports Authority, Senator Larry Grooms said, "I was keenly aware of the importance of the dual rail issue for the maritime community and congratulate the parties on the settlement announcement." Bill Stern, chairman of the South Carolina State Ports Authority, also offered his congratulations on behalf of the State Ports Authority and said, "The construction of a dual rail served intermodal container transfer facility at the former Charleston Naval Base will enhance rail competitiveness for the Charleston region. We are pleased that this will resolve the City's claims against the Ports Authority, ending the pending litigation."

Rob Godfrey
Office of Gov. Nikki Haley
O: (803) 734-5074 | C: (803) 429-5086