City of Charleston

JOHN J. TECKLENBURG
MAYOR

September 15, 2016

State Infrastructure Bank Board
South Carolina Department of Transportation
P.O Box 191
Columbia, South Carolina 29201

Dear Chairman Graham and State Infrastructure Bank Board Members:

We acknowledge the history of the Mark Clark Extension project has been a long one and sometimes contentious. Our purpose is not to rehash past missteps, but to present a compromise proposal that will effect a fair and positive outcome for the citizens of this region and the entire State, and that does not require further commitment from the SIB beyond the current level for funding of $420 million for the project.

The benefits to be realized with the continuation of the Mark Clark Extension are legion. The Extension will provide relief from horrendous traffic congestion, additional capacity for emergency evacuation, a hub route for future public transit (Bus Rapid Transit, BRT) and a regional link for pedestrian/bike facilities, all of which furthers a robust and healthy commerce in the Lowcountry. And while we have been dogged in getting the Extension completed, we understand there are other, very important transportation needs in the area that also require funding. To meet these challenges, Charleston County Council will conduct a referendum this November seeking permission of the voters to impose a sales tax to fund these critical transportation improvements, many (if not the most expensive) of which relate to State roads. In addition to projects identified for sales tax support, we recognize that the tax can be a viable source of funding for the mitigation needs necessitated from the planned Navy Base Intermodal Container Transfer Facility (ICTF), a facility that should be in place if the new State Ports Authority Container Terminal is to meet the scheduled December 2019 opening date. The completion of the ICTF is critical for the further reason because converting container movement to rail rather than by truck is estimated to take 100,000 trucks/trailers off of an already burdened I-26 when the Port facilities are in full swing.

The SIB has articulated two primary concerns regarding the completion of the Mark Clark Extension project, those being the unknown legal costs that may be incurred arising from the permitting process, and the ability or willingness of the SIB to fund the entire project. Our proposal alleviates each of these concerns.

P.O. BOX 652, CHARLESTON, SOUTH CAROLINA 29402
843-577-6970 FAX 843-720-3872

As for legal fees associated with the permitting process, Charleston County will commit to pay them. As for funding, we propose current SIB funding in the amount of $420 million. This amount will enable the construction of the Extension to be phased, with phase one being from the existing terminus of the Mark Clark at US 17 in West Ashley to the planned connections on John's Island in the vicinity of Maybank Highway. Phase two would be the completion of the Extension from John's Island to James Island. It is estimated that the existing contractual commitment of $420 million will allow for the construction of phase one to commence as well as complete the permitting and mitigation for the entire project, while the funds necessary for the construction of the second phase of the project are generated by the City and County. The City and the County intend to pursue the utilization of CHATS Guideshare funding (CHATS has fully endorsed and ranked the project), Tax Increment Financing from the City of Charleston, and FASTLANE Grant Funds through the U.S. Department of Transportation and will use other innovative finance options such as direct and indirect Grant Anticipation Revenue Vehicle (GARVEE) Bonds and Transportation Infrastructure Finance and Innovation Act funds (TIFIA) to close any remaining funding gaps. In consultation with SCDOT, this phasing approach is not uncommon for large projects and is expected to be considered acceptable with the "reasonable availability" of funds threshold for the project.

Moreover, constructing the Extension in this manner is wholly consistent with the contract. Section 5.5 of the Intergovernmental agreement (IGA) between the County, SCDOT, and SIB. This Section anticipates the very situation we find ourselves in when there are unanticipated costs. Section 5.5 provides: "The County shall be responsible for obtaining or providing additional funding for the Extension Project if the available funds are not sufficient to complete the Extension Project within the scope of the Extension Project, reducing the scope of the Extension Project to conform to available funding, or some combination thereof".

At the SIB meeting held on May 26, there was discussion of potential funding by way of a toll and the sales tax. Post-meeting discussions with SCDOT have revealed that the toll option is not a good one, as it would necessitate a restart of the Environmental Impact Study (EIS) process, a delay that we do not wish to occur. As for the sales tax, we believe it would be better utilized for other projects (as shown on the attachment) which improve roadways that would otherwise fall to the State. These projects constitute a further County match of $531 / million. The County will also have the flexibility to assist the State, particularly the Palmetto Railway Commission, to meet the agreed-upon mitigation with the City of North Charleston and needed mitigation for the City of Charleston resulting from the construction of the ICTF to serve the new Port Authority Terminal.

Specifically, as part of this proposal, Charleston County is prepared to enter a separate agreement with Palmetto Railways Commission and the cities of North Charleston and Charleston that would provide for Charleston County to fund the agreed upon and needed mitigation relative to the ICTF facility. These mitigation projects include those set out in an existing 2012 agreement with the City of North Charleston to fund up to three (3) rail overpasses, and to provide one (1) rail overpass and other intersection improvements needed in the City of Charleston due to the inclusion of a southern rail route through Charleston as part of the ICTF. We estimate the costs of these improvements to be up to $150 million, and as stated, putting a funding source in place

for these mitigation measures will keep the SPA Terminal on track and remove a number of trucks and tractor-trailers off I-26, local, and statewide roads.

Chairman Graham, you have indicated an interest in helping John's Island by way of a planning process. The City of Charleston conducted such a process, and a John's Island Community Plan was adopted by City of Charleston City Council in November of 2007. The City and County also agree to jointly update that Plan in 2017 to assess current entitlements and growth, particularly in light of infrastructure improvements. By separate cover, you will be sent a copy of the existing Plan.

To recap:

- SIB agrees to honor the existing 2006 agreement and give DOT notice to resume work on the project;
- the $420 million stays in place, the entire project will be permitted, but the County may change scope as allowed in the IGA to phase the project, first of which being connection from the present terminus of Mark Clark (at US 17 S) to John's Island/Maybank Hwy. Phase II would be funded by County and other sources as identified and assisted by SCDOT;
- the County agrees to pay additional legal fees that the project may incur;
- new sales tax to assist the State with $531 million of additional matching funds to be used on State roads (see attachment);
- new sales tax to pay up to $150 million for the overpasses/mitigation required to allow ICTF and the Container Terminal to remain on schedule; and
- the City of Charleston, in coordination with the County, to update its 2006 John's Island plan in 2017.

Respectfully, we have reached a crossroads:

1. No agreement or compromise is reached, and the most important roadway infrastructure improvement to the Lowcountry is left incomplete, resulting in a delay of the ICTF due to a lack of mitigation funding and a potential delay in the opening of the SPA Terminal, a blow to the State's economy, all of which translates into a fundamental failure of collective government to serve its citizens.

Or

2. The Mark Clark is extended and the Lowcountry gets needed traffic relief, additional evacuation capacity, tie in to regional public transit and bike/pedestrian facilities; the ICTF moves forward removing numerous trucks and trailers off the road and keeping the opening of the SPA Terminal on schedule; the State gets financial help from Charleston County by use of its sales tax paying for State road improvements and mitigation associated with the ICTF; and John's Island planning is updated, all of which translates into a win for all levels of government, but more importantly for our citizens.

We hope you will give this proposal serious consideration. We will be glad to answer any questions you may have.

Sincerely,

J. Elliott Summey
Chairman, Charleston County

John J. Tecklenburg
Mayor, City of Charleston

Enclosure

Copy to:
The Honorable Nikki R. Haley, Governor
House Speaker Jay Lucas
Mr. Jim Newsome, South Carolina Ports Authority
Charleston City Councilmembers
Charleston County Councilmembers
SCDOT Secretary Christy Hall
SCDOT Commission Members

ENCLOSURE

Projects on State Roads Anticipated to be Funded by Charleston County Sales Tax Referendum:

1. U.S. 78 improvement in North Charleston, between Highway 52 and Dorchester County line

2. South Carolina Highway 41 improvements in Mount Pleasant from U.S. 17 to the Wando Bridge

3. U.S. Highway 17 (Savannah Highway) West Ashley capacity and intersection improvements

4. Glenn McConnell Parkway improvements

5. Folly Road (James Island) intersection and pedestrian improvements

6. U.S. Highway 17 and Main Road intersection improvements/widening from Bee's Ferry Road to Betsy Kerrison Parkway (John's Island)

Estimated Cost: $531 million