

Title: **1-73: One giant step forward, same old error**  
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# I-73: One giant step forward, same old error

## Analyst says it's all been a costly mistake

### Guest column

Robert Meyerowitz

**W**hen it comes to spending and infrastructure, one of South Carolina's great white whales rose from the deep with news in late June that the Army Corps of Engineers approved a permit to begin work on the South Carolina leg of Interstate 73. Ultimately, the highway could take motorists from Michigan's Upper Peninsula straight down to Myrtle Beach.

The permit covers the whole state length, slicing across its northeastern corner, starting near Bennettsville. Construction could begin within two years, supporters say, on a project first contemplated in 1982.

The southern half alone, linking Interstate 95 to the Conway Bypass, is estimated to cost more than \$1 billion, with total costs estimated now to reach as high as \$4 billion.

U.S. Rep. Tom Rice, the Republican from Myrtle Beach, hailed the permitting, saying "studies indicate" the highway will generate about 22,000 permanent jobs.

Myrtle Beach Area Chamber of Commerce CEO Brad Dean seconded that, saying the highway would bring "more jobs, higher wages" and "economic growth" to an area dominated by the tourism industry. Myrtle Beach already sees more than 15 million annual visitors.

Not to be outdone, the S.C. Department of Transportation, on its I-73 website, [i73innc.com](http://i73innc.com), says the new highway

"would support economic growth and regional competitiveness for the State of South Carolina."

And then there is Ruby Durham of WMBF news, the NBC TV affiliate in Myrtle Beach, who reported this:

"Once construction starts for I-73, it changes the game for economic development in our area. The interstate is going to put us at a more competitive advantage for industry growth.

"The I-73 project will do more than reduce traffic on Highway 501 and cut down on drive times. It's predicted to create higher wages and drop the unemployment rate in our area. Most significant is that it has the potential to bring thousands of jobs to our area.

"Economic developers predict the millions of dollars it's going to take to build I-73 could potentially be paid for within four years because of the economic development the interstate is going to create.

"The I-73 project will not only bring jobs when it comes to actually building the road, it's going to bring jobs well after it's built. According to research by economic developers, I-73 could generate about 7,700 temporary construction jobs and 22,000 permanent jobs after construction.

"Jobs will be created specifically for work on interchanges and stops along roads like new gas stations, hotels and restaurants..."

There's just one thing.

These claims about jobs and economic activity generated by a highway seem to stem in large part from one source, a 2011 report by Chmura Economics & Analytics, with offices in Cleveland, Spokane and Richmond, Va., entitled "Economic Impact of I-73 in South Carolina."

There have been other studies, but here, the Chmura report is foundational. Its summary states: "The existence of

I-73 will inject billions of dollars into the I-73 Corridor and South Carolina, and provide tens of thousands of jobs in tourism, retail, service, and warehouse industries. After road completion, annual economic impacts estimated at \$2.0 billion will sustain 22,347 jobs in South Carolina in 2030 and beyond."

### From the "about" part of Chmura's website:

"Chmura's unique approach to economic analysis is part science, skill, and experience, and part art, innovation, and creativity. Helping our clients convert data into actionable intelligence is the key to our success. In all of our project engagements, we aim to produce the kind of information that supports confident decisions."

The report was prepared for the North Eastern Strategic Alliance, a Florence-based "regional economic development organization that serves a



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nine-county region in the northeast corner of South Carolina." Its current executive committee members include state senators Luke Rankin, Kent Williams and Hugh Leatherman.

The organization touts its economic development expertise, stating "NESAs will work with CSX (railroad), the South Carolina Department of Transportation, water and sewer authorities, telecommunications companies, and energy companies to identify locations that have the infrastructure your company requires to be successful."

It's fair to say that NESAs and I-73's other boosters got what they'd hoped for from the Chmura report. They touted it.

Tom Stickler, a retired engineer from Pawleys Island, heard that hoopla six years ago.

"In my work as an engineer," he says now, "you kind of have to say, let's look at the numbers beneath this report – and this report just didn't smell right..."

"There were two big errors. The first was when Chmura said you'll save one to two hours of travel time on this new highway. Well, that's 45 miles. It's kind of hard to save one to two hours on 45 miles."

The Army Corps estimated the saved travel time as being more like 20 minutes, Stickler notes. The result, he says, is a 367 percent error in calculating the increase in tourism due to reduced travel time.

The second error, he says,

compounded the first by assuming every visitor to Myrtle Beach would come on I-73. A state DOT study found that if I-73 were a toll road, as is contemplated, at a cost of 12 cents per mile, fewer than 10 percent of drivers bound for Myrtle Beach would use it.

Extrapolating from the initial errors, Stickler concluded that the estimate of new jobs that would be created "is off by a factor of 40."

"Keep in mind the old maxim – garbage in, garbage out," he says. "It doesn't matter how sophisticated your computer program is if the data that you input is garbage."

The new permanent jobs created could be more like 550 – not 22,000, he says.

"It's unlikely they'd get even 3 percent of what they're claiming if they do build I-73. What we have here is a situation where apparently nobody else has checked these numbers because they were so happy."

Stickler tried to communicate what he'd discovered.

"I've given a copy of my critique of the Chmura report to politicians, the DOT commis-

sion — I've sent it to anybody and everybody, because they want to build that damn road... Nobody has ever rebutted my analysis. I've invited them to. They think, 'If we ignore this guy, he'll go away.' "That's just wrong."

On June 27, Rice and U.S. Sen. Lindsey Graham met with federal Department of Trans-

portation Secretary Elaine Chao. On his Facebook page, Rice wrote:

"While we have the I-73 permit in hand, we still need to work on funding. Today U.S. Senator Lindsey Graham and I took our case to the top and made the argument for I-73 to U.S. Department of Transportation Secretary Elaine Chao. I-73 is an investment with unparalleled benefits, including:

"Jobs: it will create 29,000 new jobs in South Carolina

"Economic Impact: it will add \$2 billion to the local economy

"Revenue: it will generate \$1 billion in local & state tax revenue"

In a way, the question here, the one that Stickler raises, is not whom you're going to believe, but how lucky you feel.

When the Legislature got the gas tax increase it wanted earlier this year, it swore that this time, the roads would be fixed.

Should the roads not get fixed, which is certainly a possibility, it's hard to imagine that money will be refunded or the tax lowered, because the funds most likely will be gone – funneled in part, at least, to new roads construction, although the DOT commission maintains none will go to I-73.

Should \$4 billion of someone's money be spent on a new highway and just a few hundred jobs be created, no one will un-build that road.

*Robert Meyerowitz is managing editor of The Nerve, an S.C. Policy Council website.*