

**Joint Public Hearing**  
**Transportation and Commerce and Economic Development**  
**Committees**  
**Pennsylvania House of Representatives**  
**Wednesday, September 15, 1999**

Good morning. I am Tim McNulty, Executive Deputy Secretary, Department of Community and Economic Development. It is a pleasure for me to join you today to discuss a topic of significant importance to economic development efforts across the Commonwealth.

Pennsylvania has a proud and long connection to transportation infrastructure excellence. Our port cities of Philadelphia, Pittsburgh and Erie opened the doors to a new frontier for thousands of people seeking freedom and opportunity. Our vast canal system allowed remote regions of the Commonwealth to thrive and grow by opening markets to goods that were previously unreachable. Of course, Pennsylvania's contributions to the railroad industry, a technology that literally redefined space and time, are world renowned and we remain a major world rail industry and technology center to this day.

Pennsylvania's economy has historically been inextricably linked to transportation. We are the gateway to the largest regional market of the United States, and our transportation infrastructure allows for the unrestrained movement of goods which has enabled the Commonwealth to be an industrial powerhouse.

In 1996, the Department commissioned a leading site selection firm, PHH Fantus, to benchmark Pennsylvania economic development potential against that of our key competitors—Ohio, Virginia, North Carolina, Maryland, New Jersey and Kentucky.

The Fantus report looked at the various components that make up a state's economic competitiveness including; tax and regulatory climate, labor market, quality of life, and infrastructure.

Fantus noted that site seeking firms evaluate a location's infrastructure on availability, reliability, and costs, and are also concerned about a location's commitment to maintaining and modernizing as necessary. The results of this benchmarking confirmed how critical our infrastructure is to Pennsylvania's economic competitiveness. CEO's within the Commonwealth and in the competing states ranked Pennsylvania's infrastructure as superior to that of each of our major competitors.

Over the last five years, DCED has worked closely with PennDOT to ensure that existing companies and new to locate firms are confident in our ability to support a world-class transportation infrastructure. Pennsylvania continues to meet this challenge. Liz expressed PennDOT's activities, and I would add some others:

- ❖ The Department's Infrastructure Development Program continues to increase in available funding as we attempt to meet, among other infrastructure needs, the demand for access roads, rail spurs, and community infrastructure that meet the needs of employers. A growing area of demand is for funding to build facility fiber optic and wireless connections that support e-commerce and electronic just in time delivery systems.
- ❖ DCED in partnership with PennDOT is aggressively working to implement the new PennPlus program which offers an entirely new financing mechanism for all modes of our transportation network. This program provides \$4

million and is designed to leverage greater federal investment in critical new transportation facilities.

- ❖ CSX and Norfolk and Southern bring records of aggressive economic development assistance to Pennsylvania. The Department looks forward to tremendous opportunities to further expand the ability of our rail network to attract jobs and investment.
- ❖ The Department continues its financial and technical support of the Commonwealth's commercial ports through the Office of PennPorts. Of course, we are eager to see the completion of the scheduled \$300 million, 100 mile dredging of the Delaware River which will open the Port of Philadelphia to greater commercial traffic opportunities.
- ❖ The federal TEA21 program has created new opportunities to link transportation investments with downtown development. Through this program DCED and PennDOT have been able to coordinate building rehabilitation and business development strategies in communities such as Chambersburg and Newport with highway and roadway improvements to ensure a more coordinated approach to investment and revitalization.

In looking to the future, Pennsylvania's infrastructure development strategy must seek to maintain and enhance our competitive advantage in the face of rapidly changing technologies and markets.

Specifically, the evolution of our infrastructure strategy must take into account the following factors:

- ❖ As we focus efforts on foreign markets, both for market development and direct investment, the availability and cost of overseas airline service becomes a significant competitive issue.
- ❖ Speed to market is increasingly the fundamental determinant of business success. The ability of our infrastructure to facilitate ever faster delivery will be a critical determinant of our competitiveness. Distribution channels must capture efficiencies from information technologies and must be connected from product source to customer. We must look to make infrastructure investments that enable firms and communities to link rail, highway, air and information technology resources to accelerate speed to market.
- ❖ Tourism will become the world's largest industry early in the next century and our transportation planning and strategies must take into greater account tourism factors. The development of a cruise ship terminal in Philadelphia is already generating significant business growth. Cruise and pleasure travel opportunities also exist in Erie and Pittsburgh. Continued investment must be made in our outstanding rails to trails network as well as the potential to expand our rail tour opportunities. Finally, we must develop a 21<sup>st</sup> century strategy for roadway signage that enhances the packaging of our travel destinations.

The Commonwealth has always enjoyed a competitive advantage in transportation based economic development activities. I believe that in partnership we

can continue to craft an investment strategy that maximizes our economic return from our transportation network.

Thank you. I would be pleased to answer questions.