

TESTIMONY BEFORE
THE HOUSE OF REPRESENTATIVES COMMITTEES ON
TRANSPORTATION AND ECONOMIC DEVELOPMENT

PRESENTED BY

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Good Morning!

Mr. Chairman – distinguished members of the Committee – thank you for the opportunity to be here with you today to *underscore the importance of transportation* to the mission of the organization I represent – that of economic development.

My name is Martin J. Marasco, Executive Director of the Altoona - Blair County Development Corporation (ABCD Corp.). Our organization serves as a catalyst in the formulation, implementation and promotion of economic development initiatives aimed at the selective attraction of new business to the area, the retention and expansion of existing business, and the start-up of new enterprises. *We are dedicated to business growth,* job retention and creation, primarily in the Altoona – Blair County

area. However, our vision encompasses a broader regional focus with emphasis extending along the I-99 Regional Corridor – (the “Green Banana”).

In 1998, ABCD Corporation was selected by the Pennsylvania Economic Development Association (PEDA) – a statewide association of economic development professionals - as Pennsylvania’s *Economic Development Agency of the Year*. We’re quite proud of that selection. We recognize that a commitment to a team effort is the *strongest underlying theme* that contributes to the success of our organization. I’m referring to teamwork within our organization (staff, Board of Directors, committees); in relations with our local, state and federal elected officials – state and federal agencies and departments; and in cooperation with our service provider partners and educational institutions. We would like to think *we’re creating a “cooperative advantage”*.

The goal of economic development is the *creation of a business operating environment that is conducive to employment growth*. We want to assist businesses in prospering so that they are in a position to create long-term stable employment opportunities – bring new investment and maintain investment - to sustain the economic well being of the community and achieve growth.

As in the past, Blair County's and the state of Pennsylvania's future economic growth and development *depend largely upon the adequacy of the local/regional/statewide transportation system.*

During the past 20 years, and especially the last ten years, there have been countless publications and reports focused on life in the 21st Century. It is commonly being referred to as the "Information Age", the "Age of Technology", the "Fifth Wave of Industrialization".

If I may quote: "Advances in transportation technology and infrastructure have long been catalysts of change in the business world and sources of competitive advantage."

Transportation improvements have preceded every stage of industrial development in our history. As we begin the 21st Century, a new wave of industrialization is emerging that will be *based on innovations in logistics and manufacturing* – an industrialized age that will depend even more on a fast and reliable transportation network that minimizes the cost of production. A leading logistics company recently reported that manufacturing and distribution *executives consider product delivery as important as product quality.*

I'd like to comment on the *potentially enormous cooperative advantage* that is being created right here in Pennsylvania – *by “teaming up”* the high impact diversity of transportation with the wisdom and broad based viewpoint of the Economic Development community.

But first, I'd like to point out the *major overriding trends* that will help shape the future of economic development and transportation – right here in Pennsylvania.

Economic globalization means booming world trade in merchandise, and that will mandate a *parallel boom in the movement of goods and people*. There is no question that the transportation of merchandise, business travelers and tourists around the world is and will continue to be a high-growth business, with fierce competition among all modes of travel.

Transportation *already consumes more than 20% of the world's primary energy needs* and probably creates more air pollution than manufacturing does. That's with hundreds of millions of cars on the world's roads.

The Federal Highway Administration forecasts that *congestion on America's highways will quadruple by 2005*, resulting in an enormous loss of productive time.

It will take entirely *new ways of thinking about transportation* to minimize environmental degradation and the risk

of occasional fuel shortages. *Competitive success will require vision and aggressive action* to put in place entirely new infrastructures that fully integrate all transportation modes, telecommunications, and industrial facilities to cut sourcing, production, and delivery cycle times. Special attention must be given to creating seamless inter-modal interfaces and to those infrastructure elements that will support those interfaces and in the process meet the challenges and provide Pennsylvania manufacturers with strategic advantage in the new speed-driven economic era.

In a world of interstate branch banking, instant telecommunications and dispersal of high-tech entrepreneurship, *major businesses growth can be headquartered anywhere - and anywhere is where they will be.* This trend will favor the creation of new business in places that are attractive to live in, *often in less-congested areas near metroplexes.*

Who would have thought, 20 years ago, that a company based *in Bentonville, Ark.* would become the world's largest retailer, eclipsing Chicago-based Sears? *Or that Jackson, Miss.,* would be the official home of not one, but two, world-class telecommunication companies, WorldCom and Skytel? Or that the largest commercial bank in America would be headquartered not in New York City or Los Angeles, *but in Charlotte, NC?*

The success of one business in a town will spawn many new companies in related fields, creating powerful new centers of business development *in once-unlikely places*. And regions will show great resilience in recovering from setbacks *due to the formation of these new “clusters” – including transportation clusters*.

Now, armed with the trends, let's look to *today's point*.

As economic development professionals, we see both near-term and long-term opportunities for 21st Century growth. *The most important of these may be the urgency to open up more north/south trade corridors*.

Keep in mind that in 1997 Canada and Mexico accounted for *nearly one third of U.S. goods trade*. In 1996, over 410 billion worth of goods moved by land between our three countries; *an increase of 21% since 1994*. In our view, we are just starting to see logistics hubs that are centrally located for north/south as well as east/west distribution. *We must strengthen that positioning – by strategically strengthening our transportation infrastructure and then leveraging that investment with exciting new KOZ opportunities, Brownfield initiatives, Enterprise Zones, and utility infrastructure development – all power points – to produce very robust opportunities for job creation centers and all based on 21st Century transportation realities. We call that “adding value.”*

Fast growth can come from disproportionate investment. It happens when you *focus on your power points* – on big winner behaviors.

But, the businesses of logistics, distribution, and even intermodalism may be the most challenging of all business process due to its *extreme cross-functional nature*, and its *reliance on capital intensive partners*. The very nature of logistics *requires transportation providers to cooperate* and add new service twists to the free market competitive arena. Obviously the value of alliances to shippers comes in the form of one-stop shopping for

freight moving both north/south and east/west – but I'd like to suggest some *“somewhat deeper” alliances that may in the long run spell the difference between success and failure*.

The first of these is the *alliance between technology and logistics* – shippers need better, quicker information for their customers – and they *need it now*. Technology that delivers information about freight is as important as the freight itself. We like to call it information infrastructure, and its world class anchor in our own I-99 Growth Corridor is Penn State University – both in State College and Altoona.

The second alliance necessary for success is a *clear exploration of “core competencies”*. In *Altoona our heart and soul is transportation* and the movement of goods was our very

reason for being. The transportation providers will need - more than ever – productivity enhancing technologically up-to-the-minute equipment. We, for example, welcome the aggressive engineering and construction management of Norfolk Southern to our community. We're confident that *Norfolk Southern's efforts to reduce costs and improve productivity* will allow for even more *focus on seamless marketing* and new product development.

Today, sourcing, manufacturing and distribution *are viewed as a continuum* and globalization, empowered consumers, and increasingly complex supply chains are driving companies to look beyond their four walls for *essential value creation* and *making alliances with true core competencies.*

We are sitting here in the heart of the Keystone State – a name still very applicable – when the question of market access comes on the table. Pennsylvania's total *market access is superb,* but in order to strengthen that position, the *development of secondary and tertiary product "catch basins" to feed the market pipeline is vital.* Pennsylvania is more than Philadelphia, Pittsburgh, and Erie. Where there are natural "catch basins" in place – logistic facilities – some on the cutting edge – need to be developed for manufacturing, retail, and distribution clusters in order to *strengthen the "feed-through" concept.*

The “hub & spoke” transportation system must be developed to help *balance the issues of timely delivery* and cost. Pragmatically, the real issue is not “just-in-time,” but “need it now.” And relating *today’s “need” to tomorrow’s marketplace* will be critical.

Finally, as an Economic Development Agency, we pragmatically realize that distribution and transportation is *a very, very capital intensive business* that will become even more so – as information technology and rolling stock is improved and upgraded. Most companies really do understand the concept of *activity-based costing*. It is *more than vital for their success*, our

success, and our *global competitiveness*, that they locate their key operations where they have access to the “highest value workforce” and with *regional transportation partners “ready to go”*. Call this the *required geography of logistics*, if you will. The ability to *meet customer service requirements* – present and future – and to *do that at an acceptable cost*, may very well be the *most important question* to be answered in the strategic planning process of both transportation providers and *this very committee*.

In the heart of our I-99 Growth Corridor we have several major distribution facilities *already expanding*, an aggressive Norfolk Southern Industrial Development Department *soliciting new business* and a technologically *up-to-date airport with a*

vision for a runway adjacent cargo park. And, very importantly, *our elected representatives* all-to-a-man understand the critical importance of *ready-to-go transportation infrastructure* and *its impact* in the job creation process.

The *number one initiative* in the Strategic Plan for the Altoona - Blair County Development Corporation is the identification and *development of land* to create an attractive menu of full service business and industrial parks to serve the ever growing needs of our existing industrial base as well as to properly position the Development Corporation to attract new business opportunities to Blair County.

ABCD Corporation has expended considerable time, energy and financial resources in moving forward to implement this number one initiative. After a number of years of analysis and negotiations, *we are beginning to see positive results* of our actions and efforts.

However, development opportunity in Blair County is still hampered by *insufficient utility infrastructure* and access systems serving existing and potential development sites. One project that I would like to highlight *exemplifies economic development potential - supported by transportation infrastructure.* Negotiations continue with both Norfolk Southern and a private property owner to move forward on the acquisition and development of parcels north of the City of Altoona in what we

refer to as the Northern Altoona Industrial Park, *an area of over 700 acres* that has recently been designed by the Governor as a *Keystone Opportunity Zone*. This effort reinforces the importance of the completion of the Northern Altoona Access Improvement Project that connects these areas of Altoona, Logan and Antis Townships *to the Pinecroft Interchange of I-99*. (Graphics)

I would be remiss if I did not mention the Altoona – Blair County Airport since air cargo will play a major role in the 21st Century and the *new wave* of industrialization. *Transportation improvements to the Altoona – Blair County Airport must remain a priority in order to maximize past public investment and*

capitalize upon additional economic development potential that exists at the airport.

The Altoona – Blair County Airport offers not only an additional transportation mode, but functions as a significant economic contributor to the local and regional economy.

The Altoona – Blair County Regional Airport supports jobs and is responsible for considerable annual spending in the local economy.

In order to better serve the traveling public, and as companies become more globally oriented, *improved airport access systems are mandatory to support long-term economic growth in Blair County.*

A multi-phased plan supports the development of a complex that will provide the infrastructure and facilities necessary to promote expanded business and general aviation services at the airport. What is needed in conjunction with the overall development plan for the Airport *is the improvement of the local highway network which acts as an essential connection to the Regional Highway network, the I-99 Corridor.*

In closing, if I appeared to be leveraging some of our local strengths – my interest was simply to cite *examples of process.* We may be well qualified to do this as Pennsylvania's I-99 (Green Banana) Regional Growth Corridor – the only north/south limited access link west of Harrisburg, soon to connect I-80 and the Pennsylvania Turnpike. Much of the recent success that has been achieved in Bedford, Blair and Centre Counties is being triggered by the improvements to our Regional Highway System. We're rapidly emerging as the logical off-metroplex growth corridor – and some of *our strongest growth is in distribution. Rather like a "core competency."*

Finally, we must continue to treat transportation as an *economic development investment with the biggest of economic multipliers.* Keeping in mind that in the next decade, *Pennsylvania's positioning as the hub, the crossroads* of transportation between the dynamic new South, the growing lower Canadian marketplace, the re-industrialized Midwest, and the

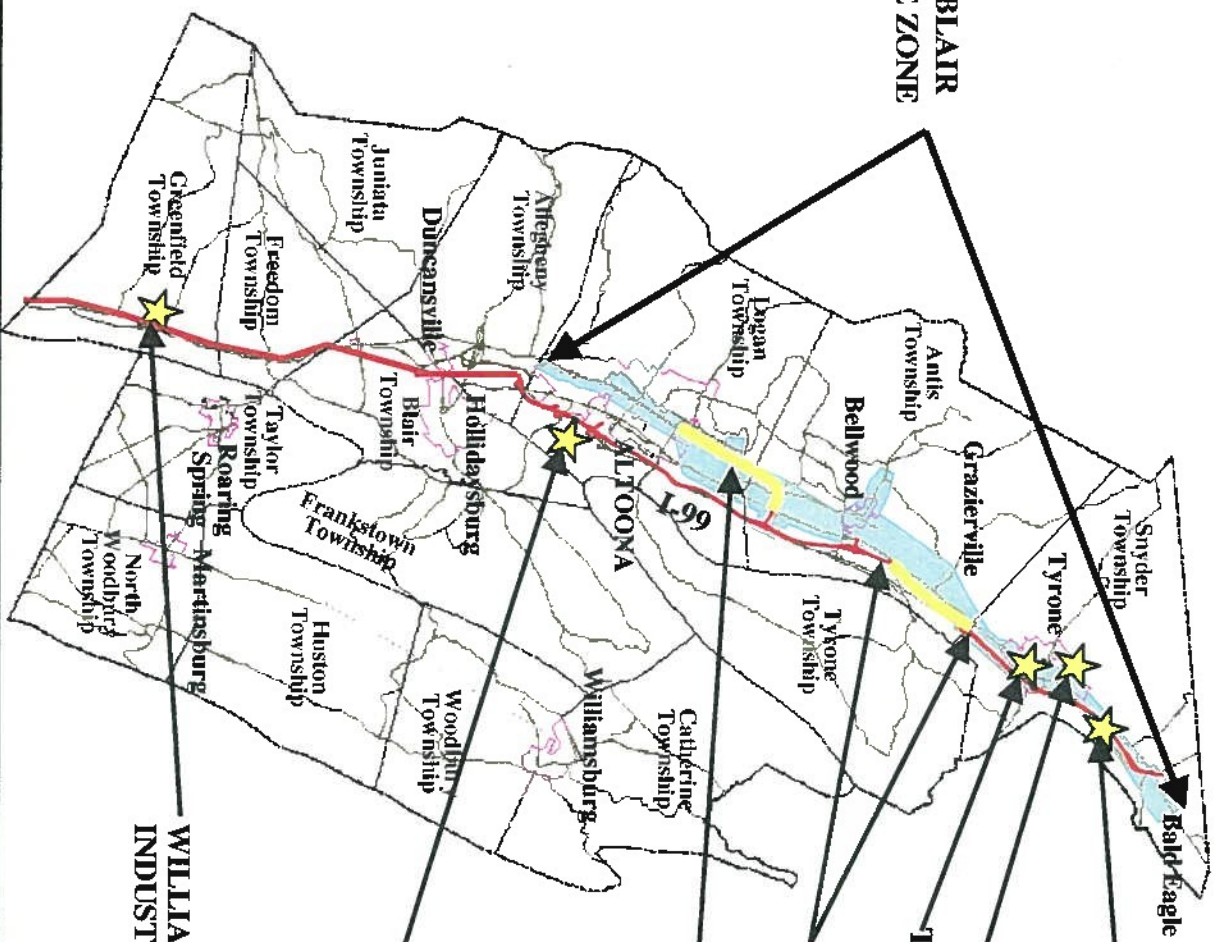
Eastern Metroplex, puts us all in an enviable *position to seize a competitive economic advantage* for our people and for the Commonwealth.

We believe that a flexible and efficient transportation system linking suppliers, producers and end users is vital for Pennsylvania to succeed in the new global economy. *Speed and flexibility are central to creating value today and will remain even more so in the future.*

Thank you for your attention.

BLAIR COUNTY I-99 ECONOMIC DEVELOPMENT INITIATIVE

**NORTHERN BLAIR
ENTERPRISE ZONE**



**WILLIAM WARD
INDUSTRIAL PARK**

**17th STREET/
FRANKSTOWN ROAD
DEVELOPMENT
OPPORTUNITY AREA**

**NORTHERN ALTOONA
ACCESS STUDY AREA**

**TIPTON CORRIDOR
IMPROVEMENTS**

**TYRONE GATEWAY
PROJECT**

DIXON INDUSTRIAL PARK

**VAIL/BALD EAGLE
INDUSTRIAL PARK**