LOCAL DEVELOPMENT DISTRICTS:
Pursuing Transportation-Led Economic Development

When Lockheed Martin was awarded the contract to build the next generation of presidential helicopters for the White House in 2005, it meant several hundred high-skilled jobs for rural Owego, New York. For members of the I-86 highway coalition along the state’s southern tier, it also symbolized progress for an area trying to regain a foothold on a waning industrial presence.

“Improvements to the I-86 expressway were intended to not only make the roadway safer, but also to attract jobs and industry—to this end, the Lockheed expansion has definitely signified a step in the right direction,” says Bob Augenstern, coalition member and executive director of the Southern Tier East Regional Planning and Development Board.

TRANSPORTATION AND ECONOMIC DEVELOPMENT

Across the rural expanse of the Appalachian region, having adequate transportation infrastructure is fundamental to communities hoping to lure private investment and enhance the economic potential of the corridor. To compete against other parts of the nation and globe, local communities require access to a seamless intermodal transportation system in order to attract businesses seeking to maximize their reach. Not having the capacity to support freight transportation can be a deal-breaker, and in a global economy with so many options, the private sector not only prefers access to major highways in their siting process, they almost demand it.

Few of Appalachia’s 74 multi-county Local Development Districts (LDDs) leave opportunity to chance when it comes to improving regional transportation. Serving portions of 13 states and 420 counties in Appalachia, LDDs are capable of piecing together partnerships and funding resources and ensuring that transportation projects are aptly prioritized throughout their respective coverage areas. LDDs often enlist the Appalachian Regional Commission (ARC) and other federal, state and local partners to accomplish regional transportation efforts that might otherwise be unattainable.

Continued on page 2
The Appalachian Development Highway System (ADHS), which consists of a network of over 3,000 miles worth of priority transportation corridors throughout the ARC region, is focused on overcoming geographic and economic isolation by improving upon current infrastructure. Over the past 40 years ADHS has played a vital role in moving Appalachia toward a more modern economy by transforming rugged, mountainous terrain into trade-friendly roadways.

While significant portions of the 420-county region must still be linked to global, national and regional markets, many LDDs within Appalachia are working with local partners to strengthen intermodal connections, target new corridors for modernization and serve as freight staging areas for increasingly congested ports in the Atlantic and Gulf of Mexico.

But the ADHS is just one of several initiatives to modernize roadways in Appalachia.

A TALE OF TWO CITIES

Elmira and Owego are similar to many Appalachian communities: both historic destinations are staring at a future that offers the hope of more jobs and a better economy.

Located in south-central New York State near the Pennsylvania border, Elmira, a small city of about 30,000, and Owego, a town of 20,000, are connected by a 35-mile stretch of Interstate 86, also known as the Southern Tier Expressway or ADHS Corridor T. Although different in size, these neighboring communities share one unique parallel: they are home to two of the world’s renowned helicopter manufacturers—Lockheed Martin and Sikorsky Aircraft Corporation.

Lockheed Martin, the nation’s largest defense contractor employing 140,000 worldwide, has had a presence in Owego since making the site their Systems Integration headquarters in 1998. Sikorsky, on the other hand, is a relatively new face to the area since acquiring Schweizer Aircraft of Elmira in 2004 to diversify its product portfolio.

Continued from page 1

Improvements throughout these rural corridors can take many forms—lane expansion, bridge reinforcements, business location, centerline mapping, interchange upgrades—all of which tend to be both resource and time intensive. Having dedicated LDDs to assist with performing impact studies, navigating regional politics and providing local knowledge can be paramount to the success of any transportation project.
“Having these two facilities in the area has brought home a hard-fought point to improve transportation corridors in the region,” says Bob Augenstern. Since facilitating an economic impact analysis in the late 1990s on the importance of upgrading the I-86 corridor, Augenstern and the I-86 coalition comprising three ARC LDDs—Southern Tier East, Central and West Regional Planning and Development Boards, along with the Hudson Valley Regional Council—have been directly involved with advocating to New York legislators and collaborating with the New York State Department of Transportation to improve transportation access to the area.

Upgrades to the Southern Tier Expressway will remedy capacity constraints for transporting freight, as well as provide a restructured east-west thoroughfare essential to tourism, commerce and job growth across the region. Augenstern says, “By improving the expressway, we’re able to build a greater sense of cohesion to the region and make hubs of activity seem a shorter distance away.”

This is a welcomed progression for a region that has witnessed a gradual decline in population over the past 20 years due to out-migration—1.3 percent or 8,410 people moved out of the

Continued on page 4

MANY ARC LOCAL DEVELOPMENT DISTRICTS SERVE AS REGIONAL TRANSPORTATION PLANNING ORGANIZATIONS

• **Metropolitan Planning Organizations (MPOs)**

Metropolitan planning organizations (MPOs) serve as the lead transportation planning organizations for areas with a population of 50,000 or more. MPOs are required by federal law to plan for regionally significant transportation projects, manage and mitigate mobile source emissions, and provide other valuable transportation services to their local government partners. About half of the nation’s 385 MPOs are administered or staffed by a regional planning organization (including ARC local development districts), with the rest operated within a state, county or city planning office or by a stand-alone nonprofit entity.

• **Rural Planning Organizations (RPOs)**

Rural planning organizations (RPOs) are voluntary regional transportation planning entities that facilitate the input and participation of local government officials serving areas below 50,000 population in the statewide transportation planning process. Depending on state and local needs, RPOs typically work with state and local officials to identify and prioritize transportation project needs on a regional basis, provide technical assistance to local officials, and assist state DOT officials with public outreach. RPOs may also develop regional long-range transportation plans, conduct special transportation studies and research, and craft and coordinate regional public transportation plans and services. In general, RPOs are funded under state DOT contracts and/or with local government support. They are typically staffed by regional development organizations such as LDDs.
What is an LDD?

Our 74 Local Development Districts (LDDs) serve as the local delivery system within the Appalachian Regional Commission’s intergovernmental partnership framework of federal, state and local officials. Our LDDs foster regional strategies, solutions and partnerships to improve the economic conditions and quality of life across Appalachia. Our collective accomplishments cover a broad array of issues:

- Between 1990 and 2005, our LDDs administered almost 7,700 grants and projects totaling more than $5.5 billion in pass-through and programmatic funds
- Our LDDs invested more than $368 million in business development gap financing for local firms and entrepreneurs in the past 10 years
- Our LDDs made more than 2,550 business loans and leveraged an additional $1.1 billion from the private sector in underserved regions and for companies and entrepreneurs struggling to secure traditional bank financing
- Almost 60,000 jobs have been created or retained and 96,000 workforce clients were prepared to contribute to the region’s economy as a result of LDD workforce development programs from the mid 1990s to 2004
- During the same time period, 2.3 million seniors benefited from aging programs administered by our LDDs in parts of the region
- Our LDDs have helped thousands of citizens and hundreds of businesses recover from natural disasters across the region over the years
- Prior to the designation and subsequent implementation of the Corridor T highway project, access to the area had been primarily via two-lane country roads with little room for eighteen-wheeled tractor trailers.

In addition to benefiting the two local helicopter companies, these renovations will improve transportation logistics for other local businesses, including a Best Buy distribution center in Binghamton that relies mainly on truck transportation to run their business.

These improvements are also reducing travel times for residents as well as enhancing the reliability of deliveries to Lockheed Martin, Sikorsky and other employers. In fact, economic development officials estimate that the upgrades to the I-86 corridor retained 25–40 percent of the manufacturing employment in the region, since businesses relying on efficient highways might have already relocated out of the region without I-86.

While several of the upgrade initiatives are still in the design phase, several more have already completed construction, including a $235 million interchange redevelopment between I-81 and I-86. As a four-lane, median-divided, grade separated highway, stakeholders are also hoping that improved signage, the replacement of antiquated bridges and redevelopment of poorly designed interchanges will help the entire corridor to be designated as an Interstate.

Through regional partnerships with various state and federal transportation authorities, the remaining improvements are expected to be completed by 2012. With more than 200 miles of Corridor T already upgraded and designated, the I-86 corridor will ultimately run 380 miles from Erie, Pennsylvania to the northern suburbs of New York City, greatly expanding the labor, consumer, buyer and supplier markets that businesses in the Southern Tier East region can access.
ROADS TO RAILS

Northwest Alabama is perhaps best known for its contribution to American music: “Father of the Blues” W.C. Handy was born in Florence, and Muscle Shoals is home to two famous sound studios. In a tough economy, however, it is no longer the blues that is making music to people’s ears, but the sound of the National Alabama Corporation, a subsidiary of National Steel Car, bringing 1,800 rail car manufacturing jobs to the historically distressed area.

With a $350 million manufacturing facility nearing completion at the Barton Riverfront Industrial Park located on U.S. Route 72, city officials of nearby Tuscumbia teamed up with regional and local leaders to ensure that the corridor is able to handle the additional capacity.

The Shoals Area Metropolitan Planning Organization (staffed by Northern Alabama Council of Local Governments—an ARC LDD) committed $50,000, and the Appalachian Regional Commission committed $12,500—with another $12,500 from local matching money—to conduct a corridor study for U.S. 72. “The goal is not necessarily to expand the corridor, but to preserve the functionality of the roadway,” says Jesse Turner, director of transportation planning for NACOLG.

According to 2006 traffic data, U.S. 72 is at just over 60 percent of capacity along the portion of the route near the manufacturing facility, which means that balancing growth will be an important part of keeping traffic congestion manageable. Turner says that properly implemented land use policies and access management techniques will help the National Alabama Corporation and other businesses move their products efficiently along a corridor that leads east to I-65, a major intermodal transportation facility in Huntsville, and ultimately to ADHS Corridor V, and west to Memphis and additional Interstate access. This connectivity enhances the ability of businesses to reach new markets and gateways such as ports and airports.

For the study, NACOLG has partnered with a consultant to manage the data collection and analysis of the corridor and to facilitate conversations with local stakeholders. This

Continued on page 6
Continued from page 5

includes publicly held meetings to discuss anticipated growth as a result of development and offering local governments and citizens the chance to air issues and concerns. Based on the data and these discussions, the study will offer ideas on segments of the corridor where development should be targeted—urban activity centers—and places that should remain rural.

Calculated growth is especially important for the region to brace for ancillary businesses to follow National Alabama Corporation into the area. Steelcare Corporation plans to build a $7 million plant about four miles from the railcar’s manufacturing operations for the express purpose of supplying steel to the facility.4

One key to the success of National Alabama Corporation is cross-jurisdictional partnerships by the local governments involved to provide a substantive support system for the manufacturing plant. Beyond the realm of transportation, this also means having sufficient infrastructure (water resources, emergency services, educational facilities) and a workforce in place upon the facility’s opening.

The National Alabama Corporation is just one piece of the transportation and economic development puzzle. Of U.S. 72, Turner says, "It’s our lifeline. Since we do not have an interstate facility in our region, it’s necessary that we keep traffic free flowing and preserve the current state of the roadway so businesses and residents can continue to use the corridor.”

A NEW CHAPTER FOR VIRGINIA’S COALFIELDS

After almost three decades of talk about a highway that would connect the economically depressed coal counties of Southwest Virginia with the rest of the central Appalachian region, headway is finally being made on the Virginia Coalfields Expressway (U.S. Route 121). Jim Baldwin, executive director of the Cumberland Plateau Planning District Commission (CPPDC), states, "Because communities in this area are so isolated from the rest of the world, there's been little vocal opposition to this highway.” Unfortunately, there also has never been any money to support the project either—until now.

Two key state initiatives have made the Coalfields Expressway a reality. The first was set in place by the Virginia General Assembly in the late 1990s to identify economic competitiveness issues within the state. This made it possible, through an annual $300,000 Regional Competitiveness grant,
for the Virginia Coalfield Coalition, a partnership of two ARC LDDs—the CPPDC and neighboring LENOWISCO Planning District Commission—to conduct studies on the anticipated positive economic impacts the 51-mile highway would have on tourism and industry.

Another win came with the state’s Public-Private Transportation Act and subsequent Virginia Department of Transportation (VDOT) guidelines that allow for innovative partnerships on roadway initiatives. This allowed Alpha Natural Resources and Pioneer Group coal companies to recently be awarded a $5 million Transportation Partnership Opportunity Fund grant by Governor Tim Kaine to begin the Phase 1 planning and construction on the Expressway.

The proposed highway will connect Interstates 64 and 77 in West Virginia with Route 23 in Virginia, which links to interstates in Kentucky and Tennessee. It also connects to the ADHS Corridor Q, another route significant to the region’s economic development. But with 70 percent of the land above a 20 percent slope, construction across the hilly expanse is expected to be a feat of engineering. By coordinating the roadbed development as part of an active surface mining operation, however, the total cost of the roadway is estimated to be cut nearly in half from $4.7 billion to $2.6 billion, according to VDOT.5

With a regional unemployment rate that has rarely dipped below double-digits since 1982 and a population that has decreased almost six percent since 1990—compared to an 11 percent growth throughout the rest of Virginia—the Coalfields Expressway is a potential economic lifeline for the coal region and may bring as many as 10,000 new jobs to the area.

Continued on page 8
THE IMPORTANCE OF BEING CONNECTED

Regional transportation initiatives that extend across political boundaries bring communities together for a common purpose. Transportation corridors, including the Appalachian Development Highway System and other routes throughout the ARC region, play a significant role in focusing such purpose on economic opportunity.

Two recent studies on the ADHS illustrate the major impact that transportation corridors can have on communities. One report documented that between 1969 and 2000, counties containing ADHS corridors posted on average 200 percent more income growth than non-Appalachian counties with similar characteristics. Another study forecasted that the ADHS will bring an estimated 80,500 jobs and $3.2 billion in increased wages to the region by 2035.

Improving the welfare of communities is a common ambition for local development districts and their constituents throughout the 13-state Appalachian region. With LDDs’ expertise in bringing together diverse partners, negotiating regional priorities and analyzing development impacts, rural corridor projects have allowed the region’s residents and businesses to access a wider transportation network, travel more efficiently with reduced costs and time and increased reliability, and reach new markets and destinations. Just as a company with a strong Internet presence allows for the rapid transfer of information, a community with access to well-maintained transportation corridors enables quick and reliable transport of goods, people and services.

Footnotes:
2 Cambridge Systematics (CS), Economic Development Research Group (EDR Group) and HDR Decision Economics, Economic Impact Study of Completing the Appalachian Development Highway System, 2008, p. 3-8
3 CS, EDR Group and HDR Decision Economics, p. 3-2
6 CS, EDR Group and HDR Decision Economics, p. ES-5
7 EDR Group, Sources of Regional Growth in Non-Metro Appalachia, Volume 3, Statistical Studies of Spatial Economic Relationships, 2007, p. 28