

NETWORK APPALACHIA



Access to Global Opportunity

Enhancing access and economic opportunity, improving transportation coordination and capacity, and achieving important new energy and environmental benefits in the global economy of the 21st century.



moffatt & nichol

Foreword

At the 2007 Appalachian Regional Commission (ARC) summer meeting, the Commission established a regional Study Group comprised of economic development, transportation, and international trade professionals from across Appalachia. Under a planning initiative labeled "Network Appalachia", ARC directed its Study Group to carefully evaluate changing macro-economic trends and project the affects of these trends on the Region's future commerce and on the movement of goods to, from, and across Appalachia. This document reports on the research and work done by the Network Appalachia Task Force including the findings of the four regional workshops.

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Network Appalachia also benefits from the support and guidance of ARC's Export Trade Advisory Council.

Table of Contents

1.0	Introduction.....	1
1.1	A Region Apart.....	1
1.2	ADHS - Access to Opportunity	2
1.3	Transition to the Global Economy	2
1.4	Network Appalachia	4
2.0	Global Trade Patterns.....	5
2.1	Containerization of Trade.....	6
2.2	Trade Barriers	7
2.3	Information and Communication Technology	8
2.4	Demographics.....	8
3.0	Appalachian Trade Perspective	16
3.1	Demographics and Consumption	16
3.2	Regional Transportation Infrastructure.....	20
3.3	Strategic Highway System	21
3.4	Strategic Railway System.....	22
3.5	Strategic Waterway System	23
3.6	Inland Ports.....	26
3.7	Coastal Ports – Global Access.....	26
3.8	Connectivity: Inland and Coastal Links	31
3.9	Economic, Energy, and Environmental Success – And Expanded Capacity.....	33
4.0	Access Evaluations.....	34
4.1	Access Definition	36
4.2	Proximity.....	36
4.2.1	Interstates.....	38
4.2.2	ADHS/ National Highway.....	39
4.2.3	Intermodal (Container) Rail Terminals	40
4.2.4	Multimodal Rail Terminals.....	41

4.2.5	Inland Waterway Terminals	42
4.2.6	Intermodal Rail – Interstate Highway Intersection	43
4.3	Data Compilation and Normalization.....	44
4.4	Weighting and Ranking.....	44
5.0	Engagement and Collaboration.....	47
5.1	Building Capacity for the Future.....	47
5.2	Putting the Capacity to Work	47
5.3	Engaging the Region	49
5.4	Many Voices. Many Ideas. One Future.....	50
5.5	Strategic Priorities	52
5.6	Tactical Opportunities	53
6.0	The Way Ahead	57
6.1	Projecting Forward: A Changing World of New Challenges and Opportunities.....	57
6.2	Positioning for Success in the 21 st Century: Network Appalachia.....	59
6.3	Proactive Planning: The Way Ahead	64

Table of Figures

Figure 2.1: World Exports of Manufactured Goods and Real GDP	5
Figure 2.2: Containerization of Natural Rubber Imports	6
Figure 2.3: Percentage of Population at Retirement Age and Average Age.....	8
Figure 2.4: Share of US Household Expenditures Goods and Services	9
Figure 2.5: Manufacturing Labor Costs in US Dollars at Prevailing Exchange Rates.....	9
Figure 2.6: Employment Shares by Type of Activity 1957 - 2006.....	10
Figure 2.7: Employment Trends in Industries Manufacturing Containerizable Goods	11
Figure 2.8: Global Trade in Manufactured Goods, Oil & Metal Commodities and Agricultural Goods	12
Figure 2.9: US International Container Volume Trade and Real GDP, Indexed to 100 in 1980	13
Figure 2.10: US Containerized Trade for Major Foreign Trade Routes	14
Figure 2.11: TEUs per 1000 Persons	15
Figure 3.1: Population Density.....	16
Figure 3.2: Retail Sales.....	17
Figure 3.3: Density of Warehouse Businesses.....	18
Figure 3.4: Projected Population Increase	19
Figure 3.5: Projected Population Growth Rate	20
Figure 3.6: Strategic Highway System	21
Figure 3.7: Strategic Railway System.....	22
Figure 3.8: Emerging Intermodal Rail Corridors	23
Figure 3.9: Strategic Waterway System	24
Figure 3.10: Emerging Intermodal Marine Highway Corridor	25
Figure 3.11: Enhancing Access to International Ports	27
Figure 3.12: ARC 2007 Import Volumes.....	28
Figure 3.13: ARC 2007 Export Volumes	29
Figure 3.14: Top ARC Import Volumes.....	30
Figure 3.15: North Asia LCMA and 2007 Import Volumes	31
Figure 3.16: North Asia LCMA and 2007 Export Volumes.....	32
Figure 4.1: ARC Counties showing Geographic Centroids (Blue) and its closest 5-Digit Zip Code (Red).....	37
Figure 4.2: National Highway Planning Network Version 2005.08	38
Figure 4.3: The ADHS network (2007).....	39
Figure 4.4: The ICTF network used in the study.....	40
Figure 4.5: The Multimodal Freight Rail Network	41
Figure 4.6: Selected Inland Waterway Ports.....	42
Figure 4.7: Selected Rail – Interstate Intersection Locations.....	43
Figure 4.8: Access Evaluation Map	46
Figure 5.1: Venue/Dates of Regional Workshops and Members of the Study Group	48
Figure 6.1: The Appalachian Development Highway System	60
Figure 6.2: Intermodal Corridors of Commerce	61
Figure 6.3: Inland Container Ports	63

Chapter 1

Introduction

1.0 Introduction

1.1 A Region Apart

Appalachia. This is a land stretching for over 1,000 miles along the spine of the ancient Appalachian Mountains from southern New York State to northeastern Mississippi. It encompasses a rugged landscape more than twice the size of Great Britain. Yet, with a population of only about one-third that of its trans-Atlantic neighbor, Appalachia is known for its rural lifestyles and is home to abundant natural resources, spectacular beauty, and a distinctive cultural heritage.

Famous for its rich coal deposits and dense hardwood forests, its mountain peaks and deep, forest-lined valleys have provided residents with seemingly endless natural resources. Yet, these same mountains have stood throughout history as nearly impenetrable barriers to socio-economic interaction, commerce, and prosperity. When the builders of America's Interstate Highway System confronted the rugged terrain of Appalachia, they chose to build around the Region rather than to penetrate this mountainous land with their modern highway system, a system that would shape American economic prosperity for the remainder of the 20th century. Appalachia is a place apart, a place where people have long-suffered the chronic economic consequences of physical isolation. Recognizing both the obstacles and the potential facing the Region, the President's Appalachian Regional Commission (PARC) opened its 1964 report to President Lyndon Johnson, with the following:

Appalachia is a region apart-geographically and statistically. It is a mountain land boldly up-thrust between the prosperous Eastern seaboard and the industrial Mid West – a highland region which sweeps diagonally from New York to Mississippi...

Responding to this report, Congress passed the Appalachian Regional Development Act of 1965, creating the Appalachian Regional Commission (ARC). The PARC report focused attention on the need for investment in basic public facilities and stressed that programs must also be initiated which are focused directly upon the people themselves. Finally, the report argued that progress can only be realized through the coordinated effort of a regional development organization, with state and local development units, with research and demonstration centers, and with multiple state and federal agencies. From these priorities grew unique partnerships between federal, state, and local interests, partnerships that remain at the very heart of the Appalachian Regional Commission nearly a half century later.

1.2 ADHS - Access to Opportunity

Recognizing the linkage between isolation and economic distress, the PARC report emphasized, “Developmental activity in Appalachia cannot proceed until the regional isolation has been overcome.” So fundamental was the need for enhancing Appalachia’s access that the Appalachian Regional Development Act of 1965 devoted 85% of appropriated funds to improve transportation access to, from, and within the Region and authorized the establishment of the Appalachian Development Highway System (ADHS).

Unlike conventional roadways, ADHS is a 3,090 mile near-interstate grade highway system composed of 31 individual corridors and designed to stimulate socio/economic development throughout the 13-state Appalachian Region. Specifically, ADHS was designed to provide the following benefits:

1. Link Appalachia to key external markets.
2. Enhance the flow of commerce, opening isolated areas to economic opportunity.
3. Facilitate commutation to work and delivery of key social services to residents.

Now nearly 85% complete, the impact of ADHS has been both widespread and profound. It is a bridge that overcomes the obstacle of isolation and provides important access that remains today critical to Appalachia’s economic growth and prosperity. In establishing its Strategic Plan for the time period 2005-2010, ARC called for the continued development of ADHS as one of its primary goals and committed to an increased focus on maximizing the system’s economic and employment benefits to the Region.

Looking to the future, ARC commissioned a study in 2008 entitled Economic Impact Study of Completing the Appalachian Development Highway System. The research determined that by completing the yet unfinished segments of ADHS, the Region would benefit from \$3.2 billion in new wages, \$5 billion of increased economic activity, and 80,500 new jobs. The study highlighted the importance of these final links in completing ADHS; a system and its resultant benefits that would be abbreviated for all time, if left unfinished. Finally, the study confirmed that ADHS benefits extend far beyond the borders of Appalachia, as the capacity, safety, and efficiency of ADHS is of growing importance, as so much of the nation’s highway capacity is becoming increasingly overburdened with congestion.

1.3 Transition to the Global Economy

Throughout the nearly half-century since the launch of ADHS, the economy of Appalachia, and of the United States, has been undergoing an unrelenting transformation from one almost completely dominated by domestic commerce to a new and much broader international marketplace, powered by the telecommunication forces of the world wide web and facilitated through the creation of a fully-coordinated intermodal global supply chain. This is an economic

transition that continues to present both challenges and opportunities, as it reshapes the flow of commerce to, from, and across Appalachia.

As the Region was preparing to enter into the 21st century, a 1999 study commissioned by ARC, entitled An Assessment of Intermodal Transportation Plans, Systems, and Activities in Appalachia stressed the importance of better coordinating the region's often disjointed transportation resources. The study identified only seven locations throughout the 200,000 square mile Appalachian Region that can accommodate the intermodal interchange of freight containers between trucks and trains, termed intermodal container transfer facilities (ICTF). Such limited intermodal access results in higher shipping costs and a pronounced competitive disadvantage for Appalachian businesses. Warned the study, "While ADHS has served as the centerpiece of ARC's economic development program, highways alone are no longer sufficient to help Appalachia's communities compete in the global marketplace."

Six years later the Nick J. Rahall, II Appalachia Transportation Institute undertook an important strategic look into ARC's future entitled, Meeting the Transportation Challenges of the 21st Century, Intermodal Opportunities in the Appalachian Region. The report identified emerging east-west and north-south trade lanes across Appalachia, representing important new channels of economic growth and opportunity. Taking advantage of its natural cross-roads location between the northeast, mid-Atlantic, southeast, and Midwest, the report highlighted an opportunity for Appalachia to serve as an inland-bridge, linking key coastal ports with major supplier and consumer markets in the east, south, and Midwest. The report encouraged Appalachia to position itself to attract and accommodate these growing volumes of commercial activity to, from, and across the region. The study warned that, should Appalachia fail to take advantage of this potential, these emerging corridors of commerce, and the economic benefits that they represent, could simply bypass Appalachia. The study concluded with a seven-point development blueprint for a 21st century logistics network that maximizes ADHS benefits by positioning Appalachia to capture the full economic potential of these emerging corridors of commerce:

1. Establish the institutional capacity to plan for and encourage transportation development across local, county, and state inter-jurisdictional boundaries.
2. Expand inter-disciplinary cooperation between economic development, transportation, and international trade interests.
3. Increase planning, coordination, and investment between public and private sector interests to maximize economic and employment benefits to Appalachia.
4. Through a developing system of inland ports, enhance intermodal cooperation to better connect transportation modes and strengthen the link between the Region's economy and its transportation network.
5. Take full advantage of advanced technology to strengthen the performance, responsiveness and safety of the Region's transportation network.
6. Track changing economic and commodity flow trends and proactively position Appalachia to benefit from emerging corridors of commerce.

7. Advocate for a 21st century transportation system that can enhance the competitiveness of Appalachia's existing businesses and attract new enterprise and employment into the Region.

1.4 Network Appalachia

At the 2007 ARC summer meeting, the Commission established a regional Study Group comprising economic development, transportation, and international trade professionals from across Appalachia. Under a planning initiative labeled "Network Appalachia", ARC directed its Study Group to carefully evaluate changing macro-economic trends and project the effects of these trends on the Region's future commerce and on the movement of goods to, from, and across Appalachia. Next, the Study Group was charged with reviewing the Region's transportation capabilities and their effect on Appalachia's access to both domestic and global markets. Building on the Appalachian Development Highway System platform, the Study Group was asked to provide the Commission with a comprehensive package of recommendations on how to develop a 21st century transportation network that can maximize both economic and employment benefits to the Region and ensure that Appalachia will never again find itself "a region apart".

The following chapters report on the research and work of the Network Appalachia Study Group, including the findings of the four regional workshops.