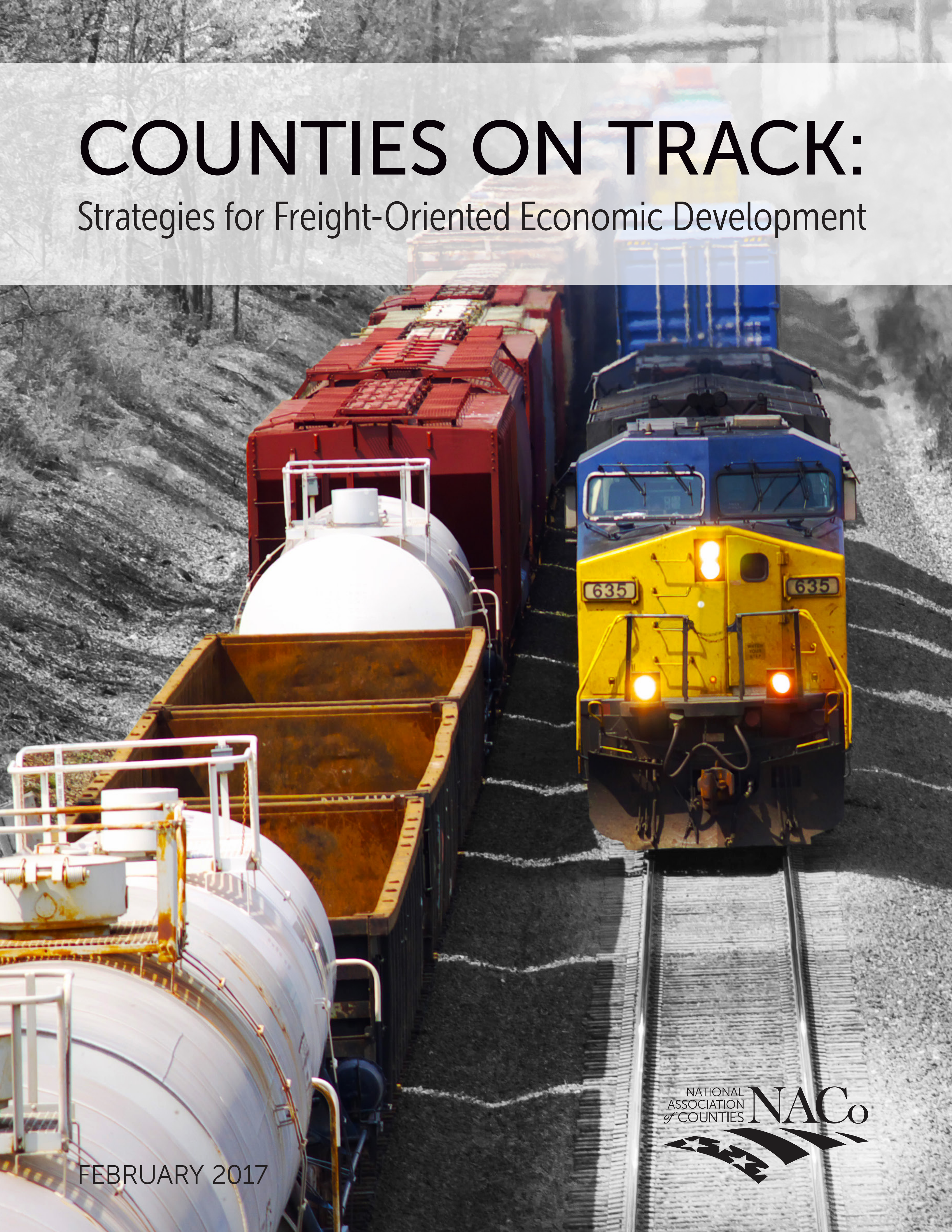
COUNTIES ON TRACK:

Strategies for Freight-Oriented Economic Development



NATIONAL ASSOCIATION of COUNTIES NACo

FEBRUARY 2017

TABLE OF CONTENTS

INTRODUCTION

America's counties play an essential role in developing transportation and infrastructure networks. Counties own and maintain 45 percent of America's roads and 40 percent of bridges, in addition to investing over $122 billion annually in infrastructure and public works.

These investments and policy decisions play a critical role in not only moving people quickly and safely, but also in the efficient transport of goods. Investments in maritime and inland ports, rail and multimodal facilities, and crucial connector networks enable cargo to be moved throughout the nation and across the globe. In turn, freight transportation provides an opportunity for significant direct and indirect economic benefits as a return on these investments.

This report will describe how freight transportation investments can fuel local and regional economic development. By exploring how counties in diverse parts of the country are partnering with public and private sector actors, it reveals the county's role in promoting "freight-oriented development" to create jobs and improve goods movement. Further, the cases described here illustrate how counties serve as key connectors to boost local businesses and attract new growth, based on connectivity and place-based assets.

I. MOVING FREIGHT, PROMOTING COMMERCE: WHY BEING CONNECTED MATTERS

Not very long ago, terms like "supply chain management" weren't all that common in development circles, says Jack Ellenberg, Senior Vice President for the South Carolina Ports Authority (SCPA). Ellenberg, who previously worked for the South Carolina Department of Commerce for 15 years, has been directly involved in the recruitment of over $35 billion in new investment and over 100,000 jobs to the state during his career.[1] His advice to county officials seeking to attract jobs and business investment? "Do not underestimate the importance of supply chain in the decision making process".

Economic development veterans like Ellenberg have watched firsthand as globalization has placed growing pressure on businesses and their host communities to move goods cheaper, faster and better than the competition. The cost, speed and reliability of transportation all matter in an increasingly margin-sens

Supply chain management can be seen as a systems approach that recognizes moving freight is about more than just the infrastructure needed to physically move goods and services within a business network. Optimizing flow with key customers and suppliers can be complex and involve multiple modes of transport, different jurisdictions, foreign borders, permits and paperwork, special financing arrangements, as well as the specialized logistics support needed to pull it all together, whether in-house or by third-party providers.

Whether by land, air, sea or inland waterway, understanding how goods get from the factory floor to showroom floor is a complicated but crucial part of doing business. For county elected officials as well as county economic development staff, an understanding and appreciation of the role of freight transportation is vital to developing and implementing effective economic development strategies that lead to business investment and job creation.

To that end, this report investigates the relationship between effective multi-modal freight transportation networks and the 21st century commerce that is driving economic advancement on a local, national and global level. It also examines how counties, large and small, are working in partnership with state, federal and private interests to leverage and build on their connectivity to promote "freight-oriented development", as well as provide a more competitive playing field for local businesses and an attractive climate for prospective new investors. Just as transported goods need to be in the "right place at the right time", so too do counties need to be properly positioned to compete in the global economic development marketplace where the ability to connect is fundamental to success.

JUST AS TRANSPORTED GOODS NEED TO BE IN THE 'RIGHT PLACE AT THE RIGHT TIME,' SO TOO DO COUNTIES NEED TO BE PROPERLY POSITIONED TO COMPETE IN THE GLOBAL ECONOMIC DEVELOPMENT MARKETPLACE WHERE THE ABILITY TO CONNECT IS FUNDAMENTAL TO SUCCESS.

FREIGHT TRANSPORTATION: A NATIONAL BACKDROP

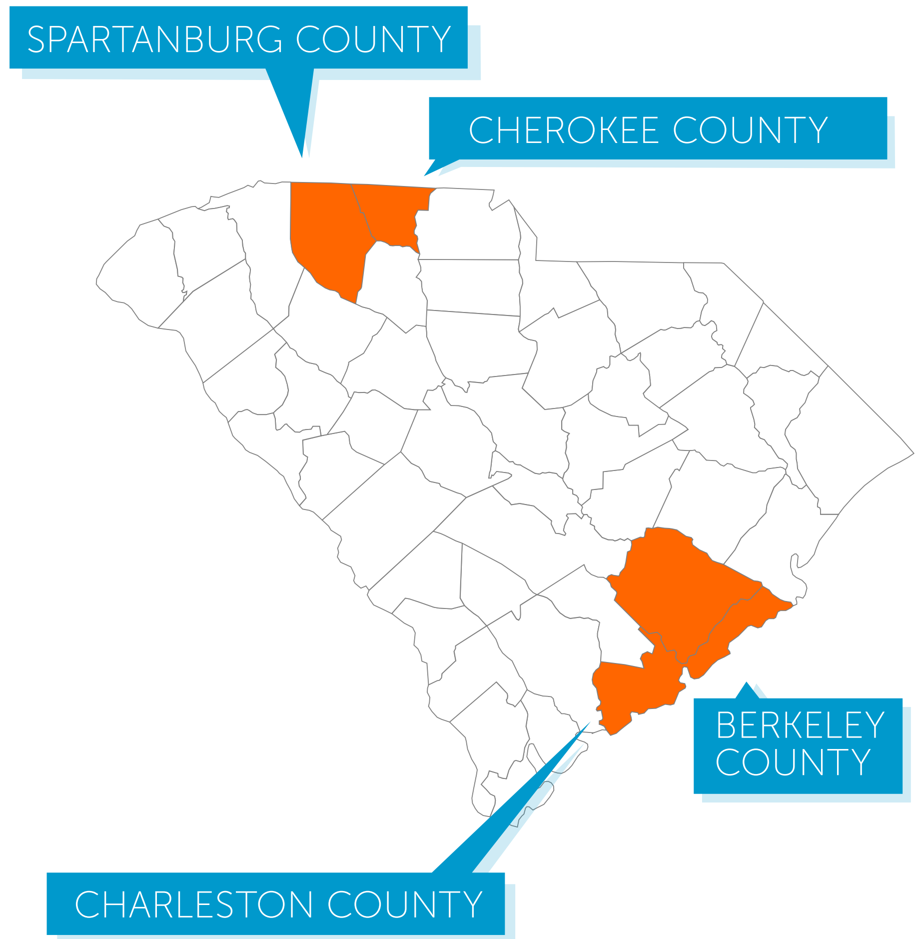
The National Freight Strategic Plan (NFSP), is the "first such document in the history of the country", according to Greg Nadeau, most recent Administrator of the Federal Highway Administration.[2] The NFSP was drafted in 2015 by the U.S. Department of Transportation (U.S. DOT) to help formulate strategies to support our vast freight transportation system, which is connected to "almost seven million miles of highways, local roads, railways, navigable waterways, and pipelines," linked by "thousands of seaports, airports, and intermodal facilities".[3] This system is the workhorse of the national economy, moving 55 million tons of goods a day with a value of $49 billion.

Looking over the horizon, many challenges to the transport system lie ahead. According to the NFSP, the American economy is projected to double over the next 30 years, with the U.S. population expected to increase from 321 million to 389 million over the same period. To accommodate this growth, freight movements within the country are projected to increase by approximately 42 percent by the year 2040. Multi-modal traffic is also expected to more than double over this period, as is the volume of imports and exports handled by the U.S. freight system.[4]

As Administrator Nadeau pointed out, "moving freight is a systems approach, and has to be in the 21st century". To this end, last year the U.S. DOT also proposed establishing a "Multimodal Freight Network" that recognizes the vast array of public and private transportation facilities that work together to move freight across the U.S.[5]

Given this landscape, the ability to cost-effectively move goods from suppliers to producers to market will become more and more essential to our economic wellbeing. And, with the expected increases in freight volume, no one mode of transportation or transport facility can bear the burden alone. This will provide opportunities for those counties that can maximize their connectivity, exploit niche opportunities and effectively integrate freight systems and the related logistics into their economic development planning.

II. LEVERAGING TRANSPORTATION ASSETS IN SOUTH CAROLINA



South Carolina's Gateway for Global Commerce

South Carolina has a long record of leveraging location advantages and transportation facilities. The state continues to attract and grow world-class manufacturers such as BMW, Michelin, Boeing, Mercedes Benz and Volvo, as well as the hundreds of vendors within the supply chains that feed them. South Carolina was recently named by fDi Magazine as its 2015 "national champion" for its success in bringing foreign direct investment projects to the state.[6] The state now boasts 1,200 international establishments employing 115,000 people.[7]

The Palmetto State has developed an effective multimodal freight system that supports this global trading platform. The Port of Charleston, operated by the South Carolina Ports Authority (SCPA), is a major anchor within this system, which includes a sister port in Georgetown and the new facility known as Inland Port Greer. These facilities work in tandem with inland rail, highway and air connections to access North American markets.

The SCPA responded to the expansion of the Panama Canal by deepening the Port of Charleston's channel to 52 feet in order to better accommodate the larger Post-Panamax container ships which sometimes have to wait for high tide to berth.[8] Container traffic in Charleston, which is among the 10 largest ports in the country, was up by over 10 percent in 2015, at a time when global traffic was largely flat.[9]

A 2015 study conducted by the University of South Carolina estimated the total economic impact of all SCPA activities (direct and indirect) at $53 billion, which corresponds to 187,206 jobs and over $10.2 billion in wage income.[10] The study indicated that an estimated 50.5 percent of the statewide economic impact associated with port-related activities is located within the Upstate manufacturing belt, while by comparison 11.9 percent is attributed to the Lowcountry (coastal) region which includes the Charleston Metro counties of Berkeley, Charleston and Dorchester.[11] Recent developments in the Lowcountry, however, may drive these numbers upward in the years ahead.

Capitalizing on New Opportunities in Charleston County

Charleston's deep-water harbor has "always been the backbone of the economy" going back to colonial times, explains Steve Dykes, who heads up Charleston County Economic Development. However, the area's economy was jolted in 1996 when the Charleston Naval Shipyard closed and more than 22,000 military and civilian employees lost their jobs. In the 20 years since the shipyard shuttered, Dykes says that the region has been "rising to new heights" as a result of an expanding workforce and population.

Dykes' office is focused on advanced manufacturing in aerospace and automotive industries as well as information-technology businesses which are helping to lead the resurgence.[12] As Dykes notes, the Port of Charleston is manufacturing and export-oriented, reflecting South Carolina's longstanding focus on attracting international manufacturers. BMW, for example, exports over 70 percent of its South Carolina auto production and is the nation's top vehicle exporter based on value. BMW reports that the value of passenger vehicles exported through the Port of Charleston in 2015 totaled $9.8 billion, up 7.8 percent from 2014.[13]

In March 2015 another German car manufacturer, Daimler, announced its plans to invest $500 million in a new manufacturing plant in Charleston County, projected to create 1,300 jobs over the next several years. This plant is the company's first full van manufacturing plant in North America, producing the Mercedes-Benz Sprinter van which is expected to be rolling off the assembly line by the end of the decade. The new facility, which broke ground in July 2016, is located on a 200-acre site, and will include a body shop, paint shop, and assembly line.[14] Mercedes-Benz has already been operating a Sprinter Van reassembly plant for the past decade in Charleston County, where they import component parts for reassembly through the Port of Charleston and employ about 200 skilled workers. Volker Morninweg, Head of Mercedes-Benz Vans, indicated at the announcement that logistics was a key reason to locate in North Charleston, including access to the port.[15]

To support the company's new full assembly plant, Charleston County assisted Daimler with financial incentives including property tax relief, job development credits and a $14 million Closing Fund grant from the state to assist with property improvements associated with the project. The county also optioned and helped secure 75 acres to site Daimler's marshaling yard as part of the project.[16]

The port, however, is not the only transportation complex driving the regional economy. In 2009, Boeing decided to locate a second 787 Dreamliner factory in North Charleston, which has since created over 8,000 jobs according to Dykes. He points out that the Boeing complex is adjacent to the local airport and shares the runway with the U.S. military and Charleston Area International Airport. Dykes describes the Charleston County Aviation Authority as judicious in securing land for future development back in the 1980s, and that proved critical to siting Boeing and meeting its air freight needs to transport large fuselage components produced in South Carolina to assembly plants worldwide.[17]

South Carolina's Expanding Auto Cluster: Volvo Selects Berkeley County

Right on the heels of the Daimler announcement in Charleston County, Volvo announced in May 2015 that it too would be building a new automotive manufacturing plant in the Lowcountry, expected to create 2,000 jobs in the next decade and up to 4,000 jobs by 2030. The $500 million facility, located in neighboring Berkeley County, will represent Volvo's first car production facility in the western hemisphere. The estimated production capacity of the plant is 100,000 cars, which will be sold both domestically and internationally.[18]

According to the South Carolina Department of Commerce, Volvo's site location decision was based on "easy access to international ports and infrastructure, a well-trained workforce, an attractive investment environment and experience in the high-tech manufacturing sector."[19] The state and local incentive package at the time of the announcement totaled $209 million.[20]

Only three months earlier in February 2015 it was "all hands on deck" when Berkeley County received word from the S.C. Department of Commerce that it was under consideration for the Volvo deal, according to Berkeley County Economic Development Director Barry Jurs.[21] The county drew staff from across several departments to help address the various site, location, work force and economic issues related to the search, with County Supervisor Bill Peagler leading the charge. As Peagler noted at the time, "today's announcement is proof that Berkeley means business. In less than 100 days, we were able to accomplish what normally takes a year or more to complete".[22]

Jurs points to the excellent partnership that was forged between the various state and local parties involved in closing the deal as the key to success. This includes the roles of Santee Cooper, a state-owned utility company which was a key player in landing the company, and the Port of Charleston, which Jurs describes as "the major economic engine" in the state. For its part, Berkeley County provided a mixed package of assistance worth an estimated $11 million, including the financing of a $4 million training center which will be leased to Volvo.

Berkeley County's role now is to be "the home for Volvo", says Jurs, and there is much to do to prepare for not only Volvo – which plans to begin production in 2018 – but also the suppliers who are likely to follow a large auto original equipment manufacturer (OEM). South Carolina's experience with BMW illustrates the point. In 2014, the University of South Carolina Moore School of Business found that the production of BMW vehicles in Greer supports over 30,000 jobs in South Carolina, a statewide employment multiplier of 4.0.[23] This healthy multiplier reflects the major ripple effect of a large OEM which is dependent on a network of suppliers to provide component parts.

Berkeley County Council members breaking ground on Volvo's new manufacturing facility.
Source: Berkeley County, S.C.

It also highlights the opportunity for the Lowcountry and other South Carolina counties to capitalize on these two new auto plants and spur the development of their respective supply chains.

Such large-scale development creates transportation needs and opportunities as well. The South Carolina Department of Commerce revealed plans in April 2016 to build a 10-mile rail line to the new Volvo plant, which would be operated by its state-owned short line railroad, Palmetto Railways. The intent is to prepare the region for the Volvo plant and the companies that may want to locate nearby.[24] A new interchange on Interstate 26 is also being planned by the S.C. Department of Transportation to serve the Volvo site, and Berkeley County is working with the state to address the development of a service road into the Camp Hall site where the new production facility will be located.[25]

Multi-County Partnership Supports New Distribution Center in the Upstate

In October 2013, SCPA opened a new 40-acre inland port facility in Greer, S.C., located in Greenville and Spartanburg counties in the Upstate Region. Situated about 212 miles inland from the Port of Charleston via the Norfolk Southern Railroad, Inland Port Greer was designed to convert containerized truck traffic to rail between Greer and Charleston. SCPA reports "a rich mix of imports, exports" at the intermodal facility with Greer supporting 9,000 rail containers in March 2016 alone, which if annualized would represent about 100,000 rail lifts a year, exceeding original expectations.[26]

The development of Inland Port Greer was also intended to create a hub for the attraction of distribution centers (DCs) to the Upstate region that would take advantage of the site's port, rail, truck and airport connections. According to SCPA, 100 million consumers live within 500 miles of the Inland Port, making it a prime location for overnight distribution to markets in the eastern U.S.[27]

This strategic thinking paid off in 2015 when Dollar Tree announced that it would be establishing distribution operations in the Upstate Corporate Park, which spans both Cherokee and Spartanburg Counties and is situated on the Interstate 85 corridor between Charlotte and Spartanburg. The 1.5 million-square-foot center will cost an estimated $104.4 million and is expected to create 400 new jobs in the next five years.

According to Holland Belue, County Administrator for Cherokee County, the Upstate Corporate Park was created in the mid-2000s through the joint efforts of Cherokee and Spartanburg Counties.[28] The two counties are truly in it together, as property taxes generated within the Park are subject to a unique two-county

> **“The 15 years of teamwork, planning, investment, and vision exhibited by Spartanburg and Cherokee Counties in the creation of the Upstate Corporate Park is a testament to the whole being greater than the parts.”**
>
> *— David Britt, Spartanburg County Councilman*

agreement where all tax proceeds are shared equally between the two counties regardless of which side of the county border the investment may reside. Accordingly, representatives of both counties were involved in the negotiation of the Fee-In-Lieu of Taxes (FILOT) that was granted by the counties to Dollar Tree to provide property tax relief in consideration of jobs and investment in the Park.

Jim Cook is Director of the Cherokee County Development Board and serves as the County's chief economic development recruiter. He points out that the multi-county partnership made good sense for both counties. Spartanburg County brought the necessary infrastructure to the table (i.e. water and sewer) while Cherokee County's rural county status qualifies the Park for a higher level of benefit under the state's economic development assistance programs.

“Speed was of the essence” in responding to the Dollar Tree opportunity, says Cook, given the company's plans to be in operation in 2016. Leaders from both counties stepped up to work with the S.C. Department of Commerce to support the Upstate Corporate Park as the new home for Dollar Tree, including Cook's counterpart organization in Spartanburg County, the Economic Futures Board. The timing was fortunate, as Cherokee County was in the process of having sewer extended approximately 3,000 feet into the park to service a new 60,000 square foot “spec” building, and in turn was also able to service the ultimate location of Dollar Tree across the road from the new development.

Dollar Tree Chief Logistics Officer Stephen W. White notes that, in addition to the efficiencies offered by Inland Port Greer, the planned widening of I-85 through Cherokee County was also instrumental to the site selection process.[29] According to Cook and Belue, I-85 is currently only four lanes through Cherokee County, forming a bottleneck between Charlotte to the north and Spartanburg to the south which both have 6-8 lanes capacity. The county has been pushing hard for years for the widening which would involve a 17-mile section that will be expanded from four to six lanes. County leaders facilitated meetings with state and federal transportation officials to provide Dollar Tree the comfort it needed to locate in the Upstate.[30]

In response to the 2015 Dollar Tree announcement, David Britt, member of the Spartanburg County Council and chair of the Economic Development Committee, summed up well the value of the partnership: “The 15 years of teamwork, planning, investment, and vision exhibited by Spartanburg and Cherokee Counties in the creation of the Upstate Corporate Park is a testament to the whole being greater than the parts.”[31]

Belue concurs, citing that the longstanding partnership “proved that two units of government can work together for the best interest of both parties”. He also notes that Spartanburg's success “has been carried over into Cherokee County” as a result of the knowledge and experience gained by Cherokee County through its partnership with Spartanburg County to recruit Doller Tree. “Dollar Tree Distribution is a game changer for how Cherokee County will pursue economic development opportunities in the future.”

III. PORT MANATEE, FLORIDA: NICHE PORT, ECONOMIC DRIVER

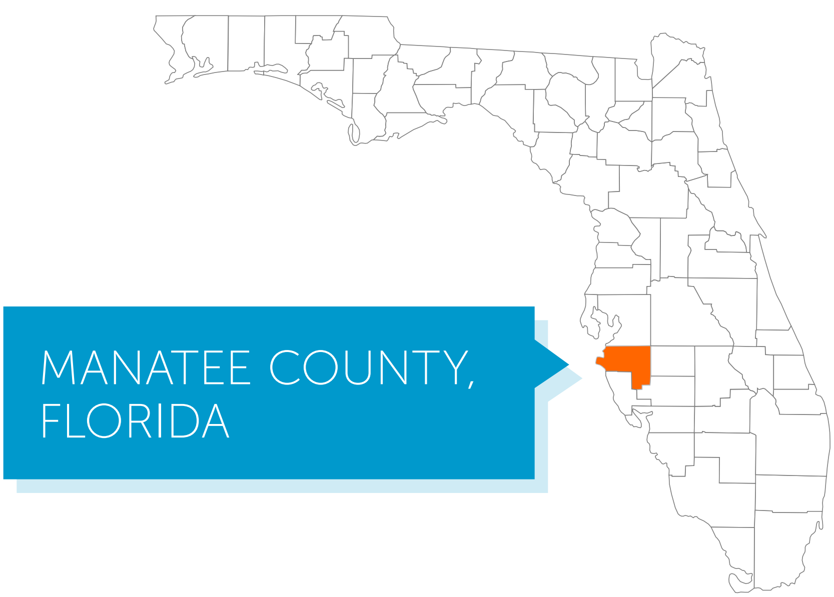
Carving out a Niche

Port Manatee, located in Manatee County, Florida, is a good example of a successful "niche" port, where being nimble and opportunistic is key to success. In fact, because of its capabilities to handle a range of specialty cargo, Port Manatee was named by Global Trade magazine in August 2015 as one of the "Top 20 Niche Ports" in the United States, a list that includes some of the busiest ports in the country such as the Port of Houston and Port of Southern Louisiana.[32] Carlos Buqueras, Port Manatee's executive director, points to the "dynamic diversification strategy and well-planned capital investments" of Port Manatee as providing the foundation for this recognition."[33]

Situated near the southerly entrance to Tampa Bay in the eastern Gulf of Mexico, this county of approximately 363,000 people has nurtured an active seaport that has become an important cog in its regional economy. According to the Port Authority, the port now handles about eight million tons of cargo a year. Based on an economic impact analysis provided by Martin Associates, this port-related activity has a total economic impact of $2.3 billion (direct and indirect), supporting more than 24,000 jobs – an important economic driver to the greater region.[34]

While originally seeded by the county, the port from its inception was structured to be self-sustaining, and "run like a private business" according to Dave Sanford, Deputy Executive Director of the Port Authority. Port Manatee is not a component unit of the county, and there is no ad valorem tax support from the county taxpayers.[35] While an independent body, there is common leadership, however, as the seven Manatee County Commissioners serve as the board of the Port Authority, albeit with separate slates of officers and independent financial accountability. According to Sanford, this active involvement on the part of county elected officials has been beneficial to the port given that the port and county are both key partners in promoting the economic wellbeing of the area.

Promoted as a "diverse global gateway", Port Manatee can accommodate a range of bulk and break bulk commodities, as well as containerized and heavy lift cargos.[36] Port Manatee also has roll-on/roll-off capacity which has been utilized to export automobiles, buses, tractor-trailers and other types of rolling stock.[37] These activities are supported by a 1,100 acre complex that includes ten 40-foot draft berths, a million square-feet of warehouse facilities, large cooling areas, heavy lift cranes and other infrastructure needed to facilitate the movement of a wide range of products on and off vessels.



Asset-Building through Transportation Partnerships

In 2010 Port Manatee competed for and won a $9 million grant under the second round of the U.S. DOT's Transportation Investment Generating Economic Recovery (TIGER) program.[38] The TIGER funds were used to support the construction of the first 10 acres of a planned 52-acre container yard plus development of the adjacent Berth 14, completed in 2013.

Building container business is a key component of the port's diversification strategy and the TIGER funding supported improvements that have proven crucial to that effort. Taking advantage of these new and expanded container facilities, World Shipping began weekly service in November 2014 between Port Manatee and the Port of Coatzacoalcos in the Mexican state of Veracruz. According to Port Manatee, the service is seeing growing volumes of inbound refrigerated produce, as well as outbound dry cargos.[39] As a result, for the fiscal year ending September 2015, containerized cargo increased by 83 percent over the previous year.

Port Manatee is also located on "Marine Highway 10" (M-10)", established by the U.S. DOT as part of a national marine highway network named in 2010 to encourage "short-sea-shipping". [40] This federal initiative recognized that to move significant tonnage of containerized freight along U.S coastlines and inland waterways, infrastructure gaps between certain transportation modes needed to be addressed (i.e. "last mile" investments). The TIGER funds, as well as previous support from the U.S. Maritime Administration to Port Manatee, is already helping the port to establish new short-sea-shipping opportunities on the Gulf Coast.

Leveraging Port Assets for Economic Development

A key partner in fulfilling the port's mission of being a "powerful catalyst for county-wide economic growth" is the Manatee County Economic Development Program, led by Karen Stewart.[41] She notes that during the economic downturn of the late 2000s, local officials worked together to lay the groundwork for future port development in preparation for the next up cycle, including rezoning 5,000 acres of private land adjacent to the port for future development.

Known as the Florida International Gateway, this land was designated as a "Planned Development Encouragement Zone" (PDEZ) by the county to help provide land for "logistically focused" activities. The land is zoned for advance approval for a range of port-compatible uses such as manufacturing, processing, warehousing and distribution facilities. The PDEZ also features a bundle of county economic development incentives designed to induce business activity, including the extension of Port Manatee's Foreign Trade Zone (FTZ) services for those businesses that can take advantage of an FTZ.[42]

In addition to financial incentives, the county developed "rapid response permitting" which offers a guaranteed 90-day turn-around time with a single point of contact. Local authorities also formed a "Florida International Gateway Improvement District" to capture future property taxes generated within the District to support port-related economic development within or adjacent to the District, as well as infrastructure needs and expansion of the port.

The county's leadership in creating these local planning and development initiatives positioned the port for future success. Since land availability can be a constraint on port development – along with water depth and access – rezoning 5,000 acres for future development and ensuring that local land use regulations on the property could accommodate a range of port related uses helped secure land for future growth opportunities. Additionally, seed money is often hard to come by, so establishing a dedicated revenue stream such as the Gateway District proved to be very valuable and timely in leveraging future public and private capital.

Bringing Air Products to Manatee County

These efforts were put to work to successfully recruit Air Products, a Fortune 200 manufacturer which opened a new facility in Manatee County in January 2014.[43] Air Products is an innovator in the Liquefied Natural Gas (LNG) technology field, producing the heat exchangers that allow natural gas to be cooled and compressed so it can be transported from gas fields to consumer and industrial markets around the globe.

Based in Wilkes-Barre, Pa., since the 1960s, Air Products recently began facing constraints in the transport of their larger heat exchangers. These units can measure up to 180 feet long and weigh up to 500 tons, posing major over-the-road challenges to reach far-flung demand. In response, the company initiated a national site search for a new secondary manufacturing site with deep water access and global reach to bring the manufacture of the larger units closer to the coast.

According to Enterprise Florida, the economic development agency for the state, Florida first emerged as a leading contender due to its portfolio of 15 deep water ports. Air Products ultimately selected a 32-acre site in the City of Palmetto in Manatee County because of its location directly across highway U.S. 41 from Port Manatee, its deep water access and the ability to ship these units to remote locations around the world. The 300,000-square foot production facility was constructed at cost of over $50 million, with a projected workforce of 250 people.

At the 2014 plant opening, John McGlade, Air Products' Chairman, President and CEO summed up the decision making process: "After a year of searching in a number of different locations around the United States, the proximity to Port Manatee and the support that we got from the state and local economic development corporations, and from the Manatee County Board of Commissioners, really made us feel like this is the place we wanted to be."[44]

Why Manatee County? Stewart points to the teamwork that caught McGlade's attention. The port, the county, Bradenton Area Economic Development Corporation, Florida Power & Light, training providers (including a $100,000 training grant) and state and local partners all worked together to assemble the resources necessary to bring this investment to Florida and Manatee County. Stewart also points to having available land in the PEDZ "a straight shot" from Port Manatee. And, as promised, county permitting was accomplished in 57 working days, well within the 90 days required under the county's rapid response permitting process.

Transportation improvements also paved the way for this investment. Most notably, according to Port Manatee's Dave Sanford, the 2010 TIGER 2 grant which "allowed us to grow project cargo," such as the heavy, high-value heat exchangers being produced by Air Products which go to construction sites around the world. More recently, the Florida Department of Transportation has stepped up to "harden the road" on U.S. 41 to help preserve the key connection between Interstate 75 and the harbor where these large, heavy units transit from the production facility to the harbor.

IV. MAKING RAIL CONNECTIONS IN OHIO AND PENNSYLVANIA

Public-Private Partnership in Warren County, Ohio: The Franklin Yard Story

"We bring rail to the rail-less", explains Jon Hartman of R. Good Enterprises, who oversees the company's transportation and logistics facility in Warren County, Ohio.[45] Located in the City of Franklin, this operation provides area businesses with rail access via the Norfolk Southern Railroad (NS), as well trucking, transloading, warehousing and other logistics services.[46] However, until the company's arrival in the late 2000s, rail service was not readily available to local businesses, and the needs of the "rail-less" were only ultimately met through a creative partnership of county, municipal, state and private interests.

Martin Russell is Director of Economic Development for Warren County, located in southwestern Ohio.[47] Beginning in 2007, Russell confronted the county's lack of rail service. Both CSX Corporation and NS move through the northeastern portion of the county, but most of the interior lacks rail access. He describes himself at the time as being largely "mode agnostic", but the convergence of several issues had him digging into the rail system.

First, he was being "bombarded" by local businesses looking for freight alternatives at a time when diesel prices were driving up the cost of trucking. Second, several business leads coming through his state development agency were specifying "rail preferred" or "rail desired," putting Warren County at a distinct disadvantage.

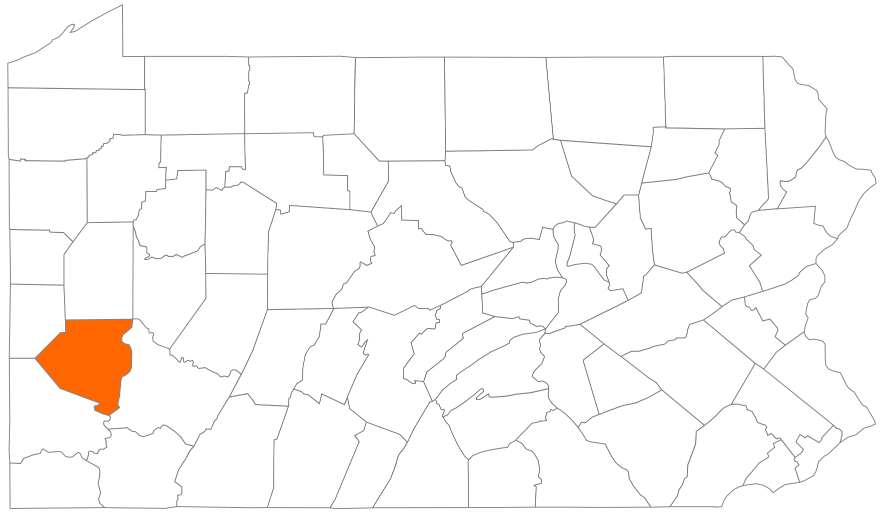
Russell saw an opportunity to establish rail access in the form of a shuttered shingle mill in Franklin located on an NS rail spur. R. Good Enterprises expressed interest in pursuing the project and establishing a second transloading and logistics facility there to complement their home operation in the village of Camden in Preble County, located about 25 miles to the west. Franklin made strategic sense, given that Camden is located on the westerly branch of NS, while Franklin is on the easterly branch of NS which feeds into the Heartland Corridor in Columbus and on to the east coast at the Port of Norfolk, Virginia.

A financing package totaling $4,275,000 was assembled to purchase and improve the shingle mill property, and to upgrade to the rail infrastructure. The City of Franklin purchased the property for $300,000, with the State of Ohio and R. Good providing $1,675,000 and $1,825,000, respectively, to renovate and equip Franklin Yards. Capping off the project, NS and Warren County contributed $400,000 and $75,000, respectively, toward the necessary track upgrades.[48]

Franklin Yards saw its first train in 2009, and the 200,000-square foot complex has since provided logistical services for a range of products used particularly in agriculture, chemical and construction industries. As Hartman says, R. Good brings the benefits of rail to small companies as a "first mile, last mile source". The end result for Warren County is a public-private partnership that preserved a valuable rail asset, and added another transportation alternative for area small businesses. As Russell concludes, "it put us on the rail map."

WARREN COUNTY, OHIO

ALLEGHENY COUNTY, PENNSYLVANIA



New Intermodal Facility In Allegheny County

In December 2015, CSX joined Allegheny County officials to break ground on the construction of the Pittsburgh Intermodal Rail Terminal in Stowe Township and McKees Rocks, municipalities just west of the city of Pittsburgh in Allegheny County. The new facility, representing over $60 million in private investment, is scheduled to begin operations in mid-2017.[49]

Allegheny County Executive Rich Fitzgerald remarked: "This terminal will not only help connect western Pennsylvania's businesses to the global marketplace, but it will also help stimulate McKees Rocks' and Stowe's economies. We are proud to have worked with all of the stakeholders to make this project a reality."[50]

According to Pay Early of the Allegheny County Economic Development Office, state, county and other local officials worked together to address transportation issues associated with accommodating truck traffic expected to the new facility. The state contributed $1 million for access road improvements while Allegheny County provided a $250,000 grant to make necessary intersection upgrades.[51]

The new intermodal facility will build on the substantial state, federal and private investment being made in the CSX National Gateway project, an $850 million public-private partnership over the CSX network between the Mid-Atlantic ports and the Midwest. The goal is to "create a highly efficient and environmentally friendly double-stack cleared rail corridor" by removing bottlenecks and clearance obstructions along the corridor.[52] Funding has included a $35 million grant from the Pennsylvania Transportation Assistance Program Grant, as well as multistate TIGER funding including Pennsylvania and other corridor states.[53]


87CD
TOYOTA
CASTLEBROOK 35
TOYOTA

V. TAKEAWAYS FOR COUNTY LEADERS

Remember that Transportation and Economic Development are Both Team Sports

Transportation and logistics networks can be complex and run across many jurisdictions, multiple modes and carriers and integrated support systems. It reasons that transportation strategies at a county level to promote freight-oriented economic growth will require a team approach as well, given common interest among levels of government and private business.

In recent years, the value of multi-modal and intermodal solutions has become more widely recognized, while public-public and public-private partnerships have emerged as successful funding strategies. There are growing resources available to counties such as the TIGER program which recognizes the value of partnering and integrated approaches, with investments at the county level such as in Manatee County, as well as multi-state efforts such as the National Gateway Project.

Think Long Term, yet Still Move at the Speed of Business

While every organization is under pressure for immediate results, looking over the horizon is a foundation for long-term success. In South Carolina, counties have excelled in attracting foreign direct investment because they have promoted the necessary long-term state, federal and private investments in the freight system to provide cost-effective global reach, and have marketed those advantages through robust teamwork. Land purchased in the 1980s by the Charleston County Aviation Authority helped pave the way for Boeing's Dreamliner facility in Charleston County many years later.

Beyond the long-term planning and investments that form the foundation for investment, counties must also be able to respond to business investment opportunities in real time as they arise and on the markets timetable. This was certainly the case with Daimler in Charleston County, Volvo in Berkeley County, and Dollar Tree in Cherokee and Spartanburg Counties, where county officials worked with the S.C. Department of Commerce and other local and state partners to connect the dots for business candidates, meet their various needs, and bring home significant jobs and investment through this freight-oriented approach to economic development. Likewise, Manatee County, Fla., working with Enterprise Florida, Port Manatee and other local partners also saw the fruits of effective long-term planning and investment combined with effective marketing and deal packaging.

Think Logistically — and Globally

Simply put, the objective of an economic development strategy is to influence business investment decisions. Whether it is a start-up, expansion, relocation or new location, jobs and wealth are created when people and businesses invest. These decisions are based on many factors, from workforce considerations and infrastructure availability, to tax climate and incentive packages.

Transportation, however, is fundamental to these decisions, but largely taken for granted by many in the general public. It can be the "silent killer" of deals, as a lack of effective connectivity may take a county out of contention without even its knowledge. It can also be the difference between having a climate for growth versus struggling to compete with those better positioned in the marketplace, as every business depends on transportation and logistics to survive and grow. Understanding and employing these principals at a county level can make the difference between being a trade crossroads or being on the sidelines.

Trade and transportation are largely two sides of the same coin. Counties that want to compete in the global marketplace and pursue freight-oriented development should understand that transportation and logistics have become even more critical, as supply chains now stretch throughout the world and allow business to be conducted from many corners of the globe.

To ship overseas from the new intermodal facility in Allegheny County, for example, would be undeniably limited if bottlenecks to the east coast were not being addressed on a multi-state level through the National Gateway Project, a state-federal-private partnership. Likewise, state and county officials worked together to make sure that the connecting roadways to the new intermodal facility will be to handle the prerequisite truck traffic on a local level. A systems approach to transportation planning and economic development is therefore essential, and must not only consider factors on a county level, but also how those investments can be leveraged and connected into the global marketplace.

While some counties may be better positioned than others for certain opportunities, the key to success is identifying each county's true core assets and effective pathways to connect into these freight systems to leverage local economic assets. Only a handful of counties can be host to a Post-Panamax port facility that receives the new mega-ships, yet there are still many opportunities for counties to feed into these international hubs through short-sea shipping, inland ports, intermodal rail hubs, trans-loading facilities, niche ports and others as highlighted in this report.

END NOTES

[1] "Executive Management", South Carolina Ports Authority, www.scspa.com/about/mission-and-leadership/exective-management/

[2] Administrators Roundtable on Freight Economy, Bangor, Maine, May 4, 2016

[3] "National Strategic Freight Plan", Draft for Public Comment, US Department of Transportation website

[4] Ibid

[5] "Our Freight Transportation System", Transportation.Gov, U.S,, Department of Transportation

[6] "fDi National Championship: the winner", fDi Magazine, 15/2/16, www.fdiintelligence.com/Locations/Americas/USA/fDi-National-Championship-the-winner

[7] "South Carolina recognized for achievement in foreign direct investment", South Carolina Department of Commerce, Feb. 15, 2016 http://sccommerce.com/news/press-releases/south-carolina-recognized-achievement-foreign-direct-investment

[8] "Port of Charleston gearing up for super ships", The State, Dec. 19, 2015 www.thestate.com/news/business/article50707910.html

[9] "East coast ports, including Charleston, outpaced global cargo growth in '15", The Post and Courier, Feb. 28, 2016 www.postandcourier.com/article/20160228/PC05/160229346/1010

[10] "The economic Impact of the South Carolina Ports Authority", University of South Carolina Moore School of Business, September, 2015 www.scspa.com/documents/2015EconomicImactStudyFINAL.pdf

[11] Ibid

[12] Interview with Steve Dykes, Executive Director, Charleston County Economic Development, May 6, 2016

[13] "BMW Manufacturing's 2015 Export Value Reaches Nearly $10 Billion", BMW Manufacturing News Center, Feb. 10, 2016 www.bmwusfactory.com/bmw_articles/bmw-manufacturings-2015-export-value-reaches-nearly-10-billion/

[14] "Mercedes-Benz Vans to invest $500 million in new manufacturing plant in Charleston County", South Carolina Department of Commerce, March 6, 2015 http://sccommerce.com/news/press-releases/mercedes-benz-vans-invest-500-million-new-manufacturing-plant-charleston-county "Mercedes Breaks Ground on Its 500 Million Sprinter Van Plant in South Carolina," Forbes, http://www.forbes.com/sites/jaclyntrop/2016/07/27/mercedes-breaks-ground-on-its-500-million-sprinter-van-plant-in-south-carolina/#20b469417290.

[15] "Training, location key to luring $500M Daimler plant to North Charleston" The Post and Courier, March 6, 2015 , www.postandcourier.com/article/20150306/PC05/150309570

[16] Communication with Steve Dykes, Charleston County Economic Development Director, June 16, 2016

[17] "Boeing 747 Dreamlifter Achieves FAA Certification", Boeing, 2007-06-04 http://boeing.mediaroom.com/2007-06-04-Boeing-747-Dreamlifter-Achieves-FAA-Certification

[18] "Volvo Cars selects South Carolina for first American Plant", South Carolina Department of Commerce, May 11, 2015

http://sccommerce.com/news/press-releases/volvo-cars-selects-south-carolina-first-american-plant

[19] Ibid

[20] "How South Carolina Won Volvo", The State, May 16, 2015 www.thestate.com/news/politics-government/politics-columns-blogs/the-buzz/article21195345.html

[21] Interview with Barry Jurs, Berkeley County Economic Development Director, June 15, 2016

[22] "Volvo Cars selects South Carolina for first American Plant", South Carolina Department of Commerce, May 11, 2015 http://sccommerce.com/news/press-releases/volvo-cars-selects-south-carolina-first-american-plant

[23] "BMW's Impact on South Carolina", University of South Carolina Moore School of Business, Dec. 2014 www.bmwusfactory.com/wp-content/uploads/2012/11/BMW-SC-Economic-Impact-2014.pdf

[24] "South Carolina Railroad to unveil line to Berkeley's Volvo factory", The Post and Courier, April 4, 2016 www.postandcourier.com/article/20160404/PC05/160409734/1177/south-carolina-railroad-to-unveil-new-line-to-volvo-x2019-s-berkeley-county-factory

[25] "Volvo's first phase to employ 2,500; interchange won't be completed to 2019", The State, July 24, 2015" www.thestate.com/news/politics-government/politics-columns-blogs/the-buzz/article28546414.html

[26] "South Carolina Ports Authority celebrates success of Inland Port Greer", South Carolina Ports Authority, April 20, 2016 www.scspa.com/news/sc-ports-authority-celebrates-success-of-inland-port-greer/

[27] "Inland Port Greer", South Carolina Ports Authority website www.scspa.com/locations/inland-port-greer/

[28] Interviews with Jim Cook, Director, Cherokee County Development Board, and Holland Belue, Acting County Administrator, Cherokee County, June 15 and 16, 2016,

[29] "Dollar Tree establishing Upstate distribution facility", South Carolina Department of Commerce, July 13, 2015 http://sccommerce.com/news/press-releases/dollar-tree-establishing-upstate-distribution-facility

[30] "Interstate 85 Widening and Improvements Mile Marker 80 – 96 Spartanburg and Cherokee Counties Environmental Assessment", South Carolina Department of Transportation, 10/19/2015 www.scdot.org/inside/pdfs/publichearings/spartanburg-cherokee_ea.pdf

[31] "Dollar Tree establishing Upstate distribution facility", South Carolina Department of Commerce, July 13, 2015 http://sccommerce.com/news/press-releases/dollar-tree-establishing-upstate-distribution-facility

[32] "America's Niche Ports", Global Trade Magazine, August 11, 2015 www.globaltrademag.com/global-trade-daily/commentary/americas-niche-ports

[33] "Port Manatee named among nations top niche ports", Manatee County Port Authority, November 12, 2015 www.portmanatee.com/Newsroom/News-Releases/Post/545/Port-Manatee-named-among-nation-s-top-niche-ports

[34] "Port Facts", Manatee County Port Authority website www.portmanatee.com/About-Us/Port-Facts

[35] Interview with Dave Sanford, Deputy Director, Manatee County Port Authority, April 26, 2016

[36] "Business and Cargo", Manatee County port Authority website www.portmanatee.com/Business/Cargo

[37] "America's Niche Ports", Global Trade Magazine, August 11, 2015 www.globaltrademag.com/global-trade-daily/commentary/americas-niche-ports

[38] "Port Manatee to Receive $9 Million TIGER II Grant", JOC.com, Nov. 2, 2010 www.joc.com/maritime-news/port-manatee-receive-9-million-tiger-ii-grant_20101102.html

[39] "Port Manatee, 2016 Official Directory", Manatee County Port Authority, www.portmanatee.com/Portals/0/pdf/PMD_2016_web.pdf

[40] "America's Marine Highway", US Maritme Administration, USDOT website

[41] Interview with Karen Stewart, Economic Development Program Manager, Manatee County, Fla., April, 28, 2016

[42] "Gateway Incentives", Manatee County website www.mymanatee.org/home/businesses/economic-development/fl-intl-gateway/flig-incentives.html#jump4f1

[43] "Fortune 200 manufacturer, Air Products, opens new facility in Manatee County", Enterprise Florida, Jan. 22, 2014

[44] "Fortune 200 manufacturer, Air Products, opens new facility in Manatee County", Enterprise Florida, Jan. 22, 2014 www.enterpriseflorida.com/news/fortune-200-manufacturer-air-products-opens-new-facility-in-manatee-county/

[45] Interview with Jon Hartman, R. Good Industries, May 26, 2016

[46] "About us", R. Good Enterprises website www.rgoodenterprises.com/about.html#

[47] Interview with Martin Russell, Director of Economic Development, Warren County, Ohio, May 27, 2016

[48] Presentation, Martin Russell, Director, Warren County Economic Development, National Association of Shippers Annual Conference, 2014

[49] "CSX and Partners Celebrate Groundbreaking, Construction of Pittsburgh Intermodal Rail Terminal", CSX Press release, Dec. 4, 2015 www.csx.com/index.cfm/about-us/media/press-releases/csx-and-partners-celebrate-groundbreaking-construction-of-pittsburgh-intermodal-rail-terminal/

[50] "CSX Selects McKees Rocks and Stowe Township for New Pittsburgh Intermodal Facility" CSX Press release, Oct. 17, 2013

Ibid

[51] Interview with Pat Early, Deputy Director, Allegheny County Economic Development, May 26, 2016

[52] Opcit www.csx.com/index.cfm/about-us/media/press-releases/csx-selects-mckees-rocks-and-stowe-township-for-new-pittsburgh-intermodal-facility/

[53] "National Gateway Overview" CSX, June, 2010 www.cte.ncsu.edu/eeconference/sessions/documents/38-1_Brinker.pdf

ABOUT THE NATIONAL ASSOCIATION OF COUNTIES

The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange idea and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government and exercise exemplary leadership in public service. More information at www.naco.org

ABOUT NACo'S ECONOMIC DEVELOPMENT, TRANSPORTATION, & INFRASTRUCTURE PRACTICE AREA

To help counties grow stronger, more competitive, more resilient places, NACo supports county leaders seeking to develop innovative economic development strategies and invest in transportation and infrastructure systems to create great places.

Each year, counties invest billions in economic development and public infrastructure projects. Counties create economic development strategies and programs; build and maintain roads, bridges, transit and water systems; develop land use plans; support workforce training and business assistance; and convene decision-makers in public agencies, private firms and regional and state institutions.

Within this practice area, NACo convenes public-and private-sector stakeholders, produces special reports, develops webinars and podcasts, facilitates peer learning, provides technical assistance and hosts workshops and roundtable events.

This publication was developed with the support of the Federal Highway Administration (FHWA) under Contract No. DTFH6115C00028. Any opinions, findings and conclusions or recommendations expressed in this publication do not necessarily reflect the views of NACo or FHWA.

ACKNOWLEDGEMENTS

This report was researched and written by David Cole of David Cole Consulting. Cole formerly served as the Commissioner of the Maine Department of Transportation and CEO of Eastern Maine Development Corporation

Special thanks to the following individuals for providing their time and expertise to support this effort:

- Jack Ellenberg, Senior Vice President, South Carolina Ports Authority
- Greg Nadeau, Administrator, Federal Highway Administration
- Steve Dykes, Economic Development Director, Charleston County, S.C.
- Barry Jurs, Economic Development Director, Berkeley County, S.C.
- Holland Belue, Acting County Administrator, Cherokee County, S.C.
- Jim Cook, Development Board Director, Cherokee County, S.C.
- Hon. David Britt, Councilman, Spartanburg County, S.C
- Carlos Buqueras, Executive Director, Port Manatee, Manatee County, Fla.
- Karen Stewart, Economic Development Program Manager, Manatee County, Fla.
- Martin Russell, Economic Development Director, Warren County, Ohio
- Hon. Rich Fitzerald, County Executive, Allegheny County, Pa.
- Patrick Earley, Deputy Director of Economic Development, Allegheny County, Pa.

To request copies of this publication or other materials from the National Association of Counties please contact Jack Morgan, NACo Program Manager at jmorgan@naco.org or 202.942.4274

Source: South Carolina Port Authority

NATIONAL ASSOCIATION of COUNTIES NACo

660 NORTH CAPITOL ST. NW • SUITE 400 • WASHINGTON, D.C. 20001
202.393.6226 • WWW.NACo.ORG

facebook.com/NACoDC • twitter.com/NACoTweets • youtube.com/NACoVideo • linkedin.com/in/NACoDC