

Getting Off Track:

Roanoke, Altoona, and the Derailment of Norfolk Southern

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ABSTRACT:

Martinsville, Virginia lost its textile industry to Mexico. High Point, North Carolina lost its furniture business to Asia. Pittsburgh lost Steel, Detroit lost auto-making, Mississippi lost cotton, and West Virginia lost coal. These once booming mono-industrial communities, competitive in a global economy, are all clawing their way out of a deep, dark unemployment whole. Each has a chapter in the story of urban decay and renewal with different endings. But the actions of their elected officials, before, during, and after their community's single industry downsizes or leaves, make all the difference.

The following comparative policy paper examines the strategies of two local governments, those of Roanoke, Virginia, and Altoona, Pennsylvania, who attempted to mitigate the loss of Norfolk Southern Rail Car Repair Shops in their cities. I find quantitative and qualitative research, which suggests that Roanoke fared better after the loss of Norfolk Southern with regard to unemployment rates, median household income, high school and college graduation rates and poverty rates. I attempt a research design such that community leaders whose cities suffer similar economic blows can walk away with recommendations concerning their roles in recovery.

Both cities relied greatly on the economic activity of Car Repair Shops. The staff at the Roanoke Car Shops, once comprised of more than a thousand men and women, has dwindled to a skeleton crew of about 15. The Hollidaysburg Car Shops also employed close to one thousand people, but too, has eroded to about a dozen. A history of each city and the evolution surrounding Norfolk Southern is included, along with an extensive examination into subsequent economic activity.

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PREFACE:

The following comparative policy paper, while grounded in scholarly research, was written for economic developers, policy makers and elected officials, not necessarily for academics. Its simplicity is intentional, its works cited are mainstream, and its personal interviews offer a hands-on perspective that could be valuable to America's decision makers.

The television news story imbedded in this thesis is an example of applied social science research in mass communication. It's a four and a half minute broadcast version of the insights gained in this paper. The story, entitled, "A Tale of Two Cities," aired on WTAJ 10 News in February of 2004. In an unprecedented move, Channel 10 opted to dedicate nearly five minutes of a regularly scheduled 11:00 pm newscast to my findings. The decision paid off. According to Neilson, a television viewership tracking firm, that newscast drew in more viewers than any other newscast that month.

Viewer response was phenomenal. I personally received at least a dozen emails and a half-dozen phone calls by viewers applauding the story. One viewer even showed up at the station to tell me it was the best story he'd ever seen on local television.

Since graduating from St. Vincent College in Latrobe, Pennsylvania with a degree in Public Policy Analysis, I have had the pleasure of being a television news reporter, more specifically, a business editor. Not more than a month after taking my first job as a journalist in Roanoke, Virginia, at WDBJ News 7, Norfolk Southern announced it would close the Roanoke Car Shops. From a journalistic perspective, the story was the biggest of its kind as it rocked the entire economic core of the community. The area's unemployment rate skyrocketed, its tax base eroded, and I remember reporting that the overall quality of life felt sickly.

My second job as a television news reporter and business editor came much closer to my home of Pittsburgh, Pennsylvania, at WTAJ TV in Altoona. Ironically, not more than a month after I started work in Altoona, Norfolk Southern announced it would close the local Hollidaysburg Car Shops. Though my experience with Norfolk Southern and its drastic cutbacks was quite extensive by this time, the emotional turmoil suffered from the loss of the community's "heart and soul" was quite overwhelming. Only three hundred men still worked at the Hollidaysburg Car Shops, which was little more than a third of what its size had been three years ago. But layoffs were only part of the

story. The loss of Norfolk Southern in a railroad town was a test Altoona will take many years to pass, if the city and its leaders can do it at all.

CHAPTER ONE: INTRODUCTION AND RESEARCH DESIGN

Globalization brings to cities a new set of challenges. By opening the doors of worldwide commerce and bringing down the walls of culture for the sake of opportunity, cities must now compete for companies and talented workers who drive the global economy (Russell, 2004). In a keynote address at an international symposium of globalization and urbanization, Barry Bluestone, a member of Senator John Kerry's economic team, noted, "how the diminishing economic fates of Rust Belt Cities such as Detroit and Milwaukee coincided with the dramatic advances in the transportation, communication and technology sectors that have helped to fuel this era of globalization (Russell, 2004)."

According to Bluestone, companies and investors are searching the world for the best and cheapest places to do business. In America, they headed South and West where land was cheap and quality of life was high. Cities like Austin and Raleigh boomed, while cities like Buffalo saw its household income decline. In such a cutthroat environment, Bluestone says the winners of globalization have to have a mix of cultural amenities, perks to attract corporate executives, and a pool of talented workers in order to be

competitive; advice cities who have lost their largest industry are now taking seriously.

But oftentimes, these multinational corporations whom cities beg for are really a double-edged sword. Norfolk Southern Corporation, a publicly traded, globally competitive transportation firm, was once the largest employer in the cities of Roanoke and Altoona. When business went bad for the railroad, there was a direct negative impact on the economies of those two cities. In addition to the constant threat of a surprise attack from the markets, cities can also be bullied by the corporation itself. In his book, "At War With Ourselves: Why America Is Squandering Its Chance to Build A Better World," Michael Hirsh delves into the economic joyrides and nightmares that mono-industrial economies must endure along with their largest employer, and the pressures they face to keep the corporation happy. "Multinational Corporations, grown gigantic from a decade of record mergers and acquisitions, have often used their transitional production networks to evade local tax authorities - meaning that the biggest beneficiaries of globalization often pay the least to make up for its inequities (Hirsh, 2003)." In the following chapters, I will provide science-in-action, so to speak;

specific examples of how Norfolk Southern applied pressure, and managed to dodge taxation.

When, finally, these cities have reached the end of the line, tired of bowing to pressure and bending to economic loss, they must survive by turning to their back-up plan. Though Robert Litan, in his article "Institution and Policies for Maintaining Financial Stability in a Global Market," focuses mainly on national policy, there are lessons states and localities can learn when it comes to the importance of having a plan. He says cities can avoid crisis with effective financial firefighting equipment. Though he is focusing on international banking systems, his theory can be applied to economic policy: identify sources of systemic risk, assign a safety net paradigm for ensuring financial stability, explore the forces of change, and seek out a more stable, competitive financial marketplace for the future. You will be able to see which cities identified with Litan's theories, and which did not in the coming pages.

I examine the loss of Norfolk Southern Corporation to two railway-centered towns, Roanoke, Virginia, and Altoona, Pennsylvania. The first three chapters cover the history of the cities and their relationship with Norfolk and Western, which would later become the Norfolk Southern

Railroad. A collection of names, dates and historical growth will enlighten the reader, and describe why the loss of Norfolk Southern so devastated each of these communities. Throughout the rest of the paper, I analyze the actions of community and economic development leaders in Roanoke who responded with policies and the development of initiatives with far better skill and foresight than did their counterparts in Altoona. The following statistical data provided by the U.S. Census Bureau provides background comparing Roanoke and Altoona's rates of recovery:

- Business Development
- Unemployment Rates
- High School Graduation Rates
- Home Ownership Rates
- Population Rates
- Household Incomes
- Poverty Rates

In chapter six, I examine *why* Roanoke fared so much better before, during and after the loss of Norfolk Southern than did Altoona. Using a qualitative survey instrument targeted at Governmental Leaders, Economic

Developers and Members of the Media, I will ask the following questions:

1. Did your city have an economic development strategy in place before Norfolk Southern's announcement it would close the Car Shops?
2. How soon did your city address the announced departure with a specific action plan?
3. What were the components of the plan?
4. Are you satisfied with the way local leaders handled the demise of Norfolk Southern in your community?
5. Does the community feel betrayed by Norfolk Southern?
6. In what ways has the community changed since Norfolk Southern's departure?

The survey is not designed to produce coded answers that can be analyzed statistically. It is instead designed to produce points of comparison from individual perspectives.

I will combine and evaluate the data to analyze the aggressiveness of community leaders and economic developers in the Roanoke and Altoona regions.

Roanoke credits the creation of its economic fortitude plan to its city manager, Darlene Burcham. Part of the

plan included the creation of a Biomedical Institute which Burcham sees as the basis of the area's future growth. State and nearby local officials worked closely and agreeably with Burcham, foreseeing the potential economic benefits of the Institute.

Altoona leaders, instead of accepting the loss of Norfolk Southern and creating an economic development plan to jump-start the region's economy, took the railroad to court, arguing the layoffs were a violation of the merger agreement between Norfolk Southern and Conrail. Besides losing the court battle to keep the Hollidaysburg Car Shops open, they also lost the respect of the business community. They quickly developed a bad reputation for fighting big business. Once the court battle was over, the coordinated efforts between community leaders and the railroad to sell the Shops to another potential manufacturer dissolved. Norfolk Southern seems content to leave the Shops idle.

While Roanoke's city manager courted big business and publicized any amount of job creation, Altoona's city manager continuously refused any media interviews, nor was he present when Governor Ed Rendell toured the community and discussed the economic circumstances with other city leaders.

The situation is similar with economic development personnel in each city; in Roanoke there was an outpouring of publicity, in Altoona, virtually none. Furthermore, the priorities of Altoona's leaders seem backward and exclusive, while those of Roanoke's leaders seem almost futuristic in their incorporation of technology alongside new business. The city of Altoona did not even have a web site up and running until January of 2004, while no phone number is listed on its Chamber of Commerce Web Site. A lengthy comparison will come in future chapters.

The paper discusses several theories as to why the rates of recovery between Altoona and Roanoke vary. But so too, the question "how" must be addressed. How did these cities come to find themselves choking on a mono-industrial economy?

While each city took a different approach to try to dig itself out of the mono-industrial hole, Robert Waste believes they landed deep down for the same reasons. In his book he says *federal* policy changes have forced *local* policies changes, as cities now find themselves in a changed environment for the following reasons:

- *Urban problems are no longer confined to the inner city, but are regional in nature.* As you will read,

the Roanoke Valley as a region has consolidated its resources for the greater good, whereas the Greater Altoona region finds cooperation difficult even among members of its own board.

- *The federal government has largely withdrawn from the urban policy arena, thereby leaving cities and states to develop their own solutions to local problems.* The extensive 10-year comprehensive plan created by Roanoke's elected officials serves as a model for regional foresight in this regard.
- *The economy of cities is no longer organized around a central business district, but is dispersed throughout a metropolitan region.* Again, the regional cooperation found in Southwest Virginia is exemplary, despite location and population densities. But in Altoona, the centralized business district has essentially departed from the downtown, and instead, established itself closer to the interstate. The move, some say, "killed" the downtown. There have been little efforts made to revive it, and none regional in nature.
- *The national economy has experienced a fundamental reorganization and many cities have experienced the direct effects of deindustrialization and disinvestment.*

- *The fiscal crisis within the public sector is unprecedented and has seriously negative effects of the provision of services at all levels of government.* So financially stressed is Pennsylvania, that an education budget simply didn't pass in 2003. Schools were forced to borrow in order to stay open, creating more debt and even more financial turmoil for localities to handle (Waste, 1998).

In these times of financial turmoil, localities look toward business for help. Saskia Sassen's argument in "Cities in a World Economy," is that the expansion of producer services and the tax revenue generated by them can aid an aching economy. These producer services, says Sassen, continue to grow despite a slowdown in local manufacturing sectors.

"Producer Services cover financial, legal, and general management matters; innovation; development; design; administration; personnel; production technology; maintenance; transport; communications; whole-sale distraction; advertising; cleaning services for firms; security; and storage (Sassen, 1994)." All create the desired high-paying, family sustaining jobs every city strives for, and cities are the preferred production cite

for such services because of the high concentration of businesses and consumer who use them.

Because those jobs are desirable, business does influence local government. But does it influence as just another interest group? Or, is it an elite interest in local politics? And how receptive should local governments be to it?

Clarence Stone and Heywood Sanders say a fiscal crisis in a city changes its current partnerships with interest groups. Businesses, because of their power to aid and assist a struggling economy, have a district advantage. Business becomes the financier of policy, thereby becoming the controller of it. It is up to the elected policy makers to take back the reigns.

**CHAPTER TWO:THE HISTORY OF ROANOKE, VIRGINIA AS IT
RELATES TO THE N&W**

17th Century explorers wrote of Roanoke, Virginia as having "blue mountains and a snug flat valley beside the upper Roanoke River." Those were the words that prompted pioneers from eastern Virginia and Pennsylvania to settle there. The newcomers began farming by 1740. Its geographical situation, according to many, has been the key to Roanoke's development. Though it is ringed with mountains, it has passable gaps on each side.

New counties and new communities were established by tradesmen and farmers who moved into the region. The City of Roanoke traces its roots of formation to the first decades of the 19th Century. Antwerp, Gainesborough, and Old Lick were populous communities and soon formed the conglomeration of the Town of Big Lick in 1874. A decade later, the city became Roanoke. The new town was located along the old Atlantic, Mississippi and Ohio Railroad lines which would later become the Norfolk and Western Railroad, then, Norfolk Southern.

Roanoke's rapid growth began with the completion of the Shenandoah Valley Railroad from Hagerstown, Maryland, to its junction with Norfolk and Western. Roanoke had long been considered a crossroads since the Indian days when

people used buffalo trails through the Roanoke Valley as hunting paths. The many salt licks in the valley's heart drew animals in as well as Indians to hunt them.

Roads including the Great Road and Wilderness Road followed buffalo trails, north and south, east and west. Those pathways served as horse-drawn migration trails to Kentucky and the mid-west. By 1880, there were 100 families in Big Lick, "almost equally divided between blacks and whites, and five churches, plus three hotels, five tobacco factories, and a cigar factory, a post office, bank and newspaper, two saloons and ten stores of one kind or another, along with a shoemaker, harness maker, undertaker, druggist, four doctors and two lawyers. Altogether it was a bustling little center (White, 1982)."

As the railroads began to cross paths in Roanoke, Philadelphia businessmen were starting to see the future of coalfields in West Virginia, America's need for coal, and the need to transport it from one market to another. They built a railroad system to run south from Pennsylvania and join with the former Virginia and Tennessee Railroad. In 1750, Dr. Thomas Walker, a colonial explorer, found coal deposits in southwest Virginia. "A geological survey of Virginia made by W.B. Rodgers from 1836 to 1842 established the fact that there was a coal bearing area in that

section. In May 1881 with several well to do couples, Robert Kimball journeyed to discover the coal. On May 12, he stuck his cane into an outcrop of bituminous coal (later found to be twelve feet thick) which he called the "Pocahontas Coal Seam." Kimball immediately realized the riches this coal could bring to the Shenandoah and Norfolk and Western Railroads -- the two newly merged railway systems (Barnes, 1968)."

Kimball is unofficially known as the "Father of Roanoke." He was the popular president of the Shenandoah Valley Railroad. "He foresaw the profit that coal would bring to the region, and he understood how lucrative the transportation of that coal, could be. A vice president of the Norfolk and Western at the same time that he was president of the SVRR, he expanded the NW tracks in the coal belt and increased the railroad's volume of business. President of the NW from 1883 to 1895, and again from 1902 until his death in 1903, Kimball saw the NW roads grow from 503 miles to 1,722 miles (Roanoke & Railroad, 1982)."

Newly found, accessible coal would now provide Kimball with the low cost fuel his railroads needed at a time when coal costs had risen to relatively outrageous prices. Kimball quickly set out to build a line about seventy miles from the coal deposits. That would act as a junction

between the two railroads. Now it was time to build a headquarters.

The residents of Big Lick knew the promise of a railroad junction: "a station, a hotel, railroad shops, an office building, housing for officials, and workmen, and a glittering future (Gwyn & Harmon, 2000)." So the citizens of Big Lick got together a petition and a sufficient amount of money to pay for rights of way and other damages, in an effort to offer a terminal site. Soon after, The Shenandoah Valley and Norfolk and Western Railroads came to Big Lick.

Phenomenal growth in the space of two years boosted Roanoke's population from about 600 to 5,000. The city began to grow "literally overtop salt licks (Gwyn & Harmon, 2000)." Railroads were forced to look for the easiest routes around the licks, and those were located in the lowest spots where the licks had already been. Many of them were filled with rock, and one became Main Street.

Kimball's company had big plans for Big Lick, for instance, the addition of houses, new hotel and a hotel pictured on the right. The company had intentions to build railroad shops for engine and car construction and repair.

The company already possessed a sizable amount of land at Big Lick: 500 acres which was "secured for the company many months since and before it was known Roanoke was to be the point of connection between the Shenandoah Valley and the Norfolk and Western Railroads, and in consequence the price to be paid is that at which the land is worth merely for agricultural purposes. The erection of the company shops and the various industrial establishments that it is expected will be built at this point will doubtless induce a large population and the land has already greatly enhanced in value (Barnes, 1968)."

Soon came a period of explosive growth. Hotels began popping up, five restaurants set up shop, twelve saloons are on record, as well as twelve boarding houses. Shoemakers, blacksmiths, doctors, and lawyers were in abundance by the 1890's. Hardware stores, insurance agencies and real estate agencies multiplied rapidly.

In 1883, Norfolk and Western moved its offices from Lynchburg to Big Lick. The population had risen to five thousand people, and that was large enough to grant the town a city charter. "On January 31, 1884 the Legislature of Virginia granted a charter to the City of Roanoke. The city seal depicted the goddess of justice and...a railroad engine. Symbolically, the seal represents the true nature

of Roanoke's boom in size and economy. This was a boom that would continue -- doubling, tripling, the city's population. The boom lasted until 1890 when the bubble of growth finally burst (Howard, 2002)."

Roanoke's population swelled to 20,000, thirty times more than a decade before. Sharecroppers came to the city in search of jobs, merchants opened restaurants, boarding houses, shops, and offices. The University of Virginia records that the demand for land increased tremendously and that prices continued to climb furiously.

One Roanoke Times news correspondent observed at the time: "The city is filled with strangers. The hotels are crowded to their utmost capacity and hundreds of thousands of dollars are changing hands daily. Property that five years ago was assessed at \$70 per acre is now bringing \$50 to \$200 per front foot (Howard, 2002)."

One writer reordereed that the city throbbed with unrestrained vitality; that houses and buildings were constructed haphazardly; that electric and telegraph lines and their poles literally cluttered the streets. The burst, he writes, began on December 16, 1890 with a severe snowstorm that dumped three feet of snow on the Roanoke Valley.

"It caused at least one death when the roof of the railway machine shops caved in and did thousands of dollars in property damage. The significance of this snowstorm is that it gave speculators time to reconsider what they had previously believed to be the 'land of milk and honey'. The snowfall may be blamed in part but the over-speculation in the Roanoke area and the national depression certainly added to the economic woes of the "Magic City" (Howard, 2002)."

According to another writer, The Norfolk and Western railroad also suffered the effects of the burst and subsequent depression. "The railroad got off to a bad start in 1893, "[b]y the end of February, the railroad was behind in both its freight and passenger hauls as compared with the 1892 figures for the same period. The net gains stood at \$254,000 in 1893 as compared to \$372,000 in 1892. This was an alarming figure (Brown, 1983)." Norfolk and Western overextended itself, and that was the root of the problem.

Economic depression continued until just before 1900. That is when the state Board of Public Works reassessed the value of the locomotives and cars of the Norfolk and Western Railway in Roanoke. The assessment value jumped from \$1 million to \$4 million, and so taxes were raised. Although the railroad strenuously objected, a compromise

was reached such that enough tax revenue was provided for the city. That allowed Roanoke to operate a city government into the next year.

Financial problems continued to plague Roanoke, as expenditures far exceeded revenues. But "the railroad taxes, however, gradually lifted the city back into economic progress. Thus, Roanoke regained its "economic legs" (Brown, 1983)."

What suffered most during Roanoke's economic depression was its beauty. City Council and Railroad executives cared only about the bottom line, and beauty came at too high of a price. Consequently, in 1906, the wives of Roanoke executives took up the cause of remodeling Roanoke by forming the Women's Civic Betterment Club. It was a move of "responsible and responsive women of the city which would ultimately lead to the formation of a library, a juvenile court, a nursery school for the children of working mothers, and a local unit of the American Cancer Society (White, 1982)."

The city continued to grow and evolve into a pleasant, railroad-centered city. Norfolk and Western later became Norfolk Southern, as it will be discussed in future chapters, and the city's dependence on the railroad remained strong.

In accordance with the saying *history repeats itself*, prosperity would once again turn to devastation. In 2000, a merger between Norfolk Southern and its rival Conrail would have a distressing impact on Roanoke. In January of 2001, Norfolk Southern Corporation announced it would eliminate 1,000 to 2,000 jobs over the next year and dispose of 12,000 surplus freight cars to help reduce costs and improve financial performance amid a slowing economy.

The layoffs happened 200 at a time over a two and a half year period, sometimes without warning. The staff at the Roanoke Car Shops, once comprised of more than a thousand men and women, would dwindle to a skeleton crew of about 15. Since 1998, the shop had been taking part in a rebody program which gave older cars new life. Much of that work was moved to shops in Altoona, Pennsylvania.

With the rest of the railroad's local facilities, they constituted Roanoke's chief industry, employing about 6,000 workers at an annual pay roll of \$9,350,000. Today, fewer than 100 people are employed by Norfolk Southern in Roanoke.

**CHAPTER THREE: HISTORY OF ALTOONA, PENNSYLVANIA AS
IT RELATES TO NORFOLK SOUTHERN**

Altoona traces its roots to a late 1800's farmer named David Robenson. Robenson owned and farmed all of the land that is now Altoona. About that time, the Pennsylvania Railroad was looking to expand its routes between Pittsburgh and Philadelphia. Altoona sat directly between the two cities, and became a target for purchase and expansion. The railroad's constructors ran into topographical trouble, though. High mountains called for better engineering techniques. In one place, the mountain was so steep, a railway had to be constructed in the shape of a horseshoe so that trains could make their way over the mountain (Smeltzer, 1972). When completed, the portion of track was named and is now famously known as The Horseshoe Curve.

The rough terrain locomotives and railcars were forced to bear when traveling to Altoona required frequent engine repair. "When the builders came to where we now live, they found they were just at the foot of a steep mountain. They wondered how the tracks could ever be laid there. They wondered if heavy loads could be hauled up that mountain. They knew that many engines would be needed, and that they

must be kept in good repair. The company decided they must build a shop to make and repair engines (Smeltzer, 1972)."

According to Altoona history, the railroad hired a man named Archibald Wright to purchase a portion of land from Robenson. The company requested by letter he buy it as cheaply as possible, and that the cost not exceed \$10,000. Wright visited the Robenson home and offered a few thousand dollars for a portion of the land. While contemplating his answer, Robenson took Wright on a tour of the land, leaving Mrs. Robenson at home. Before the men left, Wright took a handkerchief from his pocket and out came the letter with the \$10,000 amount transcribed upon it. Mrs. Robenson found the letter while her husband and Wright were out, and confronted them with it when they returned. The deal was settled for \$10,000.

The Robenson's had two sets of neighbors, the Loudon's and the Green's. When the neighbors discovered the railroad would be constructing a car shop on the Robenson's property, they promptly decided to divide the land into small lots and sell them to workers who came to repair cars. As the demand for workers increased, the city itself began to grow. "At first the men lived in a large board building near the Robenson farm house. Soon the men felt that if they were going to stay and work, they wanted to

bring their families to Altoona to live. That meant log cabins had to be build for the families of the workers (Smeltzer, 1972)." Soon there was a small village of cabins.

Where there are people, there will eventually be a store. The Louden family opened one to sell shoes, shirts, dresses and coats. Up popped a drug store, a carpenter, plumber, butcher, baker and a post-office. Four or five denominations of churches were organized, and so too was a bank. By 1860, there were three newspapers, two banks, thirteen churches, and a number of hotels. The railroad shops, too, continued to grow.

Street cars were constructed. The early ones were drawn by horse and buggy, and later reconstructed to utilize electric power.

Altoona saw the need for a large hotel to care for the railroad passengers. The Logan House was promptly built with 106 rooms to its credit. It was one of the largest of its time, dubbed, "The Mansion in the Wilderness." By the 1870's, the hotel was doing so much business that an expansion was necessary. But not long after 70 new rooms were added a fire broke out and destroyed the additions. The hotel's owners rebuilt, and the hotel survived for many years. The hotel eventually served as office space for the

Pennsylvania Railroad. Later, the railroad sold off the hotel to the federal government, which in turn, used it as a post office.

Crowded, overused streets forced Altoona residents to inhale dust or wade knee-deep in mud when crossing. So the settlers of "Loudonsville" and "Greensburg" combined their resources to establish a government for Altoona. Each chose men to govern the new village. The councilmen chose a tax collector to pay for street lighting and water supplies. Between 1868 and 1884, the city swelled from 8,000 to 19,000, and third class city status was established. Seven men governed the city then; a mayor, four councilmen, a city controller and a city treasurer.

According to Pennsylvania historians, "Altoona's name was derived from the beautiful, liquid and expressive Cherokee word, "Allatoona", meaning "the high lands of great worth." The name was bestowed after the picturesque "Allatoona Pass" in Georgia by Archibald Wright, who was long a resident of the Cherokee country in Georgia and an admirer of the musical names of the Indian language (Smeltzer, 1972)."

By the mid 1950's, more men in Altoona worked in the railroad shops than in any other single industry. They built locomotives, repaired track and freight cars, and made all kinds of equipment needed to keep a railroad system working well. Each had a trade; welders, electricians, blacksmiths, painters. "They were forty-niners as truly as were the gold seekers who went to California. But these Pennsylvania forty-niners sought more than mere gold. They had their adventure, with hardships and its privation, but while they were adventuring they were carving out homes for themselves in a crude mountain country (Smeltzer, 1972)."

The 1950's brought about a new era of technology. The shops in Hollidaysburg had to be improved so that the cars repaired there could also be weatherproofed. According to Train Historians, "In June 1952, the PRR directors authorized construction of the new car shop, named the Samuel Rea Car Shop in honor of former PRR President and Hollidaysburg native Samuel Rea. Construction began in October 1952, when removal of the hump was started. Production in the newly completed Samuel Rea Shop began on a limited basis in 1955, full scale operations beginning in

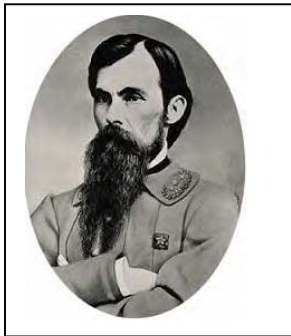
1956. Since August 1955, 52,481 cars have been built and 281,854 repaired there (Grande, 1998)."

The car shops changed hands, first being sold to Conrail, then to Norfolk Southern. The facility remained the area's largest employer until Norfolk Southern's merger with Conrail. Integration problems between the two companies' computer tracking systems and overall management techniques lead to the closure of the shops several times in efforts to avoid train wrecks or mishaps. The shops became less and less profitable and more and more of a problem for Norfolk Southern to manage. Only a handful of car repair shops existed in the United States by the 1990's, because car durability and technology had eliminated much of the need for numerous repair stations.

Local and state officials waged a lengthy court battle in an effort to keep the shops open. Even so, Norfolk Southern closed them in July of 2002. Though they only employed about a third of the men that once worked there, more than 300 lost their jobs.

CHAPTER FOUR: THE HISTORY OF NORFOLK SOUTHERN

Norfolk Southern is the product of more than 200 railroad mergers. Its tracks date back to the pre-Civil War Era and a Virginia Military Institute graduate named William Mahone. He built and presided over the Norfolk and Petersburg Railroad. The company's web site reads, "Mahone's innovative roadbed through the Great Dismal Swamp near Norfolk, Va., employs a log foundation laid at right angles beneath the surface of the swamp. Still in use



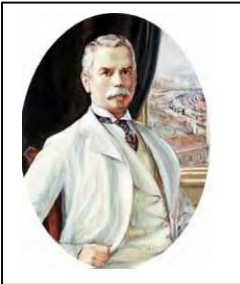
today, it withstands immense tonnages of coal traffic - today's freight on a brilliantly engineered 19th century track (Norfolk Southern, 2004)."

Mahone, pictured left, is credited for the linkage of N&P, Southside Railroad, and the Virginia & Tennessee Railroad, all of which formed the Atlantic Mississippi & Ohio Railroad, which extended from Norfolk to Bristol. In 1881, the railroad was purchased by a private banking firm in Philadelphia and remained Norfolk and Western.

Frederick J. Kimball, the man that many refer to as "The Father of Roanoke" was a partner in that Philadelphia

firm. According to company records, Kimball "headed the new line and consolidated it with the Shenandoah Valley Railroad. He and his board of directors selected a small Virginia village called Big Lick, later renamed Roanoke, as the junction for the Shenandoah and NW. The Roanoke Shops, where decades later the famed classes A, J and Y6 locomotives would be designed, built and maintained, made NW known industry wide for its excellence in steam power (Norfolk Southern, 2004)."

As Norfolk & Western continued to grow, so too did the Southern Railroad Corporation, thanks in part to its most notable president, Samuel Spencer, pictured below. During



a 12 year term, his primary goal was to draw more lines into the core into the system.

"He moved the company's service away from an agricultural dependence on tobacco and

cotton and centered its efforts on diversifying traffic and industrial development (Norfolk Southern, 2004)." Decades later, in 1974, the two systems merged.

On June 23, 1997, Norfolk Southern and CSX Corp. filed a joint application with the Surface Transportation Board (STB) for authority to operate the routes and assets of Conrail. The STB approved the Norfolk Southern-CSX

application in July and set August 22, 1998, as the effective date of its decision. The company reports the results of the transaction increased its operations to include 7,200 miles of Conrail track (mainly former Pennsylvania Railroad track, including the facilities in Altoona/Hollidaysburg, Pa).

It is important to note that as part of its merger agreement with the STB, Norfolk Southern was required to pay a severance salary to those workers laid off as a result of the merger. Therefore, the company continuously reinforced the notion that its troubles stemmed from a decrease in coal exports and a deflating stock market. The agreement would be key in Altoona's fight to keep the Hollidaysburg Car Shops alive.

Just weeks after Conrail dissolved though, complaints began rolling in. Customers voiced disapproval that their products were not being delivered on time. Soon after, the stock price began to fall, unions became restless and the railroad itself became downright dangerous.

The United Transportation Union's April 2000 Special Report reads,

"While talking with the folks in Harrisburg last year, state Sen. Gerald LaValle heard an odd story about Norfolk Southern trains, the Beaver Valley Times Reported.

He heard about people seeing trains with their engines running sitting on tracks with no conductor - indeed, no person at all in sight. LaValle, D-47, Rochester, knew that all had not gone smoothly since Norfolk Southern took ownership of local Conrail lines in 1999. Still the phantom rail car story seemed fishy.

Then, late last year, LaValle took his granddaughter to the playground on Rochester's Riverbank. "I'm looking at a train sitting there running, with no one in it," LaValle said. "A vehicle drove up shortly afterward and dropped off a couple of guys who got the train moving. How often that happens I don't know." But he wonders what could have happened if some rambunctious teen-agers had come across an empty train with a running engine."

Norfolk Southern blamed many of its problems on a computer program that did not respond as expected. The UTU reports train cars began arriving at destinations when and where they were not expected. Engineers and conductors could not get assistance, and therefore, the entire network slowed.

Cutbacks began system wide. Norfolk Southern devised an early, volunteer retirement plan as one of its first cost-cutting steps. It allowed for non-union employees over the age of 55 with at least 10 years of service to retire early.

Shortly after, Norfolk Southern devised a plan called NS 21. The plan eliminated 1,000 to 2,000 jobs over a one year period and disposed of 12,000 surplus freight cars to

help reduce costs and improve financial performance amid a slowing economy. The company redesigned its service network with help from the railroad consulting firm Multimodal Applied Systems; and sold or abandoned 3,000 to 4,000 underutilized or duplicate track miles, or about 10 percent of its total track miles, over a two year period; consolidated or disposed of up to 10 underutilized or redundant support facilities, such as yards, shops or production facilities, including those the Hollidaysburg and Roanoke Car Shops.

CHAPTER FIVE: A COMPARISON OF ROANOKE AND ALTOONA

Norfolk Southern announced in the summer of 2000 it would abandon the Car Repair Shops in Roanoke. At that point, layoffs began, 200 at a time, until only a skeleton crew remained. Prior to the closing, economic development officials from across the state braced for the impact of massive layoffs. Locally, the city's manager, Darlene Burcham, courted the makers of a Biomedical Institute. It was Burcham's vision that the institute would spur economic development and create high-paying jobs that would sustain the city for decades to come.

In January of 2000, before the shops were officially closed, the announcement came that Carillon Health Systems, Virginia Tech and the University of Virginia were officially teammates in the establishment of the Carilion Biomedical Institute of Roanoke, Virginia. The institute is based on the emerging field of bioinformatics, or the merger of biotechnology and information technology.

Carilion agreed to put up \$20 million, with an additional \$10 million over the next five years. "Using \$9.7 million in state appropriations from the national tobacco settlement, Virginia Tech plans to establish center operations and hire faculty. An additional \$1.9 million

will be appropriated to build three research greenhouses. The university will issue bonds for \$21.9 million for Phase I and seek \$5.8 from federal and private sources for equipment. Total investment after six years could approach \$100 million (Sobral, 2000)."

The goal of the not-for-profit Carilion Biomedical Institute is to "maximize the potential of biomedical research at the University of Virginia and Virginia Tech, two of the nation's leading research universities, and to address emerging issues in patient care identified by Carilion Health System. In the process, we expect to develop intellectual property that can benefit university researchers and biomedical companies, stimulate advances in healthcare that will improve the quality of life for people everywhere and promote economic growth throughout Virginia (Sobral, 2000)."

By 2001, and before the shops were officially closed, Roanoke city leaders developed a comprehensive plan called "Vision 2001-2020." It depicts a growing, dynamic and sustainable city of Roanoke in 2020, "that is focused on the future with a strong, diverse economy and a balanced and growing population that values and enjoys a high quality of life in a safe and attractive environment.

Working together, the City and region boast steady growth in jobs and residents, higher school scores, improved government services, and a broader range of recreational and entertainment activities (City of Roanoke, 2002)."

The plan includes policy and action concerning the following: 1. Housing and Neighborhoods; 2. Environmental, Historical and Cultural Resources; 3. Economic Development; 4. Infrastructure: Transportation, Technology and Utilities; 5. Public Services; 6. People: Education, Life-long Learning, Health and Human Services, and Libraries.

Roanoke committed itself to promoting diversity and convenience in its neighborhoods by revising zoning ordinances to encourage the development of higher-density, mixed-use village centers. "The Greenway Project," established funding mechanisms to implement park revitalization as part of the city's initiative to maintain and better the city's environment. In order to strengthen the city's downtown business climate, leaders hope to develop a technology zone that permits mixed-use developments containing offices, residential, and commercial/retail support services, as well as an entertainment strategy. Several condemned buildings are already remodeled and serve as mixed-use developments.

The City continues in its efforts to promote transportation in the region by participating in the Roanoke Regional Airport Commission's initiative to improve air service and passenger and freight facilities in order to maintain its position as the region's major airport. In May of 2002, the Airport and the City announced it officially began shipping international freight, and hoped that international passenger service would not be far behind. Roanoke is currently exploring the development of a regional truck-to-rail intermodal transfer facility and inland port.

Recognizing the value of outstanding public services, Roanoke is developing strategies to strengthen community-policing efforts between the police department, residents, businesses, and community groups. Leaders are hoping to increase the use of computers and information technology to reduce reliance on paper in city offices and provide greater access and sharing of information.

Roanoke took a significant step toward promoting life-long education when it announced plans for the Roanoke Higher Education Center, which, interestingly enough, is located in the old Norfolk and Western headquarters. The

Center has a number of organizations collaborating



to expand education access,
including Virginia Western
Community College, Radford
University, Old Dominion

The University of Virginia, and

Averett College. Its creators wrote, "The people of the Roanoke Valley, from high school age through retirement age, will be able to find programs that will give them a career start, a career boost, or a change in career direction. Whether through short-term training or the more lengthy pursuit of an advanced degree, individuals will have an opportunity to broaden their knowledge, skills, and interests in ways that will enrich their lives and the overall quality of life in the region (Higher Education Center, 2003)."

In 2001, when Norfolk Southern President David Goode announced the Car Repair Shops in Altoona would also be closing, a media frenzy began, because only two years prior, during merger negotiations, Goode himself had promised Altoonans the Shops would remain as they were.

As part of Norfolk Southern's merger agreement with Conrail and as approved by the Surface Transportation Board, workers furloughed as a result of the merger would

have to be fairly compensated. Therefore, anyone laid off because his or her position was duplicated or eliminated as a result of the merger would receive a generous severance package.

The S-T-B ordered the rail company explain why it would close the shops. Consequently, Norfolk Southern claimed the Hollidaysburg Car Shop shutdown was not a result of the merger. The company blamed the closure on a lack of efficiency there, and the greater importance of larger facilities such as the one in Harrisburg, Pa, which can move enormous volumes with better equipment. Altoona's leaders did not accept that answer.

They quickly went to work, by taking Norfolk Southern to court in February of 2002. U.S. Republican Senator Arlen Specter lead the suit by claiming the company violated commitments it made to him two years prior during its merger with Conrail. Specter and Railroad Union Attorneys asked the Third Circuit Court of Appeals in Philadelphia to overturn a Surface Transportation Board decision that said Norfolk Southern could close the facility. The court did not.

In the summer of 2002, the shops, with the exception of a skeleton crew, closed. For nearly six months, they

remained idle with an undisclosed number of perspective buyers paying visits. Economic development officials repeatedly refused to comment on the market status of the shops, and maintained secrecy about any potential buyers.

For decades the shops had run state and county tax-free. Because of the company's unwillingness to co-operate with local officials, Blair County Commissioners (Blair is the county in which Altoona is located) opted to place the Shops back on the tax roster.

The commissioners hoped their action, in December of 2002, would prompt Norfolk Southern to find a new use for the Shops. But the company apparently cried foul, saying legally, they still deserved a tax break. So company attorneys, Blair County Commissioners and economic developers met to talk things out. Legally, the county was advised it could stick with its decision to tax the company. But ultimately, Norfolk Southern pressure prevailed, and the Shops were taken back off the tax rosters.

Altoona began developing a comprehensive city plan in August of 2000. City Council directed the Planning Commission to develop new ordinances for zoning, land development, and subdivision. Its creators wrote, "The purpose of this Ordinance is to maintain stability in what

we have, while looking forward to the Altoona of tomorrow. It sets basic community standards for development, and delegates the responsibilities for administering those standards. It includes the traditional tools of zoning, subdivision control, and blight removal, but also introduces several new concepts to encourage flexible designs, separate and protect incompatible land uses, beautify the neighborhoods, and streamline the approval process (City of Altoona, 2002)."

The plan was designed to, "meet the needs of the City at the time. The City recognizes the Comprehensive Plan as a commitment to the public relating to the goals and activities of the City over the (10 year) life of the plan (City of Altoona, 2002)." The plan focuses on zoning, planned development, and financing capital improvements, but can be discussed in limited pages because it has yet to be adopted.

Article I of the Zoning General Provisions centers around the regulation of both existing and proposed land uses. The city hopes to encourage the most appropriate use of the land, prevent overcrowding, spur reinvestment of existing building stock, lessen congestion on roads, and give responsible consideration, among other things, to the

character of zones and their peculiar suitability for particular use.

The General Provisions were drafted in 2000. By the first quarter of 2003, the entire plan of action had still not been adopted. It is, however, in the process of being developed. The provisions take shape in the rezoning efforts of the city's planning commission. Almost every neighborhood and business district in Altoona is somehow affected by the board's plans to re-zone. A majority of neighborhoods that lie behind the city's main drag called Plank Road, were nearly re-zoned "mixed use", meaning the permitted use of the land there could furnish a business next to a home next to a business next to a home. A proposal to rezone the downtown business district from light industrial to residential was also introduced.

Citizens of the neighborhoods surrounding Plank Road turned out in great numbers to oppose the planning commission's re-zoning ideas, and to criticize them for, as one neighbor put it, "dragging their feet" in making their contributions to a comprehensive plan that city council was waiting to adopt. Downtown businesses whose land use would be directly impacted by the light industrial to residential rezoning ordinance also appeared in front of the planning commission nearly a half dozen times to express their

concerns. Eventually, the re-zoning plan was sent back to the drawing board for further consideration. By the final quarter of 2003, no official plan had been presented to council; therefore the Comprehensive Plan itself still has yet to be adopted.

At this time, there are no terms that apply to Title Six, Planned Development of the Comprehensive Plan, or Title Nine, Financing Capital Improvements. The difficulties elected officials face with regard to zoning are primarily a result of the original zoning ordinances, which produced an overcrowded, congested town, with poor drainage and sewer capabilities.

CHAPTER SIX: STATISTICAL ANALYSIS

The following pages provide a comparative analysis of the data collected. After the demise of Norfolk Southern in each of the two cities, it is clear that Roanoke fared better. But the foundations of a solid economy were laid long before the Car Shops were gone. Beginning with employment statistics, more specifically unemployment rates, notice the spike in Roanoke. The Car Shop Closure announcement there came at the end of 2000 when the unemployment rate hovered around 1.5%. The layoffs helped spike the unemployment rate, yet it still only rose of 2.7%, well below the national average of 4% in 2000, despite a severe economic blow. Conversely, in Altoona, the 2001 unemployment rate was 5.9%. After the layoffs and by the first quarter of 2002, the unemployment rate jumped to 7.1%, above the 6.0% national average.

(See table and graph on following pages.)

EMPLOYMENT STATISTICS:

*Note spike in unemployment for Roanoke in 2000 after Shop Closure.

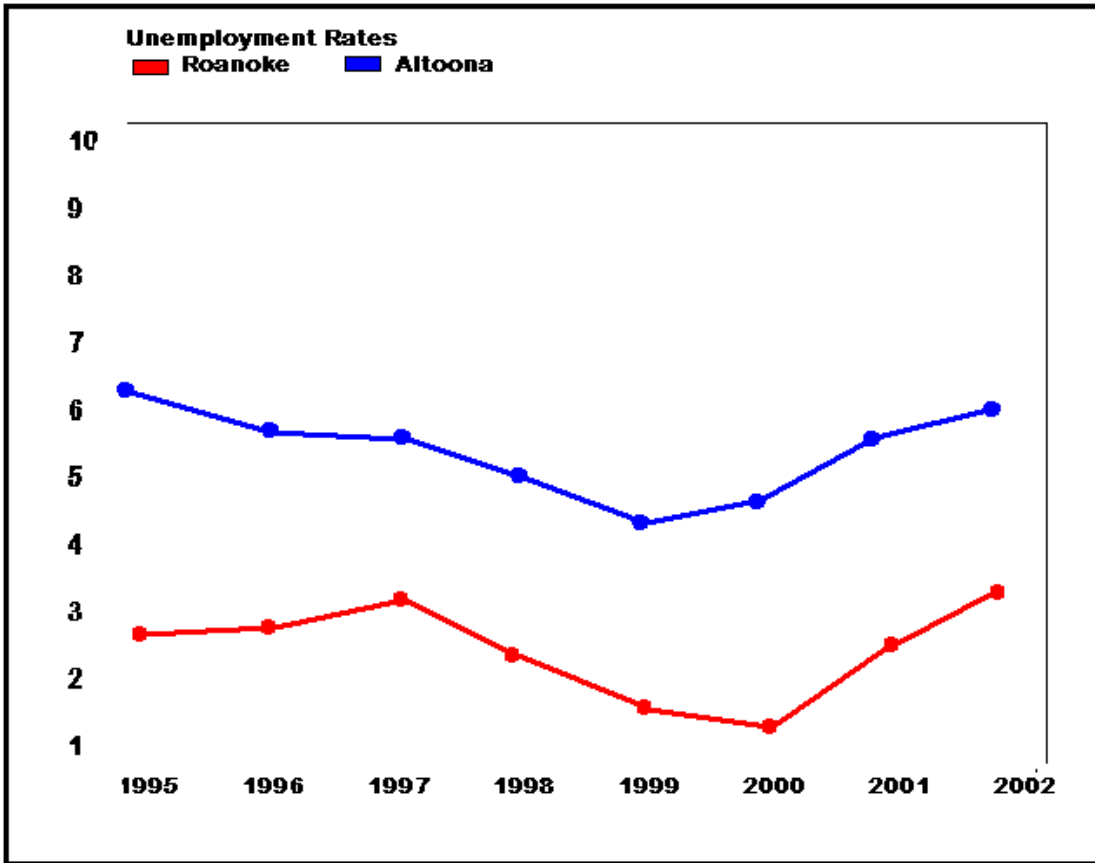
ROANOKE:

Year	Labor Force	Employment	Unemployment	Unemp. Rate
1995	130,000	127,109	3,691	2.8%
1996	127,792	124,099	3,693	2.9%
1997	125,980	121,851	4,129	3.3%
1998	128,486	125,511	2,975	2.3%
1999	126,332	123,915	2,417	1.9%
2000	128,533	126,558	1,975	1.5%
2001	129,367	125,869	3,498	2.7%*
2002 Q1	132,387	128,048	4,339	3.3%
Q2	133,006	128,306	4,700	3.5%
Q3	131,560	127,155	4,405	3.3%
Q4	128,713	124,598	4,115	3.2%

ALTOONA:

** Note spike in unemployment for Altoona in 2001 after Closure announcement.

Year	Labor Force	Employment	Unemployment	Unemp. Rate
1995	61,508	57,588	3,920	6.4%
1996	62,082	58,549	3,533	5.7%
1997	63,068	59,528	3,540	5.6%
1998	62,357	59,214	3,143	5%
1999	63,271	60,387	2,884	4.6%
2000	62,703	59,658	3,045	4.9%
2001	63,742	60,387	3,737	5.9%
2002 Q1	62,567	58,125	4,442	7.1%**
Q2	64,441	60,546	3,865	6.0%
Q3	64,254	61,032	3,222	5.0%
Q4	63,196	69,661	3,535	5.6%



Next we compare home ownership, median household income, high school graduation rates, bachelor's degree holders, and poverty rates, all commonly known to be functions of an unemployment rate.

The percentage of people who own homes in the city of Altoona is actually higher than those who own homes in Roanoke. That likely has to do with the lower cost of living in the Altoona community. This is the only comparative statistic in which Altoona stacks up better than that of its Roanoke counterpart. The median household income in Roanoke is just about \$2,500 dollars more than Altoona. Economic development officials site higher quality jobs in the healthcare and banking industry as an explanation of the difference. Still, both cities' average annual household incomes compared poorly to the national average of \$42,000 in 2000.

A dramatically revealing statistic takes shape in High School graduation rates. Roanoke has nearly 20% more High School grads than does Altoona. It can be said that High School degrees often give a job applicant a greater advantage, thereby advancing the quality of job in the region, raising the household income, and perhaps, lowering the unemployment rate. The same can be said for bachelor's degree holders; 4% more residents hold them in Roanoke than

do in Altoona. A greater emphasis on the value of education is clearly present in Roanoke. The Higher Education Center is just one example of that emphasis.

The national poverty rate in 2000 was 11.3%. Both cities post significantly higher percentages, but Roanoke puts up 15.9%, lower than Altoona's 17.7%.

2000	Roanoke	Altoona
Home Ownership	56.3%	65.9%
Median Household Income	\$30,719	\$28,248
High School Graduation Rates	69.6%	49.9%
Bachelor Degree Holders	12.1%	8.1%
Poverty Rates	15.9%	17.7%

*US Census Bureau, 2000 Census

There are undeniable differences in the ways these two communities and their leaders handled the loss of Norfolk Southern Car Shops, and their efforts or lack thereof translate into hard numbers, manifesting in unemployment and high school graduation rates. But what must also be factored into this study are interviews conducted with people who watched the railroad's demise unfold, and perhaps, had a hand in the rebuilding process. Their interviews show the other side of the numbers, and in some fashion, reveal no real animosity toward the failing Altoona's leaders, but instead, toward the company itself.

Despite the results of this study, Journalists in the Roanoke region are careful not to label the efforts of local officials as "proactive." Ted Stone, who covered railroad issues for WDBJ News 7 writes, "If one considers the efforts to attract the Carilion Biomedical Center to be a response to NS cutbacks, then the local response could be called proactive. However, it certainly was not proactive by the standards of cities that have successfully attracted Mercedes and BMW plants."

He continues, "While I am not confident in making a blanket statement regarding the entire community, I am quite certain many people within the community feel a deep sense of betrayal toward Norfolk Southern. Their anger has

remained focused on the corporation, and there it has remained, steering clear of any elected official."

Despite the consequences of a failing plan, popular opinions about Altoona's elected officials did not suffer. In fact, Kevin Flanigan, a senior reporter at WTAJ TV-10 in Altoona who has covered the railroad for more than a decade, writes, "I don't have any problem with the way the local leaders handled the shutdown of the car shop. They fought a good fight in trying to get the company to reverse a decision which was wildly unpopular in this region."

Community leaders, responding to public demand, took Norfolk Southern to court, thereby appeasing the electorate, but desecrating their relationship with the railway company, and ruining their reputation with big business. Conversely, Roanoke leaders, who did not wage a legal battle to keep the Car Shops in tact, lost some luster in the court of public opinion. Many criticized elected officials for not following in Altoona's footsteps, so to speak.

For the most part, though, residents of Altoona, like their counterparts in Roanoke, placed blame on the company itself. Flanigan writes, "Many in the community are convinced that Norfolk Southern was less than honest with the community when it took control of the Pennsylvania

portion of Conrail. At the time of the Conrail split-up, N.S. leaders were in the region to publicly state how important the Blair County facilities were to the future of the Railroad. But just a few years later, and after significant changes in the national economy, the car shop was being closed and the workforce reduced. There is a real sense that the Virginia-based Corporation is not particularly concerned about the well being of this part of Pennsylvania."

According to Joe Hurd, Executive Director of the Altoona-Blair County Chamber of Commerce, the small business community shared the public's disdain for Norfolk Southern, and not for elected officials. "The general consensus among business leaders regarding this situation continues to be one of covert disdain for Norfolk Southern. They hate what Norfolk Southern has done to the economy by closing the car shops but they continue to tread lightly so that Norfolk Southern doesn't become irritated and closedown other area shops as well. It's not a good situation."

Economic developers who dealt directly with those Norfolk Southern officials including Marty Marasco, President of the Altoona-Blair County Development Corporation writes, "Norfolk Southern appeared to make

commitments when it came to town - a perception was put forth by them of confidence and growth. They did not deliver on their growth plans - for whatever reason - but delivered on layoffs and closings instead."

Marasco believes there is a lesson to be learned by what some call deceptive business practices by large corporations like Norfolk Southern: plan ahead. While Altoona City Council couldn't seem to agree on a recovery plan or even a comprehensive plan, and Pennsylvania Senator Arlen Specter was busy waging a legal war against Norfolk Southern, appointed officials, like Marasco and his team were handed the task of rebuilding a blue-collar economy. Widely considered to be one of the best Economic Development teams in the state, the Altoona-Blair County Development Corporation has made its mission to find a new tenant for the Car Shops.

Marasco, though not outwardly critical of elected officials, has a lackluster opinion of their efforts to counteract the demise of Norfolk Southern. "Giving the facts in place at the time of the closing, our local leaders handled the tough situation as well as possible," Marasco writes. He elaborates on his role, "Our response to the long expected closing of the Hollidaysburg Car Shops was both proactive and reactive. We had been quietly

spreading the potential availability of that site to interested parties around the country for some time. At the closing, of course, we ramped up our marketing efforts in an area that we call "opportunity marketing". We now have a building, we have a land, and most of all we have highly skilled workers, and thus we have an opportunity to interest a local active company in this facility."

The Roanoke Regional Alliance continues to market the empty Norfolk Southern Car Shops in Roanoke, but, unlike ABCD, has not poured all of its resources into selling the vacant building. Instead, Beth Doughty, Executive Director of the Roanoke Chamber of Commerce writes, "Our regional economic strategy is a road map to the transition to the new economy. It was a nine-month process that involved public, private and education sector representatives from the Alleghany Highlands, Roanoke valley, Franklin County and the New River Valley. The strategy has key themes and tactics that will spur economic transformation and help the region be more competitive in the quest to create jobs, investment, and wealth."

The following are specific tactics as listed by the Regional Alliance:

- We have a full-time lobbyist who represents us in Richmond. Our lobbyist issues legislative alerts and

newsletters throughout the year and generates letters and testimony as the voice of business.

- The Legislative Advocacy Group represents the lobbying arm of the Chamber. Each month it meets to examine business-related issues, formulate positions and sponsor events. The committee is involved in a number of activities including: candidates forums, **Legislative Wrap-Up, Coffee with your Legislators, Lobbying Day in Richmond, Lobbying Day in Washington, DC**, and issues conferences.
- Our Chamber has been instrumental in establishing the Virginia West Business and Legislative Coalition (VAWest), a coalition of 13 chambers in Western Virginia. VAWest is a forum for leadership and advocacy for issues that affect the broader region.
- The Transportation Advocacy Group develops and promotes an agenda of multi-modal regional transportation projects and issues with the USDOT, VDOT and elect officials. The Chamber has been an active advocate for I-73, I-81 widening, passenger rail, and other projects.
- A trained and available workforce is one of the most critical issues facing business. The Chamber's Workforce Education Advocacy Group brings together educators and business leaders to develop and implement programs such as Business Dinners, job shadowing, and internships.

Doughty writes about the strategies, "The strategy was endorsed by local governments, economic development organizations, institution of higher education, and private businesses. More than half of the tactics in the strategy are underway with existing entities taking the lead rather than from newly created organizations which just add to the clutter and confusion. The strategy allows the 30+ economic development organizations, local governments, and colleges and universities to work from the same game plan,

rather than to continue to do 'good work' but without coordination and focus that creates synergy results."

Conclusion:

In conclusion, from quantitative research provided in this comparative policy paper, it is clear that the city of Roanoke, Virginia fared far better after the loss of Norfolk Southern than did Altoona. After extensive examination of the strategies of the two local governments, I find that those in Roanoke were better able to mitigate the loss of the Norfolk Southern Car Shops.

As I showed in the beginning Chapters, the histories of Roanoke and Altoona are intertwined with the history of the railroad. The greatness of Norfolk Southern would not have been possible without these two cities and the people in them. At one time, their entire economies revolved almost entirely around the railroad. So the devastation of one, went hand in hand with the other.

As Robert Litan wrote in his article about maintaining financial stability in a global economy, a nation, or in this case a city, must identify sources of systemic risk, assign a safety net paradigm for ensuring financial stability, explore the forces of change, and seek out a more stable, competitive financial marketplace for the future. As I discussed in Chapter 5's statistical analysis, both Roanoke and Altoona identified the loss of Norfolk Southern as a risk, but as Roanoke assigned a

safety net paradigm which included a comprehensive plan for the city and its future development, Altoona simply did not. While Roanoke explored the new and emerging field called Biotechnology, Altoona fought to hold onto a dying industry. While Roanoke made great strides in education to make itself more competitive in the global economy, Altoona must wait for its transportation system to come up to par with neighboring cities.

The proof is the tangible evidence found in Chapter 5: Unemployment rates, home ownership rates, median household income, high school graduation rates, college graduation rates and poverty rates, Roanoke posted better numbers in all categories except for home ownership rates. In conjunction with that quantitative data, I executed a research design that examined why Roanoke may have mitigated the loss more efficiently by asking community leaders questions about economic recovery plans.

Their advice: diversify a city's economy, be prepared for rising unemployment by designing a plan that looks beyond a decade in the city's future, and finally, that acting in conjunction with public opinion is not always in the best interest of the public itself. My goal for this study is that community leaders whose cities suffer similar

economic blows can walk away with recommendations concerning their roles in recovery.

It is evident that the dominant sector of any globally competitive city is producer services, driven by insurance, banking, financial services, real-estate, legal services, accounting and professional associations. The key dynamic of these cities is a concentration on infrastructure and services. These producer services help make the urban economy a global player (Sassen, 1994).

Though they help fund policy, those businesses and the corporations and consumers whom they serve cannot be elite interest groups such that they control it. Elected officials must be able to create policies that diverge from the preferences of economic interests. Policies can be categorized as: "those which merely reflect business preferences for policies that minimize their costs, maximize their projects and restrict political voice; those which resist these pressures; and those which resist business pressures and alter the economic and political terms of private investment in a community (Stone & Sanders, 1987)." Striking a balance between progressiveness and protectiveness is critical to a city's success.

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