

# convergence, connectivity, CREATIVITY

By J. Vann Cunningham

In choosing the theme “Steering Toward the Future: Convergence, Connectivity, and Creativity” for the 2014 Annual Conference of the International Economic Development Council, the Fort Worth organizers could well have had AllianceTexas® in mind. Over the past quarter century, AllianceTexas® has emerged as an extraordinary 18,000-acre master planned, mixed-use community located in North Fort Worth. With more than \$8 billion of public and private capital investment to date, examining the history of AllianceTexas® offers a unique opportunity to illustrate the powerful combined effects of the forces of convergence, connectivity, and creativity on economic development.

## A CREATIVE VISIONARY

The successful development of AllianceTexas® is strongly rooted in the creative vision of H. Ross Perot, Jr. With the collapse of the oil boom in the early 1980s, the North Texas economy plummeted and real estate markets were reeling. Land prices throughout the region dropped dramatically, and new real estate development ground to a halt. In the decade leading up to the collapse, suburban development accelerated rapidly in rural areas surrounding Dallas. The increase in suburbanization was particularly evident in the largely rural Mid-Cities area between Fort Worth and Dallas stimulated in part by the opening of the Dallas/Fort Worth International Airport in 1974.

Perot recognized the significance of these growth trends and drawing upon the successful example of his father, H. Ross Perot, Sr., in developing Legacy, a



Ross Perot Jr. (right) persuades his father, Ross Perot Sr. (left), to invest in rural north Fort Worth.

planned community north of Dallas in the late 1970s, determined that large tracts of land north of Fort Worth lying vacant and underutilized were greatly undervalued and represented a significant real estate development opportunity. Approaching his father, they formed an initial partnership to acquire land. Taking advantage of the low prices in the distressed real estate market, Perot immediately began to acquire land north of Fort Worth, assembling tracts into developable units which would become the future building blocks of the 18,000-acre AllianceTexas®.

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## THE ALLIANCETEXAS® STORY

Growing out of H. Ross Perot, Jr.'s vision, the 18,000-acre AllianceTexas® project ranks among the most successful large scale developments in modern history. Anchored by the Alliance Global Logistics Hub, it offers unsurpassed inland port transportation connecting Alliance to the globe via one of the nation's largest intermodal facilities, Class I rail, the world's first industrial airport, and state and interstate highways. After three decades of development, AllianceTexas® is home to more than 365 national companies employing 37,000 people in over 40 million square-feet of office, commercial, industrial, aviation, and distribution space. It is recognized as one of the nation's most successful public-private partnerships. AllianceTexas® generated more than \$43 billion in economic impact and dramatically transformed north Fort Worth and the region.

It should be noted that, as is often the case with entrepreneurial endeavors, few in the Dallas-Fort Worth real estate development community in the early days shared Perot's vision for the scrub ranch lands dotted with mesquite and the occasional longhorn cow on the prairies north of Fort Worth. One longtime real estate developer stated that most members of the real estate development community thought Perot had lost his mind. To these experienced developers, pursuing a major greenfield development in the rural countryside over 40 miles from the center of the Dallas market seemed risky at best. It is difficult to fault these skeptics. After all, the field of dreams is littered with far more examples of the failure of the "build it and they will come" strategy than it is of successes. But, over the ensuing three decades, H. Ross Perot, Jr. would prove the skeptics wrong.

### MAKING CONNECTIONS

The concept of connectivity as an organizing principle has broad implications for economic development. Establishing connectivity or creating links among critical elements of the development process and building relationships at many levels and in multiple dimensions is fundamental to successful economic development efforts. Perot's understanding of the importance of the principle of connectivity is clearly demonstrated in his choice of a name for the project, Alliance. In choosing to include the word "alliance" in the name, connectivity was established as a fundamental core concept for the development of the project.

Perot understood that realizing his vision would require the establishment of alliances with key players in the community creating new connections or bonds between his efforts and government. The political and institutional alliances forged in this period played a key role in establishing a highly successful long-term public-private partnership in support of the development of AllianceTexas®. Of the early alliances, the most noteworthy perhaps is the partnership with the city of Fort Worth or more specifically the close working relationship with Mayor Bob Bolen.

The role of connectivity in the future success of AllianceTexas® was not simply limited to the matter of establishing political relationships alone. Physical connectivity to the area was highly constrained, presenting a substantial potential fatal flaw in the development of the project. Perot's proposed mixed-use development was located in a relatively remote rural area with no public services. Highway transportation connections to the Metroplex were largely limited. Clearly, without substantial investment in infrastructure, the risk of failure of the AllianceTexas® development was quite high.

In Mayor Bob Bolen, Perot found a sympathetic ear. Although a staunch conservative, the Fort Worth leader was a highly vocal advocate for economic development who strongly believed in using public investment to attract private capital investment and stimulate economic growth. The mayor saw the potential in Perot's vision for the development. The resulting alliance between Mayor Bolen and H. Ross Perot, Jr. would prove highly effective in leveraging large amounts of public capital investment for the needed infrastructure.

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*H. Ross Perot, Jr. worked hand in hand with Mayor Bob Bolen (above) of Fort Worth in the early years of the project. The alliance with the mayor would prove critically important in gaining public sector support and financing for development of the AllianceTexas® project.*

### CONVERGENCE, FORCES OF GROWTH COME TOGETHER

Convergence, the combination or coming together at a particular place and time in history of many disparate economic, demographic, and technological forces, often drives community growth or decline as well as determining the outcome of economic development projects. The role of convergence was particularly evident in the success of H. Ross Perot, Jr.'s vision for AllianceTexas®. Many factors came together to support the eventual success of Alliance. For example, readily available cheap land, a rapidly growing population base, suburbanization and demand for housing, were easily visible in the 1980s. Others such as the impacts of information technology and offshoring of manufacturing would not become fully apparent for many years.

### Real Estate Market

Perot and Hillwood Properties (organized by Perot to develop and market Alliance) took full advantage of the depressed real estate market following the oil boom collapse. By 1986, more than 8,000 acres had been assembled. Planning was well underway for the first phase of the mixed-use development, The Villages at Park Glen residential project.

The forces driving land acquisition opportunities, however, were not limited to localized conditions. National forces were at play as well. Following close on the heels of the drop in the real estate market caused by the

oil boom collapse, Savings & Loan (S&Ls) institutions throughout the country began to show signs of extreme distress. From 1974 to 1981, the nation was mired in stagflation, a slow economy combined with rampant inflation and high unemployment. Despite these conditions, real estate investment grew substantially.

Investors felt real estate was one of the few areas in the economy where they had some promise of beating inflation. They borrowed heavily to fund real estate investment and S&Ls experienced record asset growth and profitability. As demand increased, S&Ls engaged in increasingly risky real estate lending practices and, by the late 1970s, rapidly rising interest rates were threatening the viability of the S&L industry. Despite Congressional action, the situation worsened, and by 1986, S&Ls that had lent far more money than was prudent began to fail. In response, the Federal Savings and Loan Insurance Corporation (FSLIC) moved to close or restructure some 296 troubled institutions. The crisis continued unabated, however, and in 1989, the Resolution Trust Corporation (RTC) was created to oversee asset disposition of an additional 747 S&L institutions.

As the RTC liquidated foreclosed properties at fire sale prices, Perot saw even greater opportunities for expanding his land holdings. In a *Forbes* magazine interview in 2013, he noted that in one RTC sale in 1990 he acquired 20 parcels of land at ten cents on the dollar based on the RTC's appraised value.

Another excellent opportunity to acquire a major block of land occurred in 1993 when oilman Nelson Bunker Hunt entered bankruptcy after failing in his attempt to corner the silver market. Hunt had acquired the 4,000-acre Circle T Ranch located very near the future AllianceTexas® project in 1970. Perot seized on the opportunity in the bankruptcy to acquire 2,000 acres of Circle T Ranch lands for a bargain price of less than \$20 million and picked up an additional 500 acres from the Hunt family trust in a separate transaction for a reported \$10 million. Ultimately, the combined effects on the North Texas real estate markets of the oil boom



*Circle T Ranch looking west with SR 170 on the right. Oilman Nelson Bunker Hunt's bankruptcy in 1993 after failing in his attempt to corner the silver market provided Perot with an opportunity to pick up the 4,000-acre Circle T Ranch located very near the future AllianceTexas® project.*



*Future site of AllianceTexas® looking west. The effects of the oil boom collapse on the North Texas real estate, the S&L debacle, and the fall of the Hunt empire permitted Perot to assemble a remarkable 18,000 acres of rural ranchland in north Fort Worth.*

collapse, the S&L debacle, and the fall of the Hunt empire would permit Perot and Hillwood Properties to assemble a remarkable total of 18,000 acres for the development of AllianceTexas® at costs that would yield a substantial competitive advantage in the region's residential, commercial, and industrial real estate markets for decades to come.

### **Demographic and Economic Change**

Over the 25-year period, the convergence of changes in demographic trends and in the nation's economic structure had a profound effect on the region and AllianceTexas® in particular. From 1980 to 2013, the Dallas-Fort Worth Metroplex experienced dramatic population growth, adding 3.44 million people to make it the fourth most populous area in the United States with a total population of more than 7 million people. The Metroplex's rapid population growth stimulated an explosive expansion in suburbanization and generated ever increasing demand for goods and services.

While the Metroplex was experiencing unparalleled growth, the national economy was undergoing numerous structural changes. Many companies outsourced non-core business activities. The U.S. shifted from a production to a consumption economy as manufacturing operations increasingly moved offshore or to neighboring Mexico.

With dependence on offshore suppliers deepening, the integration of the U.S. into the emerging global economy accelerated. This rapid globalization of the U.S. economy was enabled in large part by advances in information technology, communications, and freight transportation combined with the adoption of free trade policies eliminating many previously existing barriers to international trade. Over the three-decade

*U.S. Representative Jim Wright, Speaker of the House. The Speaker's support was instrumental in modifying the FAA act to permit funding of a new category of airport, the industrial airport. One of his last acts in Congress was obtaining the \$55 million grant for the proposed airport.*



*Future runway site for Alliance Airport. Reacting to the need for a reliever airport for DFW International Airport, Perot and the Fort Worth leadership approach the FAA with the vision for the world's first "industrial airport," an airport solely dedicated to and specifically designed for air freight service and general aviation flights, with no provision for commercial passenger service.*

period, these powerful national and international economic forces would converge with the ever increasing regional market demand driven by the dramatic growth of the Metroplex to create conditions highly favorable for the development of Alliance.

### **Transportation: Highway, Rail, and Air**

When H. Ross Perot, Jr. envisioned the development of Alliance, he understood the importance of building strong connections to the regional and national highway and rail transportation system. The IH 35W provided a critical link to the interstate highway system and to regional and national markets. Access to two major Class I railroads with the Santa Fe Railway mainline on the project's western boundary and the Union Pacific located on the eastern side of Alliance would further enhance the development potential of his property for industrial uses. He also recognized the strategic advantage of proximity to the Dallas/Fort Worth International Airport located just 20 miles to the east of Alliance and the importance of improving the inadequate highway connections between them. It can be safely stated, however, that locating a major new airport in the middle of his project was nowhere in his vision.

### **Fort Worth Alliance Airport**

While Perot was busy assembling land for his project in the early 1980s, the FAA was becoming concerned that growing demand for air transport in the region would soon outstrip the capacity of the D/FW International Airport. The FAA proposed four general aviation reliever airports to be located in the corners of the Metroplex. By 1985, a search was underway in Tarrant and Denton Counties for a suitable site for the proposed northwest corner facility. Several small north Tarrant County communities had expressed interest to the FAA, but none had the ability to assemble a site.

It was here that the relationship between Perot and Mayor Bolen and the Fort Worth city council came into play. Fort Worth officials and the FAA approached Perot with the need for a site for a reliever airport for Dallas/Fort Worth. In response, Perot began discussions with area business and political leaders. It was in these discussions that he began to develop the vision for the nation's first "industrial airport," an airport solely dedicated to and specifically designed for air freight service and general aviation flights, with no provision for commercial passenger service.



*H. Ross Perot, Jr. points to the first runway skid mark at the nation's first "industrial airport," Fort Worth Alliance Airport. Opened on December 14, 1989 with a 9,600-foot runway, the \$250 million project was funded, designed, permitted, and constructed in a record 17 months.*

As his vision evolved, the industrial airport would anchor a massive industrial park that would spur regional growth and attract corporate investment. The idea was not without opposition though. Dallas leaders opposed the project, and officials with the D/FW International Airport expressed strong concerns that competition from the new airport would damage their air cargo business and negatively impact the viability of D/FW's future expansion plans.

FAA and Fort Worth officials were fully on board with the industrial airport concept. Federal funding rules, however, dictated that a public entity must sponsor the airport. In a meeting with the FAA, Perot offered



to donate 800 acres valued at \$12.7 million to the city of Fort Worth if the city would annex the site. Mayor Bolen convinced the Council to annex Alliance and all the area in between. In turn with the city sponsorship in place, Perot sought a \$55 million FAA airport construction grant.

The mayor, Perot, and other local civic leaders approached then Speaker of the House Jim Wright for assistance in obtaining funding for the FAA grant. The Speaker readily agreed and, in fact, one of his final acts as a congressman was passage of special legislation creating a new airport classification for projects of this type thus ensuring FAA funding. The FAA grant was critical, and without the Speaker's support, it is doubtful the airport project would have succeeded.

Continuing his active championship of the project, Mayor Bolen persuaded the city council to approve \$75 million for offsite highway, road, and utility infrastructure improvements. The mayor and other city officials also made the trip to Austin to persuade Texas Department of Transportation (TXDOT) officials to approve funding for new interstate highway interchanges and frontage roads on IH 35W to provide direct access to the proposed airport site.

In 1986, with the site secured and the Hillwood, FAA, and city public-private partnership firmly in place, the design, permitting, and development of the project could proceed. Hillwood took the project lead and the FAA "fast tracked" project approvals. Construction of the airport began with a groundbreaking on July 9, 1988. No question the FAA and local support were important in moving the project forward, but it was the vision of H. Ross Perot, Jr. and his willingness to take financial risks in the absence of governmental approvals and funding that were the driving forces in bringing the project to reality. According to Hillwood sources, nearly \$5 million were expended on master planning and preliminary site preparation to expedite the project prior to obtaining project approvals and public funding.

Even before the airport was completed, Hillwood sold four large tracts of land to future industrial users. The largest of these early tenants was American Airlines which would build a \$481 million maintenance and engineering facility on a 207-acre tract at the airport. Ultimately, the Fort Worth Alliance Airport project was funded, designed, permitted, and constructed in a record 17 months at an estimated total cost of \$250 million. The nation's first "industrial airport" opened on

December 14, 1989 with a 9,600-foot runway located on the 416-acre site.

### **Interstate Highway 35W and State Highways 114 and 170**

When H. Ross Perot, Jr. undertook the development of AllianceTexas®, the existing highway infrastructure in the area was extremely limited, consisting primarily of IH 35W north (the North Freeway) and SH 114. With the completion of the Fort Worth Alliance Airport and the opening of the first phase of the residential development, Alliance began to attract more activity and generate increased traffic volumes. It quickly became apparent the existing facilities were incapable of handling the growth.

The IH 35W freeway from Loop 820 to Denton, Texas, was constructed in the 1960s to rural interstate highway standards. When completed in 1970, the highway consisted of four main traffic lanes with long distances between interchanges and few if any frontage roads. With the exception of frontage roads and interchanges added for the Fort Worth Alliance Airport, the interstate retained its original configuration throughout the 1980s and 90s and by the year 2000 was woefully obsolete.

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*Typical road in rural North Fort Worth in the early 1980s. Perot knew that without substantial public capital investment in utility and highway infrastructure Alliance was destined to fail. Forging an effective public-private partnership with the city of Fort Worth with the help of Mayor Bolen proved to be the key to gaining the needed support.*

In 2003-2004, Perot and Hillwood once again provided leadership urging the formation of the 35 W Corridor Coalition to promote investment in toll lanes in the IH 35 W corridor. In 2006, TXDOT responded to Coalition efforts by issuing a request for proposals for a combined IH 35W, SH 183 and Loop 820 toll lane projects, the North Tarrant Express. Through its advocacy efforts, the Coalition was also successful in accelerating improvements to the IH 35W/Loop 820 interchange and in assisting in securing \$415 million in federal funding and an additional \$130 million



*Interstate Highway 35W and Loop 820 interchange improvement under construction (2014). In 2003-2004, Perot's team once again provided leadership urging the formation of the 35 W Corridor Coalition to promote investment in toll lanes. Coalition efforts to the North Tarrant Express project including more than \$500 million for a combined, SH 183 and Loop 820 toll lane projects and improvements to IH 35W from 820 to SH 114.*

in state funding, allowing for completion of the major planned capacity improvements from Loop 820 to SH 114 by 2017.

At the time Perot began acquiring land, State Highway (SH) 114 was the only direct connection from the Alliance area to the Dallas area. SH 114 interchanged with the IH 35W north of Fort Worth Alliance Airport and extended southeast skirting the northern perimeter of the D/FW International Airport, terminating at SH 183 about seven miles east of Dallas. Constructed piecemeal over 40 years, SH 114 was a hodgepodge of two-lane country road sections interspersed with occasional stretches of wider highway that were little more than frontage roads. Stop lights backed up traffic at every major crossing.

By the mid-1990s, traffic generated by the area's dramatic growth and D/FW International Airport was choking SH 114. In 1996, Hillwood and Denton County and Tarrant County leaders joined with area cities to seek relief. Travelling to Austin, they were successful in getting TXDOT to place SH 114 on the priority funding list. Since 1996, more than \$1.43 billion has been expended in improving the 30 miles of SH 114 from Alliance to Irving. New freeway lanes were added, bridges and intersections modernized, and frontage roads improved.

From the initial planning stages of his project, Perot recognized that a shorter, more direct connection between AllianceTexas® and D/FW International Airport was desirable. With approval of the Fort Worth Alliance Airport in 1986, the need for a new connector route became imperative. Perot turned once again to his old ally, Mayor Bolen, together they forged a coalition among the city of Fort Worth, IBM, the Hunt trust, and Hillwood to seek the support of the Texas Transportation Commission for the proposed transportation corridor.

In July 1987, Mayor Bolen led a trip to Austin to present the coalition's proposal to donate the 450 acres of land for the proposed SH 170 right of way and improvements to SH 114. The coalition also offered to contribute \$4 million toward costs of required engineering and environmental studies. The Commission accepted the offer, and, in March 1990, Perot handed over the deed for 430 acres of right of way clearing the way for TXDOT's appropriation of \$41 million for construction of SH 170 frontage roads. With the completion of the frontage roads in the spring of 1992, access between Alliance and the D/FW International Airport was substantially enhanced.

### **Santa Fe Rail, Import Autos, and Intermodalism**

Perot envisioned his industrial airport as the seaport of the future. With a background deeply rooted in aviation, he believed that as the costs of shipping freight by air decreased, and more U.S. and foreign manufacturing companies competed worldwide, global purchasing of parts and distribution of finished products would become common. While acknowledging the value of highway and rail transportation, he clearly saw air freight transportation and manufacturing as the keys to the success of AllianceTexas®. Little did he know that forces were just beginning to converge that would render rail an important factor in the future success of AllianceTexas®.

### **Import Autos**

In the late 1980s, Rob Krebs, chairman of the Santa Fe railroad, was intently focused on the auto transport market and the rise of Asian imports. Since the late 1970s, Japanese auto imports had been taking market share from the Big Three U.S. automakers. In 1988, Honda Motors announced it was actively looking in the Metroplex market, but Santa Fe did not have a local auto unloading ramp. Aware of the Alliance Airport under construction and the proposed massive industrial park, Krebs sent Santa Fe industrial development



*Rob Krebs, Santa Fe Railway CEO, at the groundbreaking for the Alliance Auto Processing Center. Krebs saw the need in the Metroplex for new rail facilities to support growing automobile imports and the rise in international and domestic intermodal freight.*

representatives to Dallas to meet with H. Ross Perot, Jr. to explore locating an import auto facility at Alliance. Perot liked the idea, and discussions quickly led to the purchase of 27 acres in May 1989 for Phase I of the import auto unloading facility.

The Alliance auto distribution center opened in December 1989 making Santa Fe the first major industrial tenant in the new AllianceTexas® industrial park. A year later, Santa Fe Railway won Ford's business and acquired an additional 25 acres. Krebs' insight proved correct. Import auto market share continued to grow, peaking at 23.3 percent of total sales in 2007 before declining in the midst of the Great Recession.

In 2012, the total import market share stood at 20.9 percent, and the Alliance Auto Distribution Center processed about 115,000 vehicles and is expected to double that number in 2016. Over the 25 years following the opening, Santa Fe and BNSF Railway, its successor, would process over 2.3 million vehicles at Alliance.

Rail's greatest impact on Alliance's future though would rest on the rise of intermodal freight transport. Intermodal freight transport involves the movement of freight in an intermodal container or trailer, using multiple modes of transportation (rail, ship, and/or truck), without any handling of the freight itself when changing modes.

### Intermodalism

Rail's greatest impact on Alliance's future though would rest on the rise of intermodal freight transport. Intermodal freight transport involves the movement of freight in an intermodal container or trailer, using multiple modes of transportation (rail, ship, and/or truck), without any handling of the freight itself when changing modes. In the 1980s, the U.S. rail industry began to see increased movement of intermodal freight in trailers on flatcars (TOFC) and containers on flatcars (COFC). Santa Fe's intermodal operations in the Metroplex in the late 1980s and early 1990s were limited to two small, inefficient and underutilized intermodal facilities located in the Dallas and Fort Worth areas. Neither facility was capable of supporting any significant growth.

Krebs saw the need for a larger, more modern intermodal freight facility where intermodal TOFC and COFC freight could be much more efficiently transloaded between rail and truck. The Santa Fe industrial development department initiated a site search, first considering a site near D/FW International Airport but then quickly turning to the Alliance area. In 1991, Santa Fe contacted Hillwood broaching the subject of locating an intermodal facility at Alliance. This initial contact led to a period of intense negotiations. A key sticking

point was the relocation of the Santa Fe mainline which bisected a large block of highly developable land and limited the potential expansion of the airport runway.

Over a period of months, a complex deal was hammered out involving the city of Fort Worth and FAA funding, a land swap with Hillwood, and an agreement to use Hillwood for construction of the facility. The deal finally closed in November 1992 and Santa Fe Railway acquired 575 acres at Alliance for the Consolidated Transportation Center (CTC), a 124-acre intermodal facility and 451-acre carload switching yard. Groundbreaking occurred the following February and, 14 months later in April 1994, the Alliance CTC facility opened at a cost of \$116 million.

The facility was designed to handle international and domestic containers and trailers with a planned for capacity of 120,000 units per year. Demand far exceeded expectations. In the first eight months of operation, Santa Fe handled over 200,000 units, prompting the acquisition in December 1995 of an additional 160 acres.

### Rise of Global Logistics

The significance of Santa Fe's decision to locate its Metroplex intermodal facility was not readily apparent to the railroad or Hillwood in 1994. Over the next two decades, the forces of rising production offshoring and globalization would increase the importance of intermodalism in the U.S. economy. In the 1980s, companies seeking to reduce costs and improve corporate profitability began adopting production offshoring as a strategy for gaining a competitive advantage. As the practice of moving manufacturing operations from the U.S. to lower cost countries grew, the U.S. manufacturing base eroded, resulting in a fundamental shift in the U.S. economic structure from a production economy to a consumption driven economy.



*BNSF Alliance Intermodal Hub. The intermodal hub at Alliance grew to become the fourth largest on the BNSF Railway system, handling over 600,000 trailers on flat cars and domestic and international containers in 2013.*

The requirements of a production economy differed significantly from those of a consumption economy. Moving from producing to consuming shifted the focus from controlling production factor costs in manufacturing to integrating logistics and managing the supply chain in the distribution sector. In the distribution arena, transportation was the critical factor, accounting for more than 50 percent of total costs.

The need to control transportation costs strongly favored rail transportation. Rail, in general, and intermodal rail transportation, in particular, was inherently more efficient than highway transportation. With the advent of double-stacked container technology and the capability of moving 280 plus containers long distances in a single unit train, intermodal rail offered unmatched economies of scale to companies dependent on low-cost efficient distribution.

Convergence of meta-forces in the national and global economy would play an important role over the life of the project, shaping the evolution of AllianceTexas® and impacting the project's potential for success. Perot and his team had to learn to plan and adapt the creative vision for AllianceTexas® to the constantly changing circumstances in a highly dynamic local and national social, political, and economic environment.

As logistics increased in importance, companies realized the advantages of intermodal rail and demand increased substantially. By 2005, consumption generated some 70 percent of U.S. GNP, much of it dependent on imports manufactured in low cost offshore locations. While manufacturers moved to many offshore locations, China, after its admittance to the World Trade Organization in 2001, rapidly became the preeminent destination for production offshoring. Sourcing imported goods from China strongly favored the Ports of Los Angeles and Long Beach (LA/LB ports) in Southern California. The new intermodal facility and the BNSF rail network's direct transportation link to the LA/LB ports positioned AllianceTexas® to capture Asian import business and attract major distribution center facilities.

J.C. Penney was the first big box retailer to recognize the benefits of co-locating with BNSF at Alliance. In 1999, the company completed the nation's first 1.1 million square-foot high cube distribution center located immediately adjacent to the intermodal facility. The \$100 million distribution center was designed to handle all imported merchandise sold by the retailer nationwide and replaced five existing smaller facilities. Company representatives cited automation, supply chain management efficiencies, and improved inventory imported goods handling as factors giving the operation a competitive edge.



*BNSF intermodal facility (foreground) and the J.C. Penney distribution center. In 1999, J.C. Penney was the first big box retailer to recognize the benefits of co-locating with BNSF at Alliance, locating the nation's first 1.1 million square-foot high cube distribution center immediately adjacent to the intermodal facility. The J.C. Penney facility would become a model for distribution centers throughout the country, and other companies soon followed, locating major distribution centers and light manufacturing operations at Alliance.*

The J.C. Penney facility would become a model for distribution centers throughout the country, and other companies soon followed, locating major distribution centers and light manufacturing operations at Alliance. Demand for intermodal service grew dramatically. In the 20 years after it opened, intermodal units grew from 200,000 the first year to a record high of more than 600,000 in 2013. Through 2013, more than 9 million international and domestic containers and trailers had been transloaded, and it was the fourth largest facility on the BNSF network. The combined advantages of the intermodal rail connection to the LA/LB ports, the large inventory of developable industrial land strategically located in the country's fourth largest metropolitan market with 37 percent of the U.S. population within a two-day drive, and an industrial airport surrounded by a 9,800-acre foreign trade zone would enable AllianceTexas® to become the nation's largest and most successful inland port and logistics center.



## CONCLUSION

Thirty years after H. Ross Perot, Jr. began forming his creative vision for a massive mixed-use development on the empty North Texas plains, the 18,000-acre AllianceTexas® project has developed into one of the most successful large scale master planned communities in modern American history. More than \$8 billion has been invested at a ratio of 17 private dollars for each one dollar of public funds.


Perot and his Hillwood Properties team have worked with more than 360 of the nation's leading employers to build almost 40 million square feet of office, commercial, industrial, aviation, distribution, and residential space. Through 2013, these businesses employed more than 37,000 people and generated property tax revenues for local governments and school districts of more than \$1.18 billion.

Surrounded by a 6,800-acre industrial and logistics park, the Fort Worth Alliance Airport is a major center of aviation activity and the nation's first industrial airport. AllianceTexas® is also home to the fourth largest intermodal facility on the BNSF system, handling more than 600,000 units per year with the capacity to grow to 2 million. Without doubt, AllianceTexas® is the largest and most successful inland port and logistics center in North America.

Convergence of meta-forces in the national and global economy would play an important role over the life of the project, shaping the evolution of AllianceTexas® and impacting the project's potential for success. Perot and his team had to learn to plan and adapt the creative vision for AllianceTexas® to the constantly changing circumstances in a highly dynamic local and national social, political, and economic environment.

Connectivity, as manifested in the name Alliance, was a key factor in the success of the project in both the sociopolitical realm and the physical world. Perot forged relationships with important business and political leaders. The alliance with Mayor Bob Bolen and the city of Fort Worth was fundamental to success. These synergistic partnerships were critical in negotiating complex infrastructure agreements with federal, state, and local governments. In the end, H. Ross Perot, Jr.'s creative vision and the Hillwood Properties team he assembled transformed a region into a vibrant, economic engine that supports best-in-class corporations as well as a high quality of life.

In closing, I want to quote H. Ross Perot, Sr.'s statement at the dedication of the Fort Worth Alliance Airport. When asked about his role in his son's Alliance project, the senior Perot answered,

*"You want to know what my role in his project was? Well I'll tell you what my role was. I told him you're crazy, just crazy!"* 

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