

**Improving Industrial Readiness Through the Select
Tennessee Certified Sites Program in Rural Tennessee**

Tennessee Certified Economic Developer Certification Capstone

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Today's community leaders are routinely faced with the question, "Why did 'x' County (possibly a neighboring county or another county in the state) get this new industry and/or expansion and not us?" Unfortunately, many communities are trying to attract the attention of site selectors with no real viable properties. In many small rural communities leaders are still trying to market buildings that were vacated when the cut and sew industry and early industrial manufacturers ceased operations and moved south. These communities need to look at their efforts with a fresh eye that is independent of any local biases or preconceived opinions.

In 2013, the Upper Cumberland Development District partnered with the Tennessee Department of Economic and Community Development (TNECD), the Tennessee Valley Authority (TVA), the Tennessee Department of Environment and Conservation (TDEC), USDA Rural Development, the Tennessee Department of Transportation (TDOT), and local partners to have meetings with the elected and community leaders in each county within the 14-county Upper Cumberland region. These meetings discussed the current status of each county with regard to their present environment and opportunities in both community development and economic development. It became readily apparent that some of the communities who were actively seeking new industry had no feasible sites ready to accommodate the requirements of a new industry. It became obvious that possibly one action was to assist these communities in the development of marketable sites. With a variety of "certification programs" available, the question became, which of the multiple programs: Tennessee Select Certified Sites Program, the MTIDA Deal Ready™ Program, or the TVA Megasite Certification Program was the most appropriate? In fact, the central question of “was there really a need to follow any site certification program at all” needed to be addressed.

In April 2011, Tennessee Governor Bill Haslam released the Jobs4TN plan, a roadmap for the future of economic development throughout Tennessee. The plan focused the efforts of Tennessee's Department of Economic and Community Development (TNECD) on strategic business clusters where Tennessee had a distinct competitive advantage. A key underpinning of the Jobs4TN plan was the decentralization of the departments marketing and community functions into nine distinct regions. The newly designed home to jobs base camps - across the state, closely followed the existing boundaries of the state's nine development districts. (TN Department of Economic and Community Development, 2011) These regions were charged with the development of strategic plans which were tailored to their individual strengths and opportunities. A few regions tasked themselves with inventorying industrial property and assisting in the development of industrial products. The Select Tennessee Certified Sites Program was launched in June 2012 with the goal of helping Tennessee communities prepare available sites for new project investments and expansion capabilities. Other states were also beginning to implement site certification programs identified as "shovel ready" a term defining a site where most if not all evaluation and prep work was completed allowing the sites to be ready for construction. Certified sites have become in high demand due to the decreased investment by the industry and of time and resources required to begin construction. The TNECD partnered with world class site selection firms, Austin Consulting and The Foote Consulting Group to develop its site certification program that would vet potential sites and certify them to meet stringent domestic and international standards.

Minimum requirements identified in The Tennessee Certified Sites Program are:

- 20 or more developable acres
- A confirmed asking price from a willing seller

- Documented acreage outside known flood prone areas
- Property boundary or ALTA survey and topographic maps completed
- Truck quality road access
- All utilities at the site or a development plan to extend them to the site
- Industrial zoning
- Documented permitting process, timeline, and fees
- Recent Phase I Environmental Site Assessment
- Documentation of geotechnical studies, water resources, known cultural resources and protected species
- Certification by Austin Consulting

A "Plus" designation can be awarded, if:

- All utilities are at the site
- Estimated site grading costs have been completed
- All known environmental conditions have been mitigated or can reasonably be avoided.

Tier Two and Tier Three Counties (as designated by the TN Jobs Tax Credit Map) were eligible for a grant with a maximum award of \$7,500 to reimburse participants for up to 80% of the expenses incurred to achieve certification. Program guidelines also restrict participants to receiving one grant during a two year period. Grant applications in non-Metropolitan counties must also be accompanied by a letter from their Joint Economic and Community Development Board (JECDB) supporting the application.

TNECD has launched a website for the program, www.SelectTennessee.com. The website's purpose was two-fold: to provide a roadmap for communities to certify existing sites and to later market certified sites to companies and site selection consultants. The website offers

aerial views and site information of each site and is a one stop repository of information on all the certified sites in the state.

Tennessee Department of Economic and Community Development's newest initiative is the Select Tennessee Property Evaluation Program (PEP). The goal of this new tool is to improve the inventory of industrial sites and buildings in Tennessee. This is done through the evaluation of potential properties and advising participants not only on a proposed site potential but also on what steps, costs and development issues need to be addressed. The PEP allows counties to submit up to eight properties of which five will be evaluated by its contracted consultant partner of Austin Consulting. (TNECD Launches Select Tennessee Property Evaluation Program, 2015)

"The Property Evaluation Program allows communities to take a fresh look at their current and potential industrial sites," Austin Consulting Senior Location Consultant Jonathan Gemmen said. "The process provides unbiased feedback on which sites can most quickly be readied to accommodate new industrial investment, as well as, which sites offer inherent advantages for industry. Most importantly, it sets the table for community leaders to develop and implement an industrial real estate strategy for the next decade or longer." (TNECD Website) The first two rounds of the PEP is scheduled for the Fall 2015 and Spring 2016.

During discussion with both elected officials and economic professionals, most if not all rural communities thought that they were prepared for industrial recruitment and welcomed the potential location of a new or expanding industry. One of the purposes of the program was to provide an analysis to determine if communities would be best served by evaluating their current marketable

properties using either the criteria for the Select Tennessee Certified Sites Program, the MTIDA Deal Ready™ Program, the TVA Megasite Certification Program, or no certification program at all.

The goals of this analysis are to: 1) provide a measurement of the quality of available sites, and 2) find a guide to utilize in the selection of new industrial sites.

The importance of having good available industrial sites has been discussed several times throughout the TCED courses including: the TN Basic Economic Development Course, the TN Business Retention and Expansion Course, and the TN Marketing and Attraction Course. Jamie Stitt, TNECD Deputy Assistant Commissioner of Business Development, assisted in implementing Governor Haslam's nine regional "Jobs Base Camps" which led to the Select TN Certified Sites Program being developed. During the TN Marketing and Attraction Course, Ms. Stitt explained the Select TN Program and explained why good available sites are necessary to attract industry to our area. Heidi Smith, Director of Global Business at the Tennessee Valley Authority's Economic Development Division, stressed that when an information request (RFI/RFP) is received, it is too late to begin looking for sites. Communities need to have prepared sites or suitable buildings available with all pertinent information assembled in order to be prepared to immediately respond to an informational request. The TVA provides a "RFI from Hell" that is available for the purpose of assisting communities in collecting all relevant data, assembling and packaging it in one place for future requests.

Current trends in industrial site selection vary widely depending on the industry. Information Technology (IT) continues to be one of the most transformative industries in the US. With the increasing dependence on cloud computing, data centers are becoming more and more important. The trend in locating data centers is mainly focused around low energy costs and low

taxes. Dariel Curren, Senior Vice President, Development Counselors International reported three surprising trends that stood out as surprises to her: 1) quality of life is moving up the decision tree, 2) spec buildings are back in demand, and 3) relationships matter more than ever. (Curren, 2015)

The increasing number of Millennials in the workforce is forcing companies to locate where their executives want to live. Millennials are looking for experiences instead of things. Companies are locating near the great outdoors, near sports teams, and in areas with great cultural offerings such as art galleries, theatres, orchestras, etc.

Spec buildings are back in demand after several years. During the economic downturn, few spec buildings were built. Now we have a shortage. Site selectors agree that the best buildings are 50,000 to 75,000 sq ft., divisible in 25,000sq ft increments, expandable to 300,000 sq ft with a 28-foot clear ceiling at minimum. Another tip ... "don't pour the floor!"

Finally, relationships matter to the consultants and to companies. Consultants are going to go back to the people that they have built rapport. Likewise, companies want to work with communities where they have found someone who went that extra mile to make everything work. Academy Sports (Project Victor) located a new distribution center in Cookeville largely due to the efforts of Melinda Keifer and Jim Shipley with the city of Cookeville. Confidentiality was crucially important with Academy Sports, meaning that confidentiality became a priority for Melinda who kept the prospect unknown to her own family until the day of the announcement. That is the sign of a good economic development professional and that consultants will contact repeatedly with new prospects.

While working with the Upper Cumberland counties on their strategic planning, we discovered that many were trying to land new industry with either inadequate sites, outdated former garment factories, or with no available properties at all. The first step in recruiting industry is to have a product that is marketable and in demand. Creating the awareness that a county's industrial offerings aren't quite up to the standards necessary to compete is a difficult task. The process of getting a site certified forces a community to address the strengths and weaknesses of each site and to view the site through an outsider's eyes creating that awareness.

There have been several types of site certifications available in the recent history. TVA has offered both megasite and data center certification rounds in the past few years. TVA's Megasite Program is one of the oldest (2002), most specialized, and most successful in the country. It was designed to develop large industrial sites (1,000 acre minimum) in order to attract large automobile manufacturers. To qualify as a megasite, the property must have a minimum of 1,000 acres; completed environmental and geotechnical testing; proximity to interstate highways, railways, and suppliers; a plentiful labor supply; and an acceptable infrastructure development plan. TVA has been successful in attracting major employers - Toyota, Volkswagen, Paccar, Hemlock Semiconductor, and Severstal - since the programs implementation. The data center process varies in that TVA engineers evaluated ready-for-development sites and contracted with Deloitte Consulting to conduct site assessment studies to identify suitable sites for data centers. The TVA certifications are both very highly coveted; unfortunately, TVA only has two of its megasites remaining and there is no talk of another certification round in the near future. The Data Center Certification is done by TVA Engineers who analyze sites listed with www.TVASites.com to determine available sites that have adequate electricity capacity and the available trained workforce. Since these certifications are not

currently available, we will focus on the Deal Ready™ Certification Program, the TN Select Site Certification, and the Select Tennessee Property Evaluation Program (PEP).

The Deal Ready™ Certification Program was developed in 2006 by Middle Tennessee Industrial Development Association (MTIDA) and the West Tennessee Industrial Association (WTIA). These organizations recognized the changing global economy had created the need for sites that were already prescreened to be really ready and truly available. The certification program they established would evaluate a site on over 100 critical requirements that it must meet or exceed to qualify. The result is one of the most intense certification programs in the nation. There are currently 42 Deal Ready™ Certified Sites available.

The Select TN Site Certification Program was launched in June 2012 to bring this level of qualified shovel ready sites on a statewide basis. The applications were evaluated by world class site selection firms Austin Consulting and The Foote Consulting Group. The first six sites receiving Select TN certification were announced in June 2013. Since that time TNECD has accepted applications twice a year. There are currently 37 Select TN Certified Sites. Only 10 sites are certified as both Select TN Certified Sites and Deal Ready™ Certified.

The Select Tennessee Property Evaluation Program (PEP) is designed for those communities that need assistance determining which sites to focus their attention and resources on. Communities can submit up to six properties that will be evaluated for their potential as good industrial sites. This is a good starting place for communities that lack any suitable ,available sites.

The market description of the Upper Cumberland counties is primarily rural middle Tennessee. Three areas including: the City of Cookeville, the City of McMinnville, and the City

of Crossville are classified as micropolitans. Three counties: Macon, Smith, and Cannon, are also part of the Nashville Metropolitan Statistical Area (MSO). The remaining counties are solely rural in nature and have no interstate running through them. The State Road 111 Industrial Park in Overton County was certified in the first round of the Select TN program and has already been sold and occupied. The Mountain View Industrial Park in Warren County has been certified as Deal Ready™. This industrial park has had great success in landing new industries such as DN Plastics which is expected to bring 100 jobs to the area.

Achieving site certification is not an overnight event, instead it is a journey. It can take years to develop a site worthy of certification. Teamwork is also a critical factor. Will Thomas, Chairman of the Fayetteville/Lincoln County Industrial Development Board (FLCIDB) discussed their journey to certification at their certification announcement. "It took over two years of hard work from Elaine (Elaine Middleton, Executive Director of FLCIDB) and cooperation of multiple departments throughout the community for Lincoln County to earn this industrial site certification," said Thomas. (Industrial park Select TN Certified, 2014) Roland Seagraves, Chairman of the Industrial Board of Coffee County, reported that it took their industrial board three years working diligently to get the Coffee County Joint Industrial Park site certified. (Comer Recognized for Service, 2015) The results from having a site Select TN Certified are definitely worth the time and effort required. Tennessee already has a successful track record of locating businesses on those sites. Six of the sites have been selected by companies such as Beretta, American Tires, and Hankook Tires. (Haslam, 2015) Even communities participating in the Tennessee Property Evaluation Program (PEP) should be prepared to spend seven months of work before they receive final report recommending their next steps. Michael Nesbitt, Smith County Mayor, participated in the pilot round of the

Tennessee Property Evaluation Program (PEP). He stated "I didn't know how in depth it was or how much time would be required. To achieve this certification, you had better be willing to put forth a lot of work. I discovered that a property could be in the city limits and still have challenges with electricity for industrial needs with some even needing a substation costing \$2 - 3 Million dollars." (Nesbitt, 2015)

Although there are definitely more certified sites in the metropolitan and micropolitan communities than the rural communities, there are rural communities that have been very successful with this program. The small town of Mount Pleasant has their industrial park not only Select TN Certified but also Deal Ready TM certified. Overton County succeeded in getting their State Highway 111 Industrial Park certified in the first round.

An honest appraisal of the Select TN Site Certification Program shows that it is a successful and worthwhile program for all areas of the state whether urban or rural. Certification programs are essential in keeping our industrial sites on a level playing field with industrial sites country wide. By meeting these stringent standards, an expanding company knows that they are getting a qualified site that has already been subjected to the due diligence saving valuable time and resources. Mayor Michael Nesbitt stated, "I have 13 years experience but I found out how much I didn't have that I really needed. Working with Austin Consulting was an invaluable experience." (Nesbitt, 2015)

Communities need to conduct an honest evaluation of their available industrial sites on a yearly basis. Sites that are already certified need to be evaluated to ensure compliance with any new standards, such as the change in the broadband definition to 25 Mbps, up from 4 Mbps. Sites that are not certified should be a continuous work in progress toward achieving that level of

certification. For communities without an adequate product to market, new steps must be taken to locate and develop sites suitable for industrial recruitment. Some communities may feel that they could never achieve site certification for one reason or another but they should not let that stop them from beginning the process.

In conclusion, this study has shown that following the Select Tennessee Certified Sites Program process is the most efficient method of improving industrial readiness for a rural community and that it does produce an effective product. The Select Tennessee Certified Sites Program is an excellent guide to follow even for communities that may not believe that they can ever have a certified site. If communities take their existing sites and begin the due diligence it will only make their properties more attractive to industries, developers, project managers, and location consultants. Even the rural communities who feel that they could never get a site certified would benefit from following this guide. In the end, for rural communities it may take a little more work but it levels the playing field with everyone else.

Resource Page

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