

“Repurposing the Madisonville City Industrial Park”

Tennessee Economic Developer Capstone Project

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Introduction

The repurposing of a City industrial Park can be challenging . Many cities have not invested the resources and money to keep their park in the good condition that makes the park attractive and inviting for a potential project or new industry to locate there. In 1966, the City of Madisonville, TN , developed a 172 acre Industrial Park. The industrial park acres, is currently in need of attention and the kind of improvements that will enable it to compete with other cities and counties in Tennessee to land a project. The city industrial park has limited access, signage, grounds-keeping, and covenants that have not been updated since the park's development.

City of Madisonville

The City of Madisonville, is located in Monroe County and is also the county seat. Monroe County is the 5th largest county in Tennessee geographically and one third of the land mass is in the Cherokee National Forest. The Cherokee Nations Forest is located just 13 miles east of Madisonville, offering fishing, hiking, sight-seeing, and camping as well as “Bald River Falls’ a beautiful waterfall located within the National Forest. Ten miles north of the city, the Tellico West Industrial Park is located that employs upward of 5,000 workers. Within the Tellico West Industrial Park there are boat manufacturers (Hydro-sports, MasterCraft, Sea Ray, Yamaha) that produce boats ranging from small ski boats to 65-70- foot center console yachts. Madisonville, being in the center of these major industrial parks and outdoor adventures within the Cherokee National Forest, provides an opportunity for a specialized supplier to potentially be drawn to the city park that would allow a short distance for delivery of goods or service.

The Current Industrial Park

The city park has a total of 172 acres and currently is only 20% built out. There are four businesses that are in the park. The businesses include a trucking/wrecker service company along with three manufacturing companies. Within the park the county has a convenience center that is available six days a week. There has not been any growth in the park in twenty years, and the couple of vacant buildings are in need of repair and would involve a substantial cost to bring up to code and be attractive for a potential prospect.

The park has only one entrance into the property and has only a small sign located on highway 411. The property that is available is in need of clearing trees and overgrowth that makes it difficult to see the actual layout of the property.

The utilities are provided by multiple entities. The electric is supplied by Fort Loudon Electric Co-Operative , gas and water is provided by the city of Madisonville with a 10 inch water main, along with sewer.

Improvements

To make the park more attractive improvements are needed. With only one entrance into the park a second would benefit the traffic. A review of the property identified an area where a second entrance could be developed. The entrance would allow two points of entry and make the park more visible from highway 411. The Industrial Access Grant, provided by the state, could provide funding if awarded to the city.

Most of the available acreage is wooded and has some elevation issues that need to be corrected. One opportunity to improve this would be for the city to apply for a Site Development Grant. This grant could be as much as 1 million dollars and provide a pad-ready site. A pad-

ready site makes the property more attractive and ready for construction to start. In addition to the state grant, Tennessee Valley Authority(TVA) always has a grant opportunity with the “Invest Prep” grant . This grant also helps with site prep and has the potential to be upward of \$500,000. If awarded, these grants not only provide a pad-ready site, but they reduce the cost of construction for the prospect.

The park covenants had remained the same provisions as in 1968 until a project reached out to possibly bring a portion of their business. The covenants required all property owners to sign an “exception” and could take considerable amount of time for approval. The process of requiring signatures took months, but has been completed and the prospect is in the process of purchasing the property. The city board has since met and **is** in the process of approval to change this requirement, giving the board and regional planning commission the authority to make necessary changes without requiring all property owners signature. The company is in the process of purchasing the property and has plans for **remodeling** the facility and creating potentially 200 jobs.

Outdoor Recreation

Everyone has heard the cliché “think out of the box,” and being in a rural community the city needs to evaluate what type of industry or business would make the move to locate in Madisonville. Outdoor recreation would be a potential type of business that could succeed. Monroe County is known for its landscape, lakes, fishing, hiking, kayaking, boating, and camping. Each of the outdoor recreations have products or services that are needed. The outdoor recreation

economy thrives when Americans spend their hard-earned dollars in the pursuit of outdoor recreation. This spending occurs in two forms: the purchase of gear and vehicles, and dollars spent on trips and travel.

Gear purchases include anything for outdoor recreation, such as outdoor apparel and footwear, bicycles, skis, fishing waders, tents, rifles, or backpacks. Vehicle purchases include vehicles and accessories used only for outdoor recreation, such as boats, motorcycles, RVs, snowmobiles and all-terrain vehicles. According to the Bureau of Economic Analysis, outdoor recreation accounts for over 2.2% of GDP, contributes to the economy of every state and the District of Columbia, supports 5.2 million American jobs, and grew by 3.9% in 2017 – faster than the U.S. economy growth of 2.4%.

Business Park

Another option would be to develop a portion of the park as a business park. Office space is at a premium and within the city limits there is currently minimal space that is available to lease or purchase.

Business parks are normally made up of a minimum of 5 buildings that are either linked or in very near proximity to each other. Business parks give instant credibility to business owners, presence within the local community, greater convenience, lower costs, and flexibility in office expansion.

Business parks are a smart option for businesses to consider when leasing office space. These parks are essentially a development built specifically to accommodate offices, warehouses, and light industry facilities, usually located outside of major metropolitan areas where land is more

available and affordable. Business parks offer burgeoning businesses the advantage of transforming their environment with functional workspaces and on-site amenities, yet at lower rental costs.

Importance of Economic Development Representation

The City of Madisonville currently does not have any economic development representation that solely represents the City. Discussions with the city aldermen have been underway to establish an economic development office to manage not only the recruitment of new projects or businesses, but to also provide assistance with expansions and retail business needs. A professional position can be critical for facilitating the City's economic growth. Potential clients tend to look for that "go to" person when researching an area for consideration. The city is dependent on Monroe County Economic Development, which is a limited department and may not be representing the city as needed. It would appear that the City misses out on economic development and recruitment opportunities because it lacks a professional whose focus is representing the City, and the result can be missing the opportunity to recruit potential prospects.

There are numerous grants that the city could apply for that could improve the City Park. Grants are great resources both from the State as well as Federal government that could fund improvements with a minimal or no match cost at all to the city. Examples of these State grants could be:

- Industrial Access Grant, which would pay a portion of access improvement,
- Infrastructure Grant,
- Economic Development Grant and
- Workforce Development Grant

In addition to state grants, the Tennessee Valley Authority (TVA) offers a variety of grants to assist with economic development.

Incentives could be a determining factor for a prospect considering locating to a new location. For example, the Chattanooga area was able to offer incentives of over \$550 million to finalize the deal with Volkswagen in 2008. A Payment in Lieu of Taxes(PILOT) or Tax Increment financing(TIF) may be offered as an incentive for the prospect. The PILOT program allows a company to not pay property taxes for a specified number of years. The term of the PILOT is normally developed by and approved on by the City Legislative Body. TIF's are a tool used by municipal governments to stimulate economic development in a geographical area. The TIF offers a strategy for municipalities to "self-finance" a redevelopment project without having to impose or raise new taxes. At present time Madisonville does not have any incentives that are in place to offer a prospect. The incentives offered by the state, county and city could be the deciding factor in a prospect choosing that location.

Madisonville lies in the center of Monroe County, which is considered a Tier 3 County(State of Tennessee-Economic-At Risk). This classification does allow potential incentives for businesses or industry growth. The Tier 3 status allows for more economic development dollars to be used for tax credit. Tier 3 counties may qualify for a jobs tax credit to be applied against a company's franchise and/or excise tax liability. A Tier 3 county must create 20 net full-time positions within a 60 month period to qualify for the job tax credit. Regardless of tier, a company must make a \$500,000 capital investment in a qualified business enterprise within the investment period. (Tennessee Jobs Tax Credit Enhancement Counties, tn.gov). Madisonville is a city that is in a Tier 3 county and can offer this incentive.

Marketing can be a vital component to economic growth. Marketing discovers needs and wants of society, produces the goods and services according to these needs and creates demand for these goods and services. Madisonville does not have any form of marketing for economic growth. Even though they have retail businesses and a city industrial park, a website or any other form of macerating the area is non-existent. Most businesses that have come to the city area have been part of a franchise and did not involve a search of information about the community through the website, making the task a lot harder without representation. An example of this was a recent addition of a Burger King being built in Madisonville. The business owner discovered the location while driving by highway 411 and saw the for sale sign. Once the developer showed interest, many different meetings had to be put in motion with different individuals representing the City. If the city had an economic development professional, the process could have been simpler and more effective by dealing with the one contact.

Economic development marketing has long played an integral role in business recruitment and retention. It's an essential tool for showcasing what makes communities great places to live, work and play. Its counterpart, tourism marketing, helps draw visitors into the region and generate spending to support the local economy.

Something as simple as Madisonville Industrial Park economic development website could be essential in attracting new business or industry. The site would contain available properties, demographics, contacts and information about the park. Marketing tools have been proven to be an effective tool and resource for economic growth.

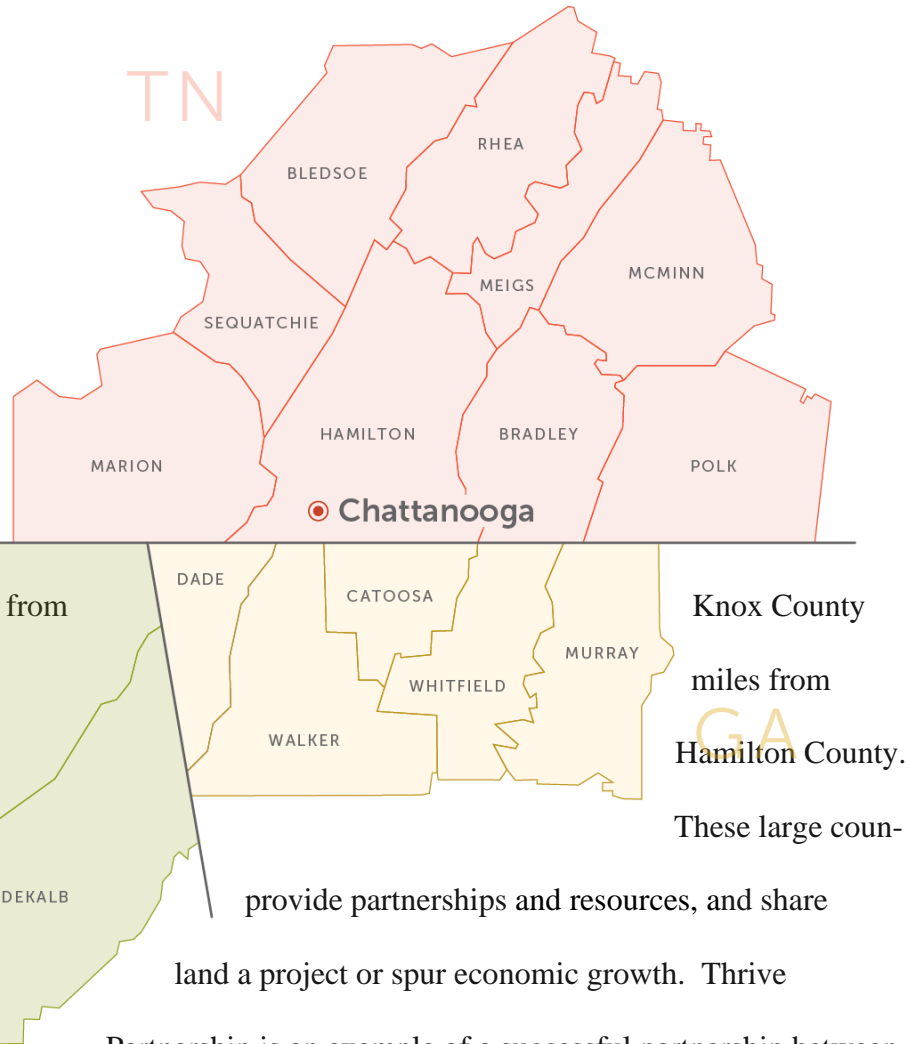
Partnerships

The City of Madisonville could benefit from a regional partnership. Madisonville lies only 35

miles and

ties could methods used Regional

Partnership is an example of a successful partnership between counties. Since 2012, the partnership has convened diverse partners across the tri-state region to address the complexities of regional growth. “Thrive Regional Partnership inspires responsible growth through conversation, connection, and collaboration in the tri-state Chattanooga region. We convene stakeholders across the region to ensure that as we grow in industry, prosperity, and population, we also preserve community and natural character for generations to come. Our footprint includes 16 counties across northeast Alabama, northwest Georgia, and southeast Tennessee”. (<https://www.thriveregionalpartnership.org/what-we-do>) An outline of the 16 county make up the Thrive Regional Partnership, which includes counties in Alabama and Georgia.



Knox County
miles from
Hamilton County.
These large coun-

provide partnerships and resources, and share

land a project or spur economic growth. Thrive

The city of Madisonville is a member of the East Tennessee Development District (ETDD), but does not utilize the resource available to them due to lack of representation. It would be a valuable asset to the city to reach out and utilize the service that may be provided by ETDD. The East Tennessee Development District works to facilitate economic development throughout the region in both the public and private sectors. Examples include industrial recruitment and expansions, strategic management, project financing, existing industry outreach, and small business lending.

- Funding & Grant Opportunities
- Comprehensive Economic Development Strategy
- Small Business Loans
- Other Resources
(<http://www.etdd.org/services/economic-development/>)

Opportunities

Madisonville has the location, workforce, resources, and proximity to national parks and lakes to promote a ‘start up’ business or manufacture in the recreation market. However, for this to happen the city council has to make the commitment to the park through planning, hiring an economic development director, and marketing the City’s Industrial Park. The park entrance is located on highway 411, a five lane highway, and is only 15 miles from Interstate 75. The infrastructure is already in place with a 10 inch water and sewer main, 6 inch gas main that is serviced by the city. Fort Loudon Electric Co-operative has been in business since 1940 and provides reliable power source.

Jackson Kayak Company is a great example of how partnerships with the city, county and state can make things happen. The city of Sparta, White County, was able to bring in a company called Jackson Kayak. The business was created in the owner's garage and was able to expand and now calls Sparta home. The owner, Eric Jackson had positive comments related to Sparta, White County, and the State of Tennessee in their willingness to assist in his dream of not only manufacturing kayaks but an assortment of other plastic products. "We are very lucky that I decided back in 2004 to make TN the home of Jackson Kayak. Our move to White County in the Upper Cumberland area in Sparta, was our second great move. Our local, county, regional, and state governments have been very supportive of our business and should be used as examples around the USA of how the government should work in conjunction with business. Instead of trying to throw hurdles that take time, money, and energy to overcome, they ask "How can we help you?". The result is that we are able to grow and employ more Americans, right here in our home town, to make awesome products that we ship around the world. While we are not a big business, we are a big employer in a small town" (<https://ej.jacksonkayak.com/2015/04/it-is-official-we-own-our-new-factory-now/>) (Eric Jackson April 16, 2015, Jackson Kayak)

In an effort to bring new business to the City of Madisonville, it should be realized that recruiting new business or industry is very competitive. The Mayor and Board of Alderman need to determine if it should create a city Industrial Development Board(IDB), and if so, make it happen. The board would have the authority to create and provide incentives that may be used for development. Another advantage the IDB board would have is the ability to purchase properties that could be used for economic development whereas a city or municipality could not legally do so. Developers and retailers could use these type of benefits to reduce development costs and/or the amount of money that would be paid in rent or for leasing property.

The Aldermen have taken some recent action by addressing the covenants. A prospect was reviewing a location and considering an expansion to the park. There were restrictions in the covenants that would prohibit the company's manufacturing. The board has since met and made the amendments to the covenants that would allow the company's manufacturing. **Since the changes have been made,???**

Conclusion

The City of Madisonville has an opportunity to revive and create a vibrant and attractive industrial park. The existing park has affordable acreage available that has the infrastructure in place and ready for the next business or industry. What the park is lacking is a ECD representative, which is someone who can take actions to improve the park utilizing grants and city resources. City leaders have been approached by citizens and have been discussing the need to create an ECD department and will discuss the possibility of creating the ECD department in the next fiscal year budget meeting.

The recruitment of a new business or industry is such a competitive market that there are over 3,000 economic development organizations seeking the growth and expansion of their local economies. The city leaders must realize the benefits of creating and funding an ECD department and maintaining a successful industrial park.

Creating the ECD department for the city would provide opportunities for the city to attract potential new business or industry, tax revenue, jobs, and keep lower taxes. Each of these opportunities would provide a better "quality of life" for the residents of the city of Madisonville!

Sources:

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