

**Problems Can Lead to Prosperity with a Strategic Plan:
A Collaborative, Targeted Approach to Business Recruitment in Gallatin**

Rosemary Bates

March, 2021

Beth Phillips, Capstone Advisor

Having a strategic plan for an economic development agency helps maximize resources and leads to big payoffs, even if it means saying no to projects that the agency would have pursued in the past. A strategic plan helps identify problems, while providing a path to prosperity.

The Problem

The City of Gallatin Economic Development Agency (GEDA) had a problem. It was spring of 2017 and the city's unemployment rate was dropping. It went from 3.4% in March, 2017 to 2.8% in May, 2017. (Over the next three years, it fluctuated between 3.6% and 2.6% until the Pandemic took its toll in April, 2020.) This might not seem like a problem to some economic developers, but it was causing anxiety for GEDA because Gallatin's existing industries were having a hard time finding employees. It also made prospect recruitment challenging because GEDA could not guarantee an immediate workforce for an industry requiring 250 more employees.

In 2017, because of the drop in the unemployment rate, GEDA staff and the board were at a pinch point. The agency needed to take better stock of its resources and determine how best to use them. In the first 17 years of existence, GEDA had been mostly reactive in its business recruitment efforts. It responded to any and all RFIs where it met the prospect's initial criteria, regardless of the type of industry and the number of employees those prospects required.

During this same time, the City of Gallatin was beginning to experience a different pinch-point. Gallatin's population was growing by 270 per month – nearly nine people per day. The 215-year-old city had never seen this rapid growth. The Mayor and department heads routinely set annual budget priorities for operations and capital expenditures, but that process was all about line items, not so much about an overall growth plan for the city and its resources.

By 2018, more than 21,500 people worked in Gallatin. The daytime population doubled because nearly twice as many people were driving into Gallatin for work as were leaving. Yet, with Gallatin's labor shed reach of nine counties, plus the significant population growth in the city itself, existing industries still had a hard time finding both skilled and entry-level employees.

Everyone involved knew that the population and business growth meant increased services and added infrastructure, which meant the city would need additional revenue. Yes, the city receives property taxes. Yes, the city receives a percentage of sales taxes. Yes, the city is aggressive in applying for grants. But these pots of money have to grow, too, as the population increases.

It was clear that the City of Gallatin and the GEDA must work together, along with a broad base of community stakeholders, to address these challenges and accomplish community economic development goals. Leaders recognized that a collaborative, strategic planning approach was needed to guide business development efforts and ensure that community resources were used most effectively.

The GEDA was established 20 years ago as a department of Gallatin City Government, with the mission to help assure a resilient and diverse economy in Gallatin. When the GEDA was formed, the citizen committee that set the framework for the agency insisted that it have a board of directors as a layer of insulation from politics and to provide expertise as business owners and leaders in the community. The board helps set policy and direction for the agency, hires the executive director, and recommends a budget to the Gallatin City Council.

While GEDA is charged with expanding the tax base, it is ironically the city department with the smallest budget. The agency's budget in the 2018-2019 fiscal year, excluding salaries, was \$87,500. GEDA's budget is funded 100% by the city. The agency has a staff of three:

Executive Director, Special Projects Director, and Existing Industries Manager. The Special Projects Director works out of the GEDA offices, but splits her time between GEDA and the Mayor.

Developing the Gallatin Strategic Plan

Community leaders agreed that the first step toward assessing and maximizing resources was the development of a strategic plan for the City of Gallatin. The Mayor, with approval of City Council, hired a consulting firm to develop Gallatin government's first strategic plan.

GEDA staff became intimately involved in the city's strategic planning process, in part because GEDA's special projects director was the Mayor's point-person for the city plan. Another reason GEDA was a key participant refers back to its mission – a resilient and diverse economy, with the underlying understanding that GEDA is responsible for expanding the tax base to pay for the growth.

The city's strategic planning took a year. The city held meetings with the public, key stakeholders, the city council, and the planning commission. The consultant also had numerous communications with city departments, including surveys, individual department head meetings, and group meetings with all departments present.

The Gallatin Strategic Plan was completed in June, 2018, and adopted by the city council that month. The plan outlines the community vision and values, issues of importance to the city, five key strategic goals and commitments, and priority actions to move goals forward. Goal two of that plan was of particular relevance to the mission of GEDA; stating, "*Gallatin should continue to support and grow its existing economic base while pursuing new markets that offer competitive salaries and stable employment for citizens.*"

GEDA Takes a Deeper Dive into Strategic Planning

With impetus from the city's strategic plan and all the information gathered during that process, GEDA staff and board chose to immediately develop a GEDA-specific strategic plan that would align with and support strategies, commitments, and actions of Goal 2 of the Gallatin Strategic Plan. GEDA hired its own consultant to facilitate the plan. GEDA staff and board invited the Mayor, as well as community stakeholders to participate in the process.

This group first acknowledged the success of the GEDA team that had grown the industrial base from January, 2016 through June, 2018. GEDA helped add more than 3,500 manufacturing and distribution jobs with a CapEx totaling more than \$200-million.

Then the group identified key issues to address in a GEDA-specific strategic plan:

- Available workforce
- Entry-level wages (as charged by the city's strategic plan)
- Best use of GEDA resources, including staff and the budget

GEDA Strategic Plan Year 1 (2018-2019)

With the guidance of the facilitator, the GEDA staff, board members, the mayor, and stakeholders spent a full day discussing and debating GEDA's path. This input was refined into GEDA's first strategic plan, which was adopted by the Board and shared with the City Council.

This first strategic plan had five over-arching goals, eight sub-headings, and 40 bullet points. The top two priority goals were:

1. *Build Up from the Current Economic Base*
2. *Expand Workforce Training Partnerships*

While establishing the plan and setting goals, the GEDA Board and Mayor endorsed staff's idea to strategically focus GEDA's response to RFIs. GEDA would no longer try to win a site visit on every RFI where Gallatin met the criteria. Instead, GEDA would only respond to prospects that were technology focused, doing advanced manufacturing, or were corporate offices. GEDA would also be cautious about responding to prospects indicating they needed 200 or more employees to open. And, the agency became more emphatic about higher entry-level wages with a preference of \$15/hour minimum.

Making these adjustments also meant educating city council members, community stakeholders, and some economic development partners about the community's strategic economic development priorities. It was imperative that they understand a "big win" no longer meant landing an industry with hundreds of jobs simply because of the job numbers.

It was now more important to consider the quality of those jobs and whether they elevated entry level wages. GEDA had to consider a prospect's potential impact on existing industry partners. GEDA did not want to bring in a new company with hundreds of jobs that would cannibalize the employees at existing companies. Consequently, GEDA's responses to RFIs dropped by more than 50% after adopting Strategic Plan Year 1.

Despite responding to fewer RFIs, GEDA landed a corporate headquarters and a regional headquarters, bringing 400 office, sales and technical jobs. Additionally, a national company announced construction of a branch in Gallatin promising 82 highly skilled jobs. Four of the city's existing industries expanded, adding 50 jobs. And, Archer Datacenters, a small endeavor, announced it had selected Gallatin for its first co-location data center. The CapEx on Archer alone was \$21,500,000.

To address priority #2 – “*Expand Workforce Training Partnerships*”, GEDA focused on training for technology jobs. GEDA partnered with the Nashville Area Technology Council and Volunteer State Community College in Gallatin to launch Apprenti-TN (now called Go Tech). Participants in Apprenti-TN earn IT certifications in eight weeks that normally take two years to achieve.

GEDA’s Plan Targets Data Center Recruitment

One reason GEDA focused on tech jobs was the lure of a large-scale data center campus. In the year preceding GEDA’s first strategic plan, the agency had identified a piece of property it thought ideal for data centers.

The property was adjacent to a TVA substation that could provide the intense electric load required of a large-scale data center compound. It was also adjacent to the Gallatin Industrial Center which meant water, sewer and gas lines could easily be run to the property.

GEDA did get a nibble on the property in 2017 with Project Skillet, identified as a Fortune 200 company looking to build a data center. Project Skillet morphed into Project Wool Hawk. GEDA, the TN Department of Economic and Community Development, TVA and Project Wool Hawk furiously exchanged information through September, 2017. Then the project went silent. GEDA was deflated when it thought it had lost Project Wool Hawk. But, the agency and board decided to double-down on efforts to land a large scale data center. Doing so would require a consistent tech workforce pipeline.

Throughout the 2018-2019 fiscal year, GEDA consistently referred to its strategic plan. While the plan kept GEDA focused, it also, at times, overwhelmed the staff. The number of over-arching goals, subheadings, and the 40 bullet points of items and intentions were daunting.

Despite feeling overwhelmed, by the end of Strategic Plan Year 1, GEDA staff and board members realized they had completed, or were in process on, 31 of the goals/tasks/ideas. The nine bullet-points to which GEDA paid little attention were still valuable in that they helped relieve pressure in year two.

GEDA Strategic Plan Year 2 (2019-2020)

GEDA reconvened the strategic planning group in August, 2019. The group reviewed results of its first year, acknowledging that it had a string of development wins – among them, the four new companies, four expansions, more than 550 new, higher-paying jobs, and the Apprenti-TN program.

However, the group had to acknowledge that success created challenges. Landing a new company on city-owned property in the industrial center left GEDA with only 41-acres of city-owned, industrial-zoned land – and 30 of those acres were under option.

After reviewing year one, the strategic planning group took a different approach with its second-year plan. The plan cut the over-arching goals to three:

- *Purchase More Land*
- *Tell Our Story Better*
- *Develop the Workforce*

Bullet points dropped from 40 to 13. They included:

- *Identify more sites and develop a path to purchase them*
- *Leverage relationships with Vol State, TCAT, high schools – identify key point persons to support the businesses' workforce needs*
- *Continue to focus on tech jobs*

Re-enter Project Wool Hawk

In the meantime, Project Wool Hawk returned. Gallatin was still in the running for a large-scale data center. But this time around, GEDA was much more cautious in its expectations.

Project Wool Hawk visited Gallatin nearly every month and was communicating nearly every work day. Wool Hawk's interest grew from the 342-acre parcel to a collection of four parcels totaling 800-plus acres. GEDA now was told that Project Wool Hawk was a Fortune 100 company that would bring a minimum of 100 jobs averaging \$80,000/year.

By narrowing the agency's focus even further in its Strategic Plan Year 2, GEDA's Executive Director had the freedom to spend as much time as needed on Project Wool Hawk. And, it required a lot of time. One of the parcels was in an irrevocable trust with four heirs. Part of the 800 acres was in another utility district that did not have the capacity to serve Wool Hawk. All the properties had to be annexed and rezoned. There was a lot to untangle, a lot to tie up, and a lot to coordinate.

GEDA still answered certain RFIs and considered companies that contacted the agency directly. One company was Project Mohawk, a family-owned company wanting to expand. At first, the GEDA team was not sure Mohawk fit the strategic plan. Project Mohawk produces fabric. (It is not related to the carpet company.) GEDA's Executive Director flew to Project Mohawk's hometown to see first-hand what they make and how they make it.

He discovered that Project Mohawk makes high-tech fabrics for NASA, the aerospace industry, and for medical use. Mohawk's plan was to build a new facility for a new piece of machinery that does finishing work. They anticipated needing 25 to 40 highly-skilled employees with an entry-level wage of \$18/hour. They fit within GEDA's plan.

Diverting from the Plan

One project arose that did not fit the strategic plan. GEDA named it Project Ice. It is a commercial/residential venture. While the GEDA team had worked on retail/commercial recruitment during the last three years, Project Ice was atypical for GEDA to champion.

Project Ice plans to bring two sheets of ice to Gallatin in conjunction with the NHL Nashville Predators. It includes restaurant pads, a hotel, an outdoor entertainment venue, and additional sports facilities. Additionally, Project Ice wants a TIF – something the GEDA staff facilitates between the developer and the Gallatin Industrial Development Board.

In choosing to champion Project Ice, the GEDA staff and board referred to the agency's mission – provide a resilient and diverse economy. Plus, having the Nashville Predators associated with a venue in Gallatin would be an additional selling point in prospect recruitment.

The Pandemic Hits with Surprising Results

The GEDA team was rocking right along from July, 2019 thru February, 2020. Then, COVID-19 disrupted the world. Four of Gallatin's industries shut down – all tier-one automotive manufacturers. Others were confused about their status as essential services. City government encouraged people to stay home. Then the county mayor issued a stay-at-home mandate for non-essential workers. Plus, there were the federal government's relief programs.

GEDA staff shifted heavily into customer service. Each day, all three staff members communicated by phone and email with existing industries. Staff took advantage of Zoom meetings so that, as a group, GEDA's industry partners could share challenges and gather ideas.

Surprising to GEDA, during the initial months of the pandemic, several companies wanted to move to Gallatin. GEDA had expected its prospect recruitment to dwindle. It did not. It multiplied.

In the first months of the pandemic, Projects Wool Hawk and Mohawk intensified. GEDA also began working with a building materials company, a unique recycling company, a roofing company, the expansion of two existing companies, and the relocation of a small corporate office to Gallatin.

Gallatin's unemployment rate did take a big dive, going from 3% in August, 2019, to a high of 17% in April, 2020, then dropping to 11.1% in June, 2020. By early summer of 2020, all existing industries were back at full-force and some had increased their staffing because demand for their goods was up. Yet, some of Gallatin's industries were still having a hard time finding employees.

Even though Gallatin was in the throes of a pandemic, the city's economy was thriving. Every month during the pandemic, sales tax collections came in higher than the same month the year before.

The Big Announcement: Facebook

In July, 2020, just one week from convening staff and stakeholders to develop Strategic Plan Year 3, GEDA officially announced the identity and scope of Project Wool Hawk. It is Facebook, a Fortune 50 company with an obvious international following and name recognition. Facebook selected Gallatin for its 13th data center complex in the U.S. and 17th worldwide.

Facebook's initial CapEx investment will exceed \$800-million. It will become the largest revenue stream in Sumner County. There will be an initial 100 on-campus, full-time jobs with a

starting minimum salary of \$80,000. The facilities will be under construction for several years, with the first to open in 2023. The project also added 1,200 construction jobs and 400 electrical jobs. The construction and electrical jobs alone are anticipated to remain for several years.

GEDA's strategy for a large-scale data center campus proved successful. Gallatin landed Facebook, one of the single largest business investments on record anywhere in Tennessee.

GEDA Strategic Plan Year 3 (2020-2021)

Because the Facebook data center campus is truly large-scale, the group developing Strategic Plan Year 3 marked that goal "done." Gallatin now had its limit of data centers it could comfortably support with existing infrastructure.

The group did choose to carry forward into year three the over-arching goal of *Communication/Tell Our Story Better*. The pandemic had propelled GEDA to post more information on social media which grew the agency's audiences on Facebook, LinkedIn, Instagram and Youtube. The virus had actually helped GEDA's relationships with existing industries and the agency's social media reach.

GEDA's Facebook followers increased by 15% in FY '20. By February, 2021, followers increased by 29%. LinkedIn visits in some months shot up more than 1000%. On LinkedIn, GEDA went from 12 followers to 257 in the last five months of FY '20. The highest performing posts include video produced by GEDA, some of them garnering more than 30,000 views. The agency added dozens of videos to its Youtube channel where it is finding success in drawing applicants to available jobs at existing industries. In Strategic Plan Year 3, GEDA is focusing on business-specific marketing with even more emphasis on video production, as well as workforce recruitment.

Another over-arching goal in year two the group carried over into year three is *Acquire More Land* that the city would own for industrial or business park development. GEDA has identified and met with owners of properties in various, distinctively different locations in Gallatin. Some properties are conducive to only industrial, some to a business park, and some are very marketable locations for corporate headquarters. Gallatin has the only lakefront site in middle Tennessee for a corporate headquarters.

There was consensus among the group formulating Strategic Plan Year 3 that GEDA would hone in on recruiting research and development companies, corporate offices, environmentally conscious manufacturing, and one outlier – GEDA would also focus on investment in the core downtown to encourage rejuvenation. Staff found that the city's historic downtown square is a bonus when companies considered quality of place.

The remaining two over-arching goals for Strategic Plan Year 3 are also consistent with year two: *Support Existing Businesses* and *Develop Our Workforce*. GEDA anticipates these being perpetual goals.

Because of the pandemic, GEDA could not hold its annual luncheon for Manufacturing Day where the agency honors local industry partners. Instead, staff put together gift boxes packed with items made in Gallatin, including items from local industries. In delivering them, staff was touched by the outpouring of thanks the companies gave for all of GEDA's work to help them during the pandemic. Existing industries overwhelmingly confirmed that GEDA's intense focus on them had cemented relationships, grown their confidence in GEDA, and gave GEDA personal testimonials for recruitment videos.

GEDA's workforce efforts will continue with the local schools, colleges and TCATs. GEDA has already produced a video that the director of Career & Technical Education for

Sumner County Schools is using throughout the high schools to educate students on available career paths in manufacturing.

One of the outlier projects, Project Ice, is coming to fruition. The development has gained approval of the Gallatin Planning Commission and the Gallatin City Council. It next goes to the county planning commission and then the full county commission. If approved there, GEDA will initiate the TIF process. This project may be a full go by July, 2021.

As Strategic Plan Year 3 progresses, GEDA has developed what it believes to be a unique marketing tool to recruit more and larger corporate headquarters to the city. The goal is to have predominantly white-collar jobs with entry level salaries at \$60,000 and up. GEDA is pursuing both new headquarters and re-locations, as well as satellite headquarters.

The Prosperity

A strategic plan and sticking to it, but being flexible, has proved a very successful path for GEDA. Having permission to say no to RFIs that don't fit within the plan creates more focus and time for the companies Gallatin does want. The plan also allows for those outliers – like Project Ice or Downtown Rejuvenation. Without strategic planning, the Gallatin Economic Development Agency most likely would not have achieved the addition of thousands of jobs with elevated entry-level pay, along with more than \$1-billion in CapEx.

Facebook alone immediately put Gallatin in a realm of consideration it has never experienced. Inquiries from companies in line with the strategic plan are calling GEDA instead of the agency reaching out to them first.

By using a collaborative, targeted approach to business recruitment, GEDA addresses problems and strengthens a path of prosperity for Gallatin.

Resources:

- Monthly unemployment rate:
https://ycharts.com/indicators/gallatin_tn_unemployment_rate#:~:text=Gallatin%2C%20TN%20Unemployment%20Rate%20is, long%20term%20average%20of%206.09%25.
- Gallatin Certified Special Census 2016
- Greater Nashville Regional Council population growth trend data
- Gallatin Building Code Department monthly and annual reports
- Gallatin Public Works annual reports
- City of Gallatin Strategic Plan:
<https://www.gallatintn.gov/DocumentCenter/View/3880/Gallatin-Strategic-Plan-PDF>
- Sumner County Assessor of Property valuations
- ESRI
- University of Tennessee Boyd Center
- Nashville Area Technology Council
- Volunteer State Community College
- Gallatin Economic Development Agency reports
- Facebook and LinkedIn analytics
- Nashville Business Journal