

**The Importance of Improving Industrial Property
by Clearing Trees and Creating Direct Access**

University of Tennessee Center for Industrial Services
Tennessee Certified Economic Development Capstone Project

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Introduction

“Economic Development” is a phrase that refers to a wide range of activities geared towards improving the economic well-being and quality of life for a community or region. The role of Economic Developers is to seek out new economic opportunities and retain existing business wealth. Economic Development is improving living standards and driving growth. There are many different ways to approach economic development, and it requires coordination across various sectors of government. No one person is responsible for growth; it truly takes a team with dedicated members doing their part. In today’s world one important thing economic developers can do is to work towards ensuring their communities have a “Robust Business Retention & Expansion Plan” as covered in “A Best Practices Guide Brought to You by UT CIS” “5 Pillars of Economic Resiliency”.¹ Being prepared and having a plan for growth is vital.

TRDA owns Tellico West Industrial Properties which is an Industrial Park located in Vonore, Tennessee. Tellico West Industrial Properties is strategically located halfway between Knoxville and Chattanooga, only 15 miles to Interstate 75 and 26 miles to McGhee Tyson Airport. Tellico West Industrial Properties is located in the northwest portion of Monroe County. Monroe County is the fifth largest county in land mass in the state and according to the 2020 census, the population estimate for 2023 was 48,594.² Monroe County is defined as Tier 3 *at risk community* by the State of Tennessee Department of Economic & Community Development.³

Rural communities like Monroe County often struggle with painting the picture that being rural is not a bad thing and in fact there are many benefits in locating in a rural area such as cost of living and real estate availability. According to a new survey of site selectors “A lack

of suitable industrial sites near major US metro areas is forcing manufacturers to look at Tier 2 cities and rural communities for their investment projects. The report called upon locations to invest more into infrastructure capacity. “Everything is moving at a faster pace” said Michelle Comerford, leader of industrial and supply chain practice at Biggins Lacy Shapiro & Co. In the report “If you are a community that truly wants to attract new jobs and investment...you must get your sites and infrastructure prepared ahead of these search inquiries.” There has never been a better time for rural communities to advance, thanks to these developments.⁴

TRDA has an available 185-acre industrial site in a prime location within Tellico West Industrial Properties. All utilities border the gently rolling, partially wooded property. The problem is that the pad still had no suitable way to access the property. TRDA has been marketing and showing this large industrial site to industrial prospects for 6 years without success. In order to create opportunities for growth TRDA had to identify the critical shortages in Tellico West Industrial Properties and determine the steps needed to move forward, correct the shortage, and determine the economic feasibility of doing so. There are many ways to approach insufficient industrial property such as utility upgrades, site work preparation, and improving transportation infrastructure. When showing the industrial property to a prospect, it is extremely hard for the prospect to envision entering the property along the gently rolling hillside. What can TRDA do to make the property more attractive for investment that will stimulate economic growth? Would the best option be to create a large pad ready site? As attractive as that option would have been to potential prospects TRDA was still faced with one large problem. The problem was, as great as a pad ready site is, it is pointless if there is no practical way to access the property. TRDA can't expect potential prospects to envision their industrial building on a piece of industrial property if there is no way to get to the site other than driving through another

property owners' field. This was the challenge. The next logical step was to build a road that will create direct access to the 185-acre industrial site.



Background

The Tellico Project, as set out in TVA's planning report No. 50-100, dated October 1963, is a multi-purpose reservoir project. In addition to the navigation, flood control, and power aspects of the project, a major objective of the project is the development of the land surrounding the reservoir to permit the project to make the maximum possible contributions to the economy of the region. In order to accomplish this goal, TVA acquired, in the name of the United States, shoreland identified for industrial, residential, commercial and public use recreational development.

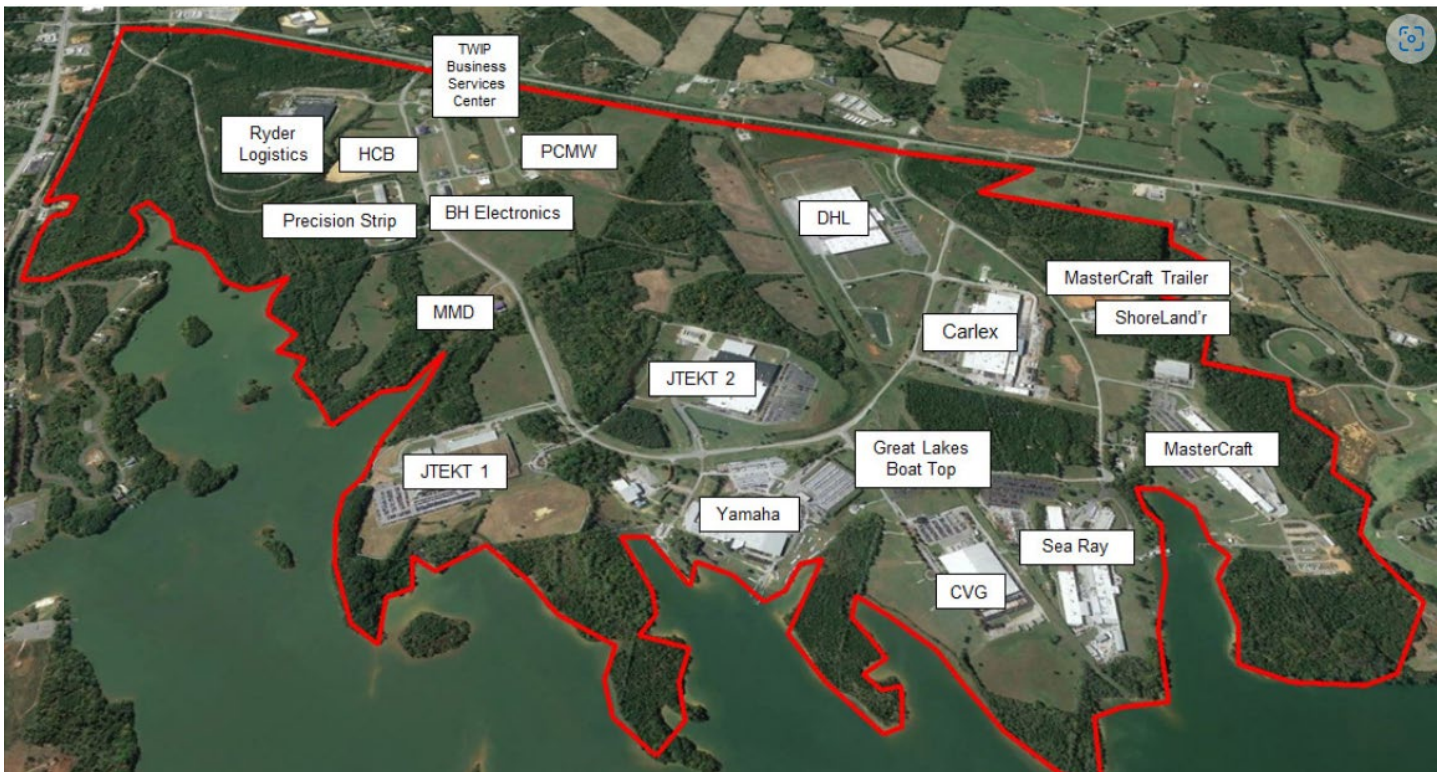
TVA purchased approximately 38,000 acres from landowners to create Tellico Reservoir and its surrounding lands. In 1982 TRDA was created by an act of the Tennessee State Legislature. TRDA purchased 11,102 acres of land from TVA at public auction and TRDA entered into Contract No. TV-60000A with TVA.

According to the Enabling Legislation “The agency is created for the purpose of developing and effectuating plans and programs for the comprehensive development of, acquiring, operating, managing, selling, leasing, and the development of, all or a portion of the lands lying within the Tennessee Valley authority Tellico Reservoir project area (as shown on the official tract maps of the Tennessee Valley Authority) and such contiguous lands as may be acquired by or transferred to the agency within the watershed of the Little Tennessee River, including portions of Monroe, Loudon, and Blount Counties, Tennessee (hereinafter “development lands”), all in accordance with the public purposes for which the Tellico Reservoir project was established and developed.”⁵

TRDA’s development areas include residential, recreational and industrial uses. TRDA provides permitting and building inspections for seven residential developments surrounding Tellico Reservoir. Recreational, TRDA oversees three campgrounds, Lotterdale Cove, Notchy Creek, and Toqua along with 11 public boat ramps and 2 public fishing piers. TRDA has 2 large industrial parks, Tellico West Industrial Properties and Tellico Regional Supplier Park. In addition, the agency also owns and operates a wastewater treatment facility.

Typically, when one hears Tellico West Industrial Properties the phrase “Marine Capital of East Tennessee” wouldn’t be the first thing that would cross one’s mind. However, since 1983 when Sea Ray first purchased land to construct their boat manufacturing facility in Tellico West TRDA has welcomed Yamaha Boats, MasterCraft Boats, Hydrasports (HCB) and marine

manufacturing suppliers such as Great Lakes Boat Top, BH Industries, Pacific Coast Marine Windshields and Shorelander Trailers. During this time, TRDA's also welcomed the automotive related industries JTEKT, Carlex Glass and CVG into the park along with Precision Strip and DHL. TRDA's goal is to provide a diverse industrial base that will guarantee success and help the area to continue to grow.



On average, 80% of new jobs and capital investment are generated by existing businesses.⁶ It is very important to understand the supply chain and the capabilities of the industries to help them grow. Most all industries felt the impact of supply chain shortages during the Covid-19 pandemic. It became clear to the existing industries in Tellico West Industrial Properties that utilizing suppliers within a day's drive was important but if they could get their

suppliers to locate inside Tellico West or if they could bring certain things in-house that was their best option. In 2020 TRDA partnered with Sons Construction to build and market a 46,000-sf industrial building inside Tellico West Industrial Properties. Pacific Coast Marine Windshield (PCMW) from Vancouver, British Columbia, Canada, purchased the building in early 2021. PCMW is North America's premier manufacturer of windshield systems for the marine industry.⁷ They manufacture directly to boat builders throughout North America and to Yamaha Boats inside Tellico West Industrial Properties. By working with PCMW and having a building under construction and ready for them to purchase inside Tellico West Industrial Properties was a win for PCMW, Yamaha and TRDA. This is just one example of TRDA's commitment to forward thinking and being proactive.

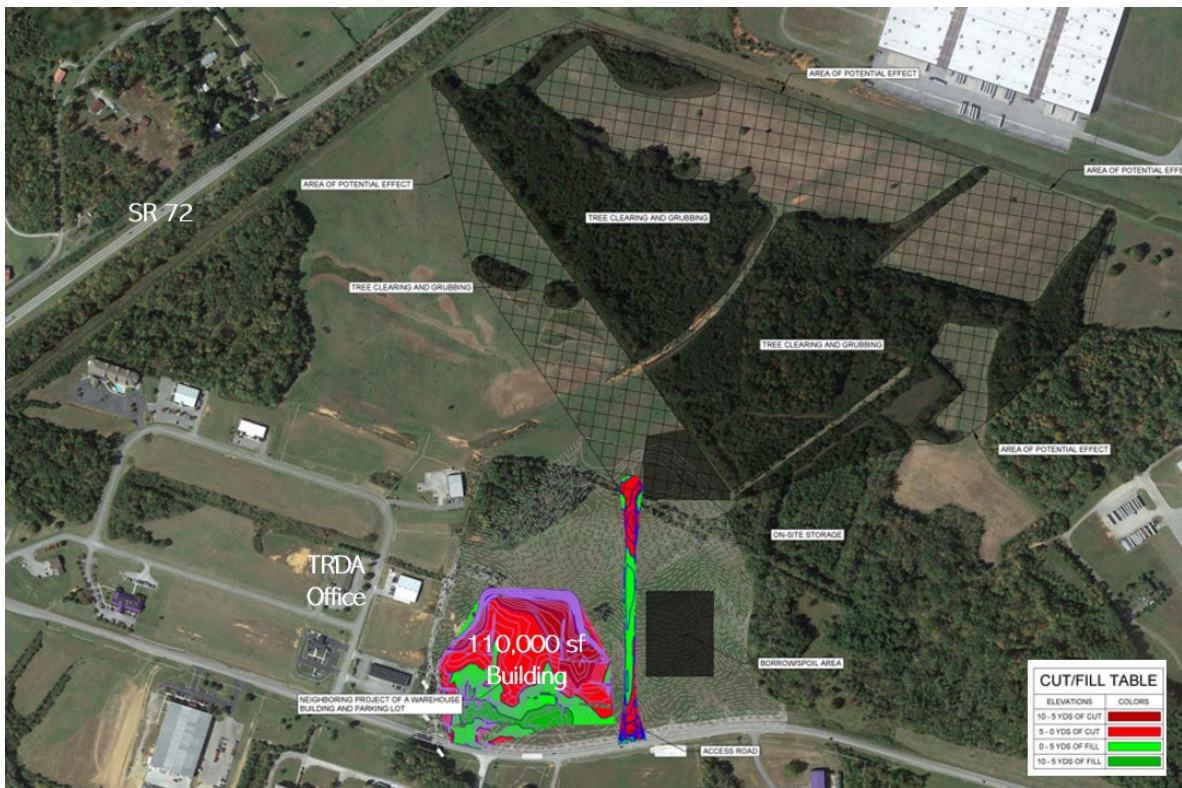


Project Description

Tellico West Industrial Properties is a 1,400-acre industrial park that has 18 existing industries and businesses located in it. TRDA oversees all development within the park and governs all building permitting. TRDA has an available 185-acre industrial site, in a prime location within the park. Historically most of the growth inside Tellico West has taken place along both sides of the main road “Excellence Way”, a horseshoe road with a red light at both ends. Utilities line both sides of Excellence Way. This includes a 12-inch waterline, 4-inch natural gas line, 8-inch sewer line and 13Kv electricity. This has led to the availability of a large 185-acre industrial site that is in the middle of the horseshoe. When TRDA started researching the feedback from past prospect site visits on the 185-acre industrial site the main concern was always the lack of access. The prospects generally asked about the cost associated with building a road and what would the timeframe be. The prospects would quickly lose interest for different reasons whether it be for project time constraints, or the overwhelming cost associated with the road development.

TRDA’s goal has always been to create marketable industrial property so in January 2022 TRDA began the TVA InvestPrep application process. Leveraging grant funds is a way to effectively increase the original funding amount that TRDA had budgeted to make a greater project impact. The InvestPrep grant funding would provide roughly 70% of the project’s cost. TRDA’s original plans included a 1,200 square foot asphalt industrial access road off Excellence Way. The planned asphalt road had a 50-foot right-of-way with two 13’ wide lanes that ended at a cul-de-sac suitable for truck traffic to make any turns needed. In June 2022 TRDA, TVA, and Klynveld Peat Marwick Goerdeler (KPMG) met onsite to review the proposed project area.

After further discussion about the project, TRDA agreed to update the project to include a 1,350-sf gravel road that ends at a cul-de-sac and to clear 50-acres of trees from the 185-acre industrial site. The updated project was awarded in August 2022 and TRDA received the notice to proceed for 50-acres of tree clearing and construction of the gravel 1,350 sf “Industrial Boulevard” in May 2023. The expected completion of Industrial Boulevard is September 2024. During this timeframe TRDA applied for an ARC grant to extend phase 1 of Industrial Boulevard throughout the edge of the 185-acre industrial site to provide multiple entrances and exits onto the property.



Like most construction projects, this one had its share of obstacles which included mid-project changes, utility relocation and the need for additional funding. TRDA had to relocate a 28-foot section of the 12-inch waterline. Once the road was cut to grade a new waterline was installed

along Excellence Way and the road construction was able to begin. While scheduling the waterline relocation TRDA consulted with the construction company, water provider and local industries in Tellico West Industrial Properties so as not to negatively affect industries' water service and not to impact traffic. Due to the 1,350-sf gravel road being constructed along a gently sloping hillside with a grade of 850 at road level and 924 at the cul-de-sac, TRDA quickly realized that to prevent erosion additional funding for asphalt would be needed. TRDA budgeted an additional \$210,000 towards the project to cover the asphalt paving. Unfortunately, TRDA was notified that the ARC POWER Grant funding the agency applied for to extend Industrial Boulevard throughout the 185-acre industrial site was turned down. TRDA plans to submit another grant application to extend Industrial Boulevard when the next round of ARC POWER funding is announced.

Successful Results and Lessons Learned

At TRDA one of the goals is to always learn from others in the field of economic development. In August 2020, during the TN Basic Economic Development Course, Mr. Kingsley Brock, Director of Economic Development for Gibson County gave a presentation on Site Selection, He made the statement "Take projects slow. You don't want to look back and have any regrets. Make sure you get it right from the start."⁸ This is some of the best advice economic developers can receive.

In September 2024 TRDA successfully constructed the 1,350 sf Industrial Boulevard and cleared 50-acres of trees from the 185-acre industrial site making the property even more valuable to potential prospects. Moving forward, the next steps will be updated drone footage showcasing Industrial Boulevard and the newly cleared 185-acre industrial site to use in marketing material. This project met the goals that TRDA set out to accomplish. TRDA now

has clear and direct access to a prime industrial site located inside Tellico West Industrial Properties. This project was vital for growth and future development inside Tellico West Industrial Properties.

Since the construction of the road began, TRDA partnered with a local developer that built a 110,000 square foot industrial building. One of our existing industries has signed a lease with the building owner and now has 75 employees working there. The 110,000 square foot building is tied into Industrial Boulevard and uses it as their truck entrance. They expect to have a minimum of 30 trucks per day entering and exiting the facility. This is an example of how valuable Industrial Boulevard is for Tellico West Industrial Properties and the East Tennessee region. Development brings growth and growth creates jobs.



Conclusion

Without the willingness of TRDA to be forward thinking in planning and long-term development, the community will be left behind. Preparing suitable industrial property with clear and direct access is vital for future growth. Unfortunately, many communities don't have ready and available industrial property, and this keeps them from being competitive when recruiting new industries. Being proactive is the best approach when planning for future development and successful economic growth.



¹ UT Center for Industrial Services Institute for Public Services.

“A Best Practices Guide Brought to You by UTCIS” “5 Pillars of Economic Resiliency”

² U.S. Census Bureau Quick Facts: United States (2023) Census Bureau QuickFacts.

<https://www.census.gov/quickfacts/fact/table/monroecountytennessee,US/PST045223>

³ TN ECD Monroe County is defined as Tier 3 *at risk community*.

<https://tnecd.com/advantages/incentives-grants/>

⁴ Comeford, Michelle (April 2024) US Industrial Site Shortage Drives Rural Investment.

<https://www.blsstrategies.com/insights-press/us-industrial-site-shortage-drives-rural-investment>

⁵ Enabling Legislation Tennessee Code Annotated 64-1-701

⁶ UT Center for Industrial Services Institute for Public Services.

“A Best Practices Guide Brought to You by UTCIS” “5 Pillars of Economic Resiliency”

⁷ Tellico Reservoir Development Agency 2021 Annual Report.

<https://tellico.com/about-trda/annual-reports>

⁸ Brock, Kingsley (August 2020) UT Center for Industrial Services Tennessee Basic Economic Development Course “Site Selection Real Estate Development & Reuse.”

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