

**COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY
PROGRESS REPORT
2008**

The Comprehensive Economic Development Strategy developed for the Southeast Tennessee region provides a very succinct set of goals and objectives that lead directly to projects that promote the economic well-being of the region. Since most of these projects involve infrastructure improvements, implementation requires a focus on funding mechanisms. In some cases, local funding is available, but generally, state and federal assistance is critical in providing the necessary infrastructure to attract and retain the jobs that keep the regional economy viable. The Economic Development Administration has been a vital member of the local, regional, state, and federal team that has successfully maintained a diverse source of employment for residents of Southeast Tennessee.

EDA's planning process has provided the framework to involve diverse groups of individuals and organizations through the CEDS Committee. The Committee did its best to anticipate projects based on the needs of the region as outlined in the CEDS document. However, circumstances change, and this report provides an opportunity to fine-tune the list of projects to more accurately reflect succeeding events as is reflected in the following projects list.

Goal	Geographic Area Benefited	Description	Progress
Project 1 Goal 3, Objective c.	McMinn, Bradley, & Monroe Counties	A proposed warehouse development in the Mount Verde industrial park is dependent on the extension of sewer service from the Athens wastewater system to the site. This is a major development that would provide employment for 700 people in the region and assure the economic vitality of the Athens region.	The development is currently on hold. However, sewer is still needed to provide service to the industrial properties located there. Without the sewer, industrial prospects will be less likely to consider the site.
Project 2 Goal 3, Objective c.	McMinn, Polk, Bradley, & Monroe Counties	The Waupaca Foundry, located in the Etowah Industrial Park, is a major source of employment for this part of the region. In order to continue development of employment opportunities, the company needs additional access to the rail system and an increase in sewage disposal capacity. This will require the construction of a rail spur and increasing the size of sewer lines in Etowah to accommodate larger flows to the wastewater treatment plant.	The City of Etowah has applied for \$1,000,000 from EDA matched by \$1,394,725, which will be used to upgrade water and wastewater systems to meet the needs of the North Industrial Park expansion. In a separate application to the State Dept. of Economic & Community Development, \$808,105 was awarded to construct a new rail spur to serve the industry. That sum was matched by a \$79,292 contribution from Waupaca for a total investment of \$888,105. Waupaca's expansion investment totaled about \$60 million and retained 188 high-paying jobs.

<p>Project 3 Goal 3, Objectives b. & c.</p>	<p>Meigs, Rhea, McMinn, and Roane Counties</p>	<p>Water line extensions and (at a minimum) a package sewer plant are necessary to promote development in the northern part of Meigs County. Development of commercial facilities for recreation and tourism on Watts Bar Lake has been a priority for Meigs and Rhea Counties for many years. These facilities will include restaurants, boating facilities, hotels and other similar developments. Since the area does not have any industrial or commercial facilities to provide employment opportunities, this is the only avenue to pursue viable economic development without the infusion of huge amounts of money to provide transportation corridors to the area.</p>	<p>Water line extensions are underway along Highway 68 and peripheral roads in northern Meigs County. These improvements were undertaken by the Watts Bar Utility District using USDA Rural Development funds. Further development of north Meigs properties is unlikely due to a 15 year moratorium on conversions of Tenn. Valley Authority properties. In south Meigs County, the Hamilton Co. Wastewater Treatment Authority is involved in the development of a sewage treatment system to serve a lake-side development that should provide similar opportunities to those envisioned for the north end of the county. Staff was intricately involved in structuring the financing and development of the Blythe Ferry Wastewater Treatment Plant that will serve both Meigs and Hamilton Counties.</p>
<p>Project 4 Goal 3, Objectives a. & b.</p>	<p>Grundy, Coffee, Franklin, & Marion Counties</p>	<p>A regional wastewater treatment plant is required for municipalities in the region, including Monteagle, Sewanee, Tracy City, and Pelham (unincorporated). Although Monteagle has wastewater treatment capacity, the two existing plants cannot adequately treat current flows. Planned commercial development cannot be implemented without a new wastewater plant. This development is currently the only option for additional local employment in an area where more than 50% of employable residents commute as much as 50 miles for a job. Approximately \$150,000 would be needed to assess treatment plant options prior to any construction.</p>	<p>Based on input from the Tenn. Dept. of Environment & Conservation (TDEC), Monteagle is considering alternative options for dealing with its wastewater treatment issues. This includes replacing gravity sewer lines with a pressurized system, refitting its oldest treatment plant, and using the other treatment plant to store excess wastewater until it can be treated. Implementing these measures will partially attain the stated objective.</p>
<p>Project 5 Goal 3, Objective a.</p> <p>VITAL PROJECT</p>	<p>Bledsoe, Marion, Hamilton, Grundy, Rhea,& Sequatchie Counties</p>	<p>Water capacity is limited in the Sequatchie Valley/Cumberland Plateau area due to limited well capacities, inadequate reservoirs, and low-flow periods on the Sequatchie River. New or expanded water plants on the Tennessee River, which has an unlimited supply, would provide the necessary volumes of water to accommodate the new development occurring in the region and provide the means to maintain continued economic growth that this new development will engender. Water needs in the region include supplies for a new State prison in Bledsoe County, large developments in Marion and Sequatchie Counties, and several municipal systems that could lose their water source if current drought conditions persist.</p>	<p>A \$1million Community Development Block Grant and a \$1 million Appalachian Regional Commission application were submitted on behalf of Grundy County to fund water line connections to South Pittsburg and the Tennessee River. South Pittsburg will likely submit a CDBG application in early 2009 for funds to implement planned upgrades to its water treatment plant that will increase capacity from 2 to 4 million gpd. This facility will be capable of providing water to the south Cumberland Plateau as well as the southern part of the Sequatchie Valley. The City of Dayton has received a \$3.3 million grant from the State to assist them with upgrading their water treatment plant and help with installing transmission lines that will eventually stretch more than 30 miles to reach the new State prison. Additional funding will be required to meet objectives.</p>

<p>Project 6 Goal 1, Objective a.</p> <p>VITAL PROJECT</p>	<p>Bledsoe, Bradley, Catoosa, Dade, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea, Sequatchie, Walker Counties</p>	<p>Retiree recruitment is a regional economic development strategy embraced by all of the local governments in the region. Providing information to potential retirees through website development, along with marketing and fulfillment, will showcase the Tennessee Valley as an ideal alternative. Retirees from northern climates who moved to Florida are now seeking more temperate climates, but they will not know what this particular region has to offer unless it is promoted. Retirees will need housing, medical facilities, and commercial establishments. This will result in significant numbers of service jobs, which will help diversify the local economy and promote continued development.</p>	<p>Documentation is available to show that Cultural Heritage tourism promotions are the best tools for retiree recruitment. In addition, Choose Chattanooga (a Chattanooga Chamber of Commerce program) is facilitating relocation.</p>
<p>Project 7 Goal 2, Objective b.</p> <p>VITAL PROJECT</p>	<p>Dade, Grundy, Hamilton, Sequatchie Counties</p>	<p>As fuel prices increase, materials transport by barge becomes more cost-effective. The major increase in transportation-related jobs in the region indicates that large volumes of goods are handled in the area. An inland port facility located in Marion or Hamilton County would fit well with the transport-based economy that is already present. Barge transport via the Tombigbee Waterway would provide a direct link to Gulf Coast sea ports.</p>	<p>The Port of Nickajack has been declared a Foreign Trade Subzone. Companies located in an FTZ may reduce, defer or eliminate customs duties on imported materials and products. A large manufacturer, CBI, has closed on 61 acres of property on the Port site. CBI's operations will require rail enhancement and contribute to upgraded intermodal facilities at the Port.</p>

See Attachment I for a list of goals and objectives.

A project that was not part of the original CEDS but came about as the result of subsequent events was the Regional Skills Audit. Community audits bring together information on economic and labor market trends to support both strategic planning and WIA program operations. They depend on a common base of information about the regional labor market— both its demand and its supply sides—and about the kinds of workforce development and other critical resources available that effect people’s ability to work in a given area.

A community audit is fundamentally a strategic planning effort that involves all relevant stakeholders. Through community audits, local leaders can assess what new skills may be in demand in growth sectors of their economy and where a decline in demand for certain skills may signal future layoffs. On that basis, they can mobilize the resources at their disposal to more effectively match labor supply and labor demand. As one very experienced practitioner put it, “Community audits provide you with a sense of your options.”

The proposed Regional Workforce Audit will include a study of Industrial Employment and Firm Growth, Occupational Analysis, Survey of Local Training Capacity and Employer Focus Groups. These pieces of information, once collected will be compared to population data and other existing resources to complete a Skills Gaps Analysis for the entire region, outline training programs needed and assess training capacity throughout the region.

The basic components identified thus far that would create the basic structure of the audit are an Industrial Development and Firm Growth Study, Occupational Analysis, and Employer Focus Group. A breakdown of these components is available in Appendix A. After these components are completed, a gap analysis to determine what training needs the area has and compare those with the capacity of local training providers will be completed. All collected data and analysis will then be used to create action plans to address revealed needs in collaboration with the members of the Tri-State Alliance, regional businesses and training providers and elected officials. It is expected that the audit data collection and analysis can be completed in a 12 month time period from date of funding.

A second important development that occurred late in the reporting period was the announcement by Volkswagen AG that it had chosen the Enterprise South Industrial Park as the location for its North American auto assembly plant. This will result in the direct creation of about 2,000 jobs, and an indeterminate number of other jobs as plant suppliers move to locate near the new plant. In 2002, EDA provided funds to finance the Phase I infrastructure build-out of the Park, and this investment helped pave the way for the successful location of this plant.

Although the Enterprise South project was not on the original priority list, current events have moved it to the forefront of the regional economic development picture. There is a high probability that EDA assistance will be needed to complement some of initiatives that will occur as the result of this

In addition to projects outlined in the CEDS, Development District staff continued to promote regional development through all available federal and state programs. One of the primary funding sources for these projects is the Community Development Block Grant program submitted annually on behalf of local governments in February. The following list of potential CDBG projects essentially reflect the primary funding needs of local governments eligible to participate in the program.

Project	Total Project	Grant Funds	Local Funds	Beneficiaries
Athens Sewer	\$750,000	\$500,000	\$250,000	13,386
Benton Sewer	600,000	450,000	150,000	105
Charleston Sewer Line	584,000	500,000	84,000	90
Coalmont Housing	217,500	217,500	-	71
Dayton Fire	213,500	160,000	53,500	10,836
Decatur Sewer	250,000	220,000	30,000	48
Englewood Sewer	266,000	250,000	16,000	1,163
Graysville Water Plant	510,000	479,400	30,600	2,437
Jasper Water System	620,361	500,000	120,361	7,292
Grundy Water Source	11,200,000	1,000,000	10,200,000	15,565
Niota Water Line Extension	595,000	95,000	595,000	162
Polk County Water Line Extension	790,380	500,000	290,380	280

Rhea County Water Line Extension	1,344,400	500,000	844,400	299
Total:	\$17,941,141	\$5,371,900	\$12,664,241	51,734

These applications are designed to serve low-income households and provide for the necessary infrastructure to provide for sustainable economic development throughout the region. This list includes the Grundy County application that is referenced in the attached projects list as a *Vital Project* identified in the CEDS document.

CDBG projects are the result of long-term planning at the local level and regional level. One of the primary objectives from a regional standpoint is connecting public water utilities so that backup supplies are available in the event of an emergency or a long-lasting drought event as occurred in the last few years. The Jasper and Rhea County projects listed above will move that objective forward.

Other grant applications include the following Appalachian Regional Commission applications that were submitted in October 2007. This is another source of funding for the Grundy County project referenced in the previous table and the CEDS project list.

Project	Total Project	Grant Funds	Local/RD/Loan
Ducktown Sidewalk	\$ 251,714	\$ 125,857	\$ 125,857
Etowah Utilities Water Plant	811,280	405,640	405,640
Grundy County Water Source	3,700,000	1,000,000	2,700,000
Polk Co. Old Line Railroad	110,398	55,198	55,198
Rhea Medical Center Equipment	513,000	256,500	256,500
SETDD GIS	140,000	70,000	70,000
South Pittsburg/Kimball Water Supply	50,000	250,000	250,000
Total:	\$ 5,576,392	\$ 2,163,195	\$ 3,863,195

In addition to annual CDBG project applications, District staff submit and administer industrial applications with various funding sources. All of these projects were developed to create jobs or provide the infrastructure to attract industrial locations. The following list provides some information on projects that are currently in process.

Applicant	Project	Capital Investment	Public Funds	Source	Job Creation	Status
Whirlpool City of Cleveland	Detention Pond	\$ 21,700,000	\$ 1,122,000	FEMA \ Fast Track	150	In Design, acquisition started
TAG, Enterprise South	Site Prep & rail spur	6,000,000	175,000	Fast Track	155	Change in scope requested
Grundy County	Monteagle Square - Infrastructure	19,000,000	750,000	CDBG	100	ECD Waiting on signed contract

City of Collegedale	McKee Foods Utilities	35,000,000	750,000	Fast Track	350	Under Construction
Bradley County	Hiwassee River Ind. Park Utilities		330,141	Fast Track		
City of Athens	Maxwell Industries Equipment	-	299,000	CDBG loan	40	Approved by ECD
City of Chattanooga	Center for Adv.Mfg, Enterprise S.	6,000,000	1,500,000	Fast Track	1,500	State Contract to ECD
Dade Co. Industrial Dev. Auth.	Rail Spur/JMS Metals	5,200,000	175,000	REBA	60	Waiting on PER
Rhea Co. & Town of Spring City	Access Road in Spring City IP	-	-	TDOT	80	Engineering Selection
Rhea Co.	Rail Spur/General Shale Brick	30,000,000	TBD	Fast Track	80	Waiting on Eng Cost Est.
City of Pikeville	SBI Infrastructure Improvements	530,000	280,000	Fast Track	75	Application in process
Hamilton County	National Print Group	742,000	742,000	Fast Track	50	Application in process
City of Etowah	Access Road in Etowah IP		-	TDOT		In Design
Grundey County	Pelham Spec Building	400,000	\$ 200,000	ARC	30	In Design
Total:		\$ 124,572,000	\$ 5,381,141		2,670	

Abbreviation Key

FEMA: Federal Emergency Management Agency

FastTrack: Tenn. Dept. of Economic & Community Development industrial grant/loan program.

CDBG: Community Development Block Grant Program (loans also available)

REBA: Regional Economic Assistance Program

TDOT: Tennessee Dept. of Transportation

ARC: Appalachian Regional Commission

The Hiwassee Industrial Park project is the result of a new program offered by the Tennessee Dept. of Economic Development that provides funding for speculative buildings in industrial parks. Consequently, no jobs have been created, but the project will promote industrial recruitment by providing a new industrial facility that can be leased or purchased.

ATTACHMENT I

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY GOALS AND OBJECTIVES

Goal 1: Attracting retirees to the region would provide additional employment in service facilities and organizations throughout the region.

Objectives

- a. Retiree recruitment program

Goal 2: Develop transportation resources, maintain existing manufacturing capacity, and support infrastructure to re-integrate goods-producing sectors back into the regional economy.

Objectives

- a. Support the development of Corridor K and Highway 30
- b. Develop an inland port facility in Hamilton or Marion County

Goal 3 : Provide water service to all parts of the region and develop sewage treatment capacity where feasible.

Objectives

- a. Develop regional water treatment plant capacity for the Sequatchie Valley region
- b. Construct water mains to service areas in the region that do not have assured water supplies
- c. Sewage system upgrades and extensions to areas that do not have adequate treatment capacity