

Roane County's Industrial Effort

One of our current five focus points (www.roanegov.org/countyexecutive) is Roane County's effort of Industrial Economic Development. We have a number of areas in which we direct our attention and resources and will outline our program later in this writing but first we should explain our philosophy of Industrial Economic Development. Governments, at least at the local level, do not create jobs. We could create jobs by raising taxes and then employing individuals; however, from an economic sense we believe the local government should focus employment on servicing the public's needs not employing individuals to create jobs. Thus your local government is not a job creator.

Since local governments do not create jobs one might ask what is the local government's role in job creation or retention and why is industrial economic development one of your focus points? First, economic development is a focus point because we believe it is of utmost importance to have employed citizens allowing the improvement in the standard of living or livability of our communities. Second, the local government role in economic development is to create or provide an environment, climate, and opportunities in which companies will grow or would desire to locate in our county and/or region. To provide this environment and climate we must have an understanding of what industries and businesses are needing to be successful and then we market to these industries and provide, where possible, resources.

One must understand that businesses and industries make decisions which they determine will be beneficial or profitable to the business and their primary goal is increasing shareholder's wealth. Many businesses are also very civic minded and realize what is good for the community is also good for their business. We are thankful that many, or should I say most, Roane County businesses also have the community and the local environment in which they also live as a goal to improve livability. As we understand this concept that a company's interest is doing what is best for the company; we provide resources to assist existing and potential businesses.

Within the following paragraphs we will reference a few resources and marketing tools we use in helping to create an environment in which not only the company would chose to move and live but also the families of the organizations. In this article we will not address the educational components provided by local schools:

We must sell Roane County on how we will make businesses successfully. We ask the question another way, how does a local government help make a business successful and how do we recruit and retain businesses? No different than a young boy or girl getting ready for their first date; they clean up and put on their best clothes, Roane County does the same. If we are entertaining a client we want to look our best. (1) As simple as sending our litter pick up crews to our industrial parks to clean up any debris, we will do it. We wish all of our citizens realized the cost of litter, either us having to pick it up or the loss of potential jobs due to us not being a presentable county; but this a story for another day.

(2) For 2013 Roane County will invest approximately \$663,000 of the county's \$94,400,000 annual operating budget for industrial economic development. This cost does not include any debt repayment for the acquisition and development of industrial properties. The Roane Alliance will receive the bulk of these funds for the Industrial Board and Tourism operations. The monies for the industrial economic development effort are earned from a small portion of the property tax, all of the hotel/motel and wholesale beer taxes and payments in lieu of taxes from two industries that are under tax abatement programs. Like most decisions in government some think the investment is too great and some too small. This cash outlay pays for the marketing, recruitment and education opportunities of new and existing businesses along with our tourism effort of economic development.

The Roane Alliance is a consolidated effort established a number of years ago to eliminate three administrative functions of the Roane Tourism, Chamber of Commerce, and Industrial Development Board and to coordinate our recruitment and retention efforts. Roane County followed some counties in the Alliance formation and other counties have followed Roane County. The Alliance performs many functions that assist in industrial and economic development that

we are not discussing in this article. Roane Executive Summary #7 (www.roanegov.org/countyexecutive) summarizes the Roane Alliance operating function.

(3) We hosted a summit to let the community know what properties are available. Executive Summary #22 outlines the county's industrial property inventory as presented in a summit held at Roane State Community College.

(4) A number of years ago Roane County adopted a tax abatement program where a company would forgo a certain amount of property taxes for a number of years based on the company's number of employees and total investment in their plant and equipment. (5) Roane County makes available matching funds in order to secure state grants to assist in a new company's capital investment; primarily these grants are for the extension of public utilities and building adequate roads for a new plant location. (6) We also provide grant administration services. (7) We have available and administrate a Federal Government loan program for small business. Further, (8) we assist the owners/contractor in a fast track building plan review and inspection. (9) On certain new large investments the county may abate the building fees.

Companies research their potential new locations/communities very similarly to individuals relocating after retirement. Companies not only want to know the price of land but distances to various venues and accessibilities of other markets or even cultural and recreational activities. Companies want to know the stability, both in management and finances, of their local government. What the annual tax burden may be and cost of utilities along with available utilities. (10) Roane County is working to create a stable tax rate with the development and implementation of both debt management and capital programs. (11) Fire protection has become an increasing issue with companies needing and often requiring certain ISO ratings; due to this need a limited county wide fire department was established.

(12)The Alliance and the county have elected to have two parcels of properties qualified as "site certified". The county and all our public utilities are working to

secure this designation. Under this designation a potential company can narrow and will have a limited search of properties that meet their needs.

(13)The county is currently exploring Tax Increment Financing (TIF) product. A TIF is where certain properties, generally in a blight area or underserved area, have the tax base frozen at a given time and a developer would invest in the area with the hope that any incremental increase in property tax revenue would be used to pay for the developer's investment/loan. The county has no financial risk; however, the county forgoes the increased revenue that could be generated from the new development or construction. The county would evaluate a TIF project based on the likelihood that without the TIF product would the development even occur? A prime example would be the tax exempt property (which does not generate property tax revenue) owned by the City of Harriman (due to the hospital relocation) and should the county and city consider these properties in a TIF development district to encourage a developer's interest in an investment. In one sense a TIF is not much different than the tax abatement program currently available.

Roane County's investments, whether they are financial, time, or tax abatement, are all costs or deferment of revenue to the county and we examine each prospect to determine what we are willing to invest. We ask ourselves the question "is it worth the investment?" Sometime the answer is yes and sometimes the answer is no. Some companies we choose that, due to the nature of the business, we would rather keep our resources for another day. Case in point was the proposed chemical coal-to-gas plant proposed at the Plateau Park in Cumberland County. The request from the company did not meet our investment return. We did not feel comfortable investing millions of dollars into a sewer treatment plant for an unproven technology, giving the land away, and the prospect of the company never becoming a viable business. We had concerns having the chemical plant blowing winds from the west into our communities. There were other factors and there have been other inquiries that we have chosen not to take on a date.

Industrial recruitment is not an exact science. There will never be exact answers. But if we take advantage of the tools in our industrial recruitment tool box we hope to become successful and create just the right job for you, your neighbor, your children, or grandchildren.

At the end of the day a company will make a decision based on what they perceive is best for the company; our job as both elected, hired officials along with the general public is to show businesses we are a welcoming and accepting community. The next time you see a stranger at the gas pump say "Hello" he/she could be leading our next business.

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