
MEMORANDUM

Agenda Item # 14

Date: February 3, 2010
To: Metropolitan Planning Commission
From: Mark Donaldson, Executive Director
Subject: **East County Sector Plan (an amendment to the Knoxville-Knox County General Plan)– 2-A-10-SAP**

RECOMMENDATION: APPROVE

MPC staff recommends that you adopt the [East County Sector Plan](#) (an amendment to the Knoxville Knox County General Plan) and forward the plan to City Council and County Commission with a recommendation for adoption. A resolution is included for that purpose.

Overview of the Plan

The last time that the plan was comprehensively revised was 2001 (adoption by MPC in December 2000, followed by adoption by City Council and County Commission, January 2001). Several factors, public viewpoints and trends were considered in drafting this 2010 document. They are outlined in this memorandum.

Tennessee law prescribes that regional planning commissions, like the Knoxville Knox County Metropolitan Commission, create the regional plan (in other words, the Knoxville Knox County General Plan). Under state law, MPC has the duty to make and adopt plans for physical development within Knoxville and Knox County, including economic development, uses associated with trade and housing, conservation of agricultural and forest resources, and provisions of utilities and facilities for schools, parks and open space, transportation and other infrastructure. That framework has been used in creating this East County Sector Plan, which along with the other sector plans is an element of the Knoxville Knox County General Plan.

In April 2001, the State approved the Farragut-Knoxville-Knox County Growth Policy Plan, which forms the framework for growth and conservation across the county. This 2010 update of the East County Sector Plan is consistent with the Growth Policy Plan; the Urban Growth Boundary, Planned Growth Area and Rural Area are referenced as basis for the land use designations in the plan that you are considering and no changes to those designated areas are recommended. The Rural Area contains 55 percent of the land in this sector.

In general, the land use plan is similar to the 2001 East County Sector Plan. The main differences are attributed to incorporating MPC's revised land use classifications that go into more detail than those used in the past. For example, the previous plan called for large areas of general commercial, however, the new plan goes into more detail in regard to the nature of commercial designations, whether they are rural, community, mixed use, or highway-oriented.

The land use plan identifies seven mixed use special districts. Each district contains a list of appropriate uses and recommended zoning to achieve the plan's goals. These special mixed use

districts are located at major points on the landscape where road systems are generally good and where a variety of potential land uses may be appropriate. Because of site constraints such as topography, lack of internal street systems and environmental factors, zones requiring site plan review are recommended.

The plan also recommends the pursuit of overlay districts to create better design and conservation standards. Commercial highway and rural scenic overlays are proposed (for example, one addresses the need to improve John Sevier Highway and Asheville Highway as commercial corridor overlays, and another overlay is proposed for scenic rural corridors like Thorngrove Pike and Kodak Road).

A French Broad Conservation Overlay is also proposed to better ensure that the area's natural resources and historic resources are conserved. The conservation area includes approximately 5,000 acres on the north side of the French Broad River. While such a conservation area has been discussed in the past, the recommended boundary for the corridor is proposed in this document for the first time. The proposed boundary is based on the following factors: areas of prime farmland, the distribution of historic and archaeological resources, existing open space such as the Seven Islands Refuge and the prominent edges of the scenic vistas in the corridor, which are defined by the ridge lines that frame the area. The plan identifies a wide range of programs that could be used in implementing the corridor plan (for example, additional farm conservation easements and conservation subdivisions) and the principles for developing design guidelines to foster new development that is keeping with its traditional rural character.

The proposals of the community facility and transportation plans are consistent with the recently adopted Knoxville-Knox County Park, Recreation and Greenways Plan and the Long Range Mobility Plan. A particular community need that is identified in the community facilities plan is an improved or new Carter Elementary School.

During the most recent public meeting, held January 25th, and throughout the process, MPC staff discerned through public discussion and written comments that most citizens were comfortable with most of the land use plan proposals with the exception being the Northwest Quadrant of the Midway Road interchange (see the following).

The Midway issues: Early in the public involvement process MPC staff heard opposition to consideration of a business park at Midway. MPC staff believes that the Metropolitan Planning Commission, City Council and County Commission should take into account the concerns of the area residents as well as a broader county-wide public, which has job creation and economic development as county-wide goals. The Knoxville Knox County General Plan provides a goals and principles related to economic development. Quoting from that plan and its agenda for quality growth:

1. Develop a strong economy: a sustainable economy that will provide good jobs, weather economic downturns and provide a high quality life for the largest possible segment of our population is the foundation for quality growth.

Under that goal, the General Plan contains a principle that is germane to both brownfield redevelopment and new economic development: *"Economic development should be balanced across the county, with job opportunities created through development of new sites, redevelopment of older properties, and expansion of existing business."* In keeping with that General Plan principle, MPC has looked to both redevelopment planning (ranging from the I-275 business park concepts, adopted in the Central Sector Plan to the identification of strategically well-positioned new sites, capable of sustaining long term economic development, like those locations identified in the East County Sector and elsewhere in the county).

Staff recognizes that the Midway Interchange area is well positioned for higher intensity development, particularly with its interstate highway access and fairly level topography. The land use proposals for the Northwest Quadrant of the interchange are made in recognition of those assets.

Off-site and onsite development concerns:

- Area residents expressed concerns about sanitary sewer extensions to the interchange and a potential sewer treatment plant on the French Broad River. The concerns centered on impacts to the concept of a conserved French Broad Corridor and the impetus to other development that would likely be sought with such infrastructure. MPC staff shares the concerns and responded with recommendations of no change to the Rural Growth Area, the creation of a French Broad Conservation Corridor and a recommendation of an onsite wastewater system, should development of the E Co-7 Midway interchange mixed use area be pursued. (At the September Roundtable meeting, the Development Corporation noted that such a system would be used if their project is allowed).
- Trucking terminal issues were brought up in the course of the planning process, including maximization of jobs issues and impacts to surrounding properties (the site rises slightly to the north and staff has concerns that expansive trucking yards cannot easily be buffered from surrounding rural and low density residential uses).

The maximization of jobs issue should be a significant concern. As an example of potential warehouse distribution use employment, the Development Corporation points to the 250 jobs that were created on the Sysco site (an area of 48 acres), which translates to approximately 5 employees per acre. In Appendix C, you will find the Institute of Transportation Engineers nationwide data, examining averages of employment generation per type of use; truck terminal and warehousing uses are the lowest generators. Other uses should be sought for Midway Northwest Quadrant E Co-7 development as outlined in this plan.

- When MPC staff was asked to update the 2002 Office and Business Park Study, staff asked the Development Corporation if office park sites should be included. The Corporation felt that was not needed because the private sector can address meeting those needs. MPC staff agrees; several major projects, like Dowell Springs and Century Park have come on line and there are numerous opportunities to absorb office growth in and around downtown. By the same token, MPC staff believes that commercial retail development can be handled by the private sector and that the Midway Northwest Quadrant is best suited to a mix of uses proposed in the plan, which does not include a separate conventional highway-oriented commercial area. Should a business park be permitted, the appropriate zone (as noted in this plan) is the Employment Center (EC) district, which allows up to 20 percent of an EC-zoned area to contain retail that is incidental to the project.

Some interests have said during the planning process that there have been no changes that would warrant consideration of a Midway area plan amendment. MPC believes that there are several changes and considerations. These are outlined in Appendix D. A summary of the changes follows:

1. Growth Policy Plan approval: State approval of the Farragut-Knoxville-Knox County Growth Policy Plan (April 2001), established the County's Planned Growth Area (PGA) to the northwest of the Midway interchange, the City of Knoxville's Urban Growth Boundary (UGB) to the previously incorporated area to the northeast and southeast of the Midway interchange and the designation of the Rural Area to the south and east of the PGA and UGB designations. Both the PGA and UGB designations allow low to higher land use intensities related to residential,

commercial and economic development uses. The Rural Area designation was conceived to conserve land for agriculture, protect natural resources, and meet future growth needs.

2. Population and work force growth: during the 2000 to 2008 period, the County's population grew by approximately 48,000 and the work force (those over 15 years of age) grew in approximate proportion to population growth. Looking to the 15 year horizon of this plan, an additional 52,000 residents can be estimated and, likewise, a proportional increase in the work force out to 2025 (the 15 year horizon of this plan). The implication is that the city and county have seen demographic changes related to economic stability and should consider a variety of opportunities to maintain a county-wide balance in economic development. Of potential concern is the loss of manufacturing jobs over the last few decades whereby that manufacturing share is roughly seven percent of the county's employment (versus almost ten percent nationally), and the rise of retail sector employment to 26 percent of county employment (appreciably above the national average of 20 percent).

3. Loss of land zoned for or planned for (via previously adopted plans) other purposes than industrial or business park development: Between 2000 and 2010, over 700 industrial-related acres were rezoned for non-industrial purposes; almost 400 acres of land designated for industrial or business park uses were changed through sector plan amendments to non-industrial (almost always residential) uses. The most significant of these was the loss of a 70 acre area of a proposed Business Park designation in the 2001 East County Sector Plan to residential, effectively eliminating a 365 acre opportunity for economic development purposes.

4. Continued reduction in the land base for business park development: Beyond the preceding points, there has been an 'infilling' of economic development sites since 2001. Virtually all of the land of the earliest industrial parks has been absorbed, primarily through sales to and development by private interests. What might have appeared as vacant tracts a few years ago were expansion-related opportunities for various firms (for example, Green Mountain Coffee's development and Philips metal recycling in Forks of the River).

5. Changes in utility technology: Larger scale on-site wastewater systems have been made possible in the decade, avoiding the need to extend conventional facilities. The approval process for such systems is now in place through state environmental review.

6. The addition of a new zoning district (the Employment Center district): Prior to a few years ago, there were few tools (that is, zoning districts) in the Knox County Zoning Resolution, which required site plan review and transparency in the types of uses that would be approved. In view of this shortcoming, MPC staff developed the Employment Center Zone (EC) zoning district, which establishes the means to assure design standards and specific acceptable uses, and requires additional public and MPC review (via the use-on-review process).

Ochs Center Report: The Ochs Center for Metropolitan Studies, working with the French Broad Preservation Association, has offered an alternative to the Midway development proposal (see the Ochs Report in your packet). MPC staff has recognized that their recreation and cultural development scenario merits further consideration within the identified French Broad Conservation Corridor. MPC staff sees the potential for realizing higher intensity economic development uses at the interchange and fostering tourist-oriented development close to the river.

Public meetings and hearings

MPC staff held various public meetings concerning the update of the East County Sector Plan. These meetings included two advisory committee meetings, five East County Sector Plan meetings, and one Midway Area Roundtable discussion and meeting. The various meetings are

presented in chronological order. At each of these meetings MPC staff was available to answer questions and staff also utilized comment cards throughout the process to gather community input.

Advisory Committee Meetings: The advisory committee was formed by MPC because some residents were dissatisfied with MPC's staff use of a survey as the initial step in gathering public input for the plan update. After two meetings in the summer of 2008, several members of the Advisory Committee made recommendations on the types of meetings that they would prefer: MPC proceeded accordingly.

Sector Plan Meetings: First Sector Plan Meeting (July 31, 2008): At the request of the advisory committee, MPC staff held the first East County Sector Plan Meeting to review MPC's comprehensive planning program and provide an overview of the plan adopted in 2001.

Second Sector Plan Meeting: Held during October of 2008, MPC staff, TPO staff, and county staff served as facilitators of small break out groups that identified issues pertaining to rural areas, employment areas, commercial development, transportation improvements and community facilities.

Third Sector Plan Meeting: Held during June of 2009, MPC staff presented draft recommendations, including no proposed changes to the Growth Policy Plan, town center and other mixed use development approaches, economic development strategies, park concepts, and French Broad conservation concepts.

Fourth Sector Plan Meeting: Held during July of 2009, MPC staff presented draft policies and plan recommendations concerning land use, community facilities, and transportation.

Fifth Sector Plan Meeting: Held January of 2010, MPC staff presented the draft East County Sector Plan and the French Broad Preservation Association presented the Ochs report that looked at alternatives for economic development in the area.

Roundtable Meeting: The roundtable discussion meeting was set up at the request of the residents during the third sector plan meeting. The meeting, held on September 29, 2009, was facilitated by a third party, Professor Becky Jacobs and Professor Brian Krumm of the UT Law School. The Midway Road Interchange area landholders and stakeholders were invited to the meeting as were representatives of the French Broad Preservation Association, Thorngrove Community Club, Eighth District Preservation Association, TVA, KUB, MPC and the Development Corporation of Knox County. Each group was asked to talk about their interest in the area.

In addition to the MPC public hearing, there will be three additional public hearings; two before City Council and another before County Commission.

**KNOXVILLE-KNOX COUNTY
METROPOLITAN PLANNING COMMISSION
A RESOLUTION ADOPTING THE EAST COUNTY SECTOR PLAN AND AMENDING THE
KNOXVILLE/KNOX COUNTY GENERAL PLAN**

WHEREAS, the Knoxville-Knox County Metropolitan Planning Commission, a regional planning commission established pursuant to state statute, has the duty to make and adopt plans for the physical development of Knoxville and Knox County, including economic development, uses associated with trade and housing, conservation of agricultural and forest resources, and provisions of utilities and facilities for schools, parks and open space, transportation and other infrastructure; and

WHEREAS, the Metropolitan Planning Commission staff prepared a background report, containing an inventory of existing conditions and trends regarding the sector; and

WHEREAS, this plan is consistent with the plan maps and policies of the Farragut-Knoxville-Knox County Growth Policy Plan, maintaining the Urban Growth Boundary, Planned Growth Area and Rural Area of the Growth Plan; and

WHEREAS, this plan is consistent with the goals of the Knoxville-Knox County General Plan, including those related to development of a strong economy, provisions of transportation choices, development and enhancement of neighborhoods, communities and corridors, provisions for strategic investments, and protection of rural areas, historic resources and water quality; and

WHEREAS, there have been significant demographic and land use changes that affect potential economic development in Knox County, including the East County Sector; and

WHEREAS, two advisory committee meetings, five public meetings and one Midway Area Roundtable meeting were held to identify issues, discuss alternatives and develop the draft plan; and

WHEREAS, the Metropolitan Planning Commission staff prepared the East County Sector Plan, and presented the plan concepts and draft through several public meetings and MPC's website; and

WHEREAS, the Community Facilities Plan is consistent with the Knoxville-Knox County Park, Recreation and Greenways Plan, adopted by MPC (2009), Knoxville City Council (2010) and Knox County Commission (2010); and

WHEREAS, this sector plan is consistent with the Long Range Mobility Plan, adopted by the Transportation Planning Organization (2009).

NOW, THEREFORE, BE IT RESOLVED BY THE KNOXVILLE-KNOX COUNTY METROPOLITAN PLANNING COMMISSION:

SECTION 1: The Commission hereby adopts the East County Sector Plan, dated February 2010, as an element of the General Plan.

SECTION 2: The Planning Commission further recommends (a) that the Knoxville City Council adopt the plan through passage by ordinance and (b) that the Knox County Commission adopt the plan by resolution.

SECTION 3: This Resolution shall take effect upon its approval.

Date

Chairman _____

Secretary _____



1956-2006

Celebrating Fifty Years of Public Service



MEMORANDUM

Agenda Item # 14 (2A-10-SAP)

Date: February 5, 2010
To: Planning Commission
From: Mark Donaldson, Executive Director
Subject: East County Sector Plan (an amendment to the Knoxville-Knox County General Plan)

Attached are two items related to the East County Sector Plan:

1. The Ochs Report, which is referred to in the cover memo in your packet; and
2. The comments of the Development Corporation.

Ochs Center Report (received by MPC January 14, 2010)

DRAFT

From: William Tharp, Ph.D.

Ochs Center for Metropolitan Studies

To: French Broad Preservation Association

Re: Economic and Alternative Impact Analysis

Date: November 25, 2009

The Development Corporation of Knox County has purchased 381 acres in eastern Knox County as a commercial development site. The proposed development site is located within a rural agricultural area that is adjacent to the proposed French Broad River Conservation Corridor.

The French Broad Preservation Association (FBPA) has opposed this plan and is seeking an alternative to commercial development that creates jobs and economic impact while preserving the area's natural beauty. The Ochs Center has been engaged to conduct this analysis.

The French Broad Corridor has the potential to become a premier recreation, cultural and tourist destination. The French Broad River Conservation Corridor could support substantial economic activity while preserving its rural and historical character. The purpose of this research memo is to examine how alternative uses -- tourism, recreational and cultural - could result in economic activity within Knox County.

Based on our analysis and depending on which strategy is used (and the export ratios that result), the alternate development strategy could yield between \$3.7 million and \$14.4 million in annual monetary impact and create between 50 and 191 jobs.

Knox County Market Conditions

The Knoxville area has experienced a decline in demand for commercial and industrial space as the national economic downturn has taken its toll. For 2008, the downtown office vacancy rate was 11.9% and the office vacancy rate for the MSA was 10.5%. Industrial vacancy rates were similarly high for the MSA, at 11.1% in 2008. In total, 5.7 million square feet of industrial and office space were available in 2008.¹

Employment and firm growth have slowed in the Knox County since 2005. In 2009, first quarter private sector employment was 185,669, a 1.4% increase from 2005. The more recent trend indicates retraction of 3.8% from 2007, and 5.7% from 2008.

¹ Knox County Metropolitan Planning Commission, *Property Market Studies*, www.knoxmpc.org

Table 1 – Knox County Firms and Employment, 2005-2009²

	Firms	Employment
2005	10,141	183,164
2006	10,382	187,897
2007	10,834	192,970
2008	11,154	196,842
2009	11,026	185,669
	Growth Rates	
2005-09	8.7%	1.4%
2007-09	1.8%	-3.8%
2008-09	-1.1%	-5.7%

Firm growth over this time period reflects an 8.7% growth rate between 2005 and 2009, although growth since 2007 has slowed to 1.8%. Over the 2008 to 2009 time period, the number of firms in Knox County has actually contracted by 1.1%.

These trends indicate a supply of vacant commercial and industrial space in Knox County and employment and firm growth that reflects reduced demand for such space in the Knoxville region. It is therefore possible that the construction of additional office and industrial space – and the activity that it may house – would consist of previously existing activity in another part of Knox County (i.e. downtown/CBD) that is shifted to the Midway Business Park. Thus, any economic impacts would be minimized to the extent that business activity in one part of Knox County is shifted to another - representing little or no true economic benefit to the county.

Midway Office Park Impacts

In 2006, the Knox County Development Corporation commissioned Younger Associates to conduct an economic impact analysis of the proposed Midway Business Park.³ This analysis concluded that activity at the Midway Business Park would generate \$208 million annually in wages and 4,600 jobs at full-scale implementation. This assessment explicitly stated that all impacts would be created within Knox County.

The Younger Associates study excluded any relevant market assessment from the analysis, and instead used employment per square foot at the Westbridge Park complex as a proxy for labor market demand in Knox County. In structuring the assessment in this manner, the Younger Associates study ignores the fact that much of the potential “new” employment at the Midway Business Park would not actually be “new” to Knox County.

Because recent historical employment and firm growth trends in Knox County suggest a likely displacement effect, it is possible that Midway could create zero net new jobs and

² U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2005-09.

³ Younger Associates, *Preliminary Economic Impact Analysis - Midway Business Park*, 2006.

firms. In addition, there is no evidence that any firms would choose to locate at Midway. To date, there are no existing commitments from tenants to locate at this development.

Alternative Strategy Impacts

The Knoxville MPC East County Sector Draft Plan Recommendation contains guidelines for development of the East County Sector, which includes: 1) a mixed-use town center development that includes various types of residential, office and retail uses; 2) an office or technology park; and 3) business park

The MPC Draft Plan Recommendation also states that the policy should maximize employment opportunities in light manufacturing, research/development and office-related buildings, but prohibits regional warehouse/distribution use because of the impacts to the landscape and road system beyond the interchange area. The MPC also recommends that service-oriented commercial uses are allowed only on sites presently zoned for such uses.

It is possible that an alternate strategy can create more immediate economic impact and preserve the natural integrity of the East Sector and French Broad Corridor without displacing jobs from other parts of Knox County. This strategy relies on the existing assets of the area and requires no large-scale commercial development. Given its natural beauty and resources, the French Broad River Corridor has the potential to become a unique tourist, recreational and/or cultural destination.

This alternate strategy has the potential to create economic impact by building on the significant tourism industry in the region. The French Broad Corridor has the potential to benefit from its proximity to a major tourism and recreation area. The Great Smoky Mountains National Park has consistently drawn the most visitors of any park in the National Park Service System, and has drawn over 9 million visitors annually for the past five years.⁴

**Table 3 - Great Smoky Mountains National Park
Attendance in Tennessee, 2004-2008**

	Attendance
2004	9,167,044
2005	9,192,477
2006	9,289,214
2007	9,372,253
2008	9,044,010

⁴ U.S. Department of the Interior, National Park Service at <http://www.nature.nps.gov/stats/park.cfm>

Depending on the resulting import ratio, these impacts represent true expansion because they bring new spending into the local economy, rather than simply reshuffling the local output, wages, and jobs within the local economy.

This alternate strategy includes the following:

- The expansion of recreational opportunities through the creation of a recreation area that acts as a gateway to the French Broad River Conservation Corridor. This recreational area could contain a welcome center with a museum, bike trails, restaurant, and a recreation center offering kayak, canoe and bike rentals.
- A small-scale performance center that takes advantage of the musical history of the region and meshes with the other uses of the Corridor.
- Development of low-density land uses compatible with the character of the Corridor such as small-scale lodging and entertainment venue, conference/retreat center, or historical/archaeological education center.

It is possible to model economic impacts resulting from visitors attracted to the region by one or more of these activities/attractions. These impacts are modeled to be industry-specific and are assumed to filter throughout the regional economy through direct, indirect and induced effects.⁵ The projected impacts are estimates based on ongoing operations, and do not include impacts from planning, infrastructure development, or construction. These impact estimates do not contemplate specific design guidelines and/or zoning changes that may be required to develop capacity for this strategy.

The Ochs Center projects that the French Broad Conservation Corridor could attract 100,000 annual visitors as a result of full implementation of the alternative strategy. Uncertainty exists, however, on the issue regarding the proportion of visitors who would originate from outside of Knox County.

To account for this uncertainty, impacts were estimated with respect to three possible scenarios. Each scenario represents different assumptions about the ability of the Corridor to attract external visitors.

Scenario I – Cultural/Historical Hub

Scenario I involves the establishment of the Corridor as a cultural and historical center for the larger region. Operating at full capacity, the Corridor is projected to attract 10,000 visitors for conservation/cultural/historical activities (50% from outside of the region), 75,000 visitors for recreational activities (25% from outside of the region), 5,000 visitors for a conference or retreat (50% from outside of the region), and 10,000 visitors

⁵ Impacts are estimated through an input-output model created by the Minnesota IMPLAN Group, Inc. The IMPLAN model uses input-output to determine changes in final demand resulting from increased production in one or more industries. This model derives estimates of direct, indirect, and induced effects on employment, output and income in the reference economy.

for performances (25% from outside of the region). Given a per visitor daily spending total of \$140,⁶ total new spending for this scenario across all activities is \$4,025,000.

Table 4 - Scenario I Spending Estimate

Component	Annual Attendance	Export Ratio	Direct Spending
Conservation/Cultural/ Historical	10,000	50%	\$700,000
Recreation	75,000	25%	\$2,625,000
Conference/Retreat	5,000	50%	\$350,000
Performance	10,000	25%	\$350,000
Total	100,000		\$4,025,000

Under this scenario, the total direct monetary impact resulting from the establishment of the Corridor as a cultural and historical center is estimated to total \$5.5 million annually, including an income effect \$1.5 million. The direct employment effect is projected at 85.9 jobs. The total monetary impact derived from this scenario, including indirect and induced effects, is \$8.8 million. Total employment is projected at 109.2 jobs per year.

Table 5 - Scenario I Impact Estimate

	Output	Income	Employment
Direct	\$4,025,000	\$1,532,473	85.9
Indirect	\$1,101,732	\$345,891	10.0
Induced	\$1,376,959	\$437,802	13.3
Total	\$6,503,691	\$2,316,166	109.2

Scenario II – Recreational Hub

Under Scenario II, the Corridor would serve primarily as a recreation center for the larger region. Under this scenario, conservation/cultural/historical and conference/retreat activities are driven by local demand (75%). This scenario assumes 75,000 recreation-oriented visits and 10,000 performance-oriented visits from persons residing outside of the region (50% of total visits). Total direct spending is projected to be \$6,475,000.

Table 6 - Scenario II Spending Estimate

	Annual Attendance	Export Ratio	Direct Spending
Conservation/Cultural/ Historical	10,000	25%	\$350,000
Recreation	75,000	50%	\$5,250,000

⁶ Maximum per diem allowance for the Knoxville MSA, General Services Administration, 2009.

Conference/Retreat	5,000	25%	\$175,000
Performance	10,000	50%	\$700,000
Total	100,000		\$6,475,000

Total direct spending resulting from this scenario is \$9 million, including \$6.5 million in output and \$2.6 million in income. The total estimated direct employment effect is 154.7 jobs. The total projected monetary impact resulting from a recreation-based strategy is \$14.4 million. The total employment effect is 191.9 jobs.

Table 7 - Scenario II Impact Estimate

	Output	Income	Employment
Direct	\$6,475,000	\$2,573,891	154.7
Indirect	\$1,782,504	\$546,198	15.3
Induced	\$2,280,155	\$724,969	21.9
Total	\$10,537,659	\$3,845,058	191.9

Scenario III -- Regional Attraction

Scenario III involves the establishment of the Corridor as a local attraction, and assumes low external demand for Corridor activities, especially for conservation/cultural/historical and recreational activities (10% export ratio). This model also assumes 25% external demand for conference/retreat and performance activities.

Table 8 - Scenario III Spending Estimate

	Annual Attendance	Export Ratio	Direct Spending
Conservation/Cultural/ Historical	10,000	10%	\$140,000
Recreation	75,000	10%	\$1,050,000
Conference/Retreat	5,000	25%	\$175,000
Performance	10,000	25%	\$350,000
Total	100,000		\$1,715,000

The local demand strategy creates export ratios and resulting direct spending estimates much lower in magnitude than previous scenarios. Total direct spending resulting from this strategy is projected to be \$1,715,000.

Total projected direct monetary impact resulting from implementation of Scenario III is \$2.7 million, including an estimated direct income effect of \$651,569. The direct employment effect is projected to be 40.7 jobs.

The total direct, indirect and induced monetary impact is estimated to be \$3.7 million – including an income effect of \$2.7 million and an output effect of \$976,789. The total employment effect resulting from scenario III is 50.3 jobs.

Table 9 - Scenario III Impact Estimate

	Output	Income	Employment
Direct	\$1,715,000	\$651,569	40.7
Indirect	\$446,596	\$139,989	4.0
Induced	\$582,581	\$185,231	5.6
Total	\$2,744,177	\$976,789	50.3

Conclusion

The French Broad River Conservation Corridor has natural resources and a location that is proximate to high-volume tourist attractions. These qualities can be leveraged to create economic impacts in Knox County while preserving the rural character of the Corridor. Depending on which strategy is used (and the export ratios that result), the alternate development strategy could yield between \$3.7 million and \$14.4 million in annual monetary impact and create between 50 and 191 jobs

About the Ochs Center

The Ochs Center conducts independent data analysis and policy research to improve the quality of life in the Chattanooga region. It provides a full array of research and data analysis services for local non-profit organizations and local government:

- Collects and analysis of administrative data from government agencies or non-profit programs
- Public policy and best practices research
- Survey design and analysis
- Roundtables and focus groups
- Program evaluation
- Economic impact analysis and modeling
- Budgetary and operational reviews
- Assessment of community conditions
- GIS mapping and analysis

In addition to its efforts in the Chattanooga region, the Ochs Center has also worked at the regional, state and national level with support from the Brookings Institution, the Annie E. Casey Foundation, the Robert Wood Johnson Foundation and the Alfred P. Sloan Foundation.

The Ochs Center has conducted a series of studies related to the linkages between quality of life, workforce development and economic development, including:

- a 2008-09 study assessing impacts and alternative development strategies for the Bells Bend/Beaman Park Corridor in Nashville/Davidson County
- a 2009 study of impacts created through efficiency and renewable energy strategies in the East Kentucky Power Cooperative Region
- a 2009 economic and fiscal study of impacts from a proposed coal-fired power plant in Early County, Georgia
- a 2008 impact study of the proposed Majestic Theater in Chattanooga, Tennessee
- a 2008 usage and valuation study of the Tennessee Riverpark system in Chattanooga, Tennessee
- a 2007 labor market analysis for the Chattanooga Area Chamber of Commerce
- a 2007 study for the Brookings Institution on the factors leading to the turnaround of Chattanooga

Principal staff on economic development projects are David Eichenthal and William Tharp. Since January 2005, David R. Eichenthal has been the President and CEO of the Ochs Center. In 2007, Mr. Eichenthal was named a Nonresident Senior Fellow with the Brookings Institution Metropolitan Policy Program. He also holds the title of Senior Managing Consultant with Public Financial Management, a leading national provider of financial, budgetary and management consulting to states and local governments.

Prior to joining the Ochs Center Mr. Eichenthal served the City of Chattanooga, beginning in 2002 as Director of the new Office of Performance Review, City Finance Officer, Chairman of the General Pension Plan for the City of Chattanooga and President of the Chattanooga Downtown Redevelopment Corporation under then-Mayor Bob Corker. He holds a B.A. in Public Policy Studies from the University of Chicago and a J.D. from New York University School of Law.

Since 2005, William Tharp has led the Ochs Center's work on economic development, workforce development and economic impact analysis. He also has expertise on public finance and performance measurement. Prior to joining the Ochs Center, Dr. Tharp served in Nashville Metropolitan Government as Finance Officer in the Office of Management and Budget and as Research Analyst at the Nashville Career Advancement Center, the local government office responsible for workforce development. Dr. Tharp is also an Associate Professor of Public Administration at the University of Tennessee at Chattanooga. He holds a PhD in Urban Affairs from the University of Louisville.

MEMO

To: Metropolitan Planning Commission

From: Todd A. Napier *TAN*

Date: January 27, 2010

Re: Additional Comments Regarding Area E Co-5 of the East County Sector Plan

E Co-5 Midway Interchange

Prohibition on Distribution

We agree that we should strive to maximize employment opportunities (employees/acre) within the proposed business park, but the recommendation to prohibit regional warehouse/distribution uses because such uses would create fewer jobs than light manufacturing is not always accurate. An example of a regional distribution operation that has created a significant number of good paying jobs is Sysco Foods located in the I-275 Business Park. This is a distribution operation that has over 250 well-paid employees at this location. As most every type business that would likely locate in the proposed business park will have some level of warehousing and distribution of goods, the prohibition on regional warehouse/distribution uses would leave almost every potential project open to opposition based on the grounds that it would violate the sector plan.

Additional reasons cited in the draft proposed land use policies for prohibiting any warehouse/distribution type operation at this location are: "impacts to the landscape and the road systems beyond the interchange area." These reasons are not accurate. The quality of architectural design and site development can be irrespective to the operations within that building. Under the anticipated Employment Center (EC) zoning for the proposed business park, dock doors that are typically associated with distribution functions are to be located and/or screened in such a way that they are not perceivable from the road or surrounding properties. Additionally, the proposed business park under EC zoning would require MPC approval of a Development Plan that would address these issues. The very fact that the proposed business park is located at the Midway Road interstate interchange is a significant factor as to why this is an optimal site for handling large truck traffic that will not tax the road systems far beyond the interstate interchange. And, this will be a key issue in the site's desirability to potential employers.

It is our intent to work with KUB to serve the wastewater needs for this location with an onsite treatment and disposal system (commonly referred to as a distributed wastewater system). Because these type systems are self contained, their capacity and sensitivity, versus that of a conventional wastewater treatment system suggests that the likely users will be limited to those that generate wastewater streams that are modest in volume and domestic in strength. Wastewater streams that are of modest volumes and domestic strengths are indicative of distribution type operations, which under the proposed land use plan would be prohibited.

The Development Corporation of Knox County is committed to recruiting and locating companies within its business parks that will create a significant numbers of quality jobs per acre, and is well suited to do so. The proposed prohibition on distribution at this location will likely mean that we will miss out on opportunities to recruit companies that would otherwise be well suited for this location. This prohibition on distribution operations should be removed from the East Knox County Sector Plan for this area.

Prohibition on Commercial and Retail Uses

The draft proposed land use policies state that “interstate-oriented commercial uses should be allowed only on sites presently zoned for such uses and there are ample opportunities for the traveling public to avail themselves of lodging, eating and retail purchases at the Highway 66 and Strawberry Plains interchanges.” The draft plan also states that “commercial uses incidental to a mixed use project or business park (such as a restaurant or copy center that would reduce the necessity to rely on auto travel) should be allowed but not as out parcel development.” The property located at this interchange that is currently zoned for commercial uses is some of the most topographically constrained, difficult to develop property in that entire area, whereas, the property in the northwest quadrant of the Midway interchange which is adjacent to Midway Road, is the least constrained and most logical property for development in the area. The highest and best use for the property in this quadrant directly adjacent to the interchange is for commercial and retail use. To permit only commercial uses incidental to a mixed use project or business park on this property is not realistic. It is unlikely that the proposed business park at full build out would be able to fully support a restaurant or any other commercial use on its own.

Every interstate interchange in Knox County has commercial zoning, including Midway Road. Commercial and retail uses exist at interstate interchanges across the nation because interchanges are some of the most logical and suitable places for commercial and retail uses due to their accessibility. To single out the northwest quadrant of this particular interchange as not being appropriate for commercial and retail use because there “are ample opportunities already” at the interchange to the east and west is unfounded and unprecedented. Should the same argument have been made that the most developable property at the Lovell Road interchange should not have been used for any commercial or retail use because the planning staff had deemed that there were already ample commercial and retail uses at the Cedar Bluff and Campbell Station Road interchanges? Of course not, nor should the most developable property at the Midway

Road interchange (the northwest quadrant) be declared inappropriate for commercial and retail type uses while at the same time leaving the two of the most undevelopable quadrants at this same interchange deemed appropriate for such uses. Placing a Planned Commercial (PC) zoning designation on the acreage directly adjacent to the interstate in the northwest quadrant of this intersection provides the opportunity to ensure high quality commercial and retail design. High quality retail and commercial development at this location would be an asset to Knox County, and its proximity to the proposed business park would increase the business park's appeal to potential employers.