

Report:
ECONOMIC DEVELOPMENT PLAN FOR
DOWNTOWN CHATTANOOGA



Presented to:
RIVERCITY COMPANY
CHATTANOOGA AREA CHAMBER OF COMMERCE
CITY OF CHATTANOOGA

REPORT

Economic Development Plan for Downtown Chattanooga

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Delivered to:



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CALL TO ACTION

Over the past 30 years, downtown Chattanooga has transformed itself into one of the premiere riverfront downtowns in the nation. Success has been born out of committed public leadership, an engaged business community, and an optimistic citizenry. Visitors from all over the nation come to Chattanooga to be inspired by its transformation.

While the Riverfront, Southside, and North Shore neighborhoods have experienced a renaissance, the Central Business District (CBD) has languished. Job growth has been stagnant. With the imminent relocation of BlueCross BlueShield's (BCBS) 3,000 downtown employees to nearby Cameron Hill and the vacating of 450,000 square feet of office space in the CBD, **it is time to focus attention on this economic engine that powers downtown Chattanooga and develop an economic development strategy that provides a long-term vision for downtown business and residential growth.**

This long-term strategy is not about real estate development, nor is it about the recruitment of one or two businesses to fill empty space. The strategy is about creating a sustainable economy built on a 21st century paradigm - **that talented people and innovation drive successful communities.**

Experts point out that information and knowledge are replacing capital and energy as the primary wealth-creating assets in today's economy. Technology and knowledge are now primary production factors. Technological advances allow information to be instantly transmitted across the world, and the primary competitive advantage a company possesses is its process of innovation and its ability to derive value from information. This requires that employees contribute innovative ideas to increase productivity and quality, reduce costs, and develop solutions rather than merely point to problems. To succeed, workers need more education, advanced skills, and a culture that is adaptable to the rapidly changing world in which their employers operate.

A community's economic strength will depend heavily on its ability to attract, retain, and develop a human capital base that is skilled and flexible. This strategic plan is based upon those principles.

OLD ECONOMY V. NEW ECONOMY

In the old economy, people believed that:

Being a cheap place to do business was the key.

Attracting companies was the key.

A high-quality physical environment was a luxury stood in the way of attracting cost-conscious businesses.

Regions won because they held a fixed competitive advantage in some resource or skill.

Economic development was government-led.

In the new economy people believe that:

Being in a place rich in talent is key

Attracting educated talent is key

Physical and cultural amenities are key to attracting knowledge workers

Regions prosper if organizations and individuals have the ability to learn and adapt

Only bold partnerships among business, government, and non-profit sector can bring about change

Source: "Metropolitan New Economy Index," Progressive Policy Institute

Although the focus of this plan is on Chattanooga's CBD, we find it ineffective to separate the visions and strategies of this plan to apply to only the CBD. Why?

Successful communities and neighborhoods offer a differentiating set of characteristics that set them apart and above their competitors. **In her book *The Nature of Economies*, Jane Jacobs refers to economic development as “differentiation emerging from generality.”**

Simply put, economic development occurs when a location possesses unique characteristics that allow it to stand out from the alternative choices. **The uniqueness of Chattanooga's CBD lies in its location within downtown Chattanooga - a downtown that has earned national recognition for beauty, revitalization, and universal appeal:**



- Downtown Chattanooga offers the best of both worlds – it is an urban community with urban amenities, but a low cost of living and easy access to the beautiful natural recreational amenities of the river and mountains.
- The second largest campus of the University of Tennessee system, UT - Chattanooga (UTC) is located within the boundaries of greater downtown and contributes to its vitality and workforce capabilities.
- Real estate investors have finally recognized the potential of residential development throughout downtown Chattanooga and units are quickly filling up. Booming residential growth will prove to be a huge economic asset to downtown Chattanooga.
- Downtown caretakers take pride in the cleanliness, streetscapes, parks, and overall aesthetics of downtown Chattanooga.
- Tourists from across the country recognize Chattanooga as an ideal vacation spot for families and spend much of their time in downtown Chattanooga and on the waterfront. Increased attention from visitors increases “top of mind” awareness of Chattanooga among potential residents.
- Chattanooga's leaders have a “can-do” attitude and have seen that successes can happen when people work together toward a single vision.

Therefore, **although the borders of the CBD extend only to 4th, 12th, Georgia, and Hwy 27, the success of the CBD is dependent upon spillover success of the entire downtown region. This plan simply highlights how to capitalize on these other downtown assets and encourage focused, high-impact economic opportunities within its boundaries.**

This Economic Development Plan represents the culmination of a five-month planning process and the beginning of an innovative strategic direction for Downtown Chattanooga. The ideas within could not have been developed without input from hundreds of individuals and regional leaders.

This *Economic Development Plan for Downtown Chattanooga* will serve as the roadmap for expanded economic development efforts in downtown Chattanooga, and specifically within the CBD. Thus, the terms “downtown” and “CBD” are used throughout this document. As mentioned in the previous section, AE does not feel it serves the purpose of this plan to rigidly define these boundaries. **Where a strategy is specific to the CBD, though, that has been noted.**

The Chattanooga region has had extensive success promoting downtown and the riverfront as a tourist attraction, but **the objective of this plan is to identify recommendations that will enhance downtown Chattanooga’s reputation as 1) a place of business and 2) a place to live.**

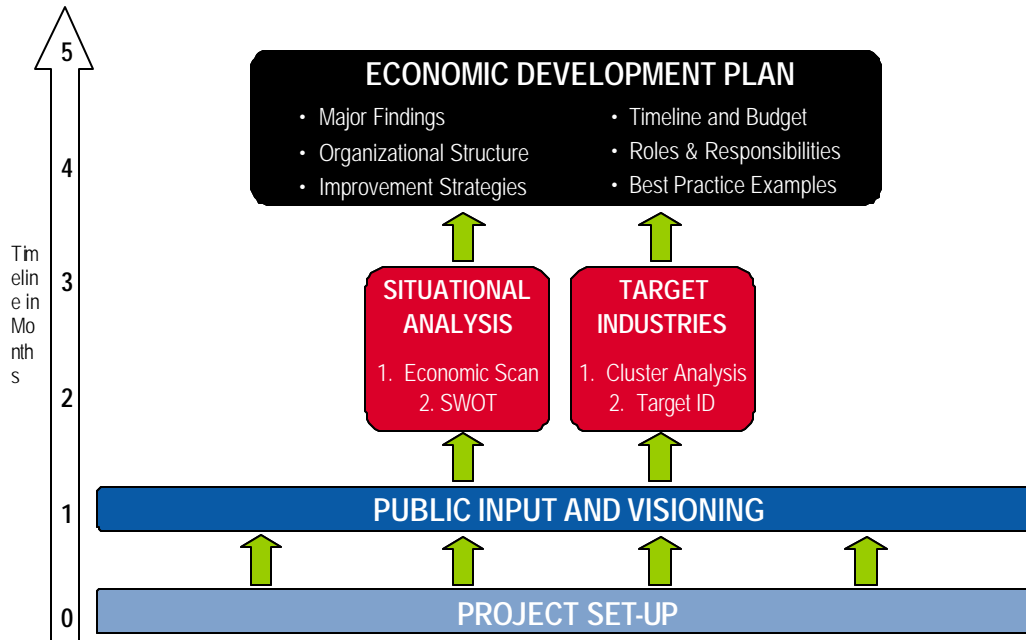
The recommendations contained within this report are designed to be organized and led by a variety of community organizations, with primary support from the River City Company. None of the strategies contained within can be effectively implemented without regional cooperation, so it is vital that supporting organizations across the region buy-in to the strategies contained within and offer backing where appropriate.

This final report is organized in three sections:

- **Introduction and Summary of Previous Reports.** The overview summarizes the key findings from the first two reports that were developed during this process: *The Situational Analysis* and the *Target Industry Report*. The findings from these reports lay the foundation for the strategies developed within this report.
- **Visions and Goals.** The vision provides an overview of the challenges of economic development in the 21st century and identifies an overall strategic direction for downtown Chattanooga to meet those challenges. This vision guides the goals and strategies outlined within the Action Plan.
- **Action Plan.** The Action Plan highlights six overarching goals, along with corresponding strategies and action items that, if implemented, will ensure sustainable economic prosperity in downtown Chattanooga, and more importantly, the entire Chattanooga region.

The appendix also provides additional tools to implement the Action Plan, including a formal implementation matrix and a target industry company database to enhance target industry recruiting efforts.

The chart below illustrates the five-month planning process that was employed to culminate in the development of this *Economic Development Plan for Downtown Chattanooga*.



ACKNOWLEDGEMENTS

AngelouEconomics would like to express our appreciation to the 14 supportive organizations that are funding this study: RiverCity Company, The Benwood Foundation, City of Chattanooga, Chattanooga Area Chamber of Commerce, The Lyndhurst Foundation, Jim Berry Company, BlueCross BlueShield of Tennessee, Chattanooga Land Company, Fidelity Trust Company, First Tennessee Bank, Luken Holdings, SunTrust Bank, TVA, and UnumProvident Corp.

We would also like to express our gratitude and appreciation to the specific Project Steering Committee members for their oversight and advice throughout this process:

Charlie Arant, Tennessee Aquarium
Mike Butler, SunTrust Bank
Paul Brock, RiverCity Company
Chris Crimmins, Chattanooga Land Company
Wayne Cropp, The Enterprise Center
Jim Frierson, Advanced Transportation Technology Institute
Greg Hadden, TVA
Trevor Hamilton, Chattanooga Area Chamber of Commerce
Steve Hunt, Jim Berry Company
Kristy Huntley, Benwood Foundation
Dan Jacobson, BlueCross BlueShield of Tennessee
Chief of Staff Dan Johnson, City of Chattanooga
Paul Larkins, UnumProvident
Mayor Ron Littlefield, City of Chattanooga
J.Ed Marsten, Chattanooga Area Chamber of Commerce
Mike McGauley, Fidelity Trust Company
Sarah Morgan, Lyndhurst Foundation
Councilwoman Sally Robinson, City of Chattanooga
Frank Schriner, First Tennessee Bank
Bill Sudderth, Chattanooga Land Company
Mike Taylor, UnumProvident
Bruce Tidwell, SunTrust Bank
David Unruh, RiverCity Company
Kim White, Luken Holdings
Tom Edd Wilson, Chattanooga Area Chamber of Commerce

AE would like to send special thanks to **Jim Kennedy of Kennedy, Coulter, Rushing, and Watson** for his input, insight, and assistance over the course of this project.

Most importantly, we would like to thank the over 1,200 Chattanoogaans who participated in interviews, focus groups and surveys. Without this participation, this process could not be successful.

As a precursor to the development of this Economic Diversification Plan, AE prepared two reports: the *Situational Analysis* and the *Target Industry Report for Chattanooga's Downtown*. The *Situational Analysis* laid the foundation for the vision and strategies outlined within this document by highlighting the critical issues facing the region and the *Target Industry Report* identified the target industries that should provide the backbone of an economically diversified Downtown for years to come.

The following section summarizes the key findings from the first two reports.

THE SITUATIONAL ANALYSIS

The *Situational Analysis* assessed downtown's current economic situation and the historical trends that have shaped it. AE analyzed the both the region and downtown across a range of economic and demographic variables and used quantitative data, qualitative input from a broad base of interviews and focus groups, and survey results to outline the key issues facing downtown. As part of the larger Chattanooga region, some of the most critical issues facing downtown are also regional in nature, and so the issues were defined as either "regional" or "CBD-specific."

These issues became the foundation of the strategies recommended in this final report and are highlighted below:

Regional Issues

- **Need to increase percentage of college educated adult workforce** - As a region, Chattanooga is not cultivating and retaining its talent pool. Only 22% of all residents in the Chattanooga MSA have at least a four-year college degree. Compared to the other benchmark communities, the Chattanooga MSA comes in dead last.
- **Need to retain and attract young professional workforce** - Twenty seven percent of Chattanooga's regional population falls into the 25-44 age cohort, the primary workforce. Compared to the other benchmark communities, Chattanooga ranks 2nd to last. Since 2000, Chattanooga has lost 3% of its 25-44 age group; at a national level, this category has declined by 1%.
- **Need a broader mix of "knowledge based" industries** - Of Chattanooga's "strong" clusters, every single one is a nationally declining cluster and is not considered a "knowledge-based" industry. Although retaining the region's manufacturing base is critical, an over-reliance on these declining industries is dangerous for the region and can create economic instability.
- **Stagnant regional growth and historically inconsistent economic development efforts** - The Chattanooga MSA has seen limited population, labor force, and wage growth since 1990 - a period of time that has seen tremendous population and income growth throughout other parts of the United States. Lagging growth rates may also be the result of the community's ineffective attempts at developing a comprehensive, regional economic development program. Over the years, economic development functions have been passed between several organizations and finally resides in stability at the Chamber of Commerce.
- **Enhance efforts to generate additional national awareness ("buzz") around Chattanooga** - Although planners, urban designers, and architects know of Chattanooga as a "best practice" city, this reputation has

yet to attract the attention of major employers, site selectors, and potential relocating residents. While other communities have developed established campaigns to site selection consultants and other economic development professionals, Chattanooga is only now beginning its second campaign, an effort to raise \$10 million and attract 7,500 high-wage jobs, \$500 million in investments, and 60 new companies.

- **Need to strengthen workforce development partnerships between businesses and public education institutions-** In Chattanooga, strong, formal partnerships between the business community and workforce development providers have not been developed, in spite of some excellent workforce development providers, although several initiatives are currently underway.

Downtown-Specific Issues

- **Stagnant economic growth within the CBD-** In spite of robust population growth within the CBD, job and company growth has lagged. The lack of significant employment and establishment growth is a red flag for other companies because it signals the CBD's inability to support and cultivate thriving businesses.
- **Limited parking availability and efficiency-** In the AE survey, parking was cited as the number one reason that non-downtown businesses have chosen to not locate downtown. Regardless of whether or not there is a need for additional parking spaces, the perception of business owners is that parking limits their opportunities to locate downtown.
- **Perception of high lease rates and lack of targeted incentive packages hinder commercial development-** Some of these higher costs in downtown could be mitigated by targeted downtown incentive packages and innovative financing, but currently, the city does not provide such an option.
- **Need to increase connections between UTC and the CBD-** Connections between UTC and the CBD are limited in a variety of avenues: limited transportation connections between UTC and the CBD; limited residential connections; limited entrepreneurial connections; limited formal business partnerships with downtown businesses, with the exception of internships; limited connections between the SimCenter and area companies (including advanced manufacturing firms) that could take advantage of its assets.
- **Need to expand public transportation system-** Electric shuttle routes do not extend to the UTC campus or the Market Street thoroughfare, nor do they run past 7pm.
- **Need to clarify responsibilities for downtown development and marketing-** Currently, there is not a coordinated downtown plan that delineates the roles and responsibilities of each organization. The absence of a coordinated downtown marketing plan has also limited the ability of downtown to fully generate "buzz."
- **Lack of retail opportunities for residents and visitors-** Approximately 1,400 people now live in downtown Chattanooga. Although this represents tremendous growth over the past 15 years, the population has not reached the critical mass necessary to attract the interest of many residential service establishments. A review of the current retailers in the CBD reveals no drug store, no dry cleaners, no retail bookstore, few clothing stores, and few general goods stores.
- **Unbalanced housing mix-** Although residential growth is occurring throughout downtown, high price points and a limited supply of rental options hinder its impact on the greater Chattanooga region.
- **Limited entrepreneurial support system-** In spite of excellent entrepreneurial resources (CEG, BDC, SBDC, UTC Entrepreneurship program), there does not appear to be a synergy of entrepreneurial networks throughout the region. If these exist, they are not being publicized well.

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- **Lack of separate building codes to assist in the renovation of existing buildings**-The City of Chattanooga has adopted the 2003 International Building Codes as standards for permitting and code enforcement. These same codes apply to new construction as to existing buildings. There is no special consideration to facilitate restoration of older buildings to productive use. The costs to bring an older building up to new construction standards can run 50% higher than it would be to build a new building the suburbs. This often makes projects economically unfeasible

TARGET INDUSTRY REPORT

The Target Industry Report evaluated the current industry composition of downtown and identified the target industries and niche sectors that are most appropriate for the area, based on its core strengths, competitive assets, and the community's goals.

Core Strengths

- **Transportation Infrastructure** – As a region, Chattanooga has excellent transportation infrastructure and is strategically located with access to several major metropolitan areas. Interstate 75 runs north and south to Atlanta and Knoxville; Interstate 24 runs north to Nashville and Interstate 59 runs south to Birmingham. Barge service and rail service are also available through CSX and Norfolk-Southern.

Within the CBD, the free electric shuttle provides public transportation, along with a full complement of CARTA bus services. The downtown area also has easy access from Interstate 24.

- **Location** – One of Chattanooga's core strengths lies in its proximity to large Southeastern metro areas. This provides the area with countless benefits, including access to research centers, venture capital, and a growing educated workforce. Atlanta, Nashville, Knoxville, and Birmingham are within a 2-3 hour drive of Chattanooga, while Lexington, Louisville, Memphis, Charlotte, Cincinnati, Raleigh, New Orleans, and St. Louis are within one day's travel from Chattanooga.

Chattanooga is also located along the "Technology Corridor" between Atlanta and the Oak Ridge National Laboratory. Robust broadband access is available along this corridor, and a computer link between Oak Ridge and Georgia Tech in Atlanta is 200,000 times faster than the fastest dial-up connections typical of home computers and should spur significant advances in science and economic development in the Chattanooga region.

- **Low Cost of Doing Business** –The overall business climate in Chattanooga is attractive with low utility rates, moderate taxes, and low wages. The state's location and right-to-work status appeal to manufacturing executives. In downtown Chattanooga, office lease rates are comparable to suburban lease rates and do not have the same high price tag as other downtown locations in larger metro areas have.

Competitive Assets

- **Quality of Life** – Downtown Chattanooga offers a lifestyle attractive to potential residents. The cost of living is relatively low when compared to larger metro areas. Recreation, cultural, and artistic amenities abound, including the Tennessee Aquarium, the Hunter Museum of Art, the Tennessee River Park, Children's Discovery Museum, and exciting restaurants and nightlife opportunities; all are within downtown area.
- **Wage Rates** - The average wage in Chattanooga remains far below the national average at \$32,792. Wages in the region are 16% below the national average. This will prove beneficial during the corporate recruitment process, as wages play a large part in the overall cost of business.

- **Corporate Presence** - Chattanooga's downtown is already home to several large corporations' national and regional headquarters. UnumProvident, the nation's largest disability insurance provider, calls Chattanooga home, while BlueCross BlueShield of Tennessee and Tennessee Valley Authority have their state headquarters in downtown Chattanooga.
- **Expanding Residential Market** – The population in downtown currently stands at 1,372. This represents an astonishing increase of 47% (or 2.5% annually) since 1990 and well exceeds the growth rates in other parts of the region. With over 1,000 new units under development that are in quick demand, downtown and adjacent neighborhood's population is likely to double in the next few years.
- **University of Tennessee-Chattanooga** - The campus of the University of Tennessee-Chattanooga (UTC) is located adjacent to the CBD and is considered a "downtown" campus. There are tremendous resources housed at UTC that could become catalysts for downtown revitalization, including research done at the SimCenter, a thriving fine arts program, the MBA program that supports local businesses, and an increasingly residential population. The SimCenter is a computational engineering research and education center that specializes in high-fidelity, physics-based computational modeling and simulation. It is the first program at UTC to offer doctoral degrees. Recently, the SimCenter has opened a new Alternative Energy Laboratory devoted to fuel-cell experiments. It's just one of two fuel cells in the country that produces both hydrogen and electricity. However, most of these assets are not well known throughout the community. Connections between UTC and the Chattanooga CBD must be enhanced in order to fully capitalize on UTC's presence in downtown area.

Community Goals

During the course of our project, AE talked to many public and private sector leaders and community residents. Many of these represented key industries currently located in the region. Through this public input process, we received a great deal of information regarding the types of businesses that the residents of Chattanooga desire for the future of their community. Five overarching community goals were the most prominent:

- Industries that are **"Compatible with the scale of downtown"**
- Industries that are **"Clean" and "Environmentally Sensitive"**
- Industries that **pay "Higher Wages" and employ "Higher Skilled Workers"**
- Industries that are **"Entrepreneurial in nature"**
- Industries that **build upon Chattanooga's "Creative Class"**

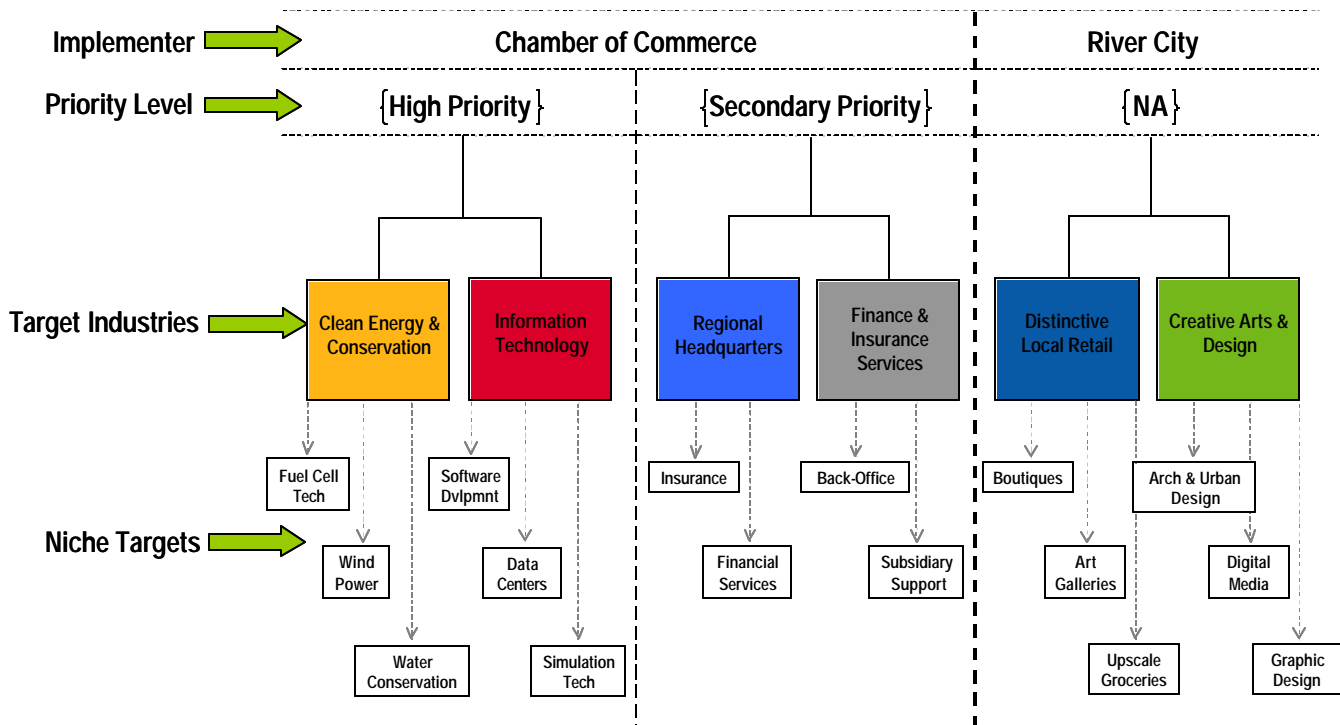
These five community goals all address the main challenges that downtown Chattanooga is currently facing. The community wants "Clean Industries" because it understands the importance of preserving its high quality of life and environment. The region's natural beauty and scenic landscape is viewed by nearly all as one of the region's best assets. The community wants businesses that pay "Higher Wages" to begin to shift the imbalance that has existed in the prevalence of lower wage and income levels and a rising cost of living. Businesses that require higher skill levels will pay higher wages. Citizens and community leaders also desire "compatible companies" that will enhance the character of the existing downtown. As a jump-start to economic growth in the CBD, the community has also expressed a desire to attract entrepreneurs that are able to take their businesses anywhere and choose Chattanooga because of its high quality of life and attractive downtown. Several of the target industries also build upon Chattanooga's "creative class" and its reputation as a place where creative ideas can be realized and developed.

Combining the views and goals of the community with the industry clusters in which downtown Chattanooga meets minimum industry requirements leads AE to the final list of target industry clusters.

Recommended Target Industries

The final target industries are identified in the chart below. They have been divided up into 3 categories: 1) High Priority, Chamber responsible, 2) Secondary Priority, Chamber responsible, and 3) RiverCity responsible.

Chattanooga CBD Targets



Based on the findings of these two reports, AE has focused the strategic recommendations in this action plan on the most significant of these issues and developed an economic development vision for downtown Chattanooga, along with six related goals that would stretch the possibilities and encourage innovative, high-impact developments.

Every plan must start with a vision. The goals, objectives, and actions in this report support the following vision statement for the region that was distilled from comments, opinions, and information from stakeholders.

VISION:

Downtown Chattanooga will become a vibrant, premiere location of choice for clean, compatible, and innovative businesses and energetic, creative, and educated citizens.

What does this mean for downtown Chattanooga?

- ✓ It means that Chattanooga's leadership must embark on a two-pronged marketing effort to recruit both high-wage companies and talented people to downtown Chattanooga as part of larger regional economic development effort.
- ✓ It means that Chattanoogaans must "think outside of the box" and embrace progressive and innovative ideas that make this vision a reality.
- ✓ It means that Chattanoogaans must embrace all that makes downtown Chattanooga different and "idiosyncratic."
- ✓ It means that downtown Chattanooga must belong to everyone in the greater Chattanooga region.
- ✓ It means that success is not measured in real estate development or tourism promotion. Success is measured in raising the standard of living for Chattanoogaans who choose to work downtown and/or live downtown.
- ✓ It means that there must be the will to finance and implement the strategies contained within the plan.

In harmony with this vision, this *Economic Development Plan* contains strategies that will increase opportunities for downtown Chattanooga to grow its target industries and attract a talented workforce. **AE has identified six over-arching goals for the local economic development efforts.** Each goal relates to each section of the *Economic Development Plan*. The goals are:

GOAL ONE: Become the premiere location of choice for target industry clusters

The development of competitive clusters is one of the key generators of wealth. A cluster develops when businesses in interrelated industries choose to locate in close proximity to take advantage of a region's inherent advantages. These businesses then become interdependent on each other, enhance their operating environments, and ultimately become more competitive on the global landscape. When this happens, these businesses become the experts in their field. They become more profitable, grow faster, and pay higher wages.

Built around core export-orientated firms, industry clusters generate new wealth in a region. In regional Chattanooga, several industry clusters, including financial services, advanced manufacturing, and food processing, are already well developed. However, AE has identified six target industry clusters that can become engines of prosperity and wage growth within downtown Chattanooga in particular. In order to fully develop these clusters, marketing efforts must be focused for the particular requirements of each industry.

GOAL TWO: Retain and recruit the best and brightest; become a “talent magnet”

Historically, economic development has been synonymous with business recruitment and targeted tax incentives. Cities and regions would design incentive packages to entice companies to locate operations in their area. However, as the nature of the global economy shifts from one based on capital and resources to one based on technology and innovation, communities are recognizing that human capital, or talent, is the key ingredient of successful regions. As human capital drives the economy, the major determinant of the economic capacity of a region is its primary workforce between the ages of 25 and 44 – the young professional workforce. As the age cohort shrinks in relative size, only those regions that can successfully retain and recruit this age group can sustain economic success.

In the face of an impending labor shortage over the next 10 years, regions must become “talent magnets” to succeed in the new economy. Noted expert Richard Florida has noted that “access to talented and creative people...determines where companies will choose to locate and grow, and this in turn changes the way cities can compete.”

A strong workforce leads to business recruitment and aids in business expansion. This generates a strong industry base that leads to entrepreneurship and long-term economic growth. A strong pool of workers with diverse skill sets then act as a pull to attract a larger population of young professionals and to help downtown Chattanooga develop a reputation as a “talent magnet.”

GOAL THREE: Foster an entrepreneurial climate

Entrepreneurs and small business owners are the economic engines of the community:

- ✓ They create jobs at relatively low capital cost, especially in the fast growing service sector.
- ✓ They serve as a source of innovation in products, services, and techniques.
- ✓ They provide a productive outlet for the energies of enterprising and energetic people.
- ✓ They develop a pool of skilled workers who serve as the basis of industrial expansion.
- ✓ They contribute to the increased participation of all communities in the economic activities of a region.
- ✓ They serve an important social function by creating new career opportunities and fast upward social mobility.

Building a positive entrepreneurial climate is often more challenging than the tasks associated with the attraction or expansion of new or existing businesses. However, a community that cultivates a successful environment where start-up activity is high and homegrown businesses thrive has achieved a powerful economic development position.

The low cost of living and doing business, combined with a downtown university, a laidback lifestyle, and an abundance of creative outlets in downtown Chattanooga will make it an attractive place for young entrepreneurs.

GOAL FOUR: Increase connections between UTC, CBD, and economic development opportunities

The campus of the University of Tennessee-Chattanooga (UTC) is located adjacent to the CBD and is considered a “downtown” campus. However, based on comments from residents and business owners, there is a clear disconnect between campus activities and downtown life.

Increasing these connections represent a key opportunity for downtown Chattanooga because of the roles that universities can play to propel economic development:

- ✓ Universities educate and produce the labor force that fuels the economy.
- ✓ Universities are the primary driver in the advancement of scientific knowledge and applied research.
- ✓ Universities are key players in the development of entrepreneurs who form start-ups and expand businesses. Some have developed affiliated incubators and many entrepreneurs will stay in the university town, knowing that they can find well-educated employees on a regular basis.
- ✓ Although community colleges and technical schools often take the primary roles as workforce development centers, popular university extension and continuing education programs can offer an accessible and outstanding way to upgrade skills and acquire industry-specific skills.
- ✓ Often, universities are a powerful marketing and branding tool, particularly through affiliated sports teams.

GOAL FIVE: Increase retail opportunities within downtown Chattanooga

Downtown Chattanooga has experienced a population growth rate of 47% since 1990, and approximately 1,400 people now live downtown. Although this represents tremendous growth, the population has not reached the critical mass necessary to attract the interest of many retail establishments. As the population grows, these trends will change. Additionally, downtown Chattanooga's presence as a tourism location and the employment center for the region adds to retail demand generated within.

Retail follows people and is considered a "non-primary" industry, so attracting people through additional jobs and housing opportunities will be the most important stimulator of retail activity in the immediate downtown area. However, there are intermediate steps that the community can undertake to spur the attraction of distinctive retail anchors throughout downtown.

GOAL SIX: Ensure the implementation of this strategic plan

This plan is only as valuable as its results. AE does not develop plans to sit on dusty shelves in corner offices. The overall measure of the success of this process is in its implementation. This section outlines strategies to ensure that results occur.

Remember that this strategy is designed to be fluid and flexible. It is unlikely that the community is going to implement every action step offered in this strategy. Once implementation is underway, use the measurements suggested in this plan to track the progress of each action step. If an action is not working, adjust it or take another approach.

In order to reach each goal, a variety of strategies and corresponding action items are contained within the following pages. Short-term, priority strategies are highlighted in this section, followed by secondary strategies in the next section. The appendix includes an implementation matrix that outlines a priority, timeframe, and primary implementation responsibility for each action item.

The eight short-term priority strategies include:

1. Develop a Chamber of Commerce-based recruitment strategy for Clean Energy, IT, Financial Services, and Regional Headquarters, with emphasis on downtown Chattanooga. *(Goal 1: Target Industries)*
2. Develop a RiverCity-based Retail and Creative Industry recruitment strategy. *(Goal 1&5: Target Industries and Retail)*
3. Implement an aggressive marketing campaign to raise “top of mind” awareness of downtown Chattanooga among young professionals and entrepreneurs. *(Goal 2 & 3: Talent Magnet and Entrepreneurship)*
4. Build an entrepreneurial support network aimed at matching entrepreneurs with the appropriate levels of support and resources. *(Goal 3: Entrepreneurship)*
5. Establish an Angel Investor Fund *(Goal 3: Entrepreneurship)*
6. Build stronger physical connections between UTC and the Central Business District. *(Goal 4: UTC Connections)*
7. Engage the Young Professionals Association of Chattanooga (YPAC) to take on a more active community voice. *(Goal 2: Talent Magnet)*
8. Finance the implementation of this plan. *(Goal 6: Implementation)*

A detailed action map for each priority strategy follows.

PRIORITY STRATEGY 1: DEVELOP A CHAMBER OF COMMERCE-BASED RECRUITMENT STRATEGY FOR CLEAN ENERGY, IT, FINANCIAL SERVICES, AND REGIONAL HEADQUARTERS, WITH EMPHASIS ON DOWNTOWN CHATTANOOGA

It is AE's position that primary target industry recruitment belongs at the Chattanooga Area Chamber of Commerce, the premiere economic development organization in the region. Of the six target industries, the Chamber will focus on four: Clean Energy, Information Technology, Regional Headquarters, and Financial Services. **The Chamber has identified clean energy technologies and information technology as its priorities for downtown Chattanooga.**

Action Items:

1. **Establish Industry Champion Teams** (6-12 business and educational leaders involved in each target industry) to act as part of the marketing and advisory group to the Chamber-led business development efforts.
 - a. Industry Champion Teams (ICT) are made up of local business and education leaders who serve in the industries that are being targeted for recruitment to the community. Developing and recruiting targeted, existing industry leaders from the community to conduct peer-to-peer selling on behalf of the community is a highly effective way to improve the overall job attraction success rate. These teams should give better insight into industry and support growth of existing companies.
 - b. Role and Responsibilities of the ICT members should include:
 - i. Assist in the development of an industry specific marketing and expansion strategy.
 - ii. Assist with the crafting of an industry specific sales pitch to the targeted industry.
 - iii. Help identify prospects from within the industry, using personal contacts as a resource.
 - iv. Attend community sales trips to meet with peers in targeted industries to sell Chattanooga as a place to locate their business.
2. **Continually update database of target industry contacts to use for direct mail, e-campaigns, and "fam-type" tours.**
 - a. Host an annual "fam-tour" for one to two of the priority target industries.
 - i. Events should be no more than three days. Site selectors and company representatives are busy and usually are reluctant to give up more of their time.
 - ii. All expenses should be paid for, including air travel, hotel, meals, and entertainment.
 - iii. Focus on activities that are unique to the region such as sporting events, recreational activities, arts/culture, etc. If the city is hosting an outdoor competition, center the tour on the competition and include tickets and behind the scenes tournament activities in the planning. Be sure to provide the appropriate equipment for attendees so they do not have to travel with extra baggage.
 - iv. Make the FAM tour first class in all respects, and be sure to throw in some regional flavor!
 - v. Mix in fun, recreational activities with activities where attendees learn more about the city.
 - vi. Include elected officials at a welcome event. Be sure to also include local business leaders for "peer to peer" discussions.
 - b. Develop a quarterly "e-newsletter" and direct mail campaign to go out to target industry contacts
3. **Initially, focus on Clean Energy recruitment, with the goal of making Chattanooga a "clean energy capital."**
 - a. Establish Clean Energy Tech committee with representation from, at minimum:
 - i. Chamber of Commerce
 - ii. The Enterprise Center
 - iii. Center for Entrepreneurial Growth
 - iv. TVA

- v. City of Chattanooga
- vi. Hamilton County
- vii. UTC and the SimCenter
- viii. Executives from local Clean Energy businesses
- b. Develop **“Clean Energy Capital” website** for Chattanooga, outlining why Chattanooga is the place for clean energy businesses.
- c. Develop feasibility plan for **Clean Energy Incubator** and Clean Energy marketing strategy.
 - i. Incubator strategy
 - ii. Conference center strategy
 - iii. Marketing plan
- d. Explore possibility of establishing a “clean energy demonstration” building in downtown.
- e. Explore possibility of a Clean Energy Discovery Center as part of Discovery Museum.

PRIORITY STRATEGY 2: DEVELOP A RIVERCITY-BASED RETAIL AND CREATIVE INDUSTRY RECRUITMENT STRATEGY

As the primary downtown action organization, the RiverCity Company is in prime position to implement key portions of target industry recruitment. Of the six target industries, RiverCity will focus on two: Retail and Creative Arts & Design.

Action Items (Creative Arts):

1. Market available office space in Chattanooga to local advertising, architecture, urban design, and graphic design firms in the Atlanta region.
 - a. Identify five to ten 3,000-10,000 square foot office spaces within downtown that would be attractive to creative arts firms.
 - b. Begin face-to-face recruitment meetings with firms on the target industry contact list.
 - c. Be prepared to offer relocation incentives, including 6 month rent subsidies.
2. Take opportunities to sell Chattanooga a place to do business during creative industry conferences.
 - a. RiverCity should host a reception for attendees.
 - b. Follow up with personalized packets to registered participants. The packets should include information on financial incentives, downtown real estate information, downtown entertainment, and appropriate website information for job opportunities.
3. Evaluate the potential of developing a “creative incubator” in downtown
 - a. The space could offer low-rent office space for graphic designers, software developers, digital artists, studio artists, and other similar firms.
 - b. The incubator could also have a coffee shop, gallery space, and meeting space to encourage “creative” types to gather.
4. Continue to support the Arts Move Homebuyer Program designed to recruit artists with down payment assistance to designated neighborhoods.
5. Continue to support Allied Arts initiatives to increase arts awareness throughout the region.

Action Items (Retail Recruitment):

1. **Designate a portion of the downtown development fund for retail recruitment and expansion.** (See Priority Strategy 8)
2. **Develop a retail market analysis** for downtown Chattanooga.
3. **Identify local successful retailers** that would be a good fit for downtown Chattanooga and could relocate or expand into a 2nd or 3rd location.

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4. **Offer retail space and an incentives package** to identified business owners. Incentives could include:
 - a. Rent subsidies
 - b. Façade grants
 - c. Parking improvements
 5. Implement the **“secondary strategies”** for retail as outlined on page 26.

PRIORITY STRATEGY 3: IMPLEMENT AN AGGRESSIVE MARKETING CAMPAIGN TO RAISE “TOP OF MIND” AWARENESS OF DOWNTOWN CHATTANOOGA AMONG YOUNG PROFESSIONALS AND ENTREPRENEURS

According to a study commissioned by CEOs for Cities, a network of mayors, corporate CEOs, university presidents, foundation officials and business and civic leaders:

- Two-thirds of college-educated young people report that they will make the decision of where they live first, then look for a job within that area.
- When they do move, college-educated young people are not making drastic changes; rather, they are most likely to consider living in areas that are similar to their current situation.
- 71% of participants that were polled indicated that they “definitely/probably” would consider living in a “downtown area.”

However, according to the same study, Chattanooga does not rank as a “top of mind” community for relocation among these same college-educated young people. In order to raise awareness of downtown Chattanooga a viable location of choice, downtown leaders must embark on an aggressive marketing campaign targeted at young professionals and entrepreneurs.

Action Items:

1. Implement an **aggressive marketing campaign** based upon downtown marketing committee’s recommendations for slogans.
 - a. Hire a creative marketing firm to fine-tune and implement concepts.
 - b. Initial efforts could be focused on Atlanta for the “biggest bang.”
 - c. Depending on budget, concepts could be implemented through:
 - i. Billboard campaigns
 - ii. Advertising in Atlanta coffee shops, bookstores, and other “creative class” gathering places
 - iii. Radio spots on major Atlanta radio stations
 - iv. 30 second TV commercials on major Atlanta networks
2. Hire a **guerilla marketing firm** to determine a Chattanooga perception campaign targeting young professionals.
 - a. Strategies could include message board strategies and pop-culture PR.
 - b. Conduct a national survey of recent college graduates’ perceptions of Chattanooga.
3. Contract with Orbitz, Expedia, or another heavily marketed web-based travel site to **offer special weekend packages** to Chattanooga; feature on main web page.

PRIORITY STRATEGY 4: BUILD AN ENTREPRENEURIAL SUPPORT NETWORK AIMED AT MATCHING ENTREPRENEURS WITH THE APPROPRIATE LEVELS OF SUPPORT AND RESOURCES

A critical aspect of building sustainable economic competitiveness is building a strong support network that will encourage entrepreneurs to create new businesses and help small businesses thrive. The stimulation of entrepreneurship through the formation and development of new commercial businesses and social enterprises can play a key role in employing underutilized resources in the region.

The goal for downtown Chattanooga should be to create a “focus” on the importance of entrepreneurs for the region’s economic future and to leverage the region’s current related knowledge base and create a “story” to influence the recruitment of new entrepreneurs.

Action Items:

1. Combine the Center for Entrepreneurial Growth (CEG), Business Development Center (BDC), and Small Business Development Center (SBDC) into a **“one-stop” shop for entrepreneurs** and small businesses.
 - a. Develop robust website for new “one-stop” shop that identifies resources, funding opportunities, incentives, and entrepreneurial success stories.
 - b. Build a database of existing entrepreneurs.
 - i. Identify entrepreneur, industry, revenues, and growth potential.
 - ii. Classify each entrepreneur as first stage, second stage, or final stage.
 - c. Put together resource package dependent on stage level.
 - i. Service sector “small business” resources: SBDC, business planning advice, access to bank loans and capital, real estate availability
 - d. First stage, high-tech entrepreneurs’ resources: angel investor networks and funding, CEG, business planning advice, incubator space
2. **Establish an “Entrepreneurs Association”** that meets regularly to discuss relevant issues and findings from working with local entrepreneurs. This team should include representatives from the CEG, BDC, venture capitalists, angel investors, and local entrepreneurs.
 - a. The EA organizes and serves as a forum for entrepreneurs to share ideas on how to improve their businesses in regularly scheduled meetings.
 - b. The EA develops and maintains a website with resources on entrepreneurship, an electronic forum where entrepreneurs can discuss ideas, and a database of best practices that entrepreneurs can adapt for their own businesses.
 - c. Acts as the regional “voice” of entrepreneurship and works with: local units of government to promote a business climate that supports entrepreneurship, UTC, Chattanooga State, and K-12 systems to promote entrepreneurship training, and engage discussions with private sector financing institutions and other potential influencers who could help support funding for small businesses and other entrepreneurial ventures.
 - d. Serves as a strong proponent to guide the development of the clean energy incubator (*see Priority Strategy 1.*)

PRIORITY STRATEGY 5: ESTABLISH AN ANGEL INVESTOR FUND

Entrepreneurs seeking non-debt financing face a number of challenges. Many venture capital funds only seek deals in excess of \$2 to 3 million, and business owners seeking equity funding in the range of \$50,000 to \$1 million often must look elsewhere. As a result, business creation and expansion efforts, especially those based in

communities like Chattanooga that lack large venture capital funds, may be underfinanced. Angel capital offers one means for filling this gap.

Angels are individuals, working either on their own or in networks, who invest (typically \$50,000 to \$1 million) in new and growing businesses. However, angel investing also has disadvantages. Angel investors can be difficult to locate. They also often invest in what is familiar, and they are less willing to invest in risky innovations or new ideas. Additionally, each individual angel controls limited amounts of capital. One way that Chattanooga can enhance the impact of local investors is to organize networks of angels and establish an angel investor fund.

Action Items

1. **Identify potential angel investors** through existing angel networks.
2. Engage prospective investors to **discuss and agree to fund parameters**:
 - a. Annual fund goal amount
 - b. Types of target businesses
 - c. Management structure
 - d. Business plan requirements
3. Investors make **initial capital contributions**.
4. **Market** financing opportunities through the “one-stop” shop, the EA, the newspaper, business journal, and Chamber and RiverCity events.

PRIORITY STRATEGY 6: BUILD STRONGER PHYSICAL CONNECTIONS BETWEEN UTC AND THE CENTRAL BUSINESS DISTRICT

Stagnant downtown areas across the country have been looking to colleges and universities to help resuscitate central business districts. Examples include:

- ✓ Syracuse University: Syracuse moved its architecture program to downtown Syracuse in 2004. Classes began in January. The 135,000-square-foot building also has community space for an art gallery, a lecture hall, and a conference room. The building also houses some operations of Syracuse’s visual arts college.
- ✓ Binghamton University: In 2005, the \$29 million Binghamton University Education and Community Development Center opened in downtown Binghamton.
- ✓ Virginia Commonwealth University: VCU has invested more than \$580 million in real estate investments along Broad Street, the primary corridor in downtown Richmond. VCU’s investments have prompted both Lowe’s and Kroger’s to build their first stores in the central city.

There are tremendous resources housed at UTC that might be appropriately located within the CBD, including a Business School desiring to build partnerships with local businesses, a thriving fine arts program, and an increasingly residential student population.

Action Items:

1. Explore the **possibility of purchasing the Miller and Hub buildings** for UTC programs, including the MBA program, the entrepreneurship program, art programs, fine art gallery space, a conference center, and graduate student housing.
 - a. In lieu of a UTC purchase, a local philanthropist may be interested in purchasing the buildings in exchange for the naming rights of one of the academic units, such as the College of Business.

- b. An MBA program in the CBD would provide students and professors an immediate connection with local corporations and strengthen university-business partnerships.
 - c. Classes offered throughout the day, evenings, and weekends would also provide increased traffic on the streets of the CBD and increase viability of local business success that serves the student population.
2. As UTC expands its residential population, **expand off-campus student housing opportunities** throughout downtown.
- a. Provide developers with incentives to build market-rate rental apartments or apartment suites specifically marketed toward students.
 - b. These incentives could include fast-track permitting, density bonuses, city-paid infrastructure improvements, or tax abatements.

PRIORITY STRATEGY 7: ENGAGE THE YOUNG PROFESSIONALS ASSOCIATION OF CHATTANOOGA (YPAC) TO TAKE ON A MORE ACTIVE COMMUNITY VOICE

The loss of young professionals can pose a threat to economic development and workforce development efforts. While the Chattanooga region has a young professionals association, YPAC, several members noted that their involvement in economic development efforts was minimal. While this may be because the group was only recently formed, it will continue to become a detriment unless progress is made in supporting and lending a true, meaningful young professional voice to the area’s economic development efforts.

Action Items:

1. Utilize YPAC to **conduct a needs assessment of current Chattanooga young professionals** and to conduct a perception survey of young professionals in surrounding cities.
2. Develop a **YPAC website** with relevant community news, local events calendar, and a user forum.
3. Sponsor an annual **“Young Professional of the Year” Award**.
4. YPAC could also **designate local Chattanooga companies as “young talent friendly”** companies based on internally selected criteria and actively publicize this list.
5. Give YPAC a **seat on the Board of RiverCity** or other business, civic, or cultural organizations.
6. **Lend considerable resources to YPAC to launch their efforts** to attract and retain other young professionals, including meeting space, website development expertise, marketing, and communications expertise.

PRIORITY STRATEGY 8: FINANCE THE IMPLEMENTATION OF PLAN

The strategies outlined within this plan do not come without cost. In order to achieve success, funding mechanisms must be put into place to guarantee implementation.

Action Items:

1. Begin a fundraising campaign for a **downtown development fund** (\$300K-\$500K annual goal to fund implementation of this strategy.)
 - a. Administered by the RiverCity Company
 - b. Funded by a variety of parties (potentially including private foundations, private donations, and Chamber of Commerce)
 - c. This fund could be structured as a double bottom line fund, leveraging local investments to attract additional national investment firms seeking both an economic return and a social return.

-
2. Evaluate the possibility of establishing a **Business Improvement District (BID)** to provide funding for marketing downtown area.
 3. Explore **Economic Development Administration (EDA) programs** for additional funding opportunities.
 - a. Focus on EDA funding for the incubator feasibility study and construction at the brownfield site.
 - b. Other possible funding opportunities through the EDA include the development of the Center for Entrepreneurship at UTC and downtown infrastructure improvements.
 4. Evaluate the possibility of establishing a **Tax Increment Financing (TIF) district** within the boundaries of the CBD to be used for parking improvements, particularly parking garages.
 5. **Lobby the state of Tennessee** for additional funds.
 - a. Seek funding from the Governor's Alternatives Fuel initiatives to increase Chattanooga - Hamilton County's presence as a clean energy capital.
 - b. Lobby the University of Tennessee at Knoxville for increased funding of UTC initiatives.

INDUSTRY STRATEGY 1: WORK WITH CHATTANOOGA STATE AND UTC TO DEVELOP WORKFORCE DEVELOPMENT PROGRAMS DEDICATED TO EACH TARGET INDUSTRY.

Action Items:

1. These programs could include:
 - a. An actuarial institute for insurance training
 - b. Gaming and simulation technology certifications
 - c. Alternative Energy Technology programs
2. Establish a Workforce and Education Council composed of representatives from the Chamber, UTC, Chattanooga State, Hamilton County Schools, and Chattanooga Schools. The Council should meet on a quarterly basis to discuss workforce needs and challenges, particularly in the region's target industries.

TALENT STRATEGY 1: ESTABLISH A "COLLEGE RECRUITING TEAM" THAT INCLUDES LOCAL BUSINESSES, YPAC REPRESENTATIVES, CHAMBER REPRESENTATIVES, AND RIVERCITY REPRESENTATIVES TO PROMOTE CHATTANOOGA'S JOBS AND QUALITY OF LIFE AT COLLEGE FAIRS THROUGHOUT THE SOUTHEAST

Throughout the course of this planning process, the supply, quality, and skill level of the local workforce was cited as one of the region's top challenges. Workforce availability and quality has become one of the main factors considered by businesses in making decisions regarding growth and expansion. Efforts must take place to improve upon the current situation, and this improved level must then be maintained and leveraged to support the growth of the target industries. In short, downtown Chattanooga and the entire region should and can aspire to develop a world-class workforce well positioned for future industry growth.

Since young, talented professionals are more mobile than ever before, part of developing this world-class workforce should entail coordinated efforts to recruit college graduates from outside of the Chattanooga region.

Action Items:

1. **Establish team** with representatives from the Chamber, RiverCity, YPAC, and the City of Chattanooga.
2. **Focus on major universities in the Atlanta area (Georgia Tech, Emory, Georgia), Nashville area (Vanderbilt, Rhodes, University of the South), and Knoxville (University of Tennessee).**
 - a. In conjunction with leading companies, prepare 1-2 trips annually to select college job fairs.
 - b. Ask to speak at departmental student organization meetings while there; speak about both job opportunities and quality of life amenities in the Chattanooga region.
 - c. Place 1-2 ads in the student daily newspapers, creating anticipation of arrival.
 - d. Place economic development marketing pieces in career offices.
3. These **trips must become annual events** so that the students and college employees expect to see Chattanooga representatives.

TALENT STRATEGY 2: SPONSOR “CHATTANOOGA COLLEGE DAYS”, AN ANNUAL OR BI-ANNUAL WEEKEND PACKAGE FOR COLLEGE STUDENTS IN THE SOUTHEAST

An annual weekend event that attracts college students from across the Southeast, and even the country, is an excellent way to raise awareness of Chattanooga’s opportunities. Communities that have been successful in attracting college students through annual events:

- ✓ Austin, TX (around Austin City Limits Music Festival and SXSW Music Festival)
- ✓ Killington, VT (Killington Collegiate Snowfest)
- ✓ Nashville, TN (around Bonnaroo Music Festival)

Action Items:

1. Schedule **the annual weekend around exciting downtown events**, such as the annual Riverbend Festival, a marquee Nightfall concert, or the Head of the Hooch competition.
2. This package price could include **access to Rock City, Ruby Falls, a kayaking trip, and discounts at local retailers and restaurants**.
3. RiverCity and the Chamber of Commerce should **host an evening reception** with 2-3 select CEOs chosen to speak about leading corporations and job opportunities in Chattanooga.
4. **Market the weekend package** in student daily newspapers, websites, and local university travel agencies.
 - a. For instance, recruit several UTC students to begin “facebook” group for “Chattanooga College Days.”

TALENT STRATEGY 3: EXPLORE WAYS TO ENGAGE HIGH SCHOOL STUDENTS THAT HAVE LEFT THE AREA FOR COLLEGE.

Communities across the nation are losing their best and brightest “homegrown” talent to other communities after graduation. This is particularly true in regions like Chattanooga that do not have a large, premiere research university that can keep them at home after high school graduation. In fact, sociologists have noted that students that leave their home state for college are less likely to return than those that stay in state. In order to stave off this trend, AE recommends that the region actively promote local companies and opportunities to the best and brightest local talent while they are in college.

Action Items:

1. **Hold an annual reception during Christmas break or late summer (prior to returning to school) for the top 20 graduates from each high school in the region.** This reception should impress upon these students their value to their hometown.
 - a. Select 3-4 CEOs of leading companies to talk about job opportunities in downtown Chattanooga
 - b. YPAC representatives should attend to provide a “peer” face at the reception.
2. **Fund subscriptions to the Times Free Press or Chattanooga Magazine** for top graduates of area high schools while they attend college.
3. Sponsor **2-3 loans per year for students** entering the computer science, engineering, finance, marketing and entrepreneurship, or other target industry programs at UTC; **loans are forgiven if students stay in Chattanooga** after graduation.

ENTREPRENEURSHIP STRATEGY 1: TARGET ENTREPRENEURS IN LARGER METROPOLITAN REGIONS FOR FACE-TO-FACE RECRUITMENT

Communities including Austin and Boise have successfully recruited high impact start-ups from higher cost locations, particularly those on the West Coast. Downtown Chattanooga has the opportunity to do the same and recruit high impact, small businesses that will bring an infusion of capital, talent, and higher wages to the region. The area's low cost of living, low commute times, quality of life amenities, and favorable tax structure should be attractive to these businesses.

Action Items:

1. The new management of the new **"one-stop shop"** should lead the recruitment of promising **entrepreneurs** from outside the region.
2. **Identify 10-15 rising entrepreneurs** within each of the targeted industries in larger neighboring communities. Begin with priority targets of clean energy and creative arts and design.
 - a. Companies can be identified through the local Business Journal and/or newspaper, local incubator websites, national articles, and national conference and symposiums.
3. **Schedule 1-2 annual trips to Atlanta and Nashville** (or other promising regions) for face-to-face, individualized meetings with each target.
 - a. At each meeting, be prepared to describe entrepreneurial support mechanisms and available office or lab space for each company.

ENTREPRENEURSHIP STRATEGY 2: LOBBY THE STATE OF TENNESSEE TO DEVELOP A MATCHING PROGRAM FOR SBIR AND STTR GRANTS WON BY LOCAL COMPANIES

The Small Business Innovation Research Program (SBIR) is a highly competitive, three-phase, funded research program that provides qualified small businesses with opportunities to propose innovative ideas that meet the specific research and development needs of the Federal Government.

The Small Business Technology Transfer Program (STTR) is an important small business program that expands funding opportunities in the federal innovation research and development arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small business and the nation's premier nonprofit research institutions.

In 2004, Tennessee ranked 32nd out of 50 in amount of SBIR funding. Thirty-two companies received over \$10 million of federal funding. The state ranked 26th in STTR funding, with 5 companies receiving approximately \$2.4 million.

Action Items:

1. **Lobby state representatives** to establish a matching program for SBIR and STTR grants.
 - a. States with such programs include Illinois, North Carolina, and Michigan.
2. For each program, the following grants are available:
 - a. Phase I grants of up to \$100,000 for start-up and testing concept feasibility
 - b. Phase II grants up to \$750,000 to determine commercialization potential

UTC STRATEGY 1: EXPAND UTC-CBD BUSINESS PARTNERSHIPS

Without focus on a seamless system between workforce providers, educators and business leaders, it becomes difficult for a community to attract quality companies, retain a strong existing industry base, and maintain a supply of available, quality workers. Innovative thinking, increased collaboration, and more integrated processes and systems within educational institutions and businesses are now required to position communities competitively for future growth and prosperity. Opportunities to expand formalized partnerships between academic programs at UTC and local businesses should be capitalized upon.

Action Items:

1. **Increase SimCenter connections with area manufacturers by creating a “consulting alliance” of professors and Ph.D. students**
 - a. The Alliance might donate 20 hours of free consultation to local companies interested in ways that the research could help advance business practices.
 - b. This Alliance should also be promoted to prospective companies and site selectors.
2. **Expand the Entrepreneurship minor into a major program.**
 - a. Establish a Center for Entrepreneurship within the College of Business dedicated to entrepreneurial research.
 - b. Expand the Entrepreneurial Forum into a quarterly program that attracts local entrepreneurs, national angel and venture capitalists, students, and 1-2 successful keynote entrepreneurs that have developed their concept into a successful business.
3. Continue to **expand the technology commercialization efforts** at UTC.
 - a. Conduct a bi-annual tech commercialization symposium for inventors to present their research to VCs, angels, and industry.
 - b. Create a clear and concise licensing agreement to encourage tech commercialization.

UTC STRATEGY 2: EXPAND ELECTRIC SHUTTLE ROUTES THROUGH UTC AND EXPAND SHUTTLE HOURS UNTIL AT LEAST 10PM.

Currently, the free electric shuttle does not serve the UTC campus. This limits the connectivity of the campus to the CBD. In order to provide students with an easy option to spend time in the CBD, an additional route that connects the campus with Broad Street should be added.

Action Items:

1. CARTA **should evaluate the economic feasibility of an additional route.**
2. If economically feasible, the **route should extend until 10pm seven days/week** to allow students to eat at local restaurants and return on the shuttle. For special downtown events and concerts that attract students, hours could be extended.

RETAIL STRATEGY 1: DEVELOP A RETAIL MARKETING STRATEGY AND DESIGNATE RETAIL CORRIDORS OR DISTRICTS WITHIN THE BOUNDARIES OF DOWNTOWN CHATTANOOGA

In the absence of a clear vision for downtown retail, recent public policy has sometimes been interpreted as supported development in other areas of the city, sometimes at the expense of strengthening retail in downtown. Chattanooga's public policy on retail development should be driven by a focused vision on supporting and encouraging downtown retail, and focus on connective strategies that will foster market-based retail opportunities in a coherent approach.

Action Items:

1. In order to begin to gain momentum, it would make sense for leadership to designate **retail "sub-districts** throughout the entire downtown area with specific target markets, for instance:
 - a. CBD (day-time employee population and growing residential base)
 - i. Office products
 - ii. Lunch restaurants – delis, cafes, take-out
 - iii. Service items – dry cleaners, florists, drugstores, health/beauty
 - b. Waterfront (tourists, growing residential population of empty-nesters and young professionals, night-time traffic)
 - i. Restaurants and bars
 - ii. High-end eclectic retail boutiques with "local" Chattanooga flair
 - iii. Upscale grocery store
 - iv. Outdoor recreation retail
 - c. Southside (growing residential base of young professionals and young families)
 - i. Grocery store
 - ii. Service items – dry cleaners, health/beauty, drugstores, banks
 - d. North Shore (eclectic retail base for tourists, day-time traffic, and students)
 - i. Bookstores
 - ii. Outdoor recreation retail
 - iii. Coffee shops
 - iv. Restaurants and bars
 - v. High-end retail boutiques with local "Chattanooga" flair
 - e. MLK Corridor (UTC student population)
 - i. Bookstores
 - ii. Coffee shops
 - iii. College-focused clothing retailers
 - iv. Electronics stores
 - v. Lunch restaurants – delis, cafes, take-out
2. Hire a retail marketing firm to **develop a demand analysis and marketing plan** for each sub-district.

RETAIL STRATEGY 2: HIRE A DOWNTOWN RETAIL COORDINATOR TO ACTIVELY PROMOTE DOWNTOWN CHATTANOOGA

Retail brokers often respond to vacancies by placing a sign in the window of the space. AE's experience suggests that a more pro-active role is necessary in continually finding good tenant prospects, sharing information with them about available spaces and market opportunities, and then connecting them with brokers and property representatives to structure a deal. Seeking out tenants that fit a particular retail strategy or mix is

not cost effective for retail brokers who only earn their fees by completing a lease transaction. A downtown retail coordinator will provide the missing link between retail operators, property owners, and their brokers.

Action Items:

1. **Hire a downtown retail coordinator** to act as go-between with retailers, owners, and brokers.
2. The retail coordinator should be in charge of implementing the marketing plan developed in Strategy Two and aggressively contacting retailers.

RETAIL STRATEGY 3: INCREASE PARKING OPPORTUNITIES

Input from interviews, surveys, and focus groups pointed out that a lack of parking in downtown is a significant deterrent to retail activity. Although downtowns, by nature, are never going to be able to accommodate parking in the same way the suburbs can, they should focus on better ways to serve their customers with clean, safe streets, convenient and available parking, and easy circulation.

Parking opportunities should be concentrated in structures and metered spaces. Surface lots break up the fabric of downtown and can contribute to safety concerns, lack of aesthetic appeal, and long-term, loss of economic development opportunities.

Action Items:

1. Continue to **support the concept of a singular downtown parking authority**, through either CARTA or another parking management firm.
2. Continue to support the City's initiative to reverse the logistics of metered and structured parking. Hourly rates on metered spots should be higher than rates in structures and encourage continual turnover.
3. Update the **"parking master plan"** for downtown.
 - a. The master plan should update the parking inventory study conducted in 2004.
 - b. It should include an analysis of the parking issues generated from new residential construction.
4. **Innovatively finance the construction of mixed-use structures with parking, retail, and residential** throughout downtown. (*See Priority Strategy 8*) Gaps created by surface parking lots should be eliminated to the extent possible.

IMPLEMENTATION STRATEGY 1: ESTABLISH IMPLEMENTATION COMMITTEES FOR EACH GOAL

The implementation of this strategy will not occur without a diverse team of leaders committed to overseeing the process.

Action Items:

1. At the completion of this planning process, establish 6 implementation committees for each of the 6 program goals.
 - a. Each implementation committee should have no more than 15 people to ensure fast-track success.
 - b. Committee members should represent a variety of public, private, and non-profit organizations.
 - c. Each implementation committee prioritizes their plan of action based on feasibility of initiatives.
 - d. The Implementation Committee should set a schedule to meet one to two times per month for at least six months following the rollout of this plan. Meeting on a regular basis will maintain the momentum behind this plan and ensure some early successes.
2. Implementation committees should report progress to the RiverCity board on a monthly or quarterly basis.

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3. Implementation committees should utilize access to the media to continue to promote successes born from the plan.

IMPLEMENTATION STRATEGY 2: CONTINUE TO MEASURE PROGRESS ON AN ANNUAL BASIS

Celebrate successes generated from this new economic development initiative. The often forgotten part of implementation is appreciating the success achieved.

Action Items:

1. RiverCity should host an economic development summit once a year to update the community on the strategy and announce positive news.
2. The rollout event should serve as the first annual economic development summit.
3. Metrics for evaluating progress can include:
 - a. Number of jobs created within downtown
 - b. Number of new residents in downtown Chattanooga
 - c. Increase in retail sales at downtown retailers
 - d. Increase in number of business establishments
 - e. Increase in % of 25-44 year age cohort
 - f. Increase in average wages paid by Downtown employers
 - g. Number of prospects looking at downtown office space
 - h. Increase in activity at the entrepreneurial "one-stop" shop
 - i. Vacancy rates in downtown
 - j. Educational attainment rates of residents in downtown
 - k. Increase in number of UTC students living downtown
 - l. Total dollars invested in real estate within downtown
 - m. Number of companies utilizing UTC resources
 - n. Angel investor funding in local companies
 - o. Success stories of graduates of the "clean energy" incubator
 - p. Total dollars dedicated to funding the implementation of this plan

The appendix contains case studies, an implementation matrix, and a target company database:

- The case studies offer best practice examples of communities that have dealt with similar issues as Chattanooga and identify innovative ways in which they have tackled their challenges.
- The matrix contains every action item contained within this plan, along with its priority ranking, suggested timeframe, and implementation partners.
- The target company list is attached in a separate Excel document and provides contact information for a range of companies in each of downtown's target industries, with the exception of retail (a non-primary industry) and headquarters (each of the companies listed within the other industries are headquarters.)

CREATIVE CHANGE CENTER RICHMOND, VIRGINIA

Since January 2005, the Creative Change Center (C3) in downtown Richmond, Virginia has **provided a place for artists, creative professionals, and other innovative entrepreneurs a place to gather, think, exhibit their work, collaborate on projects**, or just surf the web for free. C3 focused on providing free or nominally-priced business and networking services to freelance designers, writers, artists, and others across the Richmond area. C3 has been funded entirely by donations, sponsorships, and volunteer work, with over 5,300 people using the loft space donated by local marketing firm Play over 18 months.

To further engage the creative community and foster buy-in for creative business development in the area, C3 pioneered the idea of Catalysts. Catalysts are people who make a difference in the community simply through their creativity, innovative projects, or community actions, and who promote C3's services to creative professionals throughout the region. Though C3 recently lost its loft space, the C3 creative spirit survives through innovative programming across Richmond.

Indeed, Robert Holland, a local communications and media relations consultant described the importance of C3's mission – "I'm still struck by how many independent entrepreneurs and creatives are really hungry not only for the networking/connecting opportunities, but also for the tips on the "business" side of what they do. I talked with a few freelance writers who expressed frustration at the difficulties of finding work in what has been called a "strong" market. So I think that's one important role that C3 can continue to play -- bringing some "business acumen" to creative people in a way that is understandable, relevant and palatable."

TALENT RECRUITMENT AUSTIN, TEXAS

While Austin, Texas is now known for its educated populace, great quality of life, and high-tech economy, Austin was not always a forerunner in the growing creative economy. In the 1960s, the Austin economy hinged on two sectors: the University of Texas at Austin and the state government. Though its business community and infrastructure was undeveloped at the outset, Austin had a primary asset in its educated workforce. By playing to their strengths and marketing Austin for its quality of life and workforce, Austin has transformed its economy into a national player on the high-tech scene.

The primary work of marketing the Austin region falls on the Greater Austin Chamber of Commerce. Although many communities focus on their physical attributes, real estate and transportation links, and infrastructure investments to capture economic growth, Austin's economic strategy began without many of those traditional assets. Only by touting the educated workforce would Austin grow to become the high-tech and young professional capital of Texas. Playing off several characteristics of Austin and business phrases, the original slogan, "Austin: The Human Capital" was coined to grab the attention of business executives and potential creative class workers.

Through its technology-focused website, AustinHumanCapital.com, the Chamber has been able to target high-tech companies, their executives and potential employees and focus their attention on the demographics and education of the Austin area. The website focuses not only on the high-tech attributes of Austin today, but also on attracting a future workforce to drive economic development. By highlighting the attractive quality of life, the education of the region, and the high-tech economy as the primary economic assets

of the region, the Austin Chamber of Commerce has been able to ensure a growing economic base and a diverse workforce.

CHARLESTON DIGITAL CORRIDOR CHARLESTON, SOUTH CAROLINA

While many communities create an economic strategy in the wake of a large business closing or the economic base of a region shifting to another area, Charleston, South Carolina decided to create a pioneering economic development strategy before economic changes occurred. Based on attracting entrepreneurs and aiding their growth through technology incentives, business incentives, and business-driven programming, the Charleston Digital Corridor project has diversified the economy of one of the South's most historic cities.

The Digital Corridor's strategy is to facilitate a business, cultural and social environment where technology companies thrive. The Charleston Digital Corridor consists of four geographic districts offering a diverse range of options to meet the unique size, personality, price, and infrastructure requirements for all types of knowledge-based industries. These areas then become the nexus of a growing technology and entrepreneurial community that creates economic opportunity across the region.

To address the needs of its entrepreneurial clients, the Digital Corridor has embarked on a number of interrelated projects focusing on building an entrepreneurial economy. One of the most exciting developments is **The Corridor Roundtable, a program where successful entrepreneurs mentor future business leaders in a rapid, confidential way.** Other resources include a talent portal describing available jobs and workforce statistics, a temporary space for businesses in transition, a listing of creative buildings for entrepreneurial companies, and an emerging fund being developed to assist early stage companies. To date, over 80 companies are members of the Digital Corridor, lending their experience, time, and money to creating a new economic base for Charleston.

UNIVERSITY & Downtown RELATIONSHIP SAVANNAH COLLEGE OF ART & DESIGN AND SAVANNAH, GEORGIA

While many universities across the country experience difficult town-gown relationships, Savannah College of Art & Design (SCAD) has enhanced the historic and civic beauty of one of America's oldest cities, Savannah, Georgia. Started in 1979 in Savannah's National Historic Landmark District to provide degree programs in architecture, graphic and industrial design, fashion, art and art history, and visual and performing arts, **the college has adaptively reused over 1.5 million square feet of space in downtown Savannah. SCAD's campus is so well integrated into the fabric of downtown Savannah that it is difficult to tell where the city ends and the campus begins.**

SCAD has made the historic district its campus, not by tearing down buildings to build a sprawling campus but by purchasing and restoring numerous older buildings. SCAD now owns space in 50 buildings downtown, including a 1960s motel now used as a residence hall, a department store that serves as a library, and a movie theater that serves as the school auditorium. Robin Williams, chair of the Architectural History department at SCAD noted that **"[b]y purchasing and renovating buildings across the historic district, SCAD has integrated its campus with the surrounding community, reused buildings that would have been hard to resell, and its nearly 7,000 students add life to Savannah's downtown."** In fact, the campus has added to the academic assets at SCAD, which has excelled nationally because of the involvement of its students and faculty members in rebuilding downtown fabric.

For its efforts in renovating Savannah’s downtown historic district, Savannah College of Art & Design has received numerous awards, including the 2003 National Main Street Award for Civic Leadership, and has been recognized for its leadership by the American Institute of Architects, the Historic Savannah Foundation, and the Victorian Society of America.

CLEAN ENERGY INCUBATOR AUSTIN, TEXAS

While Texas has long been known for its oil and natural gas industry, Texas is also home to more wind power than any other state in the U.S., and has abundant supplies of sunshine, geothermal energy, and other clean energy sources, but much of the clean energy industry is based in other states and countries. In an effort to better commercialize clean energy companies and grow the high-tech economy of Austin, the Clean Energy Incubator (CEI), a joint effort of the Austin Technology Incubator and the National Renewable Energy Laboratory, was launched in 2001.

The primary goal of the Clean Energy Incubator is to “develop early-stage clean-energy companies... and help these companies solidify management teams, secure adequate funding, and accelerate time to market. Through this mission, CEI will create jobs and generate wealth for the Austin community and its surroundings.” CEI aims to achieve this through traditional incubator activities, including providing access to financing, other high-tech incubators in the Austin area, and access to a network of industry and community leaders. In addition, CEI offers mentoring and advisory services, presentation prep, in-house consultants, office space, and opportunities to showcase technologies and companies at large events.

Where the Clean Energy Incubator distinguishes itself from other technology incubators, however, is in its single-minded focus on clean energy and energy conservation technology. Innovatively, the **CEI has partnered with the local municipal utility, Austin Energy, to assess the technologies available for meeting the City of Austin’s renewable energy goal**. In addition, the CEI is focusing on hosting the Austin Clean Energy Investment Conference in May 2007, which will showcase the clean energy, energy storage, and energy and water conservation technologies developed by companies at the incubator and help Austin to become the ‘Clean Energy Capital of the World.’

PUBLIC INTEREST PROJECTS, INC. ASHEVILLE, NORTH CAROLINA

Many downtown improvement projects are on two distinctly different models – either governments purchase and redevelop downtown assets to create affordable space for retail and residential uses or private companies renovate and redevelop downtowns but price out long time residents and local businesses. Public Interest Projects, Inc. (PIP), a small company in Asheville, North Carolina has set out to prove that redevelopment in downtowns is not incompatible with affordability for residents and local businesses.

PIP’s mission is to combat sprawling development and provide capital to invest in the community while benefiting the community as a whole and providing a reasonable and self-sustaining return on investment. To translate these goals into reality, PIP focuses on renovating historic downtown buildings (using Historic Preservation Tax Credits) into vertical mixed-use buildings, with residential development over retail components. PIP then **creates innovative rent structures tied to local business revenues, often with clauses that allow for rent reductions if business slows. PIP will also invest cash into a local business and provide management**

and accounting assistance in return for a small share of profits and the added value of liveliness on the street level of its projects.

To date, PIP has helped to transform downtown Asheville into a regional tourist attraction and strengthened downtown Asheville's local economic base through providing affordable housing, space for local restaurants and retailers, and increased tax revenues for the local government. PIP has created over 200 units of affordable downtown housing, and aided twelve businesses in finding and maintaining retail space in downtown Asheville, including several nationally renowned restaurants, local bookstores, a theater, and several small businesses.

**CHATTANOOGA CBD
Economic Development Plan
Implementation Matrix**

Primary implementers with red "X"

Priority (1-3)

Time Frame
Immediate (0-3 months)
Short-Term (3-6 months)
Long-Term (6 months +)

RiverCity

Chamber of Commerce

City of Chattanooga

Hamilton County

CEG/One-Stop Shop

YPAC

Industry Champion Teams

UT-Chattanooga

Chattanooga State

Charitable Foundations

Visitors Bureau

Business Community

Community-At-Large

Other

"Other" Organization

RECOMMENDATIONS

III. ENTREPRENEURSHIP

IMPLEMENTING ORGANIZATION

Entrepreneurship Strategy One: BUILD AN ENTREPRENEURIAL SUPPORT NETWORK AIMED AT MATCHING ENTREPRENEURS WITH THE APPROPRIATE LEVELS OF SUPPORT AND RESOURCES

1	Combine the Center for Entrepreneurial Growth (CEG), Business Development Center (BDC), and Small Business Development Center (SBDC) into a "one-stop" shop for entrepreneurs and small businesses	1	Short-Term		X	X	X	X											
2	Establish an "Entrepreneurs Association" that meets regularly to discuss relevant issues and findings from working with local entrepreneurs	1	Short-Term		X			X											

Entrepreneurship Strategy Two: SUPPORT THE DEVELOPMENT OF A CLEAN ENERGY INCUBATOR

1	The Clean Energy Industry Champion Team and other community partners should research and visit best-in-class incubator facilities.	1	Short-Term							X									
2	Research and tap into federal funding opportunities available for starting up incubators and conduct a feasibility study	1	Short-Term	X	X					X									
3	If the feasibility study proves that support exists for the incubator, determine an appropriate location for the incubator	1	Short-Term	X	X					X									
4	Campaign to obtain private and public funding and lobby the state for funding support	1	Long-Term	X	X					X									
5	Set up incubator, hire board, launch, promote, fundraise	1	Long-Term	X	X					X									

Entrepreneurship Strategy Three: ESTABLISH AN ANGEL INVESTOR FUND

1	Identify potential angel investors through existing angel networks.	1	Immediate	X	X			X											
2	Engage prospective investors to discuss and agree to fund parameters	1	Short-Term	X	X			X							X				
3	Investors make initial capital contributions	1	Short-Term													X			Angel Investors
4	Market financing opportunities through the "one-stop" shop, the EA, the newspaper, business journal, and Chamber and RiverCity events	1	On-going	X	X			X											

Entrepreneurship Strategy Four: TARGET ENTREPRENEURS IN LARGER METROPOLITAN REGIONS FOR FACE-TO-FACE RECRUITMENT

1	The new management of the new "one-stop shop" should lead the recruitment of promising entrepreneurs from outside the region	2	On-going	X	X			X											
2	Identify 10-15 rising entrepreneurs within each of the targeted industries in larger neighboring communities. Begin with priority targets of clean energy and creative arts and design.	2	Short-Term	X	X			X											
3	Schedule 1-2 annual trips to Atlanta and Nashville (or other promising regions) for face-to-face, individualized meetings with each target.	2	On-going	X	X			X											

Entrepreneurship Strategy Five: LOBBY THE STATE OF TENNESSEE TO DEVELOP A MATCHING PROGRAM FOR SBIR AND STTR GRANTS WON BY LOCAL COMPANIES

1	Lobby state representatives to establish a matching program for SBIR and STTR grants.	3	Long-Term	X	X			X			X				X				
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IV. UT-CHATTANOOGA

UTC Strategy One: RELOCATE KEY UTC PROGRAMS INTO THE CBD

1	Explore the possibility of UTC purchasing (or having BCBS donate) the Miller and Hub buildings for UTC programs, including the MBA program, the entrepreneurship program, fine art gallery space, a conference center, and graduate student housing	1	Immediate	X		X				X					X				
2	Expand off-campus student housing opportunities throughout downtown and particularly the CBD	2	Long-Term	X		X				X						X			Developers

UTC Strategy Two: EXPAND UTC-DOWNTOWN BUSINESS PARTNERSHIPS

1	Increase SimCenter connections with area manufacturers by creating a "consulting alliance" of professors and Ph.D. students.	2	Short-Term							X									
2	Expand the Entrepreneurship minor into a major program.	2	Long-Term							X									
3	Continue to expand the technology commercialization efforts at UTC.	2	On-going							X									

UTC Strategy Three: EXPAND ELECTRIC SHUTTLE ROUTES THROUGH UTC AND EXPAND SHUTTLE HOURS UNTIL AT LEAST 10PM

1	CARTA should evaluate the economic feasibility of an additional route	1	Immediate			X				X						X			CARTA
2	If economically feasible, the route should extend until 10pm seven days/week to allow students to eat at local restaurants and return on the shuttle. For special downtown events and concerts that attract students, hours could be extended.	2	Short-Term			X				X						X			CARTA

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