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SOUTHEAST TN & SOUTHWEST NC: *RE-TOOLING ASSET-BASED GROWTH*

6.1 Introduction

SE Tennessee/SW North Carolina are covered by two adjacent Local Development Districts that are connected by Appalachian Highway Corridor K. For McMinn County, TN the case study examines the role of entrepreneurship and the arts in maintaining the economic viability of a rural area that has had substantial loss of manufacturing employment. In addition, the case study traces economic development efforts to develop cultural and recreation tourism along Corridor K between Chattanooga, TN and Asheville, NC.

This case study profiles economic development efforts focused on tourism potential in recreation-based and cultural heritage, principally along Corridor K in the Southeastern Tennessee and Southwestern North Carolina located between the metro areas of Chattanooga, TN and Asheville, NC.

This region presents an interesting case study as it spans multiple counties, state, and the Local Development District boundaries. These jurisdictions are competing with each other for employers, workforce, tourists and resources, yet they have organized themselves for economic development as a cohesive unit, pooling resources and efforts to create the critical mass necessary to attain their economic development goals. One reason is that the case study counties are linked by Corridor K – a planned link in the Appalachian Development Highway System (ADHS)

The region is also of interest as a case study because the geographic factors that isolated it also led to the emergence of a regional trade center in Murphy, NC. Finally, the region's natural resources—forests, rivers, railroads, and mines—that were once a source of industrial activity are now being used diversify their economy by building a tourism industry based on recreation and cultural heritage.

6.2 Regional Profile

The study area is comprised of counties that are linked by the planned highway of Appalachian Corridor K, including the North Carolina counties of Cherokee, Graham, Jackson, Swain and the Tennessee counties of Bradley, Hamilton, and Polk (Exhibit 6-1). The study area also includes the adjacent counties of Clay and Macon (NC) and McMinn and Meigs (TN) because their economies are closely linked to those located along the corridor (Exhibit 6-2). Though not part of this study, the area also has economic ties to northern Georgia, particularly with Fannin, Union and Towns Counties.

While the counties of interest have a combined population of nearly 589,000, more than half of this is attributable to the Chattanooga metro area. This case study focuses on economic development potential in the non-metropolitan areas east of Chattanooga, TN and southwest of Asheville, NC. This area is isolated from the State capitals, and at one time even harbored an independence movement to succeed from Tennessee, North Carolina and Georgia to form their own state to be called Franklin.

Large portions of the study area are public lands including Cherokee National Forest, Nantahala National Forest, and Hiwassee Lake State Park. For example, Swain County is approximately 87 percent public lands. The region is relatively isolated, ringed in high mountains and bisected by dramatic river gorges.

Exhibit 6-1. Corridor K of the Appalachian Development Highway System

CORRIDOR K – TENNESSEE & NORTH CAROLINA



APPALACHIAN REGIONAL COMMISSION
Corridor Status as of September 30, 2002

Exhibit 5-2. Map of the Full Case Study Area



Source: Microsoft Streets & Trips and EDR Group

Originally home to the Cherokee and vibrant early-American trade paths, the region has been populated since before the 1700s. In the 1820s, gold was discovered and in the 1840s copper was discovered. The copper mining industry in particular drove boom-town style growth. Railroads were constructed to serve the mining industry, which allowed the logging and textile industries to flourish. The textile industry remained strong until the late 1980s when the national textile industry began to experience significant losses as the industry shifted to lower-cost manufacturing in China. The furniture industry, which had grown out of the region's logging activities, remained strong until the last decade when this industry also went abroad.

Population Growth. Exhibit 6-3 presents population in each of the study area counties for the past four decennial Censuses. The largest county by far is Hamilton, TN (pop. 307,896), which includes Chattanooga. Bradley and McMinn Counties also have relatively large populations, while Graham and Clay have populations under 9,000. During the 1990s, population growth in three of the six North Carolina counties outstripped that of the state as a whole, while three of the five Tennessee counties surpassed the rate of growth statewide.

Exhibit 6-3. Population and Population Growth

Population by County	Population				% Change			
	1970	1980	1990	2000	1970-80	1980-90	1990-2000	1970-2000
Hamilton County, TN	256,190	288,370	285,536	307,896	13%	-1%	8%	20%
Bradley County, TN	51,230	67,770	73,712	87,965	32%	9%	19%	72%
McMinn County, TN	35,600	42,030	42,383	49,015	18%	1%	16%	38%
Jackson County, NC	21,593	25,811	26,846	33,121	20%	4%	23%	53%
Macon County, NC	15,910	20,380	23,499	29,811	28%	15%	27%	87%
Cherokee County, NC	16,410	18,990	20,170	24,298	16%	6%	20%	48%
Polk County, TN	11,720	13,650	13,643	16,050	16%	0%	18%	37%
Swain County, NC	8,835	10,283	11,268	12,968	16%	10%	15%	47%
Meigs County, TN	5,250	7,450	8,033	11,086	42%	8%	38%	111%
Clay County, NC	5,200	6,660	7,155	8,775	28%	7%	23%	69%
Graham County, NC	6,560	7,210	7,196	7,993	10%	0%	11%	22%
State of Tennessee	3,926,018	4,591,120	4,877,185	5,689,283	17%	6%	17%	45%
State of North Carolina	5,082,059	5,881,813	6,628,637	8,049,313	16%	13%	21%	58%

Source: US Census Bureau.

Economic Profile. Exhibit 6-4 presents employment trends by NAICS sector in the study area for 1997 and 2002. The top three sectors across both years are government, retail trade, and health care/social services which is typical for many areas in the nation, particularly under-performing areas such as those found in Appalachia. *Accommodations, eating & drinking* is the fourth largest source of employment, and is important to regional tourism. Construction is fifth, which is supported by the pace of second-home construction discussed later in this case study. Transportation is sixth, which reflects the presence of Interstate 75 at the western edge of the study area, a major east coast north-south trade corridor.

Exhibit 6-4. Employment by Industry, 1997-2002

NAICS	Sector	Study Area		Annual Growth			2002 LQ
		1997	2002	Annual Growth	TN & NC Combined	United States	Study Area/ TN & NC
524	Insurance Carriers & Related Activities	10,147	14,241	7.0%	-0.3%	-1.2%	2.7
335	Electric Equipment, Appliances, etc.	5,703	6,612	3.0%	-4.2%	-5.3%	2.5
325	Chemical Manufacturing	4,349	8,355	13.9%	-3.0%	-4.5%	2.4
311	Food Products	8,413	9,373	2.2%	1.4%	0.4%	2.2
481-487	Transportation	10,344	20,878	15.1%	1.1%	1.7%	2.2
322	Paper Manufacturing	3,268	3,765	2.9%	-1.3%	-3.6%	2.0
114	Fishing, Hunting & Trapping	23	552	88.4%	44.1%	12.3%	1.9
331	Primary Metal Manufacturing	3,887	1,570	-16.6%	-7.3%	-4.8%	1.8
813	Religious, Civic, Professional, Organizations	6,751	6,781	0.1%	-1.6%	1.4%	1.3
212-213	Mining & Support Activities	328	455	6.8%	-3.6%	2.9%	1.2
315	Apparel Manufacturing	6,328	2,707	-15.6%	-17.2%	-13.6%	1.2
441-454	Retail Trade	45,460	45,340	-0.1%	-0.4%	-0.3%	1.1
333	Machinery Manufacturing	4,095	3,218	-4.7%	-3.3%	-4.7%	1.0
339	Miscellaneous Manufacturing	1,913	1,589	-3.6%	-3.7%	-2.0%	1.0
491-493	Mail, package delivery & warehousing	3,675	5,944	10.1%	8.3%	6.4%	1.0
531	Real Estate	7,100	9,913	6.9%	8.2%	9.7%	1.0
541-551	Professional Scientific, Technical, Services	17,006	21,846	5.1%	7.3%	7.0%	1.0
721-722	Accommodations, Eating & Drinking	23,510	26,377	2.3%	2.6%	2.3%	1.0
811-812	Repair, Maintenance, & Personal Services	9,912	12,883	5.4%	4.9%	3.8%	1.0
113	Forestry & Logging	811	423	-12.2%	-7.3%	-4.9%	0.9
221	Utilities	1,005	747	-5.8%	-9.0%	-4.9%	0.9
230	Construction	26,505	22,965	-2.8%	-0.7%	0.2%	0.9
332	Fabricated Metal Products	4,003	3,486	-2.7%	-1.5%	-2.5%	0.9
532	Rental & Leasing Services	1,148	1,908	10.7%	7.6%	6.9%	0.9
621-624	Health Care & Social Services	27,790	29,153	1.0%	2.7%	2.6%	0.9
814	Private Households	1,886	3,646	14.1%	11.0%	10.1%	0.9
920	Government & non NAICS	44,422	47,674	1.4%	1.4%	1.0%	0.9
112	Animal Production	2,269	2,659	3.2%	4.9%	8.1%	0.8
323	Printing & Related Support Activities	2,130	1,420	-7.8%	-4.0%	-3.6%	0.8
337	Furniture & Related Products	4,676	3,160	-7.5%	-4.3%	0.0%	0.8
420	Wholesale Trade	14,036	11,800	-3.4%	-2.6%	-3.2%	0.8
521-523	Monetary, Financial, & Credit Activity	6,053	6,797	2.3%	2.3%	1.8%	0.8
561	Administrative & Support Services	20,388	18,300	-2.1%	1.1%	0.0%	0.8
562	Waste Management & Remediation	895	533	-9.8%	1.0%	8.9%	0.8
611	Educational Services	3,212	4,098	5.0%	1.9%	0.1%	0.8
711-713	Amusement & Recreation	4,709	5,320	2.5%	4.9%	3.7%	0.8
312	Beverage & Tobacco Products	1,135	842	-5.8%	-1.3%	-0.6%	0.7
313	Textile Mills	3,199	2,908	-1.9%	-8.6%	-6.8%	0.7
336	Transportation Equipment	1,683	3,123	13.2%	-2.5%	-3.9%	0.7
512	Motion Picture & Sound Recording	647	414	-8.6%	-7.1%	-4.4%	0.6
513	Broadcasting	1,717	1,762	0.5%	2.8%	2.9%	0.6
321	Wood Products	1,398	1,110	-4.5%	-5.3%	-3.8%	0.5
326	Plastics & Rubber Products	2,078	1,583	-5.3%	-2.4%	-3.0%	0.5
327	Nonmetallic Mineral Products	1,602	751	-14.1%	-3.6%	-2.6%	0.5
511	Publishing Industries (except Internet)	1,463	927	-8.7%	-4.6%	-6.0%	0.5
111	Crop Production	2,377	1,598	-7.6%	-4.3%	-2.9%	0.4
314	Textile Product Mills	1,752	384	-26.2%	-5.5%	-4.4%	0.4
334	Computer & Electronic Products	189	932	37.6%	-4.6%	-5.3%	0.4
115	Support for Agriculture & Forestry	272	219	-4.2%	10.4%	1.1%	0.0
211	Oil & Gas Extraction	120	0	-100.0%	40.5%	-5.7%	0.0
316	Leather & Allied Products	283	177	-9.0%	-15.5%	-11.5%	0.0
324	Petroleum & Coal Products	48	208	34.2%	4.4%	-2.9%	0.0
514	Internet & data process svcs	196	242	4.3%	15.7%	6.1%	0.0
525	Funds, Trusts, & Other Financial Vehicles	172	27	-30.9%	4.9%	12.3%	0.0
533	Lessors of Nonfinancial Intangible Assets	58	41	-7.0%	-2.9%	-8.5%	0.0
TOTAL		358,539	383,736	7.0%			

Source: EDR-LEAP (with IMPLAN data) and EDR Group.

As shown in Exhibit 6-4, the region's major manufacturing sectors include food products, chemical manufacturing, electrical equipment and appliances, furniture, paper, textiles, apparel, fabricated metal products, machinery, and transportation equipment.

Despite losses between 1997 and 2002 in historically important sectors such as textile mills, apparel manufacturing, forestry and logging, furniture and wood products, and mining, the region experienced a net gain of more than 25,000 jobs. The computer and electronic products industry grew from under 200 employees to nearly 1,000 and other large gains occurred in the transportation services, chemical manufacturing, transportation equipment manufacturing, and package delivery & warehousing industries.

The last column of Exhibit 6-4 also shows the 2002 location quotients (LQ) for the study area. In comparison to the employment mix of Tennessee and North Carolina combined, the study area has particularly high shares of employment in insurance, electric equipment and appliance manufacturing, chemical manufacturing, food products and transportation. The region also has relatively higher shares of employment in paper manufacturing, fishing/hunting/trapping, primary metal manufacturing, mining, apparel manufacturing, furniture manufacturing, and mining. These industries reflect historical strongholds of the region.

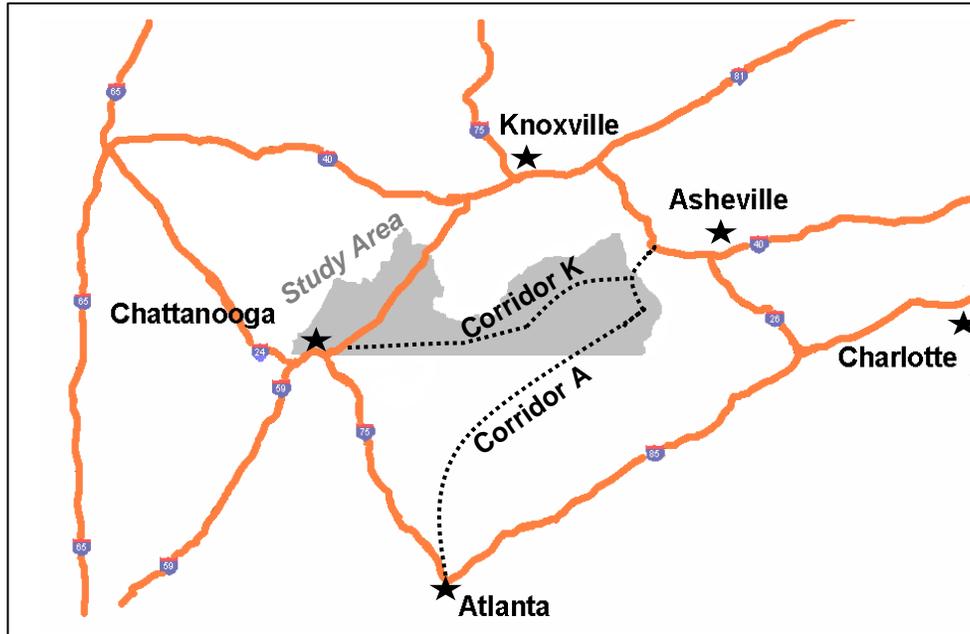
Regional Connections. One of the most notable features of the region is the lack of connection between Chattanooga and Asheville/Charlotte (Exhibit 6-5). Currently, the trip from Chattanooga to Asheville involves a five-hour, 230 mile journey around Great Smoky Mountains National Park through Knoxville on I-75 and I-40. An alternative route runs through Cherokee and Nantahala National Forests, a 200-mile journey taking nearly six hours. This second route along Corridor K involves several stretches of modern 4-lane divided highway, however in two key spots along the Ocoee and Nantahala Gorges, the road narrows to just two lanes, so that trucks must sometimes maneuver into oncoming traffic to negotiate tight curves. During the summer months, the route becomes congested with tourists flocking to rafting, mountain biking, hiking and other recreational activities in the two gorges.

Traditionally, Chattanooga was the industrial anchor of the region, connected to Cincinnati and Atlanta via I-75 and to Nashville via I-24. Murphy, NC also developed an industrial concentration, and has a highway connection south to Atlanta. However, the region has weak east-west linkages, which economic development leaders see as a barrier to business attraction and job growth. In particular, it is seen as limiting access to East Coast international trade and European market connections.

Economic development leaders in the region have identified the potential for job growth and economic benefits for Chattanooga; increased commerce between Chattanooga and points east; and the opportunity for Murphy and Sylva, NC to tie into the I-65 "Auto Parts Alley" as likely outcomes of improved east-west connection and

improved linkages to the Interstate Highway system. Though regional leaders see Chattanooga experiencing the greatest benefits from such improved connections, they expect positive spillover effects to occur throughout the region.

Exhibit 6-5. Study Area Interstate and Highway Connections



6.3 Evolution of Progress

Despite the region’s relative isolation and manufacturing losses which parallel those that have occurred in the national economy, the region has experienced some economic development success by fostering its tourism industry, and building on manufacturing assets to recoup a portion of jobs lost.

Tourism. The study area is outside of higher profile tourist areas near Asheville such as the Great Smoky Mountains and Blue Ridge Parkway. However, as the tourism industry has shifted away from more traditional types of outdoor recreation based on relaxation and visual beauty toward more active forms of recreation such as hiking, rafting, mountain biking and so-called “ultimate sports”, the region has been able to capitalize on its outdoor and cultural heritage assets. For example, Cherokee County Chamber of Commerce has changed its strategy from promoting “Peace in the Mountains” to promoting “Fun in the Mountains”. Regional outdoor recreation, cultural heritage, and second-home market assets are described below. Later sections describe how regional leaders have cooperated to develop and promote these assets.

Outdoor Recreation. Outdoor recreation assets include the challenging class IV rapids of the Ocoee River, which was the site of the 1996 Atlanta Olympic Games. The Nantahala River has class II and III rapids which are less challenging and more oriented towards beginner and intermediate rafters (though Ocoee outfitters offer trips that do not require previous rafting experience). Local companies also facilitate outdoor activities including hiking, mountain biking, horseback riding, fishing, hunting, rock climbing and rappelling, water skiing, llama trekking, hang gliding, and bird-watching, though many of these activities can also be done by individuals on their own. Outdoor attractions include the Unicoi Turnpike Trail, Benton-MacKaye Trail, Appalachian Trail, Lost Sea cavern and underground lake, and Cherochala Skyway.

Cultural Heritage Tourism. In addition to outdoor recreation amenities, the region is rich in cultural heritage sites and activities. The region is crisscrossed by 1,000 year old trade passages, steeped in Native American history, and has many remnants of the Industrial Revolution. Organizations such as the Tennessee Overhill Heritage Association (discussed below) are working to restore, revitalize, and interpret these cultural heritage amenities to attract visitors, increase visitor spending, and contribute to the region's economic base. Cultural heritage attractions include the John C. Campbell Folk School, Sequoyah Birthplace Museum, Ducktown Basin Museum, L&N Depot and Rail Museum, McMinn County Living Heritage Museum, Swift Museum (Globe and Temco Swift airplanes), Englewood Textile Museum, Mason's Corn Maze, and Fields of the Wood Bible Park.

Second Home Market. In recent years, the region has experienced a surge in second home construction. In fact, Murphy, NC recently appeared on Forbes list of emerging second home markets. This is seen as a positive development as seasonal residents demand very little of municipal services while contributing to the local economy through dining, entertainment, health care, property taxes and other expenditures.

Recently, the completion of Corridor A to the east of the study area has improved the region's connection with points east, which has fanned the second home market in counties toward the eastern end of the study area. In fact, several area towns double in population during the summer as city-dwellers primarily from Florida and Georgia escape to their vacation homes. In some areas, the pace of growth is beginning to generate concerns of gentrification, though there has not yet been a movement for zoning or land use restrictions most areas. A zoning referendum recently put to voters in McMinn County was defeated. The more isolated counties such as Polk and Cherokee have not yet experienced the same pace of growth, thus there has been little interest in regulation.

Building Critical Mass. Many of the region's tourism assets have traditionally drawn either from a day-trip market or catered to very specialized interests such as bird watchers or crafts enthusiasts. In a later section, this case study shows how regional organizations are working together to expand their offerings and bundle them in a way that transforms the region from a local attraction drawing from adjacent areas into a major tourist area drawing overnight visitors from throughout the southeastern US.

Industry and Trade Center. Throughout the region’s history, its topography reinforced regional cohesiveness. The high mountains that ring the region create a “bowl” around the Tennessee county of Polk, North Carolina counties of Cherokee and Clay, and Georgia counties of Fannin, Union (GA) and Towns (GA), with Cherokee County at the center. This bowl, together with highway connections centered on Cherokee County, made the county a natural regional trade center (Exhibit 6-6A-B.) Though the county itself has a population of only about 24,300, the market area population is approximately four times that. As evidence of Cherokee County’s role as a trade center, in 2005 the county ranked 71st in population but 20th in per capita retail sales among the state’s 100 counties. Most of this activity takes place in Murphy, the county’s largest city.

Exhibit 6-6A Topography Defining the Murphy, NC Trade Center

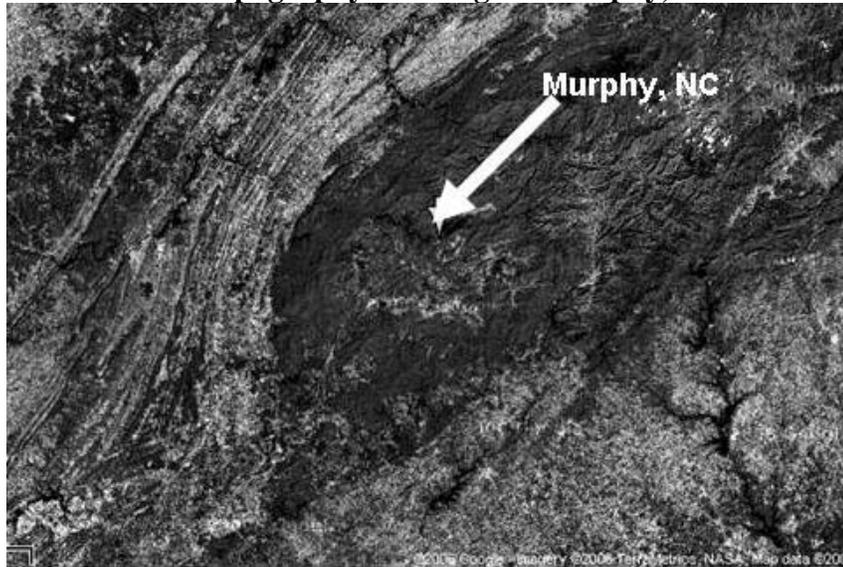
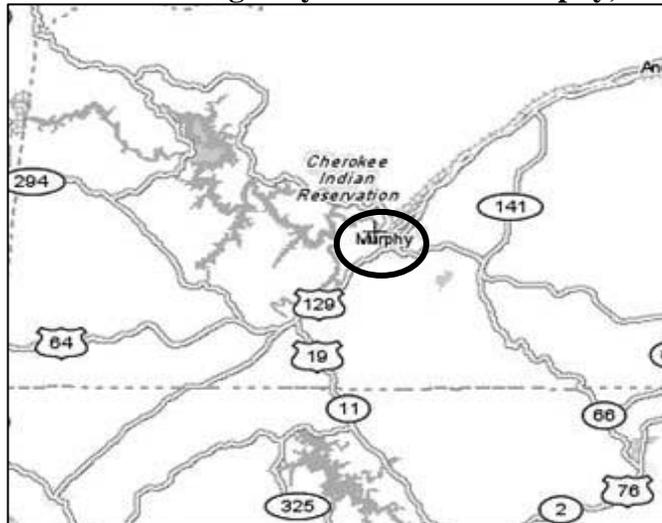


Exhibit 6-6B Highway Links to the Murphy, NC Trade Center



In addition to creating a retail trade center, topography and highways supported a natural labor market. This labor market combined with metals from the mining industries, and extensive railroad connections, fostered significant manufacturing activity that would have been unlikely without this labor market. Despite manufacturing losses that mirror those experienced in the nation as a whole, the region has a strong presence of metal fabrication and machine and equipment manufacturing. Major companies in Murphy include MGM Brakes, Moog Components and Sioux Tools.

Though much of the economy is in transition toward tourism, regional leaders are still pursuing industrial development to ensure that the regional economy stays balanced and includes jobs with health care and retirement benefits. Through industrial recruitment efforts, the region has been able to regain about half the manufacturing jobs lost due to the relocation of the textile and furniture industries.

Industrial recruitment is primarily achieved through networking with companies familiar with the area. Though Murphy has connection south to Atlanta in which the journey is all interstate after the first seven miles, industrial recruitment efforts are still challenged by the perception of greater transportation access difficulties going east or west. This is compounded when business prospects arrive via alternative routes through narrow, winding, mountain roads. Furthermore, though there is an abundance of flat land suitable for industrial sites, outsiders often harbor the perception that the entire region is mountainous.

While Corridor K will help to address the access problem, for now much of this area is poorly connected to both Asheville and Chattanooga. The lack of access is felt to substantially reduce the representation of auto parts related industry in the region, though that could change if future highway improvements better link it to the “Auto Alley” of parts and assembly plants located along I-75. At the other end of the study area, an improved connection with Asheville would also connect the area to Charlotte, which is a key location for export-oriented industries.

6.4 Catalysts of Change

The study area spans several County, State and Local Development District boundaries. Though these jurisdictions are competing with each other for jobs, workforce, tourists and resources, they have organized themselves for economic development as a cohesive unit, pooling resources and efforts to create the critical mass necessary to attain their economic development goals.

Local Development Districts. The study area spans the jurisdiction of two Appalachian Regional Commission (ARC) Local Development Districts (LDDs), the Southeast Tennessee Development District and Southwestern North Carolina Planning

and Economic Development Commission. In addition to addressing their local responsibilities, they have also created a partnership organization, the Southeast Industrial Development Association (SEIDA), which has been a catalyst for the region's major economic development efforts.

Southwestern North Carolina Planning and Economic Development Commission. This LDD encompasses North Carolina's seven western-most counties and addresses housing and community development, land and water conservation and preservation, transportation planning, infrastructure, workforce development, and education. The organization also operates a revolving loan fund to promote access to capital for local businesses.

Southeast Tennessee Development District. The Southeast Tennessee Development District covers a 12-county service area which includes three Georgia Counties (Dade, Walker, and Catoosa). The organization encompasses 11 functional areas: Aging and disability planning, regional planning, utility development, tourism development, housing development, industrial recruitment and marketing, transportation planning, economic development, recreation and cultural resources, solid waste and natural resources and workforce development.

The LLD operates as part of a consortium called the Southeast Development Resource Group, which includes the Chattanooga Area Regional Council of Governments, Southeast Tennessee Local Development Corporation, and several other business, industrial and community development agencies all of which are staffed and administered by the LDD. The LDD also staffs and operates SEIDA, which has been a powerful force for regional economic development.

Southeast Industrial Development Association. The Southeast Industrial Development Association (SEIDA) is a unique example of cross-jurisdictional cooperation. The organization is comprised of the economic development arms of the Tennessee Valley Authority (TVA) power districts in Tennessee, North Carolina and Georgia as well as three regional LDDs— Southeast Tennessee Development District, Southwestern North Carolina Planning and Economic Development Commission, and the Coosa Valley Regional Development Center (Georgia). These three organizations contract with the Southeast Tennessee Development District to staff and administer SEIDA programs and initiatives. In turn, SEIDA promotes and coordinates industrial development and tourism initiatives in the region.

Three decades ago, the organization laid out a comprehensive plan for regional economic development with 10 functional areas and capital budgeting. Preservation of the region's natural resources was a key element of the strategy, and the organization has been involved in land swaps that have allowed large tracts of land to remain pristine and undisturbed while preserving the natural beauty of recreation lands and facilitating industrial development on less sensitive areas.

According to local economic developers, the willingness of local leaders to work together emerged several decades ago through participation in ARC project prioritization exercises. Rather than seeing themselves as leaders of individual counties, they see themselves as regional leaders. They are comfortable promoting projects outside of their own jurisdiction because they recognize that they will benefit either as “the rising tide lifts all boats” or simply because working together provides the critical mass necessary to fund and execute projects that each county alone could not.

In terms of tourism promotion, regional leaders have realized that outdoor recreation is a given, thus their focus is on extending the season beyond the Memorial Day-Labor Day period (“add shoulders to the season”), extending stays (adding room nights and meals), and promoting activities that generate revenue (“make the cash registers ring”).

One strategy to achieve these goals is water releases on the upper Ocoee River. Currently, the river has approximately 120 days of water on the lower portion which is long enough for half-day rafting excursions. Releases into the upper portion of the Ocoee River would allow for full-day rafting trips. Half-day rafting trips draw visitors from about a 150-mile radius, whereas full-day excursions draw from beyond that and encourage overnight stays even from visitors from within the current market area, as a full day of rafting is physically taxing. After a long, complicated planning process, SEIDA was able to borrow \$1.1 million to buy water from TVA for release into the upper Ocoee River for 34 of the existing 120 days. SEIDA has signed long-term contracts with rafting outfitters wishing to operate on the upper Ocoee, and will repay the loan using fees collected from these outfitters.

Tennessee Overhill Heritage Association. One successful example of cross-jurisdictional cooperation for tourism development is the Tennessee Overhill Heritage Association, which focuses on McMinn, Monroe, and Polk Counties in Tennessee. SEIDA formed this organization in 1990 as a pilot through the National Trust for Historic Preservation’s Heritage Tourism Initiative. During that period, the development of I-75 just west of the study area had shifted manufacturing away from the McMinn, Monroe, and Polk Counties and towards the I-75 corridor. Around the same time, there was a reduction in the amount of timber allowed to be cut, drastically limiting a major source of local government revenues.

Regional leaders realized the need to diversify their economic development strategy to include more emphasis on cultural heritage tourism. Tennessee Overhill was created to jointly market the region’s small museums with the idea that though each individual museum would not attract many overnight visitors, together they would form enough of an attraction to draw from a larger overnight market. Within the first year, the need to include the region’s recreation and outdoor assets became apparent. At the end of the three-year pilot, the organization became permanent, receiving operational support from the three county governments, City of Etowah, and special projects support through grants, donations and earned income.

Tennessee Overhill is unique in several ways. First, it does not operate on a “pay to play” basis which requires attractions to pay to be included in marketing efforts. Instead, Overhill considers each attraction’s contribution to area hotels, restaurants and shops and its role as a piece of the whole tourism experience. Second, rather than a blanket marketing campaign, Overhill advertises in less expensive and more targeted venues, such as birding and whitewater rafting publications. Finally, cultural heritage travelers are not motivated by a list of an area’s attractions. Instead, they are looking for content and interpretation, which Overhill brochures, publications and website provide.

The organization’s major outdoor initiative is the rehabilitation of the 40-mile Old Line Haiwasee River Gorge Rail Road and operation of passenger excursions. This railroad used to serve a major copper mine operated by Tennessee Minerals, LLC that has since left the region. As the line was no longer in use, CSX planned to dismantle it. Seeing an opportunity to preserve a piece of the region’s history and offer passenger excursions through otherwise inaccessible wilderness, SEIDA negotiated acquisition of line from CSX and entrusted it to Tennessee Overhill. Before acquiring the railroad, SEIDA and Overhill invited a team from the National Forest Rails to Trails program to inspect its condition, and the team found that if necessary the materials could be salvaged with minimal invasiveness, leaving the bridges and surrounding landscape in tact. This provided SEIDA and Overhill with the confidence of a “plan B” in the event that it was not profitable.

SEIDA also oversaw an ARC-sponsored feasibility study which determined that the line would need to run approximately 500 cars of freight in addition to passenger excursions to remain profitable. Some 10 million tons of iron oxide, commonly called calcine and recognizable as rust remain on the former mine site, and Tennessee Minerals has decided to sell it to “pig iron” manufacturing operations in China. Thus, Glenn Springs Holdings, a wholly owned subsidiary of Occidental Petroleum charged with the environmental remediation of the former mine, restored the tracks to the point that they could carry the freight. The company then entered a contract with Overhill for use of the tracks for cargo and in 2005, the first eight trainloads were shipped out. The contract also preserved the right for Overhill to operate passenger excursions, which will consist of shorter trips to the Appalachia Powerhouse, the Bald Mountain Loop, and a few full-day excursions to the Copperhill mine.

The organization sees potential for future tourism development associated with the Benton-MacKaye trail, a 300 mile footpath between Springer Mountain in Georgia to Davenport Gap on the northern edge of the Great Smoky Mountains National Park through isolated backcountry and numerous federally designated Wilderness and Wilderness Study Areas. Overhill has observed that there are numerous cultural and historic points of interest along the trail that could be further developed and promoted.

Southeast Tennessee Tourism Association. Another entity staffed and administered by the Southeast Tennessee Development District is the Southeast Tennessee Tourism

Association, which markets the region as a visitor destination. Recently, the organization embarked upon an interesting project to promote the region's diverse religious heritage. In 2005, the organization secured a \$60,000 relief grant from the Economic Development Administration to help the region overcome damage done by a severe infestation of Southern Pine Beetles that hit two key regional industries, logging and agriculture.

The organization used the funds to hire a consultant from the National Trust for Historic Preservation to identify regional assets. The consultant identified the opportunity for the development of a religious heritage trail, which would capitalize on the region's diverse religious history. The concept was well received by the public, and the concept has been developed into the "Glory Land Road". The self-guided trail features the courthouse where the "Scopes Monkey Trial" took place; a Holocaust Museum in Whitwell; Beth Salem, a historic black church in McMinn County; the Brainerd Mission in Chattanooga where Cherokee Indians were converted to Christianity; and Our Lady of the Poor Shrine in Marion County which is a replica of a famous church in Belgium where the Virgin Mary is said to have appeared. The Tourism Association estimates that the region draws approximately 60,000 to 80,000 visitors each year for religious events and conferences, and the Religious Heritage Trail is designed to lengthen their stay, generate return visits, and increase expenditures.

Among other efforts, the organization also publishes the *Outdoor Recreation Guide*, *Shopping Guide to the Art Trails*, and *Out to The Farm Agritourism Guide*, all of which string smaller attractions together into a more comprehensive experience.

Coker Creek Economic Development Group. CCEDC provides an example of a local economic development organization's tourism promotion efforts. Coker Creek, Tennessee is surrounded by National Forest and is cut off from industrial development alternatives by Tellico Mountain on the North, Farner Mountain on the south, Unicoi Mountain on the east, and Cataska mountain on the west. Despite a lack of manufacturing, the area is rich in craft and folk art tradition, and the Coker Creek Economic Development Group (CCEDG) was initially formed to preserve and pass on these traditions to local residents. The organization found that outsiders were also interested in learning folk art traditions, and now craft workshops include visitors from Georgia, Florida and other areas. CCEDG operates the local post office which is adjacent to the organization's Welcome Center and arts and crafts retail space.

Barriers to Cooperation. Though the organizations discussed above have coordinated to overcome jurisdictional barriers to economic development, some difficulties remain. The State tourism bureaus of Tennessee, North Carolina, and Georgia have resisted funding cross-jurisdictional marketing efforts. A result is that though tourists consider the region a contiguous recreation area, there are separate guide materials for each of the three states.

The State transportation departments also lack mechanisms for working together, which has challenged the region's efforts to improve transportation connections.

Priorities for the Future. Regional economic development leaders are virtually unanimous regarding the region's leading economic development priority, and that is the completion of Corridor K. Corridor K is part of the Appalachian Development Highway System (ADHS) authorized by the Appalachian Development Act of 1965. As a whole, the ADHS encompassed more than 3,000 miles of highway necessary to connect Appalachia with economic development opportunities, and to date 85 percent of the system has been completed. Corridor K is one of the last remaining pieces of the system. Though the final alignment has not yet been determined, Corridor K would run from I-75 near Cleveland, Tennessee to Corridor A near Sylva, North Carolina, resulting in a direct connection from Chattanooga to Ashville (and consequently, Charlotte).

The North Carolina portion of Corridor K has already gone through the Environmental Impact Study (EIS) process and been approved. The Tennessee portion has been more contentious, however. The initial alternatives considered by the EIS received heavy criticism because among other concerns, the alignments included several bridges over the Ocoee River which stakeholders felt would detract from the natural beauty of the Gorge as well as the river rafting experience. A second alternative that cut expensive passes and tunnels through the mountains was rejected due to its billion dollar price tag.

A second regional priority, which is primarily relevant to the western end of the study area is the potential for a high speed rail connection from Chattanooga to Atlanta. Atlanta is a major airline hub and hosts the headquarters of numerous major companies. The two metropolitan areas already have strong economic ties, but increasing traffic congestion around Atlanta is limiting further integration of the two economies. A high speed rail connection would mitigate the barrier of traffic congestion by allowing tourists, businesspeople and residents to move more freely between the two regions.

6.5 Lessons Learned

1. Cross-Jurisdictional Planning, Coordination and Implementation - Potential employers and tourists alike view the study area as a region, rather than a collection of counties spanning multiple states. If regional leaders insisted upon marketing only their own individual tourist attractions and improving business conditions and transportation linkages only within their own jurisdictions, they would lack the critical mass needed to draw overnight tourists, and create and retain jobs in key industries. By creating an organization that rewards county leaders for thinking and acting like regional leaders (SEIDA), they have been able to better leverage resources from their

respective states and raise the profile of their tourism assets to create a destination for overnight visitors who come to the area from a greater distance than the day trippers.

2. *Understanding that Tourism Preferences are Changing* - Just as the manufacturing sector has changed over the past several decades, the tourism sector is changing as well. Tourism once centered on relaxation and natural beauty. Two key emerging trends are eco-tourism and cultural heritage tourism, which reflect a preference for activity-based vacations. Thus the industry is shifting away from “one size fits all” attractions and toward those that allow visitors to create a more tailored, specialized vacation experience.

Regional efforts are helping ensure that local tourism attractions cater to these new preferences. Tennessee Overhill efforts such as “Furs to Factories Heritage Area: Exploring the Industrial Revolution in the Tennessee Overhill” and “From Native Gardens to Cheese Farms: AgriCulture in the Tennessee Overhill” string together individual attractions into a more unified, complete experience.

3. *Sheer Creativity* - This case study illustrates the importance of creatively using one problem to leverage a solution for another. For example, the concept for the “On the Glory Land Road” religious heritage trail emerged from a National Trust for Historic Preservation study funded by monies apportioned by TVA as relief from a devastating infestation of Southern Pine Beetles.

Another example was the acquisition of the Old Line Hiwassee River Gorge Rail Road by the Tennessee Overhill Heritage Association through SEIDA. The closure of the mine could have been a net loss for the region, but instead it is being used as a recreation asset and generating earned income through cargo shipments.

4. *An Asset-Based Economy Depends on Market Access*. Though the region has managed to assemble a unique and diverse selection of tourism offerings, regional leaders recognize that their ability to fully capitalize on them depends upon transportation access. Expansion beyond the day trip market and attracting visitors from throughout the southeast depends on safe and efficient highway linkages to the southeast’s major metropolitan areas and tie-ins with the Interstate Highway system.

6.6 Interviewees

Hale Booth, Executive Director, Southeast Tennessee Development District

Linda Caldwell, Executive Director, Tennessee Overhill Heritage Association

John Carringer, Manager, Murphy Electric Power Board

Vicki Greene, Director of Planning and Development, Southwestern North Carolina Planning and Economic Development Commission

Bill Gribson, Executive Director, Southwestern North Carolina Planning and Economic Development Commission

Joe Guthrie, Manager, Southeast Local Development Corporation

Larry Kernea, Assistant Manager, Murphy Electric Power Board

Sandra H. Kimball, Executive Director, Cherokee County Chamber of Commerce

Hoyt T. Firestone, County Executive, Polk County

Bill Forsyth, Executive Director, Cherokee County Economic Development Commission

Beth Jones, Deputy Director, Southeast Tennessee Development District

Larry Mashburn, President, Ocoee Adventure Company

Delos Monteith, Institutional Research and Planning Officer, Southwestern Community College

Barbara Palmer Vicknair, Vice-Chairman (District 2), Cherokee County Board of Commissioners