MURFREESBORO 2035

Our Future Begins Now

Introduction

This Chapter discusses policies and programs to grow and diversify the City's economy. It includes specific recommendations intended to expand the tax base, promote new capital investment, grow jobs, increase household wealth, and support the attraction and formation of new businesses. The recommendations are made with the understanding that Murfreesboro's economy is a part of a much larger regional economic system, the overall performance of which will directly affect the City's local economy.

Like other fluid systems such as transportation and energy, Murfreesboro's economy does not exist in a vacuum. It is dynamic, interdependent, and constantly in-flux. It doesn't adhere to municipal boundaries and is driven by internal as well as external forces. For this reason, the City's economic development policies and programs should be established and implemented within a regional and even global context with the understanding that, "What is good for the Metro Nashville region is good for Murfreesboro and vice-versa."

Throughout the public involvement and stakeholder input process it was stated repeatedly that Murfreesboro needed to do more to attract more professional white-collar employment. Such a specific target requires a specific strategy using very different tools and programs than say, a strategy focused more on industrial development or logistics. A professional jobs-leaning strategy will likely require more up-front public infrastructural investments in things such as public space, downtown regeneration and education – things that attract people as well as companies instead of trying to compete exclusively on cost or ease of entry.

TOPIC: NEEDS AND OPPORTUNITIES

"A business incubator in our city could spark great interest in our community from an economic and entrepreneurial standpoint, bringing educated and diverse people from across the country and the world to our city."

PLACE/ASSET-BASED ECONOMIC DEVELOPMENT

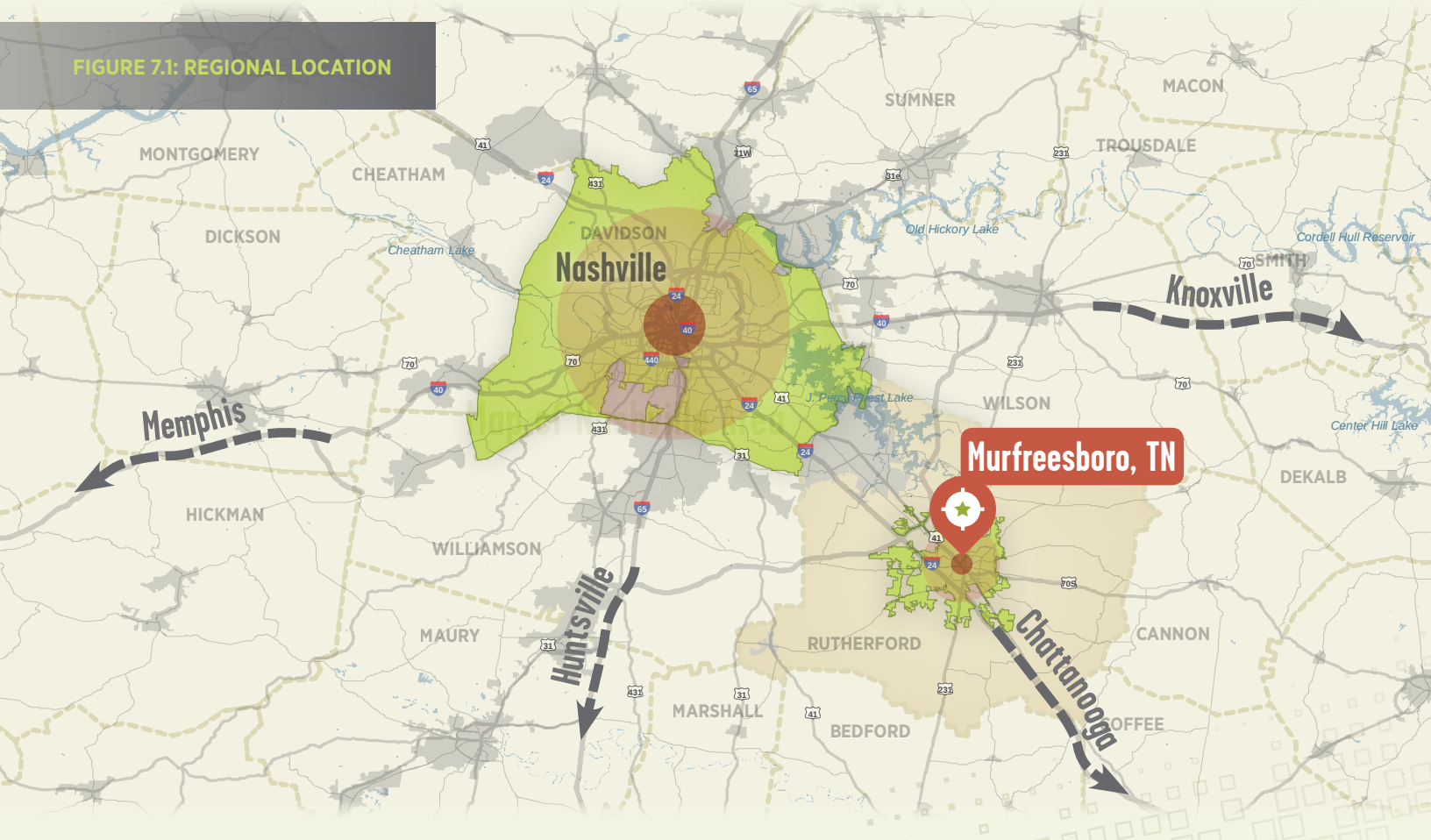
Although various economic doctrines abound, there is no set prescription, formula, or set of rules to do economic development at the local level. Each community faces a different set of challenges, opportunities, assets and aspirations that call for unique combinations, applications and the mixing and matching of various tools and actions. One thing is for sure however; the best economic development programs involve one or more highly inventive responses to a local condition or opportunity (i.e., a place/asset-based strategy), while mediocre outcomes usually fall to less successful communities which are followers/hopefuls that rely too heavily on formulaic "best practices." This more place/asset-responsive approach can be thought of more simply as "opportunity development." Finally, the City does not have any dedicated staff/resource capacity to carry out many of the recommendations outlined below. It will have to start virtually from the ground up to build this capacity.

Despite its many opportunities, Murfreesboro is also presented with a number of potential concerns and challenges. These include: increased traffic congestion both locally and regionally; an increased reliance on logistics and distribution facilities (which are land and infrastructure intensive and relatively job-poor); and a retail landscape dominated (and being siphoned-off) by generic national franchises. Meanwhile, residential development is occurring or is being proposed in areas better slated for business development such as the I-24/TN SR 840 interchange area.

Notwithstanding the above, perhaps the City's biggest challenge is in the area of offering diverse housing options that appeal to a broad cross-section of the professional workforce. These include urban-format townhouses and apartments in active, diverse, mixed-use neighborhoods. Such housing options are increasingly important in attracting lifestyle-driven talent workers.

One commonly held notion needs to be debunked from the outset. That is, that a strong planning regime, with firm rules governing the placement, intensity and type of development, is anathema to economic growth. While that may once have been partially true for jobs-strapped,

FIGURE 7.1: REGIONAL LOCATION



low-skilled, asset-poor manufacturing communities, it no longer applies to places like Murfreesboro that have many more options available to them. More than ever before, today's family/lifestyle-first, talent-driven, technology-enabled, mobile economy demands more emphasis on enhancing and preserving place-quality than the old thinking of development for development's sake. ***This new reality makes planning and land controls more important than ever.***

EMPLOYEE-FIRST VS. EMPLOYER-DIRECT BUSINESS ATTRACTION

Today talent is king, and in its war for mobile, lifestyle-focused talent workers, companies are increasingly following the talent as much as the other way around. Because of this, communities that want to attract high-wage companies would be wise to focus first on attracting workers with good public amenities and services instead of vying for the companies directly using the traditional "slings and arrows" of high incentives, low taxes and low regulations. For their part, the companies, in pursuit of development predictability, will often also welcome a stricter planning regime to help protect their own real estate investments and the place-quality that their workers increasingly demand.

In today's world then, basic economic development practice looks largely like good overall planning and community management practice. It means good: transportation, schools, public safety, housing/neighborhood choices, recreation opportunities and varied places to shop. It also means a quality public domain as reflected in attractive streets, an active downtown, quality parks and other public infrastructure - in short - all of the things that attract talented people and the companies that wish to hire (and will follow) them. Taxes should strive to be reasonable for the public benefits conferred, rather than the lowest around with a greater emphasis on value for the tax dollar rather than just on the cost of taxes.

GAME CHANGER: REVITALIZING DOWNTOWN

"... the city needs to be able to attract major corporations that will invest heavily and create large bases of operation. Bringing the city's downtown into the future can help with that - increasing public transit, promoting the construction of multi-business towers, etc."

MURFREESBORO AIRPORT
Source: City of Murfreesboro

Guiding Principles

- **Guiding Principle 1: Good Planning = Good Economic Development.** Attract companies by attracting talent. Attract talent by managing land development, maintaining great schools, and making strategic investments in quality public services and amenities.
- **Guiding Principle 2: Engage with, and Leverage the entire Regional Asset-base.** For most cities the region is the geographic unit that has the greatest impact on local prosperity. Regions represent larger markets and collections of resources (and have a drawing power) that most cities, by themselves, cannot command. For this reason, Murfreesboro's economic development programs should be conceived in a regional context while also being responsive to local circumstances and opportunities.
- **Guiding Principle 3: Economic Development is a Team Sport.** Partnering with allied organizations to bring new companies into the region needs to be a key tenet of the city's economic development mindset.

  Utilize prudent allocation of local, regional, state and federal resources to support economic development and environmental sustainability. Currently the City has very little existing capacity of its own to do this work. It will need to build this capacity from the ground up.
- **Guiding Principle 4: Nuanced, Place-based Strategies are more effective than off-the-shelf "Best Practices."** Cities are often temped to copy the programs and strategies of other cities whose success they hope to emulate. Marketing and branding activities are frequently done in a strategic vacuum and are sold as (or mistaken for) real economic planning. While there are indeed some universal programs and activities that most cities should adopt simply to stay apace of the competition, these alone will not yield remarkable results unless paired with a more unique, place-based strategy.

  Murfreesboro's key competitive advantages reside in Middle Tennessee State University (MTSU), a well-defined cluster of medical institutions and an interesting assortment of tourism and sports-related facilities. A truly strategic economic approach therefore will attempt to leverage and maximize one or all of these assets by creating programs and special infrastructure to optimize and accelerate their growth.
- **Guiding Principle 5: Maximize Indigenous Growth.** Although most economic development budgets are spent on trying to recruit new companies, most job growth is the result of the expansion of existing local companies and new start-up activity. Because of this, the city needs to be in regular contact with its larger employers regarding expansion opportunities, and make programs and resources available to would-be entrepreneurs as its main economic priorities. The city should also be persistent in its efforts to fully

incorporate/annex key geographic areas, such as the I-24/TN SR 840 interchange area, in order to capture and control the economic activity that will naturally be drawn to this powerful location in coming years.

- **Guiding Principle 6: Vibrant Economies.** Create and enhance vibrant commercial areas to meet the wide range of economic needs and interests of residents, businesses, and the City; provide employment opportunities; and take advantage of Murfreesboro's proximity and connections to surrounding areas.
- **Guiding Principle 7: Low Costs + Low Regulations = Low Outcomes.** Competing purely on a low regulation, low cost basis may make sense for asset-poor, low-skilled, opportunity-deprived communities. (Where assets are few, barriers-to-entry had better be too.) That profile however definitely does not fit Murfreesboro. The City has opportunities to position itself as an economically-diversified, university-endowed, health and wellness-focused, destination city within the metro Nashville region. The City therefore shouldn't try to compete mainly on price and ease of entry especially at the expense of strategic, talent-attracting investments in quality public services and amenities.
- **Guiding Principle 8: "Strategic" and "Opportunistic" are not mutually exclusive terms.** When it comes to economic opportunity, cities need to be both strategically focused and light-on-their-feet. Plans should be dutifully implemented. However, there are times when opportunities materialize seemingly out of nowhere that may require pivoting and/or diverting energies away from the chosen course. Although the plan can identify a city's competitive advantages and lay out strategies to capitalize on them, economic development doesn't unfold in linear fashion. When opportunities present that are not discordant with the plan, the City will need to mobilize quickly and aggressively to make them a reality. There is no shame in the reactive pursuit of a special opportunity, provided that it is "real" and a good fit for the community.
- **Guiding Principle 9: Economic Development is a Verb. It needs to be a Proactive, Facilitated Endeavor.** Few communities are fortunate enough to have great companies and projects simply fall in their laps. Most places need to work for it with dedicated staff and financial tools and resources. In Murfreesboro's case, the effort should focus mainly on working alongside commercial property brokers and the Rutherford County Chamber of Commerce to connect prospective commercial office tenants to local developers and property-owners.

  Another major task will be to further develop the MTSU relationship and evolve it into an active economic partnership with the City. On the physical re/development side, there is a need for a quasi-governmental arm of the City to help package and serve-up real estate development deals that wouldn't otherwise happen without public involvement (e.g., The Gateway).
- **Guiding Principle 10: Entrepreneurship.** Finally, the City needs to embrace entrepreneurship with funded programs and facilities.

[Continued on page 7.9]

SIGNAGE DOWNTOWN CALGARY, ALBERTA

Complete Communities: Place-Based Economics

A Place-Based Economy is an economic development strategy which utilizes a community's natural, cultural, scenic and heritage-related amenities to foster economic development activity. The strategy focuses on features unique to the place, builds on existing assets, and uses the assets as a means of attracting new investments and strengthening existing businesses. Cities throughout the country have capitalized on their unique attractions and features by promoting themselves in a vibrant and appealing manner for residents and visitors alike.

Many amenities and places can be the focus and attraction of a place-based economy. Some examples include, but are not limited to:

- **Natural:** attractions located near mountain ranges, forests, rivers and waterfalls, beaches, or other vibrant and aesthetically pleasing features.
- **Cultural:** focus is on the ideas, customs, and social behavior of the cultures to originally live in the area, including unique ethnic groups and Native American tribes.
- **Scenic:** secluded from urban areas, are located where natural features can be viewed and enjoyed, can range from private cabin getaways to scenic road tours.
- **Heritage:** communities with strong European roots and western towns which have maintained a sense of their former residents.
- **Retail Districts:** shopping areas with multiple tenants, unique amenities and building design, and pedestrian circulation.

MONTICELLO, CHARLOTTESVILLE, VA

- **Open Space Districts:** permanently protected park areas, civic spaces, habitat conservation districts, and recreational areas.
- **Corridors:** linear systems connecting multiple areas of the city, typically following highways, railroads, waterways, parkways, and greenways.

SELECT COMPARISON CITIES UTILIZING PLACE-BASED ECONOMICS

Greenville, South Carolina is a comparison city and good example of a community that has incorporated place-based economics as a means of attracting visitors to their city. Through public-private partnerships with developers, community and faith groups, and other organizations, the City has made strategic, place-based investments that have allowed the downtown to become a vibrant center and home to restaurants, shops, businesses, and residential housing. Greenville is recognized as a model for downtown redevelopment planning and has lived-up to its motto as having, "one of America's most dynamic downtowns." These investments have benefitted the city as a whole by improving neighborhoods, making streetscape improvements, providing more retail and office space, and creating opportunities for larger economic development.

Charlottesville, Virginia is another comparison city which is benefiting from a place-based economic development strategy. The city has capitalized on its historic sites, a vibrant downtown, an arts and entertainment scene, and is an excellent place for outdoor enthusiasts. In 2013, Charlottesville and Albemarle County saw a 4.3 percent increase in tourism revenue from the previous year for a total of $523.7 million. From its vineyards and wine tours to kayaking on the Moormans River, to visiting Thomas Jefferson's Monticello and University of Virginia, Charlottesville has absorbed the place-based economic strategy and is using it to attract visitors year-round.

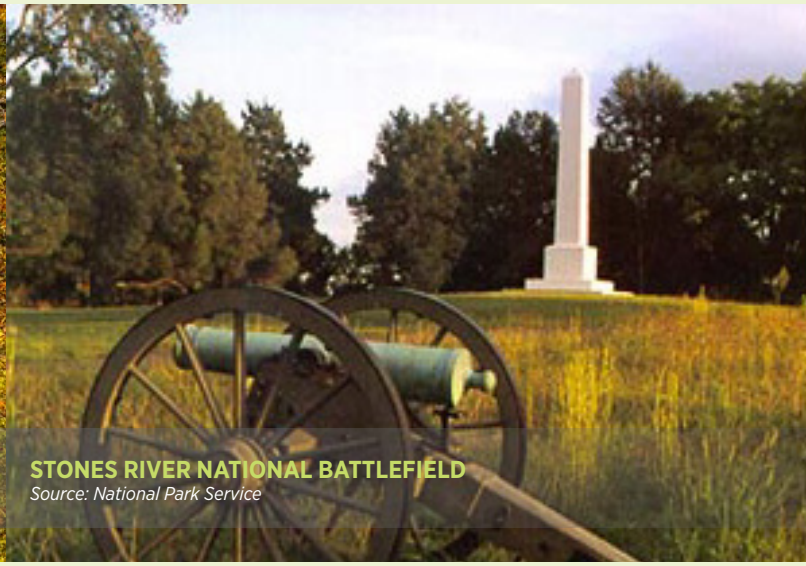
Asheville, North Carolina has capitalized on their location in the Blue Ridge Mountains to establish itself as a place-based economy. With tourism as one of the city's major industries, Buncombe County tourists added an estimated $1.7 billion dollars, approximately $4.7 million each day, to the local economy in 2014. While the main tourism attraction is the autumn outdoors with the changing landscape, Asheville has established itself as a thriving arts scene as well as a food and drink destination. The Biltmore Estate, the largest privately owned house is the country, was constructed in Asheville in the 1890s and has been a major tourist attraction for the area for the past fifty years. Driving along the Blue Ridge Parkway, hiking in the mountains around the city, or attending one of the many holiday events, Asheville has a place-based economy which thrives year-round.

CONCLUSION

Place-based economics can be employed by any city with a unique identifier or niche which differentiates it from other communities. The City of Murfreesboro has to decide on their unique features and appropriately market those features to attract visitors, historians, outdoor enthusiasts, and/or art and music lovers. Visitors bring additional income which strengthens the local economy, thereby allowing the city to make improvements to further attract visitors and to beautify their city.

What are the noteworthy attributes does Murfreesboro possess that could be used to brand the city as a unique place, worthy of visiting and spending time?

BLUE RIDGE PARKWAY, NC



STONES RIVER NATIONAL BATTLEFIELD
Source: National Park Service

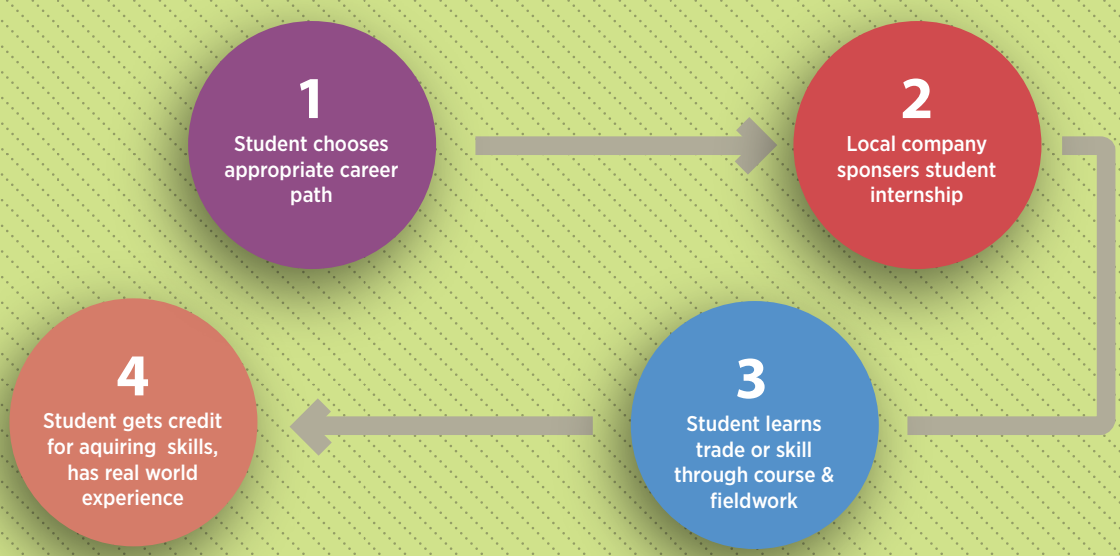
rutherford works

Besides serving as the clearinghouse for several state and Federal economic development programs, the Rutherford County Chamber of Commerce runs its own workforce and marketing programs under the title, *Rutherford Works*. These include its **Career Pathways Partners (CPP) program,** that seeks to link school-age students with companies looking to develop and groom their future workforces. The CPP program has numerous different school-to-work career tracks for students to choose from, including: Advanced Manufacturing, Finance, Information Technology, STEM, Transportation and Hospitality & Tourism among others.

A typical scenario has a student undertaking specific coursework related to the field combined with for-credit internships at a sponsoring local company. The idea is to expose students to different career paths early in their academic career to improve their academic focus and performance, as well as their job readiness - thereby making education relevant to students through applied jobs-skills training and the prospect of having an "in" with a sponsoring employer on or before graduation.

The Chamber is also involved in other various Career Technical Education (CTE), and professional development programs that involve their facilitation of partnerships between industry and academia. Many of these have focused on the area's burgeoning auto and related advanced manufacturing companies.

HERE IS HOW IT WORKS:



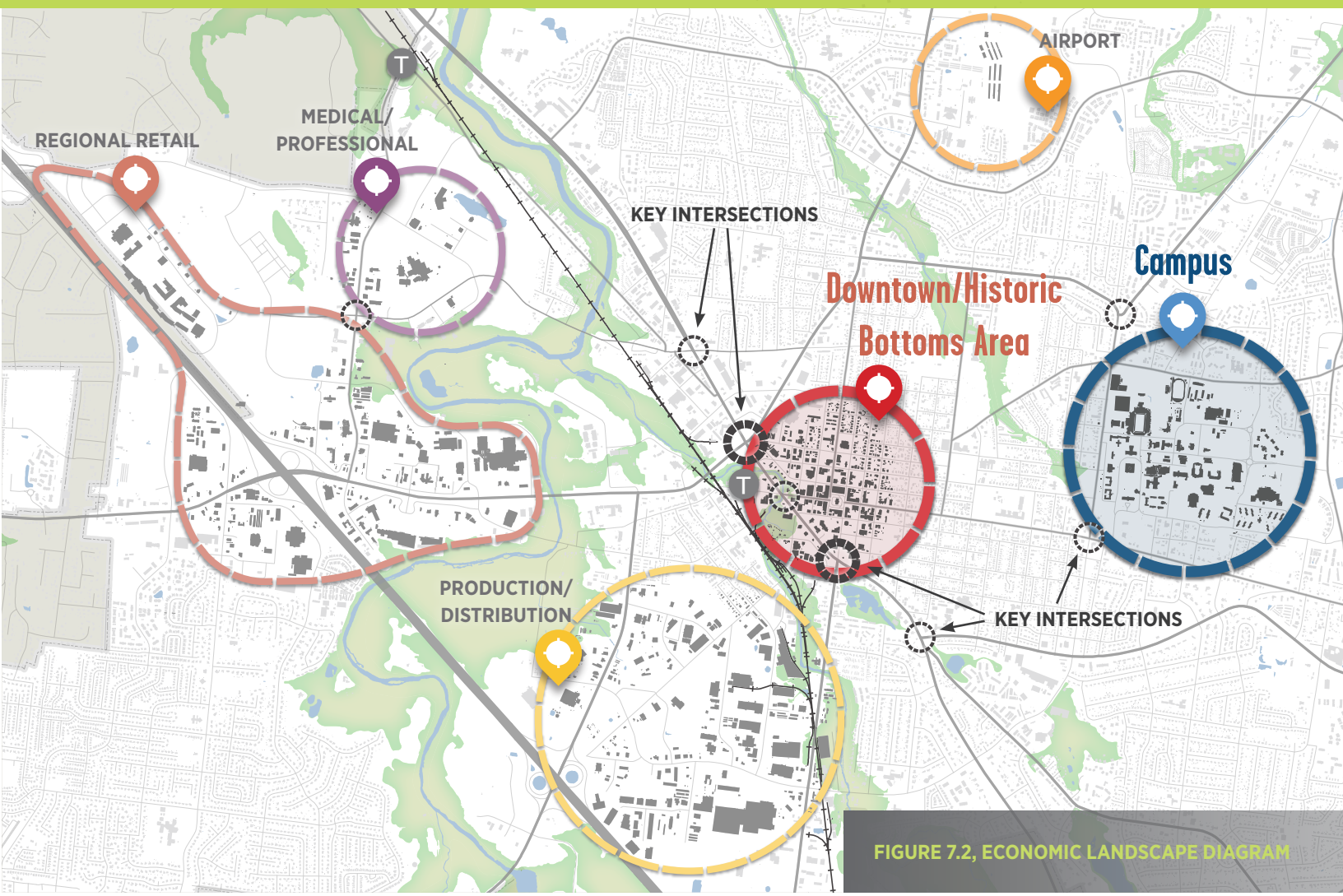


FIGURE 7.2, ECONOMIC LANDSCAPE DIAGRAM

Murfreesboro's Economic Context and the Metro Nashville Region - Challenges and Opportunities

Although Murfreesboro is a proudly independent city, its future success will greatly depend on its ability to capitalize on global economic forces. Such forces coalesce geographically at the larger metropolitan or regional scale – areas that represent larger collections of resources and markets than any one municipality itself can represent. Therefore, the City is advised to fully involve itself in regional initiatives that can help expand the profile of metropolitan Nashville and, by association, derive benefits from the higher recognition factor of the larger city (expand the pie, so to speak). Such initiatives include: regional marketing and branding campaigns, inter-regional, "non-poaching" compacts, regional rapid transit, export and foreign direct investment initiatives and inter-institutional partnerships and memberships/ participation in regional planning activities such as the "Power of 10."

The goal is to place Murfreesboro on a larger stage through its connection with a dynamic, fast-growing Nashville that enjoys a growing international reputation as a center of music, arts and American culture.

Together, the Nashville Regional Chamber and the Greater Nashville Regional Council (GNRC) are the main voice for economic development in the region. Industry clusters/operations targeted by the Nashville Chamber include Healthcare, Corporate Operations, Advanced Manufacturing, Supply-Chain Management, and Music and Entertainment. Additional economic clusters identified by the GNRC include: tourism, printing and publishing, higher-education, finance and insurance and automobile production; refer to Figure 7.2, *Economic Landscape Diagram*.

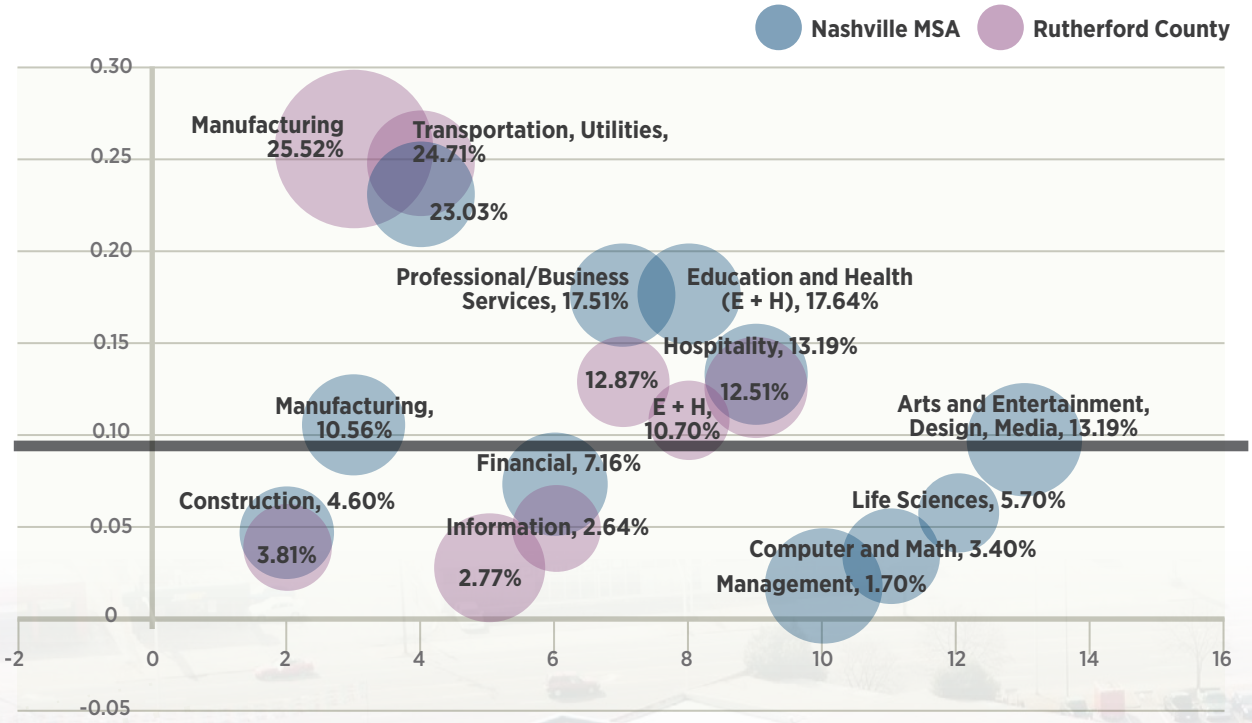
Location Quotients measure the local concentration of industries relative to comparison areas such as other counties, regions, states, the nation, etc. Location Quotients above 1.0 indicate a local industry concentration that is greater than the national average. These industries are generally considered export or "driver" industries that bring new income into the region and have a strong multiplier affect on local employment and wealth creation.

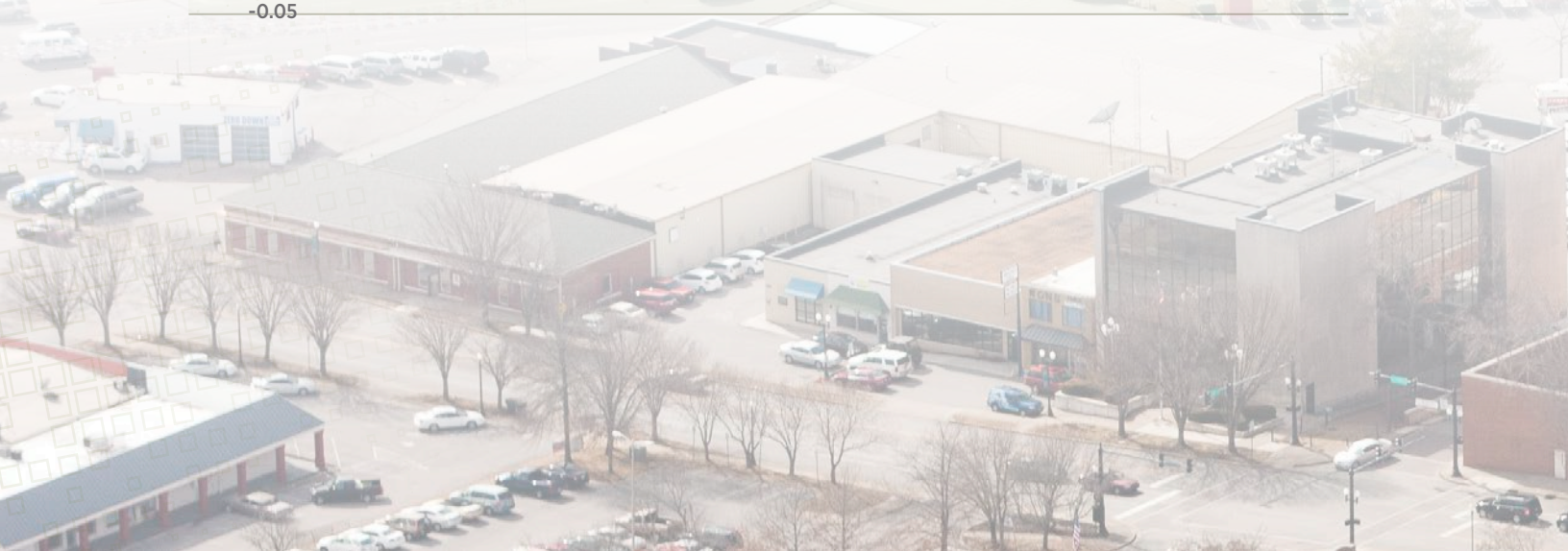
In Figure 7.3, *Metro Nashville and Rutherford Count Employment Location Quotients 2014*, the relative "weight" of a given industry is measured both by circle-size (denoting its percentage of local employment), and its vertical height on the chart (measuring its local concentration versus the U.S. as a whole). The above-the-line industries of manufacturing (25.5 percent) and transportation/utilities (24.7 percent) are both primary industries for Rutherford County accounting for over 50 percent of all employment.

At the city/county level, economic development services are provided by the Rutherford County Chamber of Commerce. The Chamber leads marketing,

FIGURE 7.3: METRO NASHVILLE AND RUTHERFORD COUNTY EMPLOYMENT LOCATION QUOTIENTS 2014

Source: US Census Bureau, County Business Patterns 2014)

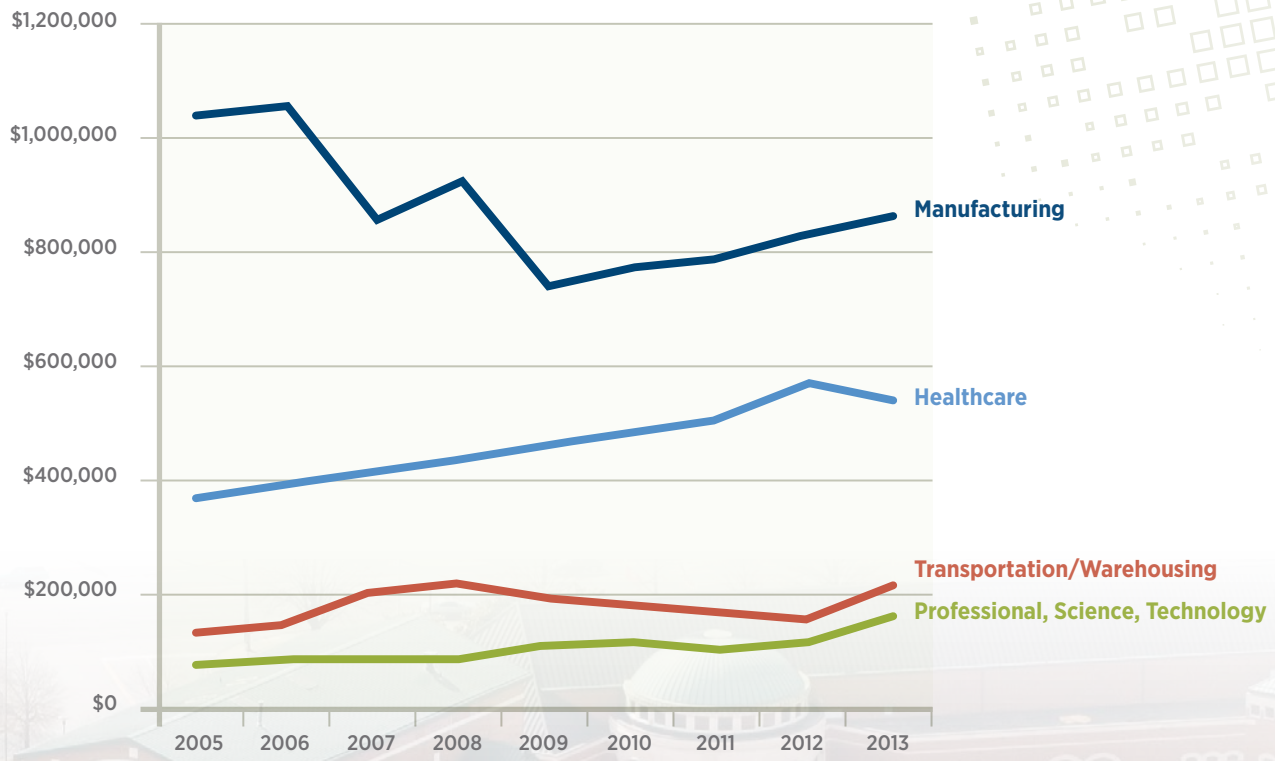




recruitment, and business retention/expansion efforts for all of Rutherford County. It is involved in a number of important workforce development initiatives including several school-to-work apprenticeship programs. Clusters/operations targeted by the Chamber include: Advanced Manufacturing, Corporate Headquarters, Back Office Operations, Research and Development, Green Technology/Renewable Energy and Logistics (i.e., Supply-Chain). Economic incentives available at the City/County level, to ensure performance include industrial revenue bonds granted through Rutherford County Industrial Development Board (IDB).

Figure 7.4, *Rutherford County Payrolls 2005-2013,* shows a general decline in manufacturing payrolls and a marked increase in Health Care payrolls in Rutherford County since 2005. Interestingly, total Professional, Science and Tech payrolls are nearly equal to those of Transportation and Warehousing even though they account for fewer overall jobs. Payrolls are measured in thousands ($1,000).

FIGURE 7.4: RUTHERFORD COUNTY PAYROLLS, 2005-2013



The following Economic Development Priorities will be elaborated on in the following sections:

- 7.1 ENGAGE MTSU
- 7.2 INVEST DOWNTOWN
- 7.3 INCENT/MARKET CLASS A OFFICE SPACE
- 7.4 POSITION FOR MODERN MANUFACTURING
- 7.5 EMBRACE ENTREPRENEURSHIP
- 7.6 PURSUE "OPPORTUNITY ECONOMICS"
- 7.7 BUILD LOCAL ECONOMIC DEVELOPMENT CAPACITY
- 7.8 PROGRAM-BACKED MARKETING

7.1 Engage MTSU

Commuter College Town to University: "Town to Gown"

As mentioned in the introduction and elsewhere, the presence of MTSU in Murfreesboro gives the City a potentially enormous economic advantage within the region. Maximizing this advantage however essentially boils down to two major must-dos: (1) increase the integration/decentralization of the campus within the City; and (2) expand the technology development/tech-transfer capacity and apparatus of MTSU. Of the two, the City will most likely have more influence and resources to contribute to the former than the latter; however it should pursue both with equal vigor.

In terms of decentralizing the university, the City should work with both MTSU and developers to expand off-campus student housing options. Ideally, these would take the form of blended, mixed-use development projects in or near downtown or at other off-campus planned-development nodes, such as the student village proposed on the *Future Land Use Map* (refer to Map 4.2, *Future Land Use*). The goal is to establish an identifiable off-campus student "scene" and drive more university-related activity into the wider city (refer to MTSU, Page 5-46, in Chapter 5, *Housing and Neighborhoods*).

What is contemplated here are not rows of bars and cheaply-constructed barracks housing, but rather multi-story, mixed-use, master-planned developments that incorporate restaurants, bookstores, theaters, coffee-shops, printing and copy stores, performance venues and housing in unified pedestrian-oriented settings. Universities are frequently minority/lead investors in such developments and are often directly involved in recruiting developer partners. As discussed in Chapter 4, *Land Use and Character,* MTSU may also be able to accommodate some mixed development of this type on its developed north and south ends).

As recommended within its 2009 Campus Master Plan, the University should also be encouraged to develop out to its edges (particularly along Main Street) so that the campus boundaries blend-in with the urban block/setback pattern of the surrounding city. As discussed within Chapter 2, *Growth Capacity and Infrastructure*, and Chapter 3, *Mobility*, regular shuttle service to Downtown and other activity areas along with frequent bike-paths/lanes should also be established.

The City should also partner with MTSU to either create or spin-off university "flagged" facilities that would be better situated off-campus such as a future MTSU business incubator, graduate and/or married student housing; a technology park, campus bookstores or various-arts venues. All of these initiatives will incrementally help de-isolate the university and infuse more vibrancy into the rest of the city.

STRATEGY 7.1.1: *Expand the activity-sphere of MTSU within the City. Create opportunities for MTSU to site ancillary facilities and programs off-campus.*

ACTIONS AND INITIATIVES

1. Engage the MTSU administration on opportunities to re/locate spin-off campus programs and facilities in/near Downtown and the historic 'Bottoms' area. The City's approach to MTSU should be as a possible coinvestor in such facilities.
2. Identify key off-campus redevelopment opportunities that could host new or expanding MTSU programs and activities.
3. Engage MTSU, the Rutherford County Chamber of Commerce and private developers to establish an MTSU-flagged business incubator Downtown. Consider having the City take a significant investor/operator role in such a facility.
4. Initiate discussions with MTSU and the state on developing a tech park or innovation zone within the city.
5. Work with Murfreesboro's Main Street program to establish more student-focused entertainment

events Downtown during the school year; including job fairs with local employers; outdoor concerts featuring local musicians as well as student musical groups; poetry readings; outdoor movies; theatrical programs; student art festivals; etc.

6. Work with Downtown business-owners and developers to expand student and faculty-oriented shopping/dining offerings Downtown.
7. Notify campus officials of key redevelopment opportunities and consider some measure of City incentives/subsidies to bring an initial MTSU satellite facility to Downtown or to the historic 'Bottoms' area.
8. Establish clear bike routes from the campus to other activity areas within the City.
9. Expand public transit within the City with a particular emphasis on bike/transit intermodality and expanded on-board bike accommodations. Extend limited Rover service on weeknights and weekends. Establish dedicated campus-downtown shuttle service.
10. Work with area companies and institutions to continuously look for ways to expand student internship opportunities and university engagement opportunities.

Source: CityProject

Source: Midtown Innovation District, midtownatlinnovates.com

Economic Opportunity: The MTSU Innovation Campus

Among the more high-profile off-campus installations, the most economically impactful are university branded tech-parks. These are now common fixtures for towns and cities with major research universities and have been the major economic engines behind the impressive rise of cities like: Austin TX, Lincoln, NE, Madison, WI, and Raleigh-Durham-Chapel Hill, NC, among others. With its new Science Building and its respected Aerospace and Engineering Technology, and Mind2Marketplace programs, along with the local presence of technology companies such as Enovate Medical, Murfreesboro and MTSU are potentially poised to break-in to this elite company of communities.

University-affiliated tech parks usually involve a high level of city-participation typically in the form of infrastructure funding and company-direct tax incentives. Traditional suburban tech parks usually start at at-least 100-acres with the flexibility to expand to over two to three times their original size. Therefore, a large, single-owned tract with good visibility and transportation access and with services close at-hand, are considered ideal locations. Lead investments usually take the form of a flagship business incubator/accelerator housing the University's licensing and technology-transfer office along with ancillary amenities such as a small conference center and hotel. Special infrastructure such as ultra high-speed Internet; nicely appointed public outdoor areas; alternative/renewable energy applications; and stylized (university-branded) signing are also typically part of the package.

In Murfreesboro, areas north of The Gateway including the I-24/TN SR 840 interchange (where MTSU already owns significant acreage) are obvious places to site a traditional tech-park. The existing hospitals, hotels, shopping and urban-format housing that already exist near The Gateway in particular (especially north and east of Medical Center Parkway), provide a ready-made setting for a master-developed tech-park (thus avoiding the longer "uptake" and absorption times of a more remote location).

It deserves mentioning that with the resurgence of everything urban of late, that suburban-model tech parks have begun to lose their luster. In response, many have tried to become more city-like by adding apartments and retail along their edges to give them a more urban live/work flavor. Many cities and universities are now eschewing the old tech park model altogether by pushing edgy new urban "innovation districts" which are more dense, vertical and interwoven into the fabric of city. Incubators/accelerators, co-working spaces and apartments – many carved-out of repurposed historic buildings - are all a part of the mix. The Midtown Innovation District just off of the Georgia-Tech campus in Atlanta is usually credited as being the prototype for this kind of alternative, urban tech environment, as depicted in *Figure 7.5, "What's Happening" in Midtown Innovation District*.

Although Murfreesboro has fewer opportunities to repurpose an entire swath of the "old city," the historic 'Bottoms' area does have potential to serve as a modest-sized urban tech hub. Its amenity factors include the Lytle Creek Greenway, a handful of salvageable flex-buildings, and proximity to Downtown. Although the ultimate decision to site a tech park will rest with MTSU, the City can greatly influence the decision through zoning and with the promise of greater or lesser resources depending on the challenges and preferences of one location versus another. Obviously, any wholesale redevelopment of the historic 'Bottoms' area, with its fragmented ownership and suspected environmental constraints, will involve significantly more lead-time and predevelopment cost than a typical greenfield site.

FIGURE 7.5: "WHAT'S HAPPENING" IN MIDTOWN INNOVATION DISTRICT
Source: Midtown Innovation District, midtownatlinnovates.com

Source: midtownatl.com

WSB, *Companies and start-ups*

Source: collideratl.co

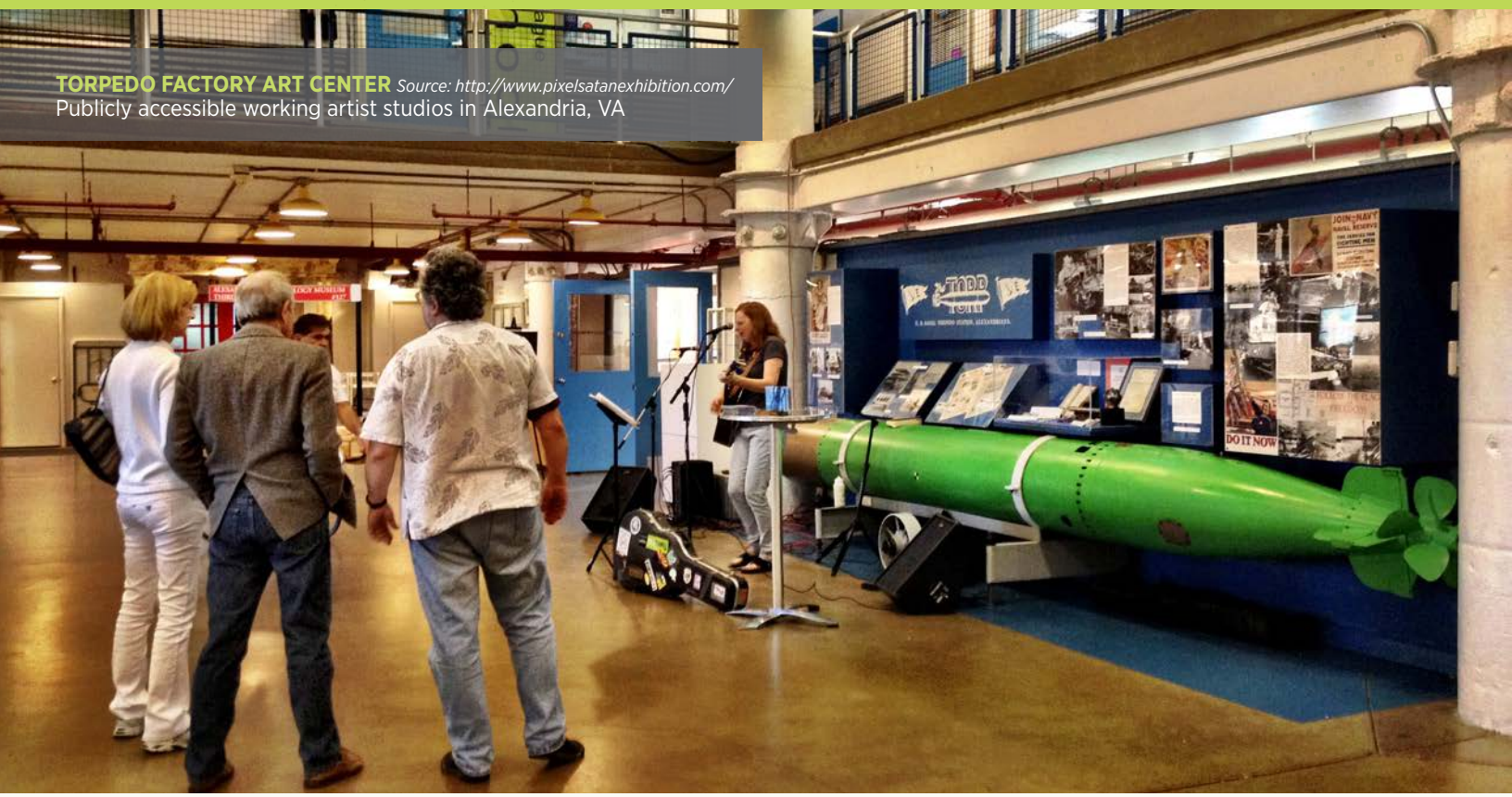
Collider at the Biltmore, *Alternative Workspaces*

Source: emoryhealthcare.org

Emory University Hospital Midtown, *University Healthcare Collaborations*

MAP LEGEND:

- World-class colleges and universities, bridging technology, health, design and the arts:
- Entrepreneurial resources for start-ups and big companies:
- Strong infrastructure, globally connected:
- Arts + Technology = new creations:
- Companies and start-ups:
- University healthcare collaborations:
- Social Innovation/ Non-Profits:
- Capital opportunities:
- Alternative Workspaces:
- We're just getting started... look at these recent successes:
- MARTA Station
- Green Space



TORPEDO FACTORY ART CENTER *Source: http://www.pixelsatanexhibition.com/*
Publicly accessible working artist studios in Alexandria, VA

Economic Opportunity: Incubation and Innovation Centers

Entrepreneurship is a powerful force driving innovation, productivity, job creation and economic growth. Studies show that places with a high level of entrepreneurial activity tend to be better off economically. The challenge is that 50 percent of all new small businesses fail; often because they lack sufficient financing, business networks and skilled employees in their early days. Young organizations face many vulnerabilities and liabilities. They may lack sufficient financing, business networks and skilled employees in their early days. They may still be having problems ensuring consistent production quality. It takes time to develop a reputation in the market and a stable set of customers and suppliers.

INNOVATION AND ENTREPRENEURS

Numerous studies show that high-growth and "gazelle" firms consistently outperform other businesses in the economy in terms of growth in sales and/or growth in employment. Gazelles are the subset of high-growth firms that are very young, nimble and light on their feet and able to seize opportunities; and ultimately are economically important to the economy because they contribute disproportionately to job creation. Indeed, since 1979, more than 75 percent of all new jobs created in the United States have been generated by fewer than 10 percent of small businesses.

ENTREPRENEURSHIP ECOSYSTEMS

Business incubators reduce the risk of small business failures, reporting success rates as high as 87 percent. Business accelerators and incubators provide innovative, early-stage entrepreneurs with resources, facilities and expertise to help them develop their business plans and seek follow-on financing. They play an important role in the venture capital system, helping innovators gain strategic advantage in a competitive international marketplace. To retain these start ups, according to the Harvard Business Review, the new holy grail for governments is to create an environment that nurtures and sustains entrepreneurship, or an "Entrepreneurship Ecosystem." There is a growing amount of evidence that business incubation should be tailored to a community's character, needs and desires – there's no magic bullet. According to Forbes, each entrepreneurship ecosystem is unique, each being the result of the hundreds of elements interacting in complex ways. However, there are some basic elements that tend to appear in most ecosystems, including: (1) physical space; (2) business incubation services; (3) partnerships with governments, universities and business organizations; and (4) some form of government fiscal support.

Small Business + Creative Jobs= LOCAL GROWTH

- THE MAJORITY OF NEW JOBS ARE PRODUCED BY SMALL LOCAL BUSINESSES.
- ENTREPRENEURS CONVERT IDEAS INTO JOBS, WEALTH AND COMPETITIVENESS.
- SMALL BUSINESSES ARE BETTER AT REPLACING JOBS FOLLOWING A RECESSION.
- CREATIVE INDUSTRIES ACCOUNT FOR 35 PERCENT OF THE JOBS, AND 51 PERCENT OF THE WAGES.

INNOVATION CAFE Kansas City, MO.
Sells membership to a collaborative community with access to professional infrastructure.

INDY HALL
Coworking space in Philadelphia, PA.

NECESSITY FOR BUSINESS INCUBATION

The National Business Incubation Association (NBIA) states that business survival rates can be increased through business support services such as incubation and mentorship. The NBIA claims that business incubators reduce the risk of small business failures, reporting that 87 percent of all firms that have graduated from their incubators are still in business.

Business accelerators and incubators provide innovative, early-stage entrepreneurs with resources, facilities and expertise to help them develop their business plans and seek follow-on financing. They play an important role in the venture capital system, helping innovators gain strategic advantage in a competitive international marketplace.

RETURN ON INVESTMENT

Incubation and innovation centers have shown a positive return on investment in dollars, new jobs, company retention and increased attractiveness. The Okanagan Research & Innovation Centre, now known as Accelerate Okanagan, claims that for every dollar spent on business incubators, $30 is returned to the local economy in wages, taxes, sales and services. The Economic Development Administration of the U.S. Department of Commerce has showed that business incubation has a much larger economic impact and return on investment than other forms of public infrastructure expenditure. They report that incubators can provide up to 20 times more jobs than infrastructure projects such as water and sewer improvements.

The University of Saskatchewan reports that start-up companies tend to remain within the community, contributing to the economic development and diversification of the local economy. Studies from around the globe consistently link entrepreneurship with rapid job creation, GDP growth, and long-term productivity increases. Perhaps most importantly, the NBIA states that *84 percent of incubated graduates stay in the community where they were incubated.*

ON PLACE BALLET

"Place ballet" describes the regularity of place founded in habit, routine, and supportive physical environment.

Conducting their own daily activities, people come together in space, which takes on a sense of place. Individual participants using the same space unintentionally create a larger place with its own tempo of activity and rest, bustle and calm.

Place ballets may occur at various scales, indoors and out. A lounge, office building, village square, or any other situation where some users come together regularly, face-to-face, may provide a foundation for place ballet." (David Seamon, PhD. Kansas State University) environmental constraints, will involve significantly more lead-time and predevelopment cost than a typical greenfield site.

7.2 Invest Downtown

As already stated, a lively and attractive downtown is a key marker of a talent-friendly city. This goes beyond street furniture and occasional programmed events to include a full gamut of live/work/learn/play activities and total attention to the physical environment.

A well-functioning downtown offers: varied housing and employment options; opportunities to plug-into local arts and entrepreneurship scenes; the celebration of local flavor; and most importantly, the preeminence of people over cars. **More than any other part of the City, Downtown needs to serve as both the City's living room and its main guest room.** Given these multiple roles, Downtown easily warrants the highest public investment per square-block of any other area of the City.

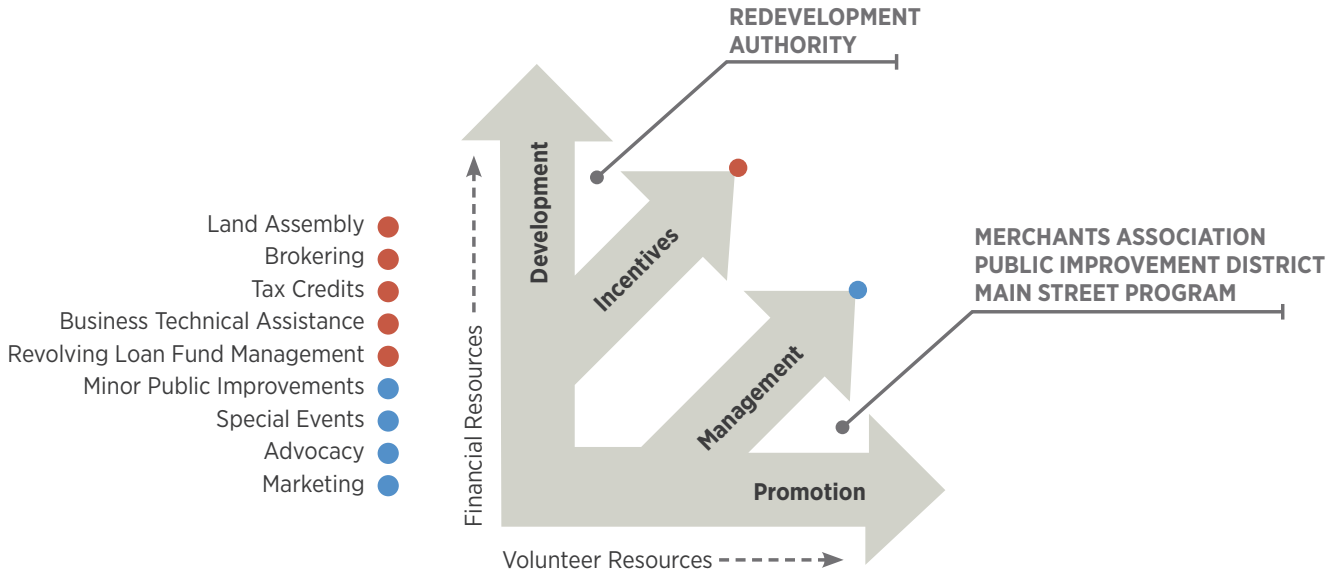
Downtown Murfreesboro currently has a near postcard-quality to it. It is a classic county seat downtown with a nearly continuous blockface surrounding the Courthouse square. The new Rutherford County Judicial Center will be well-oriented to the square. All that said, the upper floors of most Downtown buildings are completely "dark;" many buildings are in need of façade restorations; there are too many surface parking lots deadening the pedestrian environment; and there are too few unifying design elements tying it all together. Downtown also has its back turned to Broad Street exuding a less than inviting presence to the several thousand cars passing by daily. Finally, there are too few people actually living in or near Downtown to infuse it with any consistent vitality.

Realizing Downtown's full potential will not happen automatically. It will only occur with the deliberate, proactive and sustained involvement of the City in changing Downtown's market dynamics and its attractiveness for investment. Public money and additional City staff must be dedicated toward things such as: incenting building restorations/conversions; providing gap loans for small businesses; controlling and serving-up key properties for urban mixed-use development; and eventually providing "higher-finish" public improvements including structured public parking. Additional resources may also need to be allocated to the Main Street Murfreesboro/Rutherford County, Inc. for additional programmed events. See Figure 7.6, *Four Planks of Redevelopment*, explaining "who does what?" in redevelopment.

Although the purpose of tax increment financing (TIF), for example, is to incent projects that will ultimately pay for themselves with increased future tax revenues, some of the City's initial co-investments in public-private projects may prove to be loss-leaders. Although this aggressive type of deal-making may not be sustainable over the long run, redevelopment starter projects are always the hardest to make happen and consequently usually require the most incentive. The goal though is to help prime the market for follow-on development that will pay for itself in terms of new jobs and tax base growth.

FIGURE 7.6: FOUR PLANKS OF REDEVELOPMENT DIAGRAM

[Continued on page 7.20]



Building Improvement Incentive Programs

Bad redesign and "dark" or underused upper floors are common problems of many older downtowns. Both conditions detract from the attractiveness and vitality of downtown districts and can pose a drag on visitor and investor interest alike. Some fairly common incentive programs can help impel property owners to maximize the value of their buildings while restoring and revitalizing Downtown Murfreesboro in the process. None should be used in-lieu of, but rather in addition to, aggressive code enforcement.

FAÇADE GRANTS AND LOANS

The most common form of building incentive is façade grants and loans. These are typically small-dollar matching funds for the exterior repair and restoration of formerly historic buildings.

A typical transaction would involve the City putting up a dollar-for-dollar match to return a highly visible, but inappropriately modernized historic building to something closer to its original look. Funds are usually set aside from the city's general fund or from an existing TIF district and design oversight is guided by historic preservation guidelines promulgated by a city's historic preservation commission, civic design commission or Main Street board. Main Street organizations and staff often provide technical and architectural assistance.

UPPER-FLOOR OCCUPANCY GRANTS

To help relieve the deadening effects of dark upper floors in downtowns aspiring to be more lively, some cities offer financial assistance for substantial upper-floor renovations intended to reactivate long dormant spaces above street level.

These grants and loans are often funded in the same way as façade grants described above. However because of the high cost and often upside-down economics of returning vacant space to active use (including Americans with Disabilities Act compliance, e.g., elevators and Universal Design), funding needs to be more liberal and tied to the estimated post renovation value of the property.

Generally speaking, any grant that can be amortized through incremental property tax revenues over a term of five to eight years is probably a good candidate for this type of program. This can be discerned through a before and after (estimated) appraisal of the property, and with a firm agreement from the property-owner to pay any and all new taxes needed to replenish the program within the stated time frame. As with most façade grants, the applicant should be required to front at least 50 percent of the total cost of rehabilitation. Also, since the intent is to help enliven Downtown at different times of the day and week, preference should be given to residential units over offices.

City and/or Main Street staff should poll Downtown property-owners about their interest in taking advantage of such programs before any time and effort is spent establishing them.

Economic Opportunity:

Special Financial District for Downtown

As discussed in Chapter 2, *Growth Capacity and Infrastructure*, tax increment financing (TIF) is a way to encourage reinvestment in blighted or underutilized areas that probably won't redevelop on their own. Put simply, it is a way to self-finance new development projects by capturing their back-end tax proceeds to amortize front-end project costs. This happens by setting aside new tax revenues generated within the district from the general fund for a specified period of time, usually 20+ years. The withheld amount (the "increment") is used to pay off the district's debts, typically public bonds used to fund public infrastructure and/or a developer's feasibility "gap" financing.

In Tennessee, the only agencies that can issue debt, and administer a tax increment financing program, is either a housing authority or an industrial development board. As a result of the *Uniformity in Tax Increment Financing Act of 2012* reforms, State approval is now required for a housing authority-administered TIF that lasts more than 30 years, or an IDB-administered TIF that lasts more than 20 years. Additionally, local elected officials can allocate how 'excess' TIF revenues are allocated, compared to previously, where a housing authority could decide on its own.

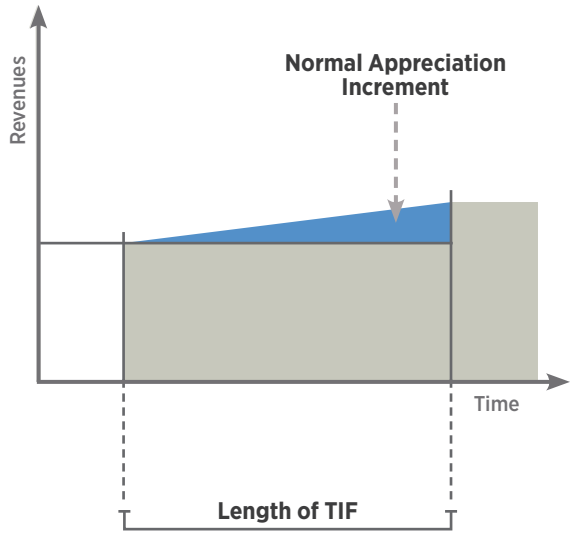
Another variation of TIF is where the municipality issues public debt to provide public infrastructure and/or an upfront cash subsidy to support a project. The future tax increments are then pledged to pay off the bonds with the project serving as second position collateral. For additional insurance, the municipality will typically require that the developer personally guarantee the public bonds. In another twist, the developer may be required to directly pledge his tax increment "savings" toward the repayment of public (non-recourse) revenue bonds.

There are many subtle variations and creative applications of the two main TIF models described here. Another model is a so-called "passive" TIF (a variation of the Pay-Go model), where a district is created in anticipation of, and/or as a stimulus for new development. However instead of using the increment immediately to directly incent new development, the increment is left to accumulate for a future public project such as a park, streetscape work or parking garage etc. Timing is tricky here because TIFs have a prescribed spending or activation life that limits the window for expenditures and revenue recapture. As a general rule, passive TIFs shouldn't be activated until the year that any new base revenues are expected to "hit" the assessment roles.

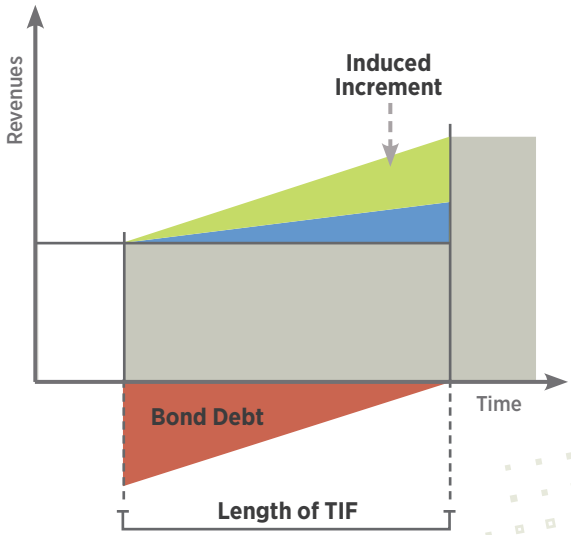
It needs to be emphasized that TIF does not mean an increase in property tax rates within the district, just

Tax Increment Financing "TIF" Models:

SIMPLE "PAY-GO" (PASSIVE CAPTURE) TIF



"BOND REPAYMENT" (INDUCED INCREMENT) TIF



tax revenues. TIF helps expand the district's overall tax revenue base by stimulating new private development with new TIF-financed infrastructure or developer incentives. Most private development wouldn't otherwise happen in TIF-designated areas because of blight or other impeding conditions.

Since TIF-funded projects create their own debt-payment streams (from the additional tax revenue that they themselves generate), they are a type of self-financing mechanism. Also, because the increment is unlikely to accrue at the same level without the TIF (again, TIF-funded investments are needed to induce the revenue-generating investment) it doesn't equate to a dollar-for-dollar reduction to the general fund absent the TIF. In other words, most of the increment wouldn't otherwise exist were it not for the public debt needed to create it.

TIFs however can cause harmful fiscal impacts if used to finance development projects with high public service burdens such as single-family housing. This is because district tax revenues flowing into the general fund are frozen at their current levels resulting in the need to spread new service costs system-wide with no commensurate increase in general revenues emanating from within the district. Therefore, TIFs are typically used to help finance mostly commercial and industrial development.

Common eligibility criteria for the use of TIF include: job creation; blight elimination; project scale (usually defined by minimum capital investment); public benefits and amenities conferred; catalytic affects (i.e., ability to spawn follow-on/spillover investment); bond amortization period and the amount of private investment leveraged. Public Chapter 605 of Tennessee statutes govern the use of TIF.

GAME CHANGER: DOWNTOWN

"Downtown high-rises will not only help our population expansion but also likely entice companies to pursue high-rise offices and towers too, spurring more economic growth."

STRATEGY 7.2.1: *Prepare/update the Master Plan for Downtown and the historic 'Bottoms' area, then "work" the plan.*

ACTIONS AND INITIATIVES

1. Consider establishing and filling an economic development coordinator position under the Planning Department (see Build Local Economic Development Capacity below).
2. As recommended within Chapter 2, *Growth Capacity and Infrastructure,* consider the eventual formation of a Redevelopment Authority/Corporation and hire a full time executive director to package re/development deals and proactively market/recruit developers.
3. Consider developing and funding a façade-grant program (including rear facades) and work with Main Street Murfreesboro / Rutherford County, Inc. to provide design guidance.
4. Work with Main Street Murfreesboro / Rutherford County, Inc. to build support for a Business Improvement District (BID) to fund extra aesthetic improvements and to program additional Downtown events.
5. As recommended in Chapter 2, *Growth Capacity and Infrastructure*, evaluate and map a downtown TIF district. Activate the district when a lead project is brought forth.
6. Gauge property-owner interest in an upper-floor conversion/reoccupation incentive program. Consider establishing such a matching such a program using TIF funds.
7. Work with MTSU to identify off-campus development opportunities in Downtown.
8. Refresh/expand Downtown streetscape to include additional streetscape improvements, including decorative lights, planters, benches and accented sidewalks.
9. Consider preparing a parking plan for Downtown. Identify sites for a future public parking structure.
10. Work with developers and property-owners to package and "close the gap" on key redevelopment projects. Be ready to co-invest in catalytic projects using TIF and other resources.
11. Budget for the planning, design and daylighting of Town Creek.
12. Develop a Master Plan for the historic 'Bottoms' redevelopment area.
13. Explore National Register of Historic Places district designation for downtown square to facilitate access to historic rehabilitation tax credits.

[Continued on page 7.24]

RECENT PROGRESS: DOWNTOWN

"The addition of a Saturday Farmer's Market downtown caused quite a few people to see Downtown Murfreesboro in a whole new light. It's "the place to be" on Saturday mornings now, not to mention all the local farmers who are making a better living and selling their products into our own local economy. It's a winning combination on so many levels!"

7.3 Incent/Market Class A Office Space

The lack of available "turnkey" Class A office space has been cited as a main cause of the City's inability to attract more professional jobs. Most developers (and commercial real estate lenders) meanwhile, are generally loath to build (finance) new office construction without firm tenant commitments in-hand. This puts Murfreesboro in a catch-22 situation when it comes to landing large commercial office tenants, especially companies that are expanding quickly or new to the region. These types of companies can't wait out the typical two-year timeframe it takes to deliver a new building to the market. Consequently, Murfreesboro, with little Class A space to begin with, may be missing out on key opportunities.

Hope rests in the fact that metro Nashville currently has one of the tightest office markets in the county with a vacancy rate of only 6.6 percent (compared to 11 percent nationally) (CoStar, 2015). This enviable situation should make developers and lenders more confident in undertaking speculative office construction as long as the area's economy continues to grow, and both interest rates and rents remain stable. Together, Murfreesboro and major property-owners need to aggressively market the City and its commercial office development opportunities to area developers and brokers. Incentive programs such as TIF also need to be developed and included as part of the marketing message. See Table 7.1, *Metro Nashville Office Market Profile: 1st Quarter 2015 (CoStar Group Inc.)*.

Currently, Rutherford County offers a direct tax incentive through the Rutherford County Industrial Development Board (IDB). These incentives are offered to manufacturing companies who can demonstrate that their project will deliver a $3:1 benefit-to-cost ratio based on known new job growth. The IDB's policy is to incent manufacturing companies although there are no known preclusions to extending rebates to commercial office projects (save perhaps for the ability to quantify known jobs arising from a speculative office development).

STRATEGY 7.3.1: *Work to expand professional employment and office development opportunities.*

ACTIONS AND INITIATIVES

1. Work with the IDB to extend tax incentives to new office developments (including speculative office space).
2. Conduct a commercial office market study to understand current and projected supply/demand

TABLE 7.1: METRO NASHVILLE OFFICE MARKET PROFILE: 1ST QUARTER 2015 (COSTAR GROUP INC.)

	VACANCY	VACANCY	YEAR TO DATE ABSORPTION	UNDER CONSTRUCTION	QUOTED RATES
Class A	1.34 million sf	6.3%	(65,990) sf	2.56 million sf	$27.28
Class B	2.90 million sf	8.1%	126,128 sf	95,296 sf	$19.56
Class C	866,203 sf	4.2%	51,169 sf	0 sf	$15.76
Total Nashville	5.10 million sf	6.6%	111,307 sf	2.68 million sf	$21.52
Total Memphis	5.87 million sf	11.6	422,900 sf	650,000 sf	$16.02
Total Knoxville	2.60 million sf	7.9%	108,283 sf	2,400 sf	$14.72
Total Louisville	4.90 million sf	9.1%	151,236 sf	203,270 sf	$16.01
Total National		**10.9%**			**$22.74**

factors; optimal office sites and configurations; and target tenant profiles.

3. Consider implementing the use of TIF to incent office development in designated redevelopment areas.
4. Reach-out to property-owners to expand the availability of prime office sites on the market.
5. Pre-zone key sites for office development based on the Comprehensive Plan's *Future Land Use* map.
6. Create an avenue for development projects that meet specific performance criteria to receive expedited (fast-tracked) permitting consideration.
7. Convene a commercial brokers roundtable to discuss commercial office market trends and ways to improve Murfreesboro's competitiveness for new Class A office space.
8. Create and update an interactive available commercial sites tab on a new economic development website.
9. Produce an "Office Opportunities" marketing piece showcasing the regional asset-base, key office sites and incentives. Distribute widely within the metro real estate community.
10. Consider authorizing a newly formed Redevelopment Authority or IDB as a "quasi-public developer" through direct control and marketing of key sites (i.e. option transfer and deal packaging).

Fountains at Gateway

- Fountains at Gateway is a new 31-acre Class A multi-tenant office and retail development in burgeoning Rutherford County, less than 30 minutes from Nashville. Designed as a walkable corporate office campus and retail district, Fountains at Gateway also includes residential apartments and a hotel to complete the new urban landscape.
- Office, retail and hotel buildings are situated around a central plaza with multiple fountains and pocket parks. The residential community overlooks Gateway Island Park. All are interconnected by a system of walkways leading to the adjoining City Greenway system, seamlessly connecting pedestrians and cyclists in a friendly hub of activity and planned events.
- Fountains at Gateway will include 400,000 SF of office space, 70,000 SF of retail space, a 100-room hotel and a 100-unit apartment community.

7.4 Position For Modern Manufacturing

Although the City's stated economic priority is to attract more professional white-collar jobs, well-paying manufacturing jobs have been a long-standing staple of a healthy, well-diversified economy. (This includes the Metropolitan Nashville economy that historically has had a strong manufacturing sector.) Increasingly clean, lean and automated, today's advanced manufacturing jobs require highly skilled workers with some post-secondary technical education and analytical, problem-solving skills.

Although manufacturing will never employ the numbers it once did, today's specialized, precision, additive manufacturing requires more brains than brawn and involves customized applications of highly sophisticated technology such as 3D printing, laser technology, computer-assisted design (CAD) along with complex robotics and supply-chain management software. Such manufacturing jobs are also increasingly well paying.

Developing the talent pipeline for Rutherford County's increasingly skill-needy manufacturers, in fact, has been a main focus of "Rutherford Works" - Rutherford County Chamber of Commerce's multi-pronged economic strategy (as discussed on page 7.8). A major Chamber initiative is to help debunk negative attitudes toward manufacturing jobs by helping expose students to myriad manufacturing career options and career-tracks.

Its Career Pathway Partners program works with area K-12 schools, higher-eds, and participating industries, to cultivate technological aptitudes and instill interest in manufacturing careers among high school students. It then lines them up with internships and apprenticeships with area manufacturers.

Rutherford Works is also involved in helping develop customized training programs by aligning the resources of MTSU and area technical colleges to helping meet the workforce needs of area manufacturers. Further mobilization and alignment of private industry, educational institutions, and the broader workforce development system is a central theme of the recently published "Pathways to Prosperity" report prepared for Rutherford County by the Harvard Graduate School of Education.

With major auto-related production well-established locally, as well as renewed regional emphasis on advanced manufacturing, Murfreesboro should position itself to attract clean, modern, sophisticated

manufacturing facilities in well-designed master-planned, "green" business parks. Such parks include such things as: redundant/conditioned/distributed/renewable power (i.e., micro-grid), high-speed, fiber-optic, ample green-space, simple but stylish architectural treatments, tasteful monument signs, creative stormwater management practices and other sustainable design features. A new business park in Murfreesboro could be positioned as a supplier-park for the automotive or aerospace industries.

STRATEGY 7.4.1: *Support the efforts of Rutherford Works by identifying locations for future master-planned business park(s). Implement special design standards through zoning and/or development covenants.*

ACTIONS AND INITIATIVES

1. Consider revising Appendix A, *Zoning Code* and corresponding *Zoning Map* to reflect new locations and design standards for one or more new green business parks.
2. Work with large property-owners in target areas to position and market their property for large footprint users. Encourage annexation where feasible.
3. Seek "shovel-ready" certifications of key sites through pre-extensions of infrastructure and utilities, completed entitlements, environmental studies/approvals, updated surveys and basic site-prep work.
4. Consider establishing and budgeting for quality amenity packages for new business park(s). Pursue aggressive cost-sharing agreements (i.e., special assessments) with benefiting property-owners.
5. Create a business park marketing piece showcasing available sites, workforce availability/preparedness and technical college training support. Circulate widely among regional industrial brokers.
6. Aggressively market the city and region's CTE programs and establish linkages between manufacturers and career pathways providers.

Economic Opportunity: The I-24 Aviation Corridor

Murfreesboro and Rutherford County are home to an unusual array of aviation/aerospace/avionics-related facilities and resources. These include, among others, the Aerospace program at MTSU, the Rutherford County Airport and the Smyrna/Rutherford County Airport (Sewart Air Force Base). As part of a collaborative regional initiative, these resources have the potential to be parlayed into new regional economic opportunities around aviation-related education; tourism/recreation; international business recruitment; aircraft manufacturing, testing and repair; and even the possible commercialization of MTSU-developed research and technology.

The proposed I-24 Aviation Corridor essentially starts with a regionally "owned" branding moniker that could evolve into a full cluster development strategy with special marketing, business recruitment, events and industry-specific incentive programs layered into it.

The foundational element of this opportunity is the Aerospace program at MTSU. This program is currently involved mostly in pilot and air traffic controller training as well as some advanced research in unmanned aerial vehicle (UAV) or "drone" technology. Although the program is not currently deep in the engineering and technology development side of the Aerospace industry, MTSU's recent addition of a nearly $150-million science building and its well respected engineering technology and mechatronics programs position it to do so in the future – particularly if done in partnership with established aerospace companies and educational research powerhouses such as MIT or Cal-Tech.

As the nation's skies get more and more crowded, the City and region could eventually position itself to land a possible new Federal research institute (under the

aegis of the Federal Transit Administration, or National Transportation Safety Board for instance) dedicated to aircraft safety, flight control technology, crash reconstruction, or UAV research and testing. Getting there will depend on the mobilization of many players and resources at the state and regional levels and the further advancement of MTSU into applied research and technology development.

In the more immediate term, the region has the opportunity to "grow into the brand" (while further expanding its already strong tourism industry), by hosting more aviation-related events such as air-shows, fly-ins and aviation-related conferences that help to establish the region's affiliation and brand awareness within the industry.

The Nashville Chamber and Regional Council should also be enlisted to add the aviation industry as a primary recruitment target, and develop marketing collateral that touts the region's aviation assets including its existing strengths in advanced manufacturing. A realistic goal within the next three to five years would be to recruit or incubate a component manufacturer or possibly an airliner refurbishment facility as an anchor investment in the corridor. This, along with continued investment in MTSU's Aerospace research capacity could help drive additional aerospace investment in the region.

AEROSPACE PROGRAM AT MTSU
Source: MTSU

7.5 Embrace Entrepreneurship

As stated earlier, most economic growth in Murfreesboro in coming years will likely come from internal growth of new and expanding companies rather than from exogenous sources. New start-up activity could be an important part of this growth. Consequently, Murfreesboro should be positioned as a place that is friendly and supportive of new enterprises by offering a full array of financial and programmatic resources to new businesses. At a very basic level this could involve the City capitalizing a revolving or micro loan fund and incenting or developing incubator/accelerator/co-working projects. At the more advanced level it means connecting local entrepreneurs to the larger entrepreneurial ecosystem of Metro Nashville with its deeper well of professional advisors, lenders and venture capital networks.

As in so many other respects, the City's main advantage in becoming a regional center of entrepreneurial activity is the presence of MTSU. The university brings not only a host of technical resources, including MTSU's Small Business Development Center and entrepreneurship degree program, it also presents a potential wellspring of business ideas and commercially viable innovations emanating from university students and faculty (to wit, MTSU's involvement in the Mind2Marketplace program). These resources could be mobilized and maximized to position the City as a genuine "start-up city" drawing-in and nurturing entrepreneurs from around the region.

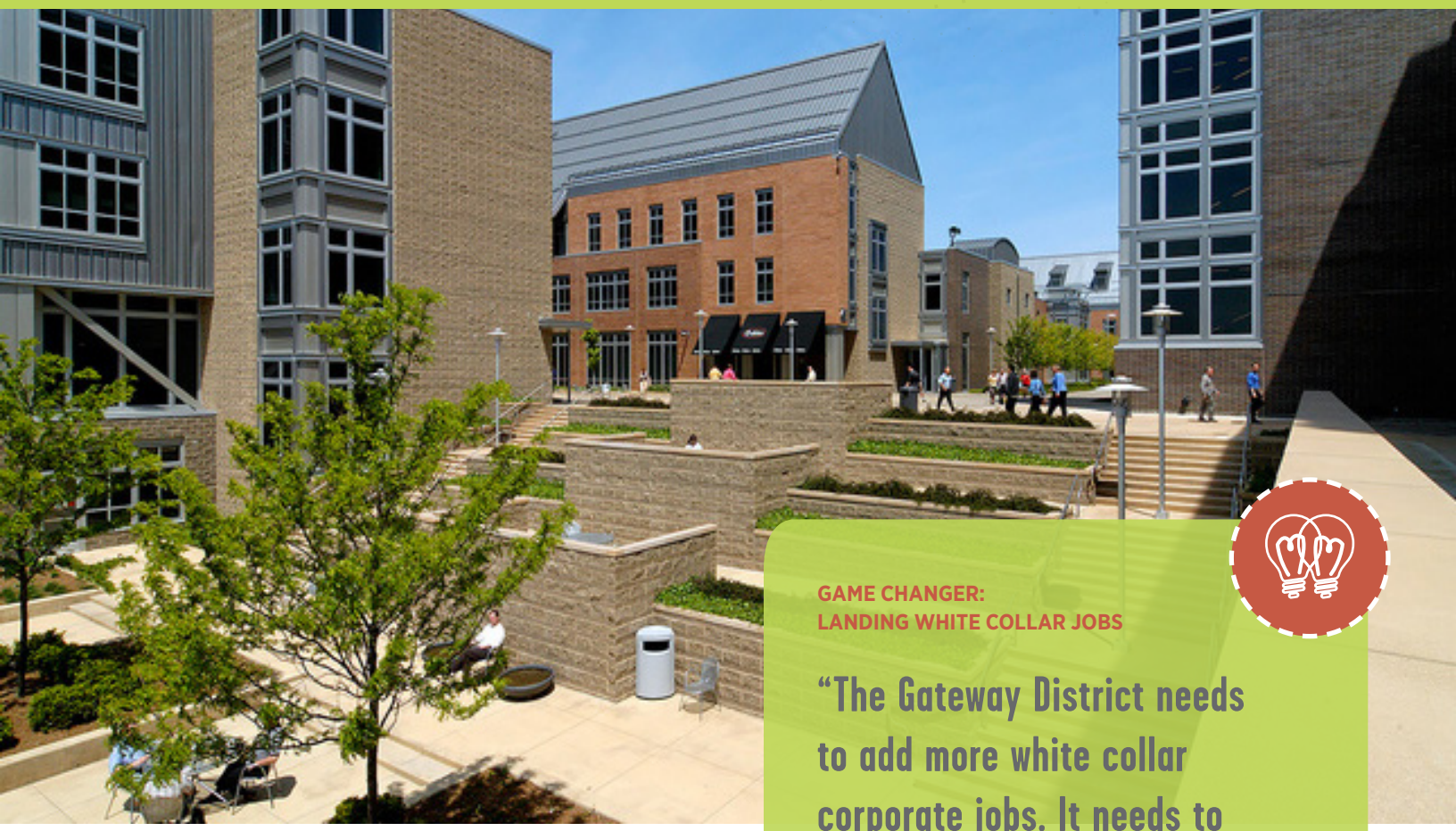
Reaching this position however will involve the City and its economic development partners (which include MTSU, the Rutherford County Chamber of Commerce and the State) upping their game in several important areas especially with regard to access to physical space and the availability of risk capital and business coaching. A mature entrepreneurship culture in Murfreesboro would involve MTSU - in conjunction with the City and Chamber - holding business plan and seed-funds competitions; incenting/developing/operating one or more business incubators; sponsoring free or discounted MTSU/Chamber-hosted entrepreneurship training and networking events; mobilizing a wide cadre of seasoned business mentors and "door openers," and engaging the regional banking community and capital networks to pool their risk in support of new business formation (both debt and equity finance). In short, all things needed to help develop a local start-up community and ecosystem.

With its limited resources and myriad other economic development responsibilities, the City and its economic development staff are likely to play a mostly supporting role in the many of the above activities. Conversely, the Chamber and university, with their larger circle of business, philanthropic and institutional contacts are better-suited to build the critical networks needed to build the larger ecosystem. As such, they are better suited to lead an entrepreneurial initiative. At the foundational level, the City could help incent and/or develop incubator space, contribute to and help manage various loan funds, and act as an important catalyst bringing the lead players together. It can also offer-up matchable, first-in resources including challenge grants.

STRATEGY 7.5.1: *Energize the entrepreneurial environment in Murfreesboro.*

ACTIONS AND INITIATIVES

1. Work with the Chamber to catalogue and expand the number of Small Business Administration (SBA)-qualified lenders in Rutherford County.
2. Incent the re/development of flex-space buildings, live-work units, office condos, maker-spaces and collaborative co-working environments.
3. Work with MTSU and the Chamber to establish one or more business incubators and specialty accelerators in Murfreesboro.
4. Further "ground" the Mind2Marketplace program in Murfreesboro by expanding the number of locally hosted M2M events, and by establishing a proof-of-concept program/center at MTSU.
5. Burnish the City's business-friendly reputation including a single-point-of contact/one-stop shop for business assistance services and permitting.
6. Celebrate local success stories by implementing an annual Mayor's "business of the year," and "start-up of the year" awards.
7. Encourage the development of entrepreneurship programs in local high schools.
8. Consider implementing an official, "local sourcing" directive favoring local and regional suppliers in City procurement of supplies and services.
9. Work with area businesses and the Main Street Murfreesboro / Rutherford County, Inc. to launch a "buy local" campaign.
10. Facilitate the creation of an entrepreneurs/mentors network that hosts multiple events throughout the year.
11. Consider establishing a City revolving loan (gap) fund or loan guarantee program for new or expanding



businesses. Enlist local banks to contribute both capital and management expertise. Identify permanent capitalization sources (i.e., foundations, pooled bank funds, grants, general funds, CDBD grants etc).

12. Enlist City, business and education leaders to lead development efforts for an angel (equity) fund for potential high-growth businesses. Funders may include area foundations and wealthy individuals.
13. Use multiple avenues to promote the City's entrepreneurship programs including a dedicated web portal, social media, and young professionals groups.
14. Work with the U.S. Economic Development Administration (EDA) MTSU, the Tennessee Department of Economic and Community Development, and the Rutherford County Chamber of Commerce to fund a business plan and/or grants competition for start-ups willing to make a limited-term commitment to Murfreesboro.
15. Team with Main Street Murfreesboro / Rutherford County, Inc. and SCORE to offer one-on-one business checkups with local (especially Downtown) small businesses. Work with the tech college system to provide basic marketing, accounting, business planning and social media instruction under a new

GAME CHANGER:
LANDING WHITE COLLAR JOBS

"The Gateway District needs to add more white collar corporate jobs. It needs to be zoned mixed-use to add more retail, restaurants, and commercial activity. Landing these types of jobs will finally catapult Murfreesboro into a more independent city. Right now, residents with advanced degrees are either unemployed, underemployed, or have to drive to Nashville or Franklin to work. Murfreesboro needs these jobs right here at home..."

Economic Opportunity: Music & Recording Arts Business Incubator

As discussed, the presence of MTSU, one of the largest institutions of higher education in the state, gives Murfreesboro rare opportunities for university-generated entrepreneurship. Under an adequately resourced civic/institutional/private business model, MTSU's highly renowned Department of Recording Industry for instance, could be parlayed into a new specialty business incubator designed to spawn new music and recording-based start-ups.

Although the local recording industry has historically been centered on Music Row in Downtown Nashville, parts of it have dispersed in recent years in response to rising real estate prices there. This factor, combined with the unique convergence of specialty on-campus facilities, a wellspring of university affiliated talent, affordable real estate, and a walkable, historic downtown, presents ideal conditions for Murfreesboro to be the place where certain technical aspects of the recording industry resettle within the region (particularly post-production and other non-studio functions). Establishing an MTSU-branded music + recording arts business incubator in Downtown Murfreesboro could be the catalyst to making this happen.

The music and recording arts incubator ideally would be located in or near downtown Murfreesboro in a roughly 20,000+ square-foot, multi-level building. It would house the university's Small Business Development Center (SBDC) and its intellectual property licensing office along with studios and low-cost flexible office space. It would serve as a first home for fledgling music publishing, promotions, production, marketing/merchandising, music management, lighting/staging, sound engineering, video production, legal/copywriting, instrument manufacturing and repair, cover art and affiliated type businesses such as digital art, digital media, fashion and apparel.

The companies would be started by any number of individuals including university faculty and students as well as other music/recording-related businesses from around the region and state including Tennessee's other music mecca, Memphis (to whom it should be aggressively marketed). The incubator's mission may also be expanded to include other arts-based business.

Besides the organic evolution of Music Row itself, the model for this type of vertically integrated, "music factory" (although focused perhaps more on the actual recording/production side) was the famous Brill Building in New York. The Brill Building was an outgrowth of New York's Tin Pan Alley music scene of the 1950s. Here, studio musicians, songwriters, producers and other artists collaborated under a single roof, to create, market and distribute some of the most notable music of the 1950s and 60s. The recording arts incubator proposed here would probably be focused on the somewhat less glamorous, but more expansive and highly lucrative, technical side of the music and recording industry.

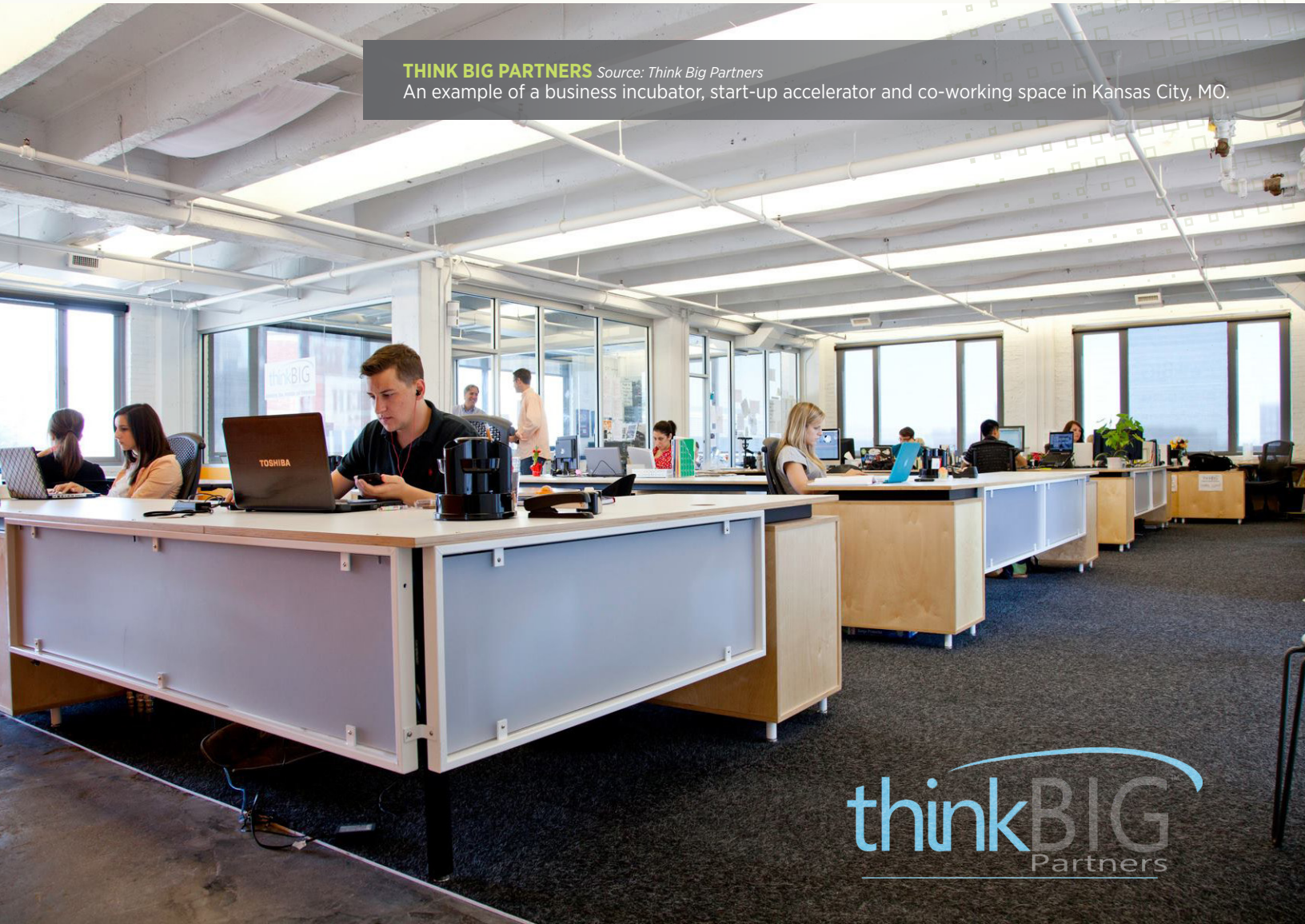
Realizing such an opportunity will likely involve a multi-layered partnership between the university, the City and state, the philanthropic community and existing recording industry leaders. Ideally, the incubator would be more than just a shared workspace for kindred businesses but would also include access to traditional incubator services such as business planning, legal assistance and early stage funding (i.e. business acceleration).

INCUBATORS AND COWORKING

Entrepreneurs could Benefit from:

- **A LARGE FLEXIBLE SPACE FOR CLASSES, YOGA, RECEPTIONS AND EVENTS.**
- **ACCESS TO VARIETY OF SPACES AT LESS COST.**
- **SHARED OFFICE INFRASTRUCTURE, LIKE COPY MACHINES AND WIRELESS.**
- **A HOME FOR LOCAL ARTISTS.**
- **A NICHE PLACE TO ACCOMMODATE A GROWING CREATIVE SECTOR.**
- **AN AFFORDABLE SPACE FOR NOT-FOR-PROFIT ORGANIZATIONS.**
- **AN ALTERNARIVE TO NETWORKING IN A COFFEE SHOP.**

[Continued on page 7.44]



THINK BIG PARTNERS *Source: Think Big Partners*
An example of a business incubator, start-up accelerator and co-working space in Kansas City, MO.

Comparison Cities' Approach to Economic Development

Murfreesboro has the opportunity to become a destination for many new businesses relocating to middle Tennessee. To understand what similar communities around the nation have been doing to employ economic development strategies, tools, and techniques to draw businesses, residents, and tourists to their community, the cities identified in Table 7.2, *Comparison Cities Economic Development and Tourism Toolbox,* were evaluated based on seven different economic development indicators. These cities are similar to Murfreesboro with regard to their demographic and socioeconomic composition, aspirational characteristics, and distance to major metropolitan areas. The following indicators were used to evaluate cities' economic development programs:

1. Organizational/administrative structure
2. Public/private partnerships
3. Utilization of specific economic development tools
4. Tourism programs
5. Main Street / Downtown-related programs and district character
6. Successful redevelopment projects utilizing economic development tools
7. Marketing strategies for the city

As indicated in Chapter 1, *Planning Context*, Figure 1.4, *Comparison Cities in Middle Tennessee*, the Nashville Metropolitan Area includes Murfreesboro and the selected comparison cities in Tennessee. Many of the economic development tools employed by these comparison communities are available to communities throughout the Nashville Metropolitan Area and are not unique to a particular city. Other comparison cities, such as Cary, North Carolina and Columbia, Missouri fall under a similar regional economic development structure, having limited economic development tools and incentives at the local level though having access to an abundance of regional opportunities for new and incoming businesses.

ORGANIZATIONAL/ADMINISTRATIVE STRUCTURE

There are different administrative structures utilized by cities to advance economic development initiatives, whether by city department and/or commission or by a quasi-governmental organization that partners with a city. **Most of the Murfreesboro comparison cities have both public and private entities working to improve the economic stability of their respective cities.** For example, McKinney, Texas has both an economic development department within the city structure with a Grants Advisory Commission as well as an economic development corporation, which provides incentives, loans, and grants to spur business growth. The McKinney Economic Development Corporation (MEDC) is primarily funded through the levy of a one-cent sales tax and are budgeted annually. Athens, Georgia established an Economic Development Department which is run through partnerships with the Chamber of Commerce, the City of Athens, and the University of Georgia. The department is different from the previous example as the partnerships between local colleges and universities, power companies, the railroad, and

TABLE 7.2:
Comparison Cities Economic Development and Tourism Toolbox

		Nashville, TN	Asheville, NC	Athens, GA	Cary, NC	Charlottesville, VA	Columbia, MO	Florence, AL	Greenville, SC	McKinney, TX
Organization	City Department		x		x	x			x	x
	Corporation	x	x	x	x	x	x	x	x	x
	Chamber of Commerce	x	x	x	x	x	x	x	x	x
Public/Private Partnerships		x	x	x	x	x	x	x	x	x
Economic Tools	District	x		x		x	x	x		x
	Revolving Loan	x		x						
	Business Incubator			x			x	x		
	Grants and Incentives	x	x	x	x	x	x	x	x	x
Place Based Economic Initiatives			x							x
Main Street Program				x			x	x		x
Tourism	Chamber of Commerce	x	x	x	x	x	x	x	x	x
	Visitors Bureau	x	x	x	x	x	x	x	x	x
	Private Corporation	x	x	x	x	x		x		
Redeveloped Districts			x				x	x		x
City-Wide Marketing Strategies		x	x		x		x		x	x

COLLIN COLLEGE CENTER FOR WORKFORCE & ECONOMIC DEVELOPMENT
Public/Private Partnership in McKinney, TX

business leaders allow for streamlined communication between multiple entities, providing a smoother process for businesses relocating to the area. The connection to the university and colleges puts businesses in touch with specialized employee training opportunities without the prospective new business having to search for opportunities on their own. In Asheville, North Carolina, the Buncombe County Tourism Development Authority (BCTDA) is a quasi-jurisdictional entity that oversees tourism marketing, sales and product development, and the expenditures of occupancy tax revenues – key components in the economic development and stability of a city. Working through the local Chamber of Commerce and local business owners, the BCTDA promotes Asheville through out-of-market advertising, resulting in over 3.3 million visitors each year.

PUBLIC/PRIVATE PARTNERSHIPS

Partnerships are formed between cities and private entities to **capitalize on the development tools available to each entity**. For example, the City of McKinney, Texas works with the Collin College Center for Workforce and Economic Development to provide employee workforce training, continuing education, and assessment tests for incoming businesses and their prospective employees, which is another form of a public/private partnership. Main Street programs are a state guided approach to revitalizing downtown areas across the nation and represent another type of public/private partnership. Florence, Alabama, McKinney, Texas, Columbia, Missouri, Athens, Georgia and Franklin, Tennessee currently participate in their respective states' Main Street program. As a Main Street Alabama city, the City of Florence employs the National Trust for Historic Preservation's four-point approach to monitor the development and continuing growth of the downtown area, designating four committees (Executive, Organizational, Promotions, and Design) to oversee the future of the district. Funding for the initiative is through partnerships with the City of Florence, private sponsors, individuals, and Florence Main Street Fundraisers.

ECONOMIC DEVELOPMENT TOOLS

There are several economic development tools that cities can utilize to attract new businesses to the area. Some tools may work better in different cities based on the resources available to them so no two comparison cities provided the same type of incentives, grants, bonds, or tax reliefs. **Many cities have established different districts or zones in order to attract new development.** The City of Charlottesville, Virginia provides a "Technology Zone" to promote the advancement of technology-based businesses. This citywide zone is the first of its kind in the Commonwealth of Virginia, which creates tax incentives to qualified businesses and reduces business license taxes. As depicted in

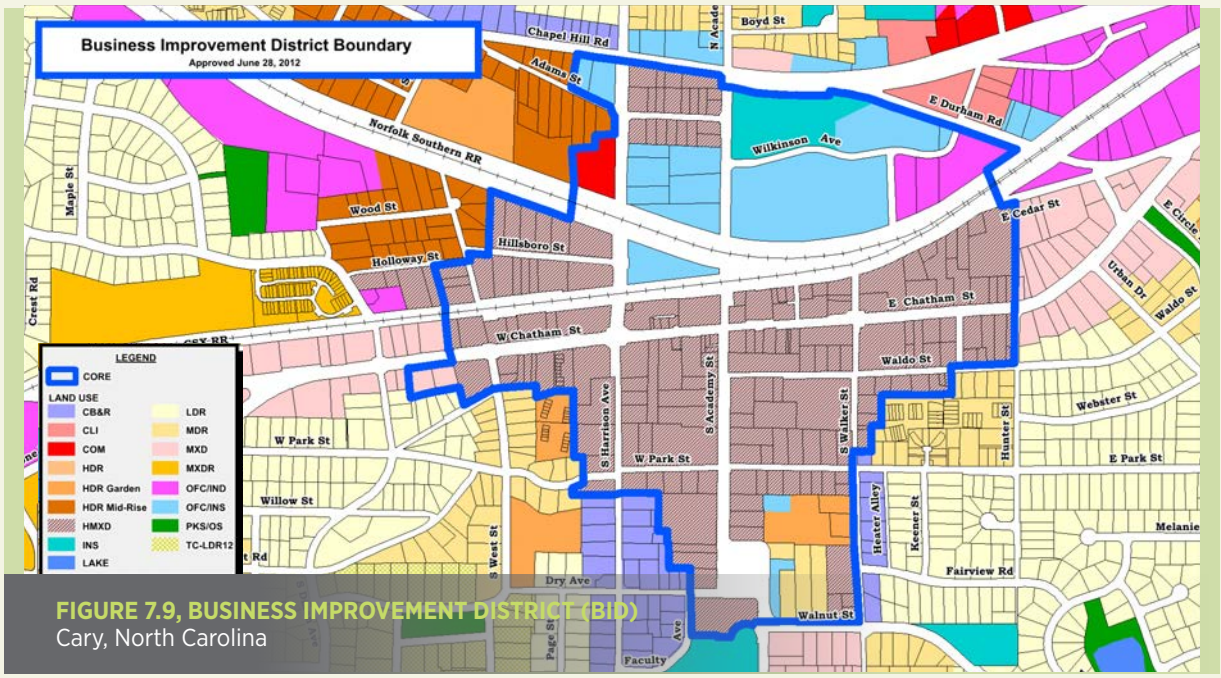


FIGURE 7.9, BUSINESS IMPROVEMENT DISTRICT (BID)
Cary, North Carolina

FIGURE 7.10, TAX INCREMENT REINVESTMENT ZONE (TIRZ)

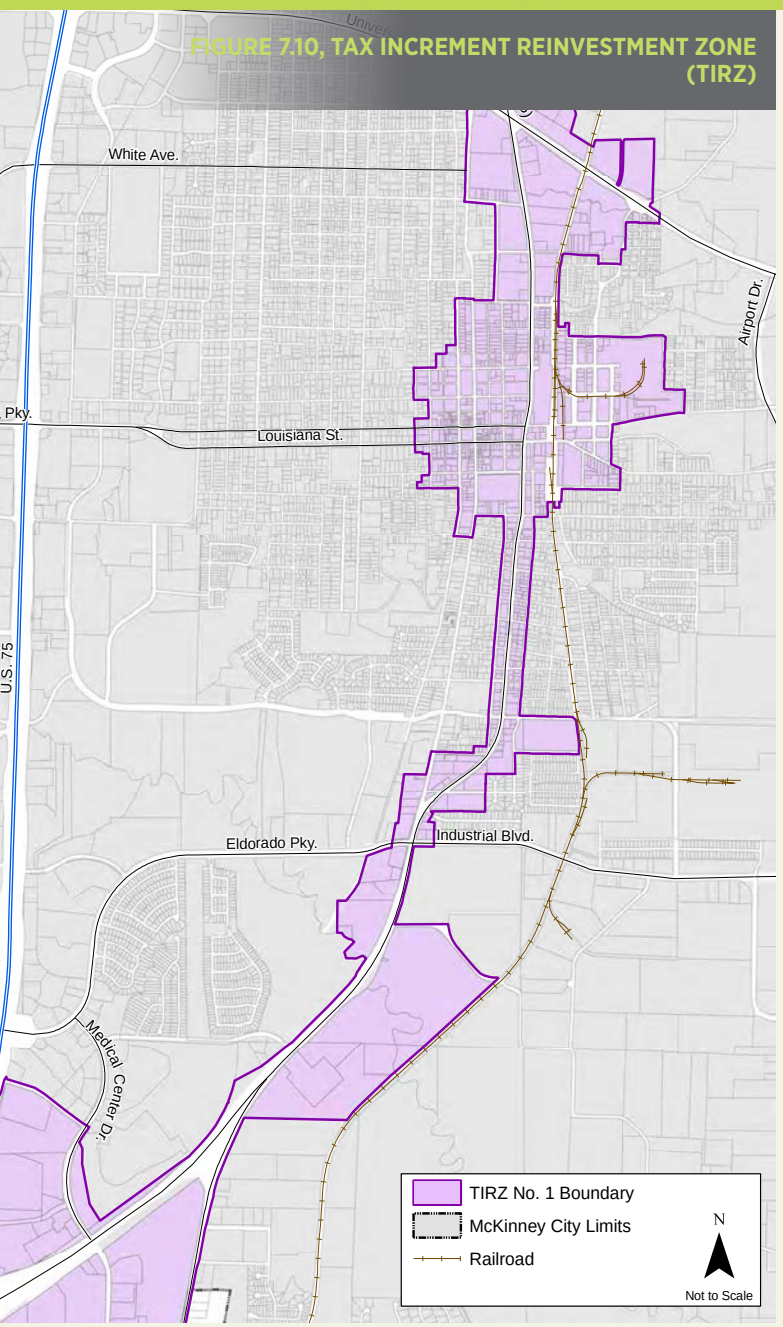


Figure 7.9, *Business Improvement District (BID)*, Cary, North Carolina established a business improvement district (BID) in the downtown area as a part of its redevelopment plan. The town waived development fees for three years for new private businesses locating in downtown, spurring development interest. The purpose of the BID if to encourage development by reimbursing itself for development fees associated with improvement permits while not having to levy additional taxes – though additional taxes are an option cities could utilize in an improvement district. Cities may also employ Tax Increment Financing (TIF), which typically requires the formation of a district, as **Columbia, Missouri** is in the process of establishing. As previously discussed in this chapter as well as in Chapter 2, *Growth Capacity and Infrastructure*, TIF freezes sales and property tax revenues at the current rate for several years. Increases in tax revenues are then used by the city to pay for city-approved projects within the district. The City of **McKinney, Texas** has established a Tax Increment Reinvestment Zone (TIRZ) in their existing town center. A TIRZ is a form of tax increment financing which captures the projected increase in tax revenue (increment) that is created within the boundaries of the zone (refer to Figure 7.10, *Tax Increment Reinvestment Zone*). The funds are then reinvested into the zone through public improvements and other development projects.

As discussed, business incubators are another tool cities can provide, through public/private partnerships, in order to attract new, smaller businesses. The City of **Charlottesville** provides a Business First Visitation Program through their Economic Development Department. The purpose of Business First is to assist businesses by developing strategies for increasing their profitability. The city provides assistance through education and training of new employees to managers, business planning, general business operating assistance, and product development. **Athens-Clarke County, Georgia** works alongside the University of Georgia and their BioBusiness Center business incubator through the Office of the Vice President for Research. While the Georgia BioBusiness Center is focused on technology research companies, incubators can be for a variety of different business types. Regional Economic Development, Inc. (REDI) in **Columbia, Missouri** offers a downtown incubator for startup businesses in the region. Instead of companies renting workspaces in large office buildings, they rent time in the incubator space which is equipped with desks, WiFi, meeting rooms, and mentors from REDI.

Cities can be capable of providing different types of building improvement grants to businesses relocating to their city. Both **Greenville, South Carolina** and **Cary, North Carolina** provide façade improvement grants that

REGIONAL ECONOMIC DEVELOPMENT INC. (REDI)
Columbia, Missouri

are available to businesses locating in their downtown or business improvement district. **Façade grants, provide a business the opportunity to upgrade the face of their building while the city benefits through enhancing the character of the district as well as from increased property values.** Greenville and Cary's façade grants are one-time reimbursement program in which applicants are eligible for up to 50 percent reimbursement on expenses equal to or less than $10,000. Additional expenditures over $10,000 may be reimbursed at 20 percent for a maximum allowable reimbursement of $10,000. Another variation of the façade improvement grant is a matching grant, where the applicant is required to provide a certain percentage of money up front for approved repairs to a structure and the city then matches the remaining percentage, monitoring progress and dispersing funds throughout the process of improvement. McKinney's Community Development Corporation, associated with the City of McKinney, offers two different grants opportunities to applicants proposing projects that either enhance the quality of life in the city, or advance initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanding business opportunities and/or tourism. While limited to $15,000 per grant, eligible projects include mass transit enhancements, projects related to the creation or retention of primary jobs, and infrastructure improvements needed for new businesses.

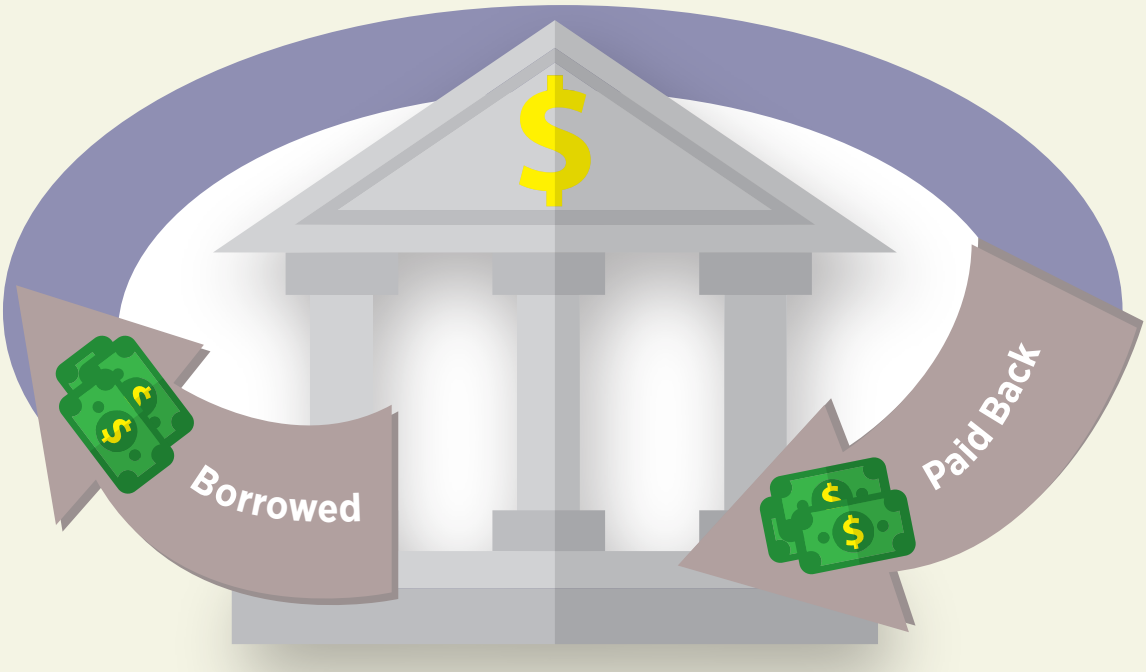
Revolving loans allow a borrower to obtain a loan where they have the flexibility to decide how often they want to withdraw from the loan and at what intervals. The loan allows the borrower to draw down, repay and re-draw loans advanced to it. Athens-Clarke County, Georgia provides a "Green Business" Revolving Loan Fund which can be used to make businesses become more energy efficient by implementing eco-friendly products and services into their business. The Mid-Cumberland Area Development Corporation in Nashville, Tennessee administers a revolving loan to 13 neighboring counties including Rutherford, Williamson, and Wilson, and provides funding for businesses at below market rates through partnerships with banks.

The City of Nashville provides another incentive to new businesses: **"fast track permitting"** which provides 87 percent of all permits issued during a single visit to the Code and Building Safety Department. To accommodate tight construction schedules for many large businesses, permits are issued in phases through separate foundation, structural framing, shell, and finish out permits. This saves the builders time and allows for an earlier start to construction. The city also offers permit tracking which tracks all permits tied to a single project, even if from multiple departments, into a single database which can be viewed by the applicant throughout the permitting process. Charlottesville offers a Priority Review through development projects in Albemarle County, a streamlined process to site plan approval, and a Fast Track approval process for rezonings and special use permits.

ECONOMIC DEVELOPMENT INITIATIVES

Cities alone, or through partnerships with counties and private entities, can work to draw businesses to their

REVOLVING LOAN VISUALIZATION:



cities by offering incentives that other cities cannot offer them. Incentives can be in the form of grants, tax abatements, or reimbursements. McKinney draws new retail-oriented businesses into its revitalized Town Center through historic preservation tax incentives to those relocating and renovating historic structures. Through the Historic Neighborhood Improvement Zone (HNIZ) which includes the Town Center, properties can receive ad valorem tax exemptions based on verified investments meeting the requirements of the program. The City of Asheville offers a Business Development Grant program which is designed to provide monetary assistance for up to three years with a maximum City contribution of $1.5 million. Stipulations on the grant include the ability to create and retain jobs, the company has to have been in operation for a minimum of three years, and the location and type of business must be consistent with the City's long-range plans and development policies. Through the Mountain Area Workforce Development Board in **Asheville**, employers can receive a 50 percent or more wage reimbursements for training dislocated workers, adults, and youth hires for on-the-job training.

TOURISM

As discussed in Chapter 6, *Parks, Recreation and Open Space*, in an effort to promote their cities, bring visitors to attractions, and to draw outside dollars into the community, many cities have developed public/private partnerships solely responsible for promoting and marketing a city's tourism resources. The cities of **Greenville** and **Asheville** tourism efforts are mainly handled by the local Chamber of Commerce. Other cities, including McKinney, Athens, and Nashville are run through a convention and visitors bureau. Tourism plays a large role in the economic stability of a city, contributing millions of dollars into the local economy, creating hundreds – if not thousands – of jobs. Athens tourism contributed $256 million dollars into the local economy and has created over 2,500 jobs as of 2013. Other cities utilize their downtown areas and districts as their main tourism draw, managed through non-profit organizations and downtown business associations. The cities of **Charlottesville** and **Florence** benefit from their downtown associations' marketing efforts. Cities can find tourism resources through state marketing and tourism efforts as well as private tourism organizations. The State of Tennessee has a Department of Tourist Development which advertises local events on the state website, and can provide information on tourism-related resources and events. The Market Georgia tourism portal, run by the Georgia Department of Economic Development - Tourism Division, provides visitors with tourism product development, grants and incentives (state and federally funded), and resources teams to help develop tourism in a city. The State of Missouri's Division of Tourism provides a Cooperative Marketing Program, a 50/50 matching funds reimbursement program designed to encourage new and expanded tourism marketing initiatives at the local level.

REDEVELOPMENT PROJECTS

Redevelopment projects can provide a major economic boost to a city through the draw of tourists, and outside dollars spent visiting the redeveloped area. As a Main Street city, the **City of McKinney** revitalized its Town Center, which now serves as an economic hub, retail center, and tourist attraction for the city. In in the late 1950s, **Charlottesville's** Chamber of Commerce developed the idea of a pedestrian mall in the city's downtown. In 1974, renowned landscape architect Lawrence Halprin was hired to design the mall. Today the Historic Downtown Mall is viewed as one of the most vibrant urban centers in America. While the mall itself is an attraction, the events hosted at the mall bring additional visitors and revenue to the community. Asheville saw a resurgence of its downtown district

HISTORIC DOWNTOWN MALL
Charlottesville, Virginia

when the district was threatened to be bulldozed for a modern commercial center. Through the branding and marketing efforts of a public/private partnership, the downtown saw an influx of redevelopment through historic building renovations, landscaping and sidewalk improvements, and other pedestrian amenities. The City of Asheville continued its efforts in keeping the downtown active by remaining downtown. When other public facilities required new offices, the City purchased and restored downtown buildings.

MARKETING STRATEGIES

Cities want to be considered the best of something when compared to the rest of the United States, whether it be the best place to live or the best city to start a small business. According to Livability.com, there are **eight criteria evaluated in determining if a city is the best place to live.** The criteria are:

- **Amenities –** having things to do, can draw businesses and money spending tourists to the city, outdoor recreation space, and the arts;
- **Demographics –** issues of diversity, accessibility, and inclusion;
- **Economy** – the balance between affordable livability and the availability to support amenities;
- **Education** – educational attainment of residents, the presence of colleges and universities, and the sense of community these educational institutions provide;
- **Health Care** – large demand for jobs and a driving force behind why many people relocate to an area (jobs or need of care);
- **Housing** – availability of affordable housing based on incomes for the city, the walkability to amenities, and the variety of housing types;
- **Social and Civic Capital** – a measure of crime, voter participation, community activity involvement, city meetings, and charity giving; and
- **Transportation** – walk scores, public transit, access to airports, and transportation costs.

According to Livability.com, three of the comparison cities for Murfreesboro were in the Top 100 Best Places to Live for 2015: Asheville ranked 12th in the nation, Greenville was ranked 33rd, and Columbia ranked 50th. Money.com and Forbes.com also rank cities based on economic strengths. Cary ranked 2nd under the category of "Cities Creating the Most Technology Jobs," and 2nd regarding, "Best Cities to Work for a Small Business." These ranking systems are broken down into a methodology which narrows the search for cities from thousands down to one. Factors that influence the decisions of the ranking can include taxes, the real estate market, economic stability (local dollars staying local), prior and projected job growth, housing factors, and citizen input. It is important to note that no two methodologies used by separate entities will produce the same results but the factors considered are similar. These are just a few of the many sites where cities are ranked based on certain criteria and data gathered from sources. While these rankings are never formalized, they are a marketing tool which can be used to draw businesses, new residents, and visitors to a city.

7.6 Pursue "Opportunity Economics"

As stated in the Introduction, the strongest and most sustainable economic programs attempt to leverage distinctive local assets or advantages. These can consist of a combination of geographic location, climate, and natural resources, as well as defined industry clusters, unique infrastructure, wealthy civic-minded citizens or institutional assets that have accrued over long periods of time.

"Opportunity economics" refers to maximizing these assets and realigning them toward new or emerging global markets. It also means seizing upon "found" or latent opportunities that may present themselves either by historical accident or intentionally through the random actions, investments and interests of wealthy or motivated private individuals. Other opportunities arise from taking a first-mover position on emerging trends that a city has a legitimate chance to lead on, as exemplified in Figure 7.9, *Opportunity Analysis Map*.

One such found opportunity in Murfreesboro is the millions of gallons of treated effluent that the City is forced to discharge into the West Fork of the Stones River on a daily basis (12.1 MGD in 2014). Rather than continue this practice, the City should explore ways to monetize (or "amenitize") this "waste-stream" by offering it up at steep discounts to heavy water users such as modern urban agriculture operations, food and beverage producers or water-based recreational users (i.e., water parks).

Another application could be a new city water feature such as a grand fountain or a man-made lake at the center of a new professional office park. **The overarching goal is to convert existing liabilities into assets through creative civic design and intentional resource stewardship.** Building a reputation as a resourceful and sustainability-minded community could be a favorable by-product of this type of demonstration project.

As previously discussed, a related economic opportunity already being contemplated by the City is the day-lighting of Town Creek within Murfreesboro's historic 'Bottoms' area. The goal of this ambitious project will create an immediate amenity feature that will help drive the redevelopment of the historic 'Bottoms' area. The goal should be to leverage this improvement to create an added public amenity to help drive the redevelopment of the historic 'Bottoms' area.

INCORPORATE THE I-24/TN SR 840 INTERCHANGE

Another "found" opportunity is the latent potential of the I-24/TH SR 840 interchange which is now only partially located within Murfreesboro's corporate limits. Because of its visibility and regional access, this interchange (and to lesser extents, the interchanges at 840 / US Highway 70S and 840 / Veterans Parkway) will inevitably become magnets for large-format retail and larger corporate office buildings in the future. As metropolitan Nashville continues to grow outward (and Murfreesboro, upward) it is only a matter of time before this land finds itself directly in the path of commercial development.

Despite the challenges to annexation posed by Public Chapter 707, the City must still work to capture the economic activity that this area will surely generate in the future. As a key provider of public utilities and services, the City still has considerable leverage in putting these and other key properties under its purview as development pressures coalesce. (refer to Chapter 2, *Growth Capacity and Infrastructure*, Section 2.2 *Annexation* for initiatives and actions.)

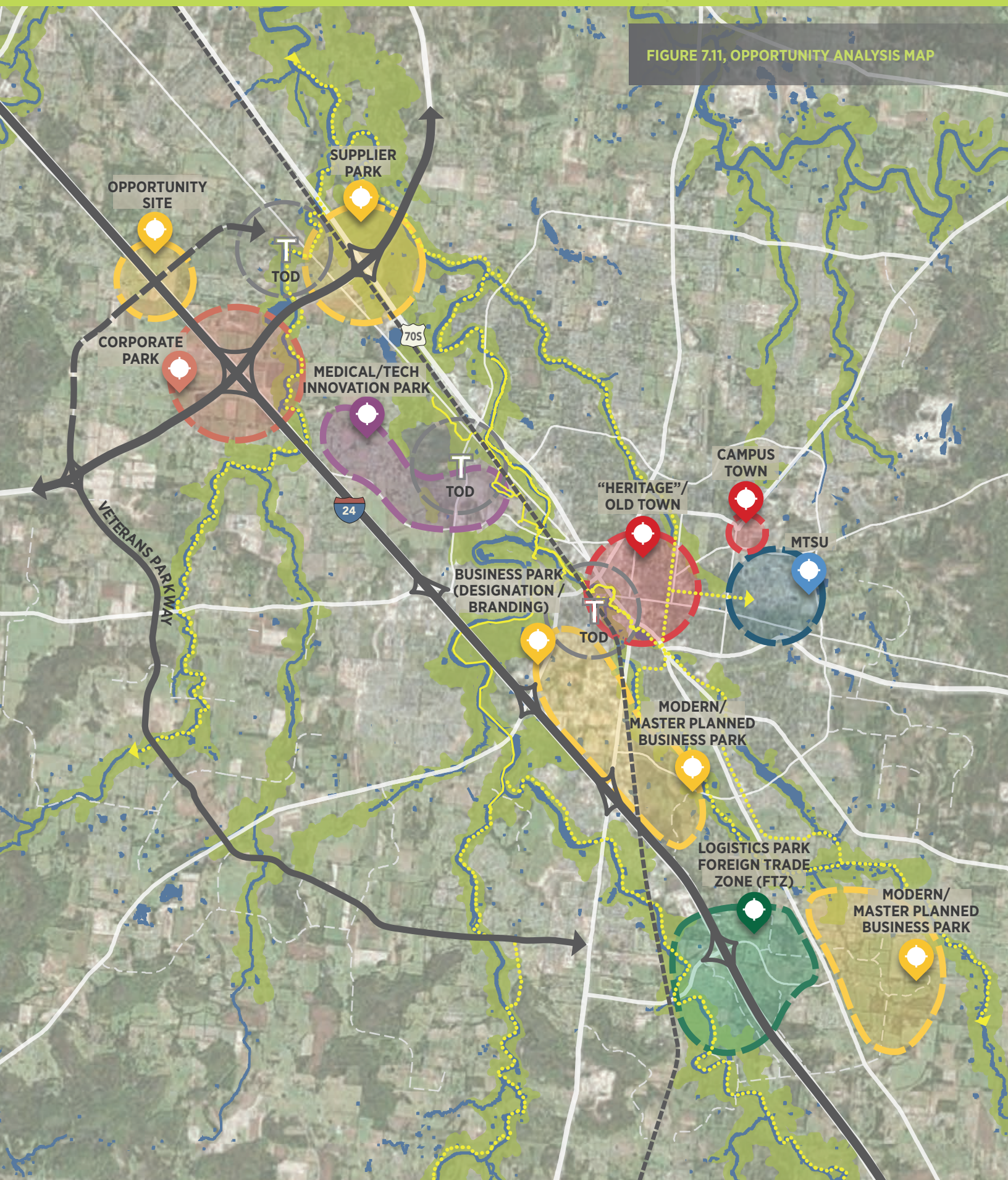
Yet another important growth opportunity for Murfreesboro concerns the city's already significant investment in tourism and youth sports facilities. The City could solidify its position as a year-round youth sports mecca by adding more indoor sports venues for events like hockey, soccer, basketball and swimming. The water park idea mentioned above could augment the city's position in both tourism and youth sports.

STRATEGY 7.6.1: *Work to uncover and exploit latent economic assets.*

ACTIONS AND INITIATIVES

1. Work to understand the missions and investment strategies of area foundations, corporations and wealthy individuals. Align City development strategies to leverage them to the extent possible.
2. Develop a diversion, business recruitment, or amenity plan for the City's treated effluent.
3. As discussed within Chapter 6, *Parks, Recreation and Open Space*, update and implement a Parks and Recreation Master Plan.
4. Leverage city sewer service to impel voluntary annexations around the I-24/TN SR 840 interchange.
5. Provide more effective wayfinding and directional signs near the City's dominant visitor centers (i.e., the Gateway/hospitality district and Stones River National Battlefield).

FIGURE 7.11, OPPORTUNITY ANALYSIS MAP



7.7 Build Local Economic Development Capacity

It is unusual for a city the size of Murfreesboro to experience its level of recent economic growth without any formal economic development programs or staff. This is testament to the good work of the Rutherford County Chamber of Commerce and current City staff, as well as the City's location in the growth-path of burgeoning Metro Nashville.

Although the City has done a fine job in harnessing "backbone" companies involved in the essentials of making and moving things, City leaders now seek to diversify the local economy and to reposition it for more high-wage, knowledge-based industries – the types of industries more befitting an emerging "Eds and Meds" community on the fringe of a fast-growing metro area. This type of transition will require a deliberate effort to move beyond reactionary, single-project economic development efforts toward softer, longer-term efforts to enhance the city's overall place-quality and its economic dynamism.

Beyond the implementation of new economic development incentives and programs, this involves changes to the physical environment as well as creating opportunities and places for entrepreneurs and like-minded individuals to connect, interact and derive a strong sense of community. It involves working and managing important relationships on a very consistent and interpersonal level and connecting people and projects to resources outside of traditional channels.

Making this turn will require dedicated and versatile economic development staff, an economic development budget, and myriad volunteer and in-kind resources. An internal economic development staff should serve to augment, not duplicate, the efforts of the Chamber by helping to work through the ground-level mechanics of company relocations and expansions and by rooting out business leads that the Chamber or state could help assist through its county-wide network of businesses, banks and educational institutions.

In short, local staff would work within a partnership relationship with the Chamber on Murfreesboro-specific projects that may require more hands-on assistance in the way of local incentives; land assembly; the coordination of local entitlements, permitting and public services; and/ or community outreach. In turn, local staff could participate at a partnership-level in Chamber-hosted events and special initiatives that may have a more city-specific aspect to them.

More importantly, local staff must be much more involved and proficient in the physical aspects of community economic development, particularly redevelopment. Local staff should be capable of helping package and serve-up (re)development deals that might not otherwise happen without direct public involvement. See Figure 7.12, *New "Economic Development Roles"* (page 7.48).

An immediate recent example would be projects like the Gateway development and the eventual redevelopment of the City's historic 'Bottoms' area. Other examples could include: assembling land for a new mixed-use Downtown parking structure; the development of a new City-led business park; or managing an incentive program for the restoration of Downtown building facades and/or upper-floor commercial/residential uses. Local staff may also be involved in the development and management of a business incubator and parlaying it into opportunities for a broader continuum of entrepreneurship development services, programs and places.

Ultimately, the energies of the local staff will be directed by the interests and priorities of the people in a position to effectuate change. Besides elected officials, this includes industry CEOs, major property-owners, institutional and philanthropic leaders, high net-worth

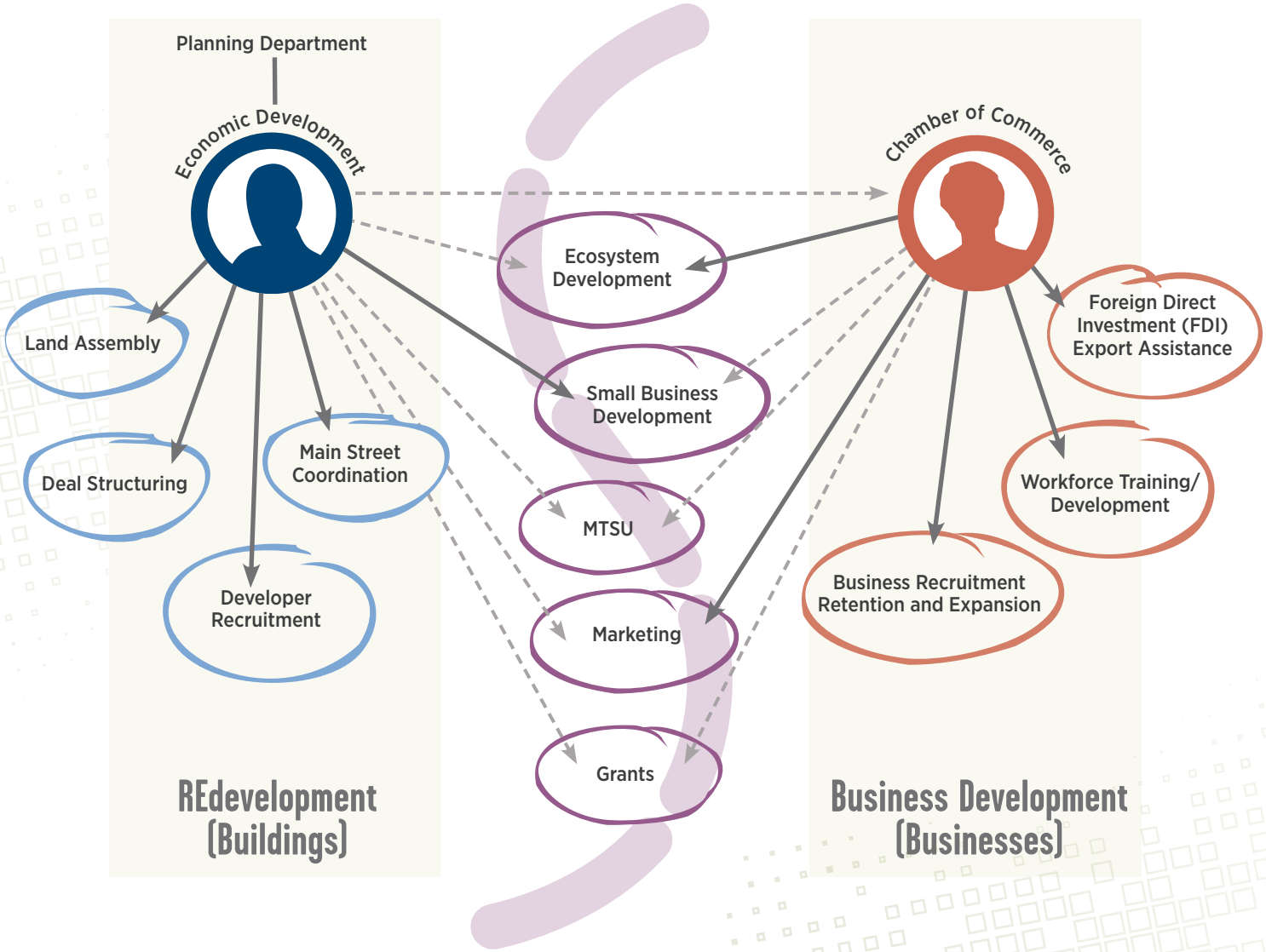
individuals, and early risk-takers such as developers and respected entrepreneurs. Local staff must be attuned to their interests and priorities and look for ways to shape, accelerate and leverage them. Where private leadership and vision are lacking, local staff will be looked to essentially "manufacture" opportunities from scratch and help coax them into existence.

Ideally however, the work of local staff will never happen in a vacuum or in "shotgun" fashion. A start-up economic development function will require both a strategic plan and oversight. Although this section of the comprehensive plan can serve as a proxy for the former, an economic development commission consisting of mayoral appointees should be enlisted as a first step. This group should consist of motivated, civic-minded individuals who can help "push the agenda" (but yet not so self-interested that a conflict-of-interest would be presented). The commission invitation/selection process is an opportunity to engage with people or institutions that can drive change but for whatever reason have remained outside of the public decision-making process.

Typical appointees would include high-level representatives from both the Chamber and MTSU, as well as prominent CEOs, elected representatives and members on the financial and entrepreneurship communities. As the City moves more into the redevelopment sphere, this same group – perhaps augmented with more real estate expertise - may eventually evolve into a quasi-public redevelopment authority and/or TIF commission. With limited city staff and resources, having hands-on, project-level involvement of commission members will be critical in standing-up a tenable economic development function in the early years.

At the staff level, a highly functioning, economic development coordinator and assistant initially working under the authority of the City's Planning Department

FIGURE 7.12: NEW "ECONOMIC DEVELOPMENT ROLES"



Economic development is the process of building strong, adaptive economies. strategies driven by local assets and realities, a diverse industry base and a commitment to equality of opportunity and sustainable practices have emerged as those that will ensure a strong foundation for long-term stability and growth. Even within the parameters of these principles, what constitutes success in economic development and the specific strategies to accomplish it will look different from place to place. Despite these differences, leadership is consistently identified as a critical factor in effective economic development.

(National League of Cities, Center for Research and Innovation)

should be enough to establish a starter economic development division in Murfreesboro. This person would serve as the executive director of the Economic Development Commission, serve on the Main Street Board, and act as the City's main point of contact with the Chamber of Commerce (perhaps even maintaining offices there). They may also be charged with managing a city-run business incubator and revolving loan fund. As the City's economic development workload expands, the division should become an independent department reporting directly to the City Manager.

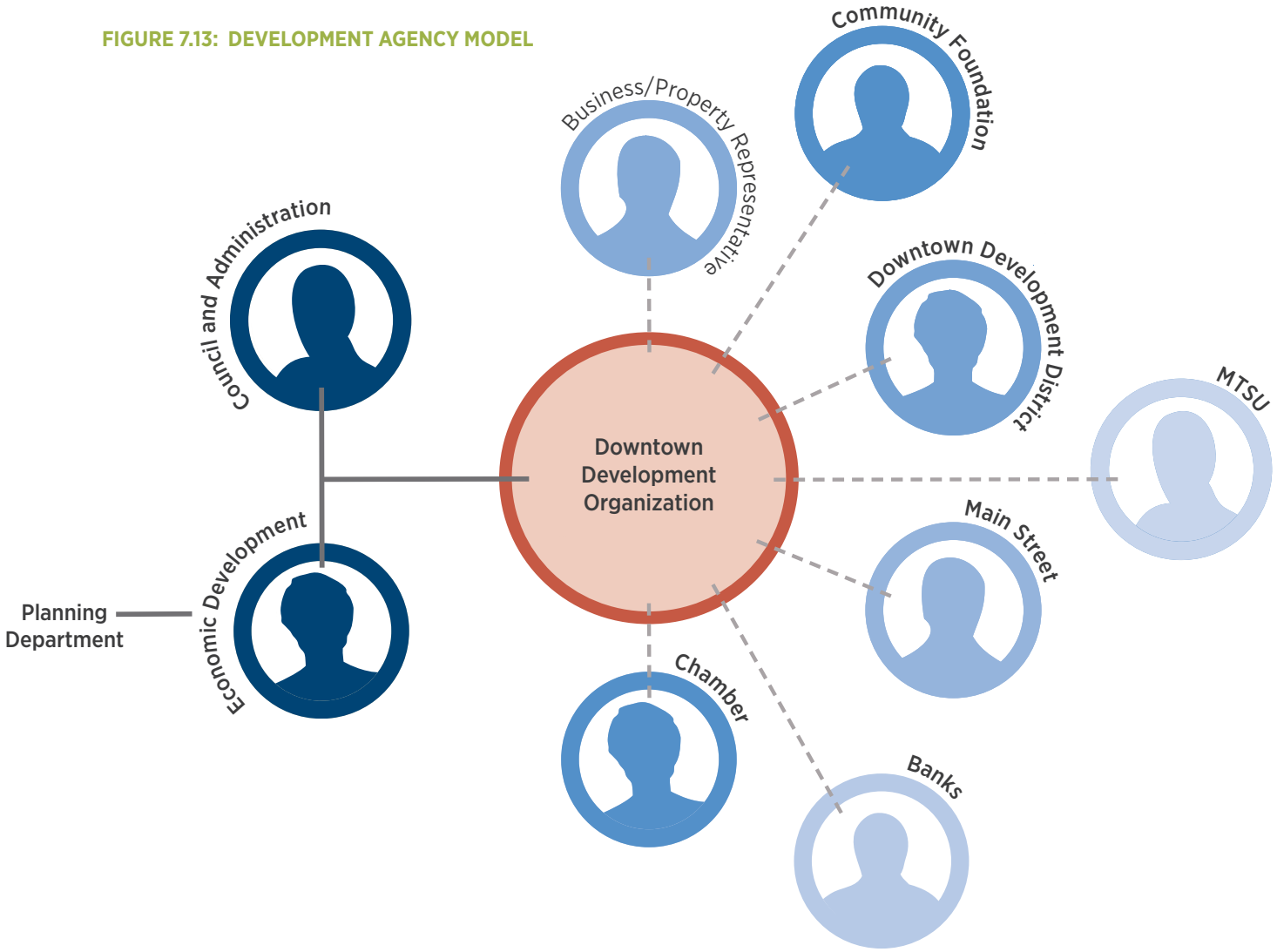
As the City's economic development activities settle-in and new programs such as TIF are established, the department may be spun-off to create the quasi-independent economic development / redevelopment corporation mentioned above. This more transaction-driven business model generally allows for more adroitness and opportunities for financial self-sufficiency (i.e., such as through development and administration fees, rent collections on city-owned land, interest payments on loaned funds and even direct financial or in-kind donations). It essentially acts as a business unit of the City but better insulated from the sometimes slow and protracted public discourse that can often kill important economic development deals. Public accountability is maintained through corporation by-laws and by the appointment of elected representatives to the corporation board.

STRATEGY 7.7.1: *Initiate a scalable, "starter" economic development function at the city level.*

ACTIONS AND INITIATIVES

1. Consider empaneling an Economic Development Commission consisting of leaders from the business, academic and real estate fields as well as elected officials.
2. Consider establishing an initial economic development budget of $300,000-$400,000 to cover: two staff positions, the development of basic marketing collateral, creation of a $50,000 micro-loan fund and/or façade grant program, and development of a dedicated economic development website.
3. Develop economic development coordinator job description and employment solicitation. Position should focus heavily on redevelopment, small business/entrepreneurship and community development.
4. Hire an economic development coordinator and assistant (housed initially in Planning Department).
5. Prepare draft project plan for a downtown/historic 'Bottoms' area TIF district.
6. Launch an enhanced, City-focused business retention and expansion (BRE) program in coordination with the Chamber using trained volunteers. Business ambassadors should come mostly from the ranks of Chamber members and the city's own Economic Development Commission. Focus should be on locally held companies with more than 10 employees.

FIGURE 7.13: DEVELOPMENT AGENCY MODEL



Public-Private Development Agency Models

REDEVELOPMENT AUTHORITY

Unlike most Main Street or Business Improvement District boards which are mainly involved with providing technical assistance or managing promotional efforts, a Redevelopment Authority is charged with creating and facilitating re/development projects. Working as an arm of city government, and with the assistance of city staff, they are actively involved in such things as: land development strategy, property acquisitions, deal structuring, loan underwriting, developer recruitment and the negotiation of developer agreements. In essence, they package and sell development projects in the public interest.

Most redevelopment authorities operate as an agent of the city and serve at the pleasure of the Mayor and City Council, as illustrated in Figure 7.13: *Development Agency Model*. In some cases they have bonding and condemnation authority. In many instances, they serve as umbrella organizations for downtown development helping to coordinate and assist the efforts of business improvement districts, merchant's associations and special taxing districts.

Board members consist of Council members and other advocates for Downtown who can contribute valuable knowledge in areas such as business planning and development, financial management, real estate development, construction management, legal, marketing and promotions. Redevelopment Authority boards generally serve under the aegis of the City Council and are supported by dedicated community

development staff. Their funding typically comes from TIF revenues, block grants and development fees.

Advantages of redevelopment authorities is their power to act on behalf of (and sometimes with the full faith and credit of) the city and their dedicated funding streams.

DEVELOPMENT CORPORATIONS

Development Corporations are sometimes structured the same way as redevelopment authorities and can be involved in the same types of activities. The term "development corporation" however usually connotes a higher degree of autonomy from city government and are often structured as private or public-private non-profit organizations. They sometimes operate with a board that is more or less independent of city government and rely more heavily on creating and managing their own sources of operating capital. It is also somewhat more common for corporations to be involved in activities other than just real estate development to include the administration of low interest loans pools or managing business incubators that support start-up activity.

Operating capital often derives from the ownership and management of real estate assets, private donations, development and financing fees, fees from tax exempt bonds, special taxes and/or annual stipends from the City.

Advantages of development corporations generally include their ability to act with greater confidentiality and speed; especially when it comes to real estate deals where agility and privacy can be very important. When they are structured autonomously from city government, development corporations can also help take some of the politics out of public-private joint ventures and can operate more effectively in the tax credits markets where they can act as syndicators. They can also solicit tax-deductible donations from foundations and other philanthropic entities whereas most purely public entities are prohibited from doing so. They are also frequently used as pass-through vehicles for tax-exempt government bonds.

Disadvantages of the typical development corporation structure include their self-supporting nature and frequent lack of dedicated public financing. This often means a precarious financial existence and sometimes a greater amount of time and energy spent raising money and managing overhead than actually doing deals.

7.8 Program-Backed Marketing

By themselves, and without solid programmatic substance behind them, city marketing and branding campaigns are often hollow exercises in civic boosterism. They can also be a tremendous waste of money. Their ability to deliver on real economic development goals absent a marketable "product" (i.e., true assets, place-quality, funded programs and realistic strategy) is grossly oversold. That said, they can be an effective way to help overcome a poor or undefined community image and get the message out about a city's successes and positioning if other, more fundamental programs have already been put in place. More to the point, marketing should cap-off (not comprise) a city's economic development program. It should also be targeted to a well-defined audience.

The Rutherford County Chamber of Commerce and Tourism Convention Bureau do a good job of marketing Murfreesboro via various (mostly tourism-related) collateral. The Nashville Regional Chamber and the Greater Nashville Regional Council market the entire region, including Murfreesboro, at the national and international level. Their messaging, on the other hand, is more purely economic development-focused with an emphasis on regional demographics and selected economic clusters. All are focused primarily on external audiences.

The logical audiences for a Murfreesboro-specific marketing campaign, on the other hand, should mostly be internal to the region. They include: companies and residents already residing in the region who may be considering relocating for: cost, lifestyle, location or education reasons; real estate brokers and developers looking for opportunities to develop and lease/sell property to the former; and current Murfreesboro residents to help "validate" their city and compel them to communicate its value proposition to all of the above.

The city's marketing or branding message should be memorable, authentic and somewhat aspirational. It should succinctly capture the essence of the city and the opportunities it offers in a believable way. One possible angle is Murfreesboro's classic city-in-the-country feel and its emerging college-town identity. Another is the city's existing medical/health/recreation focus and its potential lifestyle appeal to so-minded individuals and households.

The best marketing vehicles for these internal audiences generally are: newspapers, regionally-focused lifestyle and business magazines, local TV and radio, billboards and social media. To reiterate however, local marketing efforts should only be pursued after the city has built internal economic development capacities and programs, and never in-lieu thereof. It is also important to note that "earned media" in the form of positive news stories about the city (to the extent that they can be generated and transmitted) is many times more powerful than paid advertising.

STRATEGY 7.8: *Develop an authentic city brand and internal marketing strategy as a follow-on activity to the programs listed previously.*

ACTIONS AND INITIATIVES

1. Engage the public in conceptualizing the city brand.
2. Use social media to develop the brand and to transmit news on city successes and activities.
3. Regularly update the formatting and content of the city's website.
4. Create and regularly update a new economic development website.
5. Develop specific, routinely refreshed collateral on city economic incentive programs and real estate opportunities.
6. Consider creating a marketing line-item within the city's economic development for regular content development and select "media-buys".