Creating an Economic Opportunity for an Economically Depressed City

with a Vacant Industrial Park

By Darrell Williams, VP of Business Development

The Roane Alliance, Roane County, TN

Submitted to: Capstone Coordinator Dave Kolzow

September 23, 2014
1. Introduction

The city of Harriman has a 90 acre Industrial Park that was purchased by the city over 20 years ago. The reason it was purchased as an Industrial Park was that a company (Inland Ports) had purchased land next to the park to install a major river port and the city thought that the river port would entice industries that could make use of the port. Inland Ports for whatever reason did not exercise their right to build the port. If the port had happened, there was local and state support to construct a bridge from the park to give better access to the interstate. The excitement for the park and bridge construction dwindled due to the port not happening. There has not been any interest from industries in the park ever since. The Roane Alliance, Roane County’s EDO, has had the park listed along with our other parks and there has been no expressed interest in for the past five years. Interviews with both Harriman officials and also some veteran business people associated with the Roane Alliance indicate a lack of interest in the Industrial Park even prior to the past five years.

The city of Harriman over the last 20 years or so has lost industries (2 hosiery mills that employed over 600 combined, a steel mill that employed over 100, the hospital move out of the downtown that employed over 200, and a paper mill that employed over 200). Recently it has been learned that a major tax paying car dealer is moving to another city in the county. The city is in need of a new source of tax revenue.

The challenge is to come up with another use for the park that can make best use of it and generate a positive economic impact for the city. By using study materials from my Tennessee Certified Development courses such as Tennessee Entrepreneurship & Small Business
Development, Marketing & Attraction, and Development Finance, this project will show the location and description of the property, and local market demand. The project will also show competitive advantages/disadvantages to similar markets. The project will conclude with types of uses that should be targeted and recommendation on further actions to be taken.

2. **Suitable Uses of the Property**

Since the park is located too far from the interstate and with no interest from prospective industries, it is not feasible to market it for manufacturing or distribution. The city has not received any financial gain (taxes, jobs, etc.) with the site designated as an industrial park. Although the park has restrictions on the use that come with industrial park covenants, the city is open to discussion on re-zoning for a better type of use of the land. The city has turned to the Roane Alliance on many occasions asking for help in any ideas and uses for the park.

3. **Property Overview and Features**

The Harriman Industrial Park is a 90 acre parcel in a very rural area in the city. It is undeveloped and does not have the suitable infrastructure needed for industrial purposes. Due to the location being a distance of over 10 miles to the interstate, this is a deterrent that is frequently seen in requirements in a ‘Request for Information’ (RFI). Unfortunately, the site has become an illegal dump site that makes it an eyesore, thus causing more restraints on the city financially. There is a 5,000 SF metal warehouse building situated on the site jointly owned by TVA and Harriman. The site has beautiful riverfront views, which is a major positive feature to market this property to potential investors. *(See attached picture and location map)*
4. Market and Potential Markets for Site

As shown earlier in this report, there are too many disadvantages to getting industries to locate in the park. With the fact that we have four (4) other industrial parks in the county which are better located with suitable infrastructure already established in them, this adds to the argument that there needs to be a better plan implemented or marketed for this industrial park.

The city of Harriman has an historic downtown with a refurbished theatre, arts and craft stores, and antique stores. The city has several downtown car shows, summer and fall festivals, concerts in the theatre, and historic Victorian homes tours.

Due to the riverfront park in downtown Harriman being a very popular venue for the city, the Roane Alliance recommends the park to be marketed for tourist activity. Tourism in Roane County brings in over $62 million a year in tourism dollars spent, according to the Tourism Director Pam May. With the features of this park, we feel strongly that developing it into a tourist venue is likely to be the best use of this property. Here are some market ideas;

Theme Parks

The positive aspects of a theme park are a year round revenue source, increase in jobs, taxes, and hotel and retail revenue. On the other hand, theme parks have high development costs for infrastructure, high maintenance costs, and the community lacks adjoining attractions. For example, Pigeon Forge, TN is a resort town that has many other attractions to go with the Dollywood Theme Park in their city. Another negative to theme parks is the high average cost of
admission is $50 - $90 (Dollywood’s is $59 plus taxes).

Source: http://store.dollywood.com/tickets/buy-tickets.aspx

Also, an even greater negative is the cost of developing a theme park and the high potential for its failure, which might be likely given the proximity to Gatlinburg and Pigeon Forge.

**Renaissance Festival and Park**

Renaissance Festivals have very few maintenance issues, need a minimum of increased infrastructure. They tend to be a great family value, with attendance costs running from $18 - $20. The festivals can also coincide with other city festivities, thus increasing revenue for hotels/retailers, help local vendors with selling their crafts, and support local clubs such as drama clubs with additional revenue raised. In addition, the location would draw visitors through the downtown district on their way to the site, thus increasing downtown activity, resulting in increased spending and property and sales taxes paid to the city. On the negative side, these festivals occur only 3-7 weekends a year, they are not a large employer, and fair owners must have strong successful background to sustain the festival park.

**Why the Knoxville Area?**

Across the country, there are dozens of highly successful and popular permanent Renaissance Festivals. Many are 20-40 years old and started from humble beginnings. With its rich British Isles heritage, East Tennessee is prime for such a facility. The Knoxville area is regionally central and the closest Renaissance Festivals are in Nashville, Atlanta and Charlotte.
There are numerous Renaissance Festivals, but none in the Knoxville area.¹

The five county population base in the Knoxville area is about 744,000². This population base is comparable to other successful festivals. Strikingly similar is the Kansas City Renaissance Festival with a population base of about 797,000³, with a similar river and cultural/rural mix. In the Knoxville area's favor, there are more than 50,000 vehicles traveling daily on I-40 and I-75⁴, and the Smoky Mountains already provide a tourist destination.

¹ [http://www.therenlist.com] 4-3-13
² 2012 estimated US Census for Knox, Anderson, Roane, Loudon, Blount counties in TN
³ 2012 estimated US Census for Leavenworth, Wyandotte, Johnson counties in KS
⁴ Roane County Alliance and Visitor's Bureau

5. **Recommendations**

The Roane Alliance recommends that the park be marketed with the Renaissance Festival idea. The Roane Alliance has been approached by local experienced owners seeking a venue available in our county large enough to accommodate the requirements for the East Tennessee Renaissance Festival. It is recommended that the city of Harriman donate the land and the jointly owned building to the owner/investors due to the expected ROI and positive economic impact the city would receive. The owners have some investors, but are limited in total dollars available.
In return, it is recommended that the owners be responsible for cleanup of the site which will save the city approximately $20,000 in cleanup fees (according to Harriman Road Department Director Darrell Langley). Listed below are just a few examples of the Positive Economic Impacts that provide a rationale for these recommendations in the business plan given to the Roane Alliance by the owners;

- Bring approximately 4,000 people daily (1st year) and 18,000 people (5th year) through the city of Harriman on the weekends through the run of the show (3 – 7 weekends).
- Employ 6 people full-time annually initially. Staff is expected to grow with the show to 14 people.
- Employ 300+ people part-time for 1-2 months initially. Staff and period of employment will grow with the show to 300 for 3 months.
- Pump approximately $400,000 into the local economy the 1st year primarily through site construction. $300,000 thereafter in site improvements for materials only. Crafts and food people building booths would be extra money spent locally.
- Patronize hotels, campgrounds, restaurants, gas/convenience stores, grocery/drugstores, hardware, lumber, and downtown businesses (thrift and antique stores, banks, entertainment and fitness businesses, etc.).
### 5. Comparative Data of Other Renaissance Festivals/Parks

#### Sampling of Renaissance Festivals

<table>
<thead>
<tr>
<th>Festival/Event</th>
<th>State</th>
<th>Attendance(^1)</th>
<th>Adult Gate Ticket $(^2)</th>
<th># of Show Days</th>
<th>Total</th>
<th>Daily Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Ren Fest</td>
<td>AZ</td>
<td>265,000</td>
<td>$22</td>
<td>16</td>
<td>$5,830,000</td>
<td>$364,375</td>
</tr>
<tr>
<td>Ren. Pleasure Fairs</td>
<td>CA</td>
<td>200,000</td>
<td>$25</td>
<td>14</td>
<td>$5,000,000</td>
<td>$357,143</td>
</tr>
<tr>
<td>Colorado Ren. Fest.</td>
<td>CO</td>
<td>200,000</td>
<td>$19</td>
<td>16</td>
<td>$3,800,000</td>
<td>$237,500</td>
</tr>
<tr>
<td><strong>Kansas City Ren. Fest.(^4)</strong></td>
<td>KS</td>
<td><strong>200,000</strong></td>
<td><strong>$20</strong></td>
<td>14</td>
<td><strong>$4,000,000</strong></td>
<td><strong>$285,714</strong></td>
</tr>
<tr>
<td>Georgia Ren. Fest.</td>
<td>GA</td>
<td>250,000</td>
<td>$20</td>
<td>16</td>
<td>$5,000,000</td>
<td>$312,500</td>
</tr>
<tr>
<td>Carolina Ren. Fest.</td>
<td>NC</td>
<td>170,000</td>
<td>$20</td>
<td>14</td>
<td>$3,400,000</td>
<td>$242,857</td>
</tr>
<tr>
<td>Scarborough Ren. Fest.</td>
<td>TX</td>
<td>200,000</td>
<td>$24</td>
<td>16</td>
<td>$4,800,000</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Tennessee Ren. Fest.(^5)</strong></td>
<td>TN</td>
<td><strong>50,000</strong></td>
<td><strong>$20</strong></td>
<td>16</td>
<td><strong>$1,000,000</strong></td>
<td><strong>$125,000</strong></td>
</tr>
<tr>
<td>Texas Ren. Fest.</td>
<td>TX</td>
<td>450,000</td>
<td>$25</td>
<td>16</td>
<td>$11,250,000</td>
<td>$703,000</td>
</tr>
</tbody>
</table>

\(^1\) Self-Reported attendance for 2012  
\(^2\) Adult gate tickets does not reflect discounts (e.g. advanced sales, children’s tickets, promotions)  
\(^3\) Calculated adult gate receipts and daily average based on adult gate ticket price and days open. Does not reflect other revenue streams (e.g. % of food sales [17%], all beverage sales and game revenue)  
\(^4\) Kansas City Renaissance Festival is highlighted because of similarities demographically to the Knoxville MSA  
\(^5\) Tennessee Renaissance Festival is highlighted to give comparative data of a site within the state

Source: Renaissance Faires & Festivals updated 8/14/12 [www.renaissancemagazine.com/fairelists.html](http://www.renaissancemagazine.com/fairelists.html)
Further recommendations are to poll the local retailers presently about the existing spending habits before the opening of the festivals. The Roane Alliance is also the local Chamber of Commerce and the Tourism & Visitors Bureau. The Roane Alliance receives a monthly report on hotel/motel taxes in the county due the fact that a certain amount of the hotel/motel taxes are used for funding the Tourism & Visitors Bureau, providing a certain measure of spending habits during the weekend of the festivals. The Roane Alliance will also help with the marketing efforts on the Chamber website and also on our social media sites since the owners have promised to join the Chamber. It is recommended that the city and county should provide positive support for this business in order to show a new excitement for what is considered a growing business and to help the owners keep growing their business as time passes.

6. Conclusion

Based on the expected ROI shown in this project, it makes good business sense for the city to donate the land or at least work a long term no-charge lease to allow the festival owners to show a proven positive track record. The city has been open to any offers in the past to get an industry of some kind to locate in the park and to no avail. Harriman’s real and personal property tax rate is $1.20 per $100. Over an 8 year period, property taxes paid would be approximately $60,000. Taxes on sales at the festivals based on the owners’ projections per festival weekends ($486,250) would bring over $12,000 per weekend event. As stated before, the city would also save approximately $20,000 in cleanup costs that would have to be done anyway.

Having a site ‘shovel-ready’ for a Renaissance Festival and Park is a win-win for the city of Harriman, the Festival owners, the citizens of Harriman and the county’s government and
businesses. It's a win-win also due to the soon to be newly developed park from Industrial to a Tourist attraction. The reason is an influx of tourism dollars, less tax burden on the citizens, more revenue for the city and county and turning unusable land into a source of pride for an economically hurting town. The owners are a local couple that has had many examples of experience in both Renaissance festivals and similar business related work which help the conclusions of this report.

- **Lars Paulson:** has three decades of experience in the entertainment industry, specializing in creative design, fabrication and event management. During his ten years developing festivals in the Midwest and South, the quality and attendance rose to their highest up to that point. These festivals include; The Ringling Museum Medieval Fair, Bay Area Renaissance Festival, Kansas City Renaissance Festival, Minnesota Renaissance Festival and the Minnesota Victorian Christmas.

- **Barrie Paulson:** has decades of business and performance experience. She spent eleven years with Tropicana Products Inc., honing her skills in marketing research, brand marketing, total quality management and category management. Those skills have also been used in the non-profit sector in capital fundraising and cross-promotions for the Manatee Players Riverfront Theatre. Barrie was also a professional touring performer, choreographer, instructor and manger. She has performed in numerous main-stage theatrical productions and teaches musical theatre.
Interviews Conducted

1) Lars Paulson, Darkhorse Design and East Tennessee Renaissance Festival
2) Barrie Paulson, East Tennessee Renaissance Festival
3) Pam May, The Roane Alliance Tourism Director
4) Darrell Langley, Harriman Roads Department Manager
5) Chris Mason, Mayor, City of Harriman
Areal of Harriman Industrial Park
Potential Festival Site—Harriman, TN

Fiske Rd
1 mile off Hwy 27 / Webster Rd
13 minutes (10 miles) from I-40
30 minutes from Turkey Creek

Waterfront
Some topography
Mix of level / sloping
Mix of wooded / cleared
4800 sf building

Zoned Industrial
Deemed not suitable for Industry

3 Owners:
City of Harriman (91 ac)
TVA / US Gov (5 ac w/ blg)
Inland Ports Inc.

Potential Festival Footprint:
(90 acres)
Site (20), Shop/office (5)
Parking (65)
Festival Site and Parking Map

Parking (60 acres), Festival Site (20 acres), Off-Site Offices/Utility (5 acres)