

Brushy Mountain Distillery

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In the past decade, micro and craft distillers, moonshine and bourbon trails have popped up all over the United States. Breweries and distilleries have increased by over 30% per year. Many entrepreneurs and small business owners have taken this route to achieve what they hope to be economic success. Often times, these types of businesses appear in small counties and towns where no one would expect them to be. Lynchburg, the Home of Jack Daniels has been successful for many years. Most recently, Gatlinburg and other towns in East Tennessee have begun to boom with moonshine tasting, distilleries and breweries as well. Some states have trails for bourbon and other types of whiskey where a tourist can visit many destinations in a short time frame. This type of economic development is drawing tourists to the Southeast from all over the United States and the world. Unbeknownst to its citizens a short time ago, this same type of opportunity would lie in the small East Tennessee County of Morgan. With a little help, current tourist attractions and one that is in the pipeline may be what it takes to give the county the economic boost it needs.

Morgan County's population is less than twenty-two thousand and the brunt of its finances lies on the backs of the property owners. The county is rich in heritage, history, and beauty beyond compare. From Frozen Head State Park to the Obed Wild & Scenic River, from Historic Rugby to Lone Mountain State Forest, you will not find a more beautiful place to live, work and visit.

Morgan is also home to the Cumberland Trail State Park, Catoosa Wildlife Management Area and neighbors the Big South Fork National River and Recreational Area. Other attractions include the Emory River that rises on the slopes of Bird Mountain near Wartburg. The Obed River, a designated national wild and scenic river, empties into the Emory southwest of Wartburg. Clear Fork Creek, which forms part of Morgan's boundary with Fentress County, joins

New River in Scott County to the north to form the Big South Fork of the Cumberland River. Although the county is blessed with all kinds of tourist attractions, it still struggles with high poverty levels, low per capita income, unemployment that hovers around 10% or higher and one of the highest property taxes in the state.

In the Eastern portion of Morgan County lies a small unincorporated community called Petros. The town's population is less than 600 people according to the 2010 census. Petros is historically a coal mining town and one of the poorest areas in the county. After you pass through the small town of Petros on Hwy 116, you will see the massive, historic Brushy Mountain State Penitentiary that is now closed. As you round the bend, the castle looking structure will almost take your breath away. The historic prison was built in 1896. The original prison was a wooden structure built by the inmates. However, the original structure was replaced in the 1920's with a castle-like building made with stone that was mined by prisoners from a quarry on the property. The well known facility housed some of America's worst criminals prior to its closure. For many years, the prison was home to famous inmate, James Earl Ray, the murderer of Martin Luther King Jr. Brushy was known early on as the "End of the Line," meaning that most of the hardened criminals it housed would never leave.

The closing of Brushy was very sad to the community and the families who made their living there for generations. Although state officials talked about the closure for years, no one really believed the day would really come. Even prior to its closure, the incredible aesthetics of the buildings and their extensive, rich history enticed the East Tennessee Preservation Alliance, hereafter referred to as ETPA, to place the site on its most endangered list of historic places in 2012. ETPA strongly urged state officials to work with locals to preserve and reuse the facility if at all possible.

In June of 2009, Brushy Mountain State Penitentiary shut its doors to housing criminals and a five-year shutdown began. For several years, county officials explored possible ways to reuse the old facility. The county officials at that time spent countless hours traveling to Nashville to work with TDOC on possible reuses including a female jail facility, ghost hunting tours and a visitor center. The maximum security or ‘High-Max’ unit as it was known was looked at by adjoining counties to serve as a regional jail that would prevent overcrowding. They anticipated placing all inmates from three or four counties there after they had been sentenced and keep only short timers in their local facilities. Ghost hunters called about the prison on an almost daily basis. Actor Cylk Cozart and other business persons toured the buildings and grounds looking at possible ways to film movies there and use it to create economic development for the region. Aged infrastructure seemed to always be a hindrance and stumbling block no matter what was considered.

When almost all hope seemed to be gone, four years later, an unexpected economic opportunity for the prison presented itself to Morgan County in the form of a distillery referendum. In July of 2013, the Brushy Mountain Group, hereafter referred to as BMG, presented a proposal to turn the historic prison site into a tourist attraction that would include a distillery.

BMG explained that the county could have a distillery and still be considered a “dry” county. In an announcement in the local newspaper, Brian May, a partner of the group said, “We want Morgan County to remain a dry county.” BMG proposed to not only be the savior of the iconic facility but also provide much needed jobs to an economically distressed area. Even though Morgan County, Tennessee, sits in the middle of the Bible Belt, its citizens supported and

voted for the referendum that would allow a distillery in a “dry” county at the Brushy Mountain Penitentiary site.

To some, the proposal was a dream come true, knowing the state was only obligated to maintain the site for a five-year period. High maintenance costs led to the closure of the facility and state officials let it be known that they had no intentions of extending the phase-down beyond June of 2014. During the five years, inmates would mow and weed-eat approximately one hundred acres and do as little maintenance as possible. After the five years, all upkeep of the buildings and grounds would cease entirely. The facility would begin its final demise.

Without protection, the site would become a haven for unsafe conditions, vandalism, criminal activity, and accidents. Close proximity of Frozen Head State Forest has lured snakes and other animals into the facility in the past. Vacant buildings and grounds will only increase the problem. Curious trespassers on the property will definitely be endangered. Local law enforcement and emergency medical services will be strapped with additional calls and concerns, a problem Morgan County cannot afford, as departments are already understaffed.

Locals feared not only would the facility become dilapidated but over one hundred years of history could be lost as well. Tim Johnson, Chairman of Morgan County Economic Development, agreed that the longer a building was vacant, the less its chances of survival. In a recent interview, Johnson stated, “In order to preserve Brushy, to create jobs, promote tourism and lower property taxes in Morgan County, something must be done, before it is too late!” Johnson went on to say Morgan County has one of the highest tax rates in Tennessee, problems attracting new jobs due to lack of infrastructure, and high unemployment. He believes Brushy could be the answer to some of these problems.

BMG began seriously pitching their vision during a county commission meeting on July 15, 2013. Members of the group demonstrated to citizens how they planned to spend millions of dollars on getting the site ready to open, all of which would put local fears of “losing Brushy” to rest. In addition, BMG made a commitment to hire local residents when possible. They also expressed the desire to purchase grains and other goods from local farmers and suppliers. They explained that the project combines two stable and sustainable industries- distilling and tourism.

According to the Kentucky Distillers' Association, distilling is more stable than traditional manufacturing. In the past decade, distilling saw growth while traditional manufacturing was down by 33%. The U.S. Travel Association states that tourism expenditures in the State of Tennessee have increased each year for six consecutive years. According to the Tennessee Department of Tourism Development, tourism is the State's second largest industry. The group pitched that the location of the Brushy Distillery makes it ideal for drawing tourists. Approximately 2.8 million people live within a 100-mile radius of Brushy Mountain and the site is located within 100 miles of 20 of Tennessee's Top 50 Attractions. The Morgan County regional tourism attractions draw approximately 700,000+ people annually.

Group member, Brian May explained the BMG vision of prison tours, bottled spring water, activities such as horseback riding and camping, a RV park, walking trails open to the public, a restaurant, museum, and last but not least a distillery/brewery. The group projected they would be able to create approximately 385 direct and indirect jobs in an economically famished county and estimated nearly eight million dollar payroll in five years. If all went as

planned, the “end of the line” facility would be the beginning of putting Morgan County on **the map of prosperity (an unclear phrase)**.

Supporters hope the project will bring Morgan County the same notoriety and tax dollars that the Jack Daniel’s Distillery does for Lynchburg, Tennessee. The distillery has provided sustainable economic development for Moore County, the smallest county in Tennessee, for many years despite its “dry” status. This situation could be the best of both worlds for communities who do not support being a “wet” county. The county could remain “dry” but gain the tax dollars from the sale of liquor as well as additional business growth and indirect jobs.

According to a guest article in the Knoxville News Sentinel, from the Nashville Tennessean in October of 2011, Jack Daniels is Moore County’s largest employer, contributes the most taxes of any company located there, and is the largest sales tax generator by attracting 250,000 tourists to visit the county each year. The Moore County trustee website shows the Brown-Forman company pays over \$400,000 in property taxes alone each year. This amount doesn’t include the likely, very large personal property taxes they must pay. Morgan County has one of the top ten highest tax rates in Tennessee. The county’s value of a penny is only approximately \$25,000. Using this figure, the amount the Jack Daniel’s business pays in property taxes in Moore County would make up for 16 cents of Morgan’s current tax rate of \$3.10.

While the project sounded good, there was a long road ahead. Seven hundred signatures were needed on a petition in order to place the distillery idea on the ballot. Surprising to some, over two thousand registered voters signed in support of the special referendum to let the people decide. However, once the choice was made to go forward, the battle of the opposing side began. It would become obvious to BMG that Morgan County does sit in the heart of the Bible

Belt, well known as the home of religious people with a very tough stance against alcohol.

Although liquor is available in nearly all of the surrounding counties and despite the fact, beer is sold county wide, some church leaders certainly did not want liquor available in their hometown. Churches are very plentiful in Morgan County and are the foundation of many of the communities. They have heavy influence on the lives of their members and their families. It is not unusual for on small community to be home to a dozen churches of different denominations, predominately old fashioned, independent Baptists. Letters to the editor, paid ads and signage stating “What Would Jesus Do” on one side and “Say yes to jobs, say yes to Brushy” on the other, made it very obvious the race was on until Election Day. The petition for the referendum placed the issue to be on the ballot November 5, 2013.

To many people’s surprise, on November 5, 2013 voters in Morgan County overwhelmingly voted in favor of turning the old Brushy Mountain State Penitentiary into a bourbon distillery. The Morgan County Election Commission said 2,369 (67.42%) people voted in favor of the proposal, with 1,145 (32.58%) in opposition. Many religious groups were against the proposal. Some voters said they cast their ballots against the referendum because permitting a distillery to operate in the old prison would require them to legalize the production of alcohol throughout the entire county. Some local leaders believe the distillery would be good for the local economy and boost tourism by opening the gates to a historic prison.

After the referendum passed to allow the distiller, the hard work and politics really came into play. One of the biggest hurdles was to have the prison property appraised and divided up to different entities. Originally some of the land was supposed to go to the neighboring Frozen Head State Park but after much debate, all 285 acres would remain with the prison.

The next question would be whether the property should be given to Morgan County Government or Morgan County Economic Development. An appraisal had to be done and as with all appraisals, a value had to be placed on the facility. Appraisers found it very difficult to place a dollar amount on a facility such as Brushy. In its day, it had millions of dollars in property value but as a closed prison, it was of no value to the State of Tennessee. In the end, the property will be transferred to the Economic Development Board at no charge.

Now that the historic site was going to be brought back to life, construction and infrastructure has to be funded. With political help from Morgan County's state representatives, the General Assembly approved a plan that would allow for Morgan County to retain a portion of the 9.75% state sales tax to be used to repay loans that will provide much needed infrastructure. Morgan County will be able to use the state sales tax revenues generated by the development to assist with financing the costs of getting the facility and grounds ready to be open for business.

It will take the work of several different entities to tie the project together and bring it to fruition. The ED Board will be the owner of the buildings and land. They in turn will lease the facility to the Brushy Mountain Group for ten years. Any bonds that are needed will be done through the ED Board. All other funds will come from the Brushy Mountain Group and in the form of grants if possible.

Now that a tentative plan is in place for the property, the road to construction begins. The current water treatment and sewage plants will have to be upgraded and/or replaced. These will be expensive projects that will hopefully be partially funded through grants. The prison itself will not be upgraded very much in order to retain its historical state. The bourbon still that will be used to distill Brushy Mountain Bourbon takes a minimum of nine months to assemble after the order is placed. While the still is being built, other improvements will be taking place

on the property. Once the distillery is up and running, State law will allow customers to buy up to five gallons of alcohol, similar to what's allowed at the Jack Daniel's distillery in Lynchburg, which is also in a dry county. Construction on site improvements are planned to begin in 2015 and will continue for several months.

"In the beginning, one of the very first things that would come online once we have everything to code would be the prison tour," said Brian May with the Brushy Mountain Group. "The prison is in pretty good shape and it wouldn't take a lot to get it to code and have it where we can do some tours." Tours should begin in spring of 2016, followed by the opening of the gift shop, restaurant and campground in the spring and summer of 2016. The Brushy Mountain Group has many other ideas that they believe will add excitement to their Brushy plans and bring economic growth to an area that definitely needs it. Walking trials, horseback and riding stables, and a RV Park have all been tossed around as great ideas for the area. Currently there is a big four wheeling and ATV development on the border of Morgan County and the town of Oliver Springs. Thousands of people travel to the area to ride ATVs and Hummers each year. BMG believes if they offer a RV Park and/or camping sites at Brushy, the two developments can feed off of each other. Currently a lot of Windrock ATV riders stay in the neighboring town of Oak Ridge and spend their tourist's dollars there. BMG and the ED Board want to retain those dollars in Morgan County by attracting them to Brushy Mountain if at all possible.

It is a proven fact, that having one of the highest tax rates in Tennessee, consistent high unemployment, and infrastructure issues make it very difficult to attract businesses and industry in Morgan County. The Brushy project has all the pitfalls of Morgan County and many pitfalls of its own. However, if BMG and the Morgan County ED Board have their way, Brushy Mountain State Penitentiary, originally built in 1896, has a new life on the horizon. Instead of

being known as the “End of the Line,” the historic icon may become the “Beginning of the Line” for economic prosperity in its next life. Brushy’s new beginning could also be a new beginning not only for the county but for the entire region.

As in all projects, there are always things that developers and entrepreneurs wish they had done differently. There are always things that crop up that were not expected. Many times, these stumbling blocks can cause wonderful projects to fail because of their extreme difficulties. In hindsight, members of the Brushy Mountain Group say they wouldn’t change a lot of what they have done. Pete Waddington of BMG stated that he wasn’t aware of how much red tape they would have to go through just to get the referendum on the ballot. However, he also said that there were times he thought it would never pass so overwhelmingly. They really believed the vote may be closer than it was in the end.

It has been nearly 28 months of some of the hardest work anyone could imagine to get where they are today. Marketing has played a very important part of the project. They actually sold the project to the voters all the way to the Governor and the General Assembly as they asked for assistance on so many different levels. An awesome marketing plan made the project happen.

In the beginning, the preservation of Brushy’s history was one of the main reasons that locals wanted to see Brushy preserved. Ironically today, that history may actually prevent some of the things BMG would like to do to the facility. Many things have been learned through this experience. BMG has been working with the Historic Commission on what can be done and what can’t. Preservation can be a great thing but can also hinder doing things that might appear to be good to the developers.

Morgan County Economic Development says it has been hard work but feel firmly that someday it will be worth it. Because Morgan County is so small and has never been faced with a

project of this magnitude, the ED Board has been forced to make decisions they never dreamed would happen. The board has never been faced with property tax abatements or sales tax changes as they have with the Brushy project. They have never been asked to consider taking a piece of property as the owner and then lease back to a company. ED Board members have been skeptical from time to time over the last two years but have remained strongly in favor of BMG. The final lesson learned is that as economic developers, elected officials or citizens, we should never give up on a project that we believe has potential. Though Brushy closed in 2009 and those who had worked on different avenues for the prison for years had nearly given up on regional jail and tourism possibilities; its life wasn't over. While hope was somewhat slim, little did locals know that the Brushy Mountain Group was a couple of hours away working diligently to breathe new life into the historic but closed facility. Over the past 28 months, economic development leaders and BMG have worked countless hours to keep the dream alive. The best lesson learned is that it takes a team, all pulling together in the same direction to make a project of this magnitude be a success.

Resource Page

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