

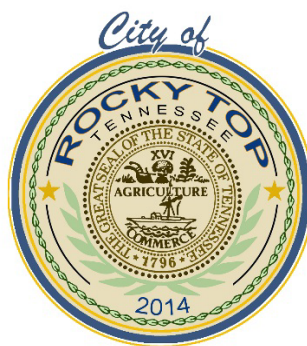


Center for Industrial Services
INSTITUTE *for* PUBLIC SERVICE



Economic Development of Rural Communities through Tourism and Downtown Revitalization (Rocky Top, TN)

Michael Y. Foster
Capstone Project



Background:

History of Rocky Top:

The City of Rocky Top is located in beautiful East Tennessee. The city spreads from the northern part of Anderson County to the southern part of Campbell County. Rocky Top is twenty miles north of downtown Knoxville on Interstate 75, which offers access to the charming Norris Lake, Norris Dam State Park, Mountain Lake Marina, Norris Dam Marina and WindRock Park. Rocky Top is a newer city when it comes to the name but a town that has a proud and rich history. The town was originally known as Coal Creek, which is the name of the stream that runs through the middle of town. Coal Creek and the nearby town of Briceville were the site of a major lockout of coal miners in 1891. The worst mine disaster in Tennessee history occurred at the Fraterville mine, near Coal Creek in 1902. The explosion devastated the small town of Fraterville, leaving a broken community.¹ The town adopted the name Lake City in 1936 after Norris Dam, which created Norris Lake, was built by the Tennessee Valley Authority. The name changed again in 2014 when the city changed from the Town of Lake City to the City of Rocky Top to try to capitalize on the on popular phrase in our region to boost development.

Rocky Top is home to two major US highways, US 25W and US 441 and before the interstate system was built both were major routes north and south in the eastern United States. The two highways intersect in Rocky Top, with US 441 starting/ending in the city. US 25W (North and South Main Street) runs through the middle of downtown. This traffic pattern was a huge economic driver for the city and the downtown business district flourished. On holiday weekends US 25W became a parking lot, which led to people staying the night at the hotels, eating at restaurants and shopping at stores. Major change came to Rocky Top, then Lake City, when Interstate I-75 was completed between Rocky Top and Clinton; people no longer had to come

through Rocky Top when traveling. In the early 1980s, Anderson County School System closed Lake City High School. The county closed both Lake City and Norris High Schools when they created Anderson County High School, located 8 miles south in Clinton. With the high school no longer located in town, shops, and restaurants in downtown begin to close or move towards the interstate. In 2016, the city changed its form of government from a Board of Mayor and Commissioners to a City Council and Manager form of government.

TNECD Coursework: Marketing and Attraction and Entrepreneurship and Small Business:

Rocky Top is a hidden gem as a tourist destination and has a lot to offer when it comes to adventure tourism. It is nestled between the beautiful Cumberland Mountains and beautiful Norris Lake. Rocky Top needs a branding and a marketing strategy. The Market and Attraction Course was focused more on recruiting industry and site marketing, but those same principles can be applied to marketing a city for tourism. As was discussed in the Marketing and Attraction Course, there are innovative ways to market sites and those same processes can be used to market Rocky Top tourism. Digital marketing is key and the most effective way to market an area. Most people have some form of social media, and everyone has a cell phone. If people are not using their phone for social media, they are using it to search the internet. The cost of digital marketing for the amount of people reached is an excellent value compared to print marketing. Digital marketing allows you to reach a targeted audience and reach them 24 hours a day at their fingertips.

To have downtown revitalization in Rocky Top it will take public and private investment in the downtown area. The private investment must come from entrepreneurs in a microenterprise, small businesses or startup/scale up company. The Entrepreneurship and Small Business Development course discussed “The Entrepreneurial Stack, which includes microenterprise,

small business, startup/scaleup and venture company. Rural areas can be a great place for entrepreneurs. Infrastructure is a key aspect of downtown revitalization because cities should have good infrastructure in place to recruit business and entrepreneurs to your area. A city needs to have good public policies that support local business and elected officials that support business growth.

As discussed in the Marketing and Attraction Course, incentives are crucial when recruiting businesses to your area. It is critical for city leadership to encourage incentives for business development. Entrepreneurs and small business owners need access to capital and Tennessee thrives in providing access to capital. The State of Tennessee is pro small business growth and provides many funding opportunities to support them. There is also training available to for entrepreneurs and small businesses through the Tennessee Small Business Development Center and Knoxville Entrepreneur Center which are both located within thirty minutes of downtown Rocky Top. Rural communities are ideal locations for tourism entrepreneurs and small businesses because of the natural resources that are not available in urban and suburban areas. Rural innovation hubs were discussed and downtown Rocky Top could be an ideal location because of the location to northern rural communities and interstate access. Rocky Top is central to many rural communities and is closer to Knoxville than most rural community.

Project Description:

Strengths, Weakness and opportunities of Rocky Top:

The City of Rocky Top possesses some major strengths and has made major changes to improve economic development. The city improved operations by switching forms of government. When the city changed from a Board of Mayor and Commissioners to a City Council and Manager form of government. The city was one of three cities in Tennessee to still have that form of

government when they made the change. It was an outdated and antiquated form of government that does not work in today's rapid paced world. The commission form of government put each elected commissioner and mayor over a department. It placed a person in charge of a department that didn't have experience or an expertise in that field. They were over a department because they were elected not because they were qualified. The city manager form of government puts one individual in charge of the city, streamlines the decision-making process, and allows the city manager to oversee the day-to-day operations under the guidance of the city council. The city manager makes decisions and prioritize funding based on the needs of the whole city not just an individual department and has individual in the office that has authority to make decisions and respond to situations that arise day-to-day.

The city has invested heavily in upgrading its infrastructure and having an updated and adequate infrastructure is vital for economic growth. In the past seven years, the water and sewer department has replaced aging waterlines, refurbished a water tank, replaced or refurbished three sewer pump stations, cleaned and CCTV our sanitary sewer collection system and upgraded all water meters in the system. The city is in the process of 4.1 million dollars sanitary sewer collection system rehab project that will repair and upgrade the city sanitary sewer collection system. These improvements will enhance our system and prepare it to handle future development. The city is in the process of a 1.6-million-dollar upgrade to the wastewater treatment plant and these upgrades will bring the wastewater treatment plant into compliance with the EPA and prepare the system to handle future development.

The city has received grant funding to improve pedestrian infrastructure in the downtown area. Public investment in the dilapidated downtown can be a "kick starter" for the downtown revitalization. The city has invested heavily in enhancing city services by updating equipment in

every city department. Public Safety has purchased a new fire apparatus, extrication equipment, fire turnout gear, body worn cameras, police tasers and police cruisers. Public works purchased a mini excavator, dump truck, sanitation truck, equipment haulers, and sanitation containers. These infrastructure improvements and capital purchases are important steps in building for future growth.

The city is in an area that has an abundance of natural resources, a rich history, and is located on Interstate 75 with two exits, which makes visiting Rocky Top easily accessible. It is located within 50-mile radius of four national parks and seven state parks and located within a 250-mile radius of 10 states and the major cities of Chattanooga, Nashville, Lexington, Louisville, Cincinnati, Charlotte, Atlanta and Birmingham. The city took a step in 2016 to improve tourism when they allowed ATV and side by side to drive on the road. The city is 2.8 miles from the trailhead for WindRock Park and according to their website they have 73,000 acres of off-road excitement. The 73,000 acres make them the largest privately owned riding area in the country and the trails accommodate all types of vehicles. They offer a variety of amenities including more than 300 miles of trail riding, camping and events.² Stephanie Wells with Adventure Anderson wrote “You will see many picturesque views of East Tennessee’s mountains and valleys and it is the perfect place to see the Buffalo Mountain Wind Farm, which is comprised of 18 windmills, spanning 395 feet. WindRock Park has East Tennessee's best downhill mountain bike course and some amazing cross-country trails as well.”³ ATV/side by side drivers can access the trail system of the North Cumberland WMA by road from Rocky Top. It is the largest actively managed Wildlife Management Area (WMA) in the state of Tennessee with almost 200,000 acres of mountainous terrain expands across five East Tennessee Counties.⁴

The city is located only minutes from Norris Lake with both Norris Dam State Park Marina and Mountain Lake Marina off our exits. “Norris Lake has eight hundred miles of shoreline that spans 34,000 acres and extends 56 miles up the Powell River and 72 miles up the Clinch River.⁵ Norris Dam State Park is only 2.5 miles from the city limits. The state park is located on Norris Reservoir and covers 4,000 acres. The Park has 19 historic CCC cabins, 10 deluxe cabins and two campgrounds with 85 sites and is known for its over 21 miles of trails that provide spectacular views of Norris Lake.⁶

Rocky Top has a vivid history in the coal mining industry and is home to The Coal Creek Miners’ Museum. “When visiting the museum, you will discover the rich history of the miners that lived, worked, and died in Coal Creek, Fraterville and Briceville. You will learn about Coal Creek and the nearby town of Briceville as the site of a major lockout of coal miners in 1891, known as the Coal Creek War. You will read the story on the worser mine disaster in Tennessee history that occurred at the Fraterville mine, near Coal Creek in 1902. The lives of 184 men and boys were lost by a mine explosion.”¹

Rocky Top has many strengths for economic development and downtown revitalizations but faces many challenges. One challenge is the city’s identity crisis. Since the city was founded, it has had three different names. The original name being Coal Creek and, in an effort, to evolve and become more than just an old mining town, the name was changed to Lake City in 1936 to capitalize on the completion of TVA’s Norris Dam and Norris Lake. Then again in 2014, there was a push to change the name again to its present name, the City of Rocky Top, to capitalize on the popularity of the phrase in our region. This was met with mixed reviews and lawsuits claiming copyright infringement by those who owned the rights to the song. Much to the dismay of many, it was approved by the TN General Assembly. Still now in 2023, many citizens refuse

to call it Rocky Top. The USPS by an Act of Congress changed the 37769-zip code to Rocky Top, but they'll still deliver items addressed Lake City, TN 37769.

A recent challenge is stagnant population growth, and an aging population is a real issue facing Rocky Top. Between the 2000 census and the 2020 census Rocky Top saw a 13.8% decline in population. According to the 2021 American Community Survey (ACS) 21% of the population was over the age of 45. It is a financially distressed city with an estimated 45.9% of the population living in poverty in 2021.⁷ That is 32.3% higher than the State of Tennessee poverty rate. The median household income is \$27,180 which is far behind the state of Tennessee's median household income of \$59,695.⁷ The lack of population growth and close proximity to larger communities creates a struggle for commercial development. Another challenge to Rocky Top is the number of renters versus homeowners. Having a population comprised primarily of renters presents additional difficulties. Although arguments could be made on both sides, the city's experience has been renters in our city are less vested in the community. The lack of population growth and proximity to larger communities creates a struggle for commercial development.

Even with these drawbacks, the city has great opportunities for economic development growth through tourism and downtown revitalization. Commercial recruitment is a great opportunity because with two exits on Interstate 75. The city has already benefited from having two exits with a Cracker Barrel and McDonalds, the city's two largest sales tax producers, located off one of the exits. In the past five years the city has had Rocky Top Wine and Spirits, Ace Hardware, Dan and Kay's Wings and Little Caesars Pizza locate here in Rocky Top. The new growth during the last 5 years has led to a 29% increase in sales tax. Short-term rentals are a real opportunity for growth. Blighted properties are being bought, remodeled, and converted to short-

term rentals to meet the needs of offroad trail riders. Blighted property removal, improving home values and increased property tax are a major improvement for the city. Additional opportunities in to help development and growth in Rocky Top are the people and community organizations. The community organizations include Rocky Top Chamber, Anderson County Chamber, business owners, Rocky Top Community Foundation, and Adventure Anderson County. The city also has city committees which include Planning Commission, Recreation Committee, and Tree Committee. Another organization that city realize heavily on for community support is the East Tennessee Development District (ETDD). The city contracts ETDD for their planning services and they work with the city on grant opportunities.

State and County trends in tourisms and downtown revitalization:

Covid-19 struck the nation in 2020 and everything shut down but since Tennessee reopened the tourism industry has been scorching hot and has had a tremendous economic impact. According to USTA, Tourism Economics; visitor spending in 2021 was \$24.2 billion, a 44% increase from the previous year. Tennessee outperformed the national recovery of 35.7%. In 2021, state and local tax revenue was \$1.9 billion, 40% increase from the previous year and again Tennessee outperformed the national recovery of 24%. Total travel spending in 2021 recovered to 99% of the record-year 2019 levels and travelers in Tennessee spent an estimated \$66 million per day.⁷ Anderson County like the state has seen record tourism growth. Annual visitor spending in 2021 in Anderson County was \$159.34 million an increase of 35% compared to the year before. In 2021, Anderson County ranked 17 of 95 counties in visitor spending, compared to 18 in 2020. On an average day in 2021, visitor spending in Anderson County generated: \$436,556 in daily expenditures, \$107,084 in daily labor income, \$20,298 in daily taxes, and \$14,960 in daily local taxes.⁹

Grant opportunities, TN Downtown program, and Main Street Program:

“Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help communities embark on a comprehensive revitalization effort for their downtown. Using the proven National Main Street Center’s Four-Point Approach to downtown revitalization, this 24-month program coaches selected downtowns and their steering committees through the steps of launching an effective revitalization effort. Program activities include training, site visits, regional workshops, webinars, technical assistance and an innovation project grant.”¹⁰

For city and towns to participate in the Tennessee Downtown program they must meet defined criteria and apply for the highly competitive program. There are currently 78 towns and city listed on the TN Department of Economic and Community Development website as accredited TN Downtowns.

“The Main Street movement has been transforming the way communities think about the revitalization and management of their downtowns and neighborhood commercial districts for decades. Specifically, Main Street is three things: a proven strategy for revitalization, a powerful network of linked communities, and a national support program that leads the field. The Main Street Four-Point Approach is a unique multi-faceted economic development tool that enables communities to revitalize their downtowns by leveraging local assets - from historic, cultural, and architectural resources to local enterprises and community pride. It is a comprehensive strategy that addresses the variety of issues and problems that challenge traditional commercial districts by focusing on the following areas: Design, Economic Restructuring, Promotion and Organization.”¹¹

The Tennessee Main Street (TMS) Program serves as a statewide resource for communities seeking to revitalize and manage their traditional downtowns. “In 2003, the Tennessee legislature

approved a resolution to re-establish the Tennessee Main Street Program in order to assist these communities with their economic revitalization and development efforts. TMS designated communities have developed an organization specifically focused on downtown revitalization and are effectively applying the National Main Street Center's comprehensive Four-Point Approach.”¹⁰ Currently there are 42 towns and cities listed on the TNECD website as accredited TN Main Street Communities.

There is grant funding available through the TN Downtown Program of \$15,000 for a TN Downtown community. TN Main Street Communities are eligible for a grant through TNECD up to \$100,000 for building facades, wayfinding signage, courtyards, gateways, and streetscapes. Tennessee offers up to \$50,000 in a Main Street Entrepreneur Grant. “TNECD encourages entrepreneurship development and adaptive reuse of commercial buildings in accredited Tennessee Main Street communities with a Main Street Entrepreneur Incubator grant program to assist in funding activities that put vacant and/or underutilized buildings into productive service and serve as economic drivers for downtowns.”¹²

Results and Lessons Learned:

Communities that have used tourism and downtown revitalization for economic development:

When researching communities that use tourism for economic development, the cities of Gatlinburg, Pigeon Forge and Sevierville jump to the top of the list. Sevier County ranks 3rd only behind Davidson and Shelby for visitor spending in 2021, with just over a tenth of the population. Sevier County had \$3.44 billion in direct visitor spending compared to 2nd ranked Shelby County at \$3.46 billion in direct visitor spending in 2021. City of Townsend in Blount County is another city that has used tourism for economic development. Blount county ranks 8th in visitor spending with \$476 million in director visitor spending in 2021.⁹

Three communities that have used downtown revitalization for economic development are the Town of Greeneville, City of Sweetwater and City of Clinton. Town of Greeneville was one the Tennessee's five original Main Street Communities. In 2022, Greeneville had \$1.29 million in private investment and \$5.42 million in public investment for total of \$6.7 million in total investment, which is \$1.2 million more than 2021. They had over 37,000 visitors for festival and special events in 2022 which is an increase of 4,000 people from 2021.¹³ Greeneville has utilized the façade grant through the Main Street Program to improve the outer appearance of buildings in downtown. They have used the three-star program to access what the community wanted and used that as their target when recruiting stores and businesses. They also take advantage of using a retail recruiter for store recruitment.

“City of Sweetwater was the first city to be recognized by the State of TN and the National Trust for Historic Preservation as both and TN Downtown and National Main Street city. Sweetwater is nestled within the 9 Lakes Region, just a short drive from numerous lakes, the Cherohala Skyway, one of America's top scenic byways, national and state parks, 5 city parks which include a TN Arboretum and a new Splash Pad, and a large Recreation Complex.”¹⁴ In 2022, Sweetwater had \$1.14 million in private investment and \$181 thousand in public investment for total of \$1.32 million in total investment, which is \$871 thousand more than 2021. They had over 27,000 visitors for festival and special events in 2022 which is an increase of 11,000 people from 2021.¹⁵

The City of Clinton is a new community to both the TN Downtown in 2018 and Main Street Program destination in 2021. “The Historic Downtown Clinton mission is to enhance and preserve our unique small-town history by making the downtown area the center for local businesses to thrive, new partnerships to develop, and for the community to gather.”¹⁶ In 2022,

Clinton had \$50 thousand in private investment and \$67 thousand in public investment for total of \$117 thousand in total investment, which is \$ 64 thousand more than 2021. They had 54,000 visitors for festival and special events in 2022.¹⁷ Clinton has used the antique industry to revitalize their downtown area and now have Tennessee's Largest antique district with over 20 antique and specialty shops.¹⁶ They have been able to use the growth of the antique district as a tourist attraction with a two-day antique festival in the spring and fall that attracts over hundred vendors and average over 10,000 attendees at each festival. Clinton has used the popularity of the antiques shops to recruit specialty shops that include a bookstore, children boutique, small event space and CrossFit gym to the downtown area.

Rocky Top actions on tourism growth:

Rocky Top has focused on tourism as major economic driver. The city is in an area that has an abundance of natural resources, rich history and easily accessible from the interstate. In 2016 the city made a radical decision in favor of tourism. The city went to the Tennessee General Assembly and asked them to change the law to allow ATV and side by side to drive on the road year-round. When the law was changed, Rocky Top was the only place in Tennessee someone could ride an ATV or side by side on the road legally year-round. That decision has been a major tourism and economic boost for the area. Since then, we have asked the General Assembly to expand even more road for ATV and side by side access. The city has garnered a reputation of being an ATV and side by side friendly place, which has led to more businesses geared towards riders. Rocky Top has had two campgrounds and a short-term rental cabin development that have been developed. The city has seen a growth in the short-term rental development since changing the law. The next step for Rocky Top is to create a marketing plan and a tourism advertisement campaign. Rocky Top can be a riding destination with easy access to multiple trails. With access

to Norris Lake and having two marinas off our exit, the city can become a tourist destination for lake visitors.

Rocky Top actions on downtown revitalization:

The city has taken steps towards reviving downtown by investing in downtown through public funding but there are still steps that the city needs to take for downtown revitalization. Public funding was used build a splash pad park and in the opening the Coal Miners' Museum in the downtown area. The city has applied for and received two TDOT Multimodal Grants for total of \$1.85 million for infrastructure improvements in the downtown area that include new sidewalks, multiuse paths, new curb and gutter system, pedestrian lighting, ADA compliance, crosswalks and buffers to improve pedestrian safety. The city has applied for TDOT Transportation Alternative Program grants for improvements that include new sidewalks, multiuse paths, new curb and gutter system, pedestrian lighting, ADA compliance, crosswalks and buffers to improve pedestrian safety on 2nd, 3rd, 4th and Church Street in the downtown area. The city has applied for Tennessee Downtowns Program but was not selected for the program.

The city will submit a future application for the destination. The city partnered with the ETDD on an EPA Brownfields grant. The purpose of the funding is to facilitate redevelopment for troubled Brownfield properties. A Brownfields inventory, database and site prioritization was developed, and the inventory included many of the downtown area properties. Additionally, funding can be used for a Phase I/II Environmental Site Assessment (ESAs), redevelopment, revitalization, and cleanup planning.

There has been private sector investment with Dollar General Market buying and remodeling a vacant grocery store in the downtown district. This will provide the city a grocery store for the first time in six years. This is a major step in for the downtown revitalization and economic

growth. Additional future growth includes a coffee shop and Mexican restaurant in the downtown area. The city has revamped its zoning ordinance and zoning map to support growth and become more development friendly. The city adopted a Tax Increment Financing program as a vital tool use for economic growth.

The major issues slowing downtown revitalization are vacant, blighted buildings, and absentee owners. Codes Enforcement has been present for several years, but the actual enforcement has been negligible at best. Buildings have only been inspected if someone pulled a permit for a remodel or construction. Property Maintenance processes have also been present, but the actual implementation of the processes and procedures is lacking. The city is at a point where it needs to take the next step in downtown revitalization by moving forward with Commercial Property Maintenance, Codes Enforcement, and using the Administrative Hearing Officer (AHO) process to make real change to downtown properties. This process should encourage downtown development by forcing owners to improve the condition of their buildings by bringing them up to code.

Conclusion:

Tourism and downtown revitalization should be a driving force in economic development of rural communities. When specifically looking at Rocky Top, TN the community has a proud past and bright future. The proud past of this community that was struck by tragedy that almost destroyed it, but it rose from the ashes to become a stronger community. The city has a bright future through tourism growth and downtown revitalization. As discussed early the city has made great strides in tourism and downtown revitalization but still faces many challenges.

There is a proven track record in rural Tennessee communities that have combined both tourism and downtown revitalization. Rocky Top has already benefited from the natural resources in the

area that makes Anderson County a top 20 county in Tennessee when it comes to visitor direct spending and must continue to take advantage of these natural resources to grow their tourism. They should continue to examine cities and towns that have used tourism as an economic driver. Gatlinburg can be an example to follow, but they do have the advantage of being located as the gateway to the number 1 visited National Park in the United States which is very different than WindRock Park and Norris Lake. Their recent development of moonshine distilleries and the moonshine tasting industry is a commercial development driven by tourist and that same concept could work in Rocky Top. The moonshine industry fits naturally with the name Rocky Top and the beautiful mountains that surround area. Old Forge Distillery already makes a Rocky Top corn whisky. It is a growing tourism industry that could be a perfect fit for downtown Rocky Top. The other commercial development that should be the focus in downtown are breweries, restaurants, ATV shop and outdoor focused retail. ATV riders and lake visitors need to a place to eat and shop when visiting and staying in town. There are many historic buildings in the downtown area that can be converted to a brewery, restaurant or be a new retail shop.

Rocky Top has the advantage of following communities of Town of Greenville, City of Sweetwater, and City of Clinton's blueprint of using the TN Downtown and Main Street Programs for downtown revitalization and community development. Rocky Top must capitalize on tourism by developing a tourism marketing plan and use the public investment in the downtown area as the jumpstart for downtown revitalization.

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