

TVA's Economic Development Plan Draws Rave Reviews with “Megasites”

A young program to recruit automotive companies to the Tennessee Valley appears to be giving the region an edge over other parts of the South in recruiting new industry.

The effort to certify "megasites", large tracts of land that has the infrastructure to handle auto assembly plants, steel mills and other capital-intensive manufacturing operations, appears to have helped make cities in Tennessee, Alabama and Mississippi the finalists in recent competitions to land new manufacturing plants from Volkswagen and Toyota. And other industries may be examining projects for at least some of the remaining sites.

Some economists say overdependence on the program could lead Tennessee and other states in the program to become overly dependent on the heavy manufacturing sector for jobs in the long term. But recent successes have won raves from economic development professionals here.

"It's probably the best economic development project in the last decade," said John Bradley, Senior Vice President of Economic Development at TVA, which began certifying megasites in 2004. Backing that claim are some quick successes. Of the nine megasites that have been identified over the past four years, four have been transferred over to heavy manufacturers:

- The 1,600-acre Chattanooga site will be transferred to Volkswagen for a new assembly plant that could employ 2,000 people.
- A 1,700-acre site near Tupelo, Miss., went to Toyota for another assembly plant.
- A 1,800-acre site in Columbus, Miss., has been sold to Paccar for a truck engine plant.
- A 1,400-acre site, also in Columbus, has been sold to SeverCorr for a steel mill.

"Obviously, being a TVA-certified, shovel-ready site was integral to attracting Volkswagen," said Mark Drury, assistant commissioner of the Tennessee Department of Economic and Community Development. "All of the megasites in the Southeast get a lot of looks from companies and a lot of the discussions among site selection consultants is about the relative merits of the various megasites. Other megasites also have been finalists for major plants. A megasite near Clarksville, TN is in the running for a Dow Corning plant that would make a material used in semiconductor chips and solar panels.

Only one megasite has fizzled — a 1,600-acre tract in Crockett County called the West Tennessee Auto Park. It was forced to withdraw from the program in December when real estate options on the land fell through, making the site smaller than megasite requirements.

The megasite program grows out of a concerted effort to attract one particular industry to the seven-state Tennessee Valley region — namely, automotive companies. TVA and McCallum Sweeney decided to call those that made the cut "megasites" to send the message that they were large enough — at least 1,000 acres — to hold a major manufacturing operation. To qualify, the land also had to be immediately available; have all environmental and geological tests completed; be situated close to major highways, rail lines and auto suppliers; and have plenty of labor.

"We knew having these sites wouldn't guarantee you a location. All it guarantees is at least they'll consider you," TVA's Bradley said. "And that's all we wanted, just to be in the game." "The fact that we had to go through the process of becoming megasite-certified helped us identify ways we could improve," said J. Ed. Marston, vice president for marketing and communications for the Chattanooga Area Chamber of Commerce. "Since we did that, we got looks from two major automobile makers."

Leveling the playing field on sites also does not diminish the feverish drive by states and cities to compete with one another for manufacturing jobs. It may even make other considerations, such as the makeup of the labor market or the willingness of local governments to offer incentives, more important to the process, said Peter Morici, a professor of business at the University of Maryland and the former chief economist at the U.S. International Trade Commission.