

## THE SOUTH



### Area Development Site and Facility Planning

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The alternative energy, automotive, and bioscience industries are helping the southern states retain economic stability and plan for future growth.

As the recession continues across America, the southern states of Tennessee, Alabama, Arkansas, Kentucky, Louisiana, and Mississippi are finding ways to improve their economies. For instance, Tennessee ranked third on Chief Executive magazine's 2010 list of the best states for business. In the past seven years it has added 184,173 jobs, \$32 billion in capital investment, and 50 new corporate headquarters. Across the South, several industries are aiding recovery efforts.

### State Energy Programs

Southern states are growing green jobs by investing in State Energy Programs (SEPs) funded by the American Recovery and Reinvestment Act (ARRA). While the energy portion of the act grants \$61.3 billion to dozens of initiatives, Brian Henderson, Southeast regional coordinator for the National Association of State Energy Officials (NASEO), says about \$3.4 billion specifically funds state energy programs. Each state energy office's piece of the pie depended on grant proposals approved by the federal government.

"This is a huge opportunity for states to make a significant impact on expanding their energy efficiency bases," Henderson says. "They hope to get the [stimulus] funds out quickly. Some will use [the money] mostly for energy retrofit jobs. Others will focus more on economic development efforts to attract manufacturers of energy-related products."

NASEO's March 2010 State Energy Program ARRA Update highlighted regional success stories of SEP-financed projects.

\* Louisiana: The Home Energy Rebate Option Program, established for consumers in

2000, will also include businesses. It offers a higher cash rebate of up to \$3,000 to eligible parties upgrading to higher energy efficiency standards as they build, retrofit, or remodel structures. Funding: \$71.7 million.

\* Tennessee: The Tennessee Solar Institute at the University of Tennessee and Oak Ridge National Laboratory will help speed the use of solar photovoltaic technology and create a solar opportunity fund to give \$23.5 million in grants to solar energy firms and companies installing solar systems. And the 20-acre West Tennessee Solar Farm will be one of the largest such facilities in the South. Funding: \$62.4 million.

\* Alabama: The University of Alabama in Huntsville received \$600,000 for the state's auto industry. The school could help up to 40 auto suppliers increase energy efficiency, and retain up to 2,000 jobs. Funding: \$55.5 million.

\* Kentucky: The Green Bank of Kentucky financing program, established with \$14 million, makes public buildings energy-efficient and creates green jobs. Funding: \$52.5 million.

\* Arkansas: Grants of \$1.2 million to Pulaski Technical College and \$1.3 million to North West Arkansas Community College will provide training for up to 600 green energy jobs. Funding: \$39 million.

\* Mississippi: The \$10 million Mississippi Job Protection through Energy Economic Development program funds energy efficiency retrofits and upgrades to cut costs, reduce energy consumption, and create or retain jobs for eligible businesses. Twenty-five firms have already received \$21,000 to \$450,000 in grants. Funding: At least \$13.4 million.

### Momentum in Biosciences

In May the Washington, DC-based Biotechnology Industry Organization (BIO) published the Battelle/BIO State Bioscience Initiatives 2010 report. According to BIO, academic bioscience R&D expenditures for Tennessee totaled \$544 million in 2008; in Alabama, \$512 million; in Louisiana, \$442 million; in Kentucky, \$379 million; in Mississippi, \$191 million; and in Arkansas, \$190 million.

While the South has "historically not been a hotbed of bio or life sciences activity," says Patrick Kelly, BIO's vice president of state government relations and alliance development, the region is supporting biosciences with added R&D and commercialization.

After Hurricane Katrina, many life sciences facilities and talent left Louisiana, KeUy

says. "But they have literally rebuilt or are in the process of bringing back the life sciences to a pre-Ka trina level, and I think will ultimately surpass it." Louisiana State University and the U.S. Department of Veterans Affairs are erecting a joint medical campus in downtown New Orleans, and the VA expects to treat veterans there by 2013.

Huntsville, Alabama's world-class genomics research institute opened in 2008 and is the cornerstone of a 150-acre biotech campus. Alabama has 90 biotech firms, seven research universities, and a talented work force responsible for six FDA-approved cancer drugs. Kelly says Tennessee has four "life sciences engines" at work: Knoxville's University of Tennessee Medical Center, Oak Ridge National Laboratory, Nashville's Vanderbilt University, and St. Jude Children's Research Hospital in Memphis.

Kentucky, home to hundreds of diverse bio firms, has become "very progressive in the region in terms of attracting and cultivating life science industry hubs," Kelly says. Through Kentucky's Department of Commercialization and Innovation, the state matches both phases of the federal Small Business Innovation Research and Small Business Technology Transfer programs, the only program of its kind in the country. So far 46 companies have received a combined \$17.7 million in matching funds.

#### Auto Zone Players

Tennessee, Alabama, Kentucky, and Mississippi are active in the southern automotive zone, the mammoth car manufacturing and supplier network that begins south of Michigan and spreads down I-75 into the South.

Unlike Detroit's Big Three, the mostly non-union foreign car makers have fared well during the recession. One plant in this region is presently "in limbo" due to the dismal economy, according to David Zoia, editorial director of WardsAuto.com. Last June General Motors put its ultramodern Spring Hill, Tennessee, plant on standby. "They haven't said it's marked for closure, but they're keeping it alive without saying what will be built there," Zoia says. In December 2008 Toyota announced a delay in construction of its Blue Springs, Mississippi plant. In a positive twist, the company began putting finishing touches on the \$1.3 billion plant in June and will build up to 150,000 Corollas there beginning in late 2011.

Elsewhere, the industry is revving up again. Volkswagen Group of America is investing \$1 billion to build a 1,350-acre auto production facility in Chattanooga. The plant will create 2,000 jobs and initially produce 150,000 vehicles.

In May Nissan broke ground on a \$1.7 billion expansion of its Smyrna, Tennessee

plant. The facility will build lithium-ion batteries for the allelectric LEAF car, and will produce the anticipated green vehicle by 2012.

Alabama has more than 350 autorelated manufacturers. In May the \$1.27 billion Honda plant celebrated its 10th anniversary in Talladega County, where 4,500 workers produce 300,000 vehicles and engines annually. The \$1 billion MercedesBenz plant in Tuscaloosa County employs 3,000 people and has more than 35 auto-related suppliers. Hybrid Kinetic Motors will build a \$3.43 billion assembly plant near Bay Minette, Alabama. It will invest approximately \$3.43 billion and employ up to 5,000 people.

Nearly 10 percent of all cars and trucks produced in America are made in Kentucky. The Commonwealth is home to two Ford assembly plants, a GM plant, a Toyota assembly plant, and a Toyota engineering and manufacturing facility.

Mississippi has almost 200 industry suppliers including Caterpillar, Delphi Automotive Systems, Mazda, and Cooper Tire & Rubber, and 28,000 auto workers. Nissan recently completed a \$118 million expansion for production of a new commercial van this fall.

Not a "Jobless Recovery"

Michael Chriszt, assistant vice president of the Federal Reserve Bank of Atlanta, tracks data for most of these southern states. Although "pressure" on their strained budgets may negatively impact employment and programs in the near term, he says, there is good news. Sales receipts now seem to be "stabilizing" and are above 2009 totals - but still not as good as levels from two years ago.

Better news: The nation is no longer in a "jobless recovery," Chriszt says, as the data indicates job growth has finally occurred over the last two months. Since January the South's manufacturing sector has received new orders, expanded production, and increased employment. "We're coming out of the recession at a slower pace," he says, "but activity is definitely picking up."

## **[Sidebar]**

### FEATURED SPONSORS

#### ALABAMA

Cullman Economic Development Agency

Cullman, Alabama is located in the heart of north Alabama on 1-65. Cullman

achieved recognition with the recruitment of Royal Technologies in 2009. Royal will invest \$30 million and create 400 jobs. Learn why national and international manufacturers are securing their future through Cullman's location and labor force.

[www.cullmaneda.org](http://www.cullmaneda.org)

#### Opelika Economic Development Department

Opelika, Alabama is home to world-class companies including automotive suppliers, distribution facilities, and medical device manufacturing. Located in East Central Alabama along 1-85, Opelika is a thriving community that offers great opportunity for businesses to become successful. Growth can be attributed to the pro-business climate, excellent educational systems, available industrial sites, and proximity to Auburn University.

[www.opelika.org](http://www.opelika.org)

#### KENTUCKY

##### Commerce Lexington Inc.

Commerce Lexington's economic development division focuses on the core components of its comprehensive approach to regional economic development, including assisting local business retention and expansion, encouraging entrepreneurial activity, and recruiting new business investment. Lexington is rated 13th Top Hotspot for Young, Talented Workers: Midsize Magnets - NextCities(TM),

[www.commercelexington.com](http://www.commercelexington.com)

#### LOUISIANA

##### Louisiana Economic Development

Louisiana offers a wealth of opportunities for business expansion and relocation. Research hundreds of sites, mega sites, and buildings using interactive maps, community profiles, demographic information, and geographic data. With Louisiana's comprehensive site selection tools, finding the right location is easier than ever.

[OpportunityLouisiana.com/Sites](http://OpportunityLouisiana.com/Sites)

#### MISSISSIPPI

##### Mississippi Development Authority

Mississippians are producing everything from composite jet engine components to unmanned aerial vehicles. Industry leaders such as American Eurocopter, Eaton Aerospace, and GE Aviation have looked to Mississippi, with its supportive business climate, strong research and development capabilities, and skilled work force, for their future success.

[www.mississippi.org](http://www.mississippi.org)

## TENNESSEE

### Chattanooga Area Chamber of Commerce

Chattanooga, Tennessee is a mid-sized city with a big reputation for getting major projects done quickly. Currently, Volkswagen is constructing a \$1 billion auto assembly facility in Chattanooga, while Alstom is investing \$280 million to establish a new unit to manufacture power generation equipment.

[www.ChattanoogaCANDO.com](http://www.ChattanoogaCANDO.com)

### Tennessee Department of Economic & Community Development

Tennessee is good for business, offering a beneficial labor environment, productive and educated work force, wonderful quality of life, and wealth of technology resources. These factors combine to create a business climate that gives companies a winning edge in their long-term growth and profitability.

[InvestTennessee.org](http://InvestTennessee.org)

### ClevelandBradley County Chamber of Commerce

Cleveland/Bradley County is located in the heart of the Ocoee Region in Southeast Tennessee. Here a small-city feeling mixes with progressive business; excellent medical, educational, and cultural facilities; and thriving industry. It is an ideal place to live, work, raise a family, and even retire.

[www.clevelandchamber.com](http://www.clevelandchamber.com)

### Dyersburg/Dyer County Chamber of Commerce

100,000-square-foot spec building features tilt-up concrete panel construction, with 30-foot clear ceiling height, conveniently located in the Dyersburg Commerce Park, with access to interstate highways within one-half mile of the site. All utilities are in place and building is ready to be customized.

www.dyerchamber.com

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