To the Graduate Council:

I am submitting herewith a thesis written by Tod B. Mowery entitled "An Examination of The Use Of Public/Private Partnerships By The RiverCity Company In Chattanooga's Tennessee Riverpark." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science in Planning.

George Bowen, Major Professor

We have read this thesis
and recommend its acceptance:

Accepted for the Council:

Associate Vice Chancellor
and Dean of The Graduate School

AN EXAMINATION OF THE USE OF PUBLIC/PRIVATE PARTNERSHIPS BY THE RIVERCITY COMPANY IN CHATTANOOGA'S TENNESSEE RIVERPARK

A Thesis

Presented for the

Masters of Science

Degree

The University of Tennessee, Knoxville

Tod B. Mowery

December, 1994

DEDICATION

This thesis is dedicated to my wonderful and beautiful wife Deborah. Her enduring patience, love, and kindness made this experience bearable. Thank you for your support and for keeping me smiling. I have enjoyed our extra time together over these past two years. Too bad I never did learn how to do the dishes. How shall I compare thee . . . To a summer's day?

ACKNOWLEDGEMENTS

A special thank you goes to John B. Cobb. He is truly a friend that sticketh closer than a brother. Thanks for believing in me. I would also like to thank my parents, James T. and Elizabeth F. Mowery. Thanks for the wonderful upbringing and for your love. Mom you're next, so get ready! In addition, I would like to thank my major professor George Bowen and my thesis committee members Dr. Dave Johnson and Dr. Dave Patterson. These gentlemen were a part of some of Chattanooga's early visioning efforts. Dr. Johnson was responsible for putting together Chattanooga's rewarding inner-city visit to Indianapolis, which led to the development of the RiverCity Co. Finally, I would like to thank my Lord and Savior, Jesus Christ, for giving me the ability to run the race, finish the course, and keep the faith.

ABSTRACT

This thesis began by examining the use of public/private partnerships in the development and redevelopment of American cities'. The use of partnerships by cities was shown to be influenced by federal programs and policies and is a major tool used by local governments today.

Chattanooga, Tennessee, located on the banks of the Tennessee River has been central to the human settlement development of the Southeast since 8,000 B.C. It was a vital city during the Civil war and continued to grow into a prosperous industrial community. During the 1970's environmental concerns overwhelmed the community. Through the efforts of concerned citizens and local government, the city has become one of opportunity and prosperity. The community's pride and joy, the Tennessee Riverpark was started in 1986, under the direction of the RiverCity Co. The 22 mile Tennessee Riverpark is a direct result of public/private partnerships and represents $250 million worth of investment, including the $45 million Tennessee Aquarium.

It was concluded that the following elements were needed to create the dramatic results of the Tennessee Riverpark: A high level of community support and involvement;..A dedicated organization to carry out the plan--The RiverCity Co.; Cooperative and visionary local governments; And a combination of public/private partnerships to implement the plan. These elements ensured that the Tennessee Riverpark plan was not just another plan on a dusty shelf.

TABLE OF CONTENTS

CHAPTER	PAGE
I INTRODUCTION	1
BACKGROUND	1
PURPOSE AND SCOPE	3
RESEARCH QUESTIONS	4
Primary Research Question:	4
Secondary Research Questions:	4
LIMITATIONS OF THE STUDY	5
DEFINITION OF TERMS	5
METHODOLOGY	6
THESIS ORGANIZATION	7
II LITERATURE REVIEW	9
INTRODUCTION	9
HISTORY OF PUBLIC/PRIVATE PARTNERSHIPS	10
The Spanish Influence	11
Frontier Towns	11
Complex Partnerships For Some Towns	12
RECENT POLICIES	13
The Federal Urban Renewal Program	13
The Federal Community Development Block Grant Program (CDBG)	16
The Federal Urban Development Action Grant Program (UDAG)	18
RECENT TRENDS	20
Land Use Planning vs. Public/Private Partnerships	22
Public/Private Roles and Actors	24
Public/Private Actors	26
The Public/Private Partnership Spectrum	29
THE FUTURE FOR PUBLIC/PRIVATE PARTNERSHIPS	30
III CHATTANOOGA	34
HISTORY OF TENNESSEE RIVERFRONT CITY	34
The Creek and Cherokee Impact	34
Ross's Landing	37
The Civil War Era	38
The Industrial Impact	40
TVA's Development	40
ISSUES AND CHALLENGES CONFRONTING THE CITY	42
Economic Conditions	42
Social Needs and Concerns	49
Political Structure	54
THE CATALYST TOWARD PUBLIC/PRIVATE PARTNERSHIPS--	

PUBLIC/PRIVATE PARTICIPATION 55
The Invisible Hand 56
Visioning 57
THE RIVERCITY CO./RIVERPARK CONCEPTS 59

IV THE RIVERCITY COMPANY 62
HISTORY OF THE RIVERCITY COMPANY 62
The Chattanooga Riverfront Master Plan 63
The Need For A Non-Profit Development Corporation 65
The Greater Chattanooga Partnership 66
Private Seed Money 66
Board Members and Director selected 67
A New Year--1986 68
VISION OF THE ORGANIZATION 68
DEVELOPMENT PROGRAMS AND PROJECTS 71
Programs: 72
Projects: 73
FINANCING 75
Land Control and Assembly 77
Financial Incentives for Developers 78
FUTURE OF THE RIVERCITY CO. 80
Economic Aspects 80
Social Aspects 81
Political Aspects 82
The Public/Private Partnership Role 83

V THE TENNESSEE RIVERPARK--A PUBLIC/PRIVATE PARTNERSHIP 86
THE RIVER 86
The Tennessee River 86
The Tennessee Riverpark 88
THE OBJECTIVE 88
The Third Riverpark 89
The Environmental City 91
The Riverpark 92
THE PUBLIC/PRIVATE PARTNERSHIP 97
THE ACCOMPLISHMENTS 98
Riverpark Projects 98
THE TARGETS 104
Future Projects 104

VI CONCLUSION 107

BIBLIOGRAPHY 112

VITA 117

LIST OF FIGURES

FIGURE **PAGE**

1. LOOKING EAST TOWARD DOWNTOWN CHATTANOOGA SKYLINE 48

2. DIAGRAM SHOWING CHATTANOOGA SUBSTANDARD HOUSING CONCENTRATIONS 51

3. DIAGRAM SHOWING COST ANALYSIS OF TENNESSEE RIVERPARK EXPENDITURES 76

4. TENNESSEE RIVERPARK MASTER PLAN BY CARR, LYNCH ASSOCIATES 94

5. TIMELINE FOR TENNESSEE RIVERPARK PROJECTS, INCLUDING FINISHED PHASES 95

6. LOOKING SOUTH TOWARD CHATTANOOGA, THE MOUNTAINS, THE TENNESSEE RIVER, AND THE TENNESSEE RIVERPARK 96

7. COMPLETED SEGMENT OF THE TENNESSEE RIVERPARK 100

Chapter One

INTRODUCTION

BACKGROUND

UNITED WE STAND, DIVIDED WE FALL.

Motto of the State of Kentucky

Unfortunately, as the motto suggests, many partnerships end with a split. As goals, dreams, and ideas shatter with each split, new partnerships step forward to fill the voids. Richard Mughes, a New York High School History teacher, often said, "what man learns from history, is that man does not learn from history."[1] Fortunately, this is not always the case.

In a basic example, a partnership exists between the public officials of a city and the private community, made up of tax paying businesses, industries, and residents. The elected public officials promise to work for the private community, providing varied activities, programs, and services. The private community promises to provide a reasonable tax payment for the enjoyment of the general welfare. The reality in this case is that both partner's expectations can fail. For both partners, crime, poverty, and poor economic conditions can disrupt the harmony of the partnership. Then slowly, the city they both worked so hard to create, deteriorates.

This example is not so atypical for many cities. During the 1950's and 1960's, inner city populations declined as tax revenues and jobs withered away. National

---

[1]Richard Mughes, History lectures at Northstar Christian Academy in Rochester New York, 1984.

economic growth contributed to an explosion of suburban development activity, while many downtowns deteriorated and a new poor class moved in to replace those who left the city. The federal government, through the Urban Renewal Program, tried in vain to repair American cities. Faced with increasing financial problems, many states and cities began to independently seek ways to attract and promote growth.

Within the private community were knowledgeable, profit-motivated developers. Through a cooperative effort with developers, local governments realized they could gain more control over their community's future, while generating profits from joint projects.

> Local governments from New York to California are becoming equity partners in private real estate development--sometimes to create jobs, sometimes to balance the local economy, and sometimes solely for profit.[2]

As partners in real estate development, local governments have been able to pursue their land use planning policies while providing for downtown redevelopment.

Chattanooga, Tennessee provides a real life case study on public/private partnerships. Chattanooga is a typical example of a southern city built on a riverfront. Its early industrial efforts promoted a heavy dependence on steel manufacturing industries and chemical companies. Soon the city found itself faced with severe pollution problems along with a deteriorating downtown. During the late 1970's and early 1980's, Chattanooga's public and private sectors together created visionary plans for development and restoration along their riverfront and downtown. In 1982, the two local governments

---

[2]William Fulton, "The Profit Motive," Planning, (October 1987): 8.

together with the Lyndhurst Foundation provided funding for a long-range development plan for the Moccasin Bend. Located on the Tennessee River, this 600 acre piece of land contained culturally significant sites and artifacts from Chattanooga's history. Initial plan efforts revealed the need to create a development plan for more than the Moccasin Bend. Suggestions were made to develop a plan for 22 miles of land along the Tennessee River. An environmental design firm helped to create the Tennessee Riverpark master plan and suggested establishing a development corporation to implement the plan. Plan implementation began in the Spring of 1986 by the newly established RiverCity Company, a non-profit development organization. The RiverCity Co. used Public/private partnerships to complete the initial development phases of the Tennessee Riverpark. As a result of the RiverCity's efforts, the city has many new public parks, walking trails, fishing piers, housing, offices, commercial space, and its monumental $45 million Tennessee Aquarium.

PURPOSE AND SCOPE

The purpose of this study was to examine the RiverCity Company's public/private partnerships used on the 22 mile Tennessee Riverpark in Chattanooga, Tennessee from the Chickamauga Dam to the Marion County line. The study provided a detailed analysis of public/private partnerships, their origins, their development through federal renewal programs, and the public/private actors and their roles. This study examined historic, economic, social, and political elements of Chattanooga and the role they played in the

establishment of the RiverCity Co. and the Tennessee Riverpark. Finally, the study includes a summary of past, present, and future public/private partnership projects in the Tennessee Riverpark.

RESEARCH QUESTIONS

Primary Research Question:

How are public/private partnerships being used by the RiverCity Company to promote and develop the Tennessee Riverpark in Chattanooga, Tennessee?

Secondary Research Questions:

1) What constitutes a public/private partnership and who are the actors?

2) How have public/private partnerships shaped the American city and what federal programs or policies impacted their use.

3) Why are Chattanooga and Hamilton County involved in public/private partnerships and what are the costs and benefits associated with participation?

4) Why did Chattanooga desire riverfront development and how was this affected by the community visioning process?

5) How was the RiverCity Company started and what are its goal and objectives?

6) How has the Tennessee Riverpark impacted the local community and the

Tennessee River?

7) What effects did the Tennessee Valley Authority, large foundations such as the Lyndhurst foundation, and the State have on the Tennessee Riverpark?

LIMITATIONS OF THE STUDY

This study emphasizes the development projects within the Tennessee Riverpark through the efforts of the RiverCity Company using public/private partnerships. Some of the Tennessee Riverpark development projects were, and will continue to be, financially developed without the use of a public/private partnership. This study examines how the local government responded to the community's vision for the Tennessee Riverpark and the political, social, and economic results.

DEFINITION OF TERMS

- **Public/Private Partnership:** A public/private partnership is defined as "any mutual beneficial activity undertaken by government and business to solve community problems that yield benefits to both the private interest and the community at large."[3] Inherent in this partnership is the sharing of resources, expertise, and risk.

- **Community Development Block Grant (CDBG):** Created in 1974 by the Housing and Community Development Act of 1974, CDBG money is awarded in "blocks" to meet the needs and problems of communities. Administered by HUD. The program "seeks to develop viable urban communities by eliminating slums and blight, and providing decent housing and community

[3]John M. Gunyou, "Public-Private Partnerships for Economic Development: A Reference Manual for Local Government, (Denver, CO: Denver Regional Council of Governments), 1982: 142.

services and facilities, principally for persons of low and moderate income. The program is strongly oriented toward neighborhood development."[4]

- **Urban Development Action Grant (UDAG):** Created in 1977 by the Department of Housing and Urban Development (HUD). The program "was designed to target assistance to distressed cities that can put together a deal with the private sector for local economic development. UDAG projects must be ready for immediate implementation; they are intended to help revitalize local economic bases and reclaim deteriorated neighborhoods through commercial, industrial or residential development activities."[5]

METHODOLOGY

In order to answer the primary and secondary research questions, several methods were used in the study. First, a literature review of public/private partnerships was performed. An examination of past and present public/private partnership efforts focused on the role they played in the development of the American city. A review of federal programs and policies provided an understanding of why cities needed a more responsive means for community development--the public/private partnership. In addition, the literature review focused on the types of roles and actors in public/private partnerships and the their need in community development.

Extensive information was gathered from the Chattanooga public library and the Chattanooga News Bureau on Chattanooga, the RiverCity Company, the Tennessee Riverpark, and the public/private partnerships used to develop the Tennessee Riverpark. The following organizations provided useful information relating to the research

---

[4]Gunyou, 9.

[5]National Council for Urban Economic Development. "Neighborhood Economic Development," March 1978. Coordinated Urban Economic Development: A Case Study Analysis, Washington, D.C.: 9.

questions: the RiverCity Company, the Chamber of Commerce, Chattanooga Venture, Partners for Economic Progress, the University of Tennessee at Chattanooga, the mayor's and city council member's offices, and other city/county organizations. Interviews with members of city council, city social service providers, TVA staff, members of the Chamber of Commerce, county planning officials, mayor's staff members, and RiverCity employees and board members provided valuable insight and perspectives on the history, interactions, and challenges that are a part of the development of the Tennessee Riverpark and the RiverCity Co. They also provided useful information on the impacts that the Tennessee Riverpark has had on the social, economic and political elements of the community. In addition, the effects of large foundations and the Tennessee Valley Authority on the Tennessee Riverpark were examined.

THESIS ORGANIZATION

The organization of the thesis is as follows. Chapter Two consists of a literature review concerning public/private partnerships. The history of partnerships from Christopher Columbus to recent federal policies and trends provides insight on the importance of partnerships in establishing and developing our country. Chapter Three consists of a description of Chattanooga's history and its economic, political, and social conditions. The importance of Chattanooga's visioning process on the development of the RiverCity Company and the Tennessee Riverpark ends the chapter. Chapter Four describes the functions of the RiverCity Company and a history of its involvement with the

Tennessee Riverpark. Chapter Five discusses the importance of public/private partnerships for the Riverpark. It concludes with an analysis of the accomplishments and future directions of the project.

Chapter Two

LITERATURE REVIEW

INTRODUCTION

William Shakespeare said "the People are the City,"[6] but the reality of this statement is often far from many public official's minds. The existence, the need for a relationship between the private citizens and their local government is crucial to enable a properly functioning city. Inherent in this idea of a relationship, stems an age old idea for community development, namely a public/private partnership.

A public/private partnership is defined as "any mutual beneficial activity undertaken by government and business to solve community problems that yield benefits to both the private interest and the community at large."[7] In a guidebook for local government, the Urban Land Institute, together with the U.S. Conference of Mayors and the National Community Development Association prepared a comprehensive examination of the need and use for public/private partnerships. Within this guidebook, they defined a partnership this way: "A project development relationship in which the public sector assumes some of the risk or shares some of the costs normally borne by the private developer."[8] The important, realistic element of this definition is the presence of risk. The

---

[6]Kathlyn Gay, Cities Under Stress: Can Today's Systems be Made to Work? (New York, NY: Impact Books, 1985), 6.

[7]Gunyou, 142.

[8]U.S. Conference of Mayors, the National Community Development Association and the Urban Land Institute. A Guidebook for Local Government, 1979. Local Economic Development Tools and Techniques, Washington, D.C.: 23.

financial risks associated with real estate and economic development deter many local governments from taking the necessary steps toward establishing public/private partnerships.

There are many positive reasons for forming a public/private partnership. The primary reason for forming a public/private partnership is to create profit. "The public and private sectors have distinct skills and resources, particularly differing abilities to bear certain crucial types of risks. By allocating responsibilities and risks to the party most able to bear them, public/private partnerships can increase the predictability of a project's revenue stream and can perform with less strain."[9] In addition, "a public-private partnership works best when government continues to bear certain key risks and responsibilities."[10]

HISTORY OF PUBLIC/PRIVATE PARTNERSHIPS

The use of public/private partnerships is not a new technique, but its use as a tool for economic development has risen over the past twenty years. For thousands of years, societies used partnerships for numerous reasons, including one risky Spanish example that helped in the founding of our country: Christopher Columbus' expedition.

[9]Robert B. Pender, "Partnerships Offer Alternatives to Debt," Texas Town & City (June 1990): 513.

[10]Ibid., 515.

The Spanish Influence

On October 12, 1492, a Genoese sailor named Christopher Columbus and three sailing vessels discovered a tiny island in the Caribbean which Columbus claimed for Spain and named San Salvador. From this historic occasion, grew the eventual discovery and founding of our nation.

The discovery was made possible by a public/private partnership created between the Spanish monarchs, King Ferdinand of Aragon and Queen Isabella of Castile and the private adventurer Christopher Columbus. Columbus believed that he could discover a new profitable trade route to the Indies by sailing west. The Spanish monarchs, interested in the financial and maritime rewards associated with shortening the route, provided financial backing and three sailing vessels. On August 3, 1492, Columbus left Palos, Spain and soon discovered, what a German geographer later named, America.[11]

Frontier Towns

In addition to the founding of America, many early frontier towns in the West were a direct result of public/private partnerships. The frontier town had two major types of partnerships aid its foundation, the railroad and the Homestead Act. In 1862, Congress granted two railroad companies the Union Pacific and the Central Pacific, the right to build the transcontinental railroad. Working from opposite directions they met at

[11]Robert G. Athearn, "The New World." Vol. 1 American Heritage Illustrated History of the U.S. (New York: Choice Publishing, Inc., 1988) 22.

Promontory, Utah on May 10, 1869.[12] As a public/private partnership, the railroads received valuable land grants for every mile of track they laid. In return for their work, the federal government settled the West and improved nationwide communication and commerce.

Along with the transcontinental railroad, Congress passed the Homestead Act in 1862, which gave 160 acres of western land to anyone willing to live on the land and improve it for five years. In establishing this public/private partnership program, Congress had two goals: to ease urban overcrowding and to settle the West with small farms. Land ownership was determined through "great land rushes" where pioneer settlers obtained free land grants by personally staking a piece of land. "By the 1890's these farmers were turning the Great Plains into seas of wheat."[13]

Complex Partnerships For Some Towns

As cities in the East and West developed and expanded public/private partnerships were used in a variety of styles and ways, along with different public and private actors. Despite the widespread use of public/private partnerships, many proved to be quite complicated to assemble. One example of the difficulty and complexity of partnerships was the planning process for the Horton Plaza retail center that opened in downtown San Diego in 1985.

---

[12]Stephanie A. Hirsh, The United States: Its History and Neighbors, Landmark ed., HBJ Social Studies (Chicago: Harcourt Brace Jovanovich, Publishers, 1988), 444.

[13]Ibid., 444.

While city negotiators were working with developer Ernest Hahn, there were three mayoral elections, three economic recessions, spells of double-digit inflation that made interest rates soar, two lawsuits challenging the project, a change in ownership of the development company, four changes in major tenants, and enactment of the tax-limiting Proposition 13, which paralyzed public financing of redevelopment in California. To cope with these shocks, the negotiators came up with nine different design plans, three thorough overhauls of the basic deal, and dozens of minor amendments.[14]

RECENT POLICIES

The use of public/private partnerships continued into the twentieth century. The federal government played a major role in the development of many public/private partnerships especially for real estate projects. Through various federal programs, communities learned how to implement successful real estate partnerships with the private sector resulting in increased revenues, jobs, development projects, and revitalized communities. The first major federal program used to foster real estate partnerships was the federal urban renewal program.

The Federal Urban Renewal Program

In 1949, the federal government created the urban renewal program. It "strongly influenced joint ventures through a combination of public powers and the private purse."[15]

---

[14]Bernard J. Frieden, "Center City Transformed: Planners as Developers," APA Journal (Autumn 1990): 424.

[15]National Council for Urban Economic Development. "Public/Private Development Projects," March 1978. Coordinated Urban Economic Development: A Case Study Analysis, Washington, D.C.: 1.

The federal urban renewal process taught local governments how to create urban renewal by using the resources of the private sector.

During the 1950's and 1960's, urban renewal was the major federal aid program for the redevelopment of many American cities.[16] It taught cities how to play a more direct role in redevelopment projects. It also taught about real estate development from the perspective of an initiator. Instead of cities redeveloping sites, they initiated urban renewal projects by creating development plans, assembling land, providing infrastructure development, and then securing private developers to implement their plans.[17]

Long delays became evident with the program. "On average a city had to spend more than four years just to qualify a project for federal approval. Only then could city agencies start to assemble the necessary land, relocate people and business, demolish existing buildings, and sell the site to a developer. These operations took another six to nine years for the typical project."[18]

Along with the long delays, few cities had a good understanding of real estate development issues and concerns. The urban renewal program "directed city agencies to keep their distance from developers while they made plans for renewal projects."[19] An attitude of "we" and "they" often pervaded local economic development and land use

[16]Frieden, 424.

[17]National Council for Urban Economic Development. "Public/Private Development Projects," 1.

[18]Frieden, 424.

[19]Ibid., 424.

planning. Local governments considered the developer to be the "enemy". In turn, developers considered local governments to be an obstacle to development.[20]

The urban renewal program taught local governments to take their land use planning initiatives and enact them in an area. Unfortunately, local governments, inexperienced in the development process, produced many unsuccessful projects due to poor site and project selection and inadequate market studies. The "rubble problem" became a real problem for cities who had selected sites and projects, cleared the land, and then tried in vain to find a developer. Many chosen sites or projects were unmarketable or undesirable. Cleared land often lay idle for years and often resulted in a symbol of civic failure.[21]

Despite these lessons, local governments learned many positive lessons from the urban renewal program concerning economic development through public/private partnerships. Many communities learned valuable basic principles of real estate development which allowed them to implement successful public sector urban renewal projects. In addition, the urban renewal program was a real benefit to experienced local governments, whose competent staff utilized grant monies to encourage successful development in line with their planning policies.

Local communities using urban renewal programs were confronted with new pressures. "National recognition of an urban crisis in the 1960s, coupled with economic

---

[20]Allan A. Hodges, "Accord Advocated For Developers, Local Officials," Washington Post, 12 October 1974, 25(E).

[21]Frieden, 424.

upheavals that began with the oil shortages of 1973--rampant inflation, slow economic growth, and declines in real family income,"[22] encouraged local officials to take responsibility for economic development projects. Concerned and affected communities voiced their need for local governmental support and aid. Many local governments looked toward tax increases as a means of financial protection, but received negative voter approval. The situation continued to deteriorate when in 1974 Congress phased out the federal urban renewal program.

The Federal Community Development Block Grant Program (CDBG)

In 1974, after the elimination of the federal urban renewal program, Congress created the CDBG. The Community Development Block Grant provided additional funds to aid unfinished projects started through the federal urban renewal program. "The primary objective of the CDBG program, as expressed in the 1974 authorizing legislation, is to develop viable urban communities by providing decent housing, a suitable living environment and expansion of economic opportunity, principally for persons of low and moderate income."[23] The program limited itself to physical renewal and maintenance, thus restricting new community development. In 1977, Congress passed a federal amendment that broadened the capabilities of the CDBG to include economic development activities. The new objectives of the program included, "the alleviation of physical and economic

---

[22]Frieden, 424.

[23]National Council for Urban Economic Development. "Coordination of Community & Economic Development," March 1978. Coordinated Urban Economic Development: A Case Study Analysis, Washington, D.C.: 2.

distress through the stimulation of private investment and community revitalization in areas with population outmigration or a stagnating or declining tax base."[24]

The focus of CDBG projects are often short term, as compared to the urban renewal program. Considering the length of political terms for most public offices, short term projects allow more public sector achievements, but on a smaller development scale. The CDBG program also encourages local governments to use citizen participation in development decisions. Citizen participation, under the CDBG program, does not limit itself to one project. Instead, the CDBG program encourages citizens to be a part of a joint public/private effort in deciding the needs and concerns for their community, concerning planning policies and project considerations.

According to a 1978 study, "in practice, the Community Development Block Grant program has not been a major resource for local urban economic investment strategies."[25] But in recent years, it has gained more use as an economic tool, although it had to overcome several disabling factors. The CDBG program had to overcome "the legacy of HUD programs, legislative restrictions on the CDBG program, local political constraints and HUD's administration of the program."[26]

For many cities, CDBG's have been very useful for community development and redevelopment. Communities with deteriorating downtowns have applied CDBG funds to enable urban redevelopment. The redevelopment projects often pave the way for further

---

[24]National Council for Urban Economic Development. "Coordination of Community & Economic Development,". 2.

[25]Ibid., 3.

[26]Ibid., 3.

development initiatives around the blighted area., which often results in a flurry of development activity around the blighted area. In addition, the flexibility of the CDBG funds allows them to be used as matching funds for other grants or urban economic development projects.

The Federal Urban Development Action Grant Program (UDAG)

The Carter administration examined the success of public/private partnerships between developers and cities. The Carter Administration decided that federal policy, different from the urban renewal program and in support of the CDBG program, could encourage and enhance public/private partnerships.[27] In 1978, the Carter Administration acted upon this decision and created the Urban Development Action Grant. With little federal red tape, local governments applied for and received federal grants to encourage large strategic partnership projects.

To be eligible for UDAG dollars, the Department of Housing and Urban Development (HUD) had to designate cities as distressed. Distressed communities received awarded UDAG funds through national project competition. Contrary to the CDBG program, cities and counties as a whole did not have to qualify as distressed by HUD. Instead, communities identified areas of poverty within the cities or counties and submitted this information to HUD. In addition, cities did not have to provide matching funds for the projects.

---

[27]Frieden, 425.

The UDAG program provided for all types of projects including: luxury hotels, convention centers, shopping centers, nursing homes, movie theaters, and middle and moderate income housing. The UDAG program also provided tangible and intangible benefits to the distressed communities through increased tax revenue, new jobs, and a higher social esteem. The traditional fear of the "government program" diminished as cities saw that both public/private partnership projects and the federal UDAG program were feasible for economic development. In 1982, one report listed the UDAG program as possibly being "the most successful urban initiative ever launched by the federal government."[28] In fact, in three years the UDAG program produced the following results:

- Over 250 million new permanent jobs of which more than half are accessible to low income persons.
- The retention of 100,000+ jobs that would otherwise have been lost.
- The creation of 225,420 temporary construction jobs.
- $11 billion of private investment.
- Construction of almost $53,000 new housing units and the rehabilitation of over 28,000 units.
- $324 million annually in new local government revenues.[29]

The UDAG was beneficial to cities in other ways as well. "It taught cities to bargain with developers for such advantageous features as loan paybacks and profit

[28]Gloria, H. Fitsgibbons, U.D.A.G. A Public/Private Partnership (Pittsburgh, PA: Innovations Press, 1982), 10.

[29]Ibid., 1.

sharing."[30] "When it comes to negotiating major redevelopment projects, the folks in the nation's city halls are becoming downright entrepreneurial. In return for aiding developers with the financing of new hotels and shopping centers, cities are demanding a slice of the action."[31] "Democrats and Republicans alike sang the virtues of 'public-private partnerships' and even professional associations of public officials urged their members to act like entrepreneurs in order to revitalize cities."[32] The bold entrepreneurial partnerships were a positive example of the financial rewards communities could gain along with development projects. Communities also learned that they could use developers to provide public amenities such as parks and walking trails to their project site. Public officials were now able to pursue public objectives without the shortcomings associated with tax increases. "In short, the new style of negotiated development gave cities the opportunity to deliver a private project that was responsive to public interests."[33] Redevelopment projects that seemed hopeless to communities, were now profitable.

RECENT TRENDS

Social issues are a concern for many communities. Despite the many public/private partnership projects that cities and developers initiated many answers were not being found for social problems. Private developers participated in public/private

---

[30]Frieden, 425.

[31]Robert Guenther, "Cities Getting Part of Profits For Giving Aid to Developers," Wall Street Journal, 29 September 1982, 35.

[32]Frieden, 426.

[33]Ibid., 425.

partnerships for the result of making a profit. This fact alone made it difficult for social issues like the provision of low-income housing to be properly addressed. The financial returns for low-income housing projects were so low that many developers often overlooked any proposal to develop these kinds of projects. In addition, some developers claimed that many cities were creating unfair monopolies by favoring only certain developers for partnership projects. Some developers went as far as filing anti-trust suits on municipalities. In 1984, Congress stepped in and exempted local municipalities from paying anti-trust damages. Legally, municipalities are barred from engaging in anti-trust partnerships.[34] Anti-trust suits cause concern for local governments and require careful consideration when a developer is being selected.

Not all communities have serious redevelopment concerns and issues. In some communities, the lack of federal funding and programs and their inability to raise new taxes produces an urgent need for financial help. The documented financial benefits of public/private partnerships inspires them to make use of this development tool. "Strapped by financial problems, determined to gain more control over their community's future--and their treasuries--these local jurisdictions aggressively and unabashedly use every ounce of power at their disposal."[35] Other communities, not necessarily strapped by financial problems, seek the financial rewards in real estate that only private corporations usually pursue. As an active partner in real estate development, local governments provide equity to aid in the financing of real estate projects. By providing equity, local governments gain

[34]Fulton, 10.

[35]Ibid., 6.

percentages of the rents and growth in the projects' values, but increase risk. Acting as a passive development partner, local governments can reduce their financial risk by aiding a project with the issuance of infrastructure bonds.[36] Rick Pederson, research director for the Frederick Roth Company in Denver said, "almost every city in the country is going to come to understand how important real estate development is to the city's economic health."[37]

Public real estate development goals and objectives vary from agency to agency and city to city. Despite differences in the type of agency or city, most public real estate projects attempt to:

- Redevelop blighted areas;
- Generate ground lease income and participation in cash flows;
- Increase the tax base;
- Develop public spaces and public amenities; and
- Create jobs.[38]

Land Use Planning vs. Public/Private Partnerships

More local governments turned toward the use of public/private partnerships. The reduction of federal assistance produced local governments more on their own than they had been in decades.[39] As a result, local governments turned toward the use of

---

[36]Fulton, 6.

[37]Ibid., 6.

[38]David E. Dowall, "The Public Real Estate Development Process," APA Journal (Autumn 1990): 505.

[39]Fulton, 7.

public/private partnerships to foster the creation of tax revenues and jobs. Planning departments were used to help with the development efforts. According to Fulton, "planners working in a market-oriented environment became so wrapped up in deal making or in short-term goals (revenue, jobs, a low vacancy rate) that they ignored sound land-use planning."[40] The involvement of planners and local officials in the real estate market raised a concern that they would become nothing more than real estate deal makers. "In the long run, a healthy local real estate market and good long-term planning may not be incompatible. It remains to be seen how well planners can learn to accommodate the one without losing sight of the other."[41]

On the positive side of public/private partnerships, local land use plans are being used as developers implement projects that address community objectives.[42] Local land use plans, painstakingly developed and distributed, promote planned growth in and around a community. In a Washington Post article, Allan Hodges contends that many communities do not follow or properly use their land use plans in guiding development decisions.[43] But, through the assertive, reactive decisions of local governments, partnerships are merging enterprising public land use planning with private profit-oriented efficiency.[44]

---

[40]Fulton, 10.

[41]Ibid., 10.

[42]Hodges, 25 (E).

[43]Ibid., 25 (E).

[44]Ibid., 25 (E).

Public/Private Roles and Actors

The public sector's interest in development is to improve the economic base and to help achieve social goals, such as employment opportunities for low and moderate income people. The private sector's interest, on the other hand, is to invest their capital for a profit and to create a supportive environment for business activity.[45] Through public/private partnerships both sector's interests may be obtained. The roles played and the actors involved vary considering the development need.

As partnership projects become more common, the differences between the public and private roles are becoming more blurred. Many public sector actors provide traditional private sector roles such as real estate leasing and selling. On the other hand, the private sector is providing many traditional public sector roles such as waste water management, trash collection, low income housing construction and maintenance, and even jail management.

To develop a successful public/private partnership, the public sector should accept certain responsibilities. These responsibilities include having an understanding of the real estate development process, an understanding of financial real estate aspects and legal limitations, a commitment to clear land use planning goals and policies, and a willingness to cooperate.[46] Apart from these responsibilities, there are three major roles that the city can play: facilitator, financial partner, and developer. A city may use a combination of these roles or it may select one.

---

[45]National Council for Urban Economic Development. "Public/Private Development Projects," 1.

[46]Hodges, 36 (E).

Public Sector Roles:

1. **The City as Facilitator:** This role can involve more than just helping with zoning variances. It can "take the form of offering tax abatements, issuing industrial development revenue bonds, making a commitment to lease space in the development, arranging for loan guarantees, assigning city staff members to assist in planning the project, etc."[47]

2. **The City as Financial Partner:** As a financial partner, considerable more risk is involved. The city may take part in providing grant money or it may issue general obligation bonds. Negotiations with the private developer determine the need and extent to which the city may involve itself.

3. **The City as Developer:** This role involves the most risk and is the least common for a city to use. As a developer, the city works uses the private sector in a secondary role. Importantly, even as developer, the city uses the private sector in a secondary role. "After all, the private sector has been playing the development game much longer than have city governments."[48] The presence of the private sector, reduces the possibility of project default and thus the perceived risk.

The private sector is concerned with self-preservation, but partnerships expand their community consciousness as well. Acting alone, the private sector may run into problems with their project not meeting public sector goals or needs. The public sector will try to make the project fit their needs. Costly delays and turmoil often result for the private sector. Having the city as a partner, instead of an opponent, improves the possibility of both sectors accomplishing their goals.

Private Sector Roles:

1. **Expert:** The private sector's greatest attribute is its level of expertise. The complexity and variety of development projects makes it difficult for a local

[47]U.S. Conference of Mayors, the National Community Development Association and the Urban Land Institute, 24.

[48]Ibid., 25.

government to understand and properly analyze all the necessary components of a project. Through the private sector, specialized developers can apply their skills to specific projects. Financial institutions and even public officials are more willing to lend to a project knowing that expertise and shared risk are involved in a project.

2. **Fund Supplier:** The private community can provide necessary financial backing, whether through private capital markets or through private foundations and charitable donations. Unlike the public sector, the private sector can generally raise the funds quicker and easier. The public sector can face certain political or economic restraints in trying to raise needed venture capital.

3. **Implementor:** The role of implementor is important to the local community. Generally, the private sector chooses development projects that fall short of aiding the social and economic goals of the public sector. Through a partnership, the city selects a developer to implement their goals, while making it financially attractive.

Public/Private Actors

Due to certain political, economic or social pressures, a city's role may be carried out by a different actor. Apart from the local government as an actor, there are a variety of agencies that work for the benefit of the public sector.

Public Actors:

1. **Quasi-Public Development Corporations:** These are one of the most commonly used actors for public/private partnerships. "They are special purpose corporations formed with the specific purpose of carrying out development projects on behalf of the city."[49] The RiverCity Co. is an example of a quasi-public corporation. It is a non-profit corporation created by public and private agencies to implement and develop the Tennessee Riverpark.

2. **Redevelopment Agencies:** Communities establish redevelopment agencies to help "negotiate complex agreements in which the city and the developer come to

[49]Vincent Lim, "The Application of Public/Private Partnerships in Real Estate Development" (Graduate thesis, University of Tennessee, May 1993), 15.

terms on project responsibilities and on public benefits to be provided by the developer."[50] Redevelopment agencies act as co-investor's, assembling land for projects and contributing infrastructure, equity, and/or special regulatory permission.[51]

3. **Public Authorities:** Public Authorities act as developers of projects and carry out a full range of development functions. Some port authority's initiate projects and manage the property, others lease sites to private firms. An example of a public authority that carries out a full range of development functions is the Port Authority of New York and New Jersey.[52]

4. **Transportation Agencies:** . Acting independently with the private sector, some transportation agencies perform vital partnerships, developing office/commercial projects around highway interchanges.

5. **Nonprofit organizations:** Nonprofit organizations carry out community development needs and concerns by using partnerships. Many nonprofits are involved in providing valuable low income housing or downtown revitalization.[53]

Private Actors

Private actors are playing many crucial roles in today's economy. The private sector has many specialized professionals that are often better able to meet the needs of a city than the local government. Additionally, the ability of the private sector to take on certain government functions helps to reduce government expenditures. In 1983, the sum of government expenditures--federal, state, and local--was about $1.2 trillion. The nation's total output was around $3.3 trillion, which meant that government expenditures represented about one-third of the nation's output. As community's demand more

[50]Frieden, 423.

[51]Ibid., 423.

[52]Ibid., 423.

[53]Ibid., 423.

services, the level of output increases. Furthermore, welfare payments and correctional facility programs, which transfer income from one private citizen to another, have increased. Public/private partnerships provide a solution to the dilemma by allowing private sectors to take over government functions, such as waste collection, and thus reduce government expenditures in this area.

Private Actors:

1. **Private Developers:** The most common private actor in economic development is the developer. The developer provides expertise and specialization to public sector projects.

2. **Financial Contributors:** Financial needs and concerns are primary to a development project. Private banks and/or private donors provide valuable financial resources to both public and private actors. The risk involved in many public sector projects is reduced by the presence of knowledgeable, profit oriented private actors. For this reason, many financial providers are more willing to provide financing, even though the project site area may be in a deteriorated area.

3. **Private Contractors:** Many private contractors are being used in public/private partnerships as both minor and major actors. Local governments are using architects, engineers, consultants, developers, etc. to provide important aid to projects. The local government retains control of the development project, but uses private resources, instead of their own staff, to provide a expertise to a project. Some private contractors are becoming major actors by taking over entire service functions for a city. The local government still retains the ability to decide what changes should occur to improve the service, but their burden of providing the service is carried out by a private, profit oriented private contractor.

The Public/Private Partnership Spectrum

Public/private partnerships create a beneficial relationship for both: the public and the private sectors. The interplay between the two sectors is shaped by a number of variables. These include such elements as the timing of development, sharing of risk, level of involvement, financing, and other variables. If these two sectors were placed on a spectrum, one would find the private sector at one end and the public sector at the other end. At the private sector end, the private sector is in complete control of project decisions, goals, and objectives. The primarily motivation here is private gain. Similarly, at the other end of the spectrum the public sector has complete control of project decisions. Here, the public sector seeks to fulfill the goals and objectives of the general public. Located at the middle of the spectrum is a reciprocity between the two sectors. The private and public sectors equally cooperate in development activity and view each other's action and involvement as important to the overall development process. The private sector at this point feels comfortable to work on a project without having to fight against City Hall. The city in turn gains from the project with economic, social, and political benefits. "A developer may be in the game for personal profit, but mayors can certainly use some political profit, and cities need the economic 'profit'(jobs, income, tax ratables) a successful development project can generate. For all the players, then, profit is the name of the game."[54]

To start a partnership, one sector initiates a project idea and presents it to the other sector. After this point, there are no set rules or structures to determine what actors

[54] U.S. Conference of Mayors, the National Community Development Association and the Urban Land Institute, 25.

should be involved or what roles they should play. Depending on the circumstance and the goals, different actors may be involved at certain points of the development process and additional actors may enter the process during later stages. In a development project, various stages or phases can be established by a master plan to help organize a program. In developing a master plan, certain partnership efforts may be required. Additional partnerships may be used to implement the stages of a plan, and others for the maintenance of a completed project.

In Chattanooga's example, the RiverCity Co. was created by public/private partnerships in the early 1980's. Then the RiverCity Co. used partnerships to develop phases of the Tennessee Riverpark. In addition, partnership efforts are enabling the continued maintenance and operation of Riverpark projects. If placed on the spectrum, the RiverCity/Riverpark public/private partnerships would be located just past the middle, closer to the public sector's control.

THE FUTURE FOR PUBLIC/PRIVATE PARTNERSHIPS

"The rebuilding of downtown and of waterfront areas in large cities are the chief testimonials to the effectiveness of public sector development. Cities that were believed to be on the point of collapse 20 years ago have brought their centers back to life despite federal aid cutbacks and taxpayer revolts . . . such showpieces as Battery Park City in New York, Copley Place in Boston, Washington's renovated Union Station, Nicollet Mall in Minneapolis, The Grand Avenue in Milwaukee, Seattle's Pike Place Market, Bunker

Hill in Los Angeles, and Mission Bay in San Diego" are all products of public/private partnerships.[55] Public/private partnerships provide many equitable benefits to both the public and private sector.

Today, all levels of society use public/private partnerships. Federal, state, and local governments learned that the private sector could be a positive force in providing for the public need and interest. Still, there are those who raise questions and concerns regarding the true objectives of public/private partnerships. The issue of "public interest" versus a local government's personal interest is a concern. The "public interest" is used to define a community's public needs and concerns, also known as the general welfare. As a local government, provision for the public interest should be the primary concern. When our "founding fathers" ratified the Constitution of the United States on June 21, 1788, it was done to establish the best frame of government to promote the general welfare:

> We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.[56]

The Constitution, as written, promotes a "more perfect union", which means states must act as partners and should promote for the "general welfare." Public/private partnerships promote a more perfect union between the public and private sectors, but it is difficult to promote the general welfare all the time.

---

[55]Frieden, 426.

[56]Paul M. Angle, By These Words (Boston: McNally Press, 1968), 152.

Generally, partnerships "flourished mostly in projects and places where developers could hope to earn large profits if they were successful."[57] For this financial reason, partnerships typically promote downtown or waterfront projects. There is little evidence that public/private partnerships have benefited the outlying neighborhoods of cities. The need for new low-income housing and revitalization in outlying areas is a vital concern for local governments. Some critics feel that for the public interest to be established or protected, certain political or economic changes should occur.

Traditionally, urban research has held the premise that the growth or decline of a city was due primarily to key political, social, or economic factors.[58] From a political standpoint, it appears common sense to think that a city with a strong mayor should be a growing, prosperous community. But other cities have grown without strong mayors, such as Dallas and Minneapolis.[59] In addition, a strong mayor cannot promise good relationships with the private sector. In a social sense, factors of age or climate should be crucial to the development of cities. But older, climatically colder cities like Baltimore and Chicago are continuing to show progress in their redevelopment and renewal. From an economic sense, studies suggest that if a city had a major corporate headquarters, then this helped make the city prosperous. On the other hand, Baltimore has done very well without any major corporate headquarters.[60]

---

[57]Frieden, 426.

[58]Scott R. Fosler and Renee A. Berger, Public-Private Partnership in American Cities (Lexington, MA: Lexington Books, 1982), 8.

[59]National Council for Urban Economic Development. "Public/Private Development Projects," March 1978. Coordinated Urban Economic Development: A Case Study Analysis, Washington, D.C.: 2.

[60]Fosler, 9.

Communities have used the partnership approach regardless of their political, economic, or social climate. The role that a city plays is dependent on the amount of financial and political risk it is willing to assume. The flexibility of partnership roles allows them to be used in a variety of manners and circumstances. "Public-private cooperative activities in all communities are nearly limitless from the perspective both of time and function. To observe them and define them is a matter of personal attitude. One person's cooperative venture is another's sinister cabal . . . indeed, cooperative activities would be extremely difficult to achieve if the necessity and desire to work together had not been established and become a widely held value in the community."[61] Public/private partnerships have been closely examined and used for the benefits of community goals and objectives. They have evolved in different forms and ways, while improving the way in which communities work and live. "As long as the pressures continue for cities to undertake development projects, avoid tax increases, push developers to supply public benefits, and show early results, public sector development will make sense."[62]

The widespread use of public/private partnerships and the impact they have had in revitalizing cities can be summarized in a statement by Jane Jacobs in her book, *The Death and Life of Great American Cities*: "Vital cities have marvelous innate abilities for understanding, communicating, contriving, and inventing what is required to combat their difficulties . . . Lively, diverse, intense cities contain the seeds of their own regeneration, with energy enough to carry over for problems and needs outside themselves."[63]

---

[61]Fosler, 289.

[62]Frieden, 427.

[63]Jane Jacobs, The Death and Life of Great American Cities (New York, N.Y.: Random House, Inc., 1993), 584,585.

Chapter Three

CHATTANOOGA

HISTORY OF TENNESSEE RIVERFRONT CITY

Chattanooga is located at the juncture of Tennessee, Alabama, and Georgia, in the Tennessee valley between the Appalachian and Cumberland mountain ranges. On the north end of the city is Signal Mountain, Lookout Mountain to the south, and Missionary Ridge lies through the eastern edge of the city. Added to the natural beauty of Chattanooga is the Tennessee River, which flows through the city.

Chattanooga has a history identified with Indians, pioneer railroad construction, early industrialization, epidemics, floods, economic failure, and revitalization.

The Creek and Cherokee Impact

In 1796, Tennessee became a state with three quarters of its land belonging to the American Indians.[64] The name Chattanooga comes from a Creek Indian phrase "Chado-na-ugsa", which translated means "rock that comes to a point."[65] Chattanooga is often confused as being first inhabited by the Cherokee Indian, which gave the state of Tennessee its name, *Tenassee* or *Tannassee*. Instead, the Creeks were the first known Indians to live in the Chattanooga area. The Creeks were called the Dallas people and

---

[64]Linda Schmitt Roth and Mary Kay Rosteck, Cities of the United States, 2d ed., vol. 1 The South (Washington, D.C.: Gale Research, Inc., 1994), 399.

[65]Gilbert E. Govan and James W. Livingood, The Chattanooga Country 1540-1976: From Tomahawks to TVA, 3d ed. (Knoxville, TN: The University of Tennessee Press, 1977), 21.

were a part of the great Muskhogean tribe.[66] In 1540, Fernando De Soto encountered the Creeks in an area thought to be at the junction of Tennessee and Alabama. Following in Christopher Columbus' footsteps, De Soto ventured from Florida into the wilderness to claim land for the Spaniards. During his journeys in Florida, he supposedly found sacred waters containing the "fountain of youth".[67] After De Soto's journey into the mountainous regions of Chattanooga, it took many years for white settlers to relocate into the area.

The Cherokee Indians moved into the land after the Creeks. Encompassing approximately 40,000 square miles of land, the Cherokee country was very broad. It extended from the southern edge of the Appalachian foothills north towards the Ohio river.[68] "They were an intelligent people, and despite the political network which enmeshed them, they developed into one of the most highly civilized of American Indian tribes. This progress fortified their desire to live among their native mountains and rivers, and rendered their futile struggle even more tragic."[69]

During the beginning of the eighteenth century, the Cherokee Indians faced little pressure from English and French colonization. The mountains they cherished, provided a temporary barrier from the colonies westward expansion from the Atlantic coast. Through trading, the Indians developed contact with the white settlers. Dishonest traders,

---

[66]Govan and Livingood, 18.

[67]Reps, 27.

[68]Gilbert E. Govan and James W. Livingood, The Chattanooga Country 1540-1951: From Tomahawks to TVA, (New York, NY: E.P. Dutton & Company, Inc., 1952), 23.

[69]Ibid., 24.

coupled with physical mistreatment deteriorated relations with Indian tribes. The British tried to start a good relationship with the Cherokee Indians by taking a group of Cherokee leaders to England to meet King George II. At first this relationship proved successful for the British. The Cherokee people allowed the establishment of Fort Loudoun near their tribal headquarters in East Tennessee.[70] After the victories of the French, during the French and Indian War in 1954, tension developed.

The early settlement years in American history were difficult ones for the Cherokee people. The Cherokees survived the Revolutionary War and the War of 1812 retaining a portion of their homeland. The new federal government, with the establishment of formal state boundaries and policies, revoked the Cherokees privilege to their land.

On June 26, 1827, the Cherokee people adopted a written constitution for the Cherokee Nation and in 1828, John Ross became the first elected Principal Chief under the new Constitution.[71] In 1834, Ross established the Cherokee Nation just across the Georgia-Tennessee border at a Cherokee trading post called Ross's Landing.[72] This Tennessee post would be the last stronghold that the Cherokees would hold in the East until decades later. In 1836 a Federal treaty, signed with the demoralized Cherokee Nation, relinquished Cherokee land rights. For their land, the Cherokees received $5,000,000 plus 7,000,000 acres of land in the West.[73] In 1838, the Cherokee Nation

---

[70]Govan and Livingood, 25.

[71]Ibid., 75.

[72]Roth and Rosteck, 399.

[73]Govan and Livingood, 90.

embarked from Ross's Landing toward their new homeland across the Mississippi. This journey called the "Trail of Tears", took them through harsh wilderness and bad weather. "Recognized as one of the most shameful episodes in American history, more than one-half of the 16,000 native Americans died along the way or upon arrival," including Ross's wife.[74]

Ross's Landing

Chattanooga grew as a white settlement on land north of Ross's Landing. The settlement resided in Hamilton County, named after Alexander Hamilton in 1819. After the removal of the Indians in 1838, the county expanded south of the river to encompass Ross's Landing. The settlement became known as Ross's Landing and was "hastily built without any regard for any order or streets."[75] At a public meeting in 1838, a suggestion was made to change the name of the city. One man suggested the name Chattanooga affirming, "it was homelike, it was local and was the name of a valley and creek in the neighborhood, and . . . was the original name of Lookout Mountain."[76] "The final step to make Chattanooga the official name of the community occurred December 20, 1839, when the General Assembly of Tennessee passed an 'act to establish the Town of Chattanooga in the County of Hamilton and to incorporate the inhabitants thereof.'"[77]

---

[74]Roth and Rosteck, 400.

[75]Govan and Livingood, 97.

[76]Ibid., 108.

[77]Ibid., 109.

Chattanooga grew in part by the use of the Tennessee River and in the 1850's by pioneer rail transportation. The Tennessee River was fairly unpredictable for safe passage through the mountains. Low water levels and rough waters made it difficult for barges or riverboats to get up to the southern end of Chattanooga. "To get up and down the Tennessee, one needed not only to combine the virtues of the horse and the alligator, but add something of the frog, the snapping turtle, raccoon, buffalo, and shikepoke."[78]

By 1840, few traces of the Indian days remained. Chattanooga continued to grow as a town built on river trade. The county population reached 8,175, with Chattanooga's city population around 2,500. The opening of the Western and Atlantic railroad was a major resource in the development of Chattanooga. Owned by the state of Georgia, the Western and Atlantic railroad provided safe passage from the Atlantic seaboard of Savannah to its final destination in Chattanooga. "When the Georgia officials named Chattanooga the northern terminal of the Western and Atlantic, they made the most important decision of the town's history."[79]

The Civil War Era

Chattanooga, unlike the typical southern town, did not have many southern plantations. Its poor soil conditions limited the amount of farming and agriculture. The lack of agriculture trade reduced the city's dependence on slave labor. In 1850 the city

---

[78]Donald Davidson, The Tennessee: The Old River-Frontier to Secession (New York: Rinehart & Co., 1946), 7.

[79]Govan and Livingood, 129.

had a total black population of 457, half of which were "free Negroes."[80] The mounting crisis over the slave trade did not concern many of Chattanooga's residents. In Hamilton County, the proportion of slave-owning families was one family in twenty-five. Generally, the residents of Hamilton County wanted to protect the solvency of the Union, but they did not want a war over slavery. When it came down to the presidential election, all of Hamilton County voted for the conservative John Bell, a native Tennesseean. In fact, Abraham Lincoln did not receive a single vote from the state of Tennessee. The confederacy grew in power during this time and each state voted on a secession resolution. By a vote of 104, 913 to 47, 238, Tennessee voted for secession and became a part of the Confederacy. Hamilton County and the rest of East Tennessee cast 32,923 dissenting votes trying to avoid the breakup of the Union.[81]

In 1861 the war started between the Confederate and Federal armies. Chattanooga managed to stay out of the conflict for a while, but the importance of their railroad and river access changed everything. The Battle of Chickamauga, the Battle of Lookout Mountain and the Battle of Missionary Ridge in 1863 broke the Confederate defenses. "According to Confederate General D.H. Hill, 'Chattanooga sealed the fate of the Confederacy."[82] After the Civil War, one of their present day industries began--Tourism. Advertisers spent much time and effort promoting the civil war battlefields. The effects of tourism helped to bring recovery after the war.

---

[80]Govan and Livingood, 161.

[81]Ibid., 180.

[82]Roth and Rosteck, 400.

The Industrial Impact

From a socio-economic perspective, Chattanooga residents comprised all the states of the Union and included quite a few foreigners. Developing early as an industrial city, Chattanooga's residents promoted flour mills, woodworking plants, tanneries, and packers. Smelting and iron work mills became one of Chattanooga's strongest industries due to the abundance of charcoal and brown ore found in the area. In 1899 the Coca-Cola bottling company opened its first franchised plant in Chattanooga, which remains a viable company today.

Numerous natural disasters caused severe economic problems. Fires and floods were common during the late 1800's and early 1900's, but yellow fever and cholera epidemic's were more frightening. In 1867, Chattanooga experienced the largest state flood on record at 56.8 feet. "It washed away the city's only bridge spanning the Tennessee River. Chattanooga remained without a bridge until it built the Walnut Street Bridge in 1891."[83]

TVA's Development

Through the beginning of the twentieth century, Chattanooga struggled with the detrimental impacts of the river. In 1933, President Franklin D. Roosevelt suggested the need for an organization to combine the resources of the valley and promote river control. He suggested the creation of "a corporation clothed with the power of government but

[83]Roth and Rosteck, 400.

possessed of the flexibility and initiative of a private enterprise."[84] After the Great Depression, the United States Congress created the Tennessee Valley Authority (TVA). The TVA proved to be the most successful part of Franklin D. Roosevelt's New Deal programs. The act that created the TVA states that it is:

> To improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.[85]

On Labor Day in 1940 Franklin Roosevelt dedicated the 5,800 foot (129 feet high) Chickamauga Dam just north of Chattanooga. It was the sixth dam built by TVA and solved one of Chattanooga's greatest problems to development--the unpredictableness of the river inhibiting river traffic. In 1941, Chattanooga's reputation benefited as it became the center for all TVA power operations. The outbreak of World War II in 1941 caused rations on all sorts of goods. The availability of fairly inexpensive hydroelectric power through the TVA provided many war production jobs in the valley and promoted economic growth for Tennessee.

The city of Chattanooga, built within the mountains' valley and on the Tennessee River, was significant in the establishment of the Nation. It moved from the voyages of Indians and settlers on horseback, to rail and river travel, and then to the use of the

[84]Govan and Livingood, 449.

[85]Ibid., 450.

automobile as the major form of transportation. "From their struggles have emerged sturdiness of character, an inexhaustible perseverance, and an optimistic view of the future."[86]

ISSUES AND CHALLENGES CONFRONTING THE CITY

During the late sixties and early seventies Chattanooga faced serious declines in economic and social areas. Chattanooga's present political system is fairly new and looks to citizen participation as the key to ending economic and social problems. Public/private partnerships are being used successfully in a variety of ways to improve Chattanooga's economic and social concerns.

Economic Conditions

As previously mentioned in chapter two, the 1970's experienced considerable economic problems. "Moreover, in the 1970s and early 1980s our economy often has been deviled by 'stagflation': a combination of increased unemployment and increased inflation."[87] Local government's struggled to find ways to provide for the needs of its residents. Public sentiment changed in their attitude toward the government. People seemed more inclined to question the government's capacity to solve the difficult social problems that confronted the nation. Public-opinion polls reflected public irritation

[86]Govan and Livingood, 3d. ed., 504.

[87]Edwin Mansfield, Principles of Microeconomics, 5th. ed., (New York: W.W. Norton & Company, 1986), 6.

toward what they regarded as excessively high taxes. "In 1978, California's voters supported Proposition 13 by nearly a 2-to-1 margin. Proposition 13 called for a 57 percent cut in the property tax and decreed that no local tax may increase by more than 2 percent per year."[88] "At the local level, the most important form of taxation and source of revenue is the property tax."[89] National reductions in public taxing authority increased the difficulty of providing public services. In 1980, Ronald Reagan won the presidency of the United States in part by promising to get the government "off the backs" of citizens.[90] Federal assistance became difficult to find and the local community was left to carry the burden. Cut off from federal assistance programs and unable to gain increases in public taxes, many communities found help through local public/private partnerships.

Similar to the rest of the nation, Chattanooga faced serious economic and environmental problems. Their deteriorating industrial community had severe pollution problems. Pollution levels were so high in the city that drivers turned on their headlights during the daytime. It received an unpopular award for the "most polluted city in America," but it lacked the financial funding to change. Fortunately, the citizens of Chattanooga were willing and competent partners in the local government's struggle. The private community rallied behind their local officials and cooperatively established goals and objectives for community wide economic growth and recovery. These objectives stated who they were, what resources they had, and where they wanted to go.

---

[88]Mansfield, 74.

[89]Ibid., 74.

[90]E.S.Savas, Privatization: The Key To Better Government (Chatham, N.J.: Chatham House Publishers, Inc., 1987), 7.

From basic economic theory, economics is "concerned with the way resources are allocated among alternative uses to satisfy human wants."[91] Chattanooga desired to improve its economy. Nestled in the Tennessee Valley on the banks of the Tennessee River, Chattanooga lay in a prime position to capitalize on its resources. Generally, resources are classified into three categories: land, labor, and capital.

Land

Land is an important resource in the development of a city. Chattanooga, from a geographic standpoint, enjoys the proximity of the Appalachian and Cumberland mountain ranges and the low lying plains of the Tennessee Valley. The area mountains provide abundant opportunity for mining, quarrying and lumbering, along with protection from major weather systems. Despite Chattanooga's "rich" location, the area did not develop as quickly as other portions of Tennessee, due in part to poor farming conditions. The Chattanooga area has a thin soil with a poor mineral content. This made it difficult for farmers to grow productive crops. The Cumberland Plateau and the western part of the state have better soils for growing crops and proved to be more attractive to settlers.

The Tennessee Valley Authority (TVA) harnessed the hydroelectric power of the Tennessee River through their extensive network of dams. The Chickamauga Dam, located on the north side of the city, controls river quantity levels for Chattanooga. This

[91]Savas, 5.

control allows riverfront development, extensive power generation, and more dependable river cargo use.

Labor

Chattanooga's workforce comes from Tennessee and two neighboring states, Georgia and Alabama. For statistical purposes, the Chattanooga Metropolitan Statistical Area (MSA) includes two Tennessee Counties and three Georgia Counties. The MSA Counties represent geographical areas that add to the development of the central city. In March of 1994, the MSA nonagricultural workforce was 212,500 with an unemployment rate of 4.8 percent.[92] Table 1 shows the number of MSA industries that employ 250 workers or more. Hamilton County has the largest number of these industries, fifty-two total. (See Table 1)

CAPITAL

Capital can be defined as a monetary resource. In addition, capital resources include the "buildings, equipment, inventories, and other non-human producible resources that contribute to the production, marketing, and distribution of goods and services."[93]

---

[92]Center for Business & Economic Research, Tennessee Economic Overview (College of Business Administration, The University of Tennessee, June 1994), 3.

[93]Mansfield, 6.

TABLE 1

CHATTANOOGA EMPLOYERS OF 250 OR MORE BY INDUSTRY AND COUNTY

Industry Description	TENNESSEE COUNTIES		GEORGIA COUNTIES			
	Hamilton County	Marion County	Dade County	Walker County	Catoosa County	Metropolitan Area Total
Heavy Construction Contractors	1			1		2
						0
Manufacturing Sector						0
Food and Kindred Products	3					3
Textiles	7	1	1	7	2	18
Apparel				1		1
Printing and Publishing	2					2
Chemicals and Allied Products	4					4
Leather	1					1
Stone, Clay, and Glass	1					1
Fabricated Metals	7					7
Primary Metals	3	1				4
Nonelectrical Machinery	3					3
Electrical Equipment	3			1		4
Trucking and Warehousing	2					2
Communication	1					1
General Merchandise Stores	4					4
Banking	2					2
Insurance	2					2
Hotels	1					1
Business Services	1					1
Health Services	2					2
Educational Services	2					2
TOTAL	52	2	1	10	2	67

Source: University of Tennessee Center for Business and Economic Research, Metropolitan Area Economic Report, Volume 2, August 1980, 53.

Located in Hamilton County, Chattanooga is one of the nation's oldest manufacturing cities and its diverse industries help provide economic stability. When one industrial sector goes through economic difficulty, there are other industrial activities that help balance the economy. Chattanooga's four largest sectors include manufacturing, trade, services and government. Twenty-two point one percent of the MSA employment is in the manufacturing sector. The majority of this labor is in textiles. In recent years, other areas have increased in their economic significance and provided a more diversified economy. Many service industries, including tourism, education, health services, and government, continue to grow. Chattanooga is also home to many large company headquarters including "Blue Cross/Blue Shield of Tennessee, Brock Candy Company, Chattem Inc., Constart International, The Krystal Company, McKee Baking Company, North American Royalties, Olan Mills, Inc., and the Power Division of the Tennessee Valley Authority (TVA)."[94]

The dedication and cooperation of public and private resources to economic and environmental problems proved successful for Chattanooga.. Public/private partnerships allowed the private citizens to become more active with the public officials in decision making and projects. It resulted in economic recovery and the elimination of the pollution problem. "The little city in southeastern Tennessee, a one-time dowdy industrial center plagued by eye-watering pollution, has set about dressing itself up as the alluring Cinderella of the Tennessee River."[95] (See Figure 1)

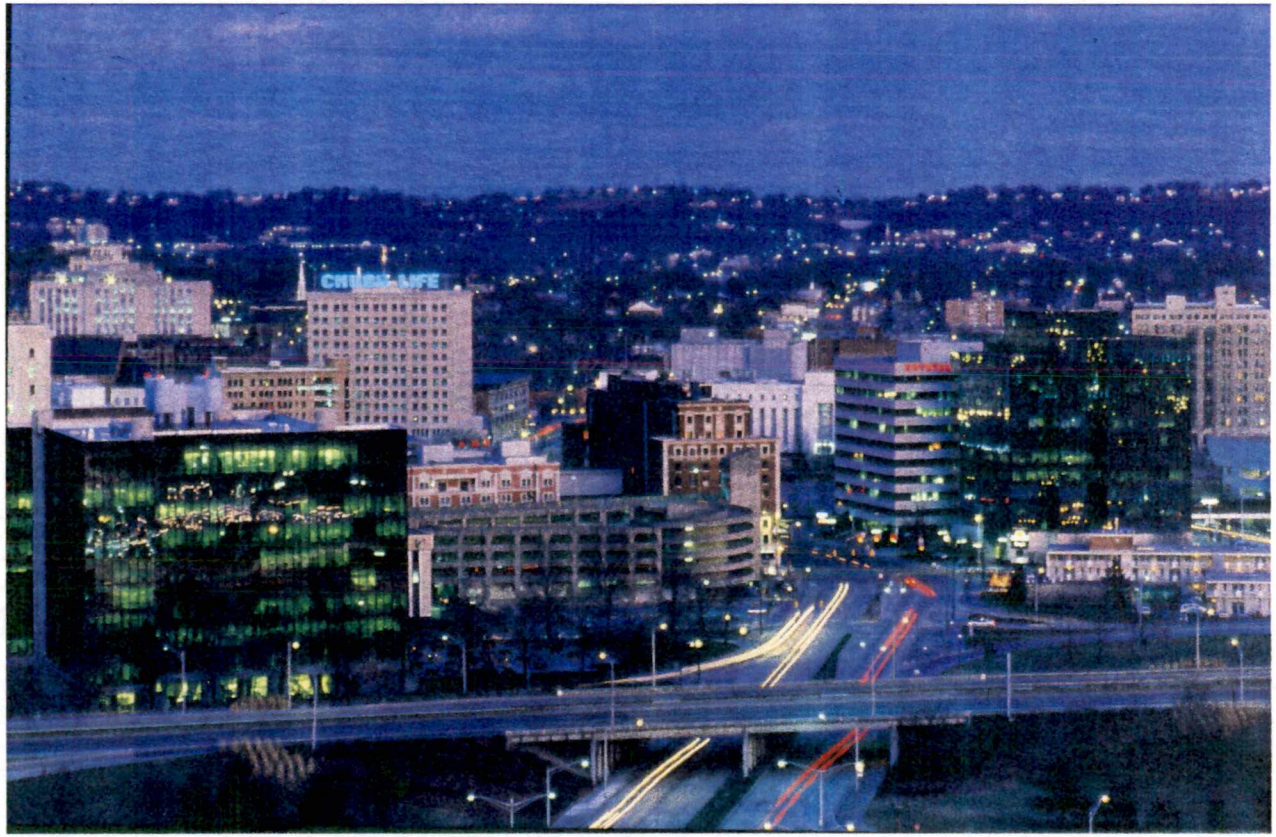
---

[94]Roth and Rosteck, 402.

[95]The Washington Post, 23 May 1993.

FIGURE 1

LOOKING EAST TOWARD DOWNTOWN CHATTANOOGA SKYLINE



Source: Chattanooga News Bureau, photo by Robert C. Boyer, 1993.

Social Needs and Concerns

The decline of manufacturing on a national scale, produced declines in Chattanooga as well. According to Mai Bell Hurley, Chattanooga City Council member, "Chattanooga was a typical blue collar town. Textile industries provided a lot of the manufacturing employment, but the economy changed. Combustion Engineering, a producer of atomic reactors, fell under economic problems with the decline in federal naval manufacturing and laid off many workers."[96] Other industries followed suit. This decline combined with urban sprawl promoted the deterioration of the core neighborhoods. Adding to an affordable housing problem was a general break-down in the family structure. Chattanooga realized that the answer to the problem involved more than just cleaning up the city and providing a developed waterfront or downtown. A complete overhaul of the education system, housing conditions, and quality of life standards were needed. County executive Dalton Roberts stressed the use of community-wide citizen involvement to help solve these needs. Through public and private effort, Chattanooga Venture was created. This non-profit organization began an enormous process of community development that would forever change the face of Chattanooga.

Housing

On a national scale, most successful public/private partnerships are in downtowns or at waterfronts. Chattanooga saw the economic benefits associated with

---

[96]City Councilwoman Mai Bell Hurley of Chattanooga, interview by author, 11 July 1994, City Hall, Chattanooga.

downtown/riverfront partnerships, but wanted to use partnerships for social concerns as well. Through a bold and noble effort, Chattanooga began to successfully apply public/private partnerships to the areas of low and moderate income housing and education.

The provision of quality, affordable housing is difficult for many partnerships, but necessary for local governments to provide. In Chattanooga "there is a serious shortage of decent affordable housing units for the 23,713 families living in poverty (incomes less than $10,000 a year)."[97] Figure 2 shows the substandard housing concentrations around the Chattanooga area. (See Figure 2)

Chattanooga Venture and the Enterprise Foundation, both private, non-profit organizations, established a challenging and innovative program to "eliminate substandard low income housing countywide and to ensure that all citizens have access to decent, affordable housing within 10 years."[98] Established in 1982 by James Rouse, the Enterprise Foundation is a national organization committed to providing technical and financial assistance to low-income families. Chattanooga is the first city to work with the Enterprise Foundation toward a comprehensive county-wide program to tackle low-income housing.

In 1986 these two organizations created the framework for the Chattanooga Neighborhood Enterprise (CNE). Through major funding provided by the Lyndhurst Foundation, the CNE began its efforts to eliminate substandard housing by providing

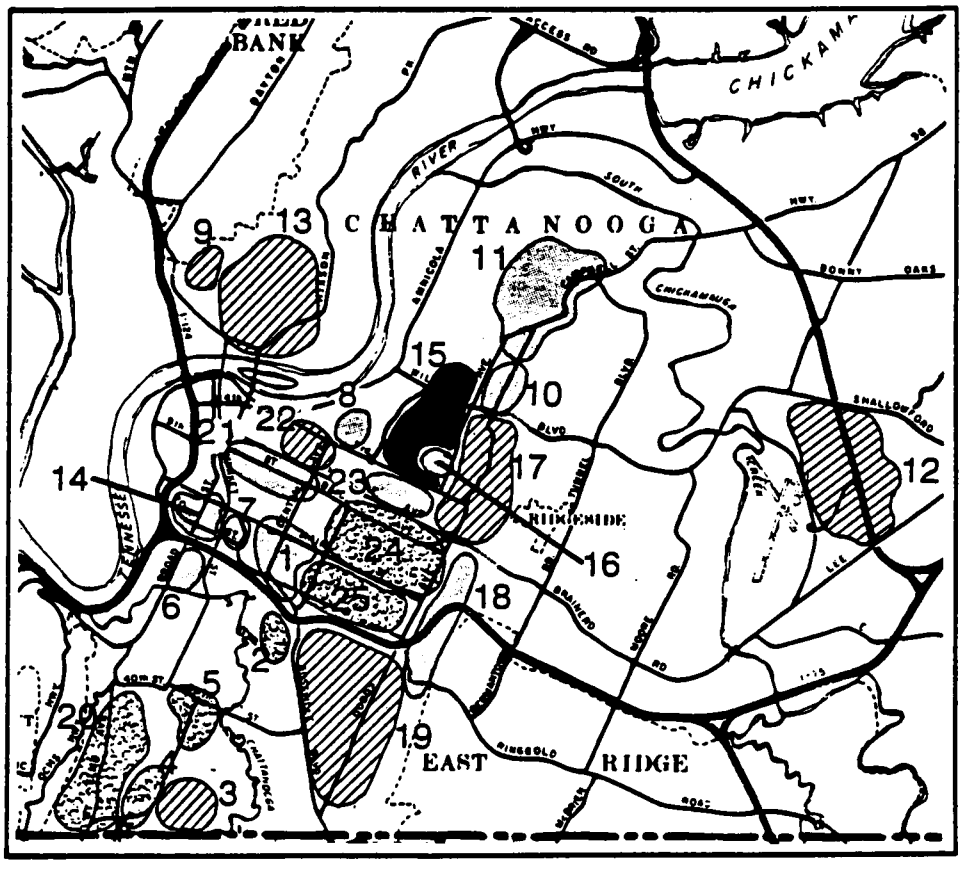
---

[97]Harden (1988): 21.

[98]Chattanooga Venture, "Venture's First Report Card," Chattanooga Venture News (January, 1986): 6.

FIGURE 2

DIAGRAM SHOWING CHATTANOOGA
SUBSTANDARD HOUSING CONCENTRATIONS



AREAS WITH CONCENTRATIONS OF SUBSTANDARD HOUSING

1. Highland Park, south
2. Park City
3. Piney Woods
4. Slayton Avenue
5. Hooker Place
6. South Chattanooga
7. Fort Negley
8. Lincoln Park
9. Hill City
10. Arlington Heights
11. East Chattanooga
12. Shepherd
13. North Chattanooga
14. West Main
15. Orchard Knob
16. Churchville
17. Glenwood
18. Ridgedale
19. Eastlake
20. St. Elmo
21. M.L. King
22. Fort Wood
23. Third to McCallie
24. Highland Park,north
25. Highland Park,southeast

% OF UNITS NEEDING REHABILITATION

0-24.9
25-49.9
50-74.9
75-100.0

Source: Chattanooga/Hamilton Regional Planning Commission, Horizon Plan 2010, November 1987.

financial and technical support. The CNE developed into one of the biggest public/private partnership programs for Chattanooga. It uses federal, state and local funding along with funding from private charitable foundations, financial institutions, businesses and private donors. The funding establishes a base for the development of low-interest loans and technical assistance.

The program's success has gained it considerable national attention. The Dallas Morning News stated that "Jack Kemp talked about it. Bill Clinton promised it. But Chattanooga is delivering it."[99] The program has already invested more than $40 million in the city's poorer neighborhoods. "Through the program, more than 2,000 low-income families have purchased new homes or renovated their current homes. And 40 more families are entering the program every month."[100] The initial efforts of the program raised housing standards in the area and hired more inspectors to insure that properties were kept up to code.

Education

Chattanooga schools felt the effects of the poor economy through a reduction in funding. Public versus private education is a big issue in Chattanooga. The issue relates to the quality of education and the funding that the one provides versus the other. More than nine thousand students attend thirty-one parochial and nine other private schools.

---

[99]Mark Curriden, "Chattanooga housing program aims to be model for nation," The Dallas Morning News, 6 June 1993.

[100]Ibid.

Judy Byrd, director of social services for the city of Chattanooga, feels that "There is a real social class problem with Chattanooga's education system. Many middle income families send their children to private schools like the Girls Preparatory School, the McCallie School for Boys, and the coeducational Baylor School. They do it for social reasons and have little trust in the public school system as a provider of quality education."[101]

The Chattanooga public school system enrolls 19,982 students. The system has implemented a number of programs to increase quality education including: Ventures in Education and Project EQUITY 2000, aimed at preparing college and career oriented students. The "magnet" school system is used to emphasize academic achievement, combining parental, community, and political resources.

For many low-income families, quality education is starting early. Through a public/private partnership with the social services department and the United Way, an innovative program is helping to make a difference. The program, called "Parents are 1st Teachers," educates parents on how to raise and teach children. Modeled after the "Juvenile Welfare Board," a similar program in Missouri with taxing authority, the program focuses on parents with children in the 0 to 3 year bracket. "'This is an idea whose time has now come,' quoting Dr. Tanner at the University of Tennessee's Department of Human Ecology."[102] The program sees the need to make primary prevention with the youngest members of society the number one hope for the community

[101]Chattanooga Social Service Director Judy Byrd, interview by author, 11 July 1994, old city hall, Chattanooga.

[102]Ibid., 11 July 1994.

In a 1992 survey of 286 cities, Chattanooga had the thirty-ninth lowest cost of living. Despite the lack of a state/income tax and other revenue raising tools, local public/private partnerships have provided for sustainable growth, decent housing, and quality education.

Political Structure

The political structure of Chattanooga and Hamilton County changed after the Voter Rights Act stated that their past system of election at large was unconstitutional. Under the Act, Chattanooga, with a thirty-six percent black population, had to create at least 3 black city council districts. "The result of the changes provides a more diverse council, but it is more turbulent than the past system."[103]

The Hamilton County government consists of a county executive elected at large and a nine-member county commission elected by districts. In addition, the city of Chattanooga's local government structure is the same. The Chattanooga government consists of a mayor elected at-large and a nine-member city council elected by districts serving four year terms. The cooperation between these two government bodies has been crucial to many of the development and redevelopment efforts established in the city.

The Chamber of Commerce, local government agencies, and non-profit organizations promote and assist in the economic development of the area. In a joint partnership, Chattanooga and Hamilton County established the Partners for Economic

[103]Hurley, 11 July 1994.

Progress (PEP) to promote the development of commercial and industrial business. "PEP services include networking with community financial resources, assistance in obtaining state aid, and business counseling for start-up operations experiencing difficulties."[104]

The Chattanooga/Hamilton County Regional Planning Commission has been integral to the establishment of public/private partnerships for Chattanooga. They incorporated the community's goals into a document entitled the "Horizon Plan 2010." Adopted in 1988, this plan has three phases and involves extensive community participation as the key to its implementation.

THE CATALYST TOWARD PUBLIC/PRIVATE PARTNERSHIPS-- PUBLIC/PRIVATE PARTICIPATION

Chattanooga, as a growing community, had many unmet needs and concerns. The abundance of pollution producing manufacturing industries caused severe problems for the city during the late 1960's and early 1970's. Chattanooga's local government officials and industry leaders managed to create a beneficial public/private partnership that changed the situation. The Chattanooga-Hamilton County Air Pollution Control Bureau was created in 1969. Through strict laws and standards, and the expenditure of millions of dollars by industries, Chattanooga corrected its air pollution problems and met required Environmental Protection Agency standards.[105] This signified a major change in the way

[104]Roth and Rosteck, 402.

[105]Govan and Livingood, 492.

the community looked at itself. Instead of being the most polluted city in the United States, it was now an environmentally concerned city on the way to economic recovery.

The Invisible Hand

As the city of Chattanooga groped for answers to promote the general welfare of their community, almost two centuries earlier an economist examined this very need. Adam Smith is known as the father of economics and grew up in Scotland. In his encyclopedic book *The Wealth of Nations*, he described the basics of a free economy. Smith contended that "firms and individuals, by pursuing their own objectives, often will promote the general welfare."[106] If true, then cities are not the only ones responsible for the establishment of the general welfare.

> It is only for the sake of profit that any man employs capital in the support of industry, and he will always, therefore, endeavor to employ it in the support of that industry of which the produce is likely to be of greatest value, or to exchange the greatest quantity either of money or of other goods . . . As every individual, therefore, endeavors as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value, every individual necessarily labor to render the annual revenue of the society as great as he can: He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it . . . He intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and *he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.* Nor is it always the worse for the society that it was no part of it. *By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.*[107]

[106]Mansfield, 13.

[107]Ibid., 13.

The lack of federal aid and support placed a heavy burden on Chattanooga and Hamilton County governments. One possible solution was to use the public community in the development of the community's goals and objectives. By allowing the public to create community goals and objectives, it would provide local governments with a clear sense of the general welfare and public concerns. Studies showed that "cities most likely to succeed are those where residents hold common goals for the future and the vigorous determination to reach those shared goals."[108]

Visioning

Both public and private sectors committed themselves to the idea of using citizen involvement to establish goals for future community action. "Participation from community members, organizations, and private interests is critical given the limits of government resources. Community involvement provides the essential human resources necessary to meet our economic development, quality of life, recreation, and environmental objectives."[109] Chattanooga Venture, a citizens' organization dedicated to increasing public involvement in community decision-making, organized the Vision 2000 program in 1984. The program examined both present and future needs, with an agenda establishing when certain needs should be met. Vision 2000, a goal setting process, "is an attempt to look down the road together, as a community, to the year 2000 and to try to

[108]Chattanooga Venture, "The Vision 2000 process: Questions and Answers," Chattanooga Venture News (September 1984): 5.

[109]Chattanooga/Hamilton County Regional Planning Commission, "Progress Report," Horizon Plan 2010 (December 1991): 3.

reach some sort of common agreement as to what sort of city Chattanooga should be, by then."[110]. Local officials promoted the program and public speakers were invited to share their knowledge and inspiration on creating a visioning program. James Rouse, a planner and one of the most famous urban developers, challenged the community to "make no little plans" in their effort to shape their future. He defined vision as "that which embraces hope and looks beyond problems to contemplate, project and deal with what a city or town best ought to be."[111]

In the largest effort in community history, Chattanooga Venture established six project teams to focus on the following broad categories:

1. **PEOPLE:** Issues addressing human needs in the community.
2. **PLACES:** Issues affecting the preservation and development of Chattanooga's natural and built environment.
3. **WORK:** Issues concerning economic development and the creation of new jobs.
4. **PLAY:** Issues dealing with the way we spend our leisure time, including the arts, sports and recreation.
5. **GOVERNMENT:** Issues covering the management of resources and the delivery of services.
6. **FUTURE ALTERNATIVES:** Issues dealing with strengthening our identity as a community and redefining the future based on that identity.

---

[110]Chattanooga/Hamilton County Regional Planning Commission, 3.

[111]Chattanooga Venture, "Leaders Gain Vision for their Communities," Visions-Conference Summary (1986): 2.

More than 100 meetings between public officials and private citizens, involving almost 2,000 people total produced recommendations that were submitted to the community at large. The following questions were essential to the visioning process for Chattanooga:

- What are Chattanooga's greatest strengths?
- What are Chattanooga's weaknesses?
- And what should Chattanooga do to build on its strengths and correct its weaknesses?

Through the visioning process, the community examined its resources, its strengths and its weaknesses. From the process, 34 community goals were defined and presented to the community. Speaking to a crowd at the Tivoli auditorium in Chattanooga, James Rouse praised the community effort and emphasized a major resource mentioned in the visioning process: the riverfront. He said, "the greatest resource you have is that waterfront. The difference that river can make to this city is beyond measure . . . Water is magic to people."[112]

THE RIVERCITY CO./RIVERPARK CONCEPTS

In April of 1982, the Urban Land Institute began a study of the Moccasin Bend area and in November of 1982 the city and county created the Moccasin Bend Task Force

[112]Chattanooga Venture, "Riverfront is city's best asset, says Rouse," Chattanooga Venture News (January, 1985): 2.

to plan for the long-term use of the river. The task force hired the Boston firm, Carr, Lynch Associates, to devise a master plan for the Tennessee Riverpark. The Tennessee Riverpark plan called for a 22 mile park including an aquarium/museum of the living river as the critical element for the success of the development. (See page 96 for the plan)

Previous to the development of the Tennessee Riverpark plan, public and private sectors were busy planning for the future of downtown Chattanooga. Many individuals and organizations were working to create some form of public/private cooperation to enable the success of their goals. The Coordinating Council, a seven member group of public and private individuals, actively worked to coordinate activities between two downtown organizations, Chattanooga Venture and Partners for Economic Progress. Included in this group were two private citizens, Jack Lupton and Olan Mills. Their financial interest and involvement in the community would allow for the development of many successful projects. During the early eighties, Jack Lupton's Lyndhurst organization had hired UT Architecture Professor Stroud Watson to help with urban design issues for the downtown. Stroud Watson has played a vital role in the development of many plans and designs for Chattanooga.

In 1980, a two year Chattanooga downtown housing study was conducted. The study concluded that a non-profit organization was needed to administer a downtown housing program. Chattanooga Venture had also stressed the need for an organization to carry out the development needs of the community. In 1982, a group of civic and government leaders attended a "Leadership Inner-City Visit" to Indianapolis. Sponsored

by Chattanooga's Chamber of Commerce, the visit included meetings with key development people and an examination of Indianapolis' success stories. Like Chattanooga, Indianapolis has a strong regional foundation, the Lilly Foundation. The Lilly Foundation had committed funds to planning efforts in Indianapolis, but also to the "bricks and mortar" of projects.[113] To implement development plans, "Indianapolis had created a quasi-government entity which included public and private officials."[114] Chattanooga saw the use of their area foundations and the establishment of a development corporation as vital parts to the success of their planning efforts.

In 1986, Chattanooga's goal's were realized. The Carr, Lynch plan had stressed the need for a development organization to ensure implementation of the Tennessee Riverpark. With $20 million in private funding pledged from the Lyndhurst Foundation, the RiverCity Company, a non-profit, private development corporation, was established. Under the leadership of Jim Bowen, the RiverCity Company opened its doors to begin the task of developing the Tennessee Riverpark.

[113]Bowen, 17, August 1994.

[114] Ibid.

Chapter Four

THE RIVERCITY COMPANY

HISTORY OF THE RIVERCITY COMPANY

In 1982, Chattanooga, Hamilton County, and the Lyndhurst foundation provided funding for the creation of a Moccasin Bend Task Force. Five citizens were appointed to the task force, with Rick Montague, president of the Lyndhurst Foundation, as its chairman. The task force began efforts to create a long-range development plan for the Moccasin Bend, a 600 acre piece of land on the Tennessee River. The parcel lay across the river from the city of Chattanooga and represented the largest piece of publicly owned land along the river. Existing land uses consisted of wide open land with a mental health complex, a golf course, and the city's main sewage treatment plant. Chattanooga and Hamilton County viewed the development of the land as a significant factor in revitalizing the area. Important to the culturally significant site were several Indian sites from various periods and a few Civil War cannon emplacements.[115] Following suggestions from the Urban Land Institute, the following goals were developed:

- To do whatever was necessary to protect the Bend from unwanted uses
- To solicit public opinion
- To prepare a master plan for development
- To recommend what sort of body should direct that development.

Six months into the project, the task force recognized their development proposals were worthwhile, not only for the Moccasin Bend area, but further up the river toward the

---

[115]Carr, Lynch Associates Inc., Chattanooga Riverfront Master Plan (Cambridge, MA: By the author, December, 1984), 33.

Chickamauga Dam. They proposed the development of a master plan for the entire 22 mile river corridor. "Twenty miles isn't much compared with the 652 miles the Tennessee travels form the union of the Holston and French Broad, above Knoxville, to its confluence with the Ohio, at Paducah, Ky."[116] City and county officials agreed with the idea to expand the project scope and to create a riverfront corridor master plan. A three year planning process began, examining the development concerns and needs of the river.

The Chattanooga Riverfront Master Plan

Twenty-two miles was a lot for any group to work with and the volunteer Moccasin Bend Task Force decided to hire an urban design firm, Carr, Lynch Associates to help. "Working with Carr, Lynch Associates, an environmental design firm from Cambridge, Massachusetts, the task force expanded the area of consideration to include the Tennessee River corridor from the Chickamauga Dam to the Marion County line and began to devise a master plan for that strip of land."[117] The development of the master plan involved citizen participation in the form of individual and community meetings. From these meetings, the goals, aspirations, problems, and constraints of riverfront development were discussed. The community emphasized the importance of creating a usable riverfront, but protecting the natural and historic beauty. Carr, Lynch Assoc. incorporated the public and private community goals into alternative development plans, which were presented to the community for further review. In 1984, Carr, Lynch Assoc.

---

[116]Bill Dedman, "Riverpark: Using past and present to build a future," The Chattanooga Times, 27 January 1986, 1(A).

[117]Chattanooga Venture, "The Tennessee Riverpark: Phase One," Chattanooga Venture News (March, 1987): 3.

finished the Chattanooga Riverfront Master Plan for Chattanooga and Hamilton County at a cost of half a million dollars. The plan called for the development of the Tennessee Riverpark along both sides of the Tennessee River. Extending over 20 miles, the estimated cost of developing the Tennessee Riverpark was $750 million. Stephen Carr, an urban planner with Carr, Lynch Assoc. told local officials "some form of public-private venture will be needed to pay for development. This project is going to be very important for the future of the city. The riverfront is one of Chattanooga's greatest natural resources. It has got to be preserved and developed sensibly."[118]

On April 18, 1985, the one hundred seventy-five page Chattanooga Riverfront Master Plan was presented to the general public at a festive occasion called "River Night." The Moccasin Bend Task Force prepared the event to help draw a crowd to review the plans. River Night began with a slide show and explanation of the proposal and then a reception was held at the trade center. A brochure on the project was given to all who attended the presentation which provided discounts on food and drinks in downtown restaurants. "On the night the plan was presented to the community, over 1,400 people attended. It was an electric night and the plan received a very warm welcome."[119] In October the City and County Commissions adopted the Tennessee Riverpark plan.

---

[118]Michael Finn, "Urban Planner Says Riverfront Needs Public-Private Venture," News-Free Press, 21 December 1984, 2(B).

[119]Vice President Jim Bowen of the RiverCity Co., interview by author, 19 April 1994, Taped recording, Tivoli Building, Chattanooga.

The Need For A Non-Profit Development Corporation.

Important to the implementation of the Chattanooga Riverfront Master Plan was the establishment of a non-profit public/private organization. The plan specifically called for a non-profit organization which would:

> Design, fund, build, and manage the entire system. A financing strategy for the overall development suggests that this corporation creatively combine a number of public and private sources of capital. These sources would include private contributions, general obligation and revenue bonds, the U.D.A.G. program, land leasing, and parking revenues. Seeking donated land easements, a creative land acquisition technique, is also recommended. Finally, the plan recommends the creation and adoption of a special zoning overlay map and detailed design guidelines which would protect the integrity of the plan and serve as a standard basis by which all projects would be evaluated over time.[120]

In 1985 the Moccasin Bend Task Force, the Downtown Housing Task Force, and Chattanooga Venture recommended the establishment of the non-profit development corporation mentioned in the plan. They were concerned that if the city and county did not establish a development corporation, then the Tennessee Riverpark plan would join others on a dusty shelf in City Hall. Rick Montague, chairman of the Moccasin Bend Task Force, said "I understand it when people say, 'Chattanooga is a city that's planned itself to death and hasn't implemented anything.' I would argue that part of the reason we've never implemented anything is we've never put the structure together with the right leadership and the right budget, and that's what we're doing right now."[121]

---

[120]Carr, Lynch Assoc., 8.

[121]Dedman (1985): A1

The Greater Chattanooga Partnership

After months of work, the structure for a new non-profit organization was developed. Unlike the Moccasin Bend Task Force, a planning group, the non-profit organization would be an "implementation" group. It was decided that the organization would not be a public body, but a private, non-profit corporation. As a private organization, it would not receive public "tax payer" money for its operating costs. This would allow the organization to remain outside of public control and "let the corporation use its leveraging power, persuasive power and powers of good judgment and experience to achieve its ends."[122] "Over the years, the city and county have found that projects that require both of them to participate are best managed by a single independent entity. As a private organization it enables us to assemble private-sector expertise to oversee the delivery of focused services in areas requiring coordinated effort."[123] On December 18, 1985, the City and County Commissions voted to endorse the new organization and to use the name Greater Chattanooga Partnership.

Private Seed Money

One crucial factor in the development of the organization was money. In order to promote the plan, an estimated $20 million was needed to begin the private organization. "In a rare public appearance before the City and County Commissions, John T. "Jack" Lupton, chairman of the Coca-Cola bottling company, pledged to put the muscle of his

---

[122]John Wilson, "Million Pledged to Riverpark," News-Free Press, 18 December 1985, 1(A).

[123]Judy Frank, "Officials Look to Authorities for Management," The Chattanooga Times, 24 October 1991, 1(A).

influence and financial resources into realizing Chattanooga's dreams for itself."[124] Mr. Lupton personally pledged to provide $20 million in seed money. His desire was to stimulate community support for the project, which he believed could help "turn this city into the very best mid-size city in America."[125]

Board Members and Director selected

The formation of the Greater Chattanooga Partnership (GCP) was a success, but the participation of government and business leaders was considered key to the success of the effort. With this in mind, the board members of the GCP comprised both public and private concerns. Both the Mayor Gene Roberts and County Executive Dalton Roberts were selected along with prominent business leaders Mai Bell Hurley, chairman of Chattanooga Venture, Jack Lupton of Coca-Cola, and Olan Mills, chairman of Olan Mills photographic firm. Important to the concept of GCP's board was diversity. The GCP purposely selected board members from various civic groups, minority groups, and labor organizations.

Before Jim Bowen was selected as executive director of the partnership, he had led a successful life in Chattanooga. For fourteen years he had been involved in city planning functions and helped plan the new Freight Depot Marketplace, the Trade Center, the new TVA Office of Power and other street and landscaping projects. Prior to the

[124]Bill Dedman, "A Partnership for Progress," The Chattanooga Times, 23 December 1985, 6(A).

[125]Ibid., 6(A).

establishment of the GCP, he acted as coordinator of the city's Economic and Community Development Office. During the initial planning stages of the Chattanooga Riverfront Master plan, the Lyndhurst Foundation hired Bowen to act as an "investigator and a midwife." "He will study successful developments in other cities and help birth whatever public or private body will oversee the city's downtown development."[126] His findings were used to develop the structure for the GCP.

A New Year--1986

For Chattanooga, the organization of the GCP marked the beginning of a dream come true. The creation of the partnership late in 1985, positioned Chattanooga well for a new year. 1986 was the year of Tennessee's Homecoming and the year for Chattanooga to head home--to its roots along the river.

In the Spring of 1986, the GCP name changed to better represent the goals of the company. Their goal was to guide the development of the plan along the Tennessee River and in the downtown. Under the direction of Jim Bowen, the name of the organization changed to reflect these two areas, hence the name became the "RiverCity" Company.

VISION OF THE ORGANIZATION

Jim Bowen did not let any time waste with the new year. Established as a non-profit 501 C-3 organization, Jim Bowen and one administrative person began the arduous

[126]Bill Dedman, "Jim Bowen to lead city's development efforts," The Chattanooga Times, 10 September 1985, 1(A).

task of implementing the "plan". According to the organization's charter, the RiverCity Co. could be asked to do almost anything. The RiverCity Co. established a mission statement which stated:

> The RiverCity Co. is a private, non-profit corporation established to assist the City of Chattanooga and Hamilton County in promoting and encouraging development along 22 miles of Tennessee River frontage and within the central business district. Specific objectives include: stimulating new capital investments; coordinating public and private development strategies; developing and improving public amenities and public spaces; acquiring and holding real property for future development by either the public or private sectors; and providing advice and financial assistance to the public and private sectors for economic development.[127]

The RiverCity Co. established itself as a necessary and vital organization for the implementation of community goals and concerns. Through the Tennessee Riverpark plan a new cooperation was developed between two old industries: manufacturing and tourism. After World War II, Chattanooga had a problem deciding which industry would best accommodate the needs and future interests of the community. "It has been a constant fight. It's always been divide and conquer, one faction against another, nobody pulling together."[128] The development of the Tennessee Riverpark plan took both industries and combined them into a cooperative effort. "The industry needs to be cleaned and painted a little bit, but your industry is historically significant. Bring them in to the table and give them a napkin too . . . It makes great sense. And I think it allows the Tennessee Riverpark concept to be so much richer and more meaningful to the working

---

[127]Nancy Bearden Henderson, "RiverValley Partners: Fact Sheet and Story Ideas," (Chattanooga: Chattanooga News Bureau, 1994).

[128]Dedman, "Riverpark: Past and Present", 1(A).

people of the county as well as the historians and environmentalists."[129] Using the vision of the Tennessee Riverpark plan, the RiverCity Co. brought industry to the "table" by taking the Riverway trails across industrial doorsteps, including exhibits along the trails to explain the industries and how their products were made, and providing more industrial sites for future development.

The RiverCity Co. had acquired and assembled a lot of land, but they needed someone with extensive knowledge in real estate development negotiations. In 1987, the RiverCity Co. welcomed the addition of Bill Sudderth as its new director. With his extensive experience in real estate as a broker and developer and as the former president of the Chamber of Commerce he brought in a lot of development experience. "With Chattanooga's growing economic development needs and concerns, Sudderth had a lot to offer the RiverCity Co."[130]

Through Bill Sudderth, the RiverCity Co. moved on with its mission. His vision for the RiverCity was "pretty simple: to have the best riverfront development in the country. We don't need to try to be the biggest, but we have to be the best. It's sometimes hard to do, but at least you know where you're trying to go."[131]

---

[129]Dedman, 1(A).

[130]Bowen, 19 April 1994.

[131]Michael Davis, "Q&A: Talking with Bill Sudderth," The Chattanooga Times, 3 November 1992, 8(C).

DEVELOPMENT PROGRAMS AND PROJECTS

When the RiverCity Co. began in December of 1985, it was capitalized with $12 million in private funds from eight local foundations and seven local banks. The Lyndhurst foundation and the Lupton family provided $10 million of the initial $20 million they had pledged as seed money. The money was given as a non restrictive gift, allowing the RiverCity Co. to use the money however they needed. In addition Governor Lamar Alexander provided $9 million for Chattanooga development projects. According to Governor Alexander, "no city in this state is doing a better job of planning for its future than Chattanooga. To sum it all up, Chattanooga is really moving--and the state ought to help."[132] Of the $9 million, the Governor pledged $7.5 million for the Tennessee Aquarium. After Governor McWherter was elected, he increased the amount by contributing another $4 million. Various community groups and citizens objected to the use of state money being used to fund the Aquarium. The RiverCity Co. then decided to turn the project into a privately funded project and use the state money to create a public park around the Aquarium.

In 1986, much of the RiverCity Co.'s energy went into "an aggressive land acquisition campaign for priority properties necessary for the Ross's Landing development."[133] The focus of the company was largely in land planning and real estate assembling. Initially, four acres of downtown, riverfront property were purchased at a price of $1.7 million. In addition, 5.2 acres of downtown, riverfront property adjacent to

---

[132]Judy Frank, "$9 million put in state budget for Riverpark," The Chattanooga Times, 24 December 1985, 1(A).

[133]Ibid., 1(A).

Ross's Landing, was purchased from the financially stricken Quadel Corporation for $2.8 million. These properties provided the RiverCity Co. with several major blocks of riverfront property to market. The feasibility of the Tennessee Riverpark Plan now seemed a little more realistic.

Programs

The RiverCity Co. was given broad responsibility and leadership activities. Efforts were increased to create a downtown environment that would be appealing to tourists, residents, and businesses. "All but forgotten in recent decades, Chattanooga's historical downtown riverfront is fast becoming the darling of tourists, residents and real-estate developers. In fact, many of the major development projects completed during the past year or slated to open by 1995 have capitalized on the city's renewed fascination with the natural lure of the river."[134]

- **Chattanooga Downtown Partnership:** In 1991, the RiverCity Co. combined two organizations, Chattanooga Downtown Alliance and the Center City Corp., to form the Chattanooga Downtown Partnership. Its major purpose is to lead the effort for non-industrial economic development in downtown Chattanooga. The responsibilities of this organization include "providing a more unified approach to the promotion, beautification, and entertainment programming for Downtown Chattanooga."[135] As a division of the RiverCity Co., Chattanooga Downtown Partnership initiates banner, public art, and store front programs. Using public/private partnerships, the division spent $650,000 in its first year. $480,000 came from private sources including downtown retail, corporate and professional groups, individuals, and local philanthropic organizations. The city provided the remainder of the needed funding. The programming of the Miller Plaza and other local production events are also a

[134]Nancy Bearden Henderson, "Chattanooga: Return to the river spurs renewed growth throughout city," Southeast Real Estate News, October 1993, 1.

[135]News-Free Press, "Downtown Partnership Formed From 2 Groups," 5 June 1991, 1(C).

responsibility of the Chattanooga Downtown Partnership. The partnership will "live and breathe the public spaces in downtown including its sanitation, safety, animation, beautification, programming, and marketing."[136]

- **Riverfront/Downtown Planning and Design Center:** In 1990, the RiverCity Co. worked with the city of Chattanooga and the Lyndhurst Foundation to establish a jointly funded urban design center. The mission of the organization is to "provide coordination, design guidance and recommendation of standards for downtown and riverfront development projects to both the private and public sectors."[137] The organization is directed by University of Tennessee Professor Stroud Watson and provides opportunities for University of Tennessee students to design projects in Chattanooga. The Riverfront/Downtown Planning and Design Center has responsibility for updating and aiding design projects for the Tennessee Riverpark. In addition, it is helping the city of Chattanooga with the Miller Park District through an urban design plan. Through its efforts, the organization designed plans for a downtown streetscape plan, Ross's Landing Park and Plaza, and Chattanooga's Downtown revitalization plan called the "Downtown Plan."

Projects

The RiverCity Co. was responsible for the development of numerous projects for Chattanooga and Hamilton County. Since their inception in 1986, the RiverCity Co. has produced the following projects:

- **Tivoli Center Renovation:** RiverCity Co. facilitated the $7 million renovation of Chattanooga's historic Tivoli Theatre by guaranteeing more than $2 million in private pledges, which allowed construction to proceed. The Tivoli reopened to the public in March, 1989.
- **The Tennessee Riverpark:** The Tennessee Riverpark Master Plan calls for the mixed-use development of 22 miles of riverfront over the next 20 years. RiverCity funded and coordinated the design and site preparations for the first two-mile phase of the Riverpark, which opened in May, 1989. Phase 2 opened in July, 1991; Phase 5 opened in mid-October, 1992; and three additional

[136]Director of Project Development Chris Crimmins of the RiverCity Co., interview by author, 19 April 1994, Tape recording, Tivoli Building, Chattanooga.

[137]Judy Byrd, 11 July 1994.

phases are now under construction. Plans are to add eight more miles of Riverwalk over the next four years.

- **Ross's Landing:** Anchored by the $45 million Tennessee Aquarium, the Ross's Landing district marks the renaissance of the birthplace of the city. RiverCity was instrumental in the land assemblage for the project and in the early design and development of the aquarium. When completed, the Ross's Landing will comprise over $125 million in new development, including the aquarium, a uniquely spectacular public park and plaza, and retail, restaurant and office space.

- **Increased riverfront property:** Between 1988 and 1993, property assessment in the Riverfront District of Chattanooga has increased from $8, 830,900 to $13, 775,830.

- **Riverset Apartments:** This $3 million riverfront apartment complex, which includes 41 units of market-rate rental housing, represents the first new downtown housing in more than a decade. The complex was made possible by a joint venture that included RiverCity, city government and private development. Riverset opened in July, 1993.

- **Visitors Center:** RiverCity constructed a $5 million visitors center and retail complex made possible by a $4.2 million grant from the Toyota Foundation. The Chattanooga Area Convention and Visitors Bureau operates the center and a private developer purchased and manages the retail space. T.G.I. Friday's restaurant is the anchor tenant for the 15,000 square-foot development. The minority-owned Aquarium Foods operates a full service food court, and three new retail shops have been opened on the site.

- **Trolley Barn Renovation:** The RiverCity Co. sold half of the historic Trolley Car Barns for commercial development. Big River Grille and Brew Pub and The Market Street Performance Hall recently opened for business. Offers for development of the remaining portion are pending. The barns are located one block from the Tennessee Aquarium.

- **Kirkman High School:** The RiverCity Co. recently purchased the 14-acre site of the Kirkman Technical High School which has been targeted for future development. A land plan is being completed and demolition and redevelopment will soon begin.

- **Parking Garage:** The RiverCity Co. is working with the local transit authority to build and manage a 500-car parking garage in the Ross's Landing area as one of three planned garages for the downtown circulator system.[138]

[138]Henderson, "RiverValley Partners", 1994.

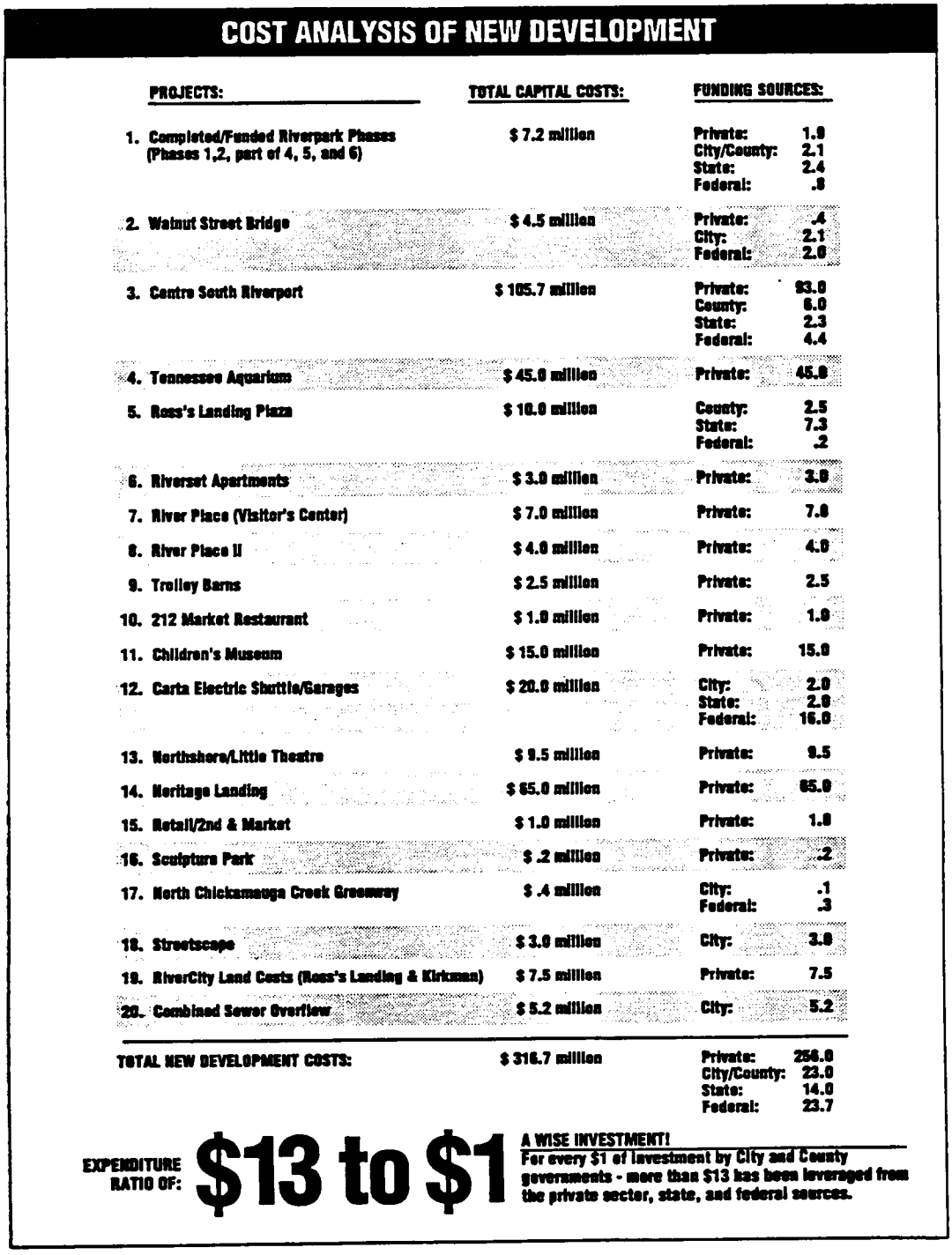
FINANCING

As a non profit, private development corporation, the RiverCity Co. does not have governmental powers to tax, to sell bonds, to acquire land by eminent domain or to restrict land use by zoning. By their development activities, they are able to gain cooperation from the two local governments to provide these development tools if necessary. The RiverCity Co. has used numerous public and private funding sources for downtown and riverfront development projects. Federal, state, and local grants have been used to provide vital funding for many development projects, but private sources have provided most of the financial backing. Many of the federal and state grants have been recreation grants, like the TWRA (Recreational Waterways) grants. In 1993 the RiverCity Co. received an ISTEA (Intermodal Surface Transportation Efficiency Act) grant for around $600,000 near the Olympic rowing center in the Tennessee Riverpark, but no draws have been made on the grant. Former Senator Albert Gore Jr., Senator Jim Sasser, and Congresswoman Marilyn Lloyd have played significant roles in gaining federal dollars for Chattanooga's development efforts. Figure 3 shows expenditures for Riverpark development in Chattanooga and in Hamilton County between 1986 and 1994. An impressive $317 million total expenditure was leveraged by a public investment of $61 million. Of the $61 million, only $23 million came from local government sources. In other words, for every $1 dollar of local public expenditure, $13 additional dollars was leveraged from external sources. (See Figure 3)

Public/private partnerships are often used in weak, stagnant downtown areas. Developers tend to look upon projects in these areas as high risk investments. Through

FIGURE 3

DIAGRAM SHOWING COST ANALYSIS OF TENNESSEE RIVERPARK EXPENDITURES



Source: The RiverCity Co., 1994.

partnerships, local communities can provide creative financing tools and incentives to attract developers. Prior to the RiverCity's efforts, Chattanooga's downtown and riverfront represented a weak, stagnant, and uncertain market for development. Fortunately, Chattanooga's local government had a strong relationship with the private business community and its local citizenry, built on good communication and a proven concern for the general welfare. What the public community lacked in financial support, the private community was ready to back financially. When it came time to begin its initial projects, the idea of failure was not even a consideration. The optimistic community knew what it wanted, needed, and would obtain--success. Unlike many communities, Chattanooga did not need many financial incentives and tools to attract development by developers.

Land Control and Assembly

Early efforts of the RiverCity Co. were primarily concerned with collecting parcels of land for the development of the Tennessee Riverpark and the downtown. Besides the RiverCity Co.'s purchase of ten riverfront acres, most of the land assembled for the Tennessee Riverpark was donated in fee simple or given through lifetime conservation easements. The first two miles of property obtained near the C.B. Robinson Bridge was given through lifetime donations from eight different land holders. Unlike most profit-oriented private businesses, the RiverCity Co. has given away some of its land holdings just to be pro-development. The two acres the $45 million Aquarium occupies were donated by the RiverCity Co. Through this donation, the Aquarium gained a central

downtown location along the riverfront. In turn, the RiverCity Co. gained an excellent project around which to develop the Tennessee Riverpark. In addition, three and a half acres next to the Aquarium were given to the City of Chattanooga to create a public plaza.

Land assembly tools often include land banking, land trading, and land purchasing. Besides these, the city had one last resort tool--eminent domain. Eminent domain is a power that cities may use, under certain restrictions, to gain control of land owned by private property owners. If negotiations are unsuccessful in procuring the sale of needed land, the city has the ability to take the property for public benefits in return for an appraised fair market price. Only once has the city of Chattanooga used this method to gain land for the Tennessee Riverpark.[139] While working on the Walnut Street Bridge renovations, the city needed to create a cul-de-sac at the southern edge of the bridge. The land to be used for the cul-de-sac was privately owned. Attorneys for the property owners and the city were unable to reach an agreement so eminent domain was used.

Financial Incentives for Developers

To reduce risk and improve the financial feasibility of a project for developers, a number of financial alternatives are available. Low interest financing, a second mortgage, or a land lease can all be attractive options for a developer. A reduction in the selling price of the land below market value or infrastructure improvements are common financial incentives. A common financial incentive used to improve the feasibility of a project is to

[139]Bowen, 19 April 1994.

use tax increment financing. Tax increment financing allows a taxing authority to recover project costs, such as infrastructure, without having to increase taxes. This option freezes a projects predevelopment tax base - not the tax rate or the tax revenue, for a period of years. After development, the project is taxed at the new base. The revenue difference between the predevelopment base and the new base is applied specifically to offset the project costs only for the specified number of years.

According to Jim Bowen, "the balance of our projects have been purely market driven. We have not needed to use very many financial incentives to develop our downtown or our waterfront. The Aquarium was the catalyst, drawing 1.5 million visitors a year, to start the market driven revitalization. We haven't needed performance zoning, or low interest financing techniques, including CDBG or UDAG funds. The two areas that we have the most trouble with and often need to provide subsidies are housing and parking."[140] While developing the Riverset apartments, the RiverCity sent out 70 proposals to developers and received only one. RiverCity ended up developing the project and had the city freeze the predevelopment tax rate for twenty years. The RiverCity also asked the city to purchase the land to be used for the apartments. Through its Housing Authority, the city purchased the land for $450,000 and the RiverCity Co. pays yearly 13% of the non-interest loan amount back to the city.

One other tool that the city has available to help promote the RiverCity Co.'s projects is zoning. Performance zoning techniques, such as density bonuses, have not

[140]Bowen, 19 April 1994.

been used in Chattanooga. Chattanooga did create an overlay zone in the downtown district which allows for more mixed use development.

FUTURE OF THE RIVERCITY CO.

Since the establishment of the RiverCity Co., many areas of the city and county have been aided by its efforts. As a private company it was effective in operating a successful business without the addition of public funds. The city and county felt that even more success could be obtained if the RiverCity Co. would merge with the county's industrial agent, Partners for Economic Progress (PEP). PEP initiated discussions for a merger with the RiverCity Co. In late spring of 1994, they decided to merge and form a new public/private partnership called the River Valley Partners. PEP received its funding from the following resources: one-third from the city, one-third from the county, and one-third from private sources. Acting as the industrial recruiting and business retention arm of the city, PEP's goals greatly extended the scope of the RiverCity Co. Initially, Bill Sudderth was concerned that the focus of the river would be hampered by the merge, but Jim Bowen's role with RiverValley Partners allows him to stay focused one hundred percent on the riverfront.

Economic Aspects

The success of the RiverCity Co. in executing economic and community development through public/private partnerships was seen as a useful model for PEP.

Under one organization, the River Valley Partners is using the RiverCity Co.'s model for development and following a three tier system for industrial recruitment.

Three Tier System

- **Tier 1:** Seek new industry and business' for Hamilton County. Also support existing industry and business through a retention and expansion program.
- **Tier 2:** If new industry can not be located in Hamilton County, then work to locate industry in a four county region within a thirty mile radius.
- **Tier 3:** If this is not possible, then seek to land industry in the periphery.

The various functions and projects of each organization would still remain with the new company, but implementation and funding arrangements have changed. River Valley Partners will continue to carry on certain business development functions initiated through PEP, such as their business incubator program. There is a present need for additional industrial sites around Chattanooga. Present studies are being conducted by two different companies to help with the selection of new sites. One of these, Fantus, is an international company which helps firms find sites when a move is being considered. Fantus is looking for "green field sites" (open land for industrial development) and "brown field sites" (existing industrial sites which can be retrofitted) to present to the River Valley Partners. Unfortunately, much of the RiverCity Co.'s land holdings are undevelopable for industrial purposes.[141]

Social Aspects

The RiverCity Company worked with Chattanooga Venture to help housing

[141]Bowen, 17, August 1994.

problems. Their role was limited when compared to the efforts of Chattanooga Neighborhood Enterprise, but they helped in certain ways. Under the River Valley Partnership, housing will be examined in regards to new housing in the downtown. One of their goals is to make Chattanooga "more than an eight hour downtown."[142] Their goal will be to provide market rate housing with about twenty percent going towards low income families.

Working with PEP, Dalton Roberts' goal was to create a "sewer authority" which would allow for the development of sewer lines throughout the county. This would provide proper sanitary disposal for all areas of the county and improve the marketability of land in Hamilton County.

Political Aspects

The change in structure for the RiverCity company provides new challenges. The addition of public funds into their balance sheet means a higher level of accountability to the general public. In addition, both Mayor Gene Roberts and County Executive Dalton Roberts have been very supportive of RiverCity projects and programs. On August the fourth, the county will be having elections and Dalton Roberts is retiring. According to Judy Byrd, the county social service director, "Dalton Roberts is the key to most of the activity that has occurred in Hamilton County. His progressive leadership style and willingness to look at ideas has given organizations and agencies the chance to become

[142]Bowen. 19 April 1994.

entrepreneurial. His vision for the county is amazing and he is able to communicate it in a very persuasive manner."[143] It will be hard for whoever replaces Dalton Roberts to try to fill his shoes.

Until recently, Chattanooga Venture continued to play an important role in developing public/private partnerships for the Chattanooga area. Their vision for the future, Vision 2000, received a booster shot last year with another series of meetings called ReVision 2000. Again showing the success and support of community-wide participation, ReVision 2000 created a total of 2,559 community-improvement suggestions, which were refined into 27 further goals.[144] Due to reduced funding, by the Lyndhurst Foundation, Chattanooga Venture will not be able to play as big a civic role, but other local organizations such as the RiverCity Company are using public/private partnerships to ensure the success of these goals. In all, Chattanooga Venture launched 223 projects, creating 1,300 jobs and brought a $739 million investment to the area.

The Public/Private Partnership Role

Regardless of the organization, public/private partnerships have been proven effective in implementing economic and community development projects and programs in Chattanooga and Hamilton County. "A lot of incredible things have happened here in the last 10 or 12 years. There's a new sense of possibility in doing public-private partnerships

---

[143]Byrd, 11 July 1994.

[144]Jay Walljasper, "Chattanooga Chooses," Utne Reader (March/April 1994): 16.

that's inspired many organizations."[145] River Valley Partners will be expected to develop more successful projects with public/private partnerships. The Lyndhurst Foundation is trying to promote future development activity through a $3 million challenge pledge. For every dollar raised to develop a project, the Lyndhurst Foundation will provide twenty-five cents, up to $3 million total. According to Jim Bowen, "besides having charitable foundations helping with the success of the projects, blind luck has been our greatest help. But this does not mean that we will always be successful with our imaginative projects. It is a risk that we will have to take."[146]

Under the direction of Bill Sudderth and the newly established River Valley Partners, plans are underway for new projects around the downtown and along the Tennessee Riverpark. Using the Kirkland property, across from the Tennessee Aquarium, three or four major attractions are being planned for the site. Phase II of the Aquarium is planned to begin construction soon. Similar to the existing Aquarium's funding, Phase II will be completely privately funded at a cost of $50 million. In May 1995, the Creative Discovery Museum is planning to open. It too will be privately funded at a cost of $16.5 million and will be a children's "hands on" museum. It will contain an artist's studio, a music studio, and an inventor's workshop. The final parts of the Kirkland property include a $12 million IMAX 3-D theater and another downtown hotel. In addition to this activity, the Lyndhurst foundation recently announced plans for a Coca-Cola museum to be added to the Regional History Museum.

---

[145]Walljasper, 16.

[146]Bowen, 19 April 1994.

Public/Private partnerships have enabled the RiverCity Co. to impact the community in many ways. Bill Sudderth said, "at one time, industrial recruiters were interested in land, labor, and capital. But now quality of life issues are more important...Everything this community wants--from good schools, to good roads, to good public safety--will be made better if we create new investment opportunities."[147] The quality of life for Chattanooga residents has changed due to the use of public/private partnerships in carrying out the Tennessee Riverpark Master Plan. The Tennessee Riverpark embodies political, economic, and social concerns as it seeks to promote the general welfare. Only time will tell the full impacts of the Tennessee Riverpark on the Chattanooga community. The successes of the Tennessee Riverpark have brought Chattanooga far in its effort to create the "best riverfront in the country."

[147]Davis, 8(C).

Chapter Five

THE TENNESSEE RIVERPARK–A PUBLIC/PRIVATE PARTNERSHIP

THE RIVER

More than seventy percent of the earth's surface is covered by water. In examining the history of cities, it is interesting to note the significance that urbanization processes have placed on water. The cities of Babylon, Ur, and Eridu, located in present day Iraq, were some of the first cities to emerge. All of these cities developed in an area called the fertile crescent formed by the Tigris and Euphrates river valleys. These two rivers played an important role in the development and formation of these cities.

Water played a direct role in the location of early American cities. Fortifications and towns were often placed adjacent to rivers, lakes, or oceans. Through industrialization, the nation's cities became less dependent on the river and more dependent on rail transportation. In addition, many industries developed along cities' waterfronts and often walled off the river from public view.

The Tennessee River

> Down the valley of the Tennessee two rivers flow...
> One of these...is the new Tennessee, a man-made river,
> the product of engineering operations of such calculated daring
> that the imagination is daunted to find precedent for them.
> Beneath the giant stairs of great lakes, merged
> with them and all but lost in them, flows another river--
> the old Tennessee, the river of the Cherokee Indians and
> of their Creek and Chickasaw neighbors...it

> remained a wild river, cherishing its wildness while
> civilization rushed across it or away from it.
>
> Donald Davidson, The Tennessee, The Old River Frontier to Secession

Truman Hartshorn, an urban geographer says, "a direct, positive relationship exists between urban growth and water demand."[148] Chattanooga's early development occurred as a result of its good location on the river as a trading post. Chattanooga needed the river as a means of economic development and prosperity. The river provided a place to gather water for domestic purposes, but also a place to gather socially, play and live. In time, similar to many other cities, Chattanooga's industrial and commercial developments enveloped the city and hid the beauty of the river. Industrial discharges and urban runoff significantly affected the quality of the Tennessee River. Nearby Chattanooga, Citico, and South Chickamauga Creeks carried additional industrial and municipal discharges into the Tennessee River.

As the fifth largest river in the United States, the Tennessee River was ranked as the tenth cleanest river in 1980.[149] Since then efforts have been made to make it far above the average water quality. Non-point source and point source pollution discharges have been reduced by a new permitting process. Working with local industries and businesses, the public and private sectors cooperatively developed methods to improve water quality conditions. In addition, water quality standards have improved and are being monitored by the Tennessee Valley Authority.

---

[148]Truman A. Hartshorn, Interpreting The City: An Urban Geography (New York: John Wiley & Sons, Inc., 1992), 112.

[149]Carr, Lynch Assoc., 108.

The Tennessee Riverpark

The Tennessee Riverpark plan created a renewed interest in the river and has helped to improve water quality and river bank protection. The Tennessee Riverpark encompasses more than just the river. It represents two rivers, intertwined with the age old concern for the environment. "The Tennessee River Gorge Trust, a non-profit land conservation organization, is charged with protecting 25,000 acres of natural land filled with geological treasures, archeological sites and one of the most diverse collections of flora and fauna in the world." The Tennessee River Gorge Trust took an active role in protecting land in and along Chattanooga's riverfront. In addition, the Metropolitan Chattanooga Greenways Planning Project began in 1991 as one of three model communities in the nation to create a network of greenways and linear parkways through eight counties. Their efforts have improved the pride and interest in the Tennessee River and other streams and creeks flowing into and around the tributary.

THE OBJECTIVE

The Tennessee Riverpark is not a new concept. The present Tennessee Riverpark is at least the third Riverpark on the Tennessee River in Chattanooga. The first Riverpark was built by the Indians before DeSoto arrived in the 1500's. The second Riverpark was established during the 1700's by the Europeans who settled across from Ross's Landing. Both of these early Riverparks provided places to eat, sleep and live for their residents. But unlike the newest Tennessee Riverpark, the first two Riverparks didn't have an

Aquarium, pedestrian bridges, and public/private partnerships providing millions of dollars in investment.

The Third Riverpark

Chattanooga's newest Riverpark is more advanced than previous parks and represents one of the finest riverfront development projects in the world. Despite its uniqueness, it actually represents something old and authentic -history--its own history. Stephen Carr of Carr, Lynch Assoc. said, "The Tennessee River has always been Chattanooga's lifeline. It is the reason for the city's being. Along its banks can be traced the geological, cultural and economic history of this urban region: its origins, its growth and the seeds of its future. Now Chattanooga has the chance to grasp that lifeline anew."[150] In 1985 the city of Chattanooga and Hamilton County responded to citizen support by grasping hold of the lifeline. They adopted the Tennessee Riverpark plan, a 22 mile visionary plan for the development of Chattanooga's waterfront. The purpose of the plan is to "'preserve and enhance our natural and historical riches, carefully blending them with high quality private developments at suitable sites along the river corridor.' With these guiding principles, the objective of the Tennessee Riverpark is to make the riverfront accessible to Chattanooga and Hamilton County citizens and visitors. It marks the return of "people places" to the waterfront of our community."[151]

---

[150]Dedman, "Riverpark: Past and Present," 1(A).

[151]The RiverCity Co., The Tennessee Riverpark (Chattanooga: Informational Brochure on the RiverCity Co., 1994).

The Tennessee Riverpark is just that, a people place symbolizing Chattanooga's roots. Interestingly, the Riverpark does more than just symbolize the history of the Indians and settlers that helped to build the community. It is also a symbol of the industrial efforts, both past and present, that provided the tax base and employment necessary for the community's development. Unlike a Disneyland or a Six Flags, the Tennessee Riverpark symbolizes authentic history and is not a "fantasyland".[152] The Riverpark combines the historic development of the city with modern day solutions to social, economic, and environmental concerns. The Riverpark exemplifies the challenge developer James Rouse made concerning the project: "You ought to forget about the image and begin to think about how to make the city the best it can be for all the people."[153]

Embodied in the Tennessee Riverpark plan are a comprehensive set of principles for development. In an abreviated form, the principles are:

- Create an animated and festive "public" edge along the riverfront.
- Provide a strong visual and mental connection with the river, in both the public and private spaces.
- Use platforms or terraces to overcome street barriers between the river and the city.
- When developing new riverfront roads, retain the current street grid layout as much as possible.
- Develop a transportation system that integrates the portions of the riverfront to the city.
- Provide easy access to the Riverpark from area highways and major arterials.

---

[152]Dedman, "Riverpark: Past and Present," 1(A).

[153]The Chattanooga Times, "Thinking big about Chattanooga," 14 November 1984, 8(A).

- Develop tree-lined boulevards from within the city to the riverfront.
- Provide an efficient and environmental means of transportation to the riverfront without having to add large parking areas.
- Emphasize the existing topography of the area and limit the height of buildings near the river.
- Provide underground parking under public open spaces.
- Give prominence to public institutions, including a regional history museum and an aquarium.
- Retain the few historic structures in the area.
- Redevelop Ross's Landing with grassy areas and a gently sloping grass amphitheater.
- Provide a good connection with planned housing near the riverfront.
- Create pedestrian walkways for recreation.

The RiverCity Co. adopted these principles to ensure that development along the riverfront would pursue the best interests of the people. These principles call for important land use considerations which promote a respect and concern for the future of the river.

The Environmental City

The reclamation of Tennessee's waterfront after years of neglect and abuse, opened the door to a new environmentally conscious city. Chattanooga is still interested in industrial development, but is committed to improving its quality of life through the encouragement of environmentally clean businesses and industries and promoting an environmentally conscious community. Comprehensive environmental programs have

been developed for the community and it is trying to become the nationwide center for environmental information and business. In 1995, Chattanooga will host one of the three sessions of the President's Council on Sustainable Development.

The Riverpark

Extending along 22 miles of the Tennessee River, the Tennessee Riverpark plan proposes a greenway called the "Riverwalk" to tie the entire development together. The Riverwalk system will provide "horseback riding, jogging, biking, fishing, camping, picnicking and cultural events at intervals designed to serve all ages, income and ethnic groups. The purpose of the Riverwalk is to provide a network of parks and trails to protect and improve the natural environment along the river. Highlights of the Riverpark are (From East to West):

- **Chickamauga Dam:** As the easternmost point of the Tennessee Riverpark, this area of the park includes new fishing areas and public parks on the south bank. The north bank includes the North Chickamauga Creek Greenway which provides plenty of recreational opportunities at its public park. Likewise, new housing, offices, industry, fishing areas and parks are proposed extending from the Greenway west towards the Hunter Museum.
- **River's Bend:** Representing the gateway to the entire Tennessee Riverpark, this stretch of the park is reuniting the city with its riverfront. Downtown revitalization projects in downtown have occurred for many years. The Chattanooga Choo Choo, the TVA complex, the Convention Center, Warehouse Row, Miller Park, street landscaping and construction improvements and parking are now tied to the city's greatest resource, the river. The River Bend includes the area between the river and Second Street, from Georgia to Chestnut. The focal point of the entire project is Ross's Landing Park and Plaza, which includes the 13-story Tennessee Aquarium and the visitor's center. Other projects include the Walnut Street Bridge renovation, the longest pedestrian bridge in the U.S. and the Riverset apartments.

- **Moccasin Bend:** Moccasin Bend, the initial study area intended for Chattanooga, has been planned to hold numerous living history period museums. These museums would depict the history of Chattanooga and would be designed around a central lake, including botanical gardens and parks. In addition, a new marina, housing, and office/industrial park would promote a good mix of development around the Moccasin Bend and existing golf course.
- **William's Island:** William's Island represents the last area with space for major development. Surrounded by the Tennessee River, the island would be well suited for resort development, including a golf course. The southern end of the island would provide additional conservation land. Leaving the island, the last few miles of the Tennessee Riverpark include plans for a private marina and Riverway on the north bank, with conservation lands on the south bank.

Every piece of the Tennessee Riverpark plan may not be feasible for the community to develop. However, what is important is the quality of development and the level of cooperation between the community and local government. Public/private partnerships are bringing together many individuals, groups and organizations into the public sector development process. The result has been more socially conscious, community supported projects.

Figures 4 - 6 represent the Tennessee Riverpark. Figure 4 shows the original Tennessee Riverpark master plan created in 1984 by Carr, Lynch Associates. It is contrasted with Figure 5. Figure 5 shows the completed projects of the Riverpark plan by the RiverCity Co. and the future planning projects. Figure 6 shows a view of the city and its riverfront. The picture includes downtown Chattanooga, Signal Mountain, the Tennessee Riverpark, the Tennessee Aquarium and the renovated Walnut Street Bridge. (See Figures 4, 5, and 6).

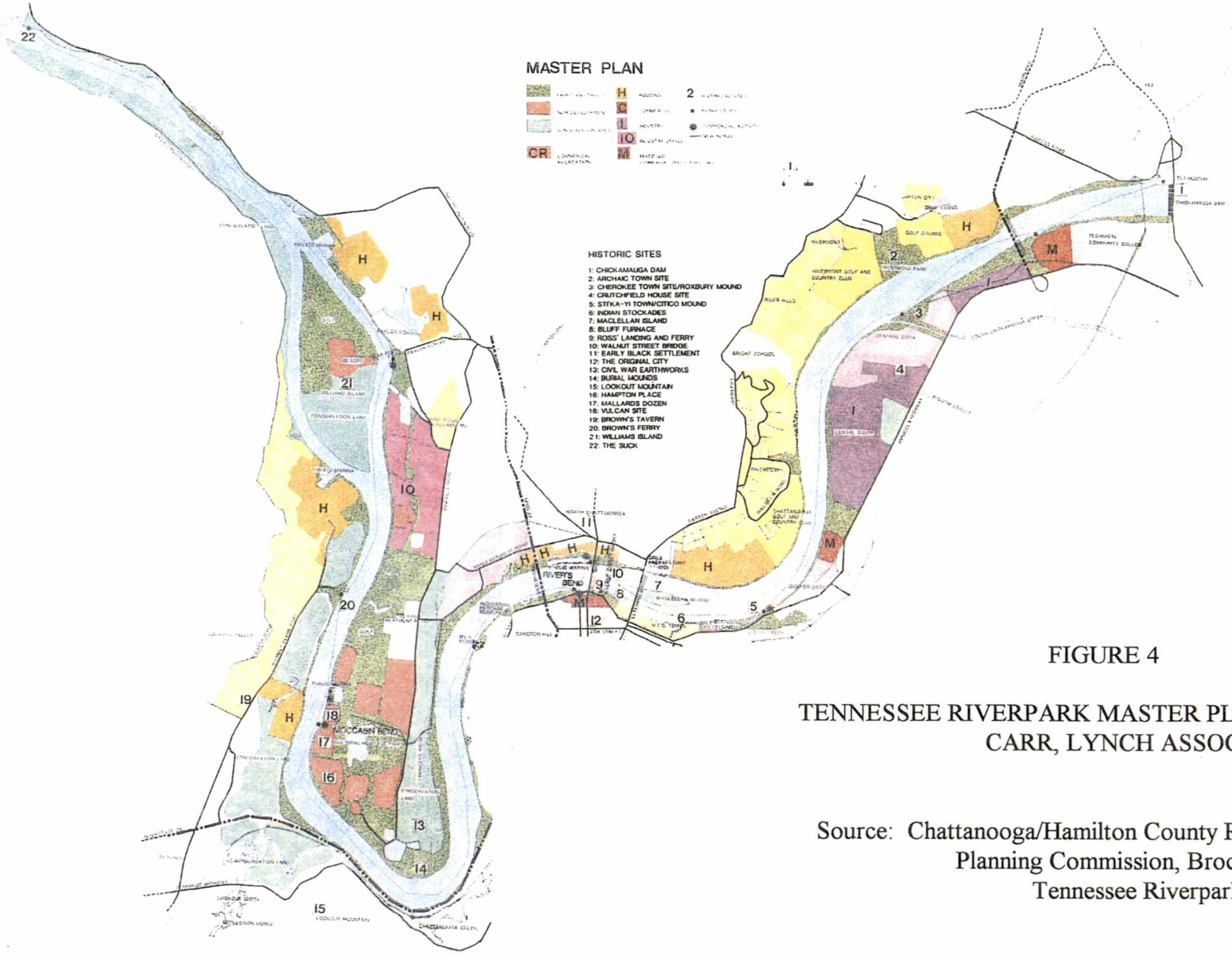


FIGURE 4

TENNESSEE RIVERPARK MASTER PLAN BY CARR, LYNCH ASSOCIATES

Source: Chattanooga/Hamilton County Regional Planning Commission, Brochure on Tennessee Riverpark, 1985.

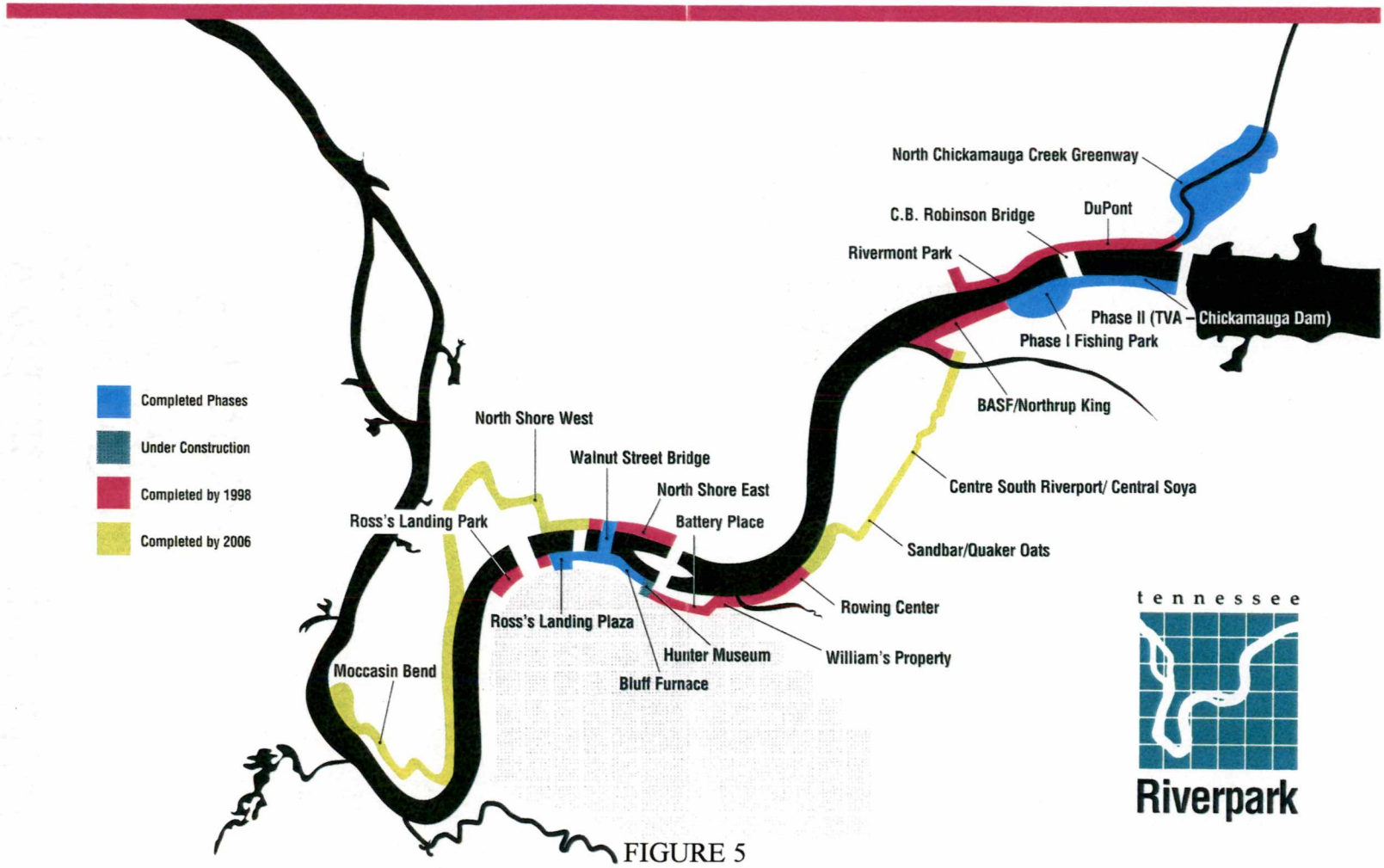


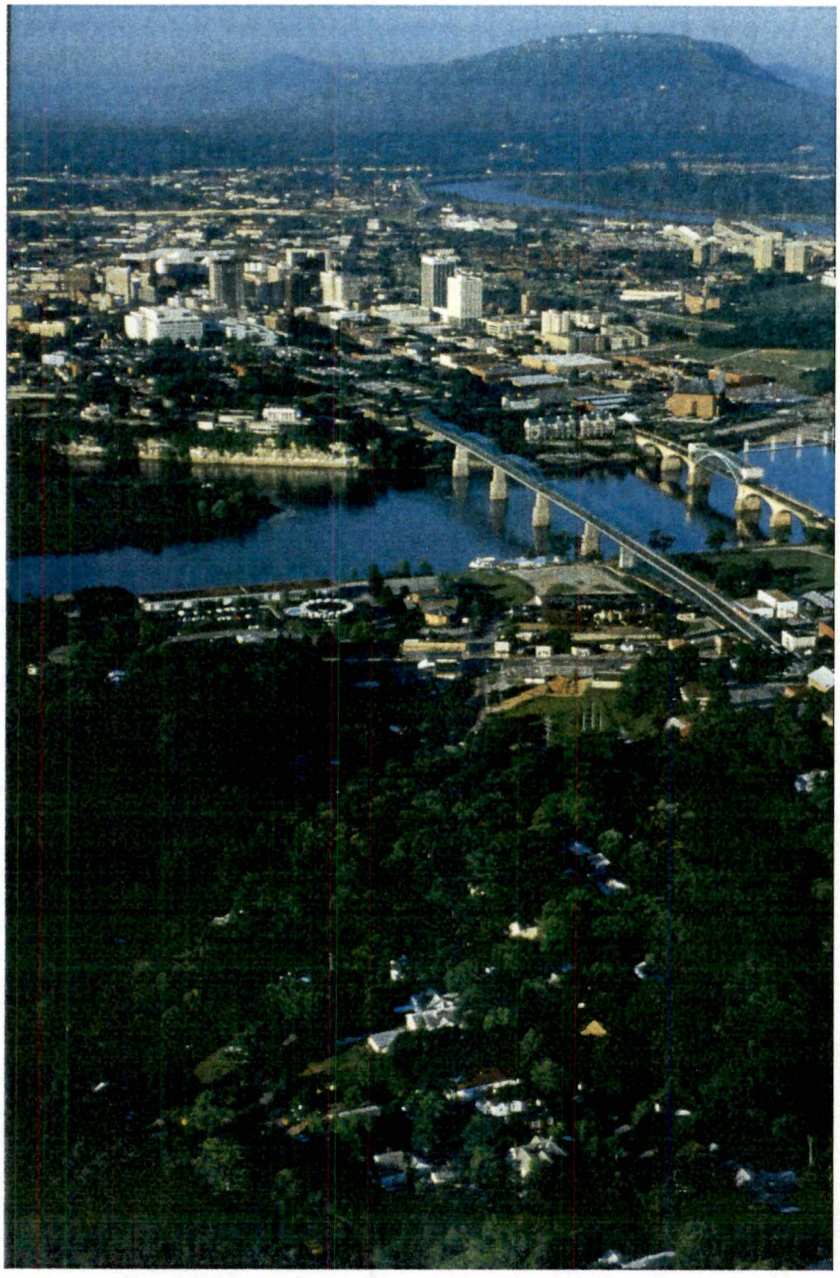
FIGURE 5

TIMELINE FOR TENNESSEE RIVERPARK PROJECTS, INCLUDING FINISHED PHASES

Source: RiverCity Co., Brochure on Tennessee Riverpark, 1994.

FIGURE 6

LOOKING SOUTH TOWARD CHATTANOOGA, THE MOUNTAINS, THE TENNESSEE RIVER, AND THE TENNESSEE RIVERPARK



Source: Chattanooga News Bureau, photo by TN. Photo Service, 1993.

THE PUBLIC/PRIVATE PARTNERSHIP

In 1990, the Tennessee Riverpark received recognition from the Tennessee Chapter of the American Planning Association as the state's most outstanding public/private partnership.[154] As a private organization, the RiverCity Co. has effectively worked with the private and public sectors to implement the Tennessee Riverpark plan. The RiverCity Co.'s efforts have provided area developers, foundations, banks, non-profit organizations, and citizens the venue to cooperatively work with city, county, state, and federal governments in providing the Tennessee Riverpark projects.

There are more foundations per capita in Chattanooga than any city in the South. These foundations have proven to be key to the establishment of the public/private partnership projects in the Riverpark. The Lyndhurst foundation in particular has provided funding time and again to the development of the Tennessee Riverpark

Through the Tennessee Riverpark's public/private partnerships the beautiful natural landscape of the Tennessee Riverpark is being highlighted for all to see. The Tennessee Riverpark is a living park which includes recreation, employment, housing, culture, and history due to public/private partnerships. Tourists and residents enjoy the new parks, trails, roads, fishing piers, trolley system, water ferries, restaurants, shops, and attractions. "By returning to its spiritual heart, the river, this small, vital city asserts that dreaming--and public/private partnerships--can transform the American landscape."[155]

---

[154]News Free Press, "Riverpark Cited on Partnership," 26 October 1990, 4(C).

[155]Robert Ivy, "Front Porch On The River," Design, (December 1992): 2.

THE ACCOMPLISHMENTS

Chattanooga has not taken very long to gain national attention for their development efforts in the Tennessee Riverpark. The RiverCity Co. has been successful in bringing people back to the river and in creating an environment which promotes historic, social, economic and environmental elements. The cliché, "Big things come in small packages" properly represents the RiverCity Co.'s six member staff. The limited staffing assembled, and continues to assemble, public/private partnerships responsible for the design, funding, development, management, and maintenance of the Tennessee Riverpark.

The Tennessee Riverpark has produced more than a quarter of a billion dollars of new development so far.[156] "Go to the Riverpark on any Sunday and you will see a cross-section of the community brought together in the most positive way you can imagine... It has done more to awaken people to their own city than anything else we've done."[157] The RiverCity Co. is committed to implementing the Tennessee Riverpark plan with Jim Bowen leading the way. According to Jim Bowen, "The perfect scenario for the Riverpark development is one ground-breaking and one ribbon-cutting every year."[158]

Riverpark Projects

The following projects are a part of the Tennessee Riverpark. The highlighted date preceding each project indicates the date of completion. Besides these projects, other

---

[156]Brian Hicks, "Riverwalk pays off," The Chattanooga Times, 19 April 1994, 1(A).

[157]Ibid., 1(A).

[158]Ibid., 3(A).

activities and projects have occurred in close proximity to the Tennessee Riverpark. Examples undertaken by the RiverCity Co. include the Trolley Barn renovations and additional parking lots. Despite the need for parking around the many projects, the use of Chattanooga's new electric shuttle buses is being promoted to cut down on congestion and parking dilemmas. Jim Bowen said, "the whole idea is not to continue adding parking but lengthen the park."[159] Figure 7 shows a portion of the Tennessee Riverpark, including a fishing pier and pavilion. (See Figure 7)

- **1984--The Chattanooga Riverfront Master Plan:** The Tennessee Riverpark plan drawn by Carr, Lynch Associates of Cambridge, Massachusetts cost $364,559. The funding for the plan came from the city, county, the city/county hotel tax, the Lyndhurst Foundation, smaller local foundations, and earned interest.

- **1989--C.B. Robinson segment:** Representing Phase I of the Riverpark, this segment began in the summer of 1987 and includes a five-pier Fishing Park and a two mile trail called the Riverwalk. The segment spans from just downstream of the C.B. Robinson Bridge and stops close to the Chickamauga Dam. The park is operated by the Hamilton County Parks Department with the city and county funding the operational costs. At a cost of $4,918,000 Jim Bowen said "It shows that we have the guts to take on something new and exciting and that the public and private sectors have a common progressive attitude.

FUNDING: Total ($4,918,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
$2,150,000	$755,000	$900,000	$900,000	$213,000

- **1991--TVA segment:** Representing Phase II of the Riverpark, this segment began in July of 1991 and includes a fishing pier, restroom, pavilion, Riverwalk, and paved parking for 60 cars and 40 cars with trailers. The segment begins immediately below the Chickamauga Dam on the south shore

[159]Hicks, 3(A).

FIGURE 7

COMPLETED SEGMENT OF THE TENNESSEE RIVERPARK



Source: Chattanooga News Bureau, photo by Robert C. Boyer, 1993.

and continues approximately one-third of a mile downstream to join the existing phase of the Riverpark. It is maintained by the Parks Department, but TVA retained the property for security purposes. Although it was funded entirely by TVA, seventy-five percent of the landscaping service and materials were donated by Chattanooga-area small business contractors.

FUNDING: Total ($1,000,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
				$1,000,000

- **1992--Ross's Landing Park and Plaza:** This segment represents the historic location where Chattanooga began. Considered the front porch of the city, Ross's Landing is a four acre urban plaza and public park. The $10 million project is maintained and managed by the a joint city/county effort through the City of Chattanooga Parks Department. The Chattanooga Downtown Partnership provides the daily park animation and programming. The challenge of the project was to encourage the surroundings to "Seem like an extension of the Chattanooga environment." A series of landscaped bands, representing specific eras, take visitors through time from 1992 to the year 1600. The design focuses on three distinctive characteristics: the Tennessee River and its bluffs, the surrounding mountains, and the city's industrial history.

  - **River Place I**--Located on the grounds of the plaza, this two story 38,000 square-foot building was designed to mirror the city's manufacturing and industrial past. The ground floor contains retail shops, a food court, and TGI Friday's. The second floor contains the James Hitching Visitors Center.

  - **The Tennessee Aquarium**--The centerpiece of Ross's Landing is the Tennessee Aquarium. Founded as a private non-profit educational organization at a cost of $45 million, this 13 story Aquarium represents the first major freshwater life center in the world. The 130,000 square-foot facility holds 400,000 gallons of water and contains more than 7,000 living specimens representing 350 species of fish, birds, mammals, reptiles and amphibians. It opened May 1, 1992 and its first year attendance reached 1.5 million visitors. So far the Aquarium spurred economic activity equal to $21.4 million in direct spending and $23.6 million in indirect spending.

FUNDING: Total ($10,050,000)
For Park & Plaza, excluding Aquarium

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
$7,350,000		$2,500,000 (hotel/motel tax)		$200,000

- **1993--R.L. Plaza to Amphitheater:** Representing Phase V, this segment consists of more Riverwalk and an amphitheater. This segment of Riverwalk is wooden and extends a quarter mile along the river's edge from Ross's Landing to the Hunter Museum and the amphitheater. The 250-seat amphitheater is located under the Walnut Street Bridge, and is intended for children's activities, the Riverbend Festival and small-scale performances. The Tonya Memorial Foundation liquidated its assets and made the walkway and amphitheater a farewell gift.

FUNDING: Total ($750,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$750,000			

- **1993--Walnut Street Bridge Renovation:** The restoration and reopening of the Walnut Street Bridge served as a link between the north and south shore development. The 2,370 foot-long Walnut Street Bridge represents the largest bridge renovation in the U.S. The bridge was closed in 1978 due to structural problems, but engineers and architects developed an innovative method to keep the bridge up. Six high strength stainless-steel cables were used in critical load areas to regird the bottom of the bridge. The cost of reinforcing the bridge was $350,000 as compared to the original estimates of $4 million. The renovated bridge incorporates five "pier plazas" furnished with benches and lighting. One half of the bridge was developed for use by horse drawn carriages and electric buses.

FUNDING: Total ($4,500,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$400,000		$2,100,000	$2,000,000

- **1993 Riverset Apartment segment:** The Riverset Apartment segment is a quarter mile path adding to the development of the Riverwalk. It connects the Riverset apartments to Ross's Landing. It goes underneath the Walnut Street Bridge and cost $43,000.
  - **Riverset Apartments**--Riverset Apartments represent the first new downtown housing in two decades. Owned by the RiverCity Co. the "Cadillac of apartment developments" opened in July, 1993 with rents ranging from $400 to $900 per month. (The average 1993 rent for the 6,610 multifamily units in the city is $430, with an occupancy rate of 96.4%).[160]

FUNDING: Total ($2,743,000)

[160]Henderson, "Chattanooga: Return to River", 1.

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$2,743,000			

- **1993 Stairs to Amphitheater and south bridge approach:** This segment of the Riverwalk allows visitors to move from the Amphitheater down to the segment built by the Tonya Foundation. This segment zigzag's back and forth down the hill from the amphitheater to allow handicapped access.

FUNDING: Total ($524,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$400,000	$41,000	$83,000	

- **1994 Hunter Museum segment:** This quarter mile segment of the Riverwalk connects the Hunter Museum with several important cultural resources--the Tennessee Aquarium, the Walnut Street Bridge, the amphitheater, the Bluff Furnace interpretive exhibit, the Houston Museum, and the River Valley Gallery Sculpture Garden. The Hunter Museum is 104 years old.

FUNDING: Total ($245,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$245,000			

- **1994 Rowing Center segment:** Representing Phase IV, the Rowing Center segment began in July of 1993 and includes one mile of the Riverwalk, landscaping, a shelter, a fishing pier, roads and restrooms. The $1.7 million site represents the headquarters of the 1996 U.S. women's Olympic rowing team. In addition to the Riverwalk, private funds were used to build a $450,000 boathouse to serve the Olympic rowing team. The boathouse is also being used by University of Tennessee at Chattanooga students as well as the public school system.

FUNDING: Total ($1,725,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$475,000	$300,000	$350,000	$600,000

- **1994 Bluff Furnace exhibit/stairs to River North Shore Landing:** Representing one of Chattanooga's early heavy industry's the Bluff Furnace exhibit is a stainless steel skeleton fifteen feet square. This

segment contains landscaping and information plaques to provide historical information on the industry.

FUNDING: Total ($449,000)

STATE $	PRIVATE $	COUNTY $	CITY $	FEDERAL $
	$22,000	$82,000	$82,000	$265,000

Table 2

Total Tennessee Riverpark Project Costs

	STATE	PRIVATE	COUNTY	CITY	FEDERAL
TOTAL	$9,500,000	$5,790,000	$3,823,000	$3,515,000	$4,278,000
TENNESSEE RIVERPARK TOTAL NEW DEVELOPMENT - $26,906,000					

THE TARGETS

By the time the Riverpark is finished, the RiverCity Co. estimates that it will generate $12 million in property tax revenues for the city and county, more than $750,000 in annual sales tax revenue, more than 10,000 jobs and more than $75,000 million in tourist-related dollars per year.

Future Projects

The community has only seen a fraction of the completed Tennessee Riverpark plan. Some of the largest land segments, the Moccasin Bend and William's Island, are waiting to be developed. The following projects are being targeted for development in the near future. Some of these projects are already under construction, while others have not

left the drawing boards. Public/private partnerships through the new RiverValley Partners will be used as a strategy to achieve completion of the Tennessee Riverpark plan.

- **Moccasin Bend Comprehensive Plan:** A guide for the future development of Moccasin Bend that ensures the protection of its unique archaeological resources is needed. This planning process would involve local, state, and possibly federal governments, archeologists, property owners and other concerned citizens.
- **North Shore--East:** This segment extending form the Market Street Bridge to Veteran's Bridge creates a linkage between the proposed Coolidge Park, the Walnut Street Bridge and the Little Theatre. The proximity of this segment to both North Chattanooga neighborhoods and Ross's Landing, via the Walnut Street Bridge, present one of the best opportunities for a strong mix of local community use and visitor use.
- **Coolidge Park:** Located on the site currently occupied by the Naval-Marine Reserve, Coolidge Park was a primary component of the recently completed North Shore Plan. This four-acre park would serve as the centerpiece of the new North Shore riverfront and a passive recreational resource for nearby neighborhoods and the entire community.
- **Ross's Landing Park and Riverwalk:** This includes a major upgrade of the existing Ross's Landing Park (north of Riverfront Parkway), additional boating facilities, new moorings for the Southern Belle Riverboat and over a half-mile of Riverwalk. The conceptual plan for the new Ross's Landing Park provides much improved facilities for the Riverbend Festival and smaller festivals as well as the casual user. In effect, this plan transforms Ross's Landing from a "parking lot" to a park and strengthens the pedestrian connection to the downtown riverfront with a narrowed Riverfront Parkway.
- **Battery Place:** Completion of this segment will require the construction of two pedestrian bridges to traverse Veteran's Bridge and its accompanying exit ramp. The Riverwalk moves "inland" at this point due to the extreme bluff conditions and leads strollers through a historic residential district and back to the river near the existing UTC football practice field.
- **William's Property:** This section of the Riverwalk will be constructed as an elevated boardwalk (similar to the under the Market and Walnut Street Bridges) because of its low elevation. This segment may also be the site for one of the city's new Combined Sewer Overflow facilities creating a unique opportunity for a cooperative construction effort and environmental education exhibits.

- **Water Company--Rowing Center:** With the recent announcement of Chattanooga as the training headquarters for the 1996 U.S. Women's Olympic Rowing Team, this piece of the Riverwalk will be one of the most exciting places to be in Chattanooga in the next few years. Local and private funding commitments of $800,000 are already in place for site preparation, construction of the Rowing Center, and Water Co. interpretive exhibit. Completion of the Rowing Center should be done by 1995.

- **Northrup King/BASF:** A schematic design for this segment, which connects South Chickamauga Creek to Phase One of the Riverpark, is already in place. Not only will this segment relieve some "congestion" at Phase I, but it will also provide a connection to any future "greenways" development along South Chickamauga Creek.

- **Dupont:** This segment provides over a mile-and-a-half of Riverwalk from the North Chickamauga Creek Greenway to the C.B. Robinson Bridge. Coordination with TVA's plans for expansion of the Chickamauga Dam locks will certainly provide some educational exhibit opportunities. This segment also creates a pedestrian connection from Rivermont neighborhoods to another future city park and educational facility--Spangler Farm--via the North Chickamauga Greenway.

- **Rivermont Park:** Stretching over a mile from the C.B. Robinson Bridge, this segment will terminate at the existing city park at Rivermont. A future pedestrian path on the C. B. Robinson Bridge would connect this segment, the Dupont segment, the Greenway and Spangler Farm to Phase I of the Riverpark.[161]

[161]RiverCity Co., The Tennessee Riverpark Brochure, 1994.

Chapter Six

CONCLUSION

After analyzing the information on public/private partnerships, Chattanooga, the RiverCity Co., and the Tennessee Riverpark, several conclusions can be drawn from the results.

Urban decay, loss of population and jobs, and the mounting costs of public services all threaten the economic vitality of our cities. As a result, cities have begun to examine ways to better provide public services and promote economic development. Through the federal urban renewal program, the federal urban development action grant program (UDAG) and the federal community development block grant program (CDBG), cities learned that there were options for community development. Instead of reacting to development initiated by the private community, cities could promote development through the establishment of a cooperative public/private partnership.

Public/private partnerships helped to create and shape the nation along with its cities. Their documented uses show one important element--flexibility. Public/private partnerships were used in a variety of circumstances and in diverse situations. The lack of "rules" for establishing a public/private partnership gave cities the ability to adjust a partnership to their need(s). Cities took on new roles and new risks; they began participating in public/private partnerships, sharing capital and operating costs. Cities

Chattanooga, like many other cities, examined the use of public/private partnerships in economic development. The mayor and county executive played active roles in the development of plans and programs created to tackle their economic, social, and environmental problems. Emphasis was placed on community participation in the development of these plans and programs. This openness produced strong community support and involvement for proposed development activities. Speaking before a crowd in the Tivoli Auditorium in Chattanooga, Weiming Lu said, "Democracy does work . . . Public Participation does pay."[162] For Chattanooga, he was right. In 1984, Chattanooga used community ideas and goals to aid the development of the Chattanooga Riverfront Master Plan. The plan proposed the development of the 22 mile Tennessee Riverpark and devised development strategies for the Tennessee Riverfront. Important to the plan was the use of a development corporation to implement the Tennessee Riverpark. In 1986, under approval from city and county officials, the RiverCity Co. was established. The RiverCity Co. began collecting and assembling land for development projects. Through a variety of public/private partnerships, the RiverCity Co. completed numerous segments of the Tennessee Riverpark. They successfully brought many private individuals, developers, foundations, and banks into the public sector development process. The dramatic results of the RiverCity Co.'s development efforts can be seen along different areas of the riverfront. New housing, parks, walkways, shops, and development projects provide benefits for all members of the community. According to Jim Bowen, "Chattanooga is often looked at as a step-child. Finally, people are realizing that we have something to

[162]Chattanooga Venture, "An emerging phenomenon: Citizen participation," Chattanooga Venture News (November 1984): 3.

offer the state of Tennessee. In fact, they want to know why their community isn't enacting similar programs and projects."[163]

Chattanooga has learned the importance of communication between the public and private sectors. Unfortunately, like many governmental structures, they are often not able to respond quickly to economic and social changes. Fortunately, they have learned that through privatizing certain public services, such as the provision of low-income housing, they are able to meet public demands and needs quicker and more efficiently. As a private organization, the RiverCity Co. is providing for public sector demands and needs. The RiverCity Co.'s specialized skills and levels of expertise allow them to interact efficiently in the real estate market. Both city and county governments recognize the need for cooperation with the private sector and are coordinating activities at two levels--the policy level and the implementation level. Through cooperation at the policy level, development strategies are reviewed, discussed, and adopted. The implementation level involves developing project designs and financing strategies.

A key to Chattanooga's development has been civic entrepreneurship and leadership by both public and private individuals. The Indianapolis trip twelve years ago, began a legacy of "visioning" trips. Every year since the Indianapolis trip, groups of public and private citizens have visited cities across the U.S. to examine successful development projects and programs. Unique projects and programs have been examined in housing, downtown development, economic development, waterfront development, etc.

[163]Bowen, 19 April 1994.

This October, fifty or so people will attend a "Leadership Inner-City Visit" to Albuquerque, New Mexico. The trips are now organized by both the Chamber of Commerce and the RiverCity Co. and every participant pays their own way. This years trip will cost $1,174, but many valuable lessons are learned, making it worth the cost.

Public/private partnerships may not be the answer to all the problems and economic development needs of the Chattanooga area. But, Chattanooga's public/private partnerships have been successful, so far. Their success with development projects in the Tennessee Riverpark may promote carelessness and greed. Chattanooga's objective for development should remain focused on providing for the needs of the community.

A follow up of this study should include an examination of updated Tennessee Riverpark projects. This study could examine the exact levels of participation that public and private sectors have provided to the development of the Tennessee Riverpark projects. It would be interesting to see what strategies and financial tools Chattanooga would need to use if they had to develop without the abundant financing from area foundations and private individuals. Additional research could examine the positive and negative features of the new RiverValley Partners. What effects does the new public/private organization have on the success and/or failure of public and private relationships. Is it benefiting the Partners for Economic Progress more than the RiverCity Co. and if so, how?

The provision of quality, affordable housing is difficult for many public/private partnerships. Chattanooga has had remarkable success with the establishment of quality

housing. In 1982, James Rouse and Chattanooga Venture established a non-profit organization called the Chattanooga Neighborhood Enterprise. The Chattanooga Neighborhood Enterprise is working to eliminate substandard housing in Hamilton County within the next 10 years. The Chattanooga Neighborhood Enterprise would be a wonderful organization to study. Somehow, they have managed to provide the needed housing in areas where most communities fail. Finally, it could be useful to examine the changes that take place in Chattanooga and Hamilton County with the recent addition of the newly elected county executive and other city officials.

Chattanooga is an exciting community to watch and visit. The impact of public/private partnerships has forever changed the face of this riverfront community. The involvement of citizen participation in planning processes has developed a level of trust and respect for local government officials and their visions for the community. The Tennessee Riverpark is more than just something to visit. It is a living testament, both past and present, of what the city was, what it is, and what it wants to be. Chattanooga is definitely a city worth watching!

BIBLIOGRAPHY

BIBLIOGRAPHY

Angle, Paul M. 1968.By These Words. Boston: McNally Press. 152.

Athearn, Robert G.. 1988. "The New World." American Heritage Illustrated History of the U.S. Vol 1. New York: Choice Publishing, Inc. 22.

Bowen, Jim. Vice President of the RiverCity Co. Personal Interview. Taped recording. Chattanooga, TN, April 19, 1994.

Byrd, Judy. Chattanooga Social Service Director. Personal Interview, Chattanooga, TN, July 11,1994.

Carr, Lynch Associates Inc. 1984. Chattanooga Riverfront Master Plan. Cambridge, MA: By the author, December, 8, 33,108.

Center for Business & Economic Research. 1994. Tennessee Economic Overview: College of Business Administration, The University of Tennessee,(6) 3.

Chattanooga/Hamilton County Regional Planning Commission. 1991. "Progress Report." Horizon Plan 2010. (12): 3.

Chattanooga Venture. 1984. "An emerging phenomenon: Citizen participation." Chattanooga Venture News. (November): 3.

_____. 1986. "Leaders Gain Vision for their Communitie." Visions-Conference Summary. 2.

_____. 1985. "Riverfront is city's best asset, says Rouse." Chattanooga Venture News (January,): 2.

_____. 1987. "The Tennessee Riverpark: Phase One." Chattanooga Venture News. (March,): 3.

_____. 1984. "The Vision 2000 process: Questions and Answers." Chattanooga Venture News.(6): 5.

_____. 1986. "Venture's First Report Card." Chattanooga Venture News. (6): 6.

Crimmins, Chris. Director of Project Development of the RiverCity Co. Personal Interview. Tape recording. Chattanooga, TN, April 19,1994.

Curriden, Mark. 1993. "Chattanooga housing program aims to be model for nation." The Dallas Morning News. (6 June).

Davidson, Donald. 1946. The Tennessee: The Old River-Frontier to Secession. New York: Rinehart & Co., 7.

Davis, Michael. 1992. "Q&A: Talking with Bill Sudderth." The Chattanooga Times. (3 November): 8(C).

Dedman, Bill. 1985. "A Partnership for Progress." The Chattanooga Times. (23 December): 6(A).

_____. 1985. "Jim Bowen to lead city's development efforts." The Chattanooga Times. (10 September): 1(A).

_____. 1985. "Riverpark partnership ready to go." The Chattanooga Times. (16 December): 1(A).

_____. 1986. "Riverpark: Using past and present to build a future." The Chattanooga Times. (27 January): 1(A).

Dowall, David E. 1990. "The Public Real Estate Development Process." APA Journal (Autumn): 505.

Finn, Michael. 1984. "Urban Planner Says Riverfront Needs Public-Private Venture." News-Free Press. (21 December): 2(B).

Fitsgibbons, Gloria, H. 1982. U.D.A.G. A Public/Private Partnership. Pittsburgh, PA: Innovations Press, 10.

Fosler, Scott R. and Renee A. Berger. 1982. Public-Private Partnership in American Cities. Lexington, MA: Lexington Books, 8.

Frank, Judy. 1985. "$9 million put in state budget for Riverpark." The Chattanooga Times. (24 December): 1(A).

_____. 1991. "Officials Look to Authorities for Management." The Chattanooga Times. (24 October): 1(A).

Frieden, Bernard J. 1990. "Center City Transformed: Planners as Developers." American Planning Association Journal. (Autumn): 424.

Fulton, William. 1987. "The Profit Motive." Planning. (October): 8.

Gay, Kathlyn. 1985. Cities Under Stress: Can Today's Systems be Made to Work? New York, NY: Impact Books, 6.

Govan, Gilbert E. and James W. Livingood. 1977.The Chattanooga Country 1540-1976: From Tomahawks to TVA. 3d ed. Knoxville, TN: The University of Tennessee Press, 21.

_____. 1952. The Chattanooga Country 1540-1951: From Tomahawks to TVA. New York: E.P. Dutton & Company, Inc., 23.

Guenther, Robert. 1982. "Cities Getting Part of Profits For Giving Aid to Developers." Wall Street Journal. (29 September): 35.

Gunyou, John M. 1982. "Public-Private Partnerships for Economic Development: A Reference Manual for Local Government." Denver, CO: Denver Regional Council of Governments, 142.

Hartshorn, Truman A. 1992. Interpreting The City: An Urban Geography. New York: John Wiley & Sons, Inc., 112.

Henderson, Nancy Bearden. 1993. "Chattanooga: Return to the river spurs renewed growth throughout city." Southeast Real Estate News. (October): 1.

_____. 1994. "RiverValley Partners: Fact Sheet and Story Ideas." Chattanooga: Chattanooga News Bureau.

Hicks, Brian. 1994. "Riverwalk pays off." The Chatanooga Times. (19 April): 1(A).

Hirsh, Stephanie A. 1988. The United States: Its History and Neighbors. Landmark ed. Chicago: Harcourt Brace Jovanovich, Publishers, 444.

Hodges, Allan A. 1974. "Accord Advocated For Developers, Local Officials." Washington Post. (12 October), 25(E).

Hurley, Mai Bell. City Councilwoman of Chattanooga. Personal Interview, Chattanooga, TN, July 11,1994.

Ivy, Robert. 1992. "Front Porch On The River." Design. (December): 2.

Jacobs, Jane. 1993. The Death and Life of Great American Cities. New York: Random House, Inc., 584-585.

Lim, Vincent. 1993. "The Application of Public/Private Partnerships in Real Estate Development." Graduate thesis, University of Tennessee, (May), 15.

Mansfield, Edwin. 1986. Principles of Microeconomics. 5th. ed. New York: W.W. Norton & Company, 6.

Mughes, Richard. 1984. History lectures at Northstar Christian Academy in Rochester New York.

National Council for Urban Economic Development. 1978. "Coordination of Community & Economic Development," (March). Coordinated Urban Economic Development: A Case Study Analysis, Washington, D.C., 2.

_____. 1978. "Neighborhood Economic Development." (March). Coordinated Urban Economic Development: A Case Study Analysis. Washington, D.C.,1-2, 9.

News-Free Press. 1991. "Downtown Partnership Formed From 2 Groups." (5 June): 1(C).

_____. 1990. "Riverpark Cited on Partnership." (26 October): 4(C).

Pender, Robert B. 1990. "Partnerships Offer Alternatives to Debt." Texas Town & City. (June): 513.

Roth, Linda Schmitt and Mary Kay Rosteck. 1994. "The South." Cities of the United States. 2d ed. vol. 1. Washington, D.C.: Gale Research, Inc., 399.

Savas, E.S. 1987. Privatization: The Key to Better Government. Chatham, N.J.: Chatham House Publishers, Inc., 4.

The Chattanooga Times. 1984. "Thinking big about Chattanooga." (14 November): 8(A).

The RiverCity Co. 1994. The Tennessee Riverpark. Chattanooga: Informational Brochure on the RiverCity Co.

The Washington Post. 1993. (23 May).

U.S. Conference of Mayors, the National Community Development Association and the Urban Land Institute. 1979. "A Guidebook for Local Government.". Local Economic Development Tools and Techniques. Washington, D.C., 23.

Walljasper, Jay. 1994. "Chattanooga Chooses." Utne Reader. (March/April): 16.

Wilson, John. 1985. "Millions Pledged to Riverpark." News-Free Press. (18 December): 1(A).

VITA

Tod B. Mowery was born in Rochester, New York on October 1, 1968. He attended Northstar Christian Academy and graduated from Greece Athena High School in June, 1986. The following September he entered Kent State University of Ohio and in December, 1990 received the degree of Bachelor of Business Administration in Business Management. In August, 1992 he entered The University of Tennessee, Knoxville and in December, 1994 received a Master of Science degree in Planning, with a concentration in Economic Development.

He is married to Deborah M. Mowery who was born in Cleveland, Ohio. Before attending The University of Tennessee, he worked for the Loudon Merchants and Property Owners Association as Executive Director. This non-profit, 501 C-3 organization was responsible for Economic Development, Historic Preservation, and Community Livability. While attending Kent State University he worked with various international organizations in Geneva, Switzerland, including the United Nations, the U.S. Mission, and the General Agreement of Tariffs and Trade. In addition, he worked with a missions organization in Zambia, Africa.