

The Collierville Challenge

Can this rapidly growing Memphis suburb balance growth with preservation of its small-town identity?

By Laura J. Hopper

The heart of Collierville, Tenn., is its historic town square, built in 1870 as the town re-emerged from Civil War destruction. Take a walk down Main Street to view the train depot and the Confederate Park gazebo, the corner gas station and the barbershop, and you could believe you've stepped into another era.

But take a step back and view this southeastern Memphis suburb through a broader lens, and you'll see explosive population growth—from 14,427 in 1991 to 37,044 in 2002—as well as booming corporate development and burgeoning residential and retail construction. All that, plus small-town charm and historic ambience, should be enough to make Mayor Linda Kerley a very satisfied civic leader. But Collierville's rapid growth has challenged Kerley and other town officials as they try to preserve Collierville's past while preparing for its future.

"We don't want to grow just for growth's sake," Kerley says. "We want the right kind of development that can sustain itself in the future."

Town leaders fear that unplanned growth will drive residents away for the very reasons they moved to Collierville—to escape crowded city streets and to enjoy the benefits of a suburb with a small-town atmosphere. Says Town Administrator James Lewellen, "We don't want to become such a large commercial center that we're no longer an attractive place to live."

Kerley adds, "We like to joke that Collierville is the region's worst-kept

secret. But you can't just close the door and not let anyone in. What you need is a healthy growth plan for the future."

Mapping the Ideal Suburb

Land-use planning comes naturally for any town in Tennessee, where state law requires all unincorporated land to be earmarked to a specific town for future annexation. But Collierville has gone the extra mile in this regard. Residents and officials spent three years on a land-use plan, which specifies how every block of the community will be developed, not just the 28.7 square miles within Collierville's borders but also the 20.9 miles the town could annex in the future.

The land-use plan is just the starting point, though, of Collierville's efforts to control development, particularly of the commercial variety. Businesses seeking to locate in the town face a detailed application process marked by scrutiny of every aspect of their planned development, Kerley says—from structural safety to landscaping to even color.

"When Home Depot wanted to locate here, we asked them to soften the orange," Kerley says, referring to the



Collierville

BY THE NUMBERS

Population	37,044 (2002)
Labor Force	8,320 (June 2003)
Unemployment Rate	2.3% (June 2003)
Per Capita Personal Income	\$33,203 (2002)
Top Five Employers	
FedEx World Tech Center	2,900
Carrier Corp.	1,600
Town of Collierville (government)	395
Alpha Corp.	300
PepsiAmericas	300

home improvement store's exterior, which is usually heavily orange.

As a result, the Collierville Home Depot kept the orange only in its sign; the rest of the building is red brick. "They weren't too happy about it at first, but this has been a very lucrative location for them since they opened here," Kerley says.

Opponents of Kerley's administration have criticized the tough regulatory standards, saying they

create an unfriendly environment for attracting new businesses to town. Kerley responds by saying she believes the bottom-line results are what will help Collierville continue to attract new businesses that see a growing town with an attractive landscape and an affluent population. "Companies want to come here because they know the businesses next door to them will be held to the same high criteria."

And having a detailed plan for future growth is important not just to Collierville but to the Memphis region as a whole, believes Susan Adler Thorp, spokesperson for Shelby County Mayor A C Wharton Jr. "It's great that the east section of our region has grown dramatically, but it's also important to control that with a plan for smart growth in the city, where the infrastructure already exists," she says.

Collierville and other suburbs are working with the city of Memphis on a regional smart growth plan, says Thorp, adding that, with proper planning, growth in one part of the region can be good for everyone. "When we're trying to recruit people and corporations, the entire Memphis region benefits from the presence of a community like Collierville, with a small-town atmosphere and good schools and neighborhoods."

"Where Their Talent Wants to Live"

Before its growth spurt of the past two decades, Collierville was a predominantly agricultural town, supplemented with some manufacturing firms. The largest of those is the heating and air-conditioning manufacturer Carrier, which opened its Collierville facility in 1967. Carrier has grown with the town, and the company recently completed a \$27 million expansion project that added 400 jobs in Collierville.

Manufacturers—particularly in plastics and refrigeration—continue to be a staple of Collierville's economy, but manufacturing isn't likely to ever be the town's economic bread-and-butter, Lewellen notes. "We're not going to attract the smokestack industries because of our high cost of land," which is \$40,000 per acre, he says.

Instead, Collierville is focusing on a new niche—smaller corporate offices and headquarters, Lewellen says. The new jobs will most likely target white-collar, higher-income workers, the suburb's fastest-growing group of residents.

"Corporate headquarters can locate anywhere they want to be," Lewellen says. "So they're going to go where their talent wants to live, and we're hoping that their talented people will want to live in Collierville."

The community's corporate "crown jewel," as Lewellen puts it, is the 140-acre FedEx World Tech Center, which serves as the technology arm and software development headquarters for FedEx Corp. With 2,900 employees, the multimillion dollar

center will play a key role in Collierville's economic future, Lewellen says.

"With FedEx here, we can afford to be patient and selective while knowing that we can attract some more first-class commercial development in the future," he says.

Several new companies have already opened headquarters and administrative offices in Collierville over the past three or four years, including Helena Chemical, an agriculture chemical firm; ThyssenKrupp Elevator, North America's largest elevator company; and Parker Automotive Connectors, which manufactures parts for vehicle air-conditioners.

Many of these employers have opened offices in Schilling Farms, another key component of Collierville's development plans. The multiuse, 450-acre development also includes several residential subdivisions, two apartment complexes, a YMCA, a middle school, a church and a hotel. And residents will have more shopping options available soon as well, with construction under way on Carriage Crossing at Collierville, an 810,832-square-foot shopping center that will have three anchor tenants when it is completed in the spring of 2005.

Urban Sprawl or Suburban Success?

Even as Collierville attracts new business, its growth does not appear to be at the expense of the rest of the Memphis region—at least not yet, says Dexter Muller, vice president of economic development for the Memphis Regional Chamber of Commerce.

Traffic patterns show a majority of suburban residents still commuting westward toward the city of Memphis each day for work and shopping, Muller says. That includes the residents of Collierville, located 20 miles east of Memphis, and Germantown, the closer, first-ring suburb just east of Memphis.

The trend toward faster growth in suburbs than in cities continues throughout the Federal Reserve's Eighth District as well as in the Memphis region. "Like most urban areas, Memphis has experienced considerable sprawl during the last half of the 20th century," says University of Memphis Economics Professor David Ciscel in his report, "Urban Sprawl, Urban Promise: A Case Study of Memphis, Tennessee."

Ciscel adds: "From the 1950s through the 1990s, the city of Memphis grew east in Shelby County from the Mississippi River, along the Mississippi state line toward the very rural Fayette County. As the city enters the 21st century, the rest of Shelby County is ready to be annexed by the city or one of its smaller urban complements. . . . Soon the whole county will be urban."

In his 2001 *Regional Economist* article "Suburban Expansion," St. Louis Fed economist Ruben Hernandez-Murillo noted that such growth occurs because the benefits

perceived by residents exceed the costs they incur. He adds that there are "limited scenarios where suburban expansion can be a problem." These scenarios arise if, when suburbs are expanding, there are costs to society as a whole that individuals do not take into account when deciding where to live.

For example, according to Hernandez, "commuting may involve additional time costs when roads are congested by excessive traffic." Or, when "converting land to urban use, developers do not take into account intangible benefits of open spaces that might be lost by other households." In addition, if developers do not pay the full costs of new infrastructure, there will tend to be too much development.



The FedEx World Tech Center (top) is located in Collierville, as is the headquarters of Parker Automotive Connectors (center). Parker and several other firms are located at Schilling Farms (bottom), a 450-acre, multiuse development.

For now, Mayor Kerley believes Collierville can handle such challenges—and remain a vibrant community well into the future. "Growth is coming to Collierville, and people want to be here," she says. "We want to maintain that healthy mix of new development and good residential neighborhoods, and not place the tax burden on our residents. That way, we can make this a win-win situation for everyone."

Laura J. Hopper is a senior editor at the Federal Reserve Bank of St. Louis.