

1. PURPOSE OF AND NEED FOR ACTION

1.1 Purpose

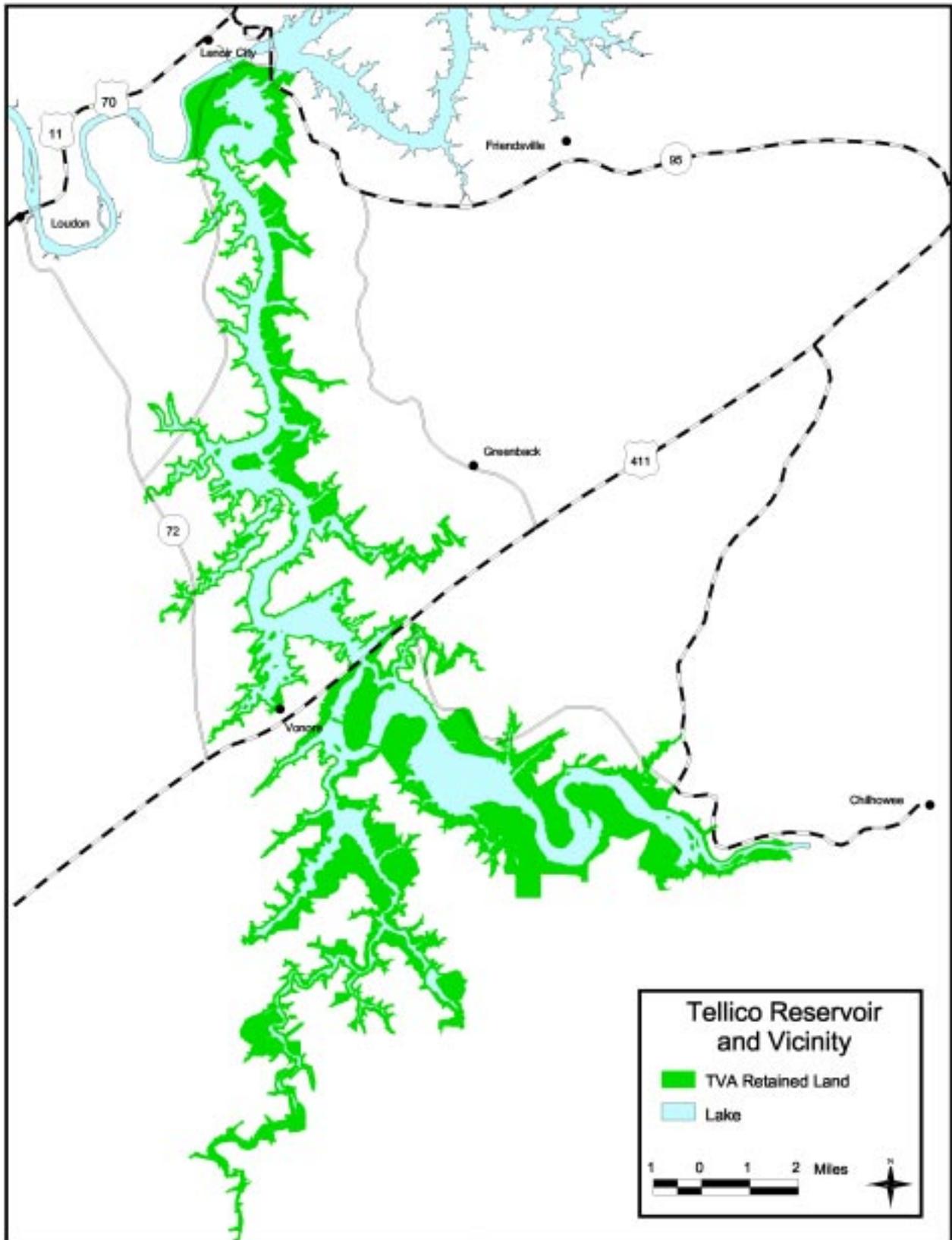
In November 1979, the gates of the newly-constructed Tellico Dam were closed, and the multipurpose TVA reservoir began backing up the Little Tennessee and Tellico Rivers. The Tellico Project, once known as the “Fort Loudoun Extension” and planned since the late 1930s, consists of the Tellico Reservoir and the adjacent lands purchased by TVA. Approximately 37,737 acres of land were purchased for the project. Of that, 13,943 acres are normally covered by water during the summer, resulting in a reservoir pool with 360.8 miles of shoreline. The balance of the acquired Tellico Project lands is used for industrial, residential, and commercial and public recreation purposes. Table 1.1-1 shows the current land use status and Figure 1.1-1 is a map of the Tellico Reservoir and vicinity.

Table 1.1-1 Current Land Use Status	
Land Status	Acreage
Committed (unplannable) Land	6,103.0
Uncommitted (plannable) Land	6,539.8
Land below 813-foot contour elevation	13,943.0
Land Conveyed to TRDA	11,151.0
Total	37,736.8

In April 1982, the Tellico Reservoir Development Agency (TRDA) was created by the Tennessee Legislature to assist TVA in the development of 11,151 acres of land acquired for the Tellico Project. A public auction sale of this land to TRDA was held on November 26, 1982. TRDA is a public corporation with a mandate to plan programs and implement activities for the comprehensive development of the land sold and easements for Public Recreation conveyed to it by TVA. TRDA’s management, use, development, and conveyance of these lands are governed by a joint agreement (Contract No. TV-60000A) between TVA and TRDA which was made and entered into on August 25, 1982.

One of the major objectives for creating the Tellico Project, reflected in the integrated land plan included in Contract No. TV-60000A, was to develop and use the acquired lands that surround the reservoir in a way that would permit the project to make the maximum possible contribution to the economy of the region.

Figure 1.1-1 Map of Tellico Reservoir



TVA develops reservoir land plans in order to systematically manage its reservoir property. These plans seek to integrate land and water benefits, provide for the optimum public benefit, and balance competing and, sometimes, conflicting resource uses. By providing a clear statement of how TVA manages land and by identifying each parcel for specific purposes, TVA hopes to balance conflicting land uses and facilitate decision making for use of its land. Plans are approved by the TVA Board of Directors and adopted as agency policy to provide for long-term land stewardship and accomplishment of TVA responsibilities under the TVA Act.

Comprehensive land management plans have been completed and implemented for seven mainstream and two tributary reservoirs. The purpose of this Final Environmental Impact Statement (EIS) is to examine the impacts of possible alternative uses of TVA's remaining land on the Tellico Reservoir.

1.2 Other Pertinent Environmental Reviews or Documentation

Tennessee River and Reservoir System Operation and Planning Review (TVA, 1990). In December 1990, TVA completed an Environmental Impact Statement (EIS) addressing changes to the operation of its reservoir system, with emphasis on water quality and lake levels. In the EIS, TVA also addressed the environmental and socioeconomic consequences of changes in reservoir operations on land and shoreline development. Following completion of the review, TVA delayed the late summer drawdown of tributary reservoirs until August 1. It also began a system-wide program, now nearing completion, to improve water quality below dams.

Shoreline Management Initiative (SMI): An Assessment of Residential Shoreline Development Impacts in the Tennessee Valley (TVA, 1998a). In 1998, TVA completed an EIS to assess residential shoreline development impacts on its reservoirs throughout the Tennessee Valley. The Record of Decision (ROD) for SMI was signed on May 24, 1999. Under the Blended Alternative adopted in the ROD, sensitive natural and cultural resource values of reservoir shorelines would be conserved and retained by: (1) preparing a shoreline categorization for individual reservoirs; (2) encouraging voluntary donations of conservation easements to properties over which TVA holds a flowage easement (property over which TVA has the right to flood) or other shoreland to protect scenic landscapes; and (3) establishing a premise that no additional residential access rights will be granted across public shorelines unless a "maintain and gain" policy to prevent losses of public shoreline is implemented. However, the Tellico Reservoir Land Management Plan (Plan) would comply with SMI to the extent allowable by the terms and conditions of the existing Contract No. TV-60000A. Since TVA Board approval, the SMI has become policy and is referred to as the Shoreline Management Policy (SMP).

Change in Land Use Designation to Allow Residential Development of the Bat Creek Peninsula (TVA, 1994). TVA completed an Environmental Assessment (EA) on the potential environmental impacts of a TRDA proposal to change the land use designation of the 1060-acre Bat Creek Peninsula from Industrial to Residential. TVA approved the land use change, with the requirement that the developer implement several mitigative measures to minimize potential environmental impacts. The area is now the Rarity Bay development.

1.3 The Decision

TVA will decide whether to adopt a new Tellico Reservoir Land Management Plan (Volume 2) as TVA policy or to continue the use of the 1982 land use plan described in Contract No. TV-60000A as supplemented.

1.4 Public Involvement and Scoping

In January 1997, an article was published in the *TVA River Neighbors* announcing that planning was under way on Tellico Reservoir. This publication was sent to over 20,000 stakeholders inside and outside the Tennessee Valley. Thirty-two people responded by calling 1-800-TVA-LAND and asking to be placed on the land planning mailing list for Tellico Reservoir. This 1-800 number is still available for anyone to call and request to be added to the mailing list.

A questionnaire was developed and sent to these and other interested parties for their comments concerning land use on Tellico Reservoir. Questionnaires were given to 5th and 6th grade students to take home to their parents at the following area schools: Highland Park Elementary (Loudon County), Madisonville Intermediate (Monroe County), and Eagleton Elementary (Blount County). A similar questionnaire was developed for local county and city officials, area planning organizations, and other stakeholder groups concerning land use on Tellico Reservoir. Nearly 400 questionnaires were distributed in the area. The questionnaire and corresponding responses provided in Appendix A-1 were used in identifying issues of concern to the public and developing land use designations for parcels.

TVA staff also solicited input from representatives of a cross-section of groups of people who use or are concerned with the resources of Tellico Reservoir. Interested state and federal agencies such as the U.S. Fish and Wildlife Service (USFWS), U.S. Army Corps of Engineers (USACE), Tennessee Division of Forestry, and the Tennessee Wildlife Resources Agency (TWRA), and other natural resource oriented groups such as the Tennessee Conservation League, were asked to participate in the Tellico Reservoir land planning process. These groups were asked about land use issues around Tellico Reservoir. The responses from these groups are provided in Appendix A-1 and were used in identifying issues of concern to the public and developing land use designations for parcels.

Internal scoping and historical information, as well as comments from the general public, public officials, stakeholders, peer agencies, and focus groups were used to identify the following resources/issues that are considered in this EIS:

- Visual Resources
- Cultural Resources, including Archaeological Resources
- Threatened and Endangered Species
- Terrestrial Ecology and Significant Natural Features
- Wetlands and Riparian Ecology
- Recreation
- Water Quality
- Aquatic Ecology
- Socioeconomics
- Navigation
- Prime Farmland

The following issues, also identified in scoping, are not likely to be issues affected by the proposed alternatives:

- Floodplains
- Noise
- Air Quality

TVA originally anticipated completing an EA on the Tellico land plan. However, in October of 1998, the Tellico Landing, Inc. (TLI), development group updated and renewed their 1994 request to develop approximately 850 acres of TVA property in conjunction with 217 acres of TRDA property known as Lower Jackson Bend. In anticipation of the additional issues and concerns that could be generated by a commercial development along 7 river miles of the Tellico shoreline, TVA raised the level of NEPA review from an EA to an EIS. A Notice of Intent (NOI) to prepare an EIS was published in the *Federal Register* on January 14, 1999 (Volume 64, Number 9), with a comment period that was extended to March 5, 1999. A public meeting was held on January 28, 1999, at the Lenoir City High School with well over 700 people in attendance. The three proposals identified for this meeting concerned: 1) a Greenway from Lotterdale Cove to Lower Jackson Bend, 2) a River Corridor concept that would be applied to the upper reaches of the Tellico River, and 3) the proposed TLI development. By far, most of the issues raised at the meeting, and in the balance of the public comment period, were centered on the commercial development of TVA property proposed by TLI.

On March 15, 1999, the TVA Board of Directors issued a public statement dropping the TLI proposal from further consideration. Consequently, many of the issues identified at the public meeting and in the subsequent comment period such as boat and automotive traffic, noise, night light, water quality, and visual impacts,

had lesser significance. Plans to conduct appropriate in-depth surveys addressing such issues were no longer necessary.

TVA accepted comments on the DEIS and Plan from February 18 through May 10, 2000. Comments could be made by:

- Visiting the TVA website at <http://www.tva.gov/environment/reports/tellico>;
- Sending comments to Steven L. Akers, Little Tennessee Watershed Office, 804 Highway 321, Lenoir City TN 37771;
- Emailing slakers@tva.gov;
- Calling 1-800-TVA-LAND; or
- Attending the public open house information session at the Lenoir City High School March 28, 2000. TVA staff were available between the hours of 4:30 and 9 p.m. to answer questions and discuss the DEIS and Plan with the public. During the information session the public also had an opportunity to record their comments verbally or in writing.

Following public review and comment on the DEIS and agency response to those comments (see Appendix A-2), this Final EIS is being issued by TVA. The proposed Plan and Final EIS will be presented to the TVA Board of Directors for their consideration and approval of an alternative. If approved, TVA will then issue its Record of Decision, and the selected alternative will be adopted as the Agency's policy to provide for long-term stewardship and accomplishment of TVA responsibilities under the 1933 TVA Act.

1.5 Necessary Federal Permits or Licenses

No federal permits or licenses are required to develop a reservoir land plan. To the extent possible, site specific background information on reservoir resources has been characterized in this EIS, and the potential impacts on these resources were considered in making the parcel allocations. Appropriate agencies regulating wetlands, endangered species, and historic resources have been consulted during this planning process. When specific actions such as a dock, building, road, or walking trail are proposed that could affect sensitive resources, additional review and appropriate permits or consultations may be required in order to gain approval of the actions.