

**FINDING OF NO SIGNIFICANT IMPACT
TENNESSEE VALLEY AUTHORITY
SPECIAL OPPORTUNITIES COUNTIES LOAN
TO NORTHWEST TENNESSEE REGIONAL PORT AUTHORITY**

Proposed Action and Need

The Tennessee Valley Authority (TVA) proposes to lend \$200,000 from its Special Opportunities Counties (SOC) Loan Fund to the Northwest Tennessee Regional Port Authority (Port Authority) for the acquisition of land needed to build a new port facility near Cates Landing on the Mississippi River in Lake County, Tennessee (see Attachment 1 for the location of the proposed facility). The Port Authority, comprising Dyer, Lake, and Obion counties and municipalities, was formed to investigate the possibility of constructing a slack water port facility in the area. Memphis is currently the only public Mississippi River port in the state of Tennessee. Lake County, the poorest county in Tennessee, is in need of a port facility to help create a Port of Cates Landing Intermodal Regional Industrial Park adjacent to the proposed port. Economic impact studies indicate the port and industrial park together could ultimately create more than 5,600 direct and indirect jobs over time.

The Port of Cates Landing is being developed by the U.S. Army Corps of Engineers (USACE) under Section 107 of the River and Harbor Act of 1960, which provides authority for the Chief of Engineers to develop and construct small navigation projects. The USACE examined the engineering, economic, and environmental feasibility of constructing a slack water harbor near Tiptonville, Tennessee, and investigated the demand/need for a harbor in northwest Tennessee as a boost to improving the depressed economy of Lake County. In 2004, the USACE prepared a Detailed Project Report (DPR), which includes engineering studies; an economic analysis; an environmental assessment (EA); and real estate, financial, and dredging plans (USACE 2004). TVA is adopting the USACE EA, and it is incorporated by reference.

TVA participated on the project team led by the USACE and the Port Authority. Other participants included the state of Tennessee Department of Economic and Community Development, the U.S. Department of Commerce Economic Development Agency, and various other state and federal agencies. The total estimated cost of the harbor development is approximately \$5 million with funding from both federal and nonfederal sources (USACE 2004). The cost of developing the adjacent industrial park was estimated to be \$14 million, for a total project cost of about \$19 million. The USACE's economic analysis concluded the federal portion of the project would have a cost-to-benefit ratio of 1:84.

Alternatives

TVA is considering two alternatives: No Action and Action. Under the No Action Alternative, TVA would not make the requested loan. The Port Authority would likely obtain a loan from an alternative source, and the port facility and industrial park would be developed as planned. Therefore, the environmental consequences of TVA's No Action Alternative are expected to be the same as the Action Alternative. Under the Action Alternative, TVA would loan the Port Authority \$200,000 from its SOC fund toward the purchase of approximately 150 acres of land needed for development of the port facility. TVA's loan would provide about one-third of the cost of purchasing the land.

Three sites were considered for the location of the proposed slack water port: Ridgely at Mississippi River Mile (MRM) 858, Wynnburg at MRM 870, and Cates Landing at MRM 900. Cates Landing was selected because it was historically open to navigation from the 1950s until the early 1980s; had a prior USACE permit and a state of Tennessee Water Quality Certification for construction of a harbor (issued in 1991 to construct a harbor at the site); and was the only site with land for both the port facility and the industrial park above the 100-year floodplain, eliminating the need for levee protection.

The USACE EA considered the No Action Alternative and five alternative harbor designs for the Cates Landing site. All action alternatives were located in the old chute of the Mississippi River. Alternatives 1–5 varied the canal length, the bottom width, and the amount of excavation required. Alternatives 1 and 3 were removed from detailed analysis due to the amount of excavation required. Alternative 6, the No Action Alternative, did not meet purpose and need. Alternative 5 was chosen as the recommended plan because it offered the best compromise of environmental impacts and site development costs while still having a positive benefit-to-cost ratio, and it was acceptable to the local sponsor.

Alternative 5 would provide 9,000 linear feet of navigable slack water harbor operable year-round. Dredging of nearly 900,000 cubic yards of material would create a 9-foot channel with a bottom width of 130 to 225 feet. A 300-foot turning basin would also be dredged. Development would include a berthing area with mooring cells and dolphins and a port bulkhead constructed of interlocking steel pilings. The project includes shoreline stabilization using riprap and filter/bedding material. Dredged material would be placed on 105 acres adjacent to the harbor. The port facility site for which TVA funds are being sought is approximately 150 acres. The port facility would include a general purpose terminal with loading and unloading capabilities; an office building; a transit warehouse; a new rail spur to allow for direct rail-car loading and unloading at the port; and a 100-ton mobile bridge crane, unloading area, and a terminal for handling bulk liquids. The industrial park would initially consist of 500 acres of back-lying land. Development of the park would include road and rail modifications and construction and modification of utilities. Attachment 2 is a conceptual site map showing the location of the harbor channel, disposal areas, port facility, and industrial area.

Impacts Assessment

The USACE's Northwest Tennessee Regional Harbor Finding of No Significant Impact and Environmental Assessment (USACE DRP) concluded that impacts from the preferred alternative (Alternative 5) on visual resources, state and federal lands, floodplains, recreational resources, air quality, land use, prime and unique farmlands, and fisheries and mussels would be minor and insignificant as long as dredged material was not disposed of in the Mississippi River; all site development features were kept out of the Reelfoot Lake drainage basin; and appropriate best management practices (BMPs) were used. Alternative 5 includes 105 acres of land for disposal of dredged material and avoids the Reelfoot Lake drainage basin. Noise is expected to increase during initial construction, but the effects would be insignificant. No significant adverse environmental justice effects were identified. Sediment contamination in the area to be dredged was found to be low. The evaluation for riprap and dredge under Section 404(b)(1) of the Clean Water Act indicated there would be no significant impact to water quality from implementing the recommended plan.

The proposed harbor construction would affect 60 acres of wetlands. The USACE EA measured this loss in terms of annualized habitat unit value (AHUV) and calculated a resulting net loss of 27 AHUV over the life of the project. There would also be a loss of 14 acres of farmed wetlands. To mitigate these losses, the USACE has committed to restoring natural

hydrology to the extent practicable and planting appropriate bottomland hardwoods on 134 acres of prior converted farmland within the Mississippi River floodplain. Construction of the port facility and industrial park would impact 12 additional acres of wetlands and 1 acre of farmed wetland. This wetland loss would be mitigated by restoring 25 acres of wetlands. A mitigation plan is included in Appendix IV, Section V of the DPR.

The preferred alternative would impact a total of 649 acres of prime farmland. The National Resources Conservation Service (NRCS) completed a Farmland Conversion Impact Rating for four proposed land uses within the project area, with ratings ranging from 156 to 173. TVA has concluded, based on the Port Authority's site selection analysis, that there is no practicable alternative to the proposed port location. Further, the county is proposing to rezone the property from agricultural to industrial land. Given that the county is largely agricultural and this land has long been identified for industrial development, the proposed loss of farmland would be minor and insignificant.

Three threatened and/or endangered species were identified as possibly present in the harbor site: bald eagle, interior least tern, and pallid sturgeon. The USACE EA concluded that the project would not affect these species if dredging were avoided during nesting, fledging, and/or spawning and rearing periods. See the section below entitled *Public and Intergovernmental Review and Coordination* for more on the USACE's coordination with the U.S. Fish and Wildlife Service (USFWS).

A detailed survey of port facility construction and disposal areas found no evidence of significant cultural resources. An archaeological site potentially eligible for nomination to the National Register of Historic Places—the remains of the town of Cronanville—was identified within the proposed industrial park. Three additional historic properties were found within the study area, including the Cronanville Cemetery. A memorandum of agreement (MOA) between the USACE Memphis District, the Port Authority, and the Tennessee State Historic Preservation Officer (SHPO) provides guidelines to be followed during site development to ensure that no cultural resources are impacted during site and industrial development. TVA has determined that with implementation of the MOA by the USACE and the Port Authority there would be no effect on historic resources. The USACE's coordination with the Tennessee SHPO is further discussed in the section below entitled *Public and Intergovernmental Review and Coordination*.

The USACE EA states that the combined effects from the present agricultural community, proposed harbor, and proposed industrial park could cause some degradation to air and water quality, elevated noise levels, and changes to visual resources and concludes that these effects would be insignificant.

Public and Intergovernmental Review and Coordination

The proposed project has been given wide coverage in the local media. The USACE issued a public notice on August 17, 2000, to inform stakeholders of the harbor construction proposal. Many interagency meetings, site visits, and teleconferences were held during scoping and the draft review period. A 30-day public comment period was provided for review of the draft EA.

Favorable comments were received from both public and private reviewers. Concerns expressed by the U.S. Environmental Protection Agency, NRCS, and USFWS about the draft EA were resolved in the final EA. The USFWS concurred with the biological assessment finding of no adverse impact and issued a Coordination Act Report in May 2004. The state of Tennessee granted water quality certification on July 16, 2004. The MOA for protection of cultural resources was signed by the Tennessee SHPO in May 2004. The MOA established

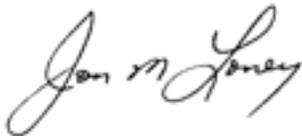
that the USACE is the agency responsible for ensuring that the requirements of the MOA are met during site development. The USACE and the Port Authority are responsible for ensuring that all permits, leases, and licenses needed to implement the proposed action have been obtained. The USACE EA discusses §404(b) authorization, state water quality certification, and the need to obtain an Aquatic Resource Alteration Permit from the state of Tennessee.

Mitigation

The USACE EA identified several BMPs and specific mitigation (described above under *Impacts Assessment*) to address potential impacts identified during the assessment process. TVA has not identified the need for additional nonroutine mitigation measures to further reduce potential environmental impacts.

Conclusion and Findings

TVA participated on the project team that developed the Cates Landing harbor, port facility, and industrial park site proposal and has independently reviewed the USACE's impact analyses. TVA's participation in the project is small compared to other state, federal, and private entities, and the implementation of the proposed project is not dependent on TVA financing. We therefore conclude that the proposed action of providing an SOC loan of \$200,000 to the Port Authority would not be a major federal action significantly affecting the environment and have decided to adopt the USACE EA. Copies of the USACE EA and the finding of no significant impact are available on TVA's Web site at <http://www.tva.gov/environment/reports/CatesLanding.htm>.



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Jon M. Loney
Senior Manager, NEPA Policy
Environmental Stewardship and Policy
Tennessee Valley Authority

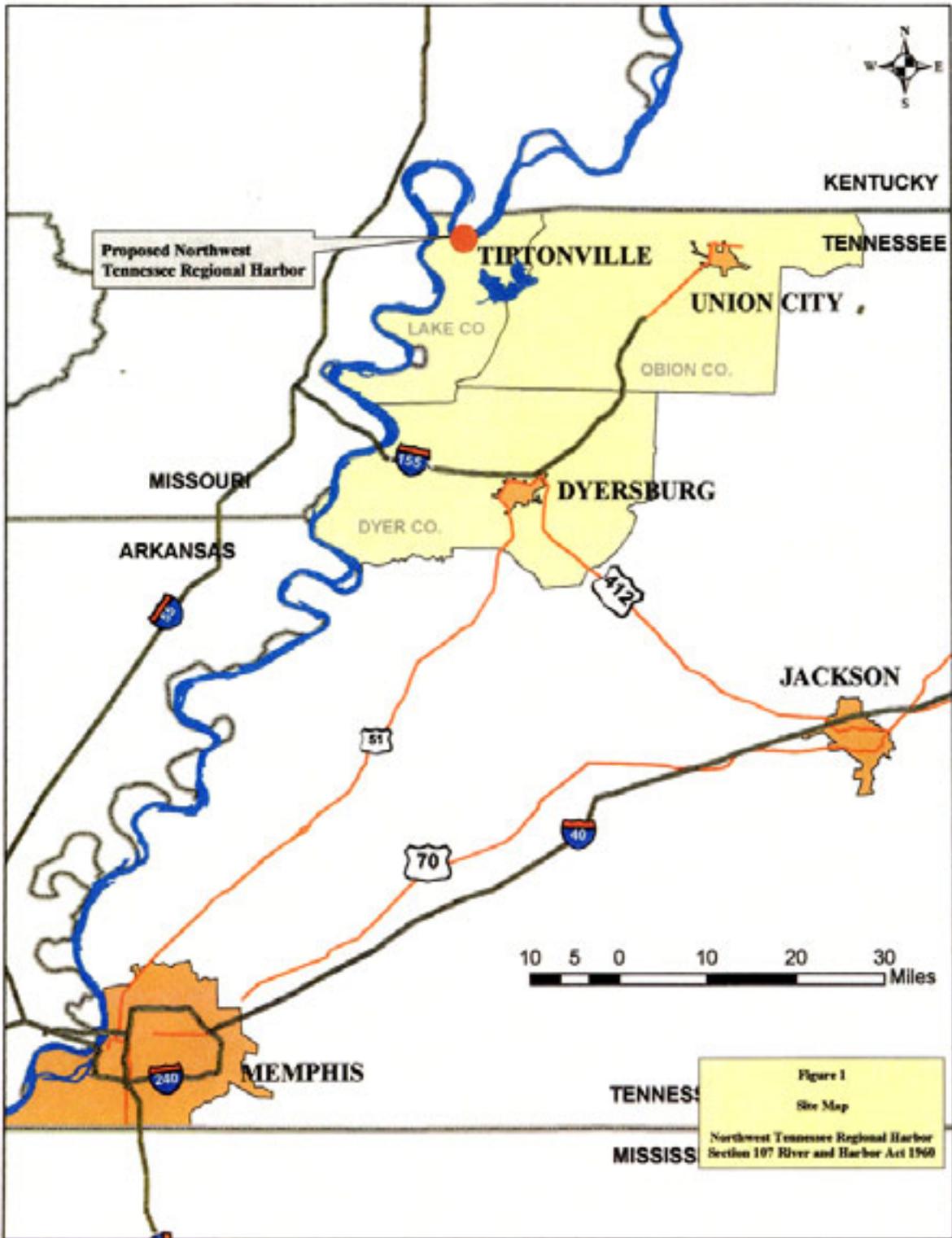
Date Signed

Prepared by Ruth M. Horton with input from Thomas O. Maher and Peter K. Scheffler; reviewed by Peter K. Scheffler, Spencer L. Sessions and Dennis S. Painter; approved by Charles P. Nicholson, Bill L. Zotto, and Kelly A. Love.

Reference

U.S. Army Corps of Engineers Memphis District. 2004. *Detailed Project Report, Northwest Tennessee Regional Harbor. Section 107 of the River and Harbor Act of 1960, as Amended.* August 2004.

Attachment 1
Location Map



Attachment 2
Site Map

