

The Port of Cates Landing: Yesterday, Today and Tomorrow

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Introduction:

According to the American Road and Transportation Builders Association,

"The Marine Transportation System (MTS) is an integral component of the nation's intermodal transportation network. Ports, waterways and related-landside intermodal connectors serve as vital links for international and domestic trade, and play an important role in the nation's economic and national security."

This capstone paper is meant to not only shed light on the importance of the Port Of Cates Landing to the north west Tennessee region but to also educate the public and local, state and federal leaders to the final needs and potential economic impact this could have on the northwest corner of the state.

Description:

The Port of Cates Landing is located in the farthest northwestern part of the state, just north of Tiptonville, Tennessee. Located at river mile marker 900, the Port is a multi-modal inland slack water port.

The Slack water Harbor is an inland channel from the Mississippi river providing direct river access. The port is 9,000 feet long, expandable to 14,000 feet. The port is the deepest dredged harbor on the Mississippi river between St. Louis and Baton Rouge with a draft 11 feet below the low water reference plain. The face of the pier is 262 feet wide, allowing a barge to be unloaded without having to be moved.

The Northwest Tennessee Regional Port Authority (NWTRPA) is a three county public entity that has developed the property and is responsible for the operations and supervision of the port. Formed in 2001, The NWTRPA is made up of eight board members with four from Lake County, and two each from Dyer County and Obion County.

Unique attributes:

The complex is located on the only developable Mississippi River frontage below the confluence of the Mississippi and Ohio Rivers that offers natural elevation that does not require levee protection. The port is constructed above the 100 year flood plain and the adjoining 345 acre Lake County Industrial Park is a *Select Tennessee Certified site* above the 500 year flood plain. The port is a “slack water” harbor meaning there is no current. This is important for the safety of loading and unloading material, particularly dangerous materials such as chemicals. Another unique characteristic is the port is unimpeded by locks and dams south to the Gulf of Mexico.

The port is centrally located in the United States. The port boasts proximity to interstates 55, 155, 40, 24 and the future I69, connecting Mexico to Canada. It is the halfway point on the NAFTA corridor. The Dyersburg Regional Airport (distance 26.1



miles) and the Everett Stuart Regional Airport located in Union City, Tennessee (distance 29.2 miles) provide air service with runways that are 5,800 and 6,500 feet respectively, giving the port access to air transportation that can accommodate corporate and some commercial jets.

The port is approximately one hundred miles from the United State's largest Freight Airport and third largest Rail Center, in Memphis, Tennessee. By Truck, the port is located with-in a one day drive to 65% of the U.S. Population. By rail, the port has proximity to the TennKen short line which provides service connecting Dyersburg to Hickman, Kentucky. In Dyersburg, the TennKen connects with the Canadian National which provides direct rail connections as far as Prince Rupert Sound in Canada and Halifax, Nova Scotia.

Logistically speaking this is a rarity. The District's Former Congressman, John Tanner, shared in an interview, "This location suits all four forms of shipping in road, rail, water and air. This is a definitive advantage for our region."

Another unique quality of this project is the Foreign Trade Zone Status that was obtained in October of 2012. Ten industrial parks in north west Tennessee were approved by the federal government under FTZ 283. There is no cost for an industrial park to participate but for an industry to activate a site, it costs them \$10,000.00 per year. This is additional revenue for the port. As of now, there are three active industries that are participating. However, according to NWTRPA Chairman Jimmy Williamson, there are many inquiries. This is a win-win

situation as it allows a business to delay or waive duties on foreign transactions while providing much needed consistent fee income to operate the port.

Why is this project important?

Many have asked why a port is needed? Why does the region need it in Lake County Tennessee?

1. Cost of shipping: Studies conducted by TVA indicate that river cargo moves at an average transportation savings of \$10.67 per ton as compared to the shipping by alternative modes. This extreme savings makes the port and the adjacent industrial parks very attractive from a financial standpoint to prospective industry. (source: Tennessee Department of Economic and Community Development)
2. The foreign trade zone status also makes this a very attractive location for distribution centers of commodities like soy beans, corn, cotton, and agricultural by-products to international markets.
3. Having access to all four modes of transporting goods makes the adjacent Lake County industrial park a rarity amongst industrial parks.
4. Northwest Tennessee is economically challenged and this could be the unique project that changes the region.
 - a. According to [the U.S. Census Bureau](#), Dyer (-2.3%), Lake (-4.6%) and Obion Counties (-4.5%) had negative population growth

from April 1, 2010 to July 1, 2017. Tennessee overall had a population growth of + 5.8%.

- b. Persons in poverty ranked Lake County 42.7%, Dyer County 20.0%, and Obion 18.6% with the Tennessee Average being 15.8%
- c. According to recent labor statistics, 2018 preliminary data shows January 2018 unemployment at Dyer 5.1%, Lake 6.4%, and Obion 5.5% with the entire state at 3.8%. Using the same data, Lake County ranked 91st out of 95 counties in unemployment for the same time period.

This disparity in employment, poverty and population loss makes the port project a high priority when considering rural economic development, a high priority to state leadership according to the state's department of community and economic development.

- 5. The economic impact and return on investment are high. The initial Economic Impact Analysis Report created by Younger Associates dated August, 2000 states,

“Younger Associates has performed an analysis of the probable economic impact on Dyer, Lake and Obion Counties in Tennessee from the construction of a slack water port and the development of a 1,000 acre industrial park at Cates Landing. Based upon a model of the local economy, which uses RIMS II input-output multipliers, the

potential economic impact, jobs and new local tax revenues have been projected.

The development of the the industrial park is estimated to create 3,000 new jobs directly and would result in the creation of another 2,604 jobs indirectly for a total of 5,604 jobs. Wages and benefits paid to these new jobs will result in an annual economic impact of \$206.4 million generating \$4 million in new local tax revenues annually.

New Capital Investments for the industrial park estimated at \$100 million will create a one time impact of \$558,173 in new local tax revenues during the construction and set-up period.

Real and personal property taxes paid directly by the park could exceed \$1.5 million over a ten-year period, not considering tax incentives.

The investment of \$41 million for the construction of the port will generate a one time impact of \$715,762 in local taxes.

Yesterday:

History:

Quoting the State Gazette, December, 29, 2011 Port of Cates Landing, A Dream More Than Ten Years In The Making,

“The port can trace its root back to 1999 when a study group was formed in conjunction with the Army Corps of Engineers to find a site to build a port in

northwest Tennessee. In those early days, it was Don Pennington who began the talk of building a port in northwest Tennessee. Due to its unique location, which places it above the flood plane and its close proximity to major roads, Cates Landing came out on top in the study.

By 2001 the local governments in Dyer, Lake and Obion counties sought to create an organization and empower it to lead the construction of the port. In March 2001, the Northwest Regional Port Authority was formed with Williamson serving as its first chairman. The board would be comprised of representatives from the three counties to ensure equal representation. Its main function would be to promote economic development in the area with the first task being to find revenue to build the port. It turned out to be no small task."

Dyer county and Obion County put in \$500,000.00 dollars each and Lake County put in \$1,000,000.00. This "seed" money would be the beginning to what should be an economically viable project bringing thousands of jobs to an economically distressed area that was losing industry and jobs. In March 2001, The Northwest Tennessee Regional Port Authority (NWTRPA) was established by the three counties and they began the process of planning and implementing the creation of the Port.

Their main responsibilities were to promote and market regional economic development and to seek local, state and federal funding to build the port. The latter was very difficult according to The Chairman of the NWTRPA.

The NWTRPA would receive small amounts in the form of grants and loans from various agencies but not enough to build the entire port. There were instances where smaller amounts were ear-marked for certain projects but before the project could be completed, unforeseen studies would be requested costing tens of thousands of dollars. These un-foreseen costs would cause a re-direction of funds, further prolonging the process.

In 2009, the NWTRPA applied for the Federal TIGER Grant in the amount of \$34,000,000.00. At the time, it was estimated this would complete the port and the necessary infrastructure needed to attract international business prospects to the area. The application was declined but a second round of these grants soon came out and the NWTRPA would receive \$20,000,000.00 in federal and state funding.

Since the TIGER II was awarded in the fall 2011, TDOT constructed a \$22,000,000 super two lane highway. This is a five mile highway with two twelve foot wide heavy duty lanes with ten foot gravel shoulders within a four lane right of way for ease of future expansion. This connects the port to State Route 22.

Today:

Recent Activity:

The project was broken down into three phases to begin with.

Phase I: (completed)

Site Selection
Design and Planning
Environmental Planning
Site Acquisition
Harbor Construction and Planning
Phase I A – Road Development
State Route 22 Upgrade

Phase 2: (completed)

Open Cell Dock
Site Grading
Warehouse
Freight Handling Areas
Port Office

Phase 3: (In Process)
Rail Spur Construction
Industrial Park Development
State Route 78 Upgrade

Phase one and two are complete. Phase 3 is where the project currently is and there has been much activity lately. In March of 2016, the federal independent agency known as the Surface Transportation Board issued its final decision, approving the Port of Cates Landing to be connected by rail to that modal portion of the national freight network. \$840,000 was appropriated by the state in 2017 for the purchase of an on load / off load crane and right of way land. In July of 2018, the NWTRPA applied for the BUILD Grant. According to the U.S. Department of Transportation,

“The BUILD grant is The Consolidated Appropriations Act, 2018 appropriated \$1.5 billion, available for obligation through September 30, 2020, for National Infrastructure Investments previously known as TIGER grants, and now renamed BUILD Transportation grants. As with previous rounds of TIGER, funds for the

FY2018 BUILD Transportation program are to be awarded on a competitive basis for projects that will have a significant local or regional impact.

Funding provided under National Infrastructure Investments have supported capital projects which repair bridges or improve infrastructure to a state of good repair; projects that implement safety improvements to reduce fatalities and serious injuries, including improving grade crossings or providing shorter or more direct access to critical health services; projects that connect communities and people to jobs, services, and education; and, projects that anchor economic revitalization and job growth in communities. DOT intends to award a greater share of FY2018 BUILD Transportation grants to projects located in rural areas that align well with the selection criteria than to such projects in urban areas.”

The NWTRPA will know the decision in December of 2018. Should this grant be awarded it would go to the much needed 5.5 mile rail spur to the TennKen Line which connects to the Canadian National in Dyersburg Tennessee.

According to Chairman of the NWTRPA, “The approximate cost of the 5.5 mile track will be \$11 million and contract administration will cost approximately \$3 million.’ There are existing plans for an additional loop track that will cost approximately \$16 million and rehabbing the existing 30 miles of track from Dyersburg to the port using the existing TennKen is an additional \$11 million. The ultimate goal is to have a completed “loop” connecting Dyersburg, Union City, Hickman Kentucky and the Port at Cates Landing.

Tomorrow:

What is the potential impact of this project?

As mentioned, up to 3,000 jobs in an economically depressed county and region is at stake. Consider with that the short term economic impact of the

construction along with the long term effects of new sales and property tax revenue to the region.

Conclusion:

It seems that the recent BUILD grant application and the subsequent 5.5 mile spur from the port to the existing rail is the last piece to a very large puzzle. The completion of the spur will ignite interest in the port and northwest Tennessee.

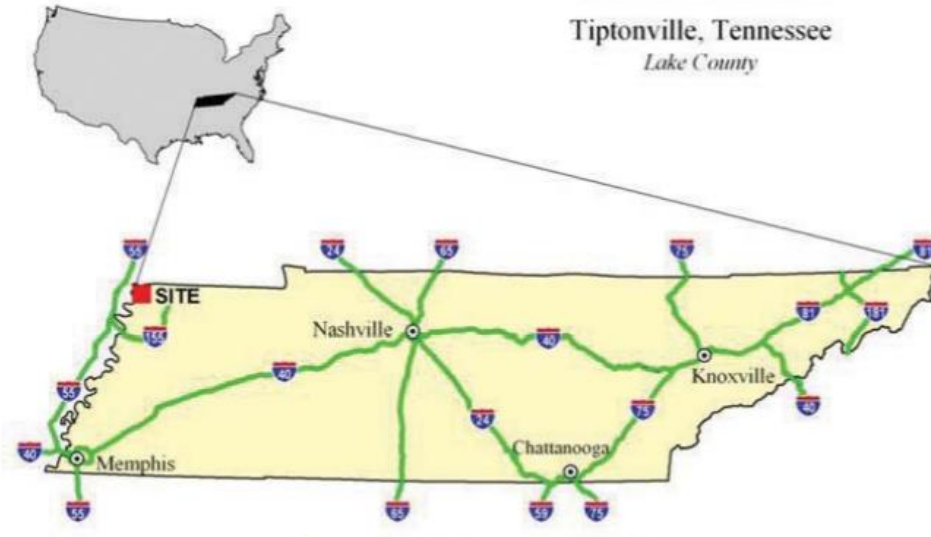
Once completed, there are additional improvements to the existing TennKen rail that will be needed. It is debatable on whether this will be done with public, private or a mixture of funding. Additional follow up projects include widening Hwy. 78 to Dyersburg, Tennessee to connect with I-55 and the future I-69.

This project has been thirty years in the making. It has taken perseverance, patience, and the time of many leaders in the region and state. Northwest Tennessee is excited to see this project completed soon. Along with the completion of I-69 from Mexico to Canada, Northwest Tennessee has a bright future ahead.

CATES LANDING

Tiptonville, Tennessee

Lake County





Canadian National Rail Road





Current Port at Cates Landing looking East