

## I. INTRODUCTION

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Located in northwest Tennessee, the proposed infrastructural development of the Port of Cates Landing will alter economic dynamics in the three-county region (Dyer, Lake, and Obion). Dyer, Lake, and Obion counties have long been affected by the flight of manufacturing companies. Currently, both the three-county region overall and the individual counties can be designated as “economically depressed areas” given the fact that (1) their historical unemployment rate has been higher than the U.S. average; (2) their annual average population growth rate is either zero (0) or below zero; (3) their per capita personal income is significantly lower than the U.S. average; and (4) their manufacturing base has significantly eroded over the past decade.

The proposed infrastructure investment of \$35 million in the Port at Cates Landing will create a truly intermodal transportation system in the region, connecting area businesses to the Mississippi River, the Canadian National Railroad via the Tenn-Ken Railroad, and local and interstate highway systems (future I-69). Furthermore, the proposed industrial park development adjacent to the Port at Cates Landing is expected to generate considerable business interest because the port and proposed industrial park are located above the 100-year floodplain.

The Business and Economic Research Center (BERC), Middle Tennessee State University, is retained by the Northwest Tennessee Regional Port Authority to assess the contributions of the proposed investment in the Port at Cates Landing to the economy of the three-county region (Lake, Dyer, and Obion) and its surrounding areas.

### ***I. a. Study Area***

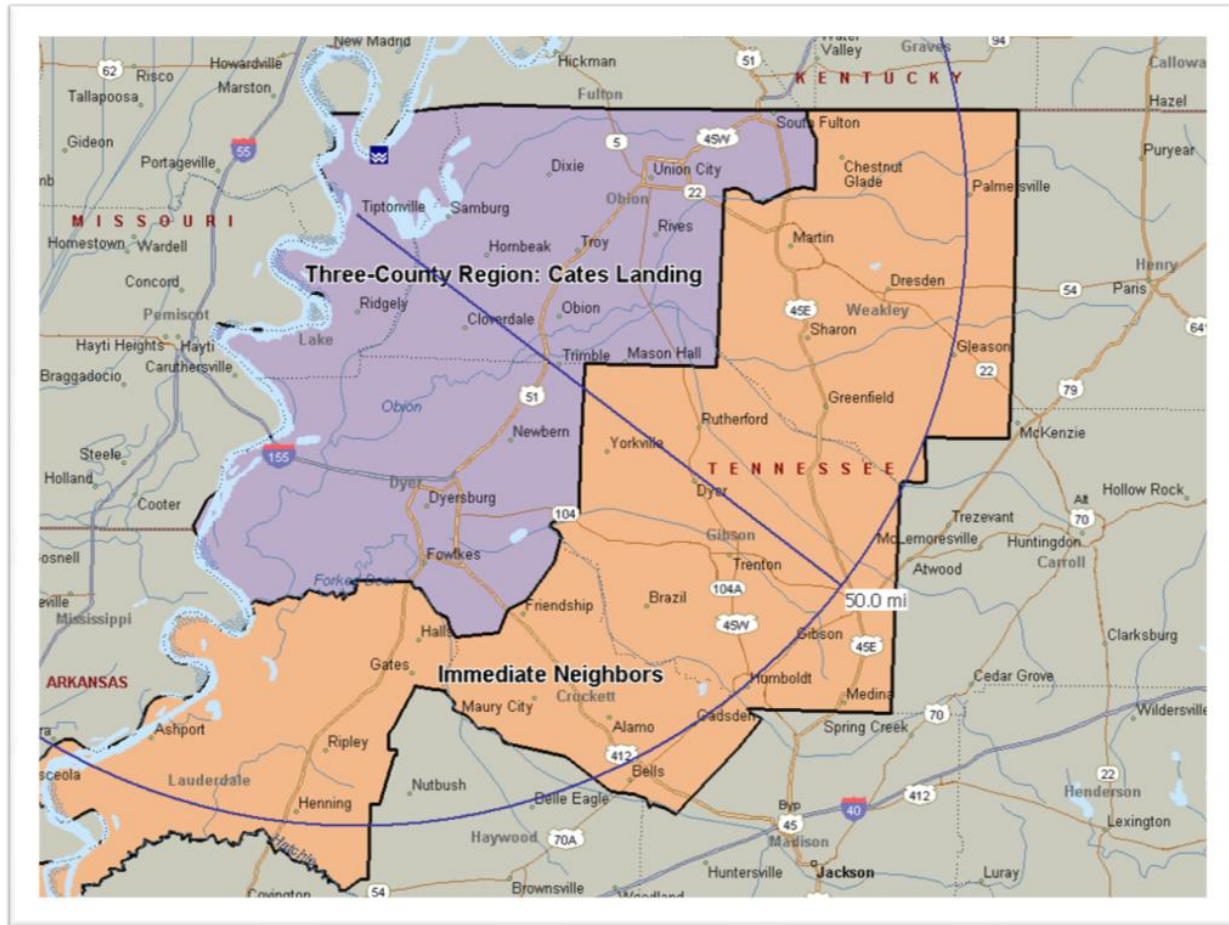
The study area in this analysis consists of three counties in the northwest corner of Tennessee: Dyer, Lake, and Obion. Throughout this study, the following phrases are used interchangeably to denote the region that consists of these three counties:

- Three-County Region
- Study Region
- Core Study Area
- Core Study Region
- Core Region

These counties are labeled as “Three-County Region: Cates Landing” in Map 1. In addition, this study often refers to the “surrounding area,” “immediate neighbors,” or “surrounding region” interchangeably. This area, labeled “Immediate Neighbors” in Map 1, represents the counties (Crockett, Gibson, Lauderdale, and Weakley) within a 50-mile radius of the Port at Cates Landing.



Map 1: Study Region and Its Surroundings



### ***I. b. Project Background: NWTRP at Cates Landing***

#### ***I.b.i. History***

Established in 2001 and jointly sponsored by Dyer, Lake, and Obion counties, the Northwest Tennessee Regional Port Authority (hereafter NWTRP) is a public, nonprofit corporation whose purpose is to construct and operate a Mississippi River Port at Cates Landing in Northern Lake County. Given the socioeconomic challenges the northwest Tennessee counties have faced since the early 1990s, there have been numerous efforts by regional stakeholders to construct an intermodal port at Cates Landing. The terrain is particularly suitable for this purpose, as Cates Landing and the proposed adjacent industrial park are above the 100-year floodplain, which allows uninterrupted maritime services for area businesses.

These 20-year efforts have come to fruition partially as the NWTRP, local stakeholders, State and Federal funding partners have spent nearly \$15 million to complete engineering, planning, environmental permitting and compliance, site acquisition, and harbor construction. Phase I of the Port will be completed by the Army Corps of Engineers in December 2009.



At various stages of Phase I of the port's construction, several studies have been conducted indicating that once completed, Cates Landing will have a measurable effect on regional socioeconomic dynamics. The following studies highlight the critical role an intermodal port at Cates Landing will play in economic competitiveness of the region:

- *Northwest Tennessee Regional Harbor* (2004) by U.S. Army Corps Engineers, Memphis District, at [http://www.mvm.usace.army.mil/environment/NW\\_TN\\_Harbor\\_Report.asp](http://www.mvm.usace.army.mil/environment/NW_TN_Harbor_Report.asp).
- *Cates Landing Port Economic Impact Analysis* (2004) by Younger Associates, LLC, at <http://www.portofcateslanding.com/documents/Feasibility%20Study%20Younger%20Assocates.pdf>.
- *A Review of Proposed State Funding of the Northwest Tennessee Regional Port and Industrial Park* (2004) by Sparks Bureau of Business and Economic Research, University of Memphis, at <http://www.portofcateslanding.com/documents/University%20of%20Memphis%20Feasibility%20Study%201.pdf>.

In addition, a study completed as recently as June 2009 by IHS Global Insights, Wilbur Smith Associates, and the University of Memphis, *The Memphis Regional Infrastructure Plan*, cited Cates Landing among the top five (5) of 25 infrastructure recommendations. The purpose of this section is not to repeat the findings of these studies but to highlight their common conclusion: if built, an intermodal port at Cates Landing will make the highly distressed counties of northwest Tennessee economically viable in the face of increasing global economic competitiveness.

#### I.b.ii. Proposed Improvement

As briefly summarized above, Cates Landing is ready for a complete build-out, which includes the loading dock and connecting intermodal rail and roadway freight facilities. Incorporating an open cell design, Cates Landing will use the latest innovative strategies to create a clean (conforming to the Clean Ports USA guidelines) and operationally efficient intermodal port. Meanwhile, the proposed \$35-million investment to complete Phase II of Cates Landing has the potential to touch many lives in this economically distressed corner of Tennessee. A review of the letters of interest sent to the Port Authority over the past 10 years suggests that the region has lost significant investment opportunities because of the lack of transportation infrastructure. What follows in the rest of this study is an assessment of the socioeconomic implications of the \$35-million investment in Cates Landing to create a truly intermodal transportation system in the region. More information about the letters from businesses expressing interest in relocating to the region that relocated elsewhere because of the absence of port infrastructure can be found at [www.portofcateslanding.com](http://www.portofcateslanding.com).



***I.c. Study Goals and Research Questions***

This study has five major goals:

- I. Provide a brief assessment of socioeconomic conditions in the three-county region (Dyer, Lake, and Obion) from a comparative perspective
- II. Given the study time frame (July 2009–August 2009), provide a brief benefit-cost analysis of the proposed investment in Cates Landing
- III. Describe and analyze the short-term economic impact of the construction spending related to the proposed infrastructure investment in the Port of Cates Landing including but not limited to the basic and enhanced site development and infrastructure; terminal dock site development and infrastructure; rail system (port through industrial park and industrial park to short line); harbor and navigation lighting; and energy efficient “green technology”
- IV. Describe and analyze the long-term economic impact of the proposed development of the Port of Cates Landing and adjacent industrial park on the region’s economy. This section includes two scenarios: (1) baseline port operation and industrial park and (2) alternative scenario regarding a major industry relocating to the region.
- V. Provide a brief assessment of the implications of the port investment for the socioeconomic dynamics in the region

In line with these five goals, this study seeks answers to the following major questions:

- What are the indicators of economic distress and how the study region is faring compared to the U.S.?
- Do the benefits from the port justify the \$35-million investment?
- What are the regional impacts of the Port at Cates Landing?
- What are the implications of the Port at Cates Landing for the indicators of socioeconomic distress?

The rest of this study is organized as follows. The second section briefly introduces the indicators of socioeconomic distress in the region, highlighting primarily employment and unemployment, population growth, income, and poverty. The third section deals with the conceptual framework, study assumptions, and data. The fourth section provides the study findings, organized along three major themes: (1) benefit-cost analysis, (2) economic impact analysis, and (3) related jobs. The fifth section looks at the implications of the proposed investment for indicators of socioeconomic distress. The sixth section concludes the study.

