

820-foot elevation (Parcels 8 and 9) on the Tellico Reservoir from recreation and natural resource conservation and sell Rarity Communities the property for its planned residential resort and golf course community with 1,200 units; (2) approve of the use of about 5 acres of TVA property, below the 820-foot elevation for a small (par-3) golf course; and (3) approve a full service marina using approximately 4 acres of TVA property with shoreline stabilization, dredge, and up to 349 wet and 200 dry storage boat slips.

In August 2000 prior to receiving the Rarity Communities request, TVA adopted the preferred alternative in its Tellico Reservoir Land Management Plan Final EIS (2000 Land Plan). This plan allocated uses for 139 parcels of TVA land totaling 11,150 acres on Tellico Reservoir, including all of the TVA land sought by Rarity Communities. The allocated uses for the two parcels in the Lower Jackson Bend area comprising the 116 acres sought by Rarity Communities—recreation (46 acres) and natural resource conservation (70 acres)—are not consistent with the planned development and have to be changed to permit the development to proceed if the property is sold by TVA. Despite the conflict with the Year 2000 Land Plan, TVA decided to assess the merits of Rarity Communities' request because it was consistent with the overall purposes of TVA's Tellico project and would further implement that project. The request also was consistent with TVA's statutory responsibilities to promote economic development in the Tennessee Valley region.

Although implementation of the Tellico project is exempt from environmental review, TVA decided to review the Rarity Communities' request under the National Environmental Policy Act. TVA issued a Notice of Intent to prepare an Environmental Impact Statement (EIS) or an Environmental Assessment (EA) on June 24, 2002. A public scoping meeting was held on July 16, 2002, and was attended by over 400 people. Because of the degree of public interest, TVA extended the scoping period. TVA received over 500 written or oral comments on the proposal with the majority of commenters objecting to the transfer of TVA public land to a private developer.

TVA decided to prepare an EIS. A Notice of Availability of the Draft EIS was published in the **Federal Register** on March 28, 2003. Following release of the Draft EIS, TVA held a public meeting at Loudon, Tennessee, on April 10, 2003, attended by 95 people. TVA received approximately 112 sets of

written and oral comments during the public comment period. The Notice of Availability for the Final EIS was published in the **Federal Register** on June 28, 2003. Appendix B of the Final EIS contains summaries of and responses to the comments TVA received on the Draft EIS.

Both the U.S. Army Corps of Engineers (USACE) and the Tellico Reservoir Development Agency (TRDA) have proposed actions related to the proposal and were cooperating agencies on the EIS. The USACE must decide whether to permit construction of marina water use facilities, related dredging, and disturbance of wetlands. TRDA has been requested to transfer ownership of property currently designated for industrial use needed to mitigate the sale of TVA's property to Rarity Communities and agree to permanently manage the property for recreation and natural resource conservation. In addition, TRDA has agreed to permanently manage the 17.6 acres trailhead property for recreation purposes.

#### Alternatives Considered

TVA identified five alternatives for responding to Rarity Communities' request. Under any alternative, construction and operation of a commercial recreation and residential project was expected to continue (and is proceeding now) on the 539 acres of private land already owned by Rarity Communities.

Under *Alternative A*, the *No Action Alternative*, TVA would not approve any of the requested actions and the Year 2000 Land Plan would remain unchanged.

Under *Alternative B*, the *Applicants Proposal*, TVA would modify the Year 2000 Land Plan and make the requested land available for sale and development. TVA would approve the marina plans, and allow the construction of the par-3 golf course on TVA land.

Under *Alternative C*, the *Partial Land Sale with Mitigation Alternative*, TVA would approve the new marina plans, allow the construction of the par-3 golf course on TVA land, and modify the Year 2000 Land Plan to allow the sale of part of the requested land (about 49 acres total) for development of an additional larger "championship" golf course, but with enhanced mitigation measures including at least a 60 acre land exchange.

Under *Alternative D*, the *Small Golf Course and Marina with No Land Sale Alternative*, TVA would approve the marina plans, and allow the construction of the par-3 golf course on

TVA land, but not make any of the requested land available for sale.

Under *Alternative E*, the *Applicant's Proposal with Mitigation*, TVA would approve the new marina plans, allow the construction of the par-3 golf course, and modify the Year 2000 Land Plan to allow the sale of the requested land for development as described under Alternative B, but with enhanced mitigation measures including a 256 acre land exchange.

TVA identified the Alternative E as the preferred alternative in both the Draft EIS and the Final EIS.

#### Decision

TVA has decided to implement the preferred alternative identified in the Final EIS, Alternative E. TVA has determined that Alternative E achieves both Rarity Communities' objectives for the development of a high quality residential and recreational community and the regional and economic development goals of the Tellico Project in a manner that reduces associated environmental impacts to acceptable levels.

TVA has worked closely with Rarity Communities and TRDA to identify and put in place a number of mitigation measures. Of critical importance is the Rarity Communities' willingness to provide property to offset the loss of the TVA lands and their inherent public values. As a consequence, more land and shoreline comes under public ownership for recreation and natural resource uses than is lost by the sale of the TVA property to Rarity Communities. Under this alternative, Rarity Communities also would support development of a greenway trail on the eastern shore of the reservoir, thus fulfilling a component of the Year 2000 Land Plan. TVA is adopting commitments under Alternative E to further minimize the potential for adverse impacts to the environment. This includes prohibition of docks and other water use facilities on the 116 acres to be sold by TVA. As requested by the U.S. Environmental Protection Agency (EPA), these commitments are listed below, under the Environmental Commitments section. With these mitigation measures, all practicable means to avoid or minimize environmental harm would be adopted.

In reaching this decision, TVA has carefully considered the comments and concerns voiced by the public. Based on the comments TVA received during the EIS and scoping review processes, the primary concern to opponents of the proposed action appears to be that adjusting the Year 2000 Land Plan to allow the Rarity Communities