

Clarksville-Montgomery County

Intermodal Port Development Project

Port Issues and Market Potential

Prepared for:
The Clarksville-Montgomery County
Regional Planning Commission

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Executive Summary

Based on local surveys and our independent analysis we believe development of a public-use port in the Clarksville-Montgomery area to be feasible. Because, private sector interests in water transport facilities are strong and diverse. In addition, the regional economy continues to grow and would benefit from public access to water cargo transportation. Indeed, such diversification of transportation facilities coincides with the APSU/EDC Data Center findings that suggest the utilization of the Cumberland River to promote the region's commercial development.

Study findings have identified an order-of-magnitude estimate of annual cargo tonnage that ranges between a conservative 300,000 tons to 1.5 million tons. Based on the conservative volumes, annual-operating revenues could range between \$800,000 to \$2.4 million. From an operating standpoint this translates as shipping volume in the range of 4 to 20 barges per week.

Private business interests speculate that an additional 3.5 million annual tons could be attracted to the port via a single major shipper, this would increase revenues significantly (i.e. possibly over \$10 million) resulting in total weekly barge traffic of 70 plus.

Numerous communities currently benefit from small public-use river ports that handle similar cargo volumes (i.e. 300,000-1.5 million tons). Some of these communities have issued Government Obligation (GO) bonds in the range of \$5.0 million to begin development of their port facilities. Other communities have secured EDA funding and Corps of Engineers assistance for the development of port facilities similar to those anticipated for the Clarksville-Montgomery area.

Regarding development of a port, we recommend some form of cooperation with the private sector if at all possible, due to the high level of private-sector interest in port development. Similar to the way airports operate, this could involve development through a Port Authority with private lease arrangements for maintenance and operation. However, private sector concerns contacted in this study indicated that timing is a major concern, with a preference for development as quickly as possible.

A primary purpose of most public ports is hinterland economic development through access to efficient, low-cost river transportation. For this reason the direct financial benefits of port operation over the long term may actually be less important than the economic growth that is spurred or enabled because of port access.

Section 1 – Introduction / Background

- 1.1 Paper Purpose, Goals and Objectives**
- 1.2 Local Economy**
- 1.3 Preliminary Observation**

Section 2 – INLAND RIVER TRANSPORT INDUSTRY

- 2.1 River Ports and Terminals**
- 2.2 Cargo Types**
- 2.3 Intermodal Issues**
- 2.4 Operation Structures**
- 2.5 Other Port Facilities**

Section 3 - POTENTIAL PORT USE

- 3.1 Mississippi River Inland Water Transport**
- 3.2 Business Survey**
- 3.3 Other Port Comparisons**
- 3.4 Port Market Potential**
- 3.5 Summary**

Section 1 – Introduction / Background

In recent years several private businesses and developers have expressed interest in using and/or developing a public-use port in Clarksville, Tennessee. Indeed, the Army Corp of Engineers has issued permits to three private concerns interested in building a public-use port. These private concerns wish to use the port for their business needs. To offset the high cost of constructing and operating a port, they have explored the possibility of opening the facility to the general public through discussions with other business people in the area. However, the private entities realize that the development of several ports in the Clarksville area could result in an oversupply of port infrastructure, while land along the river large enough for a port is limited.

As local business interests considered the possibility of different inland river, public-use ports the issue was raised on whether or not the City of Clarksville and/or Montgomery County should be involved, and if so, how. As public concern regarding prospective port locations rose, the Clarksville-Montgomery County Regional Planning Commission (Commission) decided to sponsor a study to ascertain whether or not the city/county should support a public-use port. In addition, the City/County sought information regarding:

- What level and type of tonnage would move through the port;
- What type of storage and land would be required;
- Where such a port should be located;
- Who should own it and operate it;
- How much federal and/or state funding is available; and
- What type of city/county financial support would be required.

1.1 Paper Purpose, Goals and Objectives

This paper is the first part of a two-part study concerning the feasibility of an Intermodal Port Development Project in Clarksville, TN.

Purpose – The overall project purpose is to determine the general feasibility of building a public-use port in the Clarksville-Montgomery County region based on a comparison of anticipated cargo tonnage and potential site locations.

Goals – The overall goal of this feasibility study is to identify anticipated port use by cargo type and to generate order-of-magnitude cargo tonnage estimates. Specifically, this includes identification of general port issues, local economic growth, specific area business needs, market potential of a proposed port facility, various roles for the port,

intermodal/rail access issues, and input of various stakeholders in the overall port feasibility process.

This was accomplished through analysis of current inland-river cargo tonnage on the Mississippi River System (including the Cumberland River), surveys of existing businesses, and discussions with local public officials, business leaders, and other community members

Objective – While generating order-of-magnitude cargo forecasts, the first part of this study sought to provide the Commission with:

- An overall understanding of the inland-river transport industry;
- How it relates to economic growth in a local community; and
- The different roles the public sector (i.e. The City of Clarksville and Montgomery County) can play in the development of a public port.

The underlying objective is to provide the Commission with the necessary tools to make informed decisions on how the City and County should approach the complexities of the development and operation of a public-use port.

Paper Outline – The remainder of Section 1 discusses the local economy, its challenges and its existing advantages. Section 2 provides background discussion on the inland water transport industry. Section 3 examines the potential of the Clarksville-Montgomery County area to support and use the port.

1.2 Local Economy

Montgomery County lies in the northwest quadrant of Middle Tennessee on the Kentucky-Tennessee border. Clarksville, the county seat of Montgomery County, is approximately 50 miles northwest of Nashville. This area is characterized by rolling terrain and fertile farmland. Weaving its way through this scenic county is the Cumberland River, a navigable waterway and tributary of the Ohio River. This section summarizes recent Montgomery County growth trends in population, employment, and economic structure.

Population - In 1998 an estimated 5.4 million people lived in Tennessee's 95 counties, while over 126,000 (2.3% of the state total) lived in Montgomery county. The rate of growth from the years 1990 to 1998 for the State of Tennessee was 0.78% while the growth rate for Montgomery County over the same period was significantly higher (2.73%). Currently, Montgomery County ranks as the seventh highest in total population

for 1998 (126,600), and is the third highest in average annual rate of growth between the years 1990 and 1998, as shown in **Exhibit 1**.

Exhibit 1			
TENNESSEE POPULATION TRENDS			
(Sorted from high to low - 1998)			
Top 10 Counties	1990	1998	1990-98/1
Shelby	827,900	872,600	0.60%
Davidson	511,200	536,500	0.55%
Knox	336,600	370,400	1.12%
Hamilton	285,600	297,000	0.44%
Rutherford	119,700	163,600	4.08%
Sullivan	143,800	151,100	0.56%
Montgomery	101,600	126,600	2.73%
Sumner	103,700	124,400	2.22%
Williamson	81,800	114,900	4.50%
Washington	92,600	102,700	1.21%
Total Pop. 10 Counties	2,604,500	2,859,800	1.09%
Total Pop. Other 85 Counties	2,286,000	2,375,900	0.44%
Total State Population	4,890,500	5,235,700	0.78%
/1 Average annual rate of growth			
Source: Woods & Pool, Wilbur Smith Associates			

Employment - The total employment for Tennessee in 1998 was estimated to be over 3.3 million persons, while Montgomery County's employment level was estimated to be over 50,000 representing 1.5% of the total for the entire state. Employment by industry sector for Montgomery County is broken down in **Exhibit 2**. The Industries with the highest employment are the services and retail trade sectors with 11,810 (23.6%) and 11,610 (23.2%) respectively, while mining represent the lowest employment with only 40 (0.1%) persons employed.

Economic Structure - A study published in March of 1999, for the Clarksville/Montgomery County Economic Development Council, identifies market forces and how well the community (Clarksville-Montgomery County area) is positioned for future growth and development¹. The following discussion of the study's suggests the three major influences on the Clarksville-Montgomery County economic structure:

- The reliance and/or dominance of the military on the local economy
- The lower than average educational attainment
- The slow progress in attracting higher paying, higher technology jobs

¹ "A Competitive Assessment of the Clarksville-Hopkinsville Metropolitan Area", March 1999.