

FINDING OF NO SIGNIFICANT IMPACT

TENNESSEE VALLEY AUTHORITY

SALE, EASEMENT OR LEASE OF THE KNOXVILLE OFFICE COMPLEX AND THE SUMMER PLACE OFFICE AND GARAGE COMPLEX AND CONSOLIDATION OF THE TVA KNOXVILLE OFFICES KNOXVILLE, TENNESSEE

Background

The Tennessee Valley Authority (TVA) is proposing to consolidate employees in Knoxville, Tennessee into one building and either convey an easement, lease, or sell the remaining buildings. If TVA chose to sell the complexes, TVA would work with a buyer to construct a smaller administrative headquarters (HQ) building in downtown Knoxville. The properties to consolidate consist of the Knoxville Office Complex (KOC), which includes the East and West Towers, and concourse and service levels and the Fritts Lot; and the Summer Place Office and Garage Complex (SPC), which consists of a seven-level parking garage with approximately 700 parking spaces, an office building below the garage, and a five-story office tower adjacent to the garage.

The purpose of the proposed action is to consolidate the TVA administrative HQ components currently located in the KOC and SPC into one location in downtown Knoxville to improve space utilization and to reduce TVA cyclic operations and maintenance (O&M) and capital project costs, consistent with TVA's real estate strategy. The project is needed because the KOC and SPC are both only about 40 percent occupied. The consolidation would reduce energy consumption and foster collaboration and cohesiveness throughout the TVA HQ. In addition, the consolidation would reduce expenses associated with having multiple locations.

TVA initially proposed to sell the KOC and SPC and construct a new administrative HQ for the Knoxville area. In 2017, after the Draft Environmental Assessment (EA) was released, TVA re-evaluated the feasibility and costs of each of the Alternatives. As a result of this review, TVA determined that selling the KOC and SPC and constructing a new HQ would be more costly and complex than originally assumed, and that consolidating employees in the KOC West Tower but leasing or conveying easements for the East Tower and SPC would be less costly than originally thought. Ultimately, as a result of this re-evaluation, TVA decided to reconsider the reuse, through consolidation and easements or leases, of the KOC and SPC.

TVA has prepared an Environmental Assessment (EA) for this proposed action that is incorporated herein by reference.

Alternatives

TVA evaluated the following four alternatives in the EA:

Alternative A – The No Action Alternative

Under the No Action Alternative, the TVA HQ Consolidation would not occur. TVA would not sell or lease the KOC or SPC, and TVA would retain ownership and continue its current operations at the KOC and SPC.

Alternative B1 - Sale of KOC and SPC towers and Construction of a New Building on the SPC site (full demolition of SPC)

Under Alternative B1, TVA would sell the KOC and SPC. Under this alternative, it is assumed the new developer/owner would reuse the KOC as office space with a maximum capacity of 2,600 people or they would demolish and redevelop the site for its highest and best use, consistent with current zoning. The developer/owner would also demolish the existing structures on the SPC site (the parking garage, the building below the parking garage and the tower). The SPC site would be redeveloped with a new build-to-suit building for TVA's new administrative HQ. The new building would be approximately seven stories above grade and would consist of approximately 200,000 GSF. The developer/owner would be expected to incorporate principles of sustainable design and energy efficiency measures that facilitate, to the extent cost-effective and practicable, TVA's achievement of sustainability goals in EO 13693 or TVA's policies. TVA would lease all or a portion of the newly constructed office building on the SPC site from the developer/owner and relocate approximately 850 TVA staff from the KOC to the new building¹. Consistent with TVA's Land Policy, the sale of the KOC would not include use restrictions other than those designed to protect TVA's program interests or to meet legal or environmental requirements.

Alternative B2 – Sale of KOC and SPC towers and Construction of a New Building on the SPC site (partial demolition of SPC)

Under Alternative B2, the same actions described in Alternative B1 would be implemented except the developer/owner would demolish the existing SPC garage and the building beneath the garage and the SPC tower would remain. TVA currently out-leases space in the SPC Tower to accommodate a non-TVA data center customer. Instead of displacing this occupant, TVA would assign the lease agreement to the developer or new owner.

Alternative C – Sale of KOC and SPC and Construction of a New Build-to-Suit Building at an Existing Disturbed Site in Downtown Knoxville

Under Alternative C, TVA proposes to sell the KOC and SPC sites and a developer would either reuse the KOC and SPC as office space with maximum capacities of 2,600 and 420, respectively, or the developer/owner would demolish both the KOC and the SPC and redevelop the sites for their highest and best use, consistent with current zoning. A developer/owner would construct a new building on an existing disturbed site in downtown Knoxville for TVA's HQ. The new building would be approximately seven stories above grade, consist of approximately 200,000 GSF, and incorporate principles of sustainable design consistent with Executive Order 13693 and the EISA of 2007. TVA would lease all or a portion of the newly constructed office building from the developer/owner and relocate approximately 850 TVA staff

¹ TVA employees that are currently located at the SPC would be temporarily relocated prior to any disposal of the site.

from the KOC to the new building². Consistent with TVA's Land Policy, the sale of the KOC and SPC sites would not include use restrictions other than those designed to protect TVA's program interests or to meet legal or environmental requirements.

Alternative D - Retain Ownership of KOC and SPC Sites, Continue TVA HQ Operations in the West Tower, and Convey Easements or Leases for East Tower and the SPC

Under Alternative D, TVA would retain ownership of the KOC and SPC sites. TVA would maximize space in the West Tower, concourse, and service levels by consolidating approximately 850 employees into these areas. TVA would also retain ownership and use of the Fritts Lot. TVA would convey easements or leases for the East Tower from the Plaza level to the twelfth floor to be used exclusively as office space which could contain up to 850 people. TVA would also convey easements or leases for the SPC which could contain up to 420 people. Under the terms of the easement or lease agreement for SPC, TVA would be provided an assignable first right of refusal to lease the parking spaces in the SPC Parking Garage.

Under Alternative D, the West Tower, concourse, and service levels would be refurbished and would include upgraded mechanical, electrical, HVAC, and plumbing systems; improvements to the fiber optic network, automated building controls, air compressor, elevators, and fire systems; and interior renovations to most floors including restrooms, break rooms, and elevator lobbies. Minor exterior improvements would include sliding glass doors, cooling tower screen, and roof replacement; and caulking and sealing the exterior façade.

Alternatives B1, B2 and C have a higher potential for environmental impacts because they involve demolition or construction of a new building. TVA has identified Alternative D as the preferred Alternative.

Impact Assessment

Based on the analysis in the EA, TVA concludes that the implementation of Alternative D would have no impact on land use, surface water, or terrestrial wildlife and Threatened and Endangered Species. There would be negligible to minor, temporary impacts to visual resources and air quality and increases in noise and solid and hazardous waste during renovations but they would not result in a significant adverse impact to the environment. There would also be minor, long-term impacts to air quality and an increased demand for utilities due to the additional occupants of the East Tower and SPC.

There is a potential for renovations or other changes to adversely impact the historic KOC. The easement/lease of the East tower will include a restrictive covenant requiring the easement/lease holder to preserve the historic value and architectural integrity of the East Tower. Although renovations and upgrades of certain systems are anticipated in the future, none are planned in detail at this time. Any future renovations proposed by the easement/lease holder or by TVA for the East or West towers façades, interior plaza lobby areas and exterior plaza would be reviewed in consultation with the Tennessee State Historic Preservation Officer (SHPO) and other consulting parties to ensure the historic value and architectural integrity of the KOC is maintained. If it is determined through consultation that the KOC would be adversely affected a Memorandum of Agreement would be developed to address these affects. If it is determined, in consultation, that additional historic properties, other than the KOC, would be

² TVA employees that are currently located at the SPC would be temporarily relocated prior to any disposal of the site.

adversely affected by the proposed undertaking TVA would, in consultation with the SHPO and other consulting parties, develop a treatment plan to resolve the adverse effects.

Therefore, with inclusion of the restrictive covenant in the East Tower easement/lease, TVA determined that implementation of Alternative D would have no adverse effect on the KOC. The Tennessee SHPO concurred with this determination in a letter dated August 8, 2017.

Under Alternative D, if the East and West Towers and the SPC were occupied as office space, up to 700 employees would drive alone to the East Tower and up to 345 employees would drive alone to the SPC. Therefore, up to 1,745 parking spaces could be needed to accommodate commuters to the KOC and SPC sites. The TVA employees that currently drive alone to the site would either park in the SPC Garage or the Walnut Street garage if TVA does not exercise its rights over the SPC Garage spaces. The consolidation of TVA employees to the West Tower would have no impact on parking. The additional commuters to the East Tower and the SPC Site (if TVA does exercise their rights for the SPC Garage) could be accommodated in surrounding surface lots and parking garages. In the event additional parking is needed, employees could also park at the Knoxville Civic Auditorium and Coliseum and take the Knoxville Area Transit's (KAT) Blue Trolley Line. The impact to parking would be long-term and adverse, but negligible due to the parking spaces already available in the area.

If the East Tower and the SPC were fully occupied as office space, up to 1,045 additional commuters would drive alone, potentially resulting in moderate, long-term adverse impacts to the local roadway network. Although this potential exists, the impact would not be significant because the local roadway network is currently operating well below capacity and would not reach or exceed maximum capacity with the addition of these commuters.

During renovation, there could be the need to close one lane of Walnut Street. In addition, there could be lane closures for utilities work associated with renovations to the West Tower. Any lane closures would be temporary in nature and would result in minor, short-term, direct, adverse transportation impacts.

The occupancy of the East Tower of the KOC and the SPC would result in beneficial impacts to the local economy as the number of people visiting local businesses would likely increase. This alternative would not have disproportionate effects on low-income or minority populations.

Public and Intergovernmental Review

A draft EA of the Sale of the Knoxville Office Complex and the Summer Place Office and Garage Complex and the Relocation of the TVA Knoxville Offices was released for public review and comment on September 29, 2016. The 30-day comment period closed on October 28, 2016. The Draft EA was posted in TVA's public National Environmental Policy Act (NEPA) review website. A notice of availability including a request for comments on the Draft EA was published in newspapers serving the Knoxville, Tennessee area. TVA has considered all of the comments it received on the Draft EA and has responded to them in the Final EA as appropriate.

After the Draft EA was released, TVA re-evaluated the feasibility and costs of each of the Alternatives. As a result of this review, TVA decided to reconsider the reuse, through consolidation and easements or leases, of the KOC and SPC. This led TVA to add Alternative D into the Final EA analysis and TVA has identified Alternative D as the Preferred Alternative.

Pursuant to Section 106 of the National Historic Preservation Act, TVA initiated consultation with the Tennessee SHPO who has reviewed and concurred that the proposed action would not adversely affect any historic property that is eligible for the National Register of Historic Places. TVA received no objection from any of the federally recognized Native American tribes.

Pursuant to Section 7 of the Endangered Species Act, TVA consulted with the US Fish and Wildlife Service who concurred that the project was not likely to have an adverse effect on any listed threatened or endangered species.

Mitigation

TVA will employ the following measures to mitigate the adverse impacts that may occur under Alternative D:

As a condition of the easement or lease agreement under Alternative D, TVA will require the tenant that occupies the East Tower of the KOC to inform TVA of any proposed changes to the exterior façade lobby, or Plaza. TVA will consult with the SHPO and determine appropriate mitigation for any adverse effects.

Conclusion and Findings

Based on the findings in the EA, TVA has concluded that implementing Alternative D - Retain Ownership of KOC and SPC Sites, continue TVA HQ Operations in the West Tower, and convey easements or leases for East Tower and the SPC would not be a major federal action significantly affecting the environment. Accordingly, an environmental impact statement is not required to implement Alternative D.



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Date Signed