

Parts VI and VII
Progress Report – Economic Assessment for the Proposed I-90/Nagel Interchange
Revised August 17, 2007

VI. Summary of Conclusions and Observations

- A. Results of the Study - Based on findings in this report, it is concluded that the construction of the interchange, from the economic perspective evaluated, will positively benefit the City of Avon and Lorain County and will not materially affect either the region or the nearby communities:
1. Construction of the interchange will have **no material impact to the region** since the jobs and development attracted to the sphere of influence as a result of the interchange being built will most likely be built anyway during the planning period (if the interchange were not built) in other locations in the region, in response to continuing market demand.
 2. The **City of Avon will benefit** by:
 - a. An expanded transportation system with a greater number of circulation alternatives to better distribute the traffic and result in less congestion;
 - b. Increased tax revenue from new development that will be sufficient (over the 23 year planning period) for the City to: pay for the interchange; pay for the other road improvements that are required because of the interchange; and meet related municipal service costs including the additional road maintenance requirements; and
 - c. The additional value from construction jobs.
 3. There will be **no material adverse impact to the nearby areas** if the interchange is built. When evaluating the narrow implications of the interchange there will be a shift in office, medical office and industrial jobs and development to the sphere of influence over the 23 year planning period if the interchange is built. If the interchange were not built, these jobs would be distributed elsewhere, in proportion to past trends throughout the County. There is no evidence to support the premise that the denial of the interchange would result in a development “push back” to the built communities that would be sufficient to accelerate the re-occupancy of existing older buildings or development on “infill sites” (compared to greenfield sites) to any greater degree than in the recent past. Furthermore, based on projected county employment estimates the redistribution of the affected jobs, by 2030, represents:
 - a. Less than one (1%) percent of the jobs in Cuyahoga County; and
 - b. Less than three (3%) percent of the jobs in Lorain County.

This single redistribution is a small change and does not consider either: the normal “backfilling” or shifting that has occurred and will continue to occur in the region; or, other dynamic socio-economic changes – whether big or small- that could occur. If the interchange is built it is likely to make the land near the new exit more competitive for some investment projects; however, the construction does not make any other location in the region less attractive.

4. The expected pace of residential and employment growth within 3 to 5 miles of the interchange is more than sufficient to support the retail absorption estimates.
5. Any consideration of the job “multiplier effect” or construction jobs will have no material impact on the region since the development expected around the interchange over the planning period will otherwise occur in the region in response to market demand.

B. General Observations – In addition to the findings and observations outlined elsewhere in this report, the following observations will further explain or support the rationale for the findings in this study and the conclusions reached in “A” above.

1. The declining population within Cuyahoga County is primarily the result of the declining number of persons per household. As noted in the 2000 NOACA Northeast Ohio Regional Retail Analysis, this has been a continuing national pattern since as far back as the 1970’s. The relatively small number of new dwellings constructed within substantially developed counties and communities has not off-set the declining household size.
2. Because the existing development pattern and circulation system (including the numerous interchanges in both Cuyahoga and Lorain) counties is so firmly established, it is unlikely that the denial of the interchange will materially alter the development patterns compared to what has been occurring and will likely continue in the future. Development will continue to respond to market demand.
 - a. Companies choose to relocate existing operations for a number of different reasons, and these factors often vary based on both the type of operation as well as the industry in which the company operates. In any case, the relocation of operations is a costly endeavor. Not only are there expenses directly related to the acquisition of real and personal property, the physical relocation of equipment and inventory, and the cost and risk associated with losing employees, but there are also real costs incurred due to business interruption. In light of these significant costs and risks, the decision to relocate is not one that is taken lightly. A recent article in Expansion Management (<http://www.expansionmanagement.com/smo/articleviewer/default.asp?cmd=articledetail&articleid=16639&st=5>) listed the top ten reasons why companies relocate a manufacturing facility. These included:
 - i. To acquire more room

- ii. To lower operating costs
 - iii. To modernize equipment and facilities
 - iv. To move closer to a large segment of their market, or to establish a presence in a new market
 - v. To consolidate into fewer facilities
 - vi. To be closer to certain suppliers or natural resources
 - vii. To access a better or larger labor pool
 - viii. To eliminate specific labor-related situations
 - ix. To be closer to similar-type companies (clustering)
 - x. To improve quality of life
- b. Our experience with site selection projects tends to support this list. In general, changes in the transportation infrastructure in a particular region do not cause companies to undertake facility relocations. It is not likely that the construction of a new interchange in the City of Avon will affect the pace of facility relocations in the region. The interchange will likely improve certain site location factors in the Impact Area, and this is reflected in the Build versus No-build scenarios developed for this study. The Build scenario recognizes the increased attractiveness of the area, due primarily to the improved transportation access, by projecting a net increase in developed and absorbed square feet of 946,000 of retail, 1.4 million of office, and 680,000 of industrial over the 23-year study period (the “Shift”).
- c. The relative importance of site location factors tend to vary depending on the type of facility being sited. For example, an industrial user may indicate that access to a skilled labor force, adequate transportation access, and cost and quality of utilities are the most important factors. On the other hand, an office facility user may cite quality of life and tax climate as primary decision factors. Differences also tend to exist with regard to the size of the geographic areas that will be included in a site search. Industrial users generally will consider a larger potential region as acceptable for a new site, while an office site seeker will focus on a more narrowly defined geographic area.
- d. Exhibit U and Exhibit V show changes in the number of establishments and total employment by zip code in the two county area. As evidenced in the exhibits, there are certain change patterns that have emerged over the seven years from which the data is derived. Within the region, there are constant investment decisions being made about locations. For example, companies choose to:
- i. Expand at their current location
 - ii. Relocate within their current city
 - iii. Move within the region
 - iv. Exit the region

Sometimes companies choose to enter the region from elsewhere. The net effect of this activity in the region as a whole has been slow but steady growth. The decision

to build or not build the new interchange is not likely to significantly affect these established patterns over the 23-year study period.

- e. The region's "slow growth level" over the last few decades has virtually "remained even," despite the continued development of the outlying areas and the growth of some employment sectors. Therefore, there is a fundamental question/issue as to whether regional development would have declined if outward development, which has occurred in response to market demand, had been curtailed.
3. Any movement to Avon (or other Lorain County locations) from western Cuyahoga County that has occurred does not necessarily mean fewer jobs or tax base in western Cuyahoga County since much of the developed spaces has generally been, or will likely be, reoccupied.
 4. The development needs of the "built communities" (in both Lorain and Cuyahoga counties), to assure that they remain competitive in the regional market, are not significantly related to whether the interchange is built. These issues are more related to: land availability, location considerations, environmental impediments, the building needs/requirements of the various uses, etc.
 5. The City of Avon should work with property owners and the regional transit systems to assure that Park and Ride facilities are available and that the major developments are designed with circulation systems that can accommodate buses.

VII. Evaluation Compared to NOACA's Planning Principles and Transportation Plan Goals (PRELIMINARY)

Pursuant to Task V in the Consultant's Agreement with NOACA, this Section summarizes our observations with respect to how this study and/or the interchange, build or no-build, is consistent with NOACA's Statement of Planning Principles and Transportation Plan Goals.

- A. **NOACA's Planning Principles** (The numbers correspond to NOACA's Principles and the bold phrases summarize the general subject of the principle.)
1. Compliance with the **federal transportation acts** and their requirements is a continuing responsibility of NOACA. Since NOACA is the certified planning agency for the region, it continues to demonstrate compliance with these requirements. The contract and process followed for this study, including the public input, further demonstrates compliance with the spirit and intent of these federal requirements.
 2. It is beyond the scope of this Study to determine if the interchange proposal complies with the **Clean Air or Clean Water Acts**. There are other procedures to assure compliance with these statutes. Nevertheless, if the interchange is built there will be the following general environmental outcomes:
 - a. By 2030 the office and retail development will result in a higher level of site coverage (buildings, parking and driveways) than if the same land were developed for industrial use under the no-build option. And, an additional 148 acres will be developed compared to the interchange not being built.
 - b. However, if the interchange is not built, market forces will likely distribute the same amount and type of development in other locations in the region. This development will be distributed in similar proportions (among Greenfield locations, infill locations, and re-occupancy of existing buildings) as currently occurs. Furthermore, at full build out the pattern of development along the I-90 corridor will remain essentially unchanged.
 - c. The additional road construction requirements will necessitate approximately six (6) lane miles of road. However, if the interchange is not built a similar demand for road improvements would likely be shifted to other road segments in the vicinity.
 - d. There will be no difference in the amount of preserved open space or farm land under either option.
 - e. There is no basis to determine whether the interchange will generate more trip miles traveled per day. While the development estimates anticipate additional daily and peak hour vehicular trips in the sphere of influence (by 2030), it can not be

determined if this will result in more vehicle miles traveled than if the interchange were not built and the additional trips were distributed elsewhere.

3. The impact of the **“incremental transportation investment”** (the interchange) also includes the impact of the related land development outcomes. The implications of these outcomes have been documented in this report. In so summarizing the alternative impacts, this report has provided supplemental information that is available for the Board’s consideration to determine the acceptability of the **environmental** impacts. This Study, therefore, serves to help fulfill the purposes of this planning principle.
4. In addition to preserving the environment, this planning principle intends to **enhance other quality of life considerations** – which imply influencing the type of development that occurs. However, this study is only intended to evaluate the development that is likely under the build and no-build options and not to influence the outcomes. Furthermore, while currently there may be growing aspirations to achieve efficient, compact, and “smart growth” developments, there is no single “quality of life” outcome that can be defined or measured that would necessarily achieve consensus support. In addition, each community along the corridor is, presumably, taking appropriate steps (planning, zoning, infrastructure, facilities) to determine and carry out their own “quality of life” objectives.
5. The approval of the interchange supports the **local community planning activities** – e.g. the stated objectives of Avon and Lorain County. It is recognized that respecting this objective may be in conflict with regional goals. However, the attainment of, or influence on regional objectives, or the objectives of other local communities in the vicinity, will not be materially altered whether or not the interchange is built. One of the purposes of this Study is to provide documentation to help the NOACA Board resolve any conflicts between local objectives and regional perspectives.
6. The **transportation investment funds** are those funds that are available from Federal or State highway funding. The use of private and local funding for this interchange, therefore, does not affect the availability of those already limited State and Federal funds for other projects.
7. With respect to **transportation efficiency**, the interchange permits more traffic to be accommodated by essentially the same system (I-90), and it improves mobility around the area and access to and from nearby origin and destination points. To further advance efficiency, the NOACA staff, in its August 8, 2007 report to the TAC, has recommended that supplemental improvements be made in conjunction with the interchange construction.
8. The **shift to public transit** will not materially increase whether or not the interchange is built. This requires far broader consideration of land use policies, density, mixed uses, form, and the cooperative efforts among all (municipal, property owner, regional transit agencies, county, etc.) interests.

9. One of the purposes of this Study is to provide supplemental information so the NOACA Board has sufficient information to make **fully informed and deliberated decisions**.
 10. The encouragement or promotion of “...**efficient, compact land use development**...” is far beyond the purview of this Study. The purpose of this study is to assess the implications of likely outcomes and is not to influence outcomes. Attempting to determine “desired outcomes” would result in multiple and widely diverse opinions. As stated elsewhere, with the interchange the economic viability of Avon is enhanced and the economic viability in other communities is not materially affected.
 11. This Study is not related to the objective of **combating discrimination or pursuing open housing patterns**.
- B. Transportation Plan Goals – The Consultants understand the importance of achieving the Transportation Plan Goals. Yet, given the facts and observations included in this report, the interchange and the related development trends and projected outcomes will not materially influence the attainment of these objectives. Such achievement will require fundamental strengthening of regional cooperation to effect significant changes in the regional land use patterns and development intensity. Nevertheless, to the extent that this Study is related to these goals, the following comments are offered. (The numbers correspond to NOACA’s goals and the bold phrases summarize the general subject of the goal.)
1. The interchange will supplement Avon’s and the region’s **economic competitiveness**; yet will not affect the level of “**sustainable development**” however it may be measured and defined.
 2. There is no basis to measure the effect the redistribution of land development (depending on whether or not the interchange is built) will have on the **natural environment and ecology**.
 3. The goal to improve **efficiency and safety** has been addressed in Planning Principle No.7.
 4. See Planning Principle No. 8. Additionally achieving a **balance transportation system** with the other model enhancements is beyond the scope of this Study.
 5. The construction of the interchange does not influence NOACA’s ability to improve the transportation **mobility of transit-dependent or low-income persons**.
 6. The results of this Study show that the interchange, over the 23 year planning period, will have no material adverse impacts on **investments in existing communities**. However, the interchange will increase the road systems local capacity to more conveniently move people and goods.

7. The interchange - based on the previous data, observations, and conclusions in this report – will not materially affect the **level of investment in existing urban areas**.
8. **Fostering intergovernmental and private sector relationships** is addressed in Planning Principle No.5 and No. 8.
9. Achieving **compact land uses**, etc. is addressed in Planning Principle No.10.
10. Fostering **quality of life improvements** is addressed in Planning Principle No. 4.