

CAPITAL OUTLAY

This project will build over 4.8 miles of new street improvements, including:

- 5,000 linear feet of highway improvements to U.S. Highway 26
- 5,400 linear feet of new arterial streets
- 2,866 linear feet of new collector streets
- 12,455 linear feet of new local/connector streets
- 80,080 square feet of new parking on U.S. Highway 26 and local area attractions
- One (1) intersection improvement project
- Structural improvements to one (1) existing bridge (currently inoperable) at Oregon Pine to open it for public use by bikes, pedestrians and emergency/service vehicles
- One (1) new multimodal bridge for vehicles, bikes and pedestrian access
- One (1) new multimodal bridge for bikes and pedestrians, integrated with parking, trails and public transit stops to tie together the city's disconnected park transportation infrastructure

The extension of the 7th Street minor arterial, Innovation Gateway and U.S. Highway 26 improvements and the Holmstrom Road and Bridge are the most critical project components in this proposal. The 7th Street minor arterial will connect the only two functioning bridges to the north side of the city (Patterson Bridge and Bridge Street Bridge). Both bridges are rated Fair and moving toward Poor condition. These are the city's most used bridges, accounting for 2,164 daily trips across the John Day River on an average weekday. Making this connection, combined with the addition of the new Holmstrom Road and Bridge, will significantly increase flood resilience and future housing growth while also creating an integrated network of trails and local access streets along the John Day River and its adjacent natural areas. The project will also: create connections to a new 50-room hotel, 250 person event center, and distillery at the Innovation Gateway; create access to new residential neighborhoods; and provide public access to wastewater reuse projects, educational areas, and community gathering places to complete the City's local street network.

Assumptions:

- All construction completed within a four-year period from FY21-FY24
- Phase One capital costs of \$12,477,324 will be spread equally over a two-year construction window (FY21-FY22), with \$6,238,662 spent in each of these two years
- Phase Two capital costs of \$7,227,880 will be spread equally over a two-year construction window (FY23-FY24), with \$3,119,331 spent in each of these two years
- No maintenance required during 20-year investment horizon other than routine inspections, snow removal, etc. Chip sealing would be performed in the 20 to 25-year range post-construction but this is not shown because it is beyond the investment horizon.
- Both bike/ped bridges fully depreciated by year 20 with no residual value
- Holmstrom bridge 50% depreciated by year 20, with a residual discount value of \$246,433

QUANTITATIVE BENEFITS

New Housing. The City created a new home incentive program in 2018 as part of its new urban renewal agency. The incentive program offers a 7% cash rebate plus full payment of all system development charges for new home construction. The details for this incentive program are included on the City's

[website](#). In conjunction with the creation of the URA, the city determined the average annual tax value of a John Day household to be \$9,583 (in 2017 Dollars).

The City's plan in the 2020 BUILD application will result in 48 acres of new housing being opened for development. We are assuming a modest increase in housing as a result of connecting streets to this residential land coupled with the incentive program to build new homes in John Day.

Assumptions:

- New home construction begins in FY21 (first year of program) and proceeds through FY44.
- Annual new home construction remains modest but increases over time, with 135 homes being built during the grant investment horizon:
 - Three homes built in years 1-4
 - Four homes built in years 5-7
 - Five homes built in years 8-10
 - Six homes built in years 11-14
 - Seven homes built in years 15-18
 - Eight homes built in years 19-20
 - Nine homes built in years 21-22
 - Ten homes built in year 23
- Assumes average tax benefit of a new household increases 3% annually due to increases in state shared revenue as population expands and increase to property tax assessed values
- Assumes a multiplier of 2x the household's tax value in indirect economic benefits to the local community as a result of new home construction; multiplier can be adjusted during sensitivity analysis (2x needed to reach NPV+ for total project based on assumed housing growth)

QUALITITATIVE BENEFITS

PV of Good Repair Benefits. In the base case scenario, with no new streets or bridges constructed, 100% of the direct and indirect economic value of the future housing \$18,440,750 is lost because the City cannot permit new home construction without adequate streets and utilities to service the homes. In addition, the Bridge Street and Patterson Road bridges will continue to decline with no adequate method to repair or replace these bridges without closing them. City has not been able to quantify the cost of the no-build scenario but expects it would be significant as city would have to bring in a temporary vehicle bridge while Bridge Street is repaired or replaced.

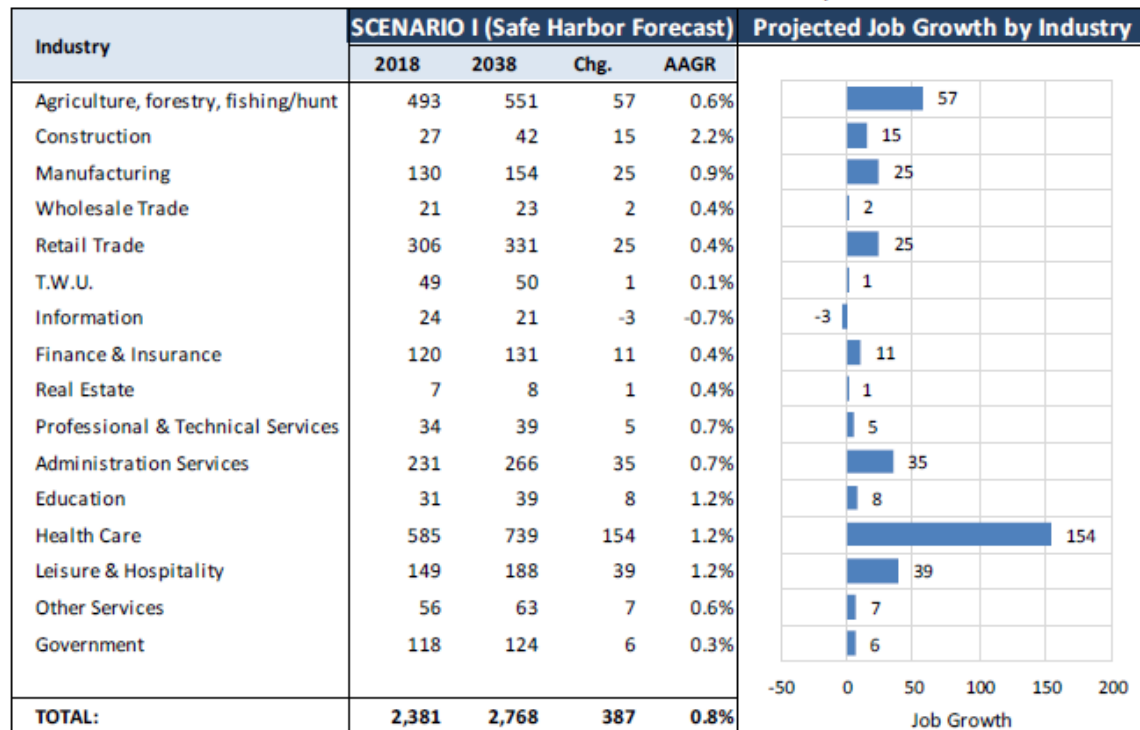
PV of Quality of Life Benefits. The National Association of Realtors® and National Association of Homebuilders estimate each stage of the [housing lifecycle](#) offers economic benefits, including:

- Home Sales: For every two homes sold, one job is created.
- Home Purchases: Each home purchase generates as much as \$60,000 in economic activity over time.
- Home Construction: Every new home built creates 2.97 jobs.

In Grant County's most recent economic opportunities assessment, there are 1.2 jobs per household. Based on the city's estimate of 135 new homes, this could result in up to \$8.1 million in economic activity and between 162 and 401 new jobs created for John Day residents.

Additional job creation could accrue over time from opening the 14-acres of new industrial lands. The City's recently completed Economic Opportunity Assessment (EOA) estimates the 14.1 acres of industrial land will accommodate 23.5 jobs per acre, for a total of 331 new jobs (see Figure 5.03, from EOA).

FIGURE 5.03: 20-YEAR INDUSTRY EMPLOYMENT FORECAST, JOHN DAY



SOURCE: Oregon Employment Department, Johnson Economics

FIGURE 5.04: NET ACRES REQUIRED BY BUILDING TYPOLOGY, JOHN DAY

	DEMAND BY GENERAL USE TYPOLOGY, 2018-2038						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	106	89	19	21	10	84	330
Avg. SF Per Employee	350	600	990	600	1,850	500	554
Demand for Space (SF)	37,200	53,600	19,100	12,700	18,200	42,100	182,900
Floor Area Ratio (FAR)	0.35	0.45	0.30	0.30	0.35	0.25	0.33
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	10.0%
Net Acres Required	2.7	2.7	1.6	1.0	1.3	4.3	14.1
Implied Density (Jobs/Acre)	39.2	32.7	11.9	20.6	7.8	19.6	23.5

SOURCE: Oregon Employment Department, Johnson Economics, Mackenzie

These jobs are not guaranteed as a result of the industrial land development the City anticipates but opening this land will result in the City being able to accommodate its 20-year forecast with the proposed redevelopment of the Iron Triangle Property.

Restoring public access to the John Day riverfront and adding new trails for bike/ped access to connect our residents to the river and our neighborhoods to each other will also add significantly to the quality of life for our residents and visitors alike. These lands adjacent to the John Day River have been completely restricted to the public for the past century. By acquiring the property and redeveloping this

area with street and trail improvements, John Day residents and visitors will have access to over one mile of riverfront within city limits.

PV of Safety Benefits. The proposed arterial and collector streets all include at least one sidewalk and arterials are designed with greenways and on-street parking to create additional separation between motorists and non-motorists. The additional of the 7th Street Extension and the 3rd Street Bridge/Charolais Heights Extension will triple the ingress/egress for our 7th Street Sports Complex which consistently has high traffic volume and becomes a safety concern during sporting events. The multi-modal bike/ped bridges and trail systems also create opportunities for de-coupling motorists and non-motorists. System is also designed to allow for public transit pull-outs so that the public transportation system can load and unload passengers outside of the travel lanes. These design features should result in increased safety for both motorists and non-motorists.

SUMMARY

The net present value of this project in FY19 dollars is \$1,454,027, which results in a Benefit Cost Ratio of 1.09. The quantitative economic benefits accrue from opening over 160 acres of buildable residential land, on which the City expects 135 homes will be constructed over the next 20 years. The project also provides qualitative benefits, including:

- 20-year supply of new buildable industrial lands, capable of accommodating 331 new jobs
- Restored and accessible riverfront and greenspace along the John Day River
- Up to \$8.1 million in indirect benefits resulting from increased economic activity
- Improved safety and accessibility from having more multimodal bridge crossing, trails, sidewalks and public transit stops outside of traffic lanes
- Cost avoidance from having a new 3rd Avenue bridge that will allow for the eventual repair and replacement of the Bridge Street and Patterson Road bridges

BENEFIT: COST ANALYSIS SUMMARY DATA (@ 7%)

PV of Capital Costs	(\$16,986,723.31)
PV of State of Good Repair Benefits	Qualitative
PV of Economic Competitiveness Benefits	\$18,194,317
PV of Quality of Life Benefits	Qualitative
PV of Safety Benefits	Qualitative
PV of Residual Value	\$246,433
PV of Benefits Total	\$18,440,750
Net Present Value	\$1,454,027
Benefit: Cost Ratio	1.09