



# Ohio River Bridges Project Review of Economic Impact Studies

October 6, 2011



# Scope of the Review

Review existing studies to obtain better understanding of what has been done

Identify the methodologies that were used

Look at potential requirements the project may face going forward

# Study Types

## Economic Impact Analysis

**What are the effects of a project on the economy of a given area?**

- Identifies job stimulation and growth of different areas
- Evaluates issues of equity and vulnerable populations
- Examines changes in the economy over time for e.g., change in activity (output), income (value added, wages) and associated jobs

## Benefit-Cost Analysis

**What are the relative costs and benefits of alternative cases of a project?**

- Examines efficient use of scarce resources
- Evaluates benefit and cost streams in monetary terms expressed as a discounted present value
- Determines maximum benefit options for e.g., safety, quality of life, mobility etc.

# Select Studies Completed to Date\*

## 1. Final Environmental Impact Statement (EIS) - 2003

- Prepared by:* FHWA, INDOT, KYTC
- Prepared for:* To comply with NEPA
- Type of Study:* Economic Impact Study
- Purpose of Study:* The EIS provides information, and responds to public and agency comments regarding social, economic, and environmental issues and describes the selection of the preferred alternative.

## 2. Economic Benefits Assessment of the Ohio River Bridges Project - 2009

- Prepared by:* AECOM
- Prepared for:* Build the Bridges Coalition
- Type of Study:* Economic Benefits Assessment
- Purpose of Study:* The study analyzed economic benefits related to the project during construction and after completion from travel time savings, accident avoidance savings, and reduced vehicle operations costs. Potential long- term growth benefits from the project were not part of this study scope.

## 3. TIGER II Application: Benefit-Cost Analysis - 2010

- Prepared by:* Economic Development Research Group, Inc.
- Prepared for:* KYTC, INDOT and the Bridges Authority (TIGER II Grant Application to USDOT)
- Type of Study:* Benefit Cost Analysis
- Purpose of Study:* The analysis examined the benefit-cost of the project for the portion of TIGER II grant (assumes \$135 million) and also provided benefit-cost estimates for the entire project (assumes \$3.1 billion). The different models and methodologies used are also discussed.

*\*There also have been assessments of tolling impacts as part of traffic and revenue studies conducted on behalf of the Project to date.*



# Observation of Studies

	<i>2003 Final Environmental Impact Statement</i>	<i>2009 Economic Benefits Assessment of the Ohio River Bridges Project</i>	<i>2010 TIGER II Application: Benefit -Cost Analysis</i>
	Economic Impact Analysis	Benefit-Cost Analysis	
<b>Property Impacts</b>			
Impacts on undeveloped land	○	○	○
Impacts on developed land	○	○	○
Impacts on taxable property values	○	○	○
<b>Business Impacts</b>			
Impacts during construction i.e. jobs, earnings	●	○	○
Business activity after construction i.e. jobs, earnings	●	●	○
<b>Impacts to Residents</b>			
Population change	○	○	○
Housing values	○	○	○

Indicates significant information provided
  Indicates some discussion
  Indicates no information provided



# Summary of Economic Impact-Related Needs and Potential Next Steps

## Additional Information for TIGER III Application

- All benefit-cost analysis requirements of TIGER II including:
  - Livability
  - Economic Competitiveness
  - Safety
  - State of Good Repair
  - Sustainability
- Expand analysis on monetization values including:
  - Value of statistical life
  - Value of injuries
  - Property damage
  - Travel time
  - Emissions
- Assess robustness of forecasts

## EIS Requirements for NEPA

- Updates Final-EIS and expand analysis for supplemental EIS process
- Examine project alternatives
  - Include tolls to supplement traditional state and federal program funds as identified in KIPDA Metropolitan Transportation Plan
  - Incorporate design changes
  - Reflect updated environmental impacts and travel forecasts

## Indiana Statute (IC 8-15.5-4-1.5)

*The economic impact study must, at a minimum, include an analysis of the following matters with respect to the proposed project:*

- Economic impacts on existing commercial and industrial development
- Potential impacts on employment
- Potential for future development near the project area, including consideration of locations for interchanges that will maximize opportunities for development
- Fiscal impacts on revenues to local units of government
- Demands on government services, such as public safety

## Authority Due Diligence

User and Community Impacts

- The objective would be to quantify regional-level cost and benefit to users and community stakeholders e.g. businesses, households, industries by profile etc.
  - Examines the relative benefits in conjunction with tolling
  - Analyzes direct and indirect impacts during and after construction

➤ Economic Development Research Group to update TIGER II assessment

➤ NEPA team efforts ongoing

➤ To be addressed as needed based on delivery approach

➤ Any study would be designed and initiated with Authority approval

\*There also would likely be an independent economic assessment of population and employment as well as tolling impacts as part of any future investment-grade traffic and revenue study for the Project.