

AMMENDMENT TO DOCUMENTATION PROVIDED TO PUBLIC LANDS ADVISORY COMMITTEE FOR THE OREGON DEPARTMENT OF TRANSPORTATION ACQUISITION OF PROPERTY FOR THE ODOT/ODF LINCOLN COUNTY COLOCATION FACILITY

The Oregon Department of Transportation (ODOT) originally presented a request to acquire property for the Lincoln County ODOT/ODF Colocation Facility (LCCF) to the Public Lands Advisory Committee (PLAC) on July 25th, 2019. PLAC requested additional information from ODOT to justify the purchase considering overall value to ODOT (*value in use*) versus property value alone (*value in exchange*). Value in use considers the value the real estate contributes to the use it will be a part of which includes overall development costs in this case.

ODOT initially screened over fifteen properties in a defined search area as potential locations for a new seismic resiliency facility. Sites considered included properties that were on the market and other properties not on the market that offered some potential for development. Of the fifteen properties, two sites (Sites 1 & 6) are potentially adequate from a development standpoint, but are outside of the acceptable location area and were disqualified. One site (Site 5) is available for sale and is adequate for development. Two additional sites (Sites 11 & 13) are not available for sale and are not viable from a land use approval perspective and are therefore disqualified, but would otherwise be potentially developable. Finally, one additional site (Site 12) may be available for sale and may be adequate for development. All other sites, did not meet multiple development criteria and were disqualified. Sites 5 and 12 are being considered here as adequate and potentially adequate, respectively.

Development costs necessary to bring a given site to a condition ready to build upon are considered as part of this value in use analysis. Costs that are common to all sites are excluded from consideration. Reported costs are based on available information and are shown as a range to reflect the uncertainties based on available information. Additional information is included in the subsequent pages. The table below summarizes the value in use cost ranges for the sites under consideration.

VALUE IN USE SUMMARY TABLE BY SITE

| Site ID | Cost Range | | Notes |
|---------|------------|---------|---|
| | Low | High | |
| 5 | \$8.2M | \$12.7M | Proposed site acquisition |
| 11 | \$11.9M | \$23.7M | Not a viable site based on land use criteria - Disqualified |
| 12 | \$8.3M | \$17.3M | Grading costs are prohibitive |
| 13 | \$6.4M | \$10.9M | Not a viable site based on land use criteria - Disqualified |

ODOT proposes to continue with the acquisition of Site 5 based on the lowest value in use cost range for sites that are viable for development. It should be noted that Site 13 has a potentially lower overall development cost, but the site is not viable from a land use approval standpoint. Sites 11 and 13 are only listed because they were identified for further consideration in discussions with the PLAC.

ODOT has no intention of setting a precedent for land acquisition with this project. The goal is to make the best business decision available to the Agency based on all considerations. In this case, the overall

value in use consideration justifies a higher land purchase price because the total cost is lower than other available options.

SITES CONSIDERED



RECOMMENDED PRELIMINARY SITE DEVELOPMENT COSTS - SITE #5

Site Development Cost Basis

| DEVELOPMENT COST ITEMS | LOW RANGE | HIGH RANGE | NOTES |
|--|------------------|-------------------|--|
| Property Acquisition Costs | 4,200,000 | 4,200,000 | 29.86 acres; Current asking price |
| Mass grading costs | 3,570,000 | 7,650,000 | 22 acres of 29.86; 0.43 million CY of cut/fill |
| Public Improvement Cost | 370,000 | 800,000 | 1000 feet of improvements on Avery St. |
| Land Use Approval Process | | | NA, appropriately zoned |
| Demolition of Existing Structures | 20,000 | 40,000 | Wood Frame shop building |
| RECOMMENDED SITE DEVELOPMENT COST RANGE | 8,160,000 | 12,690,000 | |

Notes and Assumptions

- Investigation of this property is for analysis purposes, Agency has pursued this property.
- Analysis seeks to compare development costs across the range of properties analyzed. Cost that are common to all sites are not included.
- Estimates are based on Concept level analysis and correspond to Class 5 estimates.
- Class 5 estimates can be 30% less or 50% higher than the base estimate and be within professional tolerances. This range is shown above.
- Mass grading assumes that cut material can be used for fill, except that surface layer with organic material will not be used for fill.
- Mass grading assumes site is developed as a level bench for use in development.
- Costs reported are to bring the site to a condition ready for building on.

Development Opportunities

- Property is currently available for sale.
- Site is within city limits with adjacent utilities.
- Site is zoned appropriately for the proposed industrial use.
- There is local community support for development of this site.

Development Risks

- Property purchase terms are uncertain.
- Topography varies considerably across the site. However, only the more level portions of the site would be developed.

Public Improvement Costs
Site 5

| Item | Estimated Quantity | Unit | Unit Price | Total Price |
|---|---------------------------|-------------|-------------------|--------------------|
| NE Avery St. 1/4 Street Improvements | 475 | LF | \$ 300 | \$ 142,500 |
| NE Avery St. 3/4 Street Improvements | 520 | LF | \$ 750 | \$ 390,000 |
| Total Estimated Public Improvement Costs | | | | <u>\$ 532,500</u> |
| 30% less | | | | \$ 372,750 |
| 50% more | | | | \$ 798,750 |

RECOMMENDED PRELIMINARY SITE DEVELOPMENT COSTS - SITE #11

Site Development Cost Basis

| DEVELOPMENT COST ITEMS | LOW RANGE | HIGH RANGE | NOTES |
|--|-------------------|-------------------|--|
| Property Acquisition Costs | 2,000,000 | 2,500,000 | 37.35 acres; ODOT ROW estimate |
| Mass grading costs | 8,500,000 | 18,300,000 | 22 acres of 37.35; 1.02 million CY of cut/fill |
| Public Improvement Cost | 1,120,000 | 2,400,000 | 800 feet of US 101 improvements with turn lane |
| Land Use Approval Process | 250,000 | 500,000 | Comprehensive Plan Change required |
| Demolition of Existing Structures | | | NA |
| RECOMMENDED SITE DEVELOPMENT COST RANGE | 11,870,000 | 23,700,000 | |

Notes and Assumptions

1. Investigation of this property is for analysis purposes only, Agency has no intention to pursue this property.
2. Analysis seeks to compare development costs across the range of properties analyzed. Cost that are common to all sites are not included.
3. Estimates are based on Concept level analysis and correspond to Class 5 estimates.
4. Class 5 estimates can be 30% less or 50% higher than the base estimate and be within professional tolerances. This range is shown above.
5. Mass grading assumes that cut material can be used for fill, except that surface layer with organic material will not be used for fill.
6. Mass grading assumes site is developed as a level bench for use in development.
7. Costs reported are to bring the site to a condition ready for building on.

Development Opportunities

1. Site is within city limits with adjacent utilities.
2. Site has frontage on US 101. However, turn lane improvements will be required.

Development Risks

1. Site is currently being developed as single family housing and apartments consistent with the Comprehensive Plan.
2. A Comprehensive Plan Change and Zone Change would be required to develop as an industrial site.
3. A Comprehensive Plan Change is a 6-8 month process.
4. City of Newport Planning staff would not support the Comprehensive Plan and Zone change.
5. City staff expect that the Planning Commission and City Council would not support the Comprehensive Plan and Zone change.
6. City staff expect that there would be significant public outcry from the residential properties that abut the site.
7. It is anticipated that condemnation would be required to acquire the property.
8. Site topography ranges from 60 foot to 250 foot elevation creating very expensive and challenging grading conditions.

Public Improvement Costs
Site 11

| Item | Estimated Quantity | Unit | Unit Price | Total Price |
|--|---------------------------|-------------|-------------------|---------------------|
| Oregon Coast Highway US 101 Full Street Improvements including Turn Lane | 800 | LF | \$ 2,000 | \$ 1,600,000 |
| Total Estimated Public Improvement Costs | | | | <u>\$ 1,600,000</u> |
| 30% less | | | | \$ 1,120,000 |
| 50% more | | | | \$ 2,400,000 |

RECOMMENDED PRELIMINARY SITE DEVELOPMENT COSTS - SITE #12

Site Development Cost Basis

| DEVELOPMENT COST ITEMS | LOW RANGE | HIGH RANGE | NOTES |
|--|------------------|-------------------|---|
| Property Acquisition Costs | 600,000 | 800,000 | 40 acres; ODOT ROW estimate |
| Mass grading costs | 7,300,000 | 15,700,000 | 22 acres of 40; 0.87 million CY of cut/fill |
| Public Improvement Cost | 250,000 | 540,000 | 300 feet of reconstruction of NE 47th St. |
| Land Use Approval Process | 100,000 | 225,000 | Annexation and Comprehensive Plan Change required |
| Demolition of Existing Structures | | | NA |
| RECOMMENDED SITE DEVELOPMENT COST RANGE | 8,250,000 | 17,265,000 | |

Notes and Assumptions

1. Investigation of this property is for analysis purposes, Agency has considered pursuing this property.
2. Analysis seeks to compare development costs across the range of properties analyzed. Cost that are common to all sites are not included.
3. Estimates are based on Concept level analysis and correspond to Class 5 estimates.
4. Class 5 estimates can be 30% less or 50% higher than the base estimate and be within professional tolerances. This range is shown above.
5. Mass grading assumes that cut material can be used for fill, except that surface layer with organic material will not be used for fill.
6. Mass grading assumes site is developed as a level bench for use in development.
7. Costs reported are to bring the site to a condition ready for building on.

Development Opportunities

1. Site is within the Urban Growth Boundary with adjacent utilities.
2. Property owners are considering sale of the property.
3. City of Newport Planning staff recognize the shortage of industrial land and may support a zone change.

Development Risks

1. An Annexation process is required to bring the property into City Limits.
2. A Comprehensive Plan Change and Zone Change would be required to develop as an industrial site.
3. An Annexation and Comprehensive Plan Change could be bundled in a 6-8 month process.
4. City of Newport Planning staff would not support the Comprehensive Plan and Zone change (currently Low Density Residential).
5. There is no public access to the site. Land would need to be purchased or condemned for access and public improvements would be required.
6. There is a potential for public objection to a zone change to an industrial site.
7. Site topography ranges from 40 foot to 260 foot elevation creating very expensive and challenging grading conditions.
8. Two streams and three swales bi-sect the site adding environmental considerations and development cost.

**Public Improvement Costs
Site 12**

| Item | Estimated Quantity | Unit | Unit Price | Total Price |
|---|---------------------------|-------------|-------------------|--------------------|
| Reconstruct NE 47st and extend to Site 12 | 300 | LF | \$ 1,200 | \$ 360,000 |
| Total Estimated Public Improvement Costs | | | | <u>\$ 360,000</u> |
| 30% less | | | | \$ 252,000 |
| 50% more | | | | \$ 540,000 |

Note: It is anticipated that new water, sanitary, storm, gas and communications utilities will be required.

RECOMMENDED PRELIMINARY SITE DEVELOPMENT COSTS - SITE #13

Site Development Cost Basis

| DEVELOPMENT COST ITEMS | LOW RANGE | HIGH RANGE | NOTES |
|--|------------------|-------------------|--|
| Property Acquisition Costs | 3,000,000 | 3,500,000 | 69.71 acres; ODOT ROW estimate |
| Mass grading costs | 300,000 | 640,000 | 22 acres of 69.71; 0.04 million CY of cut/fill |
| Public Improvement Cost | 2,800,000 | 6,100,000 | 3490 feet of improvements including four streets |
| Land Use Approval Process | 250,000 | 500,000 | Annexation into City Limits is required |
| Demolition of Existing Structures | 85,000 | 180,000 | Approximately 8,000 SF of buildings |
| RECOMMENDED SITE DEVELOPMENT COST RANGE | 6,435,000 | 10,920,000 | |

Notes and Assumptions

1. Investigation of this property is for analysis purposes only, Agency has no intention to pursue this property.
2. Analysis seeks to compare development costs across the range of properties analyzed. Cost that are common to all sites are not included.
3. Estimates are based on Concept level analysis and correspond to Class 5 estimates.
4. Class 5 estimates can be 30% less or 50% higher than the base estimate and be within professional tolerances. This range is shown above.
5. Mass grading assumes that cut material can be used for fill, except that surface layer with organic material will not be used for fill.
6. Mass grading assumes site is developed as a level bench for use in development.
7. Costs reported are to bring the site to a condition ready for building on.

Development Opportunities

1. Site is adjacent to city limits with city utilities available.
2. Site has frontage on US 101 with an existing center turn lane.
3. A significant area of the site is nearly level.

Development Risks

1. Site is currently not for sale and is developed as a golf course.
2. An Annexation process is required to bring the property into City Limits. Expected zone is P1 which would allow public use.
3. Annexation process is anticipated to require 6-8 months.
4. City of Newport Planning staff would not support the change.
5. City staff expect that the Planning Commission and City Council would not support the change.
6. City staff expect that there would be significant public outcry from the residential properties that abut the site.
7. It is anticipated that condemnation would be required to acquire the property.
8. It is anticipated that site was levelled in the past. There is a significant geotechnical risk dependent on past filling practices.

Public Improvement Costs
Site 13

| Item | Estimated Quantity | Unit | Unit Price | Total Price |
|---|---------------------------|-------------|-------------------|---------------------|
| Oregon Coast Highway US 101 1/2 Street Improvements | 680 | LF | \$ 1,000 | \$ 680,000 |
| NW 41st St. 3/4 Street Improvements | 200 | LF | \$ 1,200 | \$ 240,000 |
| NE Megginson St. 3/4 Street Improvements | 1010 | LF | \$ 1,200 | \$ 1,212,000 |
| NE Golf Course Dr. 3/4 Street Improvements | 1600 | LF | \$ 1,200 | \$ 1,920,000 |
| Total Estimated Public Improvement Costs | | | | \$ 4,052,000 |
| 30% less | | | | \$ 2,836,400 |
| 50% more | | | | \$ 6,078,000 |

Note: Street improvements in 41st, Megginson and Golf Course Drive anticipate new water, sanitary, storm, gas and communications utilities to be constructed because existing conditions are very substandard.

US 101 is not expected to have significant utility work, but road work cost on the highway are substantially greater.