



5.5 Economic Impacts

5.5.1 Introduction

Regional economics plays a large role in this FEIS. The relatively poor state of economic growth in Southwest Indiana is one of the identified needs for the project, as described in Section 2.3.2, in Southwest Indiana. Supporting regional economic development in Southwest Indiana is one of the goals of the project. Accordingly, as described in Section 3.4.4, a variety of economic measures have been used in the analysis of alternatives (e.g., net change in annual disposable income, employment growth, employment in high-paying industries). The indirect impact of economic growth associated with the alternatives is also discussed in Section 5.2, *Land Use Impacts*. For additional information, see Section 5.8, *Traffic Impacts*.

This section focuses on one particular aspect of the project's economic impacts: the impacts of the alternatives on businesses that are dependent on pass-by traffic. Two effects are examined. These are:

- **Nearby Roadside Business Impacts**, which relate to the effects of the alternatives *on abutting businesses*, and
- **Remote Roadside Business Impacts**, which relate to the effects *on businesses along US 41 and SR 37 caused by alternatives that are located in other areas*.

Following the methodology section, the results of these two analyses are reported in separate sections. The analysis provided in the DEIS assumed that the SR 37 Corridor routes used a Mann Road alignment to reach I-465. The Mann Road alignment has been discarded, and the SR 37 Corridor routes now use the SR 37 alignment until just south of I-465 in order to reach I-465. This change has affected the calculations of economic impacts for routes 2C, 3B, 3C, 4C, and 5B. These routes now provide a higher economic benefit to businesses dependent on pass-by traffic for Nearby Roadside Business Impacts. There also are minor differences for these alternatives in Remote Roadside Business Impacts.

Since the publication of the DEIS, the following change has been made to this section:

- Updated economic impacts to reflect the selection of the SR 37 variation instead of the Mann Road variation.

5.5.2 Methodology

5.5.2.1 Methodology for Nearby Roadside Business Impacts

The Nearby Roadside Business Impacts focuses on the potential change in sales for businesses abutting the route of each alternative. The measure accounts for two potentially offsetting effects:

- **Access restrictions** – Businesses along a two-lane or four-lane highway that is converted to a fully access controlled highway may experience losses in sales because access from passing traffic is made more difficult.
- **Increased traffic** – Businesses along the new fully access controlled freeway may experience gains in sales because of increases in pass-by traffic volumes.



The specific impact on abutting businesses will depend heavily upon the actual alignment of the new freeway as well as the location of interchanges. Since these are not yet precisely known, two distinct scenarios have been evaluated. These scenarios are:

- **Adjacent Scenario** - Assumes the new freeway is built directly adjacent to existing two-lane roads such as SR 57 or US 231 (i.e., the existing highway serves as a “frontage road”). Business sales may increase from the additional traffic brought by the freeway, although these benefits are tempered by the fact that access for this traffic is restricted. These conditions also apply when four-lane highways, including US 41 and SR 37, were assumed to be rebuilt to freeway standards along the same alignment. Therefore, the impact on businesses along the segment would be an increase in pass-by traffic volume combined with a decrease in access.
- **Non-Adjacent Scenario** - Assumes the new freeway is built at enough of a distance (1/4 mile away or more) from the existing road that businesses will not benefit from increased traffic volume on the freeway. The primary impact on business sales will be due to a diversion of traffic from the existing roadway to the parallel facility.

The impacts on specific businesses will vary based on the dependence of the business on pass-by traffic. Gas stations and convenience stores, for example, are heavily dependent upon pass-by traffic and may benefit from greater traffic volumes but also may be impacted more by access restrictions. More specialized stores are less dependent on highway visibility. Specific business impacts may also vary widely depending upon other factors, such as the local population base served.

The methodology to estimate impacts on nearby businesses of the proposed I-69 project was based on research conducted for National Cooperative Highway Research Program Project (NCHRP) 25-4¹ as follows:

- Businesses along each of the state highways that is within the study band of any alternative (e.g., US 41, SR 57, SR 67, US 231, SR 37) were inventoried and classified into eight establishment types with common characteristics, including their dependence on pass-by traffic. The percentage change in business sales due to reduced highway access was calculated for each establishment type based on the relative importance of convenient customer access to each type of business.
- The percent change in business sales due to increased or decreased average daily traffic volume was calculated for each type of business based on the percent change in traffic volume along each route segment. This was adjusted for the relative dependence of each type of business on pass-by traffic.
- Finally, the percentage change in business sales due to access restrictions and the percentage change in business sales due to changes in traffic volume were combined to determine an overall percentage impact on sales for each type of business along the proposed alignment.

For all of these analysis steps, data were first analyzed at the county level, and the resulting impacts were then aggregated to produce corridor-level results.

5.5.2.2 Methodology for Remote Roadside Business Impacts

In addition to impacts on abutting businesses, the potential impacts on businesses located on segments of US 41 and SR 37 were estimated for those alternatives in which they were not part of a corridor alternative. These are

¹ Highway Access Restriction Estimator (HARE) model version 3.0, by Glen Weisbrod, December 1997.



referred to as Remote Roadside Business Impacts. In this analysis, the same NCHRP methodology referenced above was used, assuming that the only change to the two relevant corridors (US 41 and SR 37) was the forecasted traffic volume that would use these highways after the alternative being analyzed is built.

5.5.3 Analysis of Results

The results of the Nearby and Remote Roadside Business Impacts are reported separately in the following sections.

5.5.3.1 Nearby Roadside Business Impacts

The anticipated range of impacts on local business sales is reported in Table 5.5-1. Negative numbers represent a decrease in sales. Positive numbers represent an increase. Alternatives 2C, 3B, 3C, and 5B are expected to generate increased local business sales as a result of the I-69 project, in both the adjacent and non-adjacent alignment scenarios. All four of these alternatives would utilize a portion of SR 37 between Bloomington and Indianapolis, which is expected to experience a significant increase in traffic volume if the new freeway were built. All of the other alternatives are expected to have negative impacts on local business sales under the non-adjacent scenario (i.e., if the new freeway is built at a distance from the existing road). The highest level of negative impact is expected for Alternatives 4A and 4B due to the volume of traffic being diverted from the SR 37 corridor and the high level of retail sales in that corridor.

Alternative	Level of Impact (Millions of 2001 Dollars)	
	Non-Adjacent	Adjacent
1	(\$7.3)	(\$7.3)
2A	(\$22.1)	\$202.2
2B	(\$60.0)	\$169.8
2C	\$38.2	\$337.3
3A	(\$73.2)	\$175.0
3B	\$20.1	\$309.9
3C	\$39.3	\$326.4
4A	(\$134.4)	\$185.4
4B	(\$122.3)	\$186.5
4C	(\$16.6)	\$345.3
5A	(\$63.5)	\$161.9
5B	\$23.8	\$293.8

Parenthesis indicate negative numbers

With the exception of Alternative 1, all of the alternatives are expected to experience positive impacts on local business sales if the proposed new freeway were built adjacent to the existing road. Alternative 1 is unique in that I-69 would make use of the existing alignment of US 41 throughout nearly all of its length from Evansville to Terre Haute. Accordingly, Alternative 1 does not have a separate non-adjacent scenario. US 41 would be rebuilt to freeway standards under Alternative 1, thereby restricting traffic access and negatively impacting business sales in both the distant and adjacent scenarios. In this case, the increase in traffic along the existing US 41 corridor would not be of a magnitude sufficient to offset access restrictions.

These impacts also are reported in Section 3.4.4.2 in Table 3-25 as Roadside Business Sales. The impacts reported in Table 3-25 are the average of the “adjacent” and “non-adjacent” estimates for each alternative.

5.5.3.2 Remote Roadside Business Impacts

The potential impacts on businesses located on segments of US 41 and SR 37 were also estimated under the assumption that those roads were not part of a corridor alternative. These remote business impacts reflect the potential change in sales caused by reductions in traffic volumes on these highways resulting from shifts in overall traffic



Table 5.5-2: Estimated Impacts on Remote Roadside Business Sales		
Remote Business Impacts (Millions of 2001 Dollars)		
Alternative	US 41	SR 37
1	-	(\$2.0)
2A	(\$14.0)	(\$4.0)
2B	(\$14.0)	(\$8.8)
2C	(\$13.9)	\$0.0
3A	(\$24.2)	(\$19.7)
3B	(\$21.1)	\$39.2
3C	(\$21.6)	\$2.0
4A	(\$27.1)	(\$3.4)
4B	(\$26.6)	(\$9.7)
4C	(\$25.7)	(\$0.1)
5A	(\$19.3)	(\$29.0)
5B	(\$18.0)	-

Parenthesis indicate negative numbers

conditions: one in which the projects would be adjacent to all businesses in the corridor and the other in which the projects would be located at least 1/4 mile away from all businesses in the corridor. It should also be noted that the level of detail in the current analysis of these alternatives is not sufficient to distinguish the local business impacts of specific routing decisions, such as bypasses around Washington.

The SR 37 routing option as an approach to Indianapolis usually results in more positive impacts to local business sales than other options. Assuming the same alignment as the existing four-lane highway, the positive impact of increased traffic volumes would outweigh the negative impact of restricted access.

As might be expected, businesses dependent on pass-by traffic on US 41 and SR 37 would be negatively impacted by alternatives that divert traffic away from these corridors. The analysis probably represents a worst-case condition since the methodology does not take into account such variables as customer loyalty or the composition of pass-by traffic. For example, a gas station that relies mostly on local customers may experience very little impact. Moreover, the construction of I-69 is likely to take place over many years with traffic volume changes happening very gradually. Most businesses tend to adapt to changes in market conditions. These kinds of adaptations are not reflected in this analysis. As a result, the actual impacts are likely to be somewhat lower than the forecasts reflected in this analysis.

patterns caused by the I-69 project. In most cases, minor losses in sales for businesses affected by pass-by traffic may be anticipated, since some traffic will be diverted to the new highway. As would be expected, routing alignments that completely avoid a given corridor are expected to produce the most significant drop in sales for existing businesses along that corridor (see Table 5.5-2).

5.5.4 Summary

This analysis of Nearby Roadside Business Impacts presents two sets of values corresponding to different assumptions about the proximity of the alternatives in relation to existing highways. The wide range of values reflects two extreme