

Jack Jarvis & Company, Inc.

Economic, Market, and Development Analysts

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FEASIBILITY ANALYSIS Commercial Area Development Stevenson, Washington

Prepared for

Skamania Development Corporation
P.O. Box 413
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INTRODUCTION

Background

The commercial area of Stevenson, Washington, largely extending along both sides of Washington State Highway 14 (Lewis and Clark Highway), is characterized by economic, physical and functional obsolescence and, at times, traffic congestion and parking difficulties. In the absence of positive community commercial district plans, local business interests have expressed the desire for the Skamania Development Corporation to provide leadership and plans for ongoing commercial area development.

The situation of Stevenson's commercial vitality has improved, in the past two years, by the construction of several new businesses and the upgrading and improvement of government and financial structures. Moreover, the demolition and relocation of the community of North Bonneville is encouraging this community's merchants to seriously consider Stevenson as a location for their businesses.

Against this background, the Skamania Development Corporation seeks to determine the overall potential for new commercial development within the community and, if promising, the site, or sites, which should be first developed to provide a sound foundation for future commercial growth.

Study Objectives

The objectives of this study are to determine the market, economic and financial feasibilities of developing a commercial area, or areas, in Stevenson, Washington.

The analyses are to specifically focus upon that block within the city bounded by First, Second, Columbia and Levens Streets. However, attention is not to be confined to this site if, in the opinion of the Development Planning Economists, another site is preferable.

Technical Background

The conclusions and recommendations reached in this report are based upon several primary and secondary research programs. Primary research includes:

1. Field investigations and data compilations were made of the proposed and alternative commercial area sites, their immediate and area environments.
2. A retail-commercial space inventory was conducted of all development within the city limits of Stevenson. This includes analytical assessment of space quantity, quality, condition, appearance and economic function.
3. Competitive retail facilities external to the city limits of Stevenson were inspected and evaluated.
4. Special tabulations and projections were prepared concerning population, households, consumer income and expenditures, and other statistical indices and measurements.
5. Vehicle traffic volumes for major circulation routes serving the Stevenson vicinity were obtained and analyzed.
6. Personal interviews were conducted by experienced senior staff members with Stevenson merchants and property owners.
7. A telephone questionnaire interview survey was conducted with residents within the Stevenson Effective Retail Trade Area as herein defined.
8. Interviews were conducted with knowledgeable persons and agencies regarding current and anticipated economic, retail, commercial and residential aspects applicable to the designated Effective Retail Trade Area.

Supplementing data obtained from primary research sources, our staff gathered, reviewed and analyzed statistical and other information compiled by private, institutional and government sources.

Conclusions and recommendations are also based upon research data contained in our working reference library which includes statistics on all forms of land development, population and employment, residential and commercial construction, financing, building indices, retail development, etc.

Finally, recorded data and information accumulated in collateral and previous assignments by the staff of Jack Jarvis & Company, Inc. has been utilized in the present analysis when determined to be applicable. Of significance are previous and collateral assignments conducted for the Port of Cascade Locks, and other clients in the Columbia Gorge area, beginning in 1968 and extending to the present. These assignments have encompassed market, economic and development feasibility conditions pertaining to single and multi-family housing, recreation and resort development, and food, beverage and retail-commercial facilities.

Patronage Principles

Several well-established and tested principles of consumer action provide a framework for our analytical considerations. These are:

- o Shoppers move toward the most dominant retail center rather than away from it.
- o Shoppers will not go through one retail center to get to another if both contain equal facilities and merchandise.
- o Shoppers will patronize the closest center (or retail establishment) among those with equal facilities and merchandise.
- o Shoppers tend to follow traditional circulation patterns.
- o Shoppers measure their proximity to the closest retail facilities as an interrelated function of convenience, time and distance.
- o Shopper behavior is ever-changing and will not be the same from day-to-day, or be identical with respect to the many and varied types of merchandising services and retail establishments.

- o Shopper behavior is, therefore, determined by response to the forces of retail attraction as these are exerted by available retail establishments.

Definitions

Certain terms are employed in this report which have specific meaning. These are:

- o Convenience goods are merchandise of daily consumption and purchase such as food, drugs, tobacco and other spot necessity items.
- o Convenience services are services oriented to daily consumption and purchase such as provided by beauty shops, barber shops, shoe repair outlets, dry cleaning establishments, coin operated laundries, etc.
- o Shoppers goods are merchandise subject to longer term consumption (as opposed to daily consumption); and are usually found in centers serving community rather than neighborhood trading areas.
- o Primary shoppers goods are shoppers goods most frequently purchased including apparel, shoes, jewelry, etc.
- o Secondary shoppers goods are shoppers goods less frequently purchased including furniture, home furnishings, floor coverings, appliances, radio and television, sporting goods, etc.
- o General purchase merchandise includes new and used cars, tires, battery and accessory items for vehicles; and merchandise typically carried in home and auto supply outlets.
- o Attraction is the consumer pulling power exerted by a retail facility upon shoppers. It is a result of several elements including (a) convenience, (b) merchandise selection and availability, (c) price, (d) shopping atmosphere and (e) physical comforts and facilities, as compared

to these same elements as they pertain to competitive retail facilities in other alternative places of supply.

- o Resistance is the opposite force of attraction and is usually the result of a marked deficiency in any of the above elements of effective shopper attraction.
- o Market or demand potential as used herein is the total possible demand available to a specific development and the competition to that development. In the absence of all competition, it is theoretically conceivable that a retail facility or center would attract all of the designated potential. In practice, however, this situation almost never occurs.

Assumptions and Limitations

Certain general assumptions underlie the findings and opinions herein. These are:

1. The States of Washington and Oregon, and nation as a whole, will continue to follow current and foreseeable trends of economic activity and growth through 1985 without major decline or serious national emergency.
2. The populations of the State of Washington, Oregon, Portland Metropolitan Area, Skamania and Hood River Counties, and other areas delineated herein will increase as projected.
3. Within stipulated time and budget limitations every effort has been made to verify the authenticity and reliability of data and opinions compiled by our staff during the course of this investigation. Therefore, it is assumed that information utilized is accurate for analytical purposes.

AREA DESCRIPTION AND TRENDS

General Setting - Locational Relationships

Stevenson is the largest incorporated community in Skamania County and its county seat.

Cascade Locks and Hood River (both in Hood River County, Oregon) are on the south side of the Columbia River, across from Skamania County. The unincorporated community of Carson is approximately six miles east of Stevenson; North Bonneville (now being demolished and relocated), five miles west. Stevenson is a local center of retail trade as is Cascade Locks.

Metropolitan Portland is one hour's driving time west of Stevenson and can be reached by either Interstate Highway 80N or Washington State Route 14, the latter route being somewhat circuitous and conducive to slow rates of travel. ^{1/} The Bridge of the Gods and Hood River Toll Bridge provide local area access across the Columbia River. There is no river crossing west of Stevenson, between the Bridge of the Gods and Interstate Highway 5 Bridge at Vancouver although an Interstate Highway 205 crossing is planned just west of Camas, Washington.

About three miles east of Stevenson, the Wind River Highway, a well-traveled recreational route, leads north from Washington State 14 through Carson and into the Gifford Pinchot National Forest.

Area Growth

The Skamania County economy is centered in lumber and wood products. For example, of the county's total 1973 employment (1,494), 62.6 percent (936

^{1/} The Portland Metropolitan Area includes Multnomah, Clackamas and Washington Counties in Oregon; Clark County, Washington.

persons) were employed by this industry. Employment growth has been virtually stagnant from 1960 through 1970 but recently enjoyed a sharp upturn, increasing 46.5 percent between 1970 and 1973. Lumber and wood products account for over half of this increase.

The Hood River County economic base also centers upon the lumber and wood products industry although food processing manufacturing is also important. The significance of the City of Hood River as a major distribution point is reflected in the fact that approximately 27 percent of the county's employment is engaged in wholesale-retail trade activities. Comparatively, only about nine percent of Skamania County's employment is so devoted.

The mid-1974 population within the Skamania-Hood River County area is estimated at 19,700 or 3.5 percent greater than the 1970 Census reported total of 19,032. Most of Skamania County's population growth has occurred outside of Stevenson, notably in the Carson area, while the City of Hood River has accounted for the majority of Hood River County's population gains.

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>% Change 1970-74</u>
<u>Skamania County</u>						
Stevenson	916	926	926	874	874	(4.8%)
N. Bonneville	459	470	469	480	500	8.9
Other	<u>4,470</u>	<u>4,504</u>	<u>4,505</u>	<u>4,546</u>	<u>4,526</u>	1.3
Total	<u>5,845</u>	<u>5,900</u>	<u>5,900</u>	<u>5,900</u>	<u>5,900</u>	0.9
<u>Hood River County</u>						
Cascade Locks	574	580	570	600	620	8.0
Hood River	3,991	4,025	4,250	4,400	4,520	13.3
Other	<u>8,622</u>	<u>8,585</u>	<u>8,720</u>	<u>8,500</u>	<u>8,660</u>	0.4
Total	<u>13,187</u>	<u>13,190</u>	<u>13,540</u>	<u>13,500</u>	<u>13,800</u>	4.6

Sources: Office of Program Planning and Fiscal Management, State of Washington;
Center for Population Research & Census, Portland State University.
February, 1975.

Traffic growth, 1969-1974, within the Stevenson vicinity is presented in Table 1.

Average daily 1974 traffic on Interstate Highway 80N, at the West Cascade Locks interchange, is estimated at 9,930 vehicles, 24.9 percent greater

Table 1

AVERAGE DAILY TRAFFIC
Stevenson, Washington Vicinity
1969 - 1974

Year	Washington S. R. 14 in Stevenson at:			Vehicles Crossing Toll Bridges		Interstate Highway 80N in Cascade Locks Vicinity	
	West City Limits	Russell Avenue ^{1/}	East City Limits	Bridge of the Gods	Hood River Bridge	West Interchange	Between Interchanges
1969	2,750	4,050	3,650	787	1,637	7,950	5,950
1970	3,200	4,050	3,500	827	1,776	8,900	6,800
1971	2,900	5,000	4,000	910	2,100	9,000	7,100
1972	2,950	5,100	3,900	1,016	2,314	9,800	7,900
1973	3,350	5,400	4,550	1,150	2,450	10,200	8,150
1974	3,200	5,200	4,350	1,200 ^{2/}	2,500 ^{2/}	9,930 ^{3/}	7,930 ^{3/}
<u>Increase, 1969-1974</u>							
Number	450	1,150	700	413	863	1,980	1,980
Percent	16.4%	28.4%	19.2%	52.5%	52.7%	24.9%	33.3%

^{1/} Northeast corner.

^{2/} Preliminary

^{3/} Estimated by Jack Jarvis & Company, Inc.

Sources: Washington State Highway Commission; Oregon State Highway Division. Compiled by Jack Jarvis & Company, Inc. March, 1975.

TOURIST-RECREATIONAL VISITATION
Stevenson and Vicinity
1973

Table 2

<u>Month</u>	<u>Total Visitors</u>		<u>Weekend Visitors</u>		<u>Weekends as Percent of Total</u>
	<u>Persons</u>	<u>Percent</u>	<u>Persons</u>	<u>Percent</u>	
January	12,410	3.2%	8,210	3.4%	66.2%
February	15,490	4.0	9,690	4.0	62.6
March	27,140	7.0	17,230	7.2	63.5
April	46,490	12.0	28,010	11.6	60.2
May	45,390	11.7	25,610	10.6	56.4
June	42,340	11.0	25,810	10.7	61.0
July	53,970	13.9	28,190	11.7	52.2
August	54,720	14.1	32,770	13.6	59.9
September	30,830	8.0	19,810	8.2	64.3
October	36,800	9.5	28,360	11.8	77.1
November	15,430	4.0	13,890	5.8	90.0
December	6,350	1.6	3,360	1.4	52.9
Total	<u>387,360</u>	<u>100.0%</u>	<u>240,940</u>	<u>100.0%</u>	<u>62.2%</u>

Source: Jack Jarvis & Company, Inc. February, 1975.

than in 1969. Washington State Route 14 traffic, at the West Stevenson city limits, averaged 3,200 vehicles in 1974 or 16.4 percent greater than the 1969 flow. Noteworthy, is the increasing amount of traffic over the Bridge of the Gods, between Cascade Locks and Stevenson.^{1/}

Stevenson area economic vitality is enhanced by the nearby presence of the Gifford Pinchot National Forest which attracts thousands of recreational enthusiasts each year. Indeed, Stevenson is a key "gateway" to the forest and a principal source of supplies.

Table 2 presents our estimates of 1973 tourist-recreational visitation in the Stevenson area. As shown, in the order of 387,360 persons visited the area in 1973 of which 240,940 (62.2 percent) were weekend visitors. Visitation last year (1974) probably approached the amount and distribution shown for 1973.

For the Cascade Locks area, 1973 recreational visitors, tourists and vacationers may have approached 3,171,500. This statistic reflects the presence of the interstate highway, I-80N.

Prevailing and foreseeable economic growth prospects for the Stevenson area are promising, in large part due to:

1. Bonneville Dam expansion construction activities,
2. North Bonneville community relocation, and
3. Columbia Gorge area tourism-recreation development.

Preparatory work on the U.S. Corps of Engineers' construction of an additional powerhouse in North Bonneville started in July, 1974. Construction of the principal facility, to include eight generating units with a capacity of 540,000 kilowatts may begin in 1978. Power generation will commence in 1981, with the total project slated for 1984 completion. Spanning a construction period of approximately ten years, the project may entail an estimated total of 550 or more employees in the peak period (conceived as being 1977 through 1981) and total cost will exceed \$400 million. This project necessitates the relocation of the entire community of North Bonneville which, coupled with the influx of construction workers, is creating pressures for additional housing and other facilities in the Stevenson-Cascade Locks and Carson areas.

^{1/} In passing, it is noted that State Route 14 is conceived as becoming a two-way couplet in Stevenson using Second and First Streets.

With regard to recreation and tourism, development sponsored by the Port of Cascade Locks is noteworthy. This development includes a scenic aerial tramway and supporting base complex (which may attract as many as 200,000 passengers annually) and a sternwheeler riverboat tour (estimated to have an attraction of upwards of 150,000 passengers annually). Operation of the tramway could begin as early as 1977.

Such developments, combined with the growing recreational use of the Gifford Pinchot National Forest, are certain to stimulate the local Stevenson economy in the years ahead. On the other hand, the short and longer term national economic climate clouds development opportunities. Continued inflation, increasing recession, stagnation of real production, growing unemployment and energy and gasoline shortages are adverse considerations.

On balance, however, we are of the opinion that the Stevenson area economy will increase at rates somewhat higher than experienced during the preceding five years.

Retail-Commercial Facilities

The extent of retail-commercial facilities within the Stevenson-Columbia Gorge vicinity is limited with many facilities economically and functionally obsolete. New construction is exemplified by Stevenson's Joseph's "V" Center and Cascade Locks' Columbia Gorge Center.

The essential characteristic of local retail-commercial establishments is orientation to serve day-to-day consumption convenience needs. Shoppers goods merchandise selection is modest, an aspect requiring residents to shop elsewhere for items.

Stevenson Inventory. Excluding auto dealers and gasoline service stations, the Stevenson retail inventory approaches 54,450 square feet of floor space. Convenience goods establishments represent 16,490 square feet (30.3 percent) of this inventory and include a state liquor store, drug store and two convenience grocery markets.

Including a catalog sales office, the local inventory of primary shoppers goods space is but 6,570 square feet or 12.1 percent of Stevenson's total retail supply. The majority of this space is represented by Joseph's "V" Store.

As suggested by the following tabulation of Stevenson retail space, apparel and other primary shoppers goods establishments are in limited evidence,

constituting a "gap" in the local inventory:

	<u>Square Feet</u>	<u>Percent</u>
Convenience Goods:		
Drug and Related	2,450	4.5%
Grocery and Combination	9,230	17.0
Liquor and Other Food ^{1/}	2,790	5.1
Convenience Services	<u>2,020</u>	<u>3.7</u>
Total Convenience Goods	16,490	30.3
Shoppers Goods and General Purchase:		
General Merchandise, Apparel	5,410	9.9
Eating and Drinking Places	7,830	14.4
Home Furnishings, Furniture and Appliance	5,990	11.0
Other Shoppers Goods ^{2/}	1,160	2.1
Auto, Home ^{1/}	8,870	16.3
Auto Parts and Repair ^{3/}	<u>8,700</u>	<u>16.0</u>
Total Shoppers Goods and Gen. Purchase	37,960	69.7
 Total Retail Inventory	 <u>54,450</u>	 <u>100.0%</u>

- ^{1/} Includes storage.
- ^{2/} Includes catalog sales office.
- ^{3/} Excludes auto dealers, gasoline service stations and related.

Excluding storage and maintenance space in public utility buildings, besides that represented by government facilities (i. e. , County Court House, U. S. Post Office, etc.), the Stevenson office inventory totals 12,570 square feet of floor space. For the most part, that space devoted to general business and professional use (9,130 square feet; 72.6 percent of the total) is contained within residential conversions and physically obsolete structures. The Stevenson office space inventory is:

	<u>Square Feet</u>	<u>Percent</u>
General Business Offices	7,830	62.3%
Financial Offices	3,440	27.4
Professional Offices	<u>1,300</u>	<u>10.3</u>
 Total	 <u>12,570 ^{1/}</u>	 <u>100.0%</u>

- ^{1/} Excludes public utility maintenance and storage space.

Cascade Locks. The Cascade Locks retail-commercial space inventory includes approximately 12,000 net square feet of floor space recently provided by the Columbia Gorge Center, a project of the Cascade Locks Urban Renewal Agency. The Cascade Inn Restaurant and Lounge, Tveidts Sentry Market, laundromat, barber shop and beauty shop are included in this development. The community also includes a small hardware store, Oregon state liquor sales (in the hardware store) and five eating and drinking establishments one of which is the highly popular, recently reconstructed Charburger Restaurant. In all, the retail facilities exceed 25,000 square feet of floor space oriented to serve needs of local residents, tourists and travelers on Interstate Highway 80N.

Other Retail Inventory. Retail space at Carson approximates 16,970 square feet of floor space excluding vacant facilities and storage. The Carson Grocery (5,000 square feet), variety store (1,960 square feet) and Builders Supply (1,850 square feet in addition to storage) are included in this inventory. Three eating and drinking establishments are also present.

At Home Valley, a combination general store and service station (1,440 square feet of floor space) serves local needs.

Elsewhere, retail space at North Bonneville is being demolished and relocated. Specific reconstruction plans are not available or have they, reportedly, been formulated. Whether or not a significant North Bonneville commercial district can be supported is problematical; in all likelihood, only a relatively small convenience center will emerge in the years ahead.

Portland, Hood River, The Dalles and Vancouver are major destinations of Stevenson vicinity residents in their quest for shoppers goods.

TRADE AREA DYNAMICS

Trade Area Delineation

The Effective Retail Trade Area of any retail center or district is that area over which the center exerts a dominant economic influence by drawing an appreciable and sustained volume of patronage at frequent intervals. This attractive force may be measured in terms of population, but more appropriately it is measured in terms of dollar buying power relative to the center and its competition.

The volume of retail business transacted in a Trade Area is always equal to the gross personal consumption expenditures of residents in the Trade Area, less resident expenditures made elsewhere, plus expenditures of non-area residents (e.g., vacationers, infrequent visitors, etc.).

Studies of shopping and patronage dynamics indicate a Trade Area is created primarily by the response of individuals to available commercial attractions and is not, therefore, particularly a geographical phenomenon. While man-made and natural physical barriers do influence the size and shape of a Trade Area and thus act, in part, as delimiting forces, shopper decisions as to "where to shop" are fundamentally the result of reactions to attractive or detractive aspects of existing retail concentrations. Accordingly, a given Trade Area cannot be precisely delimited by lines on a map because retail patronage patterns are much too interrelated and complex. Yet, designation of arbitrary boundaries is necessary in the analytical process of estimating the market potential for any given area.

Based upon consumer survey findings, prior investigations and analytical experience, we have defined the Stevenson Effective Retail Trade Area as that composed of the Stevenson, Carson and Cascade Locks Census Subdivisions. Our definition, therefore, includes the communities of North Bonneville, Stevenson, Carson, Home Valley, Warrendale, Bonneville, Cascade Locks, Wyeth and surrounding unincorporated areas.

Trade Area Characteristics

The principal geographical attribute of the defined Trade Area is its location within the "heart" of the Columbia River Gorge. The Gorge's steep banks and river generally limit access to a southwest-northeast traffic flow and development to those areas in close proximity to the river. Access across the river is limited to one point, the Bridge of the Gods, a toll bridge. Traffic passing through the area tends to use Interstate Highway 80N as do local residents traveling to the Portland Metropolitan Area, Hood River or The Dalles.

The substantial majority of the Trade Area's population is situated in the urban communities along the Columbia River and at Carson, in the Wind River Valley.

The mean household size of Trade Area residents, in February, 1975, is 3.09 persons. However, 52.8 percent of all households have but one or two persons.

For households residing in the Washington portion of the Trade Area, the mean household size is 3.16 persons with one and two-person households comprising half of the total. For households residing in the Oregon portion, the mean household size is 2.90 persons . . . 60 percent are one and two-person households.

The Trade Area's mean per capita income is \$3,458. Washington residents are associated with a \$3,356 per capita income; Oregon, \$3,771.

Typically, the average annual 1975 household income is \$10,671. Comparatively, the 1969 family income of Skamania and Hood River County residents is \$8,506. This average is less than that for the States of Oregon and Washington in 1969 and it is likely that the Trade Area continues to be associated with an average income of less than the state averages.

Table 3 details household size and income characteristics as reflected from consumer survey findings.

Trade Area Patronage Profile

Addenda Tables 1-10, attached, present consumer survey findings pertaining to patronage habits. In reviewing these findings, the following

Table 3

HOUSEHOLD SIZE AND INCOME
Effective Retail Trade Area
Stevenson, Washington
(As of February, 1975)

	<u>Washington Portion of Trade Area</u>		<u>Oregon Portion of Trade Area</u>		<u>Total Trade Area</u>	
	<u>Rspd. H. H.</u>	<u>Percent</u>	<u>Rspd. H. H.</u>	<u>Percent</u>	<u>Rspd. H. H.</u>	<u>Percent</u>
<u>Household Size Distribution</u>						
One Person	12	12.0%	4	10.0%	16	11.4%
Two Persons	38	38.0	20	50.0	58	41.4
Three Persons	12	12.0	6	15.0	18	12.9
Four Persons	18	18.0	3	7.5	21	15.0
Five Persons	14	14.0	2	5.0	16	11.4
Six Persons	2	2.0	3	7.5	5	3.6
Seven or More Persons	4	4.0	2	5.0	6	4.3
Total Response	<u>100</u>	<u>100.0%</u>	<u>40</u>	<u>100.0%</u>	<u>140</u>	<u>100.0%</u>
Mean Household Size (Persons)	3.16		2.90		3.09	
<u>Household Income Distribution</u>						
Under \$10,000	42	45.6%	16	45.7%	58	45.7%
\$10,000-\$14,999	33	35.9	8	22.8	41	32.3
\$15,000-\$19,999	7	7.6	7	20.0	14	11.0
\$20,000-\$24,999	2	2.2	1	2.9	3	2.3
\$25,000 or More	8	8.7	3	8.6	11	8.7
Total Response	<u>92</u>	<u>100.0%</u>	<u>35</u>	<u>100.0%</u>	<u>127</u>	<u>100.0%</u>
Median Income	\$10,606		\$10,937		\$10,671	
Per Capita Income	\$ 3,356		\$ 3,771		\$ 3,458	

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

should be observed:

- o Washington residents tend to patronize Stevenson establishments for groceries. Of all respondents, 45.6 percent report this pattern. If these residents do travel to Oregon for groceries, Hood River is the likely destination, rather than Cascade Locks.
- o Oregon residents seldom patronize Washington establishments for groceries. This is undoubtedly due to the Washington sales tax, toll bridge fare, and absence of a large supermarket in Stevenson. Some 47.5 percent of all Oregon respondents state a preference for local Cascade Locks establishments and 22.5 percent, for grocery outlets in Hood River. Surprisingly, 27.5 percent of these Oregon respondents do their grocery shopping in Portland. This suggests that commutation between Cascade Locks and Portland may be high.
- o The presence of a drug store in Stevenson, and the absence of one in Cascade Locks, underlies the fact that 54.7 percent of local area residents purchase their drug items in Stevenson. Yet, Oregon residents demonstrate a marked preference for Hood River and Portland drug outlets.
- o Washington resident hardware and home improvement patronage accrues to Stevenson and Carson. Few Washington residents shop in Oregon for these items. Conversely, Oregon residents favor Cascade Locks, Portland and Hood River.
- o Neither Stevenson or Cascade Locks possesses an adequate selection of primary shoppers goods merchandise. Hence, Portland and Hood River are the typical destinations of local residents in their quest for such items as apparel and jewelry. A similar observation applies to secondary shoppers goods.

- o On the other hand, Stevenson auto parts, sales and repair facilities attract over one-third (35.4 percent) of our survey's respondents.
- o The limited inventory of retail facilities in Carson, Stevenson and Cascade Locks encourages residents to patronize facilities outside of the Trade Area. Of those interviewed, 48.2 percent report they experienced difficulty in finding items or services they desire locally. Merchandise and service shopping is more difficult for Oregon residents, according to survey findings, than for those in Washington. Again, merchandise most difficult to find locally traces to primary and secondary shoppers goods, especially apparel, jewelry and furniture.
- o Finally, the patronage patterns revealed by this survey indicate that the principal flow of shoppers is from Stevenson, through Cascade Locks, and then either west to Portland or east to Hood River. The Washington sales tax situation does encourage Oregon shopping by Washington residents, but has less attractive impact because of the toll bridge fare. Conversely, both aspects (tax and fare) deter Oregon shopping in Washington.

Trade Area Potential

Table 4 presents population, income and personal consumption expenditure dynamics, estimated for the defined Trade Area, 1960-1985. These estimates and projections are based upon Census data, survey findings and prevailing trends of area growth.

Observe, that the distribution of population within the Trade Area between Washington and Oregon is expected to demonstrate little relative proportional change through 1985. Estimates and projections also acknowledge the build-up of the local economy resulting from North Bonneville construction and relocation activities and the subsequent downturn occurring during the latter portion of the forecast period.

- o By 1985, Trade Area population may be in the order of 6,200 persons, an increase of 950 (18.1 percent) from

POPULATION, INCOME AND CONSUMPTION DYNAMICS
Effective Retail Trade Area
Stevenson, Washington
1960 - 1985

Table 4

	<u>Total Trade Area</u>	<u>Washington Portion ^{1/}</u>	<u>Oregon Portion ^{2/}</u>
<u>Population:</u>			
1960	4,627	3,699	928
1970	4,869	4,110	759
1975	5,250	4,410	840
1980	6,500	5,100	1,400
1985	6,200	4,900	1,300
<u>Households:</u>			
1960	1,453	1,174	279
1970	1,565	1,302	263
1975	1,690	1,400	290
1980	2,200	1,710	490
1985	2,130	1,670	460
<u>Gross Household Income (\$000's): ^{3/}</u>			
1975	\$18,020	\$14,850	\$3,170
1980	23,500	18,140	5,360
1985	22,700	17,700	5,000
<u>Personal Consumption Expenditures (\$000's): ^{3/}</u>			
1975	\$13,750	\$11,350	\$2,400
1980	17,950	13,850	4,100
1985	17,300	13,500	3,800

^{1/} Includes Skamania County Census Subdivisions 4 and 5 (i. e., Stevenson, Carson, North Bonneville, surrounding unincorporated area, etc.).

^{2/} Includes Cascade Locks Census Subdivision (i. e., Cascade Locks, Bonneville, surrounding unincorporated area, etc.).

^{3/} In constant 1975 dollars.

Source: Compiled, estimated and projected by Jack Jarvis & Company, Inc.
February, 1975.

the estimated 1975 total (5,250). Yet, the 1985 projected population anticipates a population loss of some 300 people during the ensuing five years.

- o The 1975-1985 population gain projected for the Washington portion of the Trade Area may occur largely in the Carson and Stevenson vicinities. Cascade Locks should continue to be the center of Oregon resident Trade Area growth.
- o There may be 2,130 households within the Trade Area by 1985, 440 (26.0 percent) more than now (1,690). Average household size should continue to decline following a trend prevalent since 1960:

	<u>Total Trade Area</u>	<u>Washington Portion</u>	<u>Oregon Portion</u>
Average Household Size (Persons):			
1960	3.18	3.15	3.33
1970	3.11	3.16	2.89
1975	3.11	3.15	2.90
1980	2.96	2.98	2.86
1985	2.91	2.93	2.83
Mean Household Income:	\$10,660	\$10,600	\$10,980

- o Total gross household income (in 1975 constant dollars) may approach a 1985 total of \$22,700,000. Currently, such income is estimated at \$18,020,000.
- o Personal consumption expenditures by Trade Area residents are expected to increase, on a constant dollar basis, by \$3,550,000 from \$13,750,000 (1975) to \$17,300,000 (1985).

Competitive Market Share, 1975

A principal task of this study is to determine the opportunities for new Stevenson commercial area development. While calculation of Effective Retail Trade Area

Table 5
 TRADE AREA MARKET SHARE
 Stevenson, Washington
 As of February, 1975
 (Estimated - In 000's of Dollars)

<u>Merchandise Classification</u>	<u>Applicable Trade Area Potential</u> ^{1/}	<u>Stevenson Mkt. Share</u>		<u>Lost to Trade Area</u> ^{2/}	
		<u>Dollars</u>	<u>Percent of Potential</u>	<u>Dollars</u>	<u>Percent of Potential</u>
Convenience Goods:					
Drug, Grocery & Combination ^{3/}	\$2,740	\$1,140	41.6%	\$1,220	44.5%
Hardware	110	40	36.4	20	18.2
Convenience Services	150	30	20.0	70	46.7
Other ^{4/}	190	60	31.6	90	47.4
Total Convenience	3,190	1,270	39.8	1,400	43.9
Primary Shoppers Goods:					
Gen. Merchandise, Variety	1,320	280	21.2)	1,300	74.7
Apparel & Shoes	250	50	20.0)		
Other	170	20	11.8)		
Total Prim. Shop. Goods	1,740	350	20.1	1,300	74.7
Secondary Shoppers Goods:					
Furn., Appl., Radio, TV	320	90	28.1	140	43.8
Eating and Drinking	750	360	48.0	160	21.3
Other	100	20	20.0	60	60.0
Total Sec. Shop. Goods	1,170	470	40.2	360	30.8
General Purchase ^{5/}	940	360	38.3	500	53.2
Total	\$7,040	\$2,450	34.8%	\$3,560	50.6%

^{1/} Goods and services sold by retail establishments.

^{2/} Potential attracted to retail establishments external to Stevenson Trade Area.

^{3/} Includes drug, grocery and combination, other food, packaged liquor.

^{4/} Includes specialty convenience; excludes gasoline service stations.

^{5/} Includes auto-home supply, TBA, gasoline service stations.

Source: Estimated by Jack Jarvis & Company, Inc. March, 1975.

potential (as shown in Table 4) does provide some insight as to these opportunities, it is also apparent that the potential illustrated is, and will continue to be, shared by competition both within and external to the defined area. Opportunities must be specifically measured through competitive market share assessment.

Table 5 presents our estimates of the 1975 Stevenson competitive market share position. These estimates reflect consumer survey findings and are classified by the principal merchandise categories: convenience goods, primary shoppers goods, secondary shoppers goods, general purchase items.

The share statistics presented in Table 5 are based on percentages developed from survey findings. Share percentages are applied to total applicable consumption expenditure potential for each merchandise classification to arrive at a dollar share position. "Applicable potential" is that potential relevant to retail shops and services exclusive of automobile and vehicle sales, lumber and building materials, office functions, non-store retailers, etc. Therefore, this potential applies to establishments that, conceivably, might be included in a new Stevenson commercial development as contemplated by the Skamania Development Corporation.

Stevenson's share of Trade Area convenience goods potential, at 39.8 percent, is comparatively high considering the extent and character of its retail space inventory. The community lacks strength in primary shoppers goods merchandise with a 20.1 percent share, and is relatively strong in general purchase items and secondary shoppers goods with 38.3 and 40.2 percent shares, respectively. Strength in these latter merchandise classifications traces directly to automotive-home supply and food and beverage establishments.

The strongest competition within the Trade Area is Cascade Locks although the attraction of this community's retail facilities is less than might be commonly surmised. Roughly six to eight percent of all Trade Area potential accrues to Cascade Locks merchants. Considering that the Cascade Locks retail inventory is second only to Stevenson within the Trade Area, this aspect suggests the success of Cascade Locks merchants in attracting non-resident Trade Area volume (i. e. , tourist and vacationer demand off Interstate Highway 80).

We estimate that \$4,590,000 (65.2 percent) of total applicable potential (\$7,040,000) is being served by competition. About half (50.6 percent) of

this potential, or \$3,560,000, is being attracted by retail establishments external to the defined Trade Area. A capture of, say, 40 percent of this "escaping potential" would bring \$1,424,000 to the Stevenson community. This would support some 20,000-22,000 square feet of new retail floor space at Stevenson. This example, of course, pertains only to escaping potential capture and does not consider additional volume which might be realized by Stevenson merchants through area growth or, for that matter, volume attracted to the community from non-Trade Area resident and other sources (i. e., capture from internal Trade Area competition, replacement space demand, etc.).

To summarize Table 5:

Merchandise Classification	Estimated Trade Area Potential (\$000's)	Market Share (\$000's)		
		Stevenson	Competition	
			Dollars	Percent of Potential
Convenience Goods	\$3,190	\$1,270	\$1,920	60.2%
Primary Shoppers Goods	1,740	350	1,390	79.9
Secondary Shoppers Goods	1,170	470	700	59.8
General Purchase Items	940	360	580	61.7
Total	\$7,040	\$2,450	\$4,590	65.2%

DEVELOPMENT OPPORTUNITIES AND ACTIONS

General Objectives

Recreational growth within the Mid-Columbia Gorge, relocation of North Bonneville, and resident growth in the Stevenson-Carson vicinity combine to provide worthwhile commercial development opportunities for the Skamania Development Corporation.

These opportunities are substantially enhanced by the increasing need for new space to replace that which has effectively reached a serious stage of economic and functional obsolescence. Replacement of this space, besides development intended to capture demand evident in prevailing and future growth, should do much in the attraction of tourist and visitor expenditures evident in Interstate 80N travelers and Cascade Locks pending recreational attractions.

It is our opinion, therefore, that fulfillment of these opportunities by the Skamania Development Corporation is to the best interests of local citizens and to the betterment of the Stevenson community.

This observation becomes more significant when it is recognized that the role of a central business district (CBD) and its contribution to a given community's economic well-being are several and cannot be measured strictly in terms of increased retail-commercial business volume although this aspect is an important one.

Consider, for example, that a downtown creates the image of the community which is carried away by visitors and held in the minds of its residents. It is, quite literally, a significant symbol of that community's pride, vitality and socio-economic and functional relativeness.

Although considerable opportunity exists for the Skamania Development Corporation, we do not recommend that the Corporation's principal objective be total development and reconstruction of the Stevenson central business district.

Rather, the Corporation should attempt only those development projects which stimulate further development (public and/or private), collectively upgrading Stevenson commercial and central business district attributes. Moreover, such initial development as does occur should be directed at strengthening the community's retail position especially with regard to the development of primary and secondary shoppers goods establishments, now generally lacking within the local inventory.

A further objective of the Corporation should be to encourage city leadership to initiate planning activities designed to integrate and link the various functions (i. e. , retail, financial, administrative, government, etc.) of central business district development. In this way, ongoing development efforts are coordinated and guided to the best interests of all. This type of planning and direction is the responsibility of local government since development of a meaningful downtown is to all citizens' benefit as well as that of retail and commercial interests. Few (if any) downtowns were historically established without sound economic reason; few could have come into being without public consent and use. A central business district should be the activity heart of the community with the cornerstone of development being one of comprehensive function, distinctively compatible with community needs, identities and values. This aspect requires citizen input, decisions and actions by elected representatives.

Site Selection - Initial Development

Given the assumed objective that the Skamania Development Corporation's development effort should be directed toward a project which "sets the tone" and stimulates further future development, consideration is turned to selection of an appropriate project site location for this purpose. This task should be guided by at least these considerations:

- o Development should be a well-planned undertaking, sufficiently large to obtain the appropriate impact and stimulus needed.
- o The project should be so located that it takes full advantage of existing patterns of patronage and volume, and the presence of public and established private facilities.
- o The project must also allow for changes in future major circulation flow within and through the community; in

particular, development should be well-exposed to this flow, with convenient (and safe) egress, access and parking.

- o Provision should be included for the encouragement of utmost pedestrian-shopper flow between the various retail structures in the initial development, and between this development and other facilities of the downtown area. (Free standing store buildings, for instance, separated from each other by blacktop parking areas, loading and service entrances or other obstacles, will not be to the best interests of the particular store in question, shoppers, or the community.)
- o The topographical features of the Stevenson central business district must be considered thoroughly and used to advantage in the development plan.
- o The initial site should also be so situated that full advantage can be taken of Stevenson's spectacular views of the Columbia River Gorge. This attribute is not common to all communities and is, we believe, a unique Stevenson characteristic which will contribute to shopper and other downtown user enjoyment.

In recommending an appropriate location for the initial project, we have examined and evaluated all properties in these areas:

- o Block bounded by Second, First, Columbia and Levens Street (herein referred to as "Block 5").
- o Block bounded by Second, First, Levens and Russell Street (herein referred to as "Block 6").
- o Block bounded by Second, First, Russell and Seymour Street (herein referred to as "Block 7").
- o Area between Second, First and Seymour Street, west to the Texaco property (herein referred to as "west of Block 7").

- o Area adjacent to, and west of the Joseph "V" Center (herein referred to as "west of Joseph 'V' Center").

Table 6 details the size, assessed (appraised) valuation and estimated site market cost for each property examined. The site market cost is our estimate of the likely purchase price of the land, if acquired for commercial development purposes by the Skamania Development Corporation. This estimate assumes that the existing improvements on the property in question are of negligible worth and would not be used in redevelopment actions. The site cost acquisition estimate should not be considered a definitive, final appraisal of actual costs but indicative of these. Specific negotiations between buyer and seller would determine property-by-property considerations.

To summarize Table 6:

Location	Size		Estimated Market Value of Land		Assessors Appraised Improvements Value	
	Sq. Ft.	Acres ^{1/}	Total	Per Sq. Ft. of Land Area	Total	Per Sq. Ft. of Land Area
Block 5	93,810	2.15	\$ 81,870	\$0.873	\$ 59,710	\$0.637
Block 6	88,210	2.03	82,640	0.937	129,760	1.471
Block 7	88,000	2.02	80,470	0.914	63,580	0.723
West of 7	179,400	4.12	68,650	0.383	63,700	0.355
West of J. V. Cent.	182,620	4.19	66,500	0.364	47,500	0.260
Total	632,040	14.51	\$380,130	\$0.601	\$364,250	\$0.576

^{1/} Excludes public rights-of-way.

Block 5 is the site proposed by the Skamania Development Corporation. Few, if any, of this block's current improvements could be employed advantageously in a commercial development undertaking. Thus, it is likely that a purchase price in the order of \$81,900 or \$0.873 per square foot would be sufficient to acquire these properties with the purchaser responsible for the removal of existing improvements. Development of this block could fulfill locational criteria above with the exception that the block is located somewhat apart from the center of the community (i. e. , Russell-Second Street intersection),

PROPERTIES CONSIDERED FOR COMMERCIAL DEVELOPMENT

City of Stevenson, Washington

Table 6

April, 1975

Tax Lot	Size ^{1/} (Sq. Ft.)	Appraised Valuation ^{2/}			Estimated Site Mkt. Value ^{3/}	Comments
		Land	Improvements	Total		
<u>Block 5: ^{4/} (Columbia-Levens Block)</u>						
100	14,455	\$ 16,530	\$ 7,720	\$ 24,250	\$ 15,240	Hse, Cabins, Sears, Poor Condition
200	6,000	7,000	-	7,000	15,600	Improvements of No Value
300	11,800	1,500	3,750	5,250	5,400	Dwelling, Fair Condition
400	6,600	1,290	8,410	9,700	2,970	Dwelling, Fair Condition
500	11,000	1,890	4,670	6,560	6,480	Dwelling, Fair Condition
4100	11,800	4,920	11,870	16,790	15,600	Dwelling, Good Condition
4200	8,555	4,650	7,960	12,610	8,700	Dwelling, Barber Shop, Fair Condition
4300	11,800	1,300	7,200	8,500	5,400	Dwellings, Fair Condition
4400	11,800	1,300	8,130	9,430	6,480	Dwelling, Fair Condition
Total	93,810	40,380	59,710	100,090	81,870	
<u>Block 6: ^{5/} (Levens-Russell Block)</u>						
1700	5,500	2,310	18,110	20,420	2,700	Funeral Home, Good Condition
1800	13,750	3,900	4,180	8,080	5,630	Dwelling, Fair Condition
1900	5,500	1,610	11,570	13,180	2,250	Laundromat, Good Condition
1990	5,000	1,560	100	1,660	2,250	Warehouse, Poor Condition
2000	6,875	2,100	-	2,100	3,300	Impr. No Value
2100	6,875	3,060	24,760	27,820	6,750	Post Office, Good Condition
1000	11,000	8,330	10,530	18,860	15,600	N.W. Auto Parts, Impr. Poor Condition
1100	8,250	5,460	3,700	9,160	9,000	Dwelling, Poor Condition
1290	2,750	1,820	8,840	10,660	3,000	Town Tavern, Poor Condition
1200	2,750	1,820	5,740	7,560	3,000	Impr. Poor Condition
1301	2,090	1,380	1,610	2,990	2,280	Impr. Poor Condition
1300	6,160	7,150	11,300	18,450	6,720	Impr. Very Poor Condition
1400	3,350	5,710	18,880	24,590	15,600	Saveway Mkt., Good Condition
1500	2,310	840	5,940	6,780	1,260	Club Tavern, Fair Condition
1600	6,050	2,000	4,500	6,500	3,300	Liquor Store, Fair Condition
Total	88,210	49,050	129,760	178,810	82,640	
<u>Block 7: ^{6/} (Russell-Seymour Block)</u>						
4400	5,500	2,120	-	2,120	3,960	Impr. of No Value
3700	5,500	1,930	3,420	5,350	2,480	Dwelling, Poor Condition
4300	19,250	4,110	9,640	13,750	7,880	Dwelling, Fair Condition
3701	5,500	1,930	5,910	7,840	3,300	Hotel, Very Poor Condition
3600	5,500	8,000	3,770	11,770	15,600	West. Auto, Very Poor Condition
3809	5,500	2,080	11,590	13,670	6,000	Drug Store, Good Condition
3900	5,500	2,160	-	2,160	6,000	Unimproved
1000	5,500	2,160	-	2,160	6,000	Unimproved
4100	2,750	910	-	910	3,000	Unimproved
4100	27,500	9,190	29,250	38,440	26,250	Home Dec. Center, Good Condition
Total	88,000	34,590	63,580	98,170	80,470	

PROPERTIES CONSIDERED FOR COMMERCIAL DEVELOPMENT
City of Stevenson, Washington

Table 6 April, 1975
(Continued - 2)

Tax Lot	Size ^{1/} (Sq. Ft.)	Appraised Valuation ^{2/}			Estimated Site Mkt. Value ^{3/}	Comments
		Land	Improvements	Total		
<u>West of Block 7: 7/ (Seymour-Texaco Block)</u>						
4200	2,000	\$ 2,220	\$ 9,530	\$ 11,750	\$ 3,000	Newspaper Office, Fair Condition
4290	31,000	4,720	5,760	10,480	10,650	Store Bldg., Poor Condition
4280	33,750	3,250	5,730	8,980	7,500	Dwelling, Poor Condition
3300	11,000	3,120	5,100	8,220	5,000	Dwelling, Fair Condition
3200	15,000	5,700	24,160	29,860	10,000	Texaco, Good Condition
3100	6,600	3,250	1,230	4,480	6,500	Dwelling, Poor Condition
2900	6,000	3,000	6,200	9,200	6,000	Texaco Storage, Poor Condition
3000	65,050	10,500	-	10,500	15,000	Unimproved
3400	9,000	1,300	5,990	7,290	5,000	Dwelling, Fair Condition
Total	179,400	37,060	63,700	100,760	68,650	
<u>Adjacent, West of Joseph V Center 8/</u>						
1500	96,650	9,600	-	9,600	22,100	Unimproved
1400	55,000	5,460	7,240	12,700	18,400	Dwelling, Good Condition
1900	10,000	1,300	6,740	8,040	10,000	Dwelling, Good Condition
1602	10,970	560	2,580	3,140	6,000	Dwelling, Fair Condition
1600	3,700	800	9,580	10,380	3,700	Dwelling, Good Condition
1601	6,300	1,200	21,360	22,560	6,300	Duplex, Good Condition
Total	182,620	18,920	47,500	66,420	66,500	
	<u>632,040</u>	<u>\$180,000</u>	<u>\$364,250</u>	<u>\$544,250</u>	<u>\$380,130</u>	

1/ Partially estimated.

2/ Skamania County Assessor.

3/ Estimated by Jack Jarvis & Company, Inc. Do not comprise an appraisal of fair market value for individual properties shown. Approximations only.

4/ See Skamania County Assessors Map 3-7-36-DD and 2-7-1-AA

5/ See Skamania County Assessors Map 2-7-1-AA.

6/ See Skamania County Assessors Map 2-7-1-AA

7/ See Skamania County Assessors Map 2-7-1-AA and 2-7-1-A

8/ See Skamania County Assessors Map 2-7-1-A.

Source: Skamania County Assessor's Office; Jack Jarvis & Company, Inc. April, 1975.

the Court House, new Joseph "V" Center and U. S. Post Office. Accordingly, we do not recommend that this block be committed to the initial development project unless such development includes Block 6.

Located at the key intersection of Stevenson, and across from the county's "landmark" Court House building with its landscaped grounds, Block 6 is centrally located and superior in all respects to other locational possibilities. In addition, the Post Office property (Tax Lot 2100), Western Auto "Annex" building (Tax Lot 2000), funeral home (Tax Lot 1700) and, possibly, the laundromat property (Tax Lot 1900) could be used in new development without demolition of existing improvements and with the cooperation of the owners of these parcels. If so, then site costs could decline to a total of some \$67,600 (before other demolition expenses).

There are no improvements on Block 7 which deserve retention in new development and site costs of \$80,500 (plus demolition expenses) or \$0.914 per square foot can be assumed reasonable. Block 7 is second only to Block 6 as the best fulfilling site criteria. It gains from its central location and proximity to new Stevenson retail-commercial development.

The area west of Block 7 should not be considered a primary selection for initial development. If chosen, its ultimate impact may be to shift Stevenson's commercial areas to the west away from the center point of the community. Furthermore, this location can be expected to develop to periphery CBD use at such time as the couplet thru street system is constructed and implemented.

The same observations applicable to the west of Block 7 area also pertain, in part, to the area west of the Joseph "V" Center. Yet, this site gains in importance because of its location adjacent to Stevenson's newest retail-commercial facilities and, for this reason, achieves a higher site selection priority.

Neither the west of Block 7 or west of the Joseph "V" Center areas encompass improvements worthy of retention in new development.

Recapitulating site selection priority, we have:

<u>Selection Priority</u>	<u>Location</u>	<u>Acres</u>
1	Block 6	2.03
2	Block 7	2.02
3	West of J. V. Center	4.19
4	Block 5	2.15
5	West of Block 7	4.12

Initial development can occur at one or more of the above sites and need not necessarily involve properties contiguous to one another. In other words, recommended initial development by the Skamania Development Corporation can be "multi-site" in scope without adversely influencing market demand attraction or, for that matter, development economics.

Recommended Development

There is a current and growing need for new, centrally located retail-commercial facilities in Stevenson. Hence, initial development actions by the Skamania Development Corporation, concurrently with planning actions by the City of Stevenson, deserve early consideration.

The character, location and scope of initial development is dependent upon the specific availability of property, funding, decisions of merchants and property owners concerning relocation and reconstruction, and similar aspects, all of which require detailed investigations and specific negotiations by the Skamania Development Corporation. This is normal for any development effort of the type contemplated. Our assessment of need, recommendations for development and estimates of future volume expectancy are conditioned by these subsequent actions and decisions.

Table 7 presents our recommendations for new centrally located Stevenson retail-commercial initial development. This development should be considered the maximum amount to be initially attempted by the Corporation. It encompasses 70,000 square feet of gross leaseable floor area and will require a site (or sites) totaling close to six net acres.

Of the total floor space, 66,000 square feet (94.3 percent) is devoted to retail space and the remainder (4,000 square feet) to offices. Convenience goods establishments comprise 23,200 square feet (35.2 percent) of the retail inventory with the majority of this requirement representing replacement and expansion facilities. Of the recommended shoppers goods facilities (42,800 square feet), 23,200 square feet is to accommodate general merchandise, variety, apparel, shoes and other primary shoppers goods establishments not now represented in Stevenson.

If this development were to be implemented, we estimate that retail volume expectancy during the second full year of assumed operations (1978) may be in the order of \$4.0 million. This volume could rise to \$4.4 million annually by 1980. Retail sales during the next five years will probably fluctuate near

RECOMMENDED NEW DEVELOPMENT
Commercial District
Stevenson, Washington

Table 7

Recommended Development ^{1/}	Floor Space (Sq. Ft.)	Estimated Volume Expectancy (000's of 1975 Dollars)		
		1978	1980	1985
Convenience Goods Establishments:				
Full Line Drug Store	3,400	\$ 240	\$ 270	\$ 280
Limited Line Supermarket	14,000	1,230	1,370	1,370
Bakery, Other Food, Packaged Liquor	2,700	270	300	300
Barber and Beauty Shops	2,000	100	110	110
Other Convenience	<u>1,100</u>	<u>60</u>	<u>60</u>	<u>60</u>
Total Convenience Establishments	23,200	1,900	2,110	2,120
Shoppers Goods and Other Retail:				
Gen. Merchandise, Variety	14,000	750	810	820
Family Clothing (incl. Shoes)	4,200	230	250	260
Furniture, Furnishings, Appliance	10,200	420	460	450
Eating and Drinking Establishments	4,500	300	330	320
Auto-Home	4,900	200	220	220
Other Retail	<u>5,000</u>	<u>240</u>	<u>250</u>	<u>250</u>
Total Shoppers & Other Establishments	<u>42,800</u>	<u>2,140</u>	<u>2,320</u>	<u>2,320</u>
Total Retail Establishments	66,000	<u>\$4,040</u>	<u>\$4,430</u>	<u>\$4,440</u>
Office Space	<u>4,000</u>			
Total Recommended Development	<u>70,000</u>			

^{1/} Includes provision for replacement space and relocation.

Source: Recommended and Estimated by Jack Jarvis & Company, Inc. April, 1975.

an annual rate of around \$4.4 million as Stevenson adjusts to declining North Bonneville relocation and construction activities. Volume expectancy estimates, shown in Table 7, are in 1975 constant dollars.

Site and Area Requirements

As mentioned, if all of the recommended initial development specified above were to occur, about six acres of site area would be required. To detail building and site area requirements:

		<u>Square Feet</u>
Gross Leaseable Floor Space		70,000
Allowance for Non-Leaseable Floor Space		<u>8,000</u>
Total Building Area Requirement		78,000
	<u>Spaces</u>	
Convenience Goods Parking	139	55,700
Shoppers Goods Parking	214	85,600
Other Parking	<u>40</u>	<u>16,000</u>
Total Parking Requirement	<u>393</u>	157,300
Allowance for Landscaping and Common Area		<u>25,700</u>
Total Site Requirement		<u>261,000</u>
(Acres)		(5.99)

Financial Feasibility Assumptions

We believe the foregoing recommended initial development to be feasible from market, economic and public-community points-of-view. In testing this development from a pro forma financial perspective, certain assumptions are necessary. These are:

- o Development and Land Costs. The average cost of acquiring land to accommodate development is placed at \$0.85 per square foot. Development is assumed to

occur in 1976 with space ready for occupancy September 1, 1976. Development and land costs, in current dollars, are:

Development Cost:	
Buildings, 78,000 Sq. Ft. @ \$16.98	\$1,324,440
Parking, 157,300 Sq. Ft. @ 70¢	110,110
Clearing, 261,000 Sq. Ft. @ 17.0¢	44,370
Demolition	10,000
Landscaping	12,500
Other Professional Fees	25,000
Capitalized Development Financing Cost ^{1/}	53,090
Contingency ^{2/}	<u>76,320</u>
 Total Development Cost	 1,655,830
 Land Cost, 261,000 Sq. Ft. @ \$0.85	 <u>221,850</u>
 Total Land and Development Cost	 <u>\$1,877,680</u>

^{1/} 90 percent construction financing, on demand, at 1.5 percent loan fee and 9.0 percent annual interest.
^{2/} At 5 percent of development cost before financing, in addition to approximately 5 percent contingency included in construction items.

- o Rents. Prevailing Stevenson commercial space rents are considerably less than typical of successful retail-commercial development. However, this local rental structure pertains to extensive proprietary ownership and, in large part, to outmoded, unattractive, economically and functionally obsolete accommodations. It is not commensurate with new, modern development and would not support such development. Therefore, we have assumed a rental structure which is a compromise between local and normal (for modern development) levels. Suggested rents range \$1.75-\$5.50 per square foot, and amount to 1.8-7.5 percent of estimated gross sales

volume. Rents are compared below:

	Scheduled Rent		Typical Rent	
	Per Sq. Ft.	Percent of Estimated 1980 Sales ^{1/}	Per Sq. Ft. ^{2/}	Percent of Sales ^{3/}
Full Line Drug Store	\$3.50	4.4%	\$1.90-\$3.50	4.0- 5.5%
Limited Line Supermarket	1.75	1.8	1.80- 3.40	1.5
Bakery, Other Food, Packaged Liquor	5.50	5.0	2.75- 5.70	5.0- 6.0
Barber & Beauty Shops	4.00	7.3	3.45- 6.00	7.0-10.0
Other Convenience Goods	3.50	6.4	2.75- 7.00	3.0- 8.0
General Merchandise, Variety	2.50	4.3	1.55- 3.10	3.0- 5.0
Family Clothing (incl. Shoes)	3.50	5.9	2.25- 5.00	4.0- 6.0
Furniture, Furnishings, Appliance	2.50	5.5	1.60- 4.50	4.0- 6.0
Eating & Drinking Establishments	4.00	5.5	3.00- 5.70	5.0- 6.0
Auto-Home Supply	2.50	5.6	1.50- 3.50	3.5- 6.0
Other Retail	3.75	7.5	2.75- 8.00	4.0- 8.0
Office Space	4.00	-		
Weighted Average Rent, per Sq. Ft.	<u>\$2.90</u>	<u>4.6%</u>		

^{1/} With 1980 sales volume expressed in constant 1975 dollars.

^{2/} Based upon 1972 Dollars & Cents of Shopping Centers, Urban Land Institute.

^{3/} Based upon selected West Coast stores, 1973 Percentage Leases, National Institute of Real Estate Brokers.

Note: Dollar amounts in constant 1975 dollars.

- o Financing and Funding. Small Business Administration (SBA) 502 Program loans are assumed for long-term takeout financing on this project. Under the 502 Program, funding is provided to the local development company by a financial institution at the prevailing market interest rate, with SBA guaranteeing 90 percent of loan principal. Further, a 90 percent loan-to-value ratio may be possible because of the community-based nature of the contemplated project. Direct loan participation by SBA may be obtained, too, if commercial institutions will not extend the full required loan amount, or if there is demonstrated need to reduce the overall financing

cost to a level that is commensurate with economic rent levels. The applicable interest rate on the SBA portion is several points less than the market, and is currently 5.5 percent. In this instance, the amount of SBA participation required depends upon the interest rate granted by the commercial lending institution on its portion of the total financing package. If, for example, the project's financial profile (as dictated by economic rents in Stevenson) indicates that the maximum supportable mortgage interest rate is 7.5 percent, respective loan participations would be:

If Bank Interest Rate Is:	Percent of Total Financing Provided:	
	By Bank	By SBA @ 5.5%
7.5%	100.0%	- %
8.0	80.0	20.0
8.5	66.7	33.3
9.0	57.1	42.9
9.5	50.0	50.0
10.0	44.4	55.6

Utilizing our firm's computerized development optimization process, it is determined preliminarily that 7.5 percent is the maximum supportable mortgage interest rate, given the foregoing rent schedule. The loan term is assumed at 25 years (maximum permitted in the 502 Program) and the total loan fee, 1.5 percent (including 1.0 percent fee for SBA guarantee).

Development, or interim financing, is provided by a commercial lender at 90 percent of need, drawn on demand, and subject to 9.0 percent annual interest plus a loan service fee of 1.5 percent. The aggregate development financing requirement is \$1,442,470, development financing costs, \$53,090.

Total long-term financing is \$1,877,680. At a 90 percent loan-to-value ratio, takeout mortgage principal is \$1,689,910, leaving an initial equity requirement of \$187,770.

- o Other Assumptions. After initial start-up costs, operating expenses (before real estate taxes, depreciation and debt service) should approach 9.7-9.9 percent of effective rental revenues. Improvements are depreciated on a straight line basis over 30 years. Assumed annual average escalation rates are 5.0 percent on rents, 6.0 percent on property values. All space is pre-leased.

Pro Forma Financial Feasibility

Given the foregoing assumptions, pro forma financial returns for the initial development are presented in Tables 8 and 9. To summarize:

	<u>1977</u>	<u>1980</u>	<u>1985</u>
Effective Gross Rental Revenue	\$221,100	\$256,100	\$326,600
Net Operating Income before Depreciation and Debt Service	145,400	165,300	201,700
Taxable Income (Loss)	(35,100)	(9,000)	41,300
After Tax Cash Flow	(4,400)	15,500	37,600

Cash-on-cash returns increase steadily from a loss of 2.0 percent in 1977 to a maximum positive return of 8.9 percent in 1983. Thereafter, the annual cash flow (as a percent of invested equity) drops off to 7.5 percent because operating loss carry-forwards are exhausted. Total equity required during the project's first two years, before a positive annual cash flow is achieved, is \$226,900, which includes initial equity and negative operating cash flows. Indicated market value exceeds depreciated book value by the end of the project's second full operating year, 1978. The internal rate of return on equity, assuming sale of the project at year-end, becomes positive in 1980 and rises rapidly to a near-maximum 17.6 percent in 1985.

Based upon this evaluation, it is our opinion that recommended initial central district development will be feasible under the quasi-public ownership of a local development company. However, public agency financial participation (i. e. , SBA) is required.

COMPONENT ANALYSIS OF RENTAL REVENUES
Initial Commercial Area Development
Stevenson, Washington

Table 8

	Rental Rate*	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Full Line Drug Store											
Gross Floor Area Added (000 S.F.)		3.4	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Gross Scheduled Rent (\$000)	\$3.50	\$12.5	\$13.1	\$13.8	\$14.5	\$15.2	\$15.9	\$16.7	\$17.6	\$18.5	\$19.4
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$4.2	\$13.0	\$13.6	\$14.3	\$15.0	\$15.8	\$16.6	\$17.4	\$18.3	\$19.2
(Effective Annual Revenue per Net S.F.)		\$1.24	\$3.82	\$4.00	\$4.21	\$4.41	\$4.65	\$4.88	\$5.12	\$5.38	\$5.65
Limited Line Super Market											
Gross Floor Area Added (000 S.F.)		14.0	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Gross Scheduled Rent (\$000)	\$1.75	\$25.7	\$27.0	\$28.4	\$29.3	\$31.3	\$32.8	\$34.5	\$36.2	\$38.0	\$39.9
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$8.6	\$26.7	\$28.1	\$29.5	\$31.0	\$32.5	\$34.1	\$35.8	\$37.6	\$39.5
(Effective Annual Revenue per Net S.F.)		\$0.61	\$1.91	\$2.01	\$2.11	\$2.21	\$2.32	\$2.44	\$2.56	\$2.69	\$2.82
Bakery/Other Food/Packaged Liquor											
Gross Floor Area Added (000 S.F.)		2.7	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Gross Scheduled Rent (\$000)	\$5.50	\$15.6	\$16.4	\$17.2	\$18.1	\$19.0	\$19.9	\$20.9	\$21.9	\$23.0	\$24.2
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$5.2	\$16.2	\$17.0	\$17.9	\$18.8	\$19.7	\$20.7	\$21.7	\$22.8	\$23.9
(Effective Annual Revenue per Net S.F.)		\$1.93	\$6.00	\$6.30	\$6.63	\$6.96	\$7.30	\$7.67	\$8.04	\$8.44	\$8.85
Barber & Beauty Shops											
Gross Floor Area Added (000 S.F.)		2.0	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Gross Scheduled Rent (\$000)	\$4.00	\$8.4	\$8.8	\$9.3	\$9.7	\$10.2	\$10.7	\$11.3	\$11.8	\$12.4	\$13.0
Estimated Occupancy Rate (%)		33.3%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective Gross Rental Revenue (\$000)		\$2.8	\$8.6	\$9.1	\$9.5	\$10.0	\$10.5	\$11.0	\$11.6	\$12.2	\$12.8
(Effective Annual Revenue per Net S.F.)		\$1.40	\$4.30	\$4.55	\$4.75	\$5.00	\$5.25	\$5.50	\$5.80	\$6.10	\$6.40
Other Convenience Goods											
Gross Floor Area Added (000 S.F.)		1.1	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Gross Scheduled Rent (\$000)	\$3.50	\$4.0	\$4.2	\$4.5	\$4.7	\$4.9	\$5.2	\$5.4	\$5.7	\$6.0	\$6.3
Estimated Occupancy Rate (%)		33.3%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective Gross Rental Revenue (\$000)		\$1.3	\$4.2	\$4.4	\$4.6	\$4.8	\$5.1	\$5.3	\$5.6	\$5.9	\$6.1
(Effective Annual Revenue per Net S.F.)		\$1.18	\$3.82	\$4.00	\$4.18	\$4.36	\$4.64	\$4.82	\$5.09	\$5.36	\$5.55

COMPONENT ANALYSIS OF RENTAL REVENUES
Initial Commercial Area Development
Stevenson, Washington
(Continued - 2)

Table 8

	Rental Rate*	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
General Merchandise/Variety											
Gross Floor Area Added (000 S.F.)		14.0	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Gross Scheduled Rent (\$000)	\$2.50	\$36.8	\$38.6	\$40.5	\$42.5	\$44.7	\$46.9	\$49.2	\$51.7	\$54.3	\$57.0
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$12.2	\$38.2	\$40.1	\$42.1	\$44.2	\$46.4	\$48.8	\$51.2	\$53.8	\$56.4
(Effective Annual Revenue per Net S.F.)		\$0.87	\$2.73	\$2.86	\$3.01	\$3.16	\$3.31	\$3.49	\$3.66	\$3.84	\$4.03
Family Clothing (incl. Shoes)											
Gross Floor Area Added (000 S.F.)		4.2	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Gross Scheduled Rent (\$000)	\$3.50	\$15.4	\$16.2	\$17.0	\$17.9	\$18.8	\$19.7	\$20.7	\$21.7	\$22.8	\$23.9
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$5.1	\$16.0	\$16.8	\$17.7	\$18.6	\$19.5	\$20.5	\$21.5	\$22.6	\$23.7
(Effective Annual Revenue per Net S.F.)		\$1.21	\$3.81	\$4.00	\$4.21	\$4.43	\$4.64	\$4.88	\$5.12	\$5.38	\$5.64
Furniture/Furnishings/Appliances											
Gross Floor Area Added (000 S.F.)		10.2	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Gross Scheduled Rent (\$000)	\$2.50	\$26.8	\$28.1	\$29.5	\$31.0	\$32.5	\$34.2	\$35.9	\$37.7	\$39.6	\$41.5
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$8.9	\$27.8	\$29.2	\$30.7	\$32.2	\$33.8	\$35.5	\$37.3	\$39.2	\$41.1
(Effective Annual Revenue per Net S.F.)		\$0.87	\$2.73	\$2.86	\$3.01	\$3.16	\$3.31	\$3.48	\$3.66	\$3.84	\$4.03
Eating & Drinking Establishments											
Gross Floor Area Added (000 S.F.)		4.5	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Gross Scheduled Rent (\$000)	\$4.00	\$18.9	\$19.8	\$20.8	\$21.9	\$23.0	\$24.1	\$25.3	\$26.6	\$27.9	\$29.3
Estimated Occupancy Rate (%)		33.3%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective Gross Rental Revenue (\$000)		\$6.3	\$19.4	\$20.4	\$21.4	\$22.5	\$23.6	\$24.8	\$26.1	\$27.4	\$28.7
(Effective Annual Revenue per Net S.F.)		\$1.40	\$4.31	\$4.53	\$4.76	\$5.00	\$5.24	\$5.51	\$5.80	\$6.09	\$6.38
Auto/Home Supply											
Gross Floor Area Added (000 S.F.)		4.9	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Gross Scheduled Rent (\$000)	\$2.50	\$12.9	\$13.5	\$14.2	\$14.9	\$15.6	\$16.4	\$17.2	\$18.1	\$19.0	\$20.0
Estimated Occupancy Rate (%)		33.3%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Effective Gross Rental Revenue (\$000)		\$4.3	\$13.4	\$14.0	\$14.7	\$15.5	\$16.3	\$17.1	\$17.9	\$18.8	\$19.8
(Effective Annual Revenue per Net S.F.)		\$0.88	\$2.73	\$2.86	\$3.00	\$3.16	\$3.33	\$3.49	\$3.65	\$3.84	\$4.04

COMPONENT ANALYSIS OF RENTAL REVENUES

Initial Commercial Area Development

Stevenson, Washington

(Continued - 3)

Table 8

	Rental Rate*	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Other Retail											
Gross Floor Area Added (000 S.F.)		5.0	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Gross Scheduled Rent (\$000)	\$3.75	\$19.7	\$20.7	\$21.7	\$22.8	\$23.9	\$25.1	\$26.4	\$27.7	\$29.1	\$30.5
Estimated Occupancy Rate (%)		33.3%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective Gross Rental Revenue (\$000)		\$6.6	\$20.3	\$21.3	\$22.3	\$23.5	\$24.6	\$25.9	\$27.1	\$28.5	\$29.9
(Effective Annual Revenue per Net S.F.)		\$1.32	\$4.06	\$4.26	\$4.45	\$4.70	\$4.92	\$5.18	\$5.42	\$5.70	\$5.98
Office Space											
Gross Floor Area Added (000 S.F.)		4.0	---	---	---	---	---	---	---	---	---
Net Rentable Space (000 S.F.)		4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Gross Scheduled Rent (\$000)	\$4.00	\$16.8	\$17.6	\$18.5	\$19.4	\$20.4	\$21.4	\$22.5	\$23.6	\$24.8	\$26.1
Estimated Occupancy Rate (%)		33.3%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective Gross Rental Revenue (\$000)		\$5.6	\$17.3	\$18.2	\$19.1	\$20.0	\$21.0	\$22.1	\$23.2	\$24.3	\$25.5
(Effective Annual Revenue per Net S.F.)		\$1.40	\$4.33	\$4.55	\$4.78	\$5.00	\$5.25	\$5.53	\$5.80	\$6.08	\$6.38
Overall Total:											
Effective Gross Rental Revenue (\$000)		\$71.1	\$221.1	\$232.2	\$243.8	\$255.1	\$268.8	\$282.4	\$296.4	\$311.4	\$326.6

*Rental rates in dollars/unit/month or dollars/net rentable square foot/year, As of 1975.
Note: Columns may not add to totals because of rounding.

Source: Jack Jarvis & Company, Inc. Computerized Income Property Analysis. April, 1975.

PRO FORMA OPERATING STATEMENTS
Initial Commercial Area Development
Stevenson, Washington

Table 9

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Pro Forma Income Statement:										
Effective Gross Rental Revenue	\$71.1	\$221.1	\$232.2	\$243.8	\$256.1	\$268.8	\$282.4	\$296.4	\$311.4	\$325.6
Operating Expenses	14.2	21.9	22.8	23.9	24.8	26.1	27.4	28.8	30.2	32.0
Net Operating Income	\$56.9	\$199.2	\$209.4	\$219.9	\$231.3	\$242.7	\$255.0	\$267.6	\$281.2	\$293.6
(Operating Expenses as a Percent of Effective Gross Rental Revenue)	20.0%	9.9%	9.8%	9.8%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
Interest	67.4	125.3	123.4	121.3	119.1	116.7	114.2	111.4	108.4	105.2
Real Estate Taxes	16.4	53.8	57.6	61.7	66.0	70.7	75.7	81.0	86.7	92.9
Depreciation	18.4	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2
Net Income (Loss) before Taxes	(45.3)	(35.1)	(26.8)	(18.3)	(9.0)	\$0.1	\$9.9	\$20.0	\$30.9	\$41.5
State Income Tax	---	---	---	---	---	---	---	---	---	---
Federal Income Tax	---	---	---	---	---	---	---	---	9.3	14.3
Net Income (Loss) after Taxes	(45.3)	(35.1)	(26.8)	(18.3)	(9.0)	\$0.1	\$9.9	\$20.0	\$21.6	\$27.2
Project Cash Flow Statement:										
Plus: Depreciation	\$18.4	\$55.2	\$55.2	\$55.2	\$55.2	\$55.2	\$55.2	\$55.2	\$55.2	\$55.2
Less: Equity Inputs	187.8	---	---	---	---	---	---	---	---	---
After Tax Cash Flow before Amortization	(214.7)	20.1	28.4	36.9	46.2	55.3	65.1	75.2	76.8	82.2
Less: Reduction of Principal	7.8	24.5	26.4	28.5	30.7	33.1	35.7	38.4	41.4	44.6
After Tax Cash Flow	(222.5)	(4.4)	2.0	8.4	15.5	22.2	29.4	36.8	35.4	37.6
Plus: Cash Value of Tax Loss	---	---	---	---	---	---	---	---	---	---
Net Spendable Cash Flow after Taxes	(222.5)	(4.4)	\$2.0	\$8.4	\$15.5	\$22.2	\$29.4	\$36.8	\$35.4	\$37.6
Cumulative Spendable Cash Flow, A/T (Net Spendable Cash Flow as a percent of Cumulative Equity)	(222.5)	(226.9)	(224.9)	(216.5)	(201.0)	(178.8)	(149.4)	(112.6)	(77.2)	(39.6)
	-113.8%	-2.0%	0.8%	3.1%	5.1%	6.6%	7.9%	8.9%	7.0%	7.5%
Project Sale Statement:										
Book Value (Cost Basis)	\$1,859.3	\$1,804.1	\$1,748.9	\$1,693.7	\$1,638.5	\$1,583.3	\$1,528.1	\$1,472.9	\$1,417.7	\$1,362.5
Indicated Market Value (0 8.5 Cap.Rate)	1,429.5	1,710.6	1,785.9	1,861.2	1,944.7	2,023.5	2,109.4	2,195.3	2,283.2	2,372.9
Outstanding Debt	1,682.1	1,657.6	1,631.2	1,602.7	1,572.0	1,538.9	1,503.2	1,464.8	1,423.4	1,378.8
Ordinary Income Tax (State + Federal)	---	---	---	---	---	---	---	---	---	---
Capital Gain Tax	---	---	11.1	50.3	91.9	132.1	174.4	216.7	261.2	303.1
Cash Available from Sale, A/T	(252.6)	53.0	143.6	200.2	280.8	352.5	431.8	513.8	603.6	691.0
Total Net Spendable Cash Flow in Year of Sale	(475.1)	\$48.6	\$145.6	\$216.6	\$296.3	\$374.7	\$461.2	\$550.6	\$629.0	\$723.6
(Internal Rate of Return on Equity, A/T, Assuming Sale at Year-End)	---	Negative	Negative	Negative	7.9%	12.3%	15.0%	16.5%	17.3%	17.6%

Source: Jack Jarvis & Company, Inc. Computerized Income Property Analysis. April, 1975.

STATISTICAL ADDENDA

Addenda
Table 1

TRADE AREA CONSUMER SURVEY
Classified by Last Grocery Purchase
Stevenson, Washington

Place of Last Grocery Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Stevenson	46	45.6%	-	0.0%	46	32.5%
Cascade Locks	3	3.0	19	47.5	22	15.6
Carson	6	5.9	-	0.0	6	4.3
Hood River	20	19.8	9	22.5	29	20.6
The Dalles	-	0.0	-	0.0	-	0.0
Vancouver	6	5.9	-	0.0	6	4.3
Portland	7	6.9	11	27.5	18	12.8
Other	<u>13</u>	<u>12.9</u>	<u>1</u>	<u>2.5</u>	<u>14</u>	<u>9.9</u>
Total Response	<u>101</u>	<u>100.0%</u>	<u>40</u>	<u>100.0%</u>	<u>141</u>	<u>100.0%</u>

Question: ". . . Where did you (or another member of your household) last purchase \$20 or more of groceries or meat?"

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 2

TRADE AREA CONSUMER SURVEY
Classified by Last Drug Store Purchase
Stevenson, Washington

<u>Place of Last Drug Store Purchase</u>	<u>Washington Residents</u>		<u>Oregon Residents</u>		<u>Total Trade Area</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Stevenson	72	72.7%	4	10.0%	76	54.7%
Cascade Locks	-	0.0	1	2.5	1	0.7
Carson	-	0.0	-	0.0	-	0.0
Hood River	2	2.0	17	42.5	19	13.7
The Dalles	-	0.0	-	0.0	-	0.0
Vancouver	6	6.1	-	0.0	6	4.3
Portland	9	9.1	18	45.0	27	19.4
Other	<u>10</u>	<u>10.1</u>	<u>-</u>	<u>0.0</u>	<u>10</u>	<u>7.2</u>
Total Response	<u>99</u>	<u>100.0%</u>	<u>40</u>	<u>100.0%</u>	<u>139</u>	<u>100.0%</u>
Non-Response	2		-		2	

Question: ". . . Where did you (or another member of your household) last purchase a drug store item?"

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 3

TRADE AREA CONSUMER SURVEY
Classified by Last Hardware Purchase
Stevenson, Washington

Place of Last Hardware Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	Number	Percent	Number	Percent	Number	Percent
Stevenson	51	53.7%	1	2.6%	52	38.7%
Cascade Locks	-	0.0	17	43.6	17	12.7
Carson	25	26.3	-	0.0	25	18.7
Hood River	2	2.1	7	17.9	9	6.7
The Dalles	-	0.0	-	0.0	-	0.0
Vancouver	4	4.2	-	0.0	4	3.0
Portland	3	3.2	14	35.9	17	12.7
Other	<u>10</u>	<u>10.5</u>	-	<u>0.0</u>	<u>10</u>	<u>7.5</u>
Total Response	<u>95</u>	<u>100.0%</u>	<u>39</u>	<u>100.0%</u>	<u>134</u>	<u>100.0%</u>
Non-Response	6		1		7	

Question: ". . . Where did you (or another member of your household) last purchase a hardware or home improvement item?"

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 4

TRADE AREA CONSUMER SURVEY
Classified by Last Women's Apparel Purchase
Stevenson, Washington

Place of Last Women's Apparel Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	Number	Percent	Number	Percent	Number	Percent
Stevenson	15	16.7%	-	0.0%	15	11.5%
Cascade Locks	-	0.0	-	0.0	-	0.0
Carson	-	0.0	-	0.0	-	0.0
Hood River	10	11.1	10	25.0	20	15.4
The Dalles	2	2.2	2	5.0	4	3.1
Vancouver	11	12.2	-	0.0	11	8.5
Portland	37	41.1	25	62.5	62	47.7
Other	<u>15</u>	<u>16.7</u>	<u>3</u>	<u>7.5</u>	<u>18</u>	<u>13.8</u>
Total Response	<u>90</u>	<u>100.0%</u>	<u>40</u>	<u>100.0%</u>	<u>130</u>	<u>100.0%</u>
Non-Response	11		-		11	

Question: ". . . Where did you (or another member of your household) last purchase a women's dress, blouse or slacks?"

Note: Non-response includes households without female members.

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 5

TRADE AREA CONSUMER SURVEY
Classified by Last Men's Apparel Purchase
Stevenson, Washington

Place of Last Men's Apparel Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	Number	Percent	Number	Percent	Number	Percent
Stevenson	27	29.7%	1	2.7%	28	21.9%
Cascade Locks	-	0.0	-	0.0	-	0.0
Carson	-	0.0	-	0.0	-	0.0
Hood River	10	11.0	7	18.9	17	13.3
The Dalles	3	3.3	2	5.4	5	3.9
Vancouver	2	2.2	-	0.0	2	1.6
Portland	41	45.0	25	67.6	66	51.5
Other	<u>8</u>	<u>8.8</u>	<u>2</u>	<u>5.4</u>	<u>10</u>	<u>7.8</u>
Total Response	<u>91</u>	<u>100.0%</u>	<u>37</u>	<u>100.0%</u>	<u>128</u>	<u>100.0%</u>
Non-Response	10		3		13	

Question: ". . . Where did you (or another member of your household) last purchase men's clothing?"

Note: Non-response includes households without male members.

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 6

TRADE AREA CONSUMER SURVEY
Classified by Last Children's Clothing Purchase
Stevenson, Washington

Place of Last Children's Clothing Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	Number	Percent	Number	Percent	Number	Percent
Stevenson	18	30.5%	-	0.0%	18	21.7%
Cascade Locks	-	0.0	-	0.0	-	0.0
Carson	-	0.0	-	0.0	-	0.0
Hood River	6	10.2	6	25.0	12	14.5
The Dalles	-	0.0	1	4.2	1	1.2
Vancouver	5	8.5	-	0.0	5	6.0
Portland	25	42.3	16	66.6	41	49.4
Other	<u>5</u>	<u>8.5</u>	<u>1</u>	<u>4.2</u>	<u>6</u>	<u>7.2</u>
Total Response	<u>59</u>	<u>100.0%</u>	<u>24</u>	<u>100.0%</u>	<u>83</u>	<u>100.0%</u>
Non-Response	42		16		58	

Question: ". . . Where did you (or another member of your household) last purchase children's clothing?"

Note: Non-response includes households without children.

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 7

TRADE AREA CONSUMER SURVEY
Classified by Last Appliance Purchase
Stevenson, Washington

<u>Place of Last Appliance Purchase</u>	<u>Washington Residents</u>		<u>Oregon Residents</u>		<u>Total Trade Area</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Stevenson	24	25.8%	1	2.6%	25	18.9%
Cascade Locks	-	0.0	1	2.6	1	0.8
Carson	-	0.0	-	0.0	-	0.0
Hood River	7	7.5	11	28.2	18	13.6
The Dalles	1	1.1	-	0.0	1	0.8
Vancouver	6	6.5	-	0.0	6	4.5
Portland	25	26.9	20	51.2	45	34.1
Other (includes mail order)	<u>30</u>	<u>32.2</u>	<u>6</u>	<u>15.4</u>	<u>36</u>	<u>27.3</u>
Total Response	<u>93</u>	<u>100.0%</u>	<u>39</u>	<u>100.0%</u>	<u>132</u>	<u>100.0%</u>
Non-Response		8		1		9

Question: ". . . Where did you (or another member of your household) last purchase an appliance, radio, stereo or TV?"

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 8

TRADE AREA CONSUMER SURVEY
Classified by Last Sporting Goods Purchase
Stevenson, Washington

Place of Last Sporting Goods Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	Number	Percent	Number	Percent	Number	Percent
Stevenson	13	20.3%	-	0.0%	13	14.0%
Cascade Locks	-	0.0	6	20.7	6	6.5
Carson	4	6.3	-	0.0	4	4.3
Hood River	1	1.6	4	13.8	5	5.4
The Dalles	-	0.0	-	0.0	-	0.0
Vancouver	8	12.5	-	0.0	8	8.6
Portland	27	42.1	17	58.6	44	47.2
Other	<u>11</u>	<u>17.2</u>	<u>2</u>	<u>6.9</u>	<u>13</u>	<u>14.0</u>
Total Response	<u>64</u>	<u>100.0%</u>	<u>29</u>	<u>100.0%</u>	<u>93</u>	<u>100.0%</u>
Non-Response	37		11		48	

Question: ". . . Where did you (or another member of your household) last purchase a sporting goods item?"

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 9

TRADE AREA CONSUMER SURVEY
Classified by Last Automotive Purchase
Stevenson, Washington

Place of Last Automotive Purchase	Washington Residents		Oregon Residents		Total Trade Area	
	Number	Percent	Number	Percent	Number	Percent
Stevenson	45	48.8%	1	2.6%	46	35.4%
Cascade Locks	1	1.1	3	7.9	4	3.1
Carson	2	2.2	-	0.0	2	1.5
Hood River	9	9.8	13	34.2	22	16.9
The Dalles	1	1.1	1	2.6	2	1.5
Vancouver	6	6.5	-	0.0	6	4.6
Portland	17	18.5	17	44.8	34	26.2
Other (includes mail order)	<u>11</u>	<u>12.0</u>	<u>3</u>	<u>7.9</u>	<u>14</u>	<u>10.8</u>
Total Response	<u>92</u>	<u>100.0%</u>	<u>38</u>	<u>100.0%</u>	<u>130</u>	<u>100.0%</u>
Non-Response	9		2		11	

Question: ". . . Where did you (or another member of your household) last purchase an automobile tire, battery or part?"

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

Addenda
Table 10

TRADE AREA CONSUMER SURVEY
Classified by Ability to Find Retail Merchandise or Services
Stevenson, Washington

	Washington Residents		Oregon Residents		Total Trade Area	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<u>Merchandise or Service Hard to Find?</u>						
No	59	58.4%	14	35.0%	73	51.8%
Yes	<u>42</u>	<u>41.6</u>	<u>26</u>	<u>65.0</u>	<u>68</u>	<u>48.2</u>
Total Response	<u>101</u>	<u>100.0%</u>	<u>40</u>	<u>100.0%</u>	<u>141</u>	<u>100.0%</u>
<u>Hard to Find Items:</u>						
Drug and Related	1	2.5%	5	19.2%	6	9.1%
Grocery, Meat, Food	1	2.5	3	11.5	4	6.1
Other Convenience	2	5.0	-	0.0	2	3.0
General Merchandise	1	2.5	2	7.7	3	4.5
Apparel, Jewelry	10	25.0	7	27.0	17	25.8
Furniture, Appliances	10	25.0	3	11.5	13	19.7
Other Shoppers Goods	15	37.5	5	19.2	20	30.3
Auto & General Purchase	<u>-</u>	<u>0.0</u>	<u>1</u>	<u>3.9</u>	<u>1</u>	<u>1.5</u>
Total Response	<u>40</u>	<u>100.0%</u>	<u>26</u>	<u>100.0%</u>	<u>66</u>	<u>100.0%</u>
Non-Response	2		-		2	

Source: Telephone Interview Survey by Jack Jarvis & Company, Inc. February, 1975.

PROFESSIONAL BACKGROUND
Jack Jarvis & Company, Inc.
Development Planning Economists

Jack Jarvis & Company, Inc.

Jack Jarvis & Company, Inc. is a professional firm of consulting economists and market analysts specializing in development planning and feasibility economics.

Founded in Portland, Oregon in the mid-1960's, the firm is highly knowledgeable concerning the economic and market dynamics of the Pacific Northwest. Staff education and experience, the firm's reference research library and its continuing information gathering programs focus upon this region. Clients include individuals, corporations, developers and investors, community and government organizations, professional firms, financial institutions and others.

The professional qualifications of the principal economists conducting this feasibility analysis are:

Jack B. Jarvis, President of Jack Jarvis & Company, Inc., possesses more than 20 years experience in the conduct of market, economic and development feasibility analyses. A recognized authority in the field of land planning economics, he is a frequent guest lecturer at professional and other occasions as well as a qualified expert witness in court testimony.

Mr. Jarvis has excelled in research investigation management and analysis. Included among the extensive array of projects with which he has been associated are large land holding marketability and development feasibility analyses, complex metropolitan area wide location and development strategy determination, comprehensive housing and retail studies, and analyses of community and regional growth.

Mr. Jarvis is particularly qualified in housing, retail and recreational developments.

Prior to founding Jack Jarvis & Company, Inc., Mr. Jarvis held executive positions in economic research and consultation with both regional and

Professional Background

national economic consulting firms. His education includes:

Master of Business Administration. Marketing Research & Analysis, Economics and Statistics. University of Washington.

Bachelor of Science. Industrial Marketing-Engineering. Oregon State University.

Postgraduate Study and Seminars:

Advanced Statistical Theory & Application. University of Washington.
Advanced Economic and Marketing Theory. Northwestern University (Ill.).
Corporate Mergers and Acquisition. American Management Association.
New Product Development. American Management Association (New York).
Real Estate Appraisal. University of California Extension.
Transportation Economics. American University (Washington, D. C.).
Environmental Impact Assessment. American Institute of Architects.

Mr. Jarvis' professional affiliations include:

American Marketing Association	Urban Land Institute
American Economic Association	National Association of Business Economists
American Institute of Architects	

Jeffrey L. Lamy, Senior Vice President of Jack Jarvis & Company, Inc., has over 15 years experience in corporate, market and economic development, and financial analysis. Mr. Lamy has lectured at the Universities of Oregon and Idaho on various economic and financial subjects, and has testified by invitation before the Oregon Legislature as an expert on economic and community development.

Among the many analytical projects with which Mr. Lamy has been associated are: economic base and trends, housing development, retail and industrial market potential, feasibility/location of commercial and industrial facilities, socio-economic impact of tax programs and zoning ordinances, structuring of comprehensive community development programs, core area redevelopment, and environmental impact. He is highly skilled and acclaimed in the financial analysis of development projects, evaluation of financing sources, and in application of computer technology to development planning.

Professional Background

Before his association with Jack Jarvis & Company, Inc., Mr. Lamy was successfully employed as administrator of a major economic development program and as a development specialist with a Chicago consulting firm. He has also held executive positions in operations research, marketing and financial management.

Mr. Lamy's training and education include:

Master of Science, Business Administration. Financial Management, Economics, Marketing. Syracuse University and University of Idaho.

Bachelor of Science. Industrial Administration, Economics, Operations Research, Engineering. Yale University.

Postgraduate Study and Seminars:

Executive Development Program. University of Rhode Island.

Computer Schools. IBM Corporation, Boston.

Institutes for Organization Management. University of Santa Clara.

Mr. Lamy is affiliated with:

Community Development Society of Oregon (Member of Founding Committee)
Pacific Northwest Industrial Development Council
National Association of Business Economists