

CITY OF NEWPORT  
MINOR AMENDMENT SEVEN TO THE SOUTH BEACH URBAN  
RENEWAL PLAN AND REPORT

Exhibit A, City of Newport Resolution No. 2010-6

November, 2010

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**Amendment V**Newport Urban Renewal Agency  
Lincoln County CommissionFebruary 2, 2009  
January 14, 2009

The purpose of Substantial Amendment V was to reduce or eliminate the blighted conditions in the district and extend the effective period of the plan from 2010 to 2020. The blighted conditions in the district include:

- Sub-Standard street improvements, rights of way and traffic signalization and management.
- Incomplete pedestrian/bicycle circulation systems and Tsunami evacuation routes.
- Inadequate water storage capacity and distribution lines.
- Under sized or absent sanitary sewer collection service lines.
- Incomplete winter storm water management systems
- Inadequate neighborhood recreation facilities and open space.

New projects were identified based on more recent planning and engineering plans. A new revenue forecast, revenue bond strategy and phased implementation program was prepared.

**Amendment VI**

(Minor) Newport Urban Renewal Agency

May 3, 2010

Revised the phasing and financing of the projects in Substantial Amendment 5 to improve ingress and egress to the new NOAA Pacific Marine Operations Center and adjacent existing attractions. The amendment also included revisions to the tax increment revenue forecast, as well as a new schedule of existing debt service obligation resulting from refinancing said debt.

## II. URBAN RENEWAL REPORT MINOR AMENDMENT VII

The South Beach Urban Renewal Plan includes funds for neighborhood park and open space site acquisition. On March 22, 2010, the Newport City Council identified the acquisition of a natural coastal gully and foredune area adjacent to South Beach State Park as a high priority need in the City of Newport. The property is roughly 2.5 acre in size and includes portions of Blocks 7, 8, 10, 11 and 15 of the Waggoner's Addition to South Beach subdivision.

A portion of the property, identified as Lots 7 through 9, Block 7 Waggoner's Addition to South Beach, is available for sale. The City applied for an Oregon Parks and Recreation Department grant to purchase the property; however, that application was unsuccessful.

In a public meeting on September 7, 2010, the Newport Urban Renewal Agency met to discuss acquisition of the property and directed staff to pursue the acquisition of the above referenced lots. At that time, the Urban Renewal Agency advised the public of its intent to adopt Minor Amendment 7 to facilitate the acquisition. Minor Amendment 7 adds acquisition of the gully and foredune area as an acquisition priority for all three Urban Renewal Plan Phases. Cost estimates for parks and open space acquisition for each phase are as they were established with Minor Amendment 6. The amendment and related information was made available to the public via the City's website prior to the City's action.

### III. RELATIONSHIP BETWEEN THE PROJECTS TO BE UNDERTAKEN WITH THE AMENDMENT AND THE EXISTING CONDITIONS IN THE AREA

The physical and economic conditions described in the original Environmental Assessment and the Supplemental Report have improved within the past twenty-five (25) years. However, many areas remain deficient relative to vehicular and pedestrian circulation, utility services, especially storm water management, and public recreation and open space.

As summarized in Section II of this plan amendment, the Urban Renewal Plan identifies a need for neighborhood park and open space sites in the South Beach area. This amendment identifies the 2.5 acre natural coastal gully and foredune site adjacent to South Beach State Park as an acquisition priority and authorizes the expenditure of urban renewal funds for that purpose.

**A. PROJECT PHASES**

The projects proposed to implement the South Beach Urban Renewal Plan are organized into three phases consistent with Substantial Amendment 5.

**1. Phase 1 – 2009/12**

The 2.5 acre natural coastal gully and foredune area adjacent to the South Beach State Park is listed as an acquisition priority. A total of \$350,000 is programmed for acquisition projects during this plan phase.

**2. Phase 2 – 2013/16**

The 2.5 acre natural coastal gully and foredune area adjacent to the South Beach State Park is listed as an acquisition priority. A total of \$200,000 is programmed for acquisition projects during this plan phase.

**3. Phase 3 – 2017/20**

The 2.5 acre natural coastal gully and foredune area adjacent to the South Beach State Park is listed as an acquisition priority. A total of \$200,000 is programmed for acquisition projects during this plan phase.

## B. PROJECTS AND COST ESTIMATES

### 1. Phase 1 – 2009/12

| PUBLIC RIGHTS OF WAY   | Cost Estimate | URA Portion |
|--|---------------|-------------|
| Streets  |               |             |
| Ash St. Design & Construct   | 425,000       | 425,000     |
| Coho/Brant Area – Plan and Design  | 70,000        | 70,000      |
| Coho/Brant Area – Construct  | 850,000       | 850,000     |
| SE 35 <sup>th</sup> & Ferry Slip Road  | 464,000       | 390,000     |
| Marine Science Dr.   | 2,304,000     | 1,138,000   |
| Realign Rogue & 25 <sup>th</sup>   | 448,000       | 448,000     |
| Pacific Way Improvements   | 251,000       | 251,000     |
| Sidewalks  |               |             |
| OSU Dr. to Marine Sc. Dr.  | 70,000        | 0           |
| OSU Dr. (Abalone to Ferry Slip)  | 67,500        | 67,500      |
| Acquisition  |               |             |
| TSP Projects - right of way<br>350,000   | 500,000       |             |
| UTILITIES  |               |             |
| Water  |               |             |
| Hwy 101 – 40 <sup>th</sup> to 50 <sup>th</sup>   | 320,000       | 320,000     |
| Sanitary Sewer line-same ROW   | 300,000       | 300,000     |
| PUBLIC AMENITIES   |               |             |
| Neighborhood Park/Open Space Site<br>Acquisition (OPRD grant \$150,000),<br><b>including the 2.5 acre coastal gully<br/>&amp; foredune site adjacent to<br/>South Beach State Park</b> | 500,000       | 350,000     |
| ACQUISITION/DEVELOPMENT  | 0             | 0           |
| COMMUNITY IMPROVEMENT PROGRAMS   | 0             | 0           |
| SPECIAL PROJECT IDEAS  |               |             |
| Wetland Planning/Mitigation Bank   | 200,000       | 200,000     |
| Trails – easement acquisitions   | 100,000       | 100,000     |
| South Jetty Trail  | 317,000       | 317,000     |
| Total:   | \$6,986,500   | \$4,761,500 |
| Revenue Estimate (7.1% growth)   |               | \$4,774,000 |

## 2. Phase 2 – 2013/16

| PUBLIC RIGHTS OF WAY  | Cost Estimate | UR Portion  |
|---|---------------|-------------|
| Streets   |               |             |
| 35 <sup>th</sup> St. – 101 to Ferry Slip Road   | \$750,000     | \$750,000   |
| Commercial Street Prototype   |               |             |
| Anchor Way 35 <sup>th</sup> to 40 <sup>th</sup>   | 750,000       | 750,000     |
| 40 <sup>th</sup> & 101 Traffic Signal   | 506,000       | 0           |
| (Offer SDC Credit as alternative)   |               |             |
| Sidewalks   |               |             |
| OSU Dr./Abalone (Moved to Ph. 1)  | 0             | 0           |
| Ferry Slip Rd (29 <sup>th</sup> to SE OSU Dr.)  | 91,000        | 91,000      |
| Acquisition/Development   |               |             |
| TSP Projects - right of way   | 250,000       | 250,000     |
| Existing Street/ROW improvements including:<br>paving, storm water, pedestrian/bicycle paths<br>and landscaping         | 350,000       | 350,000     |
| UTILITIES   |               |             |
| Sewer   |               |             |
| 101 Gravity line south to Airport   | 1,000,000     | 1,000,000   |
| Utility Lines   |               |             |
| Bury existing/new lines underground   | 300,000       | 300,000     |
| PUBLIC AMENITIES  |               |             |
| Neighborhood Park Development   | 350,000       | 350,000     |
| Neighborhood Park/Open Space  |               |             |
| Acquisition, <b>including the 2.5 acre<br/>coastal gully &amp; foredune site<br/>adjacent to South Beach State Park</b> | 200,000       | 200,000     |
| ACQUISITION/DEVELOPMENT   |               |             |
| Strategic Site Acquisition for Re-Use   | 250,000       | 250,000     |
| Site Prep for Re-Use  | 100,000       | 100,000     |
| Strategic Site Acquisition for Economic<br>Development, Community Facilities<br>and Affordable Housing                  | 500,000       | 500,000     |
| SPECIAL PROJECT IDEAS   |               |             |
| South Jetty Trail (Moved to Phase 1)  | 0             | 0           |
| Tsunami Evacuation Route<br>Improvements  | 200,000       | 200,000     |
| Wetland Mitigation Bank   | 100,000       | 100,000     |
| Total:  | \$5,547,000   | \$5,191,000 |
| Revenue Estimate (7.1% growth)  |               | \$5,370,000 |

### 3. Phase 3 – 2017/20

| PUBLIC RIGHTS OF WAY  | Cost Estimate | UR Portion   |
|---|---------------|--------------|
| Streets   |               |              |
| 50 <sup>th</sup> & 101 Intersection Improvements  | \$1,450,000   | \$1,450,000  |
| Sidewalks   |               |              |
| Abalone St. (OSU Dr. to 101)  | 100,000       | 100,000      |
| 35 <sup>th</sup> St. (Ferry Slip to Estuary turn)   | 337,500       | 200,000      |
| Acquisition/Development   | 250,000       | 250,000      |
| Existing Street/ROW improvements including:<br>paving, storm water, pedestrian/bicycle<br>paths and landscaping   | 846,000       | 846,000      |
| UTILITIES   |               |              |
| Water   |               |              |
| 12" Bay Under-crossing Pipeline   | 995,000       | 795,000      |
| King Ridge Reservoir (15% of Cost)  | 196,200       | 196,200      |
| Sewer   |               |              |
| Henderson Creek Piping  | 280,000       | 280,000      |
| Henderson Creek Lift Station  | 323,000       | 323,200      |
| Storm   |               |              |
| Project 5a – Redirect Drainage  | 1,480,000     | 1,480,000    |
| Utility Lines   |               |              |
| Bury existing/new lines underground   | 200,000       | 200,000      |
| PUBLIC AMENITIES  |               |              |
| Landscape   |               |              |
| Street Tree and Public Open Space<br>Planting   | 100,000       | 100,000      |
| Street Furniture  | 50,000        | 50,000       |
| Gateway to South Beach  | 700,000       | 100,000      |
| Neighborhood Park/Open Space<br>Acquisition, <b>including the 2.5 acre<br/>coastal gully &amp; foredune site<br/>adjacent to South Beach State Park</b> | 200,000       | 200,000      |
| ACQUISITION/DEVELOPMENT   | 0             | 0            |
| COMMUNITY IMPROVEMENT PROGRAMS  |               |              |
| Fund Storefront Facade Loan/Grant<br>Program  | 100,000       | 100,000      |
| SPECIAL PROJECT IDEAS   |               |              |
| Trails – Acquire and Develop<br>Tsunami Evacuation Route<br>Improvements  | 300,000       | 300,000      |
| Wetland Mitigation Bank   | 200,000       | 200,000      |
| Wetland Mitigation Bank   | 100,000       | 100,000      |
| Total:  | \$8,070,200   | \$7,270,200  |
| Revenue Estimate (7.1% growth)  |               | \$7,360,000  |
| Grand Total for Phases 1 through 3 Projects   |               | \$17,678,700 |

**C. ESTIMATED COMPLETION DATE**

The projects planned to be accomplished within the next ten years are expected to be awarded no later than December 31, 2020 and completed in a timely manner. The projects are divided in to three phases. The agency may adjust the design and construction of specific projects depending on the needs of the community and the urban renewal district as a whole.

- Phase 1 2009-2012
- Phase 2 2013-2016
- Phase 3 2017-2020

The three phases will enable the agency to plan and implement the financial plan in Section V.

### A. ANTICIPATED TAX INCREMENT FUNDS

As stated in Oregon Revised Statutes Chapter 457 (ORS 457), tax increment funds are anticipated from growth in assessed value within the Area over the course of the Plan. Growth in assessed value is projected to occur through appreciation in property values (“appreciation percentage”), limited to no more than three percent annually, and through changes in property that add value that are “excepted” from the three percent limit. Such “exception value” results from factors such as subdivision or rezoning of land and from construction of improvements.

Table V-1 shows the projections of growth in tax increment funds. The table shows total expected tax increment revenue. The projections are based on reasonable expectations of near-term future development and have been prepared utilizing conservative assumptions about residential and commercial development that are likely to occur in the South Beach Urban Renewal District. The projections assume average annual growth of 7.1%, the average growth rate in the South Beach Urban Renewal District (SB-URD) from 2009 to 2027. The growth rate assumes a temporary 75% reduction due to the current residential development slowdown. The projections also assume a tax collection rate of 94.2%.

**Table V-1:  
Urban Renewal Area Tax Increment Revenue Estimates**

| Year    | SB-URD<br>Annual<br>Revenue | SB-URD<br>Cumulative<br>Revenue |
|---------|-----------------------------|---------------------------------|
| 2009-10 | \$1,759,905                 | \$1,759,905                     |
| 2010-11 | \$1,968,155                 | \$3,728,060                     |
| 2011-12 | \$2,119,834                 | \$5,847,894                     |
| 2012-13 | \$2,113,542                 | \$7,961,436                     |
| 2013-14 | \$2,274,723                 | \$10,236,159                    |
| 2014-15 | \$2,447,350                 | \$12,683,509                    |
| 2015-16 | \$2,621,111                 | \$15,304,620                    |
| 2016-17 | \$2,807,210                 | \$18,111,830                    |
| 2017-18 | \$3,006,522                 | \$21,118,353                    |
| 2018-19 | \$3,219,985                 | \$24,338,338                    |
| 2019-20 | \$3,255,682                 | \$27,594,020                    |
| 2020-21 | \$3,486,836                 | \$31,080,856                    |
| 2021-22 | \$3,734,401                 | \$34,815,257                    |
| 2022-23 | \$3,999,544                 | \$38,814,800                    |
| 2023-24 | \$4,283,511                 | \$43,098,311                    |
| 2024-25 | \$4,587,640                 | \$47,685,952                    |
| 2025-26 | \$4,913,363                 | \$52,599,315                    |
| 2026-27 | \$5,262,212                 | \$57,861,526                    |

SOURCE: Lincoln County Assessor's Office and Johnson Reid, LLC

Unlike many urban renewal districts in Oregon, the SB-URD geographically spans six distinct property tax codes rather than one. For instance, the vast majority of assessed value in the District is within City of Newport jurisdiction (85%), but that portion only represents two of the six tax codes and combinations of local public service providers. Therefore, there are six different Measure 50 SB-URD tax code rates and six different projected assessed values. The tax increment projections are based on the combined value of the property tax codes and applicable tax rates for each affected taxing jurisdiction.

#### **B. ESTIMATED AMOUNT OF MONEY REQUIRED UNDER ORS 457**

The total expected tax increment revenue that is not committed to previous incurred debt, through 2027, is \$43,970,572. This revenue will be used to repay indebtedness incurred to finance the projects in this Plan Amendment. Table V-2 below shows the expected increment revenue and debt service schedule for the Plan Amendment. Fiscal year 2020-21, when the District is scheduled to cease incurring debt for new projects, is highlighted.

**Table V-2:  
Projected Revenues, Debt Service and Other Expenditures**

| Year                  | (A)<br>URD<br>Incremental<br>Revenue | (B)<br>Total<br>Existing<br>Debt Service | (C)<br>Remaining<br>Uncommitted<br>Revenue | (D)<br>Phase I<br>Debt Service | (E)<br>Remaining<br>Uncommitted<br>Revenue | (F)<br>Phase II<br>Debt Service | (G)<br>Remaining<br>Uncommitted<br>Revenue | (H)<br>Phase III<br>Debt Service | (I)<br>Remaining<br>Uncommitted<br>Revenue |
|-----------------------|--------------------------------------|--|--|--------------------------------|--|---------------------------------|--|----------------------------------|--|
| 2010-11               | \$1,968,200                          | \$1,189,903                              | \$778,297                                  | \$648,581                      | \$0  |                                 | \$0  | \$0                              |  |
| 2011-12               | \$2,119,800                          | \$1,182,531                              | \$937,269                                  | \$648,581                      | \$158,972                                  |                                 | \$158,972                                  | \$158,972                        |  |
| 2012-13               | \$2,113,500                          | \$1,178,534                              | \$1,098,707                                | \$648,581                      | \$320,410                                  |                                 | \$320,410                                  | \$320,410                        |  |
| 2013-14               | \$2,274,700                          | \$1,186,660                              | \$1,418,062                                | \$648,581                      | \$639,765                                  |                                 | \$639,765                                  | \$639,765                        |  |
| 2014-15               | \$2,447,300                          | \$1,181,819                              | \$1,924,439                                | \$648,581                      | \$1,146,142                                | \$729,700                       | \$270,502                                  | \$270,502                        |  |
| 2015-16               | \$2,621,100                          | \$1,173,666                              | \$1,726,052                                | \$648,581                      | \$947,755                                  | \$729,700                       | \$72,115                                   | \$72,115                         |  |
| 2016-17               | \$2,807,200                          | \$1,176,828                              | \$1,704,650                                | \$648,581                      | \$926,353                                  | \$729,700                       | \$50,713                                   | \$50,713                         |  |
| 2017-18               | \$3,006,500                          | \$1,176,347                              | \$1,882,387                                | \$648,581                      | \$1,104,090                                | \$729,700                       | \$228,450                                  | \$228,450                        |  |
| 2018-19               | \$3,220,000                          | \$745,199                                | \$2,710,105                                | \$648,581                      | \$1,931,808                                | \$729,700                       | \$1,056,168                                | \$1,056,168                      |  |
| 2019-20               | \$3,255,700                          | \$317,940                                | \$4,025,613                                | \$648,581                      | \$3,247,316                                | \$729,700                       | \$2,371,676                                | \$1,000,000                      |  |
| <b>2020-21</b>        | <b>\$3,486,800</b>                   | <b>\$317,410</b>                         | <b>\$4,582,216</b>                         |                                | <b>\$4,582,216</b>                         | <b>\$729,700</b>                | <b>\$3,706,576</b>                         | <b>\$1,000,000</b>               |  |
| 2021-22               | \$3,734,400                          | \$311,282                                | \$6,004,891                                |                                | \$6,004,891                                | \$729,700                       | \$5,129,251                                | \$1,000,000                      |  |
| 2022-23               | \$3,999,500                          | \$147,799                                | \$7,898,830                                |                                | \$7,898,830                                | \$729,700                       | \$7,023,190                                | \$1,000,000                      |  |
| 2023-24               | \$4,283,500                          | \$0                                      | \$10,281,386                               |                                | \$10,281,386                               | \$729,700                       | \$9,405,746                                | \$1,000,000                      |  |
| 2024-25               | \$4,587,600                          | \$0                                      | \$13,039,518                               |                                | \$13,039,518                               |                                 | \$13,039,518                               | \$1,000,000                      |  |
| 2025-26               | \$4,913,400                          | \$0                                      | \$17,108,104                               |                                | \$17,108,104                               |                                 | \$17,108,104                               | \$1,000,000                      |  |
| 2026-27               | \$5,262,200                          | \$0                                      | \$21,647,547                               |                                | \$21,647,547                               |                                 | \$21,647,547                               | \$1,000,000                      |  |
| Term of Loan (Years)  |                                      |  |  | 10                             |  | 10                              |  | 10                               |  |
| Total Amount Borrowed |                                      |  |  | \$4,773,611                    |  | \$5,370,656                     |  | \$7,360,087                      |  |

SOURCE: Seattle-Northwest Securities, Lincoln County Assessor's Office, City of Newport, and Johnson Reid, LLC

Individual columns of financial projections in Table V-2 are labeled and described as follows:

- (A): Annual tax increment collected by the District.
- (B): Estimated, annual existing District debt service obligation as a result of debt refinancing by the District to realize more favorable terms.
- (C): Annual revenue remaining after existing debt service obligation is met.
- (D): Planned, new annual debt service to adequately fund projects identified in Phase I of this amendment.
- (E): Annual revenue remaining after existing and new, Phase I debt service obligation and reserve requirement are met.
- (F): Planned, new annual debt service to adequately fund projects identified in Phase II of this amendment, scheduled to begin in FY 2014-15.
- (G): Annual revenue remaining after existing and new, Phases I and II debt service obligation and reserve requirement are met.
- (H): Planned, new annual debt service to adequately fund projects identified in Phase III of this amendment, scheduled to begin in FY 2019-20.
- (I): Annual, cumulative District funds that are uncommitted after all existing and planned, new debt service obligation and reserve requirement are met each year.

Based on projections in Table V-2, revenues are expected to be sufficient to enable retirement of planned debt as early as FY 2023-24. To the extent that additional debt is taken on by the District in later years for circumstances currently unseen, substantial unobligated revenues expressed in Column (I) of

Table V-2 would be reduced accordingly and retirement of all debt would be delayed to no later than FY 2026-27.

### C. ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table V-2 shows the anticipated schedule debt payment for existing debt and the Plan Amendment. All debts are scheduled to be retired by year 2027, though anticipated incremental revenues would be sufficient to retire all planned debt as early as fiscal year 2023-2024.

### D. PROJECTED REVENUES AND EXPENDITURES

Table V-2 shows the annual anticipated revenues and expenditures for the Plan Amendment. The revenues result from tax increment revenue that is not already committed to financing existing debt. The total debt service for existing debt is \$12,130,828. Expenditures are based on potential debt schedules to finance the projects described in Section VII of this Plan Amendment. The total project costs and the Plan's share of those costs are also shown in Section V. For conservative revenue estimates, in addition to incremental tax revenues the District is assumed to realize 3% annual return on uncommitted revenues carried forward to the subsequent fiscal year.

### E. STATEMENT OF FISCAL IMPACT ON OTHER JURISDICTIONS UNDER ORS 457.420-457.440

The use of tax increment financing creates a fiscal impact on the taxing districts (e.g. the City, the County, the Community College) that levy taxes within the Area. This impact consists of those districts foregoing the taxes that would have been levied on the increase in assessed value within the Area while tax increment financing is in effect.

In order to project these impacts, it is necessary to estimate the growth in assessed value that would have occurred without the Plan. The Plan's projects are anticipated to create assessed value growth that would not occur but for the Plan. Therefore the taxes that are foregone are those resulting from projected development without the public improvements developed under the Plan. It should be noted that revenue estimates in Tables V-1 and V-2 are lower than projections in Table V-3 due to realized property tax collection loss at approximately 6%.

Table V-3 shows the revenues foregone by the affected taxing districts, through 2027. The revenues foregone by the taxing districts equal their permanent tax rates times the projected incremental assessed value, plus the tax rates associated with general obligation bonds approved by voters before October 2001 times the bonding district's incremental assessed value. Note that the property tax revenues foregone by the Lincoln County School District do not result in revenue losses to the School District because of the system of state funding of K-12 education. The impacts are shown to illustrate what they would be if the school funding system is materially changed and property tax revenues become directly relevant.

The tax increment revenues terminate after 2027, and the additional revenues that are available to these taxing districts are projected to repay the districts for revenues foregone during the Plan.

**Table V-3:  
Projected Property Tax Revenues Foregone**

| Fiscal Year | Taxing District |          |           |                       |           |                |         |                |                              |                       |                                |                               |                          |                         |                 |                 |             | Total Tax Revenue |
|-------------|-----------------|----------|-----------|-----------------------|-----------|----------------|---------|----------------|------------------------------|-----------------------|--------------------------------|-------------------------------|--------------------------|-------------------------|-----------------|-----------------|-------------|-------------------|
|             | City of Newport |          |           | Lincoln County School |           | Lincoln County |         | Newport RFPD   | Pacific Communities Hospital | Lincon County Library | Oregon Coast Community College | Lincoln County Transportation | Lincoln County Extension | Linn-Benton-Lincoln ESD | Port of Newport | Water-Seal Rock |             |                   |
|             | Permanent Rate  | GO Bond  | GO Bond   | Permanent Rate        | GO Bond   | Permanent Rate | GO Bond | Permanent Rate | Permanent Rate               | Permanent Rate        | Permanent Rate                 | Permanent Rate                | Permanent Rate           | Permanent Rate          | Permanent Rate  | Permanent Rate  |             |                   |
|             | 5.5938          | 0.4348   | 0.924     | 4.9092                | 0.7894    | 2.8202         | 0.0377  | 0.9108         | 0.3625                       | 0.2465                | 0.1757                         | 0.0974                        | 0.0451                   | 0.3049                  | 0.0609          | 0.1259          |             |                   |
| 2009-10     | \$611,842       | \$47,558 | \$101,066 | \$601,914             | \$96,788  | \$345,783      | \$4,622 | \$12,019       | \$44,446                     | \$3,261               | \$21,542                       | \$11,942                      | \$5,530                  | \$37,384                | \$7,467         | \$2,285         | \$1,955,450 |                   |
| 2010-11     | \$655,035       | \$50,915 | \$108,201 | \$644,407             | \$103,621 | \$370,194      | \$0     | \$12,868       | \$47,584                     | \$3,492               | \$23,063                       | \$12,785                      | \$5,920                  | \$40,023                | \$7,994         | \$2,446         | \$2,088,547 |                   |
| 2011-12     | \$705,261       | \$54,819 | \$116,497 | \$693,395             | \$111,498 | \$398,336      | \$0     | \$14,425       | \$51,201                     | \$3,914               | \$24,817                       | \$13,757                      | \$6,370                  | \$43,065                | \$8,602         | \$2,708         | \$2,248,664 |                   |
| 2012-13     | \$759,032       | \$0      | \$125,379 | \$745,841             | \$0       | \$428,465      | \$0     | \$16,091       | \$55,074                     | \$4,365               | \$26,694                       | \$14,798                      | \$6,852                  | \$46,323                | \$9,252         | \$2,989         | \$2,241,155 |                   |
| 2013-14     | \$816,599       | \$0      | \$134,888 | \$801,989             | \$0       | \$460,721      | \$0     | \$17,876       | \$59,220                     | \$4,849               | \$28,703                       | \$15,912                      | \$7,368                  | \$49,810                | \$9,949         | \$3,290         | \$2,411,173 |                   |
| 2014-15     | \$878,231       | \$0      | \$145,069 | \$862,102             | \$0       | \$495,254      | \$0     | \$19,786       | \$63,658                     | \$5,367               | \$30,855                       | \$17,104                      | \$7,920                  | \$53,543                | \$10,695        | \$3,612         | \$2,593,195 |                   |
| 2015-16     | \$940,230       | \$0      | \$155,310 | \$922,962             | \$0       | \$530,216      | \$0     | \$21,183       | \$68,152                     | \$5,746               | \$33,033                       | \$18,312                      | \$8,479                  | \$57,323                | \$11,450        | \$3,867         | \$2,776,263 |                   |
| 2016-17     | \$1,006,606     | \$0      | \$166,274 | \$988,119             | \$0       | \$567,647      | \$0     | \$22,679       | \$72,964                     | \$6,152               | \$35,365                       | \$19,605                      | \$9,078                  | \$61,370                | \$12,258        | \$4,140         | \$2,972,255 |                   |
| 2017-18     | \$1,077,668     | \$0      | \$178,012 | \$1,057,876           | \$0       | \$607,721      | \$0     | \$24,280       | \$78,115                     | \$6,586               | \$37,861                       | \$20,989                      | \$9,719                  | \$65,702                | \$13,123        | \$4,432         | \$3,182,083 |                   |
| 2018-19     | \$1,153,746     | \$0      | \$190,579 | \$1,132,558           | \$0       | \$650,623      | \$0     | \$25,994       | \$83,629                     | \$7,051               | \$40,534                       | \$22,470                      | \$10,405                 | \$70,341                | \$14,050        | \$4,745         | \$3,406,724 |                   |
| 2019-20     | \$1,235,196     | \$0      | \$0       | \$1,212,511           | \$0       | \$696,554      | \$0     | \$27,829       | \$89,533                     | \$7,548               | \$43,396                       | \$24,057                      | \$11,139                 | \$75,307                | \$15,042        | \$5,080         | \$3,443,191 |                   |
| 2020-21     | \$1,322,395     | \$0      | \$0       | \$1,298,109           | \$0       | \$745,728      | \$0     | \$29,793       | \$95,854                     | \$8,081               | \$46,459                       | \$25,755                      | \$11,926                 | \$80,623                | \$16,103        | \$5,438         | \$3,686,265 |                   |
| 2021-22     | \$1,415,751     | \$0      | \$0       | \$1,389,750           | \$0       | \$798,373      | \$0     | \$31,897       | \$102,620                    | \$8,652               | \$49,739                       | \$27,573                      | \$12,767                 | \$86,314                | \$17,240        | \$5,822         | \$3,946,499 |                   |
| 2022-23     | \$1,515,696     | \$0      | \$0       | \$1,487,860           | \$0       | \$854,735      | \$0     | \$34,148       | \$109,865                    | \$9,263               | \$53,250                       | \$29,520                      | \$13,669                 | \$92,408                | \$18,457        | \$6,233         | \$4,225,105 |                   |
| 2023-24     | \$1,622,698     | \$0      | \$0       | \$1,592,897           | \$0       | \$915,075      | \$0     | \$36,559       | \$117,621                    | \$9,917               | \$57,010                       | \$31,604                      | \$14,634                 | \$98,931                | \$19,760        | \$6,673         | \$4,523,379 |                   |
| 2024-25     | \$1,737,253     | \$0      | \$0       | \$1,705,348           | \$0       | \$979,676      | \$0     | \$39,140       | \$125,925                    | \$10,617              | \$61,034                       | \$33,835                      | \$15,667                 | \$105,916               | \$21,155        | \$7,144         | \$4,842,709 |                   |
| 2025-26     | \$1,859,896     | \$0      | \$0       | \$1,825,738           | \$0       | \$1,048,836    | \$0     | \$41,903       | \$134,814                    | \$11,366              | \$65,343                       | \$36,223                      | \$16,773                 | \$113,393               | \$22,649        | \$7,649         | \$5,184,583 |                   |
| 2026-27     | \$1,991,196     | \$0      | \$0       | \$1,954,628           | \$0       | \$1,122,880    | \$0     | \$44,861       | \$144,332                    | \$12,168              | \$69,956                       | \$38,780                      | \$17,957                 | \$121,398               | \$24,248        | \$8,188         | \$5,550,592 |                   |

## F. IMPACTS ON TAXPAYERS

This amendment to the phasing and financing of projects in Substantial Amendment 5 will not change the SB-URD's impact on taxpayers. General obligation bonds approved by voters before October 2001 are subject to the division of tax. There are five such general obligation bonds in the SB-URD. They are all scheduled to retire by 2019, prior to the previously scheduled sunset of the SB-URD. These bonds will continue to be subject to the division of tax, regardless of any extension to the SB-URD plan.

Any general obligation bonds approved after October 2001 are not subject to the division of tax.

**NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS**

## NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS

The National Oceanic and Atmospheric Administration (NOAA) recently reconfirmed its decision to award the Port of Newport, Oregon its long-term lease decision for its Pacific Marine Operations Center (MOC). In response to this decision, the potential property tax revenue implications of this decision to Newport's South Beach Urban Renewal Area were evaluated.

### METHODOLOGY & LIMITATIONS

This analysis quantifies the tax revenue impacts for specific jurisdictions resulting from economic activity generated by NOAA's decision to relocate its Pacific MOC to Newport. At this time, little information is available regarding anticipated spending by the facility for on-going operations, repairs, etc. As such, we relied on secondary sources where possible, using our best estimate of historical operations activity in the Seattle area, the former home of the Pacific MOC.

Finally, in light of present uncertainty, where specific measures were not available, we established defensibly conservative estimates designed to err on a lower level estimate.

### FINDINGS

#### ESTIMATING PRIVATE MOC SPENDING LOCALLY

It was assumed that NOAA's Pacific MOC will spend roughly \$80 million annually on various operations, repair/maintenance activity, and various federal contracts related to these activities annually. This assumption was based on a July 2009 editorial in the Seattle Times co-authored by representatives from the Port of Seattle, Seattle City Council, the University of Washington, and a major NOAA MOC contractor in Seattle.<sup>1</sup> The editorial declared annual direct and indirect economic activity related to NOAA's MOC at roughly \$180 million annually. This figure was evaluated in light of other available information about other NOAA investments in the Seattle area to arrive at a more conservative estimate of \$80 million in direct activity, specifically in Newport.

**TABLE 1: BASELINE CONTRACT SPENDING**

| BASELINE MOC SPENDING ASSUMPTIONS          |                     |
|--|---------------------|
| <b>Total Estimated Direct Spending 1/:</b> | <b>\$80,000,000</b> |
| Private Share 2/:                          | 33%                 |
| Spending to Private Firms:                 | \$26,400,000        |
| Newport's Capture of Private Spending 2/:  | 50%                 |
| Spending to Private Firms in Newport:      | \$13,200,000        |

1/ Based on editorial in the Seattle Times, July 2009. Contributors included Jean Godden, Seattle City Council; Bill Bryant, Port of Seattle Commissioner, Steve Welch, CEO of Pacific Shipyards; and Mark Emmert, President of the University of Washington.

2/ Conservative assumptions made by Johnson Reid, LLC

<sup>1</sup> "NOAA Should Keep its Marine Operations on Lake Union." *The Seattle Times* July 30, 2009. Editorial Contributors included Jean Godden, Seattle City Council; Bill Bryant, Port of Seattle Commissioner, Steve Welch, CEO of Pacific Shipyards; and Mark Emmert, President of the University of Washington.

To estimate the **private development** impacts of this spending, we assumed that one-third of spending activity took the form of private contracts. This assumption is considered conservative based on our professional opinion.

Finally, we assumed that the Newport economy could capture half of the private contract spending of the Pacific MOC. This assumes that the remaining half of the activity would leak to other communities such as Portland, Astoria, or remain in Seattle. This process results in an approximation of \$13.2 million in annual contract spending estimated to be captured in the Newport economy.

## **TRANSLATING CONTRACT SPENDING INTO JOBS**

Estimates of direct and secondary (indirect/induced) job impacts were developed by utilizing impact multipliers from IMPLAN<sup>2</sup> (IMpacts for PLANing) economic impact analysis model. Developed by the Forest Service to assist in land and resource management planning, IMPLAN is an economic impact model designed for analyzing the effects of industry activity upon all other industries in an economic area.

Utilizing this methodology, we estimate a total of 100 private, permanent jobs resulting from NOAA spending in Newport, at least 63 of which would be direct employment due to federal contract awards for the local private sector.

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<sup>2</sup> Minnesota IMPLAN Group (MIG), Inc., Stillwater, Minnesota

**TABLE 2: JOB IMPACTS OF CONTRACT SPENDING**

| Contract Spending, Jobs, and Multipliers                         |              |                      |
|--|--------------|----------------------|
| Direct Private Contract Spending 1/:                             | \$13,200,000 | <b>Multiplier</b>    |
| Direct Jobs 2/:  | 63.4         | 4.8 jobs/\$1 million |
| <u>Indirect &amp; Induced 2/:</u>                                | <u>37.0</u>  | 2.8 jobs/\$1 million |
| <b>Contract. Jobs:</b>   | <b>100.3</b> |                      |
| Jobs By Industry Type  |              |                      |
| <b><u>Direct:</u></b>  |              | <b>Jobs</b>          |
| NOAA Contractors (Ship repair, research, etc.)                   |              | 63.4                 |
| <b><u>Indirect/Induced 2/:</u></b>                               |              |                      |
| Food services and drinking places:                               |              | 4.0                  |
| Real estate establishments:                                      |              | 2.6                  |
| Wholesale trade businesses:                                      |              | 2.6                  |
| Employment services:   |              | 1.3                  |
| Accounting, tax preparation, bookkeeping, and payroll services   |              | 1.3                  |
| Offices of physicians, dentists, and other health practitioners: |              | 1.3                  |
| Private hospitals:   |              | 1.3                  |
| Civic, social, professional, and similar organizations:          |              | 1.3                  |
| Retail Stores - Food and beverage:                               |              | 1.3                  |
| Other Retail/Commercial Services:                                |              | 19.8                 |

1/ From Table 1

2/ Jobs Multipliers generated by IMPLAN.

### Calculating the Share of Jobs Captured by South Beach

The industries identified in Table 2 into general land use types are based on the typical space utilization of each industry. This translates into roughly 66 industrial jobs, 25 commercial jobs, and 9 office jobs. Secondly, we apply a 20% capture factor for the South Beach district which translates into an estimate of approximately 20 jobs supported in the district.

**TABLE 3: SOUTH BEACH CAPTURE OF JOB IMPACTS BY LAND USE TYPE**

| Space Type    | Total Newport Jobs Impacts 1/ | South Beach Jobs Impacts 2/ |
|---------------|-------------------------------|-----------------------------|
| Industrial    | 66.0                          | 13.2                        |
| Commercial    | 25.1                          | 5.0                         |
| <u>Office</u> | <u>9.2</u>                    | <u>1.8</u>                  |
| <b>TOTAL:</b> | <b>100.3</b>                  | <b>20.1</b>                 |

1/ From Table 2

2/ Assumes a conservative 20% capture rate for South Beach, Johnson Reid, LLC

## CONVERSION OF JOBS TO DEVELOPED SPACE

We then multiplied the number of estimated jobs captured in the South Beach District by a typical square footage per job by land use type. These assumptions are based on the U.S. Department of Energy's Commercial Building Energy Consumption Survey. This process yields an estimate of roughly 25,200 private, developed square feet supported by NOAA contract spending in South Beach.

**TABLE 4: PRIVATE EMPLOYMENT IMPACT DEVELOPMENT IN THE SOUTH BEACH**

| Space Type    | South Beach Jobs Impacts 1/ | Est. Sq. Ft. per Job 2/ | Est. Development Impacts (Sq. Ft.) |
|---------------|-----------------------------|-------------------------|------------------------------------|
| Industrial    | 13.2                        | 1,510                   | 19,932                             |
| Commercial    | 5.0                         | 883                     | 4,429                              |
| <u>Office</u> | <u>1.8</u>                  | <u>468</u>              | <u>865</u>                         |
| <b>TOTAL:</b> | <b>20.1</b>                 | <b>N/A</b>              | <b>25,226</b>                      |

1/ From Table 3

2/ Calculated as a weighted average across industries based on Newport's existing distribution. Derived from The U.S. Department of Energy's Commercial Building Energy Consumption Survey. (2003)

## CONVERSION OF NEW DEVELOPMENT TO MARKET VALUE & TAXABLE ASSESSED VALUE

In Table 5, the supportable space was translated into land by standard Floor Area Ratios (FAR) by land use type, yielding an estimate of 2.0 improved acres. Secondly, we apply per acre development costs by land use type to each land/space estimate to calculate replacement cost of improvements. This analysis conservatively assumes market value is equal to replacement cost.

**TABLE 5: ESTIMATED MARKET VALUE GENERATED BY NOAA'S CONTRACT SPENDING LOCALLY**

| Space Type    | NOAA Impact   | Assumed F.A.R 2/ | Improved Acres | Per Acre Improvement Cost 3/ | Est. Market Replacement Value | 2009-10 CPR 4/ | Taxable Assessed |
|---------------|---------------|------------------|----------------|------------------------------|-------------------------------|----------------|------------------|
| Industrial    | 19,932        | 0.30             | 1.53           | \$1,511,500                  | \$2,305,419                   | 1              | \$2,305,419      |
| Commercial    | 4,429         | 0.25             | 0.41           | \$1,971,000                  | \$801,636                     | 0.58           | \$464,949        |
| <u>Office</u> | <u>865</u>    | <u>0.35</u>      | <u>0.06</u>    | <u>\$2,361,500</u>           | <u>\$133,961</u>              | <u>0.58</u>    | <u>\$77,698</u>  |
| <b>TOTAL:</b> | <b>25,226</b> | <b>N/A</b>       | <b>2.0</b>     | <b>N/A</b>                   | <b>\$3,241,016</b>            | <b>N/A</b>     | <b>2,848,065</b> |

1/ From Table 4

2/ Assumes a typical, low-rise development profile with 4 parking spaces per 1,000 square feet of space.

3/ RS Means Construction Cost Estimator

4/ Changed Property Ratio: The adjustment made from new improvement market value to taxable assessed value under Measure 50.

SOURCE: Lincoln County Assessor's Office and Johnson Reid, LLC

We then applied the Lincoln County 2009-10 Changed Property Ratio (CPR) by land use type, which revealed an estimated increase in taxable assessed value of \$2.85 million. Therefore, \$13.2 million in locally captured economic activity resulting from NOAA Pacific MOC decision is expected to translate into an

increase of \$2.85 million in new, taxable assessed value in the South Beach Urban Renewal District.

### **CONTRIBUTION TO SOUTH BEACH URBAN RENEWAL DISTRICT GROWTH**

The estimated \$2.85 million in new, taxable assessed value as a result of NOAA facility-induced economic growth will directly contribute to the South Beach Urban Renewal District total, taxable assessed value and by extension, annual incremental tax revenue. The increase in assessed property value is equivalent to 2.9% of existing District value in 2009.

For purposes of conservative District revenue forecasting, we assumed the new, taxable assessed value would be constructed and enter the tax rolls in equal increments over a four year period. Therefore, in fiscal years 2011-12 through 2014-15, the District is assumed to grow by \$712,000 annually due solely to NOAA facility impact growth. Detailed projections of District property tax revenue growth are found in Table V-1 of the plan amendment report.