Final

Commercial and Industrial Buildable Lands Inventory and Economic Opportunities Analysis

Prepared for Newport

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Disclaimer

ECONorthwest completed this report on behalf of the City of Newport. This report is an economic opportunities analysis (EOA), which the City will use as a factual basis as part of the City's Comprehensive Plan update.

Throughout the report we identify the sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECONorthwest has made every effort to check the reasonableness of the data and assumptions, and to test the sensitivity of the results of our analysis to changes in key assumptions. ECO acknowledges that any forecast of the future is uncertain. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail.

Acknowledgements

Numerous people contributed to the completion of this project. We would like to acknowledge the hard work of the project Technical Advisory Committee, State of Oregon Staff, and consultants.

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The Technical Advisory Committee (TAC) provided technical input in the economic opportunities analysis. The TAC included the following people:

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Executive Summary

This report presents an economic opportunities analysis consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as "an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends" and states that "a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located."

The primary goals of the EOA are to (1) project the amount of land needed to accommodate the future employment growth within the Newport Urban Growth Boundary (UGB) between 2012 and 2032, (2) evaluate the existing employment land supply within the Newport UGB to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land. This project included preparation of an economic development strategy which is presented in a separate document.

How much buildable employment land does Newport currently have?

Table S-1 shows commercial, industrial, shoreland, and public land with development capacity (lands classified vacant, partially vacant, or destination resort) by constraint status. The results show that about 81 acres within tax lots with development capacity are developed. An additional 439 acres have development constraints that make the land unsuitable for employment uses, leaving about 408 vacant suitable employment acres within the UGB.

Table S-1. Employment land with development capacity (Vacant, Partially Vacant, and Destination Resort) by constraint status, Newport UGB, 2012

Plan Designation/ Classification	Tax Lots	Total Acres in Tax Lots	Developed Acres	Constrained Acres	Suitable Acres
Commercial					
Vacant	107	55	0	19	36
Partially Vacant	4	7	2	3	2
Destination Resort	2	51	0	27	24
Subtotal	**113**	**113**	**2**	**49**	**62**
Industrial					
Vacant	71	441	0	251	190
Partially Vacant	7	38	9	20	9
Subtotal	**78**	**479**	**9**	**270**	**199**
Shoreland					
Vacant	6	1	0	1	1
Partially Vacant	4	130	71	17	42
Subtotal	**10**	**131**	**71**	**18**	**42**
Public					
Vacant	20	206	0	102	104
Subtotal	**20**	**206**	**0**	**102**	**104**
TOTAL	**221**	**928**	**81**	**439**	**408**

Source: City of Newport GIS data; analysis by ECONorthwest

How much growth is Newport planning for?

Goal 9 requires that cities provide for an adequate supply of commercial and industrial sites consistent with plan policies. To meet this requirement, Newport needs an estimate of the amount of commercial and industrial land that will be needed over the 2012-2032 planning period. Table S-2 presents the forecast of employment growth by land use type in Newport's UGB from 2012 to 2032.

Table S-2 shows Newport's employment base in 2012, with about 10,060 employees, and forecast for 12,276 employees in 2032, an increase of 2,216 employees at an average annual growth rate of 1.0%.

Table S-2. Forecast of employment growth in by building type, Newport UGB, 2012–2032

	2012		2032		
Land Use Type	Employment	% of Total	Employment	% of Total	Change 2012 to 2033
Industrial	1,108	11%	1,841	15%	733
Commercial	7,269	72%	8,593	70%	1,324
Government	1,683	17%	1,841	15%	158
Total	**10,060**	**100%**	**12,276**	**100%**	**2,216**

Source: ECONorthwest
Note: Green shading denotes an assumption by ECONorthwest

Can some employment growth be accommodated on underutilized land?

Some new employment can be accommodated on underutilized land, such as the districts along Highway 101 identified in the buildable lands analysis as having development capacity. The analysis estimates in Table S-3 assume that some employment will locate on underutilized lands, including: (1) employment that can locate in existing built space (e.g., through filling vacancies or through making more efficient use of existing office space) and (2) employment can be accommodated on land with unused capacity, through infill development or redevelopment of an existing structure.

Using these assumptions, 211 new employees will be accommodated on underutilized land and 1,805 new employees will require vacant (including partially vacant) land over the 2012 to 2032 period.

Table S-3. New employment locating on underutilized land or vacant land, Newport, 2032

Land Use Type	New Employment	Employment on Underutilized Land		Emp. on Vacant Land
		Existing Built Space	Land with Additional Capacity	
Industrial	733	0	0	733
Commercial	1,324	132	199	993
Government	158	79	0	79
Total	**2,216**	**211**	**199**	**1,805**

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

How much land will be required for employment?

The forecast of growth of 1,805 new employees will result in the following demand for vacant (and partially vacant) employment land: 86 gross acres of industrial land and 63 gross acres of commercial land.

Does Newport have enough land to accommodate employment growth?

Table S-4 compares the supply of suitable employment land with the demand for employment land:

- **Industrial.** Newport has a supply of nearly 200 acres of suitable land designated for industrial uses. The employment forecast projects demand for 86 acres of industrial land. **Newport has more industrial land than the City is projected to need over the**

20-year period, with a surplus of 113 gross acres of industrial land.

- **Commercial.** Newport has 62 acres of land designated for commercial uses and 42 acres designated for Shoreland uses. According to the City's zoning code, the purpose of land designated for shore land uses is for use by water-dependent businesses. **Newport has a surplus of 41 acres of land for commercial uses.**

Table S-4. Sufficiency of employment land to accommodate employment growth, gross acres, Newport, 2012 to 2032

Land Use Type	Land Supply (Gross Acres)	Land Demand (Gross Acres)	Land Surplus (Deficit)
Industrial	199	86	113
Commercial			
Commercial	62		
Shoreland	42		
Commercial Subtotal	104	63	41

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

While Newport has an overall surplus of commercial and industrial land, some issues exist with the city's land supply. Specifically, Newport has a limited number of larger (5+ acre) commercial sites.

What types of business does Newport want to attract?

To identify target industries and economic development strategies, the City appointed a Technical Advisory Committee (TAC) to guide staff and the City's consultant. The following industries are targeted for employment growth in Newport based, in part, on the Community's aspirations for economic development, as articulated in the vision. In addition, the TAC considered Newport's competitive and comparative advantages that make it attractive to specific industries. The industries that fit with the Community's aspirations for growth and identified as having growth potential in Newport are:

- **Marine and ocean observing research and education.** The relocation of the NOAA fleet to Newport creates a significant opportunity to expand this cluster. Growing the existing cluster of marine and ocean research and educational institutions has been a goal in Newport. Key economic development opportunities in the ocean-observing industry cluster include: (1) operations and maintenance of marine research vessels, (2) development of facilities to support marine research operations and maintenance, (3) Development of

facilities and programs to support marine education, (4) Instrument design, manufacturing, deployment, sales, and service, and (5) expanded marine research.

- **International commerce.** The Port of Newport is one of the few deep draft ports on the Oregon Coast, which is accessible by large cargo vessels. The Port completing renovation of the International Terminal of the Port.
- **Fishing and seafood processing.** Newport is one of Oregon's largest commercial fishing port, accounting for about one-third of the State's commercial fishing activity.
- **Tourism.** Tourism plays an important role in Newport's economy. In 2010, about 36% of Newport's employment was in sectors most related to tourism: accommodation and food service, arts and recreation, and retail trade.

What are the implications of the key economic development issues in Newport?

Following are several key issues identified in the economic opportunities analysis:

- **Identify and manage opportunity sites for the target industries.** The community's aspiration for economic development is growth of businesses related to marine and ocean observing research and education. In addition, the community wants to grow employment in international commerce, fishing, and tourism. A key factor in growing employment in these clusters to Newport is whether the City has an attractive land-base with the characteristics and infrastructure needed by businesses in these cluster.

  Businesses in all of these clusters compete for land in similar areas: along the Bay Front and in South Beach. There is a limited amount of vacant land with direct access to the Bay Front. The Economic Development Strategy includes an action of identifying opportunity sites for the marine and ocean observing cluster.

  Some vacant land along the Bay is likely to be used for international commerce (e.g., land owned by the Port) and some will continue to be used for fishing and related industries. For other land with direct Bay access, the City will need to work with stakeholders and land-owners to prioritize development of key properties with Bay access.

  Newport has no commercial sites over 20 acres, 2 sites between 10 and 20 acres (with a total of 24 acres) and two sites between 5 and 10 acres (with a total of 16 acres). Both sites over 10 acres are located in

the Wolf Tree destination resort area and are not currently serviced. No sites over five acres are available north of Yaquina Bay. Newport's industrial zone allows commercial uses outright—which could address part of the deficit. Some of this deficiency could potentially be addressed through redevelopment.

A core element of the economic development strategy is to establish an urban renewal district (URD) to facilitate redevelopment north of Yaquina Bay.

The City's economic development strategy also identifies annexation policy as a potential tool to work with property owners in the unincorporated areas of the UGB to clarify issues such as infrastructure provision outside of the city limits. The project ultimately will result in an Urban Growth Management Agreement (UGMA) between the City of Newport and Lincoln County that includes the South Beach area. The Newport City Council has a goal of accomplishing this in the next five years.

- **Facilitating redevelopment along Highway 101.** Newport has a substantial amount of land that is potentially redevelopable. Map 2-2 shows three districts with concentrations of redevelopment potential: (1) along Highway 101 around the City Center District, (2) along Highway 20, east of the intersection with Highway 101, and (3) along Highway 101 between NE 6th Street and NE 12th Street. These areas all include underutilized and vacant land.

  The City has limited resources available to encourage redevelopment. While each of these areas offers redevelopment opportunities, we recommend the City consider focusing effort on redevelopment around the City Center District. This area is a gateway from the south to the northern side of Newport. It is connected to the Historic Bayfront and is near City Center. This area includes larger parcels with relatively low improvement to land value ratio, some of which are unused.

  The Economic Development Strategy includes an action to evaluate creating an urban renewal district north of Yaquina Bay. The purpose of the District is to address the issues of underutilized commercial and industrial properties and infrastructure deficiencies, to spur new development. We recommend considering the commercial portions of the Highway 101 and Highway 20 corridors in the District.

- **Making infrastructure investments in key areas.** The City has limited funds to maintain existing infrastructure and facilities and very little financial capacity to make strategic investments. Existing

funds are generally used for basic maintenance. The lack of funds leaves the City in a reactive position for addressing infrastructure problems.

The City has some funds available from urban renewal for investment in the South Beach area. We recommend making investments in South Beach on key opportunity sites that need infrastructure improvements to enable development of marine and ocean observing businesses.

The Strategy also includes actions for maintaining and improving infrastructure to the International Terminal, necessary to support fishing, and infrastructure used by visitors. There may be opportunities for infrastructure investments that benefit businesses in multiple clusters, such as improvements to marine infrastructure used by fisherman and the Port. In addition, improvements to roads connecting the Bay Front with Highway 20 may benefit multiple users.

Given the limited funding available, the City will need to seek infrastructure grants. There may be opportunities for public-private partnerships that improve infrastructure.

Chapter 1 Introduction

This report presents an Economic Opportunities Analysis (EOA) for the City of Newport consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as "an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends" and states that "a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located."

BACKGROUND

The City of Newport is updating the Economy chapter of the City's Comprehensive Plan. This update includes two related parts: (1) determining whether Newport has enough employment land through conducting an economic opportunities analysis (EOA) and (2) developing a strategy to guide economic development policy and actions in Newport. These documents: (1) are informed by recent data, (2) consider the viewpoints of various stakeholder groups in the community, (3) express an economic development vision for Newport, and (4) clearly articulate the city's role in implementing the strategy.

The impetus for this project is the economic activity and opportunities created by the relocation of the National Oceanic and Atmospheric Administration's (NOAA) Pacific Marine Operations Center. The Center, dedicated in August 2011, increased marine research related employment in Newport from 300 to 500 jobs.

The relocation of the Pacific Marine Operations Center creates an opportunity to position Newport as a world-class marine research hub. The National Science Foundation's (NSF) Global Ocean Observatory Initiative will pour millions of dollars into marine research in the coming decades. Newport is ideally positioned to attract substantial funding from NSF and other organizations.

Newport's ability to capitalize on NOAA and NSF is not guaranteed. Newport needs to better understand the needs of marine research and develop strategies that will make Newport attractive to researchers in the field. Development of this strategy is on-going: a local nonprofit organization—the Yaquina Bay Ocean Observing Initiative (YBOOI)—initiated an effort to develop a vision for marine related research. Moreover, the Greater Newport Chamber of Commerce is engaging the

broader business community in discussions about Newport's opportunities. Finally, the Port of Newport will begin updating its strategic plan in 2012.

The City last evaluated economic development opportunities in 2005 as part of the South Beach Neighborhood Plan. That process, however, was not community wide, and relied on 2003 data. Considerable changes in the economies of Newport and Oregon have occurred since 2003.

This report presents the results of the economic opportunities analysis (EOA). The purpose of the EOA is to identify economic opportunities (and challenges), inventory buildable lands, and determine whether Newport has a sufficient supply of buildable lands designated for employment to accommodate growth forecast for the 2012 to 2032 period.

A separate document, presents the second product of this project: the Newport Economic Development Strategy. The Strategy articulates Newport's vision and goals for economic development and actions to implement the community's aspirations.

FRAMEWORK FOR ECONOMIC DEVELOPMENT PLANNING IN OREGON

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The Land Conservation and Development Commission adopted amendments to this administrative rule in January 2007.[1] The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate

[1] The amended OAR 660-009, along with a Goal 9 Rule Fact Sheet, are available from the Oregon Department of Land Conservation and Development at http://www.oregon.gov/LCD/econdev.shtml.

the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020).* Cities with a population over 2,500 are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025.* Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

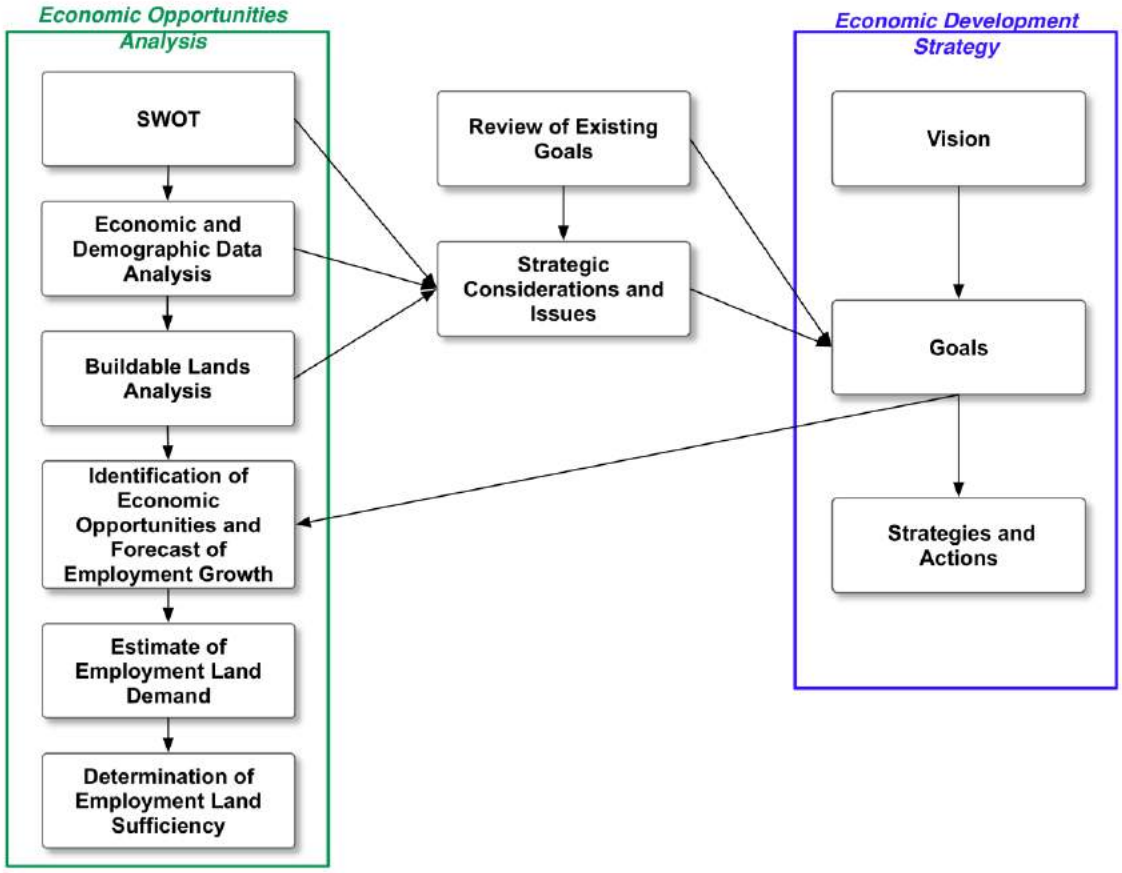
This report is an Economic Opportunities Analysis, the first key element required by Goal 9. This EOA includes an analysis of national, state, regional, and county trends as well as an employment forecast that leads to identification of needed development sites. It also includes an inventory of buildable commercial and industrial land in Newport.

This project included developing an EOA and a strategy for economic development. Figure 1-1 shows the relationship between the EOA and the economic development strategy for Newport. The purpose of each product is:

- **Economic Opportunities Analysis.** The EOA is intended to determine whether Newport has enough employment land. The EOA requires inventorying existing employment lands and identifying economic opportunities, an analysis that is guided by Goal 9.

- **Economic Development Strategy and Action Plan.** This document articulates a community economic development vision and includes specific actions for how to achieve that vision. The economic development vision and goals are intended to: (1) provide direction about economic development policy for the City, especially policy relating to land use and (2) coordinate economic development efforts among the organizations in Newport that work on economic development issues.

Figure 1-1. Newport process for economic development analysis



Source: ECONorthwest

ORGANIZATION OF THIS REPORT

The remainder of this report is organized as follows:

- **Chapter 2, Land Available for Industrial and Other Employment Uses** presents a regional inventory of industrial and other employment lands.
- **Chapter 3, Land Demand and Site Needs in Newport** presents the employment forecast for Newport and an estimate of how much land is needed to accommodate the 20-year employment forecast. It also describes the types of sites that are needed to accommodate industries that are likely to locate or expand in Newport.
- **Chapter 4, Implications** presents a comparison of land supply and site needs and discusses the implications of the Economic Opportunities Analysis.

This report also includes four appendices:

- **Appendix A, Review of National, State, Regional, County, and Local Trends** describes national, state, and local economic trends that will influence the regional economy. Appendix A presents detailed information about economic trends that may affect Newport, which is summarized in Chapter 3.
- **Appendix B, Economic Development Vision, Objectives, and Implementation Strategies** presents the City's policy approach to economic development.
- **Appendix C, Employment Forecast and Site Needs for Industrial and other Employment Uses** presents the forecast for employment growth in Newport and the characteristics of sites likely to be needed by employers in the future
- **Appendix D, Buildable Lands Inventory Methodology** describes the approach and definitions used to develop the inventory of buildable land.

Chapter 2 Land Available for Industrial and Other Employment Uses

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Newport UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the City of Newport. The results are based on analysis of GIS data by ECONorthwest and review by City staff. The remainder of this chapter summarizes key findings of the draft buildable lands inventory. This chapter includes tabular summaries and narrative descriptions. The results also include several series of maps that are available from the City's Community Development Department. The methods used to conduct the inventory are summarized in Appendix D of this report.

LAND BASE

Table 2-1 shows acres within the Newport UGB and city limits in 2011. According to the City GIS data, Newport has about 8,179 acres in 7,668 tax lots within its UGB. The UGB includes areas within Yaquina Bay that are not developable. Newport has about 7,151 acres within its City Limits. Additionally, the City has about 1,028 acres between the City Limits and Urban Growth Boundary (the UGA).

Table 2-1. Acres in Newport UGB and City Limit, 2012

Area	Tax Lots	Total Acres	Acres in Tax Lots
City Limits	7,066	7,151	8,060
Urban Growth Area	602	1,028	3,808
Total	**7,668**	**8,179**	**11,868**

Source: City of Newport GIS data; analysis by ECONorthwest
Note: Table includes all areas within the UGB, including non-residential areas
Urban Growth Area is the unincorporated area between the City Limits and Urban Growth Boundary

Table 2-1 summarizes all land in the Newport UGB. The next step was to identify the employment land base (e.g., lands with plan designations that allow employment). The land base includes traditional employment

designations—Commercial, Industrial, and Shoreland)—as well as public lands (including the Newport Airport which is presented as a separate category). Most lands in the Public plan designation are considered committed, however, a review of lands designated Public with City Staff identified some lands with development capacity.

Table 2-2 shows that about 3,424 acres within the Newport UGB is included in the employment land base (including lands in Airport and Public designations). Thus, about 42% of land within the Newport UGB is included in the employment land base. The land base includes all land in tax lots that have any portion that is in an employment or public plan designation.

Table 2-2. Lands designated for employment uses, Newport UGB, 2012

Area	Value
Newport UGB	
Number of Tax Lots	7,668
Acres in UGB	8,179
Newport Employment Land	
Tax Lots in Employment Designations (Comm/Ind/Shoreland)	1,919
Acres in Land Base in Employment Designations	1,570
Newport Airport Land	
Tax Lots in Airport	3
Acres in Airport	541
Newport Public Land	
Tax Lots in Public	207
Acres in Public	1,326

Source: City of Newport GIS data; analysis by ECONorthwest

The third step in the inventory was to classify lands into mutually-exclusive categories that relate to their development status. The categories include:

- Vacant land
- Partially vacant land
- Undevelopable land
- Developed land
- Public land
- Semi-public land
- Destination resort land

See Appendix D for detailed definitions of these categories. ECO used the rules described in Appendix D to perform a preliminary classification. The next step was to show the results in map form overlaid on a 2009 aerial photo to validate the classifications. After validating the classifications, City staff reviewed and commented on the draft maps.

Table 2-3 shows all employment land in the Newport UGB by classification and plan designation. The results show that of the 3,437 acres in the UGB, about 2,639 acres are in classifications with no development capacity, and the remaining 915 acres have development capacity.

Analysis by plan designation shows that about 11% (404 acres) of the employment land in the Newport UGB is designated Commercial, 17% (573 acres) is designated Industrial, and 29% (594 acres) are in Shoreland. A total of 1,867 acres (nearly 50%) are in Public plan designations (note that the Airport is in the Public plan designation). The majority of land in the Public plan designation is committed, but a few sites owned by the city and port were considered available for development during the planning period. These lands are both in the Public plan designation and public ownership. These lands were classified as Vacant (approximately 206 acres).

Table 2-3. Employment acres by classification and plan designation, Newport UGB, 2012

	Plan Designation											
	Commercial		Industrial		Shoreland		Airport		Public		Total	
Classification	Tax Lots	Total Ac	Tax Lots	Total Ac	Tax Lots	Total Ac	Tax Lots	Total Ac	Tax Lots	Total Ac	Tax Lots	Total Ac
Developed	907	263	102	82	549	62	2	537	44	250	1,604	1,194
Semi-Public	21	9	5	12	4	61	0	0	12	4	42	87
Public	47	12	1	0	37	317	1	4	116	859	202	1,192
Unbuildable	32	7	1	0	12	22	0	0	15	7	60	37
Vacant	107	55	71	441	6	1	0	0	20	206	204	703
Partially Vacant	4	7	7	38	4	130	0	0	0	0	15	174
Destination Resort	2	51	0	0	0	0	0	0	0	0	2	51
Total	**1,120**	**404**	**187**	**573**	**612**	**594**	**3**	**541**	**207**	**1,326**	**2,129**	**3,437**
Total	**53%**	**12%**	**9%**	**17%**	**29%**	**17%**	**0%**	**16%**	**10%**	**39%**	**100%**	**100%**

Source: City of Newport data; analysis by ECONorthwest
Note: Areas in shown as Airport are in the Public plan designation. They are shown separately here because of economic activities at the airport.

Table 2-4 shows employment acres by classification and constraint status for the Newport UGB in 2012. Analysis by constraint status (the table columns) shows that about 1,674 acres are classified as built or committed (e.g., unavailable for development), 1,355 acres were classified as constrained, and 408 were classified as vacant and suitable for employment uses.

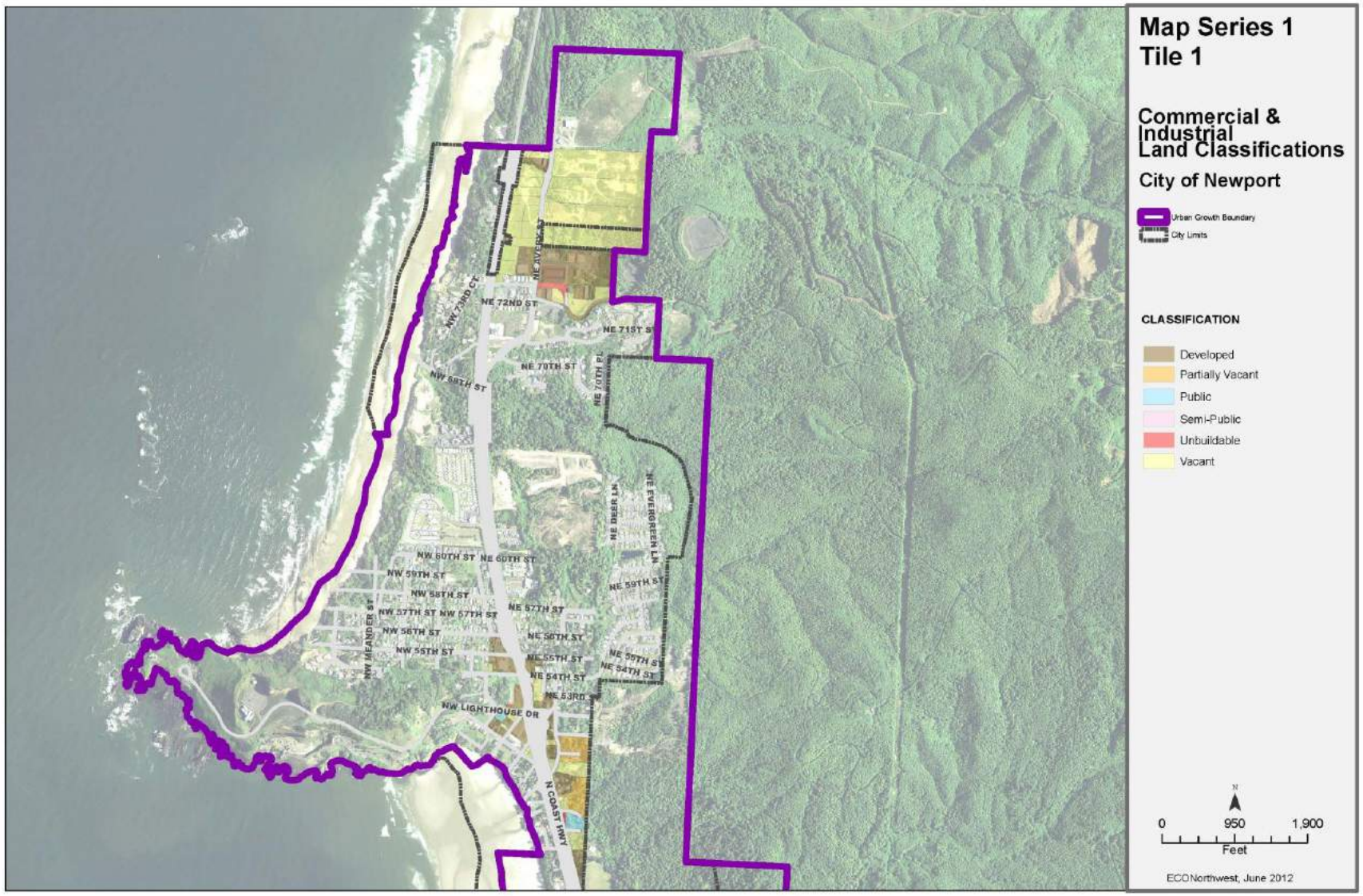
Table 2-4. Employment acres by classification, Newport UGB, 2012

Classification	Tax Lots	Total Ac	Land not suitable for new Employment: Developed Ac	Land not suitable for new Employment: Constrained Ac	Land suitable for Employment: Suitable Ac
Land with no development capacity					
Developed	1,604	1,194	814	381	0
Semi-Public	42	87	74	12	0
Public	202	1,192	679	513	0
Unbuildable	60	37	26	11	0
Subtotal	**1,908**	**2,509**	**1,592**	**917**	**0**
Land with development capacity					
Vacant	204	703	0	372	331
Partially Vacant	15	174	81	40	53
Destination Resort	2	51	0	27	24
Subtotal	**221**	**928**	**81**	**439**	**408**
Total	**2,129**	**3,437**	**1,674**	**1,355**	**408**

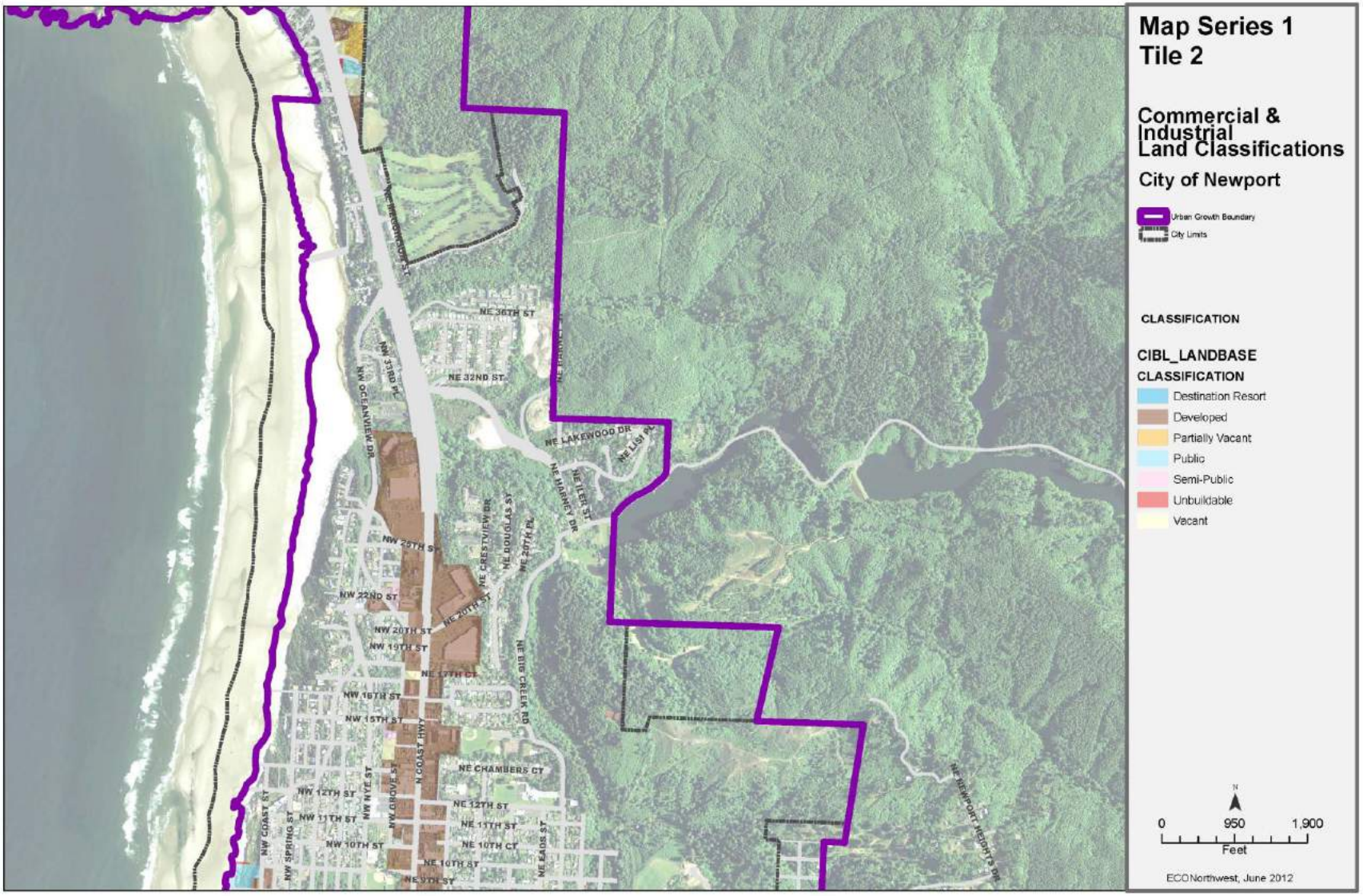
Source: City of Newport data; analysis by ECONorthwest

Maps 2-1 through 2-6 show commercial and industrial land in Newport by development status. The maps show the City of Newport in six tiles (maps), from the northern edge of the UGB to the southern edge of the UGB.

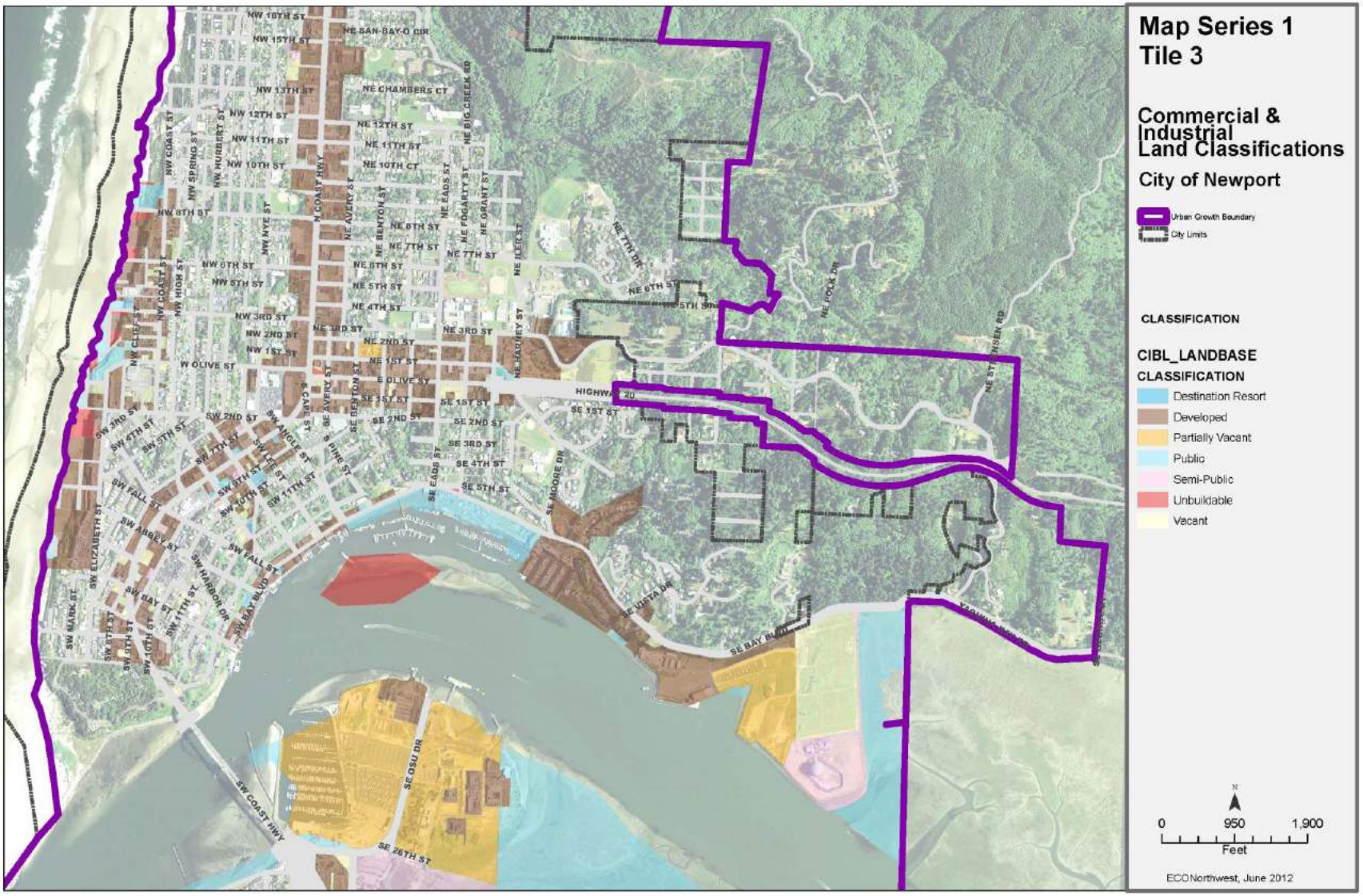
Map 2-1. Employment land by classification, Tile 1, Newport UGB, 2012



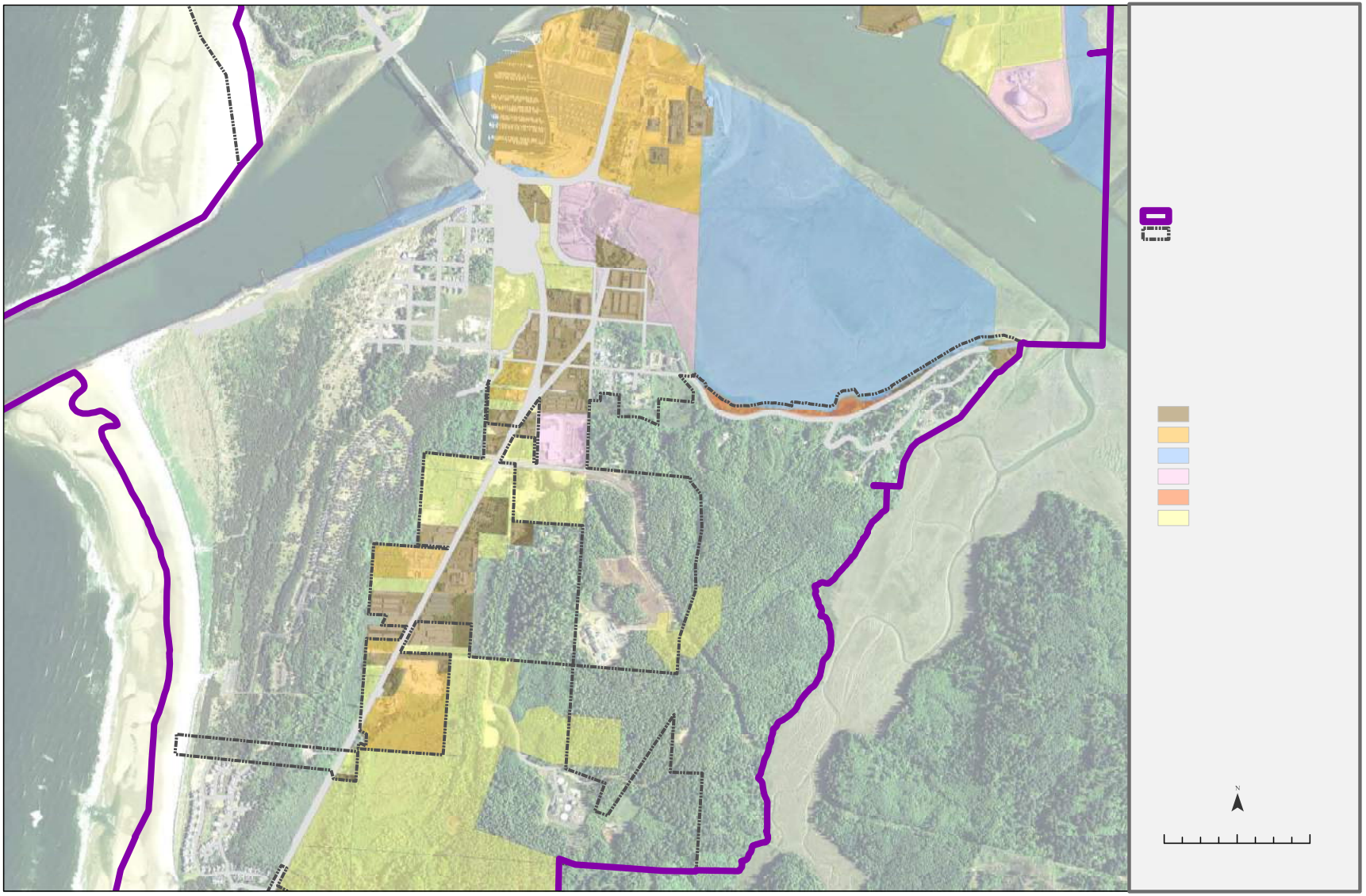
Map 2-2. Employment land by classification, Tile 2, Newport UGB, 2012



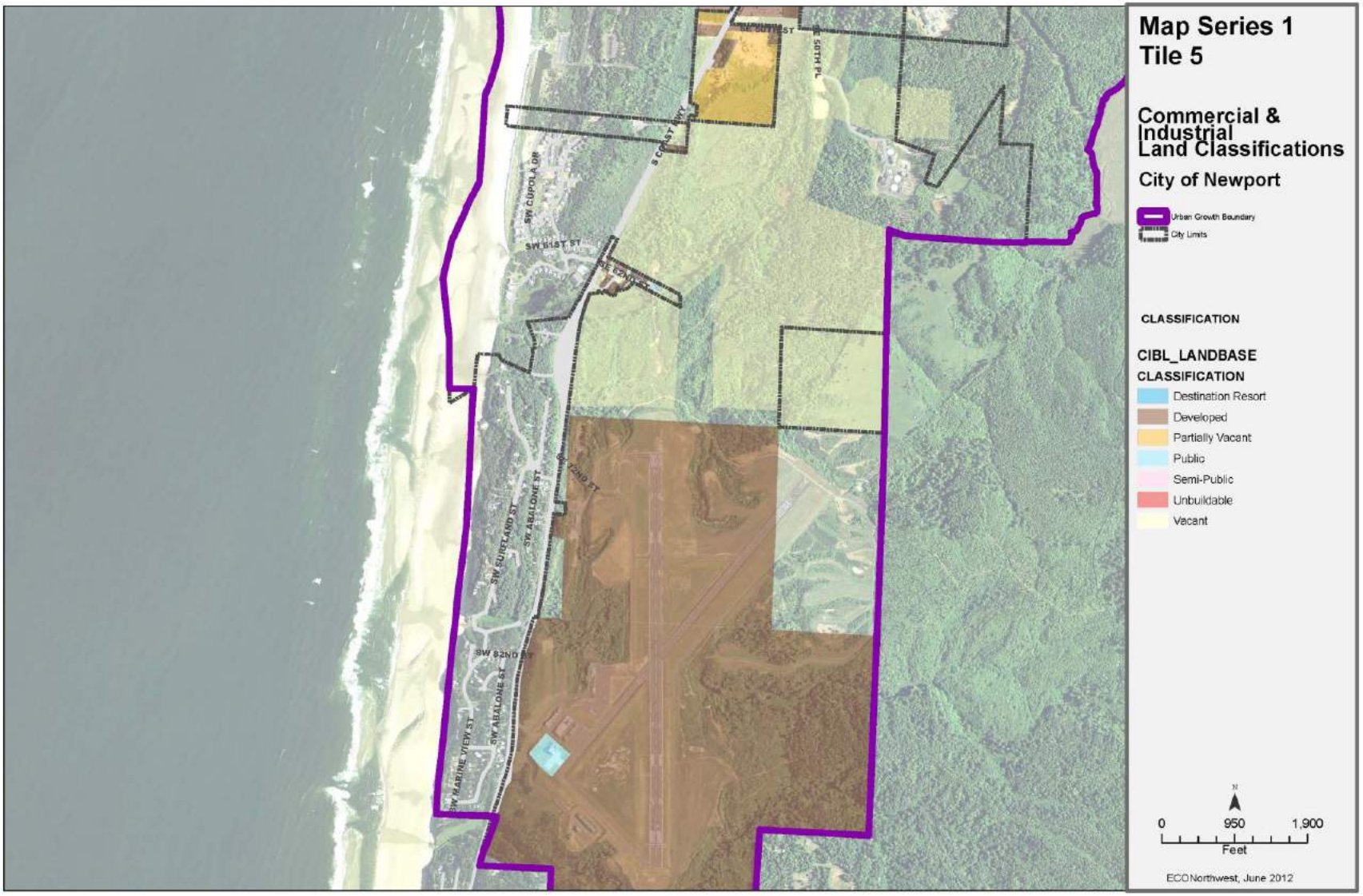
Map 2-3. Employment land by classification, Tile 3, Newport UGB, 2012



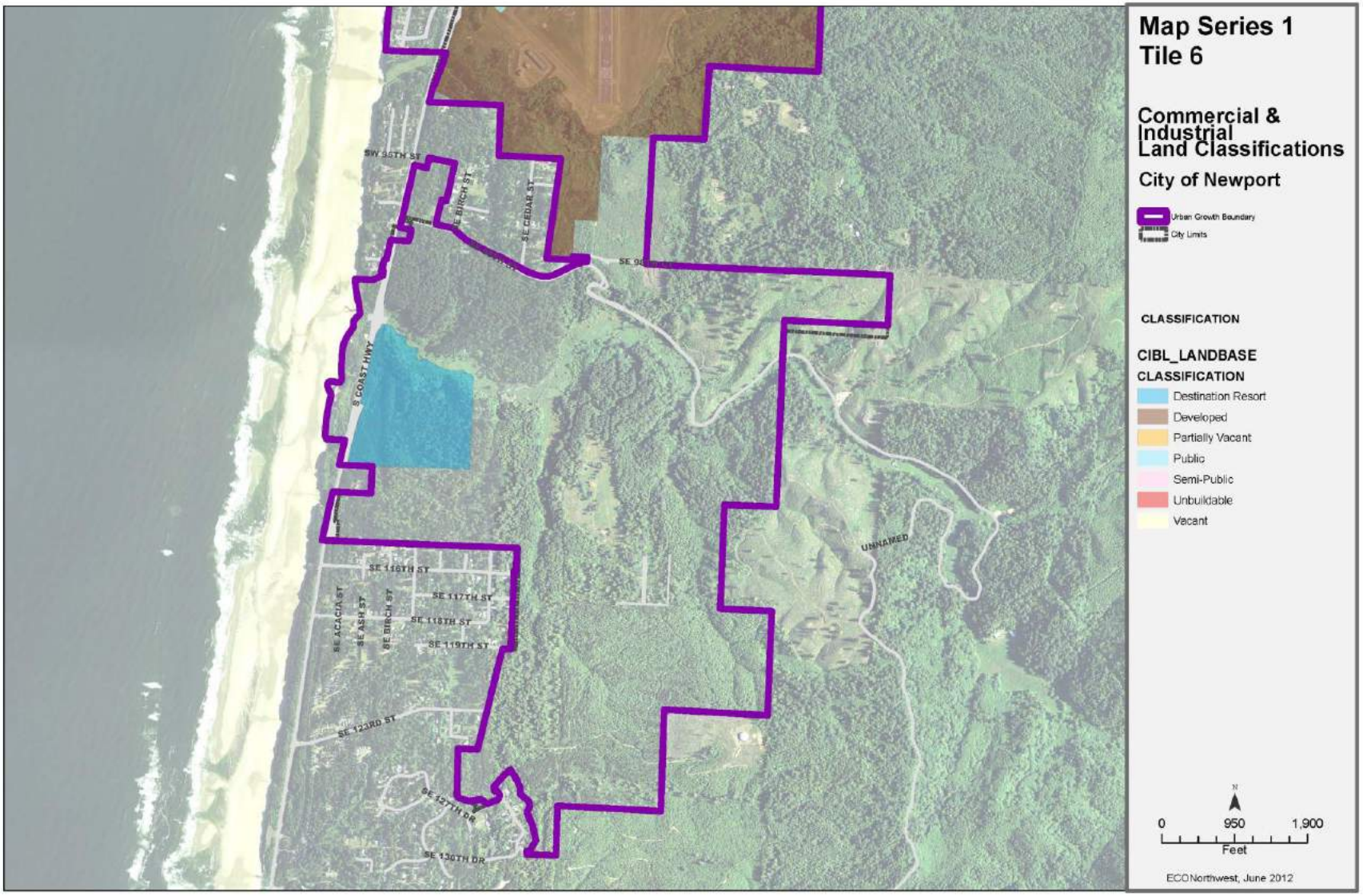
Map 2-4. Employment land by classification, Tile 4, Newport UGB, 2012



Map 2-5. Employment land by classification, Tile 5, Newport UGB, 2012



Map 2-6. Employment land by classification, Tile 6, Newport UGB, 2012



VACANT BUILDABLE LAND

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with physical constraints (in this instance areas with shoreline buffers, wetlands, geologic buffers, or floodways), or (3) lands that are already committed to a use (public/quasi-public or private open space).

Table 2-5 shows land with development capacity (e.g., lands classified as vacant, partially vacation, or destination resort) by constraint status. The data show that about 81 acres within tax lots with development capacity are developed. An additional 439 acres have development constraints that are unsuitable for employment uses, leaving about 408 vacant suitable employment acres within the UGB.

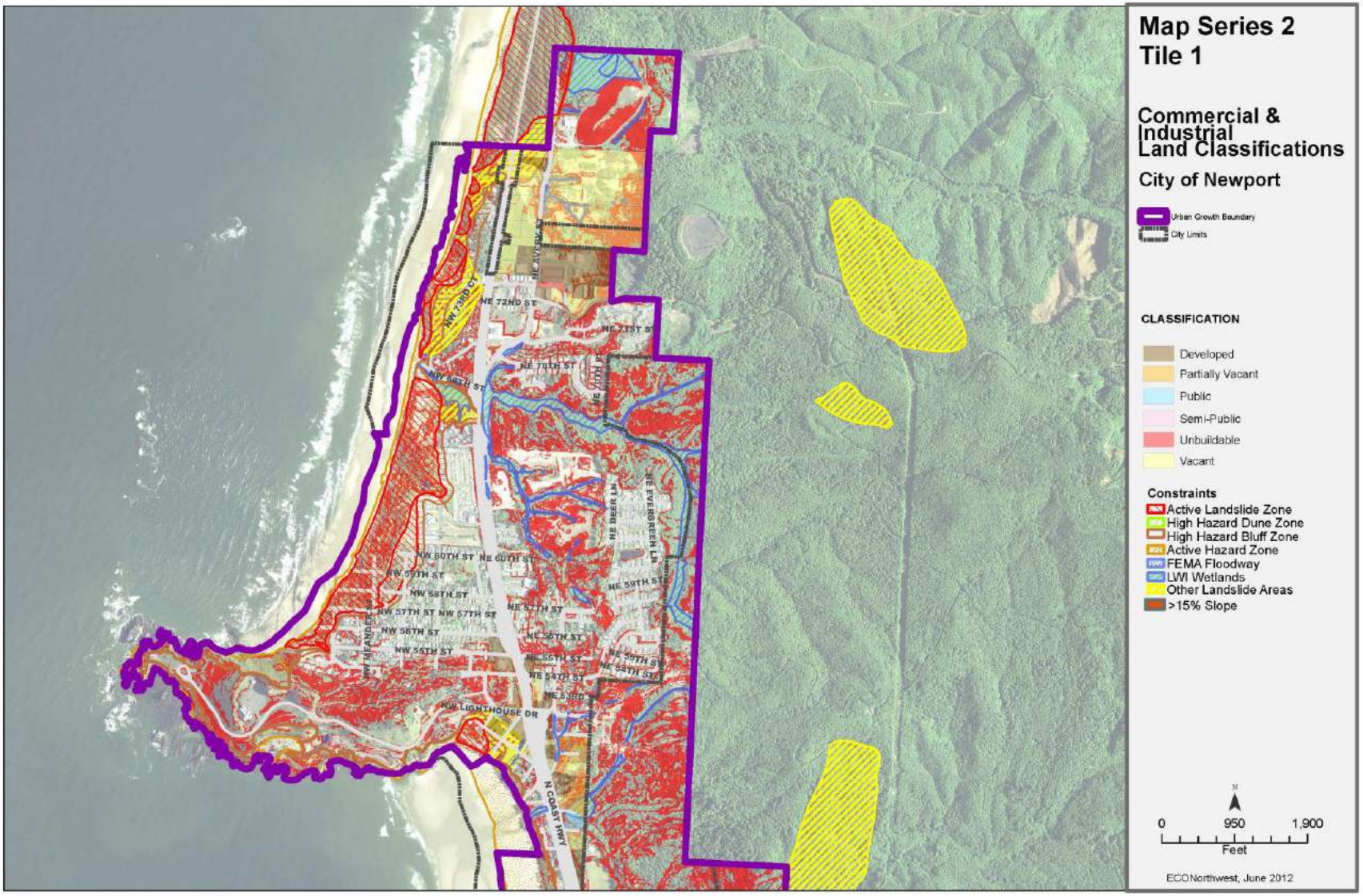
Table 2-5. Employment land with development capacity (Vacant, Partially Vacant, and Destination Resort) by constraint status, Newport UGB, 2012

Plan Designation/ Classification	Tax Lots	Total Acres in Tax Lots	Developed Acres	Constrained Acres	Suitable Acres
Commercial					
Vacant	107	55	0	19	36
Partially Vacant	4	7	2	3	2
Destination Resort	2	51	0	27	24
Subtotal	**113**	**113**	**2**	**49**	**62**
Industrial					
Vacant	71	441	0	251	190
Partially Vacant	7	38	9	20	9
Subtotal	**78**	**479**	**9**	**270**	**199**
Shoreland					
Vacant	6	1	0	1	1
Partially Vacant	4	130	71	17	42
Subtotal	**10**	**131**	**71**	**18**	**42**
Public					
Vacant	20	206	0	102	104
Subtotal	**20**	**206**	**0**	**102**	**104**
TOTAL	**221**	**928**	**81**	**439**	**408**

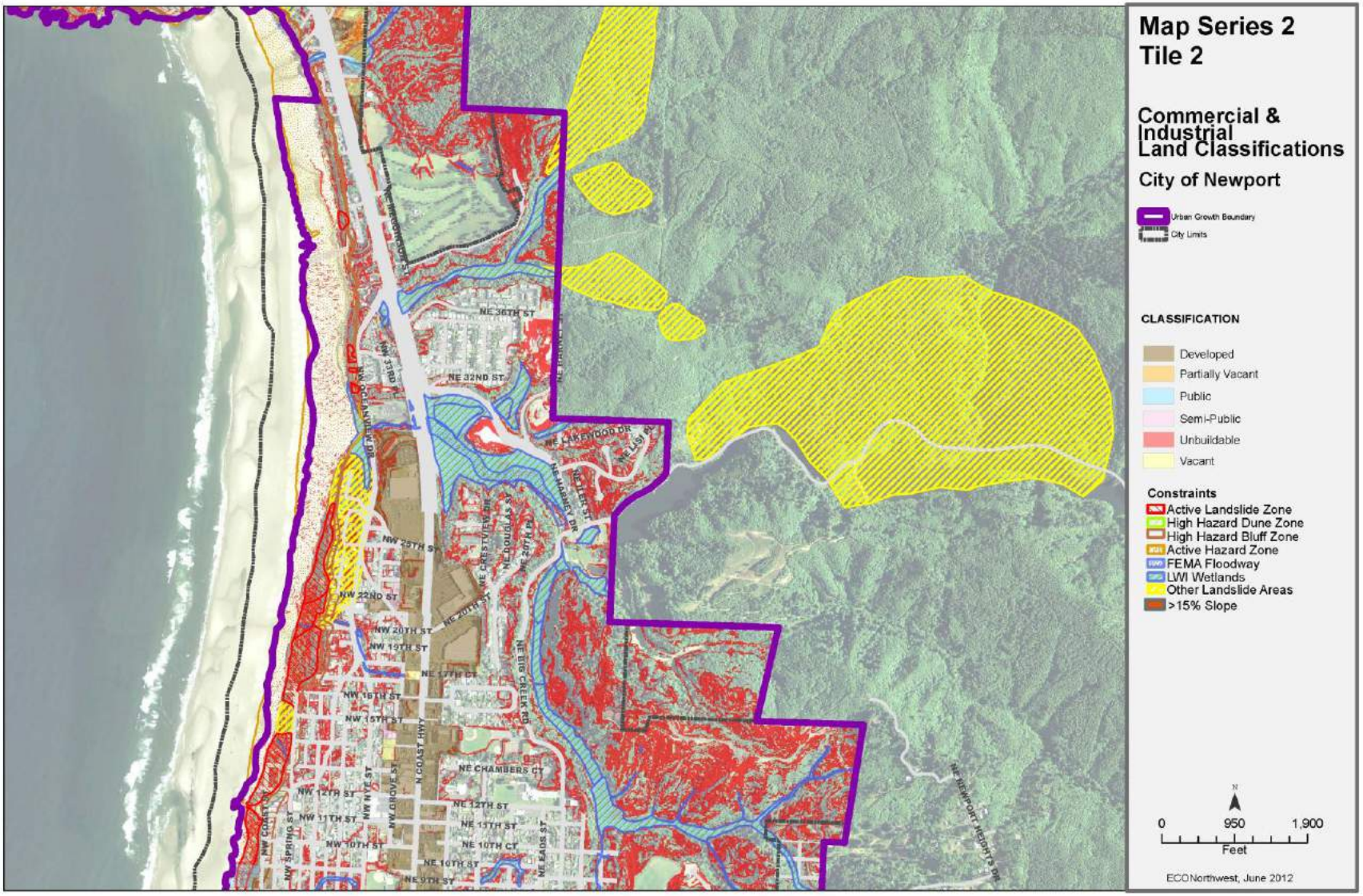
Source: City of Newport GIS data; analysis by ECONorthwest

Maps 2-7 through 2-12 show commercial and industrial land in Newport by development status with development constraints. The maps show the City of Newport in six tiles (maps), from the northern edge of the UGB to the southern edge of the UGB.

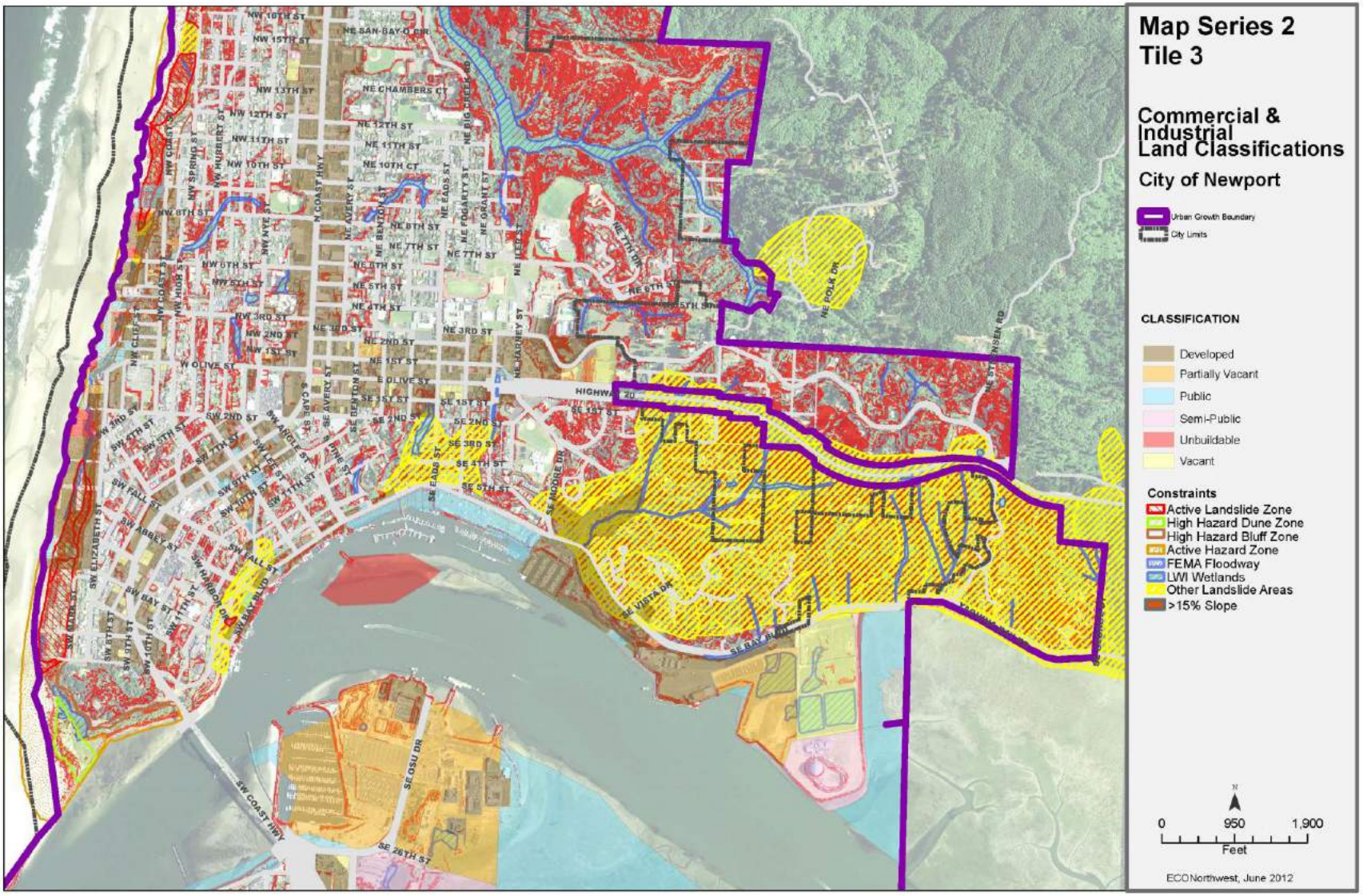
Map 2-7. Employment land by classification with development constraints, Tile 1, Newport UGB, 2012



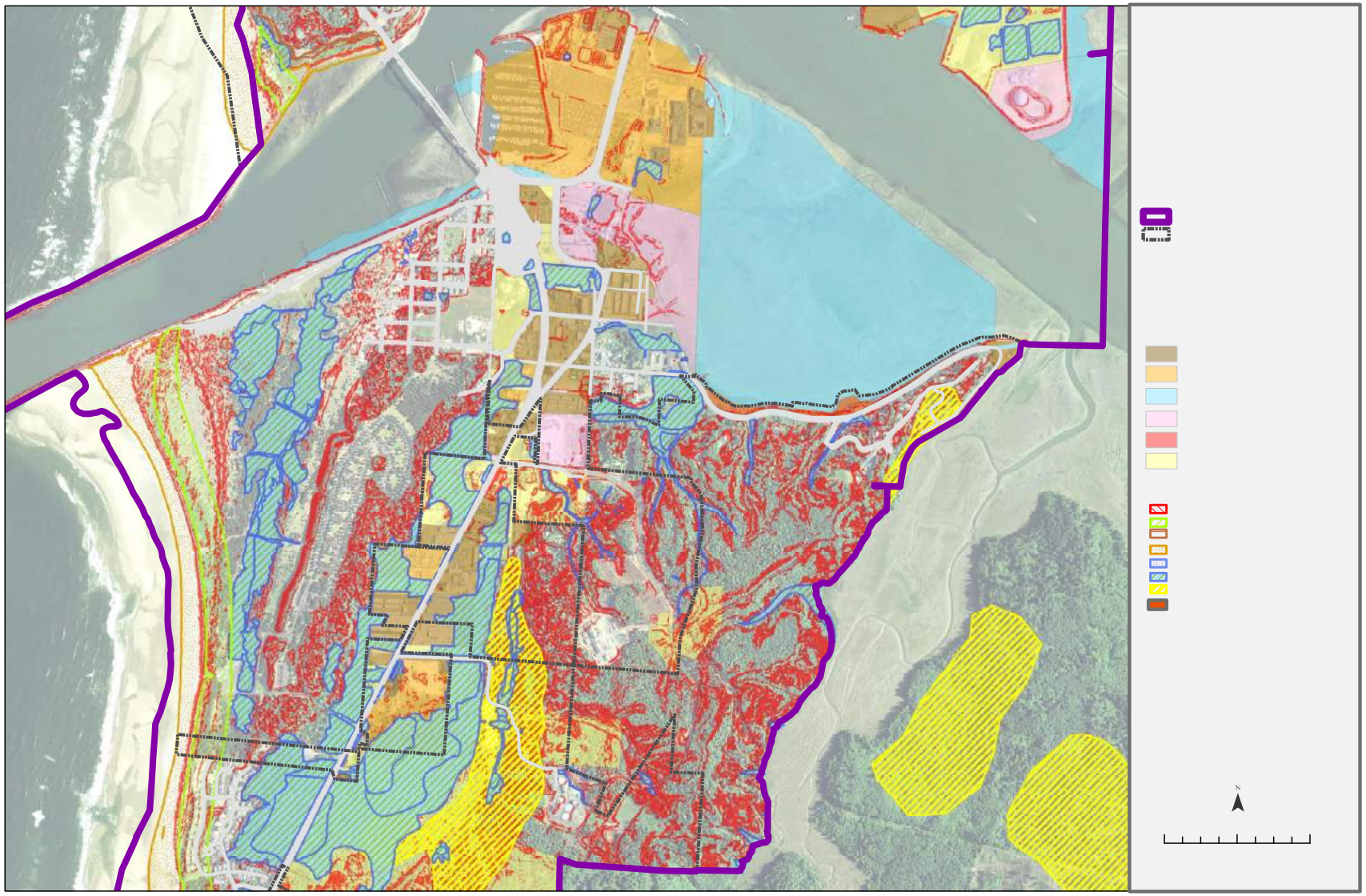
Map 2-8. Employment land by classification with development constraints, Tile 2, Newport UGB, 2012



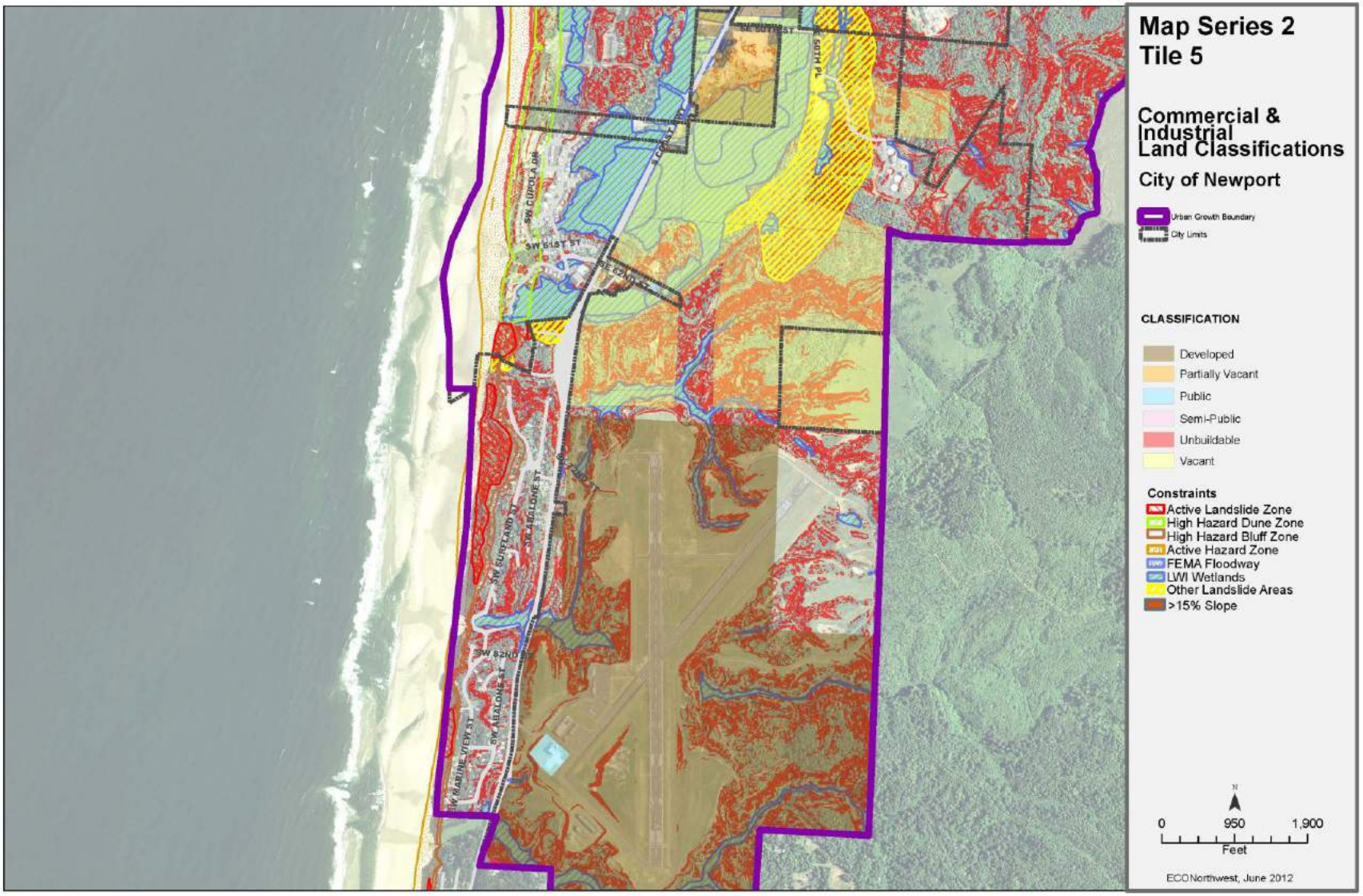
Map 2-9. Employment land by classification with development constraints, Tile 3, Newport UGB, 2012



Map 2-10. Employment land by classification with development constraints, Tile 4, Newport UGB, 2012



Map 2-11. Employment land by classification with development constraints, Tile 5, Newport UGB, 2012



Map 2-12. Employment land by classification with development constraints, Tile 6, Newport UGB, 2012

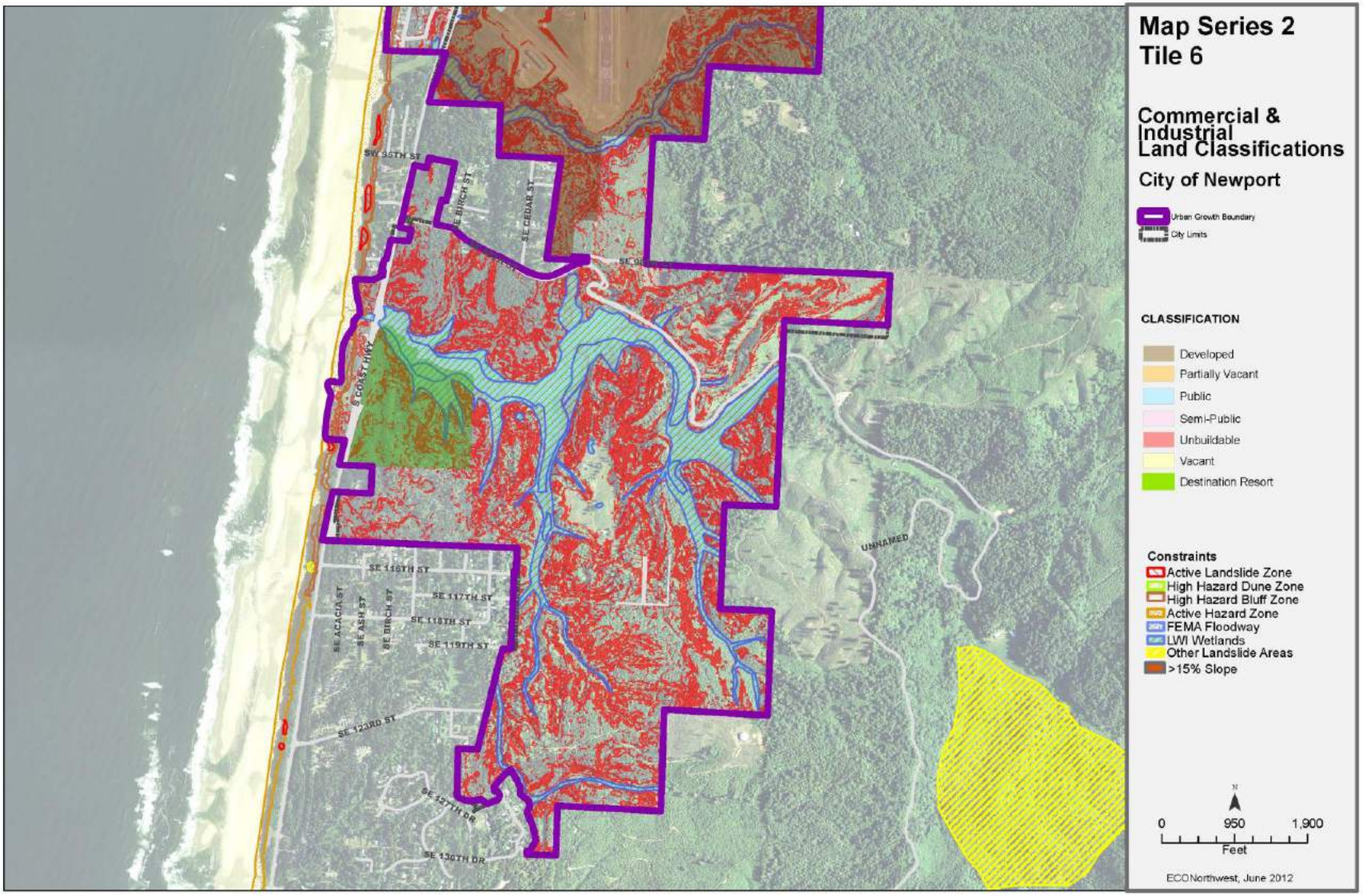


Table 2-6 shows the size of lots by plan designations for suitable employment land. Newport has nearly 195 lots that are smaller than 2 acres (with 106 acres of land). Newport has 16 lots between 2 and 10 acres (80 acres of land), four lots between 10 and 20 acres in size (51 acres of land), and six lots 20 acres and larger (171 acres of land).

Table 2-6. Lot size by plan designation, suitable acres, Newport UGB, 2012

	Suitable Acres in Tax Lot								
Plan Designation	<0.25	>=0.25 and <0.50	>=0.50 and <1.00	>=1.00 and <2.00	>=2.00 and <5.00	>=5.00 and <10.00	>=10.00 and <20.00	>=20.00 and <50.00	Total
Acres									
Commercial	7	4	5	2	3	16	24	0	62
Industrial	13	3	17	9	19	34	12	94	199
Public	1	2	1	0	8	0	15	78	104
Shoreland	42	0	1	0	0	0	0	0	42
Subtotal	**62**	**9**	**23**	**12**	**30**	**50**	**51**	**171**	**408**
Tax Lots									
Commercial	88	11	7	2	1	2	2	0	112
Industrial	27	9	21	7	5	5	1	3	78
Public	9	3	1	0	3	0	1	3	20
Shoreland	9	0	1	0	0	0	0	0	10
Subtotal	**133**	**23**	**30**	**9**	**9**	**7**	**4**	**6**	**220**

Source: City of Newport GIS data; analysis by ECONorthwest

The data in Table 2-6 suggest that Newport has a deficiency of larger commercial sites. Newport has no commercial sites over 20 acres, 2 sites between 10 and 20 acres (with a total of 24 acres) and two sites between 5 and 10 acres (with a total of 16 acres) . Both sites over 10 acres are located in the Wolf Tree destination resort area and are not currently serviced. No sites over five acres are available north of Yaquina Bay. Newport's industrial zone allows commercial uses outright—which could address part of the deficit. Some of this deficiency could potentially be addressed through redevelopment.

REDEVELOPMENT POTENTIAL

Redevelopment potential addresses land that is classified as developed that may redevelop during the planning period. While many methods exist to identify redevelopment potential, a common indicator is improvement to land value ratio. Different studies have used different improvement to land value ratio thresholds to identify redevelopment potential.

One of the key issues in preparing an accurate inventory of employment lands in Newport is how to identify and inventory under-utilized or redevelopable lands. For the purpose of this study, ECO does not make a distinction between under-utilized and redevelopable sites. The inventory consistently uses the term "redevelopable" since it is consistent with the

terminology of the statewide land use program.[2] For the purpose of this study, however, the definition of "redevelopable" land is considered synonymous with "under-utilized" properties.

In the context of the Newport commercial and industrial buildable lands inventory, redevelopment potential addresses land that was initially classified as developed that may redevelop during the planning period. While many methods exist to identify redevelopment potential, a common indicator is improvement to land value ratio. A threshold used in some studies is an improvement to land value ratio of 1:1. Not all, or even a majority of parcels that meet this criterion for redevelopment potential will be assumed to redevelop during the planning period.

The factors that affect redevelopability are many, but the economics are pretty straightforward. Redevelopment occurs when achievable rents exceed the current return on investment of the land and improvements. The reality, of course, is much more complicated. One way to think about the market for land is "highest and best use" which is a function of:

1. Achievable Pricing – Given the product type and location, what lease rates or sales prices are achievable?
2. Entitlements – What do local regulations allow to be built?
3. Development Cost – What is the cost to build the range of product types allowed (entitled) at that location?
4. Financing – What is the cost of capital, as well as the desired returns necessary to induce development of that form?

In our many conversations with commercial realtors and developers for this and other studies, the conclusion has been consistent: it is very difficult to develop reliable models of redevelopment potential. The factors are complicated and are location and time specific. Moreover, public policy can play a significant role in facilitating redevelopment.

In previous studies, ECO has explored supply side approaches using GIS datasets. The problem with supply side approaches is that the base data available to conduct empirical analyses is quite coarse and as a result, the analyses are limited and the results have varying levels of inaccuracy. The improvement to land value approach has some problems; for example, it does not make distinctions for land intensive employment uses that

[2] In this instance, the terminology is a little confusing. OAR 660-009-0005(1) defines redevelopment as follows: "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period. For the purpose of clarity, we use the term developed to mean land committed to existing productive employment uses and redevelopable as lands that have potential for redevelopment during the planning period.

require minimal built structure investments. Despite this limitation, it has utility in identifying districts that may be worth focusing resources on.

More robust approaches can consider employment densities, floor area ratios, and other factors. Often, however, the quality of the data is a limiting factor and the cost of generating new or cleaning existing data sets is prohibitive. For this study, we attempted to use employment density combined with improvement to land value ratios. Our assessment was the results were unreliable and unsuitable as a valid indicator of redevelopment potential.

Thus, this study uses a demand-based approach to estimating how much land will be redeveloped over the 20-year planning period. ECO typically approaches the issue from the demand side by making deductions from total employment growth to account for new employment that will not need any new land (see Chapter 4). This approach, however, will not meet key city objectives in developing economic development strategies.

One foundational element of the city's strategy is to identify districts that are "ripe" for redevelopment and then to focus efforts on those districts. To identify potential districts, we analyzed the improvement to land value ratio of all commercial properties within the UGB. That analysis was followed by field assessment and discussions with city staff and other experts.

Table 2-6 shows improvement to land ratios for developed land in Newport. About one-quarter of Newport's developed sites (319 acres of land) have an improvement to land value ratio of less than 0.25, suggesting that these sites have high redevelopment potential. Another 8% of Newport's developed land has an improvement to land ratio of between 0.25 and 1.0 and 11% of Newport's land has a ratio of between 1.0 and 2.0, suggesting redevelopment potential. Higher improvement to land value ratios suggest decreasing probability of redevelopment potential.

Table 2-6. Improvement to land value ratio, land classified as "developed," Newport UGB, 2012

	Improvement to Land Value Ratio								
Plan Designation	>0.00 - <0.25	>=0.25 - 0.50	>=0.50 - <0.75	>=0.75 - <1.00	>=1.00 and <2.00	>=2.00 - <3.00	>=3.00	No Data	Total
Acres									
Airport	167	-	-	-	-	-	-	370	537
Commercial	15	20	35	19	82	20	28	42	263
Industrial	5	11	11	6	14	9	14	11	82
Public	131	2	-	0	1	2	71	43	250
Shoreland	1	3	1	1	48	1	42	95	192
Total									
Acres	**319**	**36**	**47**	**27**	**147**	**33**	**155**	**561**	**1,324**
Percent of Acres	**24%**	**3%**	**4%**	**2%**	**11%**	**2%**	**12%**	**42%**	**100%**
Tax Lots									
Airport	1	-	-	-	-	-	-	1	2
Commercial	54	74	100	87	188	51	71	282	907
Industrial	6	17	11	11	16	10	7	24	102
Public	6	4	-	5	5	5	15	4	44
Shoreland	5	11	7	9	21	3	17	480	553
Total									
Tax Lots	**72**	**106**	**118**	**112**	**230**	**69**	**110**	**791**	**1,608**
Percent of Acres	**4%**	**7%**	**7%**	**7%**	**14%**	**4%**	**7%**	**49%**	**100%**

Source: City of Newport GIS data; analysis by ECONorthwest

Of particular interest for the purpose of this study is low-improvement value commercial land. The improvement to land value ratio analysis in Table 2-7 shows 89 acres of commercial land with an improvement to land value ratio of less than 1.0:1.0; 35 of those acres have an improvement to land value ratio of less than 0.5:1.0. Rows with darker shading have more redevelopment potential.

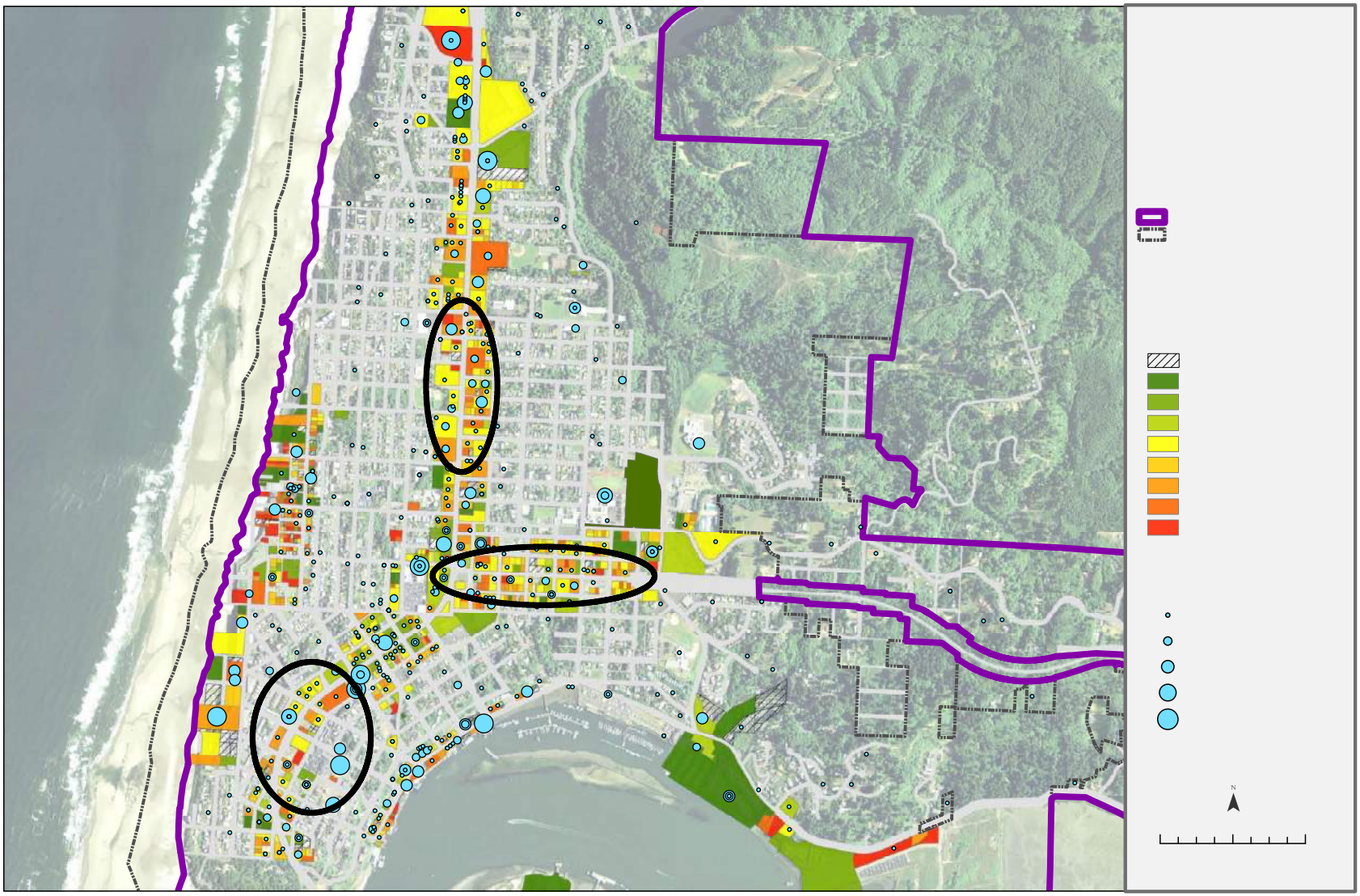
Table 2-7: Developed commercial land by improvement-to-land value ratio, Newport UGB, 2012

Improvement to	Tax Lots		Acres	
Land Value Ratio	Number	Percent	Number	Percent
>0.00 - <0.25	54	6%	15	6%
>=0.25 - 0.50	74	8%	20	8%
>=0.50 - <0.75	100	11%	35	13%
>=0.75 - <1.00	87	10%	19	7%
>=1.00 and <2.00	188	21%	82	31%
>=2.00 - <3.00	51	6%	20	8%
>=3.00	71	8%	28	11%
No Data	282	31%	42	16%
Total	**907**	**100%**	**263**	**100%**

Source: City of Newport GIS data; analysis by ECONorthwest

ECO developed a series of maps with the location of employers and the improvement to land value ratio to aid in this process. The Technical Advisory Committee and city staff chose to focus commercial redevelopment strategies on the Highway 101 and Highway 20 corridors north of Yaquina Bay. Map 2-13 shows the location of potential commercial redevelopment districts.

Map 2-13. Potential commercial redevelopment districts



Source: City of Newport GIS data; analysis by ECONorthwest

Chapter 3 Land Demand in Newport

OAR 660-009 requires cities to maintain a 20-year inventory of sites designated for employment. To provide for at least a 20-year supply of commercial and industrial sites consistent with local community development objectives, Newport needs an estimate of the amount of commercial and industrial land that will be needed over the planning period. Demand for commercial and industrial land will be driven by development in the target industry clusters, the expansion and relocation of existing businesses, and new businesses locating in Newport. The level of this business expansion activity can be measured by employment growth in Newport.

This chapter summarizes key findings from: (1) Appendix A: National, State, County, and Local Economic Trends, (2) Appendix B: Factors Affecting Future Economic Growth in Newport, and (3) Appendix C: Employment Forecast and Site Needs for Industrial and other Employment Uses. This chapter focuses on the issues related to growth of industries that the Technical Advisory Committee identified as potential growth industries for Newport.

NEWPORT'S COMPETITIVE AND COMPARATIVE ADVANTAGES

Economic development opportunities in Newport will be affected by local conditions as well as the national and state economic conditions described in Appendix A. Economic conditions in Newport relative to these conditions in other coastal communities form Newport's competitive and comparative advantages for economic development, which is described in detail in Appendix B. These advantages have implications for the types of firms most likely to locate or expand in Newport.

There is little that Newport can do to influence national and state conditions that affect economic development. Newport can, however, influence local factors that affect economic development. Newport's primary advantages are: access to the ocean, location in the central Oregon Coast, access to Highways 101 and 20, range of businesses in Newport, interest of business groups to work together, and high quality of life. Newport is likely to attract businesses that prefer to locate near to the ocean or businesses that have a choice of where to locate and prefer the quality of life factors in Newport.

The local factors that form Newport's competitive and comparative advantages are summarized below.

- **Location.** Newport is located in Lincoln County, along Highway 101, at the center of Oregon's Coast. Newport is one of the largest coastal communities and a regional center for retail trade, services, and government activity. Businesses in Newport have access to natural resources from surrounding rural areas, such as ocean products, wood products, agricultural products, and other resources. Businesses that need access to or want to attract customers from other coastal communities may locate in Newport.
- **Transportation.** Businesses and residents in Newport have access to a variety of modes of transportation: automotive (Highways 101 and 20), cargo vessels (at the newly renovated International Terminal), air (the Newport Municipal Airport), rail (in Toledo via the Willamette and Pacific Railroad), and transit (Lincoln County Transit). Businesses that need access to multiple modes of transportation, especially automotive and cargo vessels, may choose to locate in Newport. Newport's distance from Interstate 5, the Willamette Valley, and Portland are a barrier to attracting businesses that need direct access to I-5 or access to markets in the Willamette Valley.
- **Marine-related.** One of Newport's primary advantages is being on the Oregon Coast, with direct access to the Pacific Ocean. Newport's economy has developed with the following advantage:
    - **Proximity and access to the ocean.** Access to the ocean from Yaquina Bay is direct and fast. Boats in the Bay can get to the open ocean in about 10 minutes. This direct access to the ocean from a protected bay is relatively unique in the Northwest. Businesses that make frequent trips to and from the ocean may find Newport's access to the ocean appealing.
    - **Marine industries.** Newport has a wide-ranging of existing marine industries: the NOAA fleet, research and education, law enforcement, commercial fishing, seafood processing, recreational fishing, tourism-related ocean activities, and services for the marine industries. These industries form the base of a marine research and ocean observing industry cluster. Newport has opportunities to attract more marine industries, including small businesses that provide goods or services to marine businesses.
    - **Agreement about marine uses.** Newport has a wide-range of marine stakeholders, such as: the Port of Newport,

NOAA, the Hatfield Marine Science Center, commercial or recreational fishermen, the Coast Guard, and many others. These stakeholders are generally in agreement about the types of uses that should occur in Yaquina Bay, which focus on research, aquaculture, energy production, and transportation. The collaborative nature of the relationship among marine users is an advantage for economic development because there is broad agreement about the types of marine uses in and around Newport.

  - **Existing marine infrastructure.** Newport's existing marine infrastructure is an advantage for attracting businesses. The community will need to make investments, such as those that brought the NOAA fleet to Newport or the renovation to the International Terminal, to continue attracting marine-related businesses. In addition, the concentration of marine uses in Newport gives the Port advantages in attracting funding for the dredging necessary to accommodate large vessels.

- **Tourism.** The existing tourism industry in Newport is an advantage for economic development. Tourism results in $116.8 million in direct spending annually, supporting about 1,600 jobs, and resulting in lodging tax revenues of approximately $2.2 million annually. While direct spending and lodging tax revenues have grown since 2000, employment in tourism industries has remained relatively flat over the 10-year period.

  Newport's tourism infrastructure includes destinations such as the Oregon Coast Aquarium, recreational amenities, overnight accommodations, restaurants, retail, and cultural amenities. The amenities not only contribute to the success of Newport's tourism industries but enhance the quality of life for residents in and around Newport. The existing tourism industry in Newport offers opportunities to increase tourism and grow employment directly and indirectly related to tourism.

- **Buying power of markets.** The buying power of Newport's households, residents of nearby communities, and visitors provide a market for goods and services. Newport's role as a regional center for retail and services is a competitive advantage for attracting retail and other services.

- **Labor market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available but the quality, skills, and experience of

available workers.

Businesses in Newport have access to workers in Newport and from neighboring communities. Businesses need access to reliable skilled workers, both with and without higher education. Businesses that need skilled workers but that do not require a specialized college degree may find workers within the greater Newport area. These workers can gain job skills through training at the Oregon Coast Community College or on-the-job training. Some businesses, especially organized involved in research and education, may need to attract workers that have specialized college degrees from other parts of Oregon or out-of-state.

- **Public policy.** Public policy can impact the amount and type of economic growth in a community. The City can impact economic growth through its policies about the provision of land and redevelopment. Success at attracting or retailing firms may depend on the availability of attractive sites for development and public support for redevelopment. In addition, businesses may choose to locate in Newport (rather than another coastal community) based on: the City's tax policies, development changes (i.e., systems development charges), the availability and cost of public infrastructure (i.e., transportation or sanitary sewer), and attitudes towards businesses.

POTENTIAL GROWTH INDUSTRIES

An analysis of growth industries in Newport should address two main questions: (1) Which industries are most likely to be attracted to Newport? and (2) Which industries best meet Newport's vision for economic development? The types of industries that Newport wants to attract have the following attributes: high-wage, stable jobs with benefits; jobs requiring skilled and unskilled labor; employers in a range of industries that will contribute to a diverse economy; and industries that are compatible with Newport's community values.

NEWPORT'S VISION FOR ECONOMIC DEVELOPMENT

Economic data, such as the data in this document, provides decisionmakers with information necessary for planning for economic growth. Economic information on its own, however, is not sufficient for making decisions to plan for economic growth. Having an economic development vision and strategy that articulates how the community wants to grow in the future can help decisionmakers plan to accommodate growth. Goal 9 recognizes the importance of having a

vision to guide growth. OAR 660-009 encourages cities use a public process to assess community economic development potential and to use the results of that process to develop the community's economic development objectives.

The City of Newport worked with a Technical Advisory Committee (TAC) to develop a strategy to guide economic development in Newport over the planning period. The purpose of the strategy is to articulate the community's vision for economic development, develop actions to implement that vision, and define the City's role in helping to achieve community economic development aspirations through specific policies and implementation measures.

The economic development strategy is articulated in the technical memorandum "Economic Development Strategy" dated June ## 2012. This section presents the vision and goals of the strategy. The TAC identified potential growth industries, through the process of developing the strategy.

Vision

Newport's vision for economic development is:

> **The City of Newport embraces change and works collaboratively to create a dynamic, entrepreneurial, and forward looking community.**
>
> Newport's dynamic and collaborative waterfront community represents its diverse economy – an innovative and technologically advanced fishing and seafood industry; a rapidly growing marine research enterprise; and a resourceful coastal tourism and recreation industry. Newport's citizens place a high value on education, invest in lifelong learning, and upgrade skills for tomorrow's economy. People and families are attracted to the region for its diverse job opportunities and entrepreneurial environment. Residents invest in a quality of life reflected in numerous recreational opportunities, substantial infrastructure and support services, a vibrant arts community, and a beautiful and sustainable natural environment.

Goals

The TAC identified four broad goals necessary to achieve the City's vision for economic development.

- **Job Growth.** Create conditions that are attractive to the growth of existing business and attract new businesses to Newport to create new jobs.

- **Workforce Availability and Quality.** Provide appropriate workforce training opportunities to meet the needs of Newport's target industries.
- **Supply of Commercial and Industrial Land.** Provide an adequate number of sites of suitable sizes, types, and locations to accommodate a variety of economic opportunities over the planning period.
- **Infrastructure and public facilities.** Make investments in infrastructure and public facilities to support the target industries.

TARGET INDUSTRIES

The TAC identified target industries for growth based, in part, on the Community's aspirations for economic development, as articulated in the vision. In addition, the TAC considered Newport's competitive and comparative advantages that make it attractive to specific industries. The industries that fit with the Community's aspirations for growth and identified as having growth potential in Newport are:

- **Marine and ocean observing research and education.** Newport has been a growing center for marine and ocean research and education, with establishment of the Hatfield Marine Science Center in Newport more than 50 years ago. Since then, other marine and ocean research and educational institutions have located in Newport, such as the Oregon Coast Aquarium and, most recently, the National Oceanic and Atmospheric Administration (NOAA)'s Pacific Marine Operations Center.

  Growing the existing cluster of marine and ocean research and educational institutions has been a goal in Newport. In 2008, The Yaquina Bay Economic Foundation (YBEF) developed the document "Establishing Newport, Oregon as a Hub of Ocean Observing Activities in the Pacific Northwest: A Strategic Framework." This document describes the goal of developing an ocean observing industry cluster as a method of economic development to attract jobs to and grow jobs in Newport.

  The Framework describes a range of ocean-observing economic activities, including research (aboard vessels and from sea floor "cabled" observatories), marine education, developing hardware used for ocean observing, and repair and maintenance of vessels and equipment. The data generated through the local research is valuable to commercial and recreational fishermen or cargo shippers.

Key economic development opportunities in the ocean-observing industry cluster include:

- *Operations and maintenance of marine research vessels.* With the deployment of UNOLS vessel R/V Oceanus, the NOAA Pacific research fleet, and wave energy test berth, there will be a steady demand for personnel and services to operate and maintain these vessels. These include vessel piloting, navigation, crew support services, equipment operation, vessel maintenance, and logistics.
- *Development of facilities to support marine research operations and maintenance.* These include development and expansion of dock facilities, construction of storage and maintenance buildings, deployment of cranes and loaders, construction of access roadways and surfaces for forklift transport of equipment to vessels, and hiring skilled operations and maintenance personnel.
- *Development of facilities and programs to support marine education.* These include expansion of facilities at the Oregon Coast Aquarium, development of marine education camps and facilities, implementation of educational programs including eco-tourist based learning experiences, and expansion of marine education research.
- *Instrument design, manufacturing, deployment, sales, and service.* With the Newport region being a hub for marine science research, the demand will grow for companies to supply, operate, and maintain ocean instruments, including sensors, underwater instrumentation, telecommunications gear, and autonomous underwater vehicles, along with skilled personnel in the fields of design, engineering, manufacturing, operations, maintenance, and customer relations.
- *Expanded marine research.* As federal and state investments in marine research and education increase, so will Newport's role grow, adding scientists, researchers, technicians, and students. This will result in expanded research facilities, including labs, conference facilities, residential facilities, and offices.

- **International commerce.** The Port of Newport is one of the few deep draft ports on the Oregon Coast, which is accessible by large cargo vessels. The Port stopped shipping via large cargo vessels about a decade ago because the physical condition of the docks and

Port infrastructure required repairs. The Port in the process of renovating the International Terminal of the Port. The Terminal is a 17-acre facility with about 1,000 feet of deep-water waterfront, docks, and storage facilities.

At completion of renovation of the International Terminal is completed, the Port will be able to accommodate cargo ships, by the beginning of the second quarter of 2013. The Port is considering export opportunities for the International Terminal, such as exporting logs, which would result in about four to six ships carrying cargo from Newport per year. Over the long term, the International Terminal may attract one ship per month and may ship other goods in addition to logs, such as value added lumber, other wood products (e.g., paper products or wood chips), or other agricultural products (e.g., hay bales). One goal of renovation of the International Terminal is creating 50 new jobs between 2013 and 2018.

Operation of the International Terminal depends access to Highways 20 and Highway 101 from the north, for trucks carrying logs.

- **Fishing and seafood processing.** Newport is one of Oregon's largest commercial fishing port, accounting for about one-third of the State's commercial fishing activity. In 2008, Newport was home to about 238 fishing vessels, including both short-haul boats that fish in Oregon's Coastal fisheries and distant-haul boats that fish in Alaska's fisheries. Newport's commercial fishing vessels generated 61 million pounds of seafood, with a value of $32.5 million in 2008, accounting for about one-third of the seafood harvested in Oregon. The economic contribution of the fishing industry on personal income in Newport in 2008 was about $123 million, accounting for about 30% of statewide economic contribution from fishing.[3]
- **Tourism.** Tourism plays an important role in Newport's economy. The 2005 EOA showed that about 33% of employment in Newport was related to tourism or arts. In 2010, about 36% of employment was in the sectors most directly related to tourism: accommodation and food service, arts and recreation, and retail trade. The strengths of Newport's tourism cluster include:
    - Destinations such as the Oregon Coast Aquarium

[3] The most recently available report describing Newport's fishing industry is: "Oregon's Commercial Fishing Industry, Year 2007 and 2008 Review." Oregon Department of Fish and Wildlife and Oregon Coastal Zone Management Association, Inc.

- Recreational amenities, such as sightseeing tours or fishing charters
- Overnight accommodations, such as bed and breakfast inns, hotels, motels, RV parks and campgrounds, and private vacation rentals
- A wide range of restaurants, including fine dining
- Arts and cultural opportunities, such as art dealers, museums, or performance arts

EMPLOYMENT AND EMPLOYMENT FORECASTS

Goal 9 requires that cities provide for an adequate supply of commercial and industrial sites consistent with plan policies. To meet this requirement, Newport needs an estimate of the amount of commercial and industrial land that will be needed over the planning period. Appendix C presents the forecast for employment growth in Newport in detail. This section summarizes the results of the forecast for employment growth and land needs

Table 3-1 presents the forecast of employment growth by land use type in Newport's UGB from 2012 to 2032. Table 3-1 shows Newport's employment base in 2012, with about 10,060 *total* employees,[4] and forecast for 12,276 employees in 2032, an increase of 2,216 employees at an average annual growth rate of 1.0%.

Table 3-1 forecasts growth in all land-use types and it forecasts a shift in the composition of Newport's employment:

- **Industrial** will increase from 11% of employment in Newport in 2010 to 15% by 2032. The cause of this expected growth is faster growth in target industry businesses that require industrial land, such as manufacturing related to ocean observing businesses, ship and boat repair businesses, seafood processing, or businesses related to international shipping.
- **Commercial** employment will decrease from 72% of employment in Newport in 2010 to 70% by 2032. Although employment in commercial businesses will decrease as a percent of total employment, commercial employment will account for the majority of employment growth (1,300 new jobs).
- **Government** employment will decrease from 17% of employment in Newport in 2010 to 15% by 2032. Even with this decrease in the share of total employment, government employment will grow by nearly 160 people over the 20-year period. This employment will be the result of growth in public educational and research organizations, as well as growth in government to provide additional services to Newport's growing population.

[4] The forecast of employment in Newport is based on an estimate of *covered* employment in 2010. Covered employment does not include all workers in an economy, most notably excluding sole proprietors. Appendix C describes the approach to converting from covered employment to total employment.

Table 3-1. Forecast of employment growth in by building type, Newport UGB, 2012–2032

Land Use Type	2012 Employment	2012 % of Total	2032 Employment	2032 % of Total	Change 2012 to 2033
Industrial	1,108	11%	1,841	15%	733
Commercial	7,269	72%	8,593	70%	1,324
Government	1,683	17%	1,841	15%	158
Total	**10,060**	**100%**	**12,276**	**100%**	**2,216**

Source: ECONorthwest
Note: Green shading denotes an assumption by ECONorthwest

Some new employment will locate on underutilized land, such as the districts along Highway 101 identified in the buildable lands analysis as having development capacity. Table 3-1 shows employment growth on underutilized lands and on vacant lands. Table 3-2 assumes that some employment will locate on underutilized lands, reducing the need for vacant employment land:

- **Some employment growth will occur on sites with existing built space.** Some employment will locate in existing buildings, such as buildings with vacant spaces that can accommodate business tenants. In addition, existing businesses may be able to accommodate new employment by making more efficient use of existing office space (e.g., adding a new cubicle). ECO assumes that 10% of commercial employment can be accommodated this way and that 50% of government employment can be accommodated in existing built space.
- **Some employment growth will be accommodated on land with additional capacity.** Some employment growth will be accommodated on land with additional development capacity, through infill or redevelopment. Some parcels with an existing building may have capacity to add another building, which is infill development. In other cases, the existing building may be obsolete, resulting in redevelopment of the existing building, with increased capacity to accommodate employment. ECO assumes that 15% of commercial employment will be accommodated through infill or redevelopment.

Using these assumptions, 211 new employees will be accommodated on underutilized land and 1,805 new employees will require vacant (including partially vacant) land over the 2012 to 2032 period.

Table 3-2. New employment locating on underutilized land or vacant land, Newport, 2032

Land Use Type	New Employment	Employment on Underutilized Land		Emp. on Vacant Land
		Existing Built Space	Land with Additional Capacity	
Industrial	733	0	0	733
Commercial	1,324	132	199	993
Government	158	79	0	79
Total	**2,216**	**211**	**199**	**1,805**

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

Table 3-3 shows demand for vacant (including partially vacant) land in Newport over the 20-year period. The assumptions used in Table 3-3 are:

- **Employment density.** Table 3-3 assumes the following number of employees per acre (EPA): Industrial will have an average of 10 employees per acre and Commercial and government will have an average of 20 EPA.

  These employment densities are consistent with employment densities in Oregon cities of similar size as Newport. Some types of employment will have higher employment densities (e.g., a multistory office building) and some will have lower employment densities (e.g., a convenience store with a large parking lot).

- **Conversion from net-to-gross acres**. The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment including public right-of-way is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for right-of-way.[5] A net to gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

[5] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Net-to-gross factors generally range from 15% to 20% for cities like Newport. Given that Newport has an existing well developed street system, ECO uses a net-to-gross conversion factor of 15% for industrial and 20% for commercial and government.

Using these assumptions, the forecasted growth of 1,805 new employees will result in the following demand for vacant (and partially vacant) employment land: 86 gross acres of industrial land, 63 gross acres of commercial land, and 5 gross acres of land for government uses.

Table 3-3 . Demand for vacant land to accommodate employment growth, Newport, 2012 to 2032

Land Use Type	Emp. on Vacant Land	EPA (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	733	10	73	86
Commercial	993	20	50	63
Government	79	20	4	5
Total	**1,805**		**127**	**154**

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

Chapter 4 Implications

This chapter provides a brief summary of the implications of the economic opportunities needs analysis for Newport. This study looked at economic trends and land needs from a regional and local perspective. This chapter includes a general comparison of land supply and demand and description of the characteristics of needed sites. The buildable lands analysis is followed by a discussion of the key implications of the EOA for Newport.

COMPARISON OF LAND CAPACITY AND DEMAND

Table 2-5 shows the inventory of suitable employment land by plan designation. Table 3-3 presented an estimate of demand for vacant (including partially vacant) land needed to accommodate employment growth over the planning period. Table 4-1 compares the supply of buildable land with the demand for employment land:

- **Industrial.** Newport has a supply of nearly 200 acres of buildable land designated for industrial uses. The employment forecast projects demand for 86 acres of industrial land. **Newport has more industrial land than the City is projected to need over the 20-year period, with a surplus of 113 gross acres of industrial land.**
- **Commercial.** Newport has 62 acres of land designated for commercial uses and 42 acres designated for Shoreland uses. According to the City's zoning code, the purpose of land designated for shore land uses is for use by water-dependent businesses. **Newport has a surplus of 41 acres of land for commercial uses.**

Table 4-1. Sufficiency of employment land to accommodate employment growth, gross acres, Newport, 2012 to 2032

Land Use Type	Land Supply (Gross Acres)	Land Demand (Gross Acres)	Land Surplus (Deficit)
Industrial	199	86	113
Commercial			
Commercial	62		
Shoreland	42		
Commercial Subtotal	104	63	41

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

The employment forecast identified demand for five acres of land to accommodate government uses. These uses can be accommodated in a number of ways: (1) on land designated for Public uses, (2) on land designated for Commercial use, or (3) through redevelopment of land with underutilized buildings.

Newport has a deficiency of larger commercial sites. Newport has no commercial sites over 20 acres, two sites between 10 and 20 acres (with a total of 24 acres) and two sites between 5 and 10 acres (with a total of 16 acres). Both sites over 10 acres are located in the Wolf Tree destination resort area and are not currently serviced. No sites over five acres are available north of Yaquina Bay. Newport's industrial zone allows commercial uses outright—which could address part of the deficit. Some of this deficiency could potentially be addressed through redevelopment.

CHARACTERISTICS OF NEEDED SITES

OAR 660-009-0015(2) requires the EOA identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. Types of needed sites are based on the site characteristics typical of expected uses. The Goal 9 rule provides flexibility in how jurisdictions conduct and organize this analysis. The Administrative Rule defines site characteristics as follows in OAR 660-009-0005(11):

> (11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

Friends of Yamhill County v. City of Newberg, 62 Or LUBA 5 (2010), established a two-prong test for establishing relevant "site characteristics" as follows: (1) that the attribute be "typical of the industrial or employment use" and (2) that it have "some meaningful connection with the operation of the industrial or employment use." The first of those prongs, that the attributes be "typical," appears expressly in OAR 660-009-0015(2), which refers to "site characteristics typical of expected uses." In upholding LUBA's two prong test, the Court of Appeals agreed, "[t]hat 'necessary' site characteristics are those attributes that are reasonably necessary to the successful operation of particular industrial or employment uses, in the sense that they bear some important relationship

to that operation." *Friends of Yamhill County v. City of Newberg*, 240 Or App 738, 747 (2011).

This section presents a high-level discussion of the characteristics of land needed to accommodate the targeted industries, based on the identified need for: 86 gross acres of industrial land and 63 gross acres of commercial land. The following discussion summarizes the site characteristics and provides an overview of the two-prong test established for site characteristics under *Friends of Yamhill County v. City of Newberg*.

Marine and ocean observing research and education

Location within the City. Locational requirements of businesses in marine and ocean observing research and education cluster vary, depending on the type of business.

Newport has a limited supply of land with direct or nearby access to the Bay Front and should identify opportunity sites in these areas for use by marine and ocean observing organizations. The economic development strategy includes an action item of identifying specific opportunity sites for growth of this cluster within Newport.

- Attribute is "typical of the industrial or employment use":

  OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic.

  Organizations involved in research and education typically need access to the waterfront (i.e., a place to dock ships). While some organizations may prefer to have offices near the waterfront, others may find a location away from the water front acceptable.

  Businesses involved with maintenance and manufacturing typically need to have a location along the water front (e.g., for ship maintenance), while others may prefer a location near Highway 20 or the airport.

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

Some marine and ocean observing businesses require access to the waterfront to do business, for docking ships or to be located near their customers. Some marine and ocean observing businesses need more access to the highway for automotive or freight transportation or the airport.

- **Size of sites.** Marine and ocean observing research and education firms will require a variety of site sizes.
    - Attribute is "typical of the industrial or employment use" - OAR 660-009-0005(11) specifically cites “a minimum acreage” as a site characteristic. The size of sites required by businesses in this cluster will vary. Some businesses may require no new space and make use of space within an existing building, such as a small firm involved in research. Other businesses may require a larger site (e.g., one to two acres) to build a new facility. A large organization could require a five- to ten-acre site.
    - Attribute has "some meaningful connection with the operation of the industrial or employment use":

      The ability of the firm to do business on a particular site will require an appropriately sized site. The site should be large enough to accommodate the following (not every business will need all of these attributes): the built space needed by the business, employee and customer parking, maintenance or storage yards, room for expansion of the business, and other attributes that affect the size of the site.
- **Constraints and topography.** Development constraints include: steep slopes (over 15%), floodways, wetlands identified in the Local Wetlands Inventory (LWI), shoreland protection areas, and land identified for future public facilities as constrained or committed lands. Office-based businesses may be willing to locate on land with slopes of 15% or more. Manufacturing, maintenance, and related businesses will need relatively flat sites.
    - Attribute is "typical of the industrial or employment use":

      OAR 660-009-0005(11) specifically cites “site configuration including shape and topography” as a site characteristic. Reasonably level and well-drained land outside the floodway is typical of employment areas. Areas not meeting these requirements are constrained and, as a result, may be

unsuitable for development. OAR 660-009-0005(2) says: "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

  Development within constrained areas (e.g., wetlands identified in the LWI or shoreland protection areas) or with slopes of 15% or more may make it more difficult for developers to obtain financing or obtain insurance. Office and other types of commercial development requires level floorplates to reduce costs and offer maximum flexibility, as well as level areas to provide for freight access and pedestrian walkways that meet ADA standards.

- **Transportation access.** Transportation access may include automotive, shipping access, or access to the airport.
  - Attribute is "typical of the industrial or employment use":

    OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic. All businesses will need automotive access. Businesses that manufacture products for use outside of Newport will need sufficient access to Highway 101 and possibly to Highway 20. Businesses in this cluster are likely to require boat and shipping access in the Bayfront.
  - Attribute has "some meaningful connection with the operation of the industrial or employment use":

    All businesses in this industry require automotive access to function, for delivery of freight or access by customers and employees. Businesses that need highway access need it to minimize the amount of freight traffic on local streets, helping to improve mobility, minimize commercial traffic in residential neighborhoods, minimize adverse effects on urban land use and travel patterns. Businesses that require

boat and shipping access need it for boats and ships belonging to the business or their customers.

International commerce

- **Location within the City.** Businesses involved in international commerce will prefer to locate near the Port of Newport's facilities. Some of these businesses may require a Bayfront location and some may not need waterfront access.
    - Attribute is "typical of the industrial or employment use":

      OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic.

      Newport has a limited supply of land with direct or nearby access to the Bay Front, especially land near the Port of Newport's facilities. The Port, however, has some vacant land near the terminal that could be made available for related uses. The City and Port should identify opportunity sites in these areas for use by businesses in this cluster.
    - Attribute has "some meaningful connection with the operation of the industrial or employment use":

      Businesses in international commerce require access to the waterfront, especially land near the Port, to do business, for docking ships or gaining access to Port facilities.
- **Size of sites.** The size of sites required by businesses in this cluster will vary.
    - Attribute is "typical of the industrial or employment use" - OAR 660-009-0005(11) specifically cites "a minimum acreage" as a site characteristic. The size of the site will depend on the type of business. Warehouse and distribution firms may require a relatively small site (e.g., 1- to 2-acres) for small-scale businesses or may require a large site (e.g., 20- or more acres) for large-scale operations. Small businesses may prefer to locate in existing buildings (if available).
    - Attribute has "some meaningful connection with the operation of the industrial or employment use":

The ability of the firm to do business on a particular site will require an appropriately sized site. The site should be large enough to accommodate the following (not every business will need all of these attributes): the built space needed by the business, employee parking, maintenance or storage yards, room for expansion of the business, and other attributes that affect the size of the site.

- **Constraints and topography**. The buildable lands inventory identifies development constraints to include: steep slopes (over 15%), floodways, wetlands identified in the Local Wetlands Inventory (LWI), shoreland protection areas, and land identified for future public facilities as constrained or committed lands. However, businesses in this cluster will need relatively flat sites.
    - Attribute is "typical of the industrial or employment use":

      OAR 660-009-0005(11) specifically cites "site configuration including shape and topography" as a site characteristic. Reasonably level and well-drained land outside the floodway is typical of employment areas. Areas not meeting these requirements are constrained and, as a result, may be unsuitable for development. OAR 660-009-0005(2) says: "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.
    - Attribute has "some meaningful connection with the operation of the industrial or employment use":

      Development within constrained areas (e.g., wetlands identified in the LWI or shoreland protection areas) or sites within constrained areas or with slopes of 5% or more will be unsuitable for warehousing and shipping.
- **Transportation access.** Transportation access includes include automotive and shipping access.
    - Attribute is "typical of the industrial or employment use":

      OAR 660-009-0005(11) specifically cites the "proximity to a

particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic. All businesses will need automotive access. Business in this cluster may need direct access to Highway 20 and to Highway 101. Businesses in this cluster will require access to shipping from the International Terminal at the Port of Newport.

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

  All businesses in this industry require automotive access to function, for delivery of freight or access by customers and employees. Businesses will require boat and shipping access need it for boats and ships belonging to the business or their customers.

Fishing and seafood processing

- **Location within the City.** Businesses involved in fishing and seafood processing are likely to require a Bay Front location, with waterfront access.
  - Attribute is "typical of the industrial or employment use":

    OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic. Newport has a limited supply of land with direct or nearby access to the Bay .
  - Attribute has "some meaningful connection with the operation of the industrial or employment use":

    Fishing businesses require direct access to the Bay and waterfront for docking ships. Seafood processors need to be located near the fisherman for easy access to the seafood being processed.
- **Size of sites.** The size of sites required by businesses in this cluster will vary.
  - Attribute is "typical of the industrial or employment use" - OAR 660-009-0005(11) specifically cites "a minimum acreage" as a site characteristic. The size of the site will

depend on the type of business. Some businesses may require relatively small locations on the waterfront, such as an office with a place to dock fishing vessels. Seafood processors firms may require a relatively small site (e.g., 1- to 2-acres) for small-scale businesses or may require a large site (e.g., 10- or more acres) for large-scale operations. Small businesses may prefer to locate in existing buildings (if available).

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

  The ability of the firm to do business on a particular site will require an appropriately sized site. The site should be large enough to accommodate the following (not every business will need all of these attributes): the built space needed by the business, employee parking, maintenance or storage yards, room for expansion of the business, and other attributes that affect the size of the site.

- **Constraints and topography.** The buildable lands inventory identifies development constraints to include: steep slopes (over 15%), floodways, wetlands identified in the Local Wetlands Inventory (LWI), shoreland protection areas, and land identified for future public facilities as constrained or committed lands. However, businesses in this cluster will need relatively flat sites.

  - Attribute is "typical of the industrial or employment use":

    OAR 660-009-0005(11) specifically cites “site configuration including shape and topography” as a site characteristic. Reasonably level and well-drained land outside the floodway is typical of employment areas. Areas not meeting these requirements are constrained and, as a result, may be unsuitable for development. OAR 660-009-0005(2) says: "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

  - Attribute has "some meaningful connection with the operation of the industrial or employment use":

Development within constrained areas (e.g., wetlands identified in the LWI or shoreland protection areas) or sites within constrained areas or with slopes of 5% or more will be unsuitable for fishing or seafood processing.

- **Transportation access.** Transportation access includes include automotive and shipping access.
    - Attribute is "typical of the industrial or employment use":

      OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic. All businesses will need automotive access. Business in this cluster may need direct access to Highway 20 and to Highway 101. Businesses in this cluster will require access to shipping from the International Terminal at the Port of Newport.
    - Attribute has "some meaningful connection with the operation of the industrial or employment use":

      All businesses in this industry require automotive access to function, for delivery of freight or access by customers and employees. Businesses will require boat and shipping access need it for boats and ships belonging to the business or their customers.

Tourism

- **Location within the City.** Businesses involved in tourism are likely to locate in areas that visitors frequent.
    - Attribute is "typical of the industrial or employment use":

      OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic.

      Tourism businesses will require a location in areas where visitors frequent, such as along Highway 101, in Nye Beach, or in the Historic Bayfront. Some businesses may prefer a location with an ocean view, such as restaurants or overnight-accommodations.

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

  Tourism businesses must locate in areas frequented by visitors.

- **Size of sites.** Businesses providing services to visitors will require a variety of site sizes.
  - Attribute is "typical of the industrial or employment use" - OAR 660-009-0005(11) specifically cites "a minimum acreage" as a site characteristic. Some businesses, such as a retail store or small restaurant, in this cluster can locate on a small site (1-acre or less) and in an existing building. Some businesses, such as restaurants or overnight-accommodations, may need larger sites (2- to 5-acres) and may prefer to build new facilities. Need for sites larger than 5-acres will be restricted to large businesses, generally those building new facilities.
  - Attribute has "some meaningful connection with the operation of the industrial or employment use":

    The ability of the firm to do business on a particular site will require an appropriately sized site. The site should be large enough to accommodate the following (not every business will need all of these attributes): the built space needed by the business, employee and customer parking, maintenance or storage yards, room for expansion of the business, and other attributes that affect the size of the site.

- **Constraints and topography.** The buildable lands inventory identifies development constraints to include: steep slopes (over 15%), floodways, wetlands identified in the Local Wetlands Inventory (LWI), shoreland protection areas, and land identified for future public facilities as constrained or committed lands. However, businesses in this cluster can locate on sites with somewhat steeper slopes.
  - Attribute is "typical of the industrial or employment use":

    OAR 660-009-0005(11) specifically cites "site configuration including shape and topography" as a site characteristic. Reasonably level and well-drained land outside the floodway is typical of employment areas. Areas not meeting these requirements are constrained and, as a result, may be

unsuitable for development. OAR 660-009-0005(2) says: "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

  Businesses providing tourism services require sites where constraints do not prohibit building. Development within constrained areas (e.g., wetlands identified in the LWI or shoreland protection areas) will be unsuitable for businesses in this cluster. Some businesses in this cluster can locate on sites with slopes of up to 25%, consistent with slopes considered buildable for residential uses.

- **Transportation access.** Businesses providing services to visitors will need access to local streets, with space for parking.
  - Attribute is "typical of the industrial or employment use":

    OAR 660-009-0005(11) specifically cites the "proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes" as a site characteristic. All businesses will need automotive access. Some will require access to Highway 101 or Highway 20 and some may prefer to locate in an area with access to local streets.
  - Attribute has "some meaningful connection with the operation of the industrial or employment use":

    Access to public streets with capacity to accommodate traffic volumes is necessary to accommodate necessary freight movement to support commercial development, as well as to provide safe and convenient access for customers and employees.
- **Visibility.** Businesses in this cluster generally requires a site with high visibility, either along Highway 101 or in one of Newport's districts with other services for visitors.

- Attribute is "typical of the industrial or employment use":

  OAR 660-009-0005(11) specifically cites “visibility” as a site characteristic.

- Attribute has "some meaningful connection with the operation of the industrial or employment use":

  Many of the desired commercial businesses require from exposure to traffic and storefront view to the road to attract passing motorists and other customers.

IMPLICATIONS

The conclusion of the economic opportunities analysis is that Newport has enough land to accommodate the forecast for employment growth over the next 20-years. The City’s challenge is managing the existing land base and infrastructure to retain existing businesses and attract new businesses. The actions proposed in the Economic Development Strategy focus on these issues, emphasizing the City’s role in managing these issues.

- **Identify and manage opportunity sites for the target industries.** The community’s aspiration for economic development is growth of businesses related to marine and ocean observing research and education. In addition, the community wants to grow employment in international commerce, fishing, and tourism. A key factor in growing employment in these clusters to Newport is whether the City has an attractive land-base with the characteristics and infrastructure needed by businesses in these cluster.

  Businesses in all of these clusters complete for land in similar areas: along the Bay Front and in South Beach. There is a limited amount of vacant land with direct access to the Bay Front. The Economic Development Strategy includes an action of identifying opportunity sites for the marine and ocean observing cluster.

  Some vacant land along the Bay is likely to be used for international commerce (e.g., land owned by the Port) and some will continue to be used for fishing and related industries. For other land with direct Bay access, the City will need to work with stakeholders and land-owners to prioritize development of key properties with Bay access.

  Newport has no commercial sites over 20 acres, two sites between 10 and 20 acres (with a total of 24 acres) and two sites between 5 and 10 acres (with a total of 16 acres). Both sites over 10 acres are located in the Wolf Tree destination resort area and are not

currently serviced. No sites over five acres are available north of Yaquina Bay. Newport's industrial zone allows commercial uses outright—which could address part of the deficit. Some of this deficiency could potentially be addressed through redevelopment.

The City's economic development strategy also identifies annexation policy as a potential tool to work with property owners in the unincorporated areas of the UGB to clarify issues such as infrastructure provision outside of the city limits. The project ultimately will result in an Urban Growth Management Agreement (UGMA) between the City of Newport and Lincoln County that includes the South Beach area. The Newport City Council has a goal of accomplishing this in the next five years. Having a well-defined annexation strategy is important to the City because it can ensure efficient provision of municipal services and adequate sites for businesses.

- **Facilitating redevelopment along Highway 101.** Newport has a substantial amount of land that is potentially redevelopable. Map 2-2 shows three districts with concentrations of redevelopment potential: (1) along Highway 101 around the City Center District, (2) along Highway 20, east of the intersection with Highway 101, and (3) along Highway 101 between NE 6th Street and NE 12th Street. These areas all include underutilized and vacant land.

  The City has limited resources available to encourage redevelopment. While each of these areas offers redevelopment opportunities, we recommend the City consider focusing effort on redevelopment around the City Center District. This area is a gateway from the south to the northern side of Newport. It is connected to the Historic Bayfront and is near City Center. This area includes larger parcels with relatively low improvement to land value ratio, some of which are unused.

  The Economic Development Strategy includes an action to evaluate creating an urban renewal district (URD) north of Yaquina Bay. The purpose of the District is to address the issues of underutilized commercial and industrial properties and infrastructure deficiencies, with the purpose of spurring new development. We recommend considering the commercial portions of the Highway 101 and Highway 20 corridors in the District.

  The URD would provide a source of financing for upgrades and improvements to public infrastructure. Improvements in areas the City targets for redevelopment along Highway 101 can catalyze redevelopment of key commercial areas. Without a source of

financing for the improvements, encouraging redevelopment in key areas of Highway 101 will be more difficult for the City.

- **Making infrastructure investments in key areas.** The City has limited funds to maintain existing infrastructure and facilities and very little financial capacity to make strategic investments. Existing funds are generally used for basic maintenance. The lack of funds leaves the City in a reactive position for addressing infrastructure problems.

  The City has some funds available from urban renewal for investment in the South Beach area. We recommend making investments in South Beach on key opportunity sites that need infrastructure improvements to enable development of marine and ocean observing businesses.

  The Strategy also includes actions for maintaining and improving infrastructure: to the International Terminal, necessary to support fishing, and infrastructure used by visitors. There may be opportunities for infrastructure investments that benefit businesses in multiple clusters, such as improvements to marine infrastructure used by fisherman and the Port. In addition, improvements to roads connecting the Bay Front with Highway 20 may benefit multiple users.

  Given the limited funding available, the City will need to seek infrastructure grants. There may be opportunities for public-private partnerships that improve infrastructure.

Appendix A National, State, County, and Local Trends

This appendix summarizes national, state, county, and local trends affecting Newport. It presents a demographic and socioeconomic profile of Newport (relative to Lincoln County and Oregon) and describes trends that will influence the potential for economic growth in Newport. This appendix covers recent and current economic conditions in the City, and forecasts from the State Employment Department for employment growth in Lincoln County. This appendix meets the intent of OAR 660-009-0015(1).

NATIONAL, STATE, AND REGIONAL TRENDS

NATIONAL TRENDS

Economic development in Newport over the next twenty years will occur in the context of long-run national trends. The most important of these trends include:

- **The aging of the baby boom generation, accompanied by increases in life expectancy.** The number of people age 65 and older will more than double by 2050, while the number of working age people under age 65 with grow only 19 percent. The economic effects of this demographic change include a slowing of the growth of the labor force, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.[6]

  Baby boomers are expecting to work longer than previous generations. An increasing proportion of people in their early to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with about 30% in 1992.[7] This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010, an increase of

[6] The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2011, *The 2011 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, May 13, 2011.

[7] "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

41%. Over the same ten-year period, workers 45 to 64 years increased by 15%.[8]

- **Need for replacement workers.** The need for workers to replace retiring baby boomers will outpace job growth. According to the Bureau of Labor Statistics, net replacement needs will be 33.7 million job openings over the 2010-2020 period, compared with growth in employment of 21.1 million jobs. The occupations with the greatest need for replacement workers includes: retail sales, food service, registered nurses, office workers and teachers.[9]

- **Increases in labor productivity.** Productivity, as measured by output per hour, increased over the 1995 to 2005 period. The largest increases in productivity occurred over the 1995 to 2000 period, led by industries that produced, sold, or intensively used information technology products. Productivity increased over the 2000 to 2005 period but at a slower rate than during the later half of the 1990's. The sectors that experienced the largest productivity increases over the 2000 to 2005 period were: Information, Manufacturing, Retail Trade, and Wholesale Trade. Productivity in mining decreased over the five-year period. [10]

- **Continued shift of employment from manufacturing and resource-intensive industries to the service-oriented sectors of the economy.** Increased worker productivity and the international outsourcing of routine tasks lead to declines in employment in the major goods-producing industries. Projections from the Bureau of Labor Statistics indicate that U.S. employment growth will continue to be strongest in healthcare and social assistance, professional and business services, and other service industries. Construction employment will also grow but manufacturing employment will decline.[11]

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction.

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[8] Analysis of 2000 Decennial Census data and 2010 U.S. Census American Community Survey, 1-Year Estimates for the table Sex by Age by Employment Status for the Population 16 Years and Over

[9] "Occupational Employment Projections to 2010-2020," Bureau of Labor Statistics, February 2012.

[10] Corey Holman, Bobbie Joyeaux, and Christopher Kask, "Labor Productivity trends since 2000, by sector and industry," Bureau of Labor Statistics *Monthly Labor Review*, February 2008.

[11] "Occupational Employment Projections to 2010-2020," Bureau of Labor Statistics, February 2012.

High-quality natural resources continue to be important in some states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences, have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.[12]

- **The growing importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average they will yield higher incomes than occupations that do not require an academic degree. The fastest growing of occupations requiring an academic degree will be: health care service, computer programing, management and business services, college teachers, and architectural and engineering services. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for more than two-thirds of all new jobs by 2020. These occupations typically have lower pay than occupations requiring an academic degree.[13]

  The national median income in 2010 was about $40,700. Workers without a high school diploma earned $17,600 less than the median income and workers with a high school diploma earned $8,100 less than median income. Workers with some college earned slightly less than median and workers with a bachelor's degree earned $13,300 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.[14]

- **Continued increase in demand for energy.** Energy prices are forecast to remain at relatively high levels, with continued, gradual increased prices over the planning period. Output from the most energy-intensive industries is expected to decline, but growth in the population and in the economy is expected to increase the total

[12] For a more thorough discussion of relevant research, *see,* for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

[13] "Occupational Employment Projections to 2010-2020," Bureau of Labor Statistics, February 2012.

[14] Bureau of Labor Statistics, Employment Projections, May 2011. http://www.bls.gov/emp/ep_chart_001.htm

amount of energy demanded. Energy sources are expected to diversify and the energy efficiency of automobiles, appliances, and production processes are projected to increase. Despite increases in energy efficiency and decreases in demand for energy by some industries, demand for energy is expected to increase over the 2012 to 2035 period because of increases in population and economic activity. Growth will remain slow early in the planning period, as the economy continues a gradual recovery from the recent recession.[15]

- **Impact of rising energy prices on commuting patterns.** Energy prices may continue to be high (relative to historic energy prices) or continue to rise over the planning period.[16] The increases in energy prices may impact willingness to commute long distances.

- **Possible effect of rising transportation and fuel prices on globalization.** Increases in globalization are related to the cost of transportation: When transportation is less expensive, companies move production to areas with lower labor costs. Oregon has benefited from this trend, with domestic outsourcing of call centers and other back office functions. In other cases, businesses in Oregon (and the nation) have "off-shored" employment to other countries, most frequently manufacturing jobs.

  Increases in either transportation or labor costs may impact globalization. When the wage gap between two areas is larger than the additional costs of transporting goods, companies are likely to shift operations to an area with lower labor costs. Conversely, when transportation costs increase, companies may have incentive to relocate to be closer to suppliers or consumers.

  This effect occurs incrementally over time and it is difficult to measure the impact in the short-term. If fuel prices and transportation costs decrease over the planning period, businesses may not make the decision to relocate (based on transportation costs) because the benefits of being closer to suppliers and markets may not exceed the costs of relocation.

- **Potential impacts of global climate change.** There is growing support for, but not a consensus about whether global climate

[15] Energy Information Administration, 2012, *Annual Energy Outlook 2012 with Projections to 2035*, U.S. Department of Energy, DOE/EIA-0383(2012), April.

[16] Energy Information Administration, 2012, *Annual Energy Outlook 2012 with Projections to 2035*, U.S. Department of Energy, DOE/EIA-0383(2012), April

change is occurring as a result of greenhouse gas emissions. There is a lot of uncertainty surrounding global climate change, including the pace of climate change and the ecological and economic impacts of climate changes. Climate change may result in the following changes in the Pacific Northwest: (1) increase in average temperatures, (2) shift in the type of precipitation, with more winter precipitation falling as rain, (3) decrease in mountain snow-pack and earlier spring thaw, (4) increases in carbon dioxide in the air, and (5) increases in sea-level.[17] Assuming that global climate change is occurring and will continue to occur over the next 20-years, a few broad, potential economic impacts for the nation and Pacific Northwest include:[18]

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in: growing season, temperature ranges, and water availability.[19] Climate change may impact Oregon's forestry through increase in wildfires, decrease in the rate of tree growth, change in mix of tree species, and increases in disease and pests that damage trees.[20]

- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from: (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,[21] (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

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[17] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[18] The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

[19] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

[20] "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

[21] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

- *Potential changes in government policies*. There is currently no substantial national public policy response to global climate change. States and regional associations of states are in the process of formulating policy responses to address climate change including: increasing renewable energy generation, selling agricultural carbon sequestration credits, and encouraging energy efficiency.[22] Without clear indications of the government policies that may be adopted, it is not possible to assess the impact of government policies on the economy.

Global climate change may offer economic opportunities. The search for alternative energy sources may result in increased investment and employment in "green" energy sources, such as wind, solar, and biofuels. Firms in the Northwest are well positioned to lead efforts on climate change mitigation, which may result in export products, such as renewable technologies or green manufacturing. [23]

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2007 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn has been a decrease in employment related to the housing market, such as construction and real estate. Employment in these industries will recover as the housing market recovers and will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

STATE TRENDS

State and regional trends will also affect economic development in Newport over the next twenty years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the State.

[22] Pew Center on Global Climate Change website: http://www.pewclimate.org/what_s_being_done/in_the_states/

[23] "The Economic Impacts of Climate Change in Oregon: A preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration from other states, especially California and Washington. According to a U.S. Census study, Oregon had net interstate in-migration (more people moved *to* Oregon than moved *from* Oregon) during the period 1990-2010. Oregon had an annual average of 26,290 more in-migrants than out-migrants during the period 1990-2000. The annual average dropped to 9,800 during the period 2000-2010.[24] Most in-migrants come from California, Washington, and other western states.[25]

- **Concentration of population and employment in the Willamette Valley.** Nearly 70% of Oregon's population lives in the Willamette Valley. About 10% of Oregon's population lives in Southern Oregon, 9% lives in Central Oregon, and 6% live in Coastal counties. The Oregon Office of Economic Analysis (OEA) forecasts that population will continue to be concentrated in the Willamette Valley through 2040, increasing slightly to 71% of Oregon's population.

  Employment growth generally follows the same trend as population growth. Employment growth varies between regions even more, however, as employment reacts more quickly to changing economic conditions. Total employment increased in each of the state's regions over the period 1970-2006 but over 70% of Oregon's employment was located in the Willamette Valley.

- **Change in the type of the industries in Oregon.** As Oregon has transitioned away from natural resource-based industries, the composition of Oregon's employment has shifted from natural resource based manufacturing and other industries to service industries. The share of Oregon's total employment in Service industries increased from its 1970s average of 19% to 45% in 2011, while employment in Manufacturing declined from an average of 18% in the 1970s to an average of 10% in 2011.

- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to

[24] Portland State University Population Research Center, Population Report, Components of Population Change for 1990-2000 and 2000-2010. http://pdx.edu/prc/annual-oregon-population-report

[25] Oregon Department of Motor Vehicles collects data about state-of-origin for drivers licenses surrendered by people applying for an Oregon drivers license from out-of-state. Between 2000 and 2007, about one-third of licenses surrendered were from California, 15% to 18% were surrendered from Washington, and about 17% to 19% were from the following states: Arizona, Idaho, Nevada, Colorado, and Texas.

transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing. [26]

- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled $19.4 billion in 2008, nearly doubling since 2000. Oregon's largest export industries were computer and electronic products and agricultural products, account for nearly 60% of Oregon's exports. Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.[27]

- **Small businesses continue to account for over 50% of employment in Oregon.** Small business, with 100 or fewer employees, account for 51% of private sector employment in Oregon in 2009, up from about 50.2% of private employment in 2000 and down from 52.5% in 1996. Workers of small businesses typically had lower wages than the state average, with average wages of $33,977 compared to the statewide average of for large businesses about $45,814 in 2009. [28]

The changing composition of employment has not affected all regions of Oregon evenly. Growth in high-tech and Services employment has been concentrated in urban areas of the Willamette Valley and Southern Oregon. The brunt of the decline in Lumber & Wood Products employment was felt in rural Oregon, where these jobs represented a larger share of total employment and an even larger share of high-paying jobs than in urban areas.

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[26] Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for more than nearly 40% of employment in manufacturing in Oregon in 2010, with the most employment in Wood Product and Food manufacturing.

[27] Business Oregon, "*Economic Data Packet*"

[28] Business Oregon, "*Economic Data Packet*"

ECONOMIC TRENDS IN LINCOLN COUNTY AND NEWPORT

Future economic growth in Newport will be affected in part by demographic and economic trends in the city and surrounding region. A review of historical demographic and economic trends provides a context for establishing a reasonable expectation of future growth in Newport. In addition, the relationship between demographic and economic indicators such as population and employment can help assess the local influence of future trends and resulting economic conditions. This section addresses the following trends in Newport:

- Population and demographics
- Household and personal income
- Employment
- Business activity
- Outlook for growth in Newport

POPULATION AND DEMOGRAPHIC CHARACTERISTICS

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the Nation's, growing faster than the national economy during expansions, and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the U.S. in the 1990s (which was generally an expansionary period) but lagged behind the U.S. in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade. As the nation's economic growth has slowed during 2007, Oregon's population growth began to slow.

Oregon's population grew from 2.8 million people in 1990 to 3.8 million people in 2010, an increase of more than 1,000,000 people at an average annual rate of 1.5%. Oregon's growth rate slowed to 1.1% annual growth between 2000 and 2010.

Lincoln County and Newport grew more slowly than the State average between 1990 and 2010, growing at 0.8% annually. Lincoln County added 7,145 residents and Newport added 1,552. Twenty-two percent of the County's population lived in Newport in 2010.

Table A-1. Population in the U.S., Oregon, Lincoln County, and Newport, 1990-2010

Area	Population			Change 1990 to 2010		
	1990	2000	2010	Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	60,035,665	21%	1.1%
Oregon	2,842,321	3,421,399	3,831,074	988,753	29%	1.5%
Lincoln County	38,889	44,479	46,034	7,145	16%	0.8%
Newport	8,437	9,532	9,989	1,552	16%	0.8%

Source: U.S. Census, 2000, 2010 DP-1

Migration is the largest component of population growth in Oregon. Between 2000 and 2010, in-migration accounted for 62% of Oregon's population growth. Over the same period, in-migration accounted for 100% of the of population growth in Lincoln County, adding nearly 1,135 residents over the ten-year period.

The average age of Newport residents is increasing. The average age of Newport residents in 2010 was 43.1 years old, compared with 40.9 in 2000. In comparison, Lincoln County's average age was 49.6 years old in 2010 and 42.6 in 2000. The average age of Oregon's population in 2010 was 38.4 years and 36.3 in 2000. The average age in Newport increased at about the same rate as the State. The average age for Lincoln County increased faster than the State or Newport.

Table A-2 shows the change in age distribution for Newport between 2000 and 2010. Population increased in all age groups. The age group that increased the most was people aged 45 and older, which grew by 2,189 people (an increase of more than 50%). This age group's proportion of the total population increased from 44% to 51% during this time period. Newport's younger population grew slowly, with people under 17 years accounting for 19% of the City's population in 2010, down from 23% in 2000.

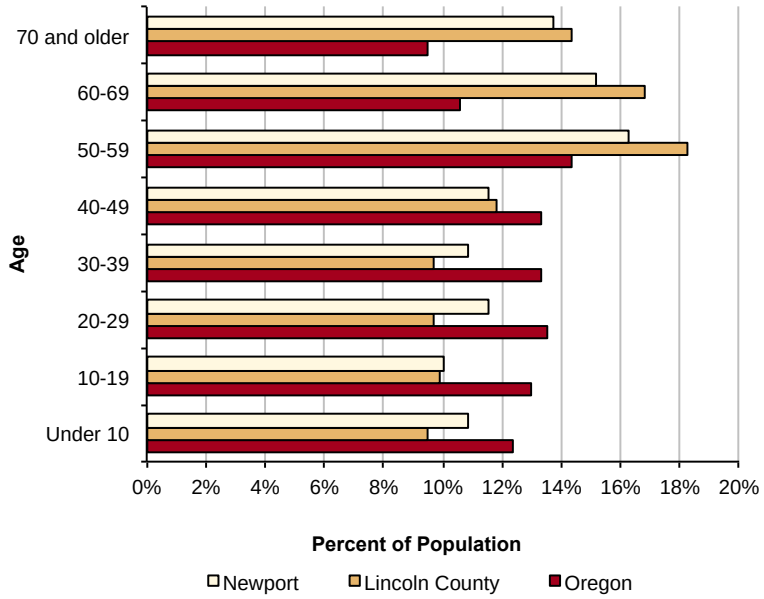
Table A-2. Change in age distribution, Newport, 2000-2010

Age Group	2000		2010		Change 2000 to 2010		
	Number	Percent	Number	Percent	Number	Percent	Share
Under 5	533	6%	730	6%	197	37%	0%
5-17	1,590	17%	1,605	13%	15	1%	-4%
18-24	770	8%	892	7%	122	16%	-1%
25-44	2,452	26%	2,772	22%	320	13%	-3%
45-64	2,548	27%	3,871	31%	1,323	52%	5%
65 and over	1,639	17%	2,505	20%	866	53%	3%
Total	**9,532**	**100%**	**12,375**	**100%**	**2,843**	**30%**	**0%**

Source: U.S. Census Bureau, 2010

Figure A-1 shows the age structure for Oregon, Lincoln County, and Newport in 2010. Lincoln County and Newport had a larger share of people over 50 years old (49% and 45%) than Oregon (34%).

Figure A-1. Population by age, Oregon, Lincoln, and Newport, 2010



Source: U.S. Census Bureau, 2010

The Office of Economic Analysis forecasts that Lincoln County's percent of people 65 years and older will increase from 20% in 2000 to 30% in 2030, compared to Oregon's increase from 13% to 19% of the population.[29]

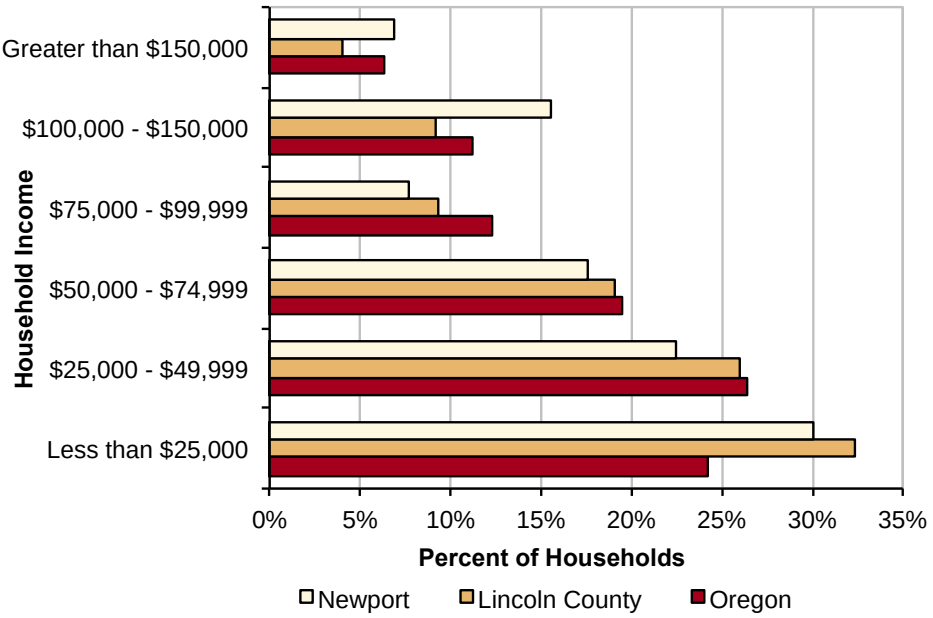
HOUSEHOLD INCOME

Income for residents of Newport is higher on average than the County and slightly lower than the State. In 2010, Newport's median household income was $48,247, compared with the County median of $39,738 or the State median of $49,260.

Figure A-2 shows the distribution of household income in Oregon, Lincoln County, and Newport in 2010. Figure A-2 shows that a larger share of households in Newport (16%) had an income between $100,000 and $150,000, compared to Lincoln County (9%) or the State (11%). Newport and Lincoln County also had a higher share of households with income below $25,000 (between 30 and 32%), compared to the State (24%).

[29] Oregon Office of Economic Analysis, Long Term County Forecast, State and County Population Forecasts by Age and Sex, 2000 to 2040

Figure A-2. Distribution of household income of Oregon, Lincoln County, and Newport, 2010



Source: U.S. Census Bureau 2010/American Community Survey 2006-2010 B19001

Table A-3 shows average annual pay per employee in the U.S., Oregon, and Lincoln County for 2001 to 2010. The national average wage grew faster than State or County averages. The average U.S. wage increased by 29%, compared to the State and County increase of 26%. As a percentage of the U.S. average, wages in Lincoln County decreased by 2% over the ten-year period, from 66% to 64%. Wages in Lincoln County have consistently been 18% below the State average.

In 2010, average annual pay for workers in Lincoln City was $30,014, compared to Oregon's average of $41,700 and the national average of about $46,750.

Table A-3. Average annual pay, Oregon and Lincoln County (nominal dollars), 2000-2010

Year	U.S	Oregon	Lincoln County	Lincoln County % of U.S.	Lincoln County % of State
2001	$36,219	$33,202	$23,852	66%	72%
2002	$36,764	$33,685	$24,449	67%	73%
2003	$37,765	$34,455	$25,156	67%	73%
2004	$39,354	$35,627	$26,026	66%	73%
2005	$40,677	$36,593	$26,821	66%	73%
2006	$42,535	$38,070	$27,883	66%	73%
2007	$44,450	$39,566	$28,384	64%	72%
2008	$45,563	$40,486	$29,310	64%	72%
2009	$45,559	$40,742	$29,665	65%	73%
2010	$46,751	$41,669	$30,014	64%	72%
Change 2000 to 2010					
Nominal Change	$10,532	$8,467	$6,162		
Percent Change	29%	26%	26%		

Source: Oregon Employment Department: OLMIS, http://www.qualityinfo.org/olmisj/CEP and U.S. Bureau of Labor Statistics, 2010

LINCOLN COUNTY EMPLOYMENT TRENDS

Tables A-4 and A-5 present data from the Oregon Employment Department that show changes in covered employment[30] for Lincoln County between 1980 and 2005. The changes in sectors and industries are shown in two tables: (1) between 1980 and 2000 and (2) between 2001 and 2010. The analysis is divided in this way because of changes in industry and sector classification system that made it difficult to compare information about employment collected after 2001 with information collected prior to 2000.[31]

Employment data in this section is summarized by *sector*, each of which includes several individual *industries*. For example, the Retail Trade sector includes General Merchandise Stores, Motor Vehicle and Parts Dealers, Food and Beverage Stores, and other retail industries.

Table A-4 shows the changes in covered employment by sector in Lincoln County between 1980 and 2000. Covered employment in the County grew from 11,828 to 16,949, an increase of 43% or 5,121 jobs. Most sectors added jobs during this period, except for Mining; Manufacturing; Agriculture, Forestry, and Fishing; and Wholesale Trade. Manufacturing saw the

[30] Covered employment refers to jobs covered by unemployment insurance, which includes most wage and salary jobs but does not include sole proprietors, seasonal farm workers, and other classes of employees.

[31] Prior to 2001, data were organized by Standard Industrial Classification (SIC) codes. That system was completely revamped and replaced with the North American Industrial Classification System (NAICS) in 2001.

largest decline in terms of its share of total employment from 18% to 8%, translating to 792 fewer jobs. Covered employment in Agriculture, Forestry, and Fishing also declined by over half, from 409 to 202. The sectors with the greatest positive change in employment were Services and Retail Trade, adding a total of 4,948 jobs or about 80% of all new jobs.

Average pay per employee increased from about $11,947 in 1980 to $23,226 in 2000. The sectors that grew the fastest generally paid less than average, with Services paying between 66% to 82% of average and Retail Trade paying about 64% to 66% of average. Manufacturing jobs generally paid more than the average, varying between 152% of average in 1980 to 168% of average by 2000.

Table A-4. Covered employment in Lincoln County, 1980-2000

				Change 1980 to 2000		
Sector	**1980**	**1990**	**2000**	**Difference**	**Percent**	**AAGR**
Agriculture, Forestry & Fishing	409	534	202	-207	-51%	-3.5%
Mining	72	51	N/A*	0	0%	0.0%
Construction	475	496	690	215	45%	1.9%
Manufacturing	2,157	1,670	1,365	-792	**-37%**	-2.3%
Trans., Comm., & Utilities	437	408	488	51	12%	0.6%
Wholesale Trade	208	205	205	-3	-1%	-0.1%
Retail Trade	3,035	4,056	4,914	1,879	**62%**	2.4%
Finance, Insurance & Real Estate	391	445	535	144	37%	1.6%
Services	2,108	3,203	5,177	3,069	**146%**	4.6%
Nonclassifiable/all others	21	31	40	19	90%	3.3%
Government	2,515	2,975	3,334	819	33%	1.4%
Total	**11,828**	**14,074**	**16,949**	**5,121**	**43%**	**1.8%**

Source: Oregon Employment Department, Oregon Labor Market Information System, Covered Employment & Wages. http://www.qualityinfo.org/olmisj/CEP Accessed 1/30/12. Summary by industry and percentages calculated by ECONorthwest.
*No covered employment data was available for Mining in the year 2000.

Table A-5 shows the change in covered employment by sector for Lincoln County between 2001 and 2010. Employment increased by 534 jobs or 3% during this period. There were modest fluctuations across all sectors with regard to share of total employment. The sector with the largest increase in number of employees was Health and Social Assistance. That sector grew 6% annually and increased its share of total employment by 3.85%. The sector that lost the greatest number of employees during this period were Accommodations and Food Services and Retail.

Table A-5. Covered employment in Lincoln County, 2001-2010

			Change 2001 to 2010		
Sector	**2001**	**2010**	**Difference**	**Percent**	**AAGR**
Natural Resources and Mining	319	274	-45	-14%	-1.7%
Construction	631	714	83	13%	1.4%
Manufacturing	1,102	1,016	-86	-8%	-0.9%
Wholesale	162	158	-4	-2%	-0.3%
Retail	2,838	2,669	-169	-6%	-0.7%
Transportation & Warehousing	239	289	50	21%	2.1%
Information	253	175	-78	-31%	-4.0%
Finance & Insurance	242	291	49	20%	2.1%
Real Estate Rental & Leasing	226	314	88	39%	3.7%
Professional, Scientific & Tech. Srv.	283	(c)	(c)	(c)	(c)
Management of Companies	46	(c)	(c)	(c)	(c)
Admin. Support & Cleaning Srv.	593	538	-55	-9%	-1.1%
Education	27	126	99	367%	18.7%
Health & Social Assistance	1,001	1,695	694	69%	6.0%
Arts, Entertainment & Recreation	215	228	13	6%	0.7%
Accomodations & Food Services	3,967	3,766	-201	-5%	-0.6%
Other Services (except Public Admin.)	583	637	54	9%	1.0%
Private Non-Classified	13	(c)	(c)	(c)	(c)
Government	3,933	3,988	55	1%	0.2%
Total	**16,673**	**17,207**	**534**	**3%**	**0.4%**

Source: Oregon Employment Department, Oregon Labor Market Information System, Covered Employment & Wages.
Summary by industry and percentages calculated by ECONorthwest
Note: (c) denotes confidential data

EMPLOYMENT IN NEWPORT

Table A-6 shows a summary of employment data for the Newport UGB in 2010. Newport had 7,055 jobs at 725 establishments in 2010, with an average firm size of 9.7 employees. The sectors with the greatest employees were: Government (23%), Accommodation and Food Service (19%), and Retail Trade (16%), and Health Care and Social Assistance (14%). These sectors accounted for 5,051 jobs or 72% of Newport's jobs.

Table A-6. Covered employment in Newport UGB, 2010

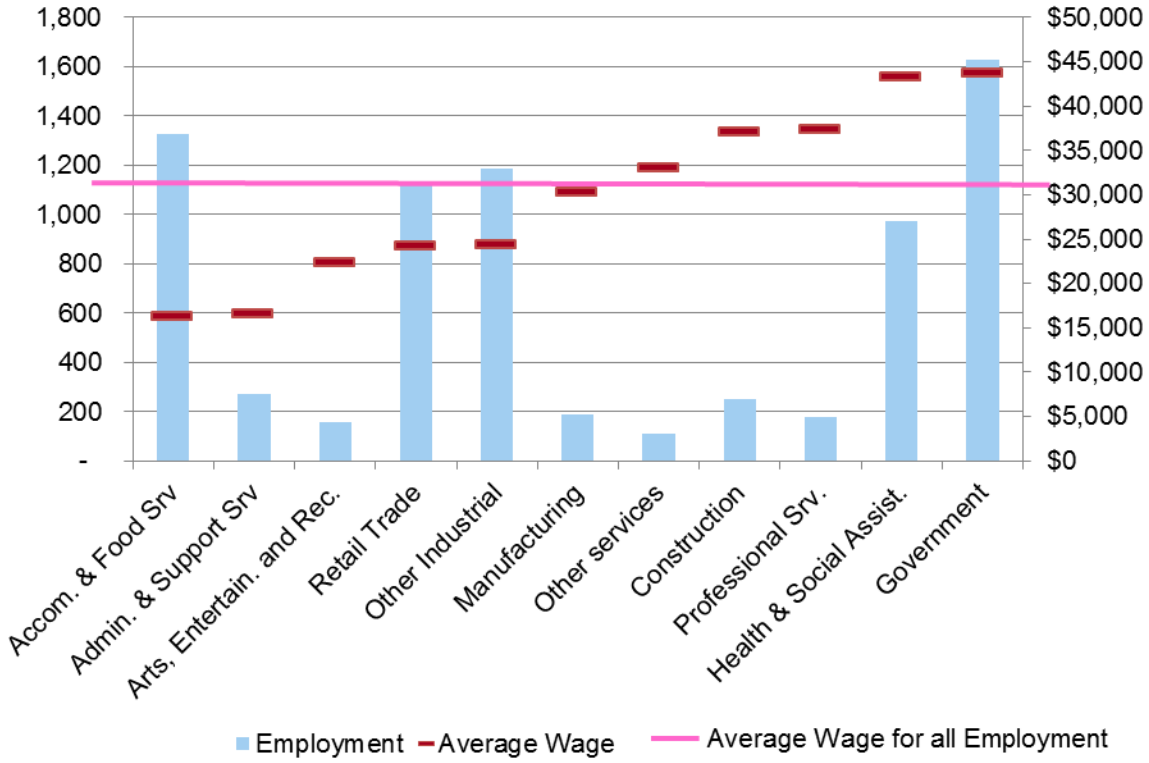
Industry/Sector	Establish-ments	Employment	Average Pay/Emp.
Agriculture, Forestry, Fishing & Hunting, and Mining	**28**	**69**	**$44,515**
Construction	**54**	**250**	**$37,078**
Manufacturing	**26**	**189**	**$30,306**
Food Manufacturing	6	94	$21,563
Other Manufacturing	20	95	$38,957
Wholesale Trade	**16**	**89**	**$38,219**
Retail Trade	**106**	**1,121**	**$24,280**
General Merchandise Stores	5	395	$25,322
Food and Beverage Stores	15	199	$21,237
Motor Vehicle and Parts Dealers	10	153	$31,557
Other Retailers	76	374	$21,823
Transportation & Warehousing & Utilities	**17**	**91**	**$33,688**
Information	**14**	**83**	**$29,578**
Finance & Insurance	**32**	**165**	**$41,390**
Real Estate & Rental & Leasing	**31**	**83**	**$22,803**
Professional, Scientific, and Technical Services	**56**	**177**	**$37,320**
Management of Companies and Enterprises	**4**	**18**	**$39,602**
Admin. & Support & Waste Mgt. & Remediation Srv	**23**	**272**	**$16,626**
Private Educational Services	**4**	**12**	**$30,092**
Health Care & Social Assistance	**70**	**972**	**$43,269**
Arts, Entertainment, & Recreation	**10**	**159**	**$22,379**
Accommodation & Food Services	**110**	**1,329**	**$16,255**
Accommodation	29	493	$16,779
Food Services and Drinking Places	81	836	$15,946
Other Services (except Public Administration)	**83**	**347**	**$19,589**
Government	**41**	**1,629**	**$43,669**
Federal Government	4	49	$72,729
State Government	13	402	$42,096
Local Government	24	1,178	$42,997
Total	**725**	**7,055**	**$31,224**

Source: Oregon Employment Department Quarterly Census of Employment and Wages (QCEW). Summary by industry and percentages calculated by ECONorthwest

Figure A-3 shows covered employment and average wage by sector in Newport in 2010. The average wage for all covered employment in Newport was about $31,000 in 2010. The sectors with at least 10% of Newport's employment and above average wages were Government, Health Care and Social Assistance. The sectors with at least 10% of

Newport's employment and below average wages were Accommodations and Food services, Retail Trade, and other industrial.

Figure A-3. Covered employment and average wage per sector in Newport UGB, 2010



Source: Oregon Employment Department Quarterly Census of Employment and Wages (QCEW). Summary by ECONorthwest

Employment in Newport is seasonal, with peak employment during the summer and lower employment in the winter. In 2010, employment was highest between June and September, peaking at 7,350 employees in August. Employment was lowest from November to April, with a low of 6,641. Some of the most seasonal sectors are: manufacturing (except food manufacturing), transportation, finance and real estate, and other services. Some of the most seasonal sectors are: food products manufacturing, educational services, and accommodation and food services.

ACTIVITY IN TARGET INDUSTRIES

The 2005 EOA report[32] identified the following target industry clusters: tourism, fishing and value added manufacture, non-seafood food products and beverage manufacture, arts & culture, higher education and research, and surgical appliance and suppliers manufacture. Discussions with the project advisory committee and changes in Newport's economy

[32] "Employment Lands and Conceptual Land Use Planning Project: Economic Planning," September 2005.

resulted in some re-organizing of these target industries. The target industries used in this report are:

- **Ocean observing and research**, which is similar to the pervious target industry of higher education and research
- **Tourism** includes tourism and arts and culture
- **Marine shipping and fisheries** considers marine-related industries, including fishing and value added manufacture, and adding shipping from the renovated International Terminal

Marine and ocean observing research and education

Newport has been a growing center for marine and ocean research and education, with establishment of the Hatfield Marine Science Center in Newport more than 50 years ago. Since then, other marine and ocean research and educational institutions have located in Newport, such as the Oregon Coast Aquarium and, most recently, the National Oceanic and Atmospheric Administration (NOAA)'s Pacific Marine Operations Center.

Growing the existing cluster of marine and ocean research and educational institutions has been a goal in Newport. In 2008, The Yaquina Bay Economic Foundation (YBEF) developed the document "Establishing Newport, Oregon as a Hub of Ocean Observing Activities in the Pacific Northwest: A Strategic Framework." This document describes the goal of developing an ocean observing industry cluster as a method of economic development to attract jobs to and grow jobs in Newport.

The Framework describes a range of ocean-observing economic activities, including research (aboard vessels and from sea floor "cabled" observatories), marine education, developing hardware used for ocean observing, and repair and maintenance of vessels and equipment. The data generated through the local research is valuable to commercial and recreational fishermen or cargo shippers.

Key economic development opportunities in the ocean-observing industry cluster include:

- **Operations and maintenance of marine research vessels.** With the deployment of UNOLS vessel R/V Oceanus, the NOAA Pacific research fleet, and wave energy test berth, there will be a steady demand for personnel and services to operate and maintain these vessels. These include vessel piloting, navigation, crew support services, equipment operation, vessel maintenance, and logistics.

- **Development of facilities to support marine research operations and maintenance.** These include development and expansion of dock facilities, construction of storage and maintenance buildings, deployment of cranes and loaders, construction of access roadways and surfaces for forklift transport of equipment to vessels, and hiring skilled operations and maintenance personnel.
- **Development of facilities and programs to support marine education.** These include expansion of facilities at the Oregon Coast Aquarium, development of marine education camps and facilities, implementation of educational programs including eco-tourist based learning experiences, and expansion of marine education research.
- **Instrument design, manufacturing, deployment, sales, and service.** With the Newport region being a hub for marine science research, the demand will grow for companies to supply, operate, and maintain ocean instruments, including sensors, underwater instrumentation, telecommunications gear, and autonomous underwater vehicles, along with skilled personnel in the fields of design, engineering, manufacturing, operations, maintenance, and customer relations.
- **Expanded marine research.** As federal and state investments in marine research and education increase, so will Newport's role grow, adding scientists, researchers, technicians, and students. This will result in expanded research facilities, including labs, conference facilities, residential facilities, and offices.

Marine Shipping and Fishing

Newport's marine industries include cargo shipping and fishing.

Cargo shipping

The Port of Newport is one of the few deep draft ports on the Oregon Coast, which is accessible by large cargo vessels. The Port stopped shipping via large cargo vessels about a decade ago because the physical condition of the docks and Port infrastructure required repairs. The Port in the process of renovating the International Terminal of the Port. The Terminal is a 17-acre facility with about 1,000 feet of deep-water waterfront, docks, and storage facilities.

Once renovation of the International Terminal is completed, the Port will be able to accommodate cargo ships, by the beginning of the second quarter of 2013. The International Terminal will begin by shipping logs, with about four to six ships carrying cargo from Newport per year. Over

the long term, the International Terminal may attract one ship per month and may ship other goods in addition to logs, such as value added lumber, other wood products (e.g., paper products or wood chips), or other agricultural products (e.g., hay bales). One goal of renovation of the International Terminal is creating 50 new jobs between 2013 and 2018.

Operation of the International Terminal depends access to Highways 20 and Highway 101 from the north, for trucks carrying logs.

Fishing and seafood processing

Newport is one of Oregon's largest commercial fishing ports, accounting for about one-third of the State's commercial fishing activity. The following section describes Newport's fishing industry, in 2008 (the most recently available information).[33]

- Newport was home to about 238 fishing vessels in 2008, an increase from 188 vessels in 2005. Newport's fishing fleet includes both short-haul boats that fish in Oregon's Coastal fisheries and distant-haul boats that fish in Alaska's fisheries.
- Newport's commercial fishing vessels generated 61 million pounds of seafood, with a value of $32.5 million in 2008. This volume of seafood and value accounts for about one-third of the seafood harvested in Oregon in 2008.
- The economic contribution of the fishing industry on personal income in Newport in 2008 was about $123 million, accounting for about 30% of statewide economic contribution from fishing. Between 1986 and 2008, the economic contributions from fishing grew from $83 million, with an average annual growth rate of 1.8%.
- The species of fish most commonly sold in Newport in 2008 were: crab, groundfish, and shrimp. According to the 2005 EOA, restrictions on Oregon's groundfish and flatfish fisheries discouraged growth in fishing and seafood processing.
- In 2008, Newport had more than 30 seafood processors.

Tourism

Tourism plays an important role in Newport's economy. The 2005 EOA showed that about 33% of employment in Newport was related to tourism or arts. In 2010, about 36% of employment was in the sectors most directly

[33] "Oregon's Commercial Fishing Industry, Year 2007 and 2008 Review." Oregon Department of Fish and Wildlife and Oregon Coastal Zone Management Association, Inc.

related to tourism: accommodation and food service, arts and recreation, and retail trade. The strengths of Newport's tourism cluster include:

- Destinations such as the Oregon Coast Aquarium
- Recreational amenities, such as sightseeing tours or fishing charters
- Overnight accommodations, such as bed and breakfast inns, hotels, motels, RV parks and campgrounds, and private vacation rentals
- A wide range of restaurants, including fine dining
- Arts and cultural opportunities, such as art dealers, museums, or performance arts

Table A-7 shows direct travel spending in Lincoln County and Newport over the 2001 to 2009 period, the most recently available data for Newport. In 2009, direct travel spending in Newport was $116.8 million. Over the eight-year period, travel spending in Newport grew by about $9 million, growth of about 1% per year. In comparison, Lincoln County's travel spending grew by about $120.7 million or 4.2% per year. Newport's share of the County's direct travel spending decreased from 35% in 2001 to 27% in 2009.

Table A-7. Direct Travel Spending, millions of dollars
Lincoln County and Newport, 2001 to 2010

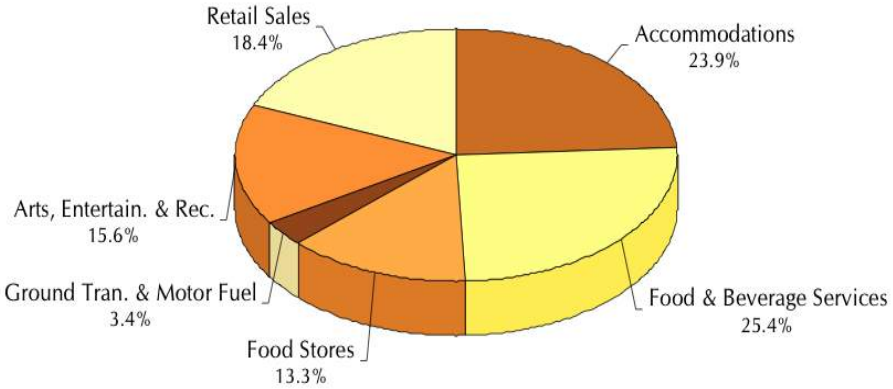
Year	Lincoln County	City of Newport	Newport's % of County
2001	$311.9	$107.8	35%
2003	$326.2	$107.4	33%
2004	$340.0	$111.9	33%
2005	$353.9	$113.8	32%
2006	$426.6	$119.4	28%
2007	$436.2	$121.4	28%
2008	$453.8	$114.8	25%
2009	$432.6	$116.8	27%
2010	$440.9	Not Available	
Change 2001-2009			
Amount	$120.7	$9.0	
% change	39%	8%	
AAGR	4.2%	1.0%	

Source: Lincoln County data from: "Oregon Travel Impacts 1991-2010p," May 2011, Dean Runyan Associates
Newport data from: "Newport Travel Impacts, 1991-2009p," May 2010, Dean Runyan Associates

Table A-4 shows travel spending by type of commodity in 2009 in Newport. Of the $116.8 million spent in Newport in 2009, about half of spending was on accommodations or food and beverages. Remaining

spending was for retail sales, arts and entertainment, food stores, and transportation.

Table A-4. Travel Spending by Type of Commodity Purchased, City of Newport, 2009



Source: "Newport Travel Impacts, 1991-2009p," May 2010, Dean Runyan Associates

Table A-8 shows employment and earnings generated by travel spending in Newport over the 2001 to 2009 period. In 2009, travel spending in Newport generated 1,580 jobs and $32.9 million in earnings. Table A-8 shows that earnings grew while employment changed little over the eight-year period.

Table A-8. Employment and earnings generated by travel spending, Newport, 2001 to 2010

Year	Employment (jobs)	Industry Earnings ($million)
2001	1,620	$28.0
2003	1,560	$27.9
2004	1,600	$29.1
2005	1,550	$29.4
2006	1,560	$30.9
2007	1,660	$33.1
2008	1,560	$32.2
2009	1,580	$32.9
Change 2001-2009		
Amount	-40	$4.9
%	-2%	18%
AAGR	-0.3%	2.0%

Source: Lincoln County data from: "Oregon Travel Impacts 1991-2010p," May 2011, Dean Runyan Associates
Newport data from: "Newport Travel Impacts, 1991-2009p," May 2010, Dean Runyan Associates

Table A-9 shows lodging tax receipts for Newport and Lincoln County between 2001 and 2010. Newport collected about $2.2 million in lodging tax receipts in 2010, an increase of about $912,000 since 2000. Newport's lodging tax receipts accounted for about one-quarter of lodging taxes collected in Lincoln County over the 10-year period.

Table A-9. Lodging tax receipts, thousands of dollars
Lincoln County and Newport, 2001 to 2010

Year	Lincoln County	Newport	Newport's % of County
2000	$5,539.0	$1,311.0	24%
2001	$5,982.0	$1,453.0	24%
2002	$6,363.0	$1,464.0	23%
2003	$6,395.0	$1,492.0	23%
2004	$6,715.0	$1,716.0	26%
2005	$7,004.0	$1,866.0	27%
2006	$8,398.0	$2,113.0	25%
2007	$8,071.0	$2,272.0	28%
2008	$8,144.0	$2,378.0	29%
2009	$8,996.0	$2,232.0	25%
2010	$9,067.0	$2,223.0	25%
Change 2000-2010			
Amount	$3,528.0	$912.0	
%change	64%	70%	
AAGR	5.1%	5.4%	

Source: Lincoln County data from: "Oregon Travel Impacts 1991-2010p," May 2011, Dean Runyan Associates
Newport data from: "Newport Travel Impacts, 1991-2009p," May 2010, Dean Runyan Associates

OUTLOOK FOR GROWTH IN NEWPORT

Table A-10 shows the population forecast developed by the Office of Economic Analysis for Oregon and Lincoln County for 2000 through 2040. Lincoln County is forecast to grow at a slower rate than Oregon from 2010 to 2040. The forecast shows Lincoln County's population will grow by about over 10,300 people over the 30-year period—a 22% increase. Over the same period, Oregon is forecast to grow by more than 1.5million people, or 41%.

Table A-10. State population forecast, Oregon and Lincoln County, 2000 to 2040

Year	Oregon	Lincoln County
2000	3,436,750	44,600
2005	3,618,200	45,365
2010	3,843,900	46,945
2015	4,095,708	48,776
2020	4,359,258	50,379
2025	4,626,015	52,039
2030	4,891,225	53,710
2035	5,154,793	55,364
2040	5,425,408	57,247
Change 2010 to 2040		
Amount	1,581,508	10,302
% Change	41%	22%
AAGR	1.2%	0.7%

Source: OEA 2004 population forecast
http://www.oregon.gov/DAS/OEA/demographic.shtml

Table A-11 shows the Oregon Employment Department's forecast for employment growth by industry for Lincoln County over the 2010 to 2020 period. The sectors that will lead employment growth in Lincoln for the ten-year period are Health Care & Social Assistance (adding 3,180 jobs), Government (adding 2,060 jobs), Professional and Business Services (adding 2,420 jobs), Leisure & Hospitality (adding 1,970 jobs), and Retail Trade (adding 1,330 jobs). Together, these sectors are expected to add 10,960 new jobs or 69% of employment growth in Lincoln County.

Table A-11. Nonfarm employment forecast by industry in Lincoln County, 2010-2020

Sector / Industry	2010	2020	Change 2010-2020 Amount	Change 2010-2020 % Change
Natural resources & Mining	3,600	4,080	480	13%
Construction	3,390	4,320	930	27%
Manufacturing	10,960	12,220	1,260	11%
Durable Goods	7,930	9,230	1,300	16%
Wood prodcut mfg.	1,760	2,030	270	15%
Nondurable goods	4,000	4,100	100	3%
Transportation, & utilities	15,860	18,290	2,430	15%
Wholesale trade	2,090	2,470	380	18%
Retail trade	**10,380**	**11,710**	**1,330**	**13%**
Information	1,410	1,510	100	7%
Financial activities	3,430	3,880	450	13%
Professional & business srv.	**7,590**	**10,010**	**2,420**	**32%**
Administrative & support srv.	3,270	4,230	960	29%
Education	930	1,050	120	13%
Health care & social assist.	**11,330**	**14,510**	**3,180**	**28%**
Health care	9,610	12,370	2,760	29%
Leisure & hospitality	**10,460**	**12,430**	**1,970**	**19%**
Accommodation & food srv.	9,420	11,230	1,810	19%
Food srv. & drinking places	7,210	8,710	1,500	21%
Other srv.	3,090	3,590	500	16%
Government	**25,620**	**27,680**	**2,060**	**8%**
Federal government	1,300	1,370	70	5%
State government	12,420	13,770	1,350	11%
Local government	11,900	12,540	640	5%
Local education	6,410	6,610	200	3%
Total nonfarm employment	**97,670**	**113,580**	**15,910**	**16%**

*Note: Region 4 is Lincoln, Benton, and Linn Counties
Source: OR Employment Department. Employment Projections by Industry 2010-2020
http://www.qualityinfo.org/pubs/projections/r4.pdf

Appendix B

Factors Affecting Future Economic Growth in Newport

This appendix presents a detailed analysis consistent with the requirements of OAR 660-009-0015(4) of Newport's competitive advantage relative to Lincoln County, the Oregon Coast, and Oregon. The information presented in this appendix is summarized in Chapter 3.

Each economic region has different combinations of productive factors: land (and natural resources), labor (including technological expertise), and capital (investments in infrastructure, technology, and public services). While all areas have these factors to some degree, the mix and condition of these factors vary. The mix and condition of productive factors may allow firms in a region to produce goods and services more cheaply, or to generate more revenue, than firms in other regions.

By affecting the cost of production and marketing, competitive advantages affect the pattern of economic development in a region relative to other regions. Goal 9 and OAR 660-009-0015(4) recognizes this by requiring plans to include an analysis of the relative supply and cost of factors of production.[34] An analysis of competitive advantage depends on the geographic areas being compared. In general, economic conditions in Newport will be largely shaped by national and regional economic conditions affecting Coastal communities. Chapter 3 and Appendix A present trends and forecasts of conditions in Oregon and Newport to help establish the context for economic development in Newport. Local economic factors will help determine the amount and type of development in Newport relative to other communities in Oregon.

This appendix focuses on the competitive advantages of Newport relative to the mid-Oregon Coast and the rest of Oregon. The implications of the factors that contribute to Newport's competitive advantage are discussed at the end of this chapter.

[34] OAR 660-009-0015(4) requires assessment of the "community economic development potential." This assessment must consider economic advantages and disadvantages—or what Goal 9 broadly considers "competitive advantages."

LOCATION

Newport is a city with a population of approximately 9,989 people in 2010, located on the Central Oregon Coast, adjacent to the Pacific Ocean. The City is located along Highway 101, with the intersection of Highway 101 and Highway 20. Newport's location will continue to impact its future economic development.

- The Central Coast is composed mostly of smaller cities with fewer than 10,000 people, of which Newport is the largest. Lincoln City is the next largest nearby city (located 25 miles to the north) with a population of 7,930. The largest city within approximately 50 miles is Corvallis, with a population of more than 50,000 people.

- Newport has direct access to the State's highway system, as well as other options for passenger transportation. Highway 101 is the main north-south route at the Oregon Coast and runs through Newport. Interstate 5 about 60 miles to the east of Newport and is accessible by Highway 20. Greyhound operates bus service to and from Newport. Residents and businesses in Newport can access other modes of transportation in Albany (Amtrak), and Eugene (Eugene Airport and Amtrak).

- Residents of Newport have easy access to shopping, cultural activities, indoor and outdoor recreational activities, and other amenities in Newport, Lincoln City, Corvallis, other Willamette Valley communities, and in other communities along the Central Coast.

- The Pacific Ocean is a major tourism draw to Newport and the Central Coast. Tourists from all over the world come to Newport to visit attractions such as the Oregon Coast Aquarium or for recreational activities like fishing, whale watching, or surfing. Ocean-going vessels can get from Yaquina Bay to the open ocean in about 10 minutes, which is considerably faster than access from other large Northwest ports.

- Newport residents have several nearby opportunities for post-secondary education. The Oregon Coast Community College is located in Newport and offers associate degrees, GEDs, non-credit classes and credits toward the first two years of a bachelor's degree. The Hatfield Marine Science Center is also located in Newport and operated by Oregon State University. Corvallis also has a number

of opportunities for post-secondary education, including Oregon State University and Linn-Benton Community College.

Newport's distance from major urban centers and arterials and access to the Pacific Ocean and Highway 101 will affect the types of businesses that locate in Newport. Newport is unlikely to attract businesses that need direct access to Interstate 5 or communities in the Willamette Valley. Newport is likely to attract businesses that need to locate near the ocean, Highway 101, or other coastal communities.

AVAILABILITY OF TRANSPORTATION FACILITIES

Businesses and residents in Newport have access to a variety of modes of transportation: automotive (Highway 101, Highway 20, and local roads); rail (Amtrak via Albany or Willamette and Pacific Railroad in Toledo); transit (Lincoln County Transit); shipping (Newport International Terminal) and air (Newport Municipal Airport and other regional airports).

Newport has automotive access for commuting and freight movement along Highway 101 and Highway 20. Newport is located about 63 miles from Interstate 5, the primary north-south transportation corridor on the West Coast, linking Newport to domestic markets in the United States and international markets via West Coast ports.

Other transportation options are:

- **Rail.** The Willamette and Pacific Railroad provides freight service from Toledo (just 7 miles east of Newport) to Albany, where it connects to Union Pacific lines. Passenger rail service (Amtrak) is also available in Corvallis. Traffic on the Willamette and Pacific Railroad is approximately 38,000 cars a year with cargo primarily of forest and paper products, scrap, and steel.
- **Transit.** Lincoln County Transit provides limited transit service to and from Newport, Lincoln City, Depoe Bay, Toledo, Waldport, Yachats, Siletz, Otis, and Corvallis. Most routes have 2 to 3 morning and afternoon/evening departure times. Valley Van Pool provides weekday shuttle service from Newport to Corvallis that leaves at 6:15am. The Newport loop runs through Newport and up to Lincoln City and back, and makes approximately 5-6 trips per day.
- **Port.** The Port of Newport operates an international shipping terminal, a commercial fishing marina, and a recreational marina. The Port is in the process of renovating the International Terminal,

which will provide facilities for shipping bulky goods (e.g., wood products) via large cargo vessels.

- **Air.** The Newport Municipal Airport offers aviation service to for small privately owned planes. Until July 2011, the Airport offered commercial passenger service to the Portland International Airport. The Eugene Airport is the closest mid-sized airport providing passenger and freight service and is about 90 miles from Newport. Newport is about 150 miles away from the Portland International Airport, Oregon's largest airport.

Newport has greater access to transportation than many coastal communities in Oregon. The considerable distance to major arteries and urban centers will affect the types of businesses that locate in Newport and overall employment growth for the City. Newport's transportation access provides the City with competitive advantages for attracting some businesses, such as businesses that prefer to locate on Highway 101 or those who prefer to locate near Highway 20. In addition, Newport's location along Highway 101 gives the City access to workers along the Coast and heavy seasonal tourist traffic.

Newport has advantages for shipping freight. The City has one of three deep draft ports on the Oregon Coast, making it attractive to do businesses that need access to ship freight. Businesses in Newport have access to rail transportation via the Willamette and Pacific Railroad in nearby Toledo, which may be important for businesses that ship bulky or heavy products that do not need to be shipped fast.

Newport's distance from I-5 is a competitive disadvantage for businesses that depend on quick, easy access to the Interstate. These businesses include large-scale regional warehousing and distribution firms, or firms that ship large amounts of freight by truck.

BUYING POWER OF MARKETS

The buying power of Newport and Lincoln County forms part of Newport's competitive advantage by providing a market for goods and services. Table B-1 shows average household expenditures for common purchases in Lincoln County and Newport in 2010. Newport's households spend an average of $48,044 on commonly purchased items, nearly $1,700 more than the County average.

Table B-1. Average household expenditures, Lincoln County, and Newport 2010

	Lincoln County		Newport	
	$ per Household	% of total	$ per Household	% of total
Transportation	9,235	20%	9,509	20%
Shelter	8,934	19%	9,263	19%
Food and Beverages	7202	16%	7,420	15%
Utilities	3,335	7%	3,426	7%
Health Care	2,966	6%	3,037	6%
Entertainment	2,564	6%	2,666	6%
Apparel	2,202	5%	2,279	5%
Household Furnishings & Equ	1,989	4%	2,081	4%
Contributions	1,679	4%	1,762	4%
Household Operations	1,599	3%	1,684	4%
Gifts	1,201	3%	1,273	3%
Education	1,065	2%	1,156	2%
Miscellaneous Expenses	790	2%	822	2%
Personal Care	675	1%	699	1%
Personal Insurance	458	1%	480	1%
Tobacco	325	1%	327	1%
Reading	153	0.3%	160	0.3%
Total	**46,372**	**100%**	**48,044**	**100%**

Source: Oregon Prospector, 2010

Businesses in Newport may benefit from being located in one of the larger cities on the Coast. Residents in smaller nearby cities such as Waldport, Depoe Bay, or Yachats, may find a larger selection of goods and services in Newport, increasing the size of the market for area businesses.

PUBLIC FACILITIES AND SERVICES

Provision of public facilities and services can impact a firm's decision on location within a region but ECO's past research has shown that businesses make locational decisions primarily based on factors that are similar with a region. These factors are: the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region.

Once a business has chosen to locate within a region, they consider the factors that local governments can most directly affect: tax rates, the cost and quality of public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest affect on the level and type of economic development in the community.

TAX POLICY

The tax policy of a jurisdiction is a consideration in economic development policy. In Fiscal Year 2010 to 2011, property tax rates in Newport for the City was $7.00 per $1,000 of assessed value. Newport's property tax rate was similar to Coos Bay ($7.01), lower than Astoria ($8.67), and higher than Lincoln City ($5.07) or Florence ($3.23). The range of tax rates of cities at the Coast is comparable to tax rates of cities in the Willamette Valley, which generally range between $5 and $8 per $1,000 of assessed value.

WATER

Newport's municipal water is supplied from the Big Creek Raven Area and the Siletz River. The City stores water in two reservoirs, with the City's water treatment plant located at the lower reservoir. The cost of water service in Newport is similar to the costs in other Central Coastal communities.

The water-intensive economic uses are fish processing and tourism. Fish processing is by far the heaviest single employment-related water user in the City. Fish processing uses the most water in the spring and fall. Tourism, which peaks in the summer, requires a substantial amount of water at the driest part of the year. The City typically draws down the water stored in its reservoirs to meet summertime water demand.

The City has sufficient water rights to meet current and future needs. The City has water rights to six cubic feet per second (CFS) or the equivalent of about 3.9 million gallons of water per day. At peak usage in summer, Newport uses a maximum of 5.5 CFS of water. The City could meet increased demand for water during the summer, if they had more capacity for water storage at reservoirs, so that they could pump more water earlier and later in the year when the City uses significantly less than the amount allowed in their water rights.

The City is planning the following upgrades to the water system: (1) upgrading the raw water storage capacity, (2) extending service to the northern part of Newport, and (3) extending service to the southern part of Newport.

- The City is studying the long-term sustainability of the existing reservoirs and exploring long-term options for expanding the storage capacity of water. The results of these studies will likely result in a need to modify the water system master plan to address

and fund changes to the City's reservoirs and storage capacity for raw water.

- The City is planning to address the water capacity issues at the northern edge of town. The City plans to service this area by building a 1 million gallon water storage tank and upsizing water lines and the pump stations to the tank. Construction on these improvements is scheduled to begin in Fall 2012. These improvements will serve the industrial areas north of 71st Street but will not serve much further north than 78th Street. The City has long-term plans for constructing another water storage tank in the most northern part of the City.
- The City is planning to extend water service on the south side of the City, around 40th and 50th Streets. The City does not currently have the capacity to serve south of 62nd Street, which would require additional infrastructure, such as a lift station.

The City's ability to meet future commercial and industrial demand for municipal water service will depend on the timing of the growth, the location of the growth, and the amount and character of growth. For example, while the City has enough water, storage capacity, and water treatment capacity to accommodate growth of one or two water-intensive users (e.g., fish processors), the City's water system would be strained to accommodate growth of many water-intensive users. This difficulty would be intensified if a new water-intensive user needed large quantities of water in the summer, which would require building additional water storage facilities.

Given the amount of growth expected in Newport, the types of industries likely to grow or locate in Newport, and the City's plans for upgrading the existing water system, the City has sufficient water system capacity to accommodate expected growth.

WASTEWATER

Newport's wastewater treatment plan is located on the south side of the City. The City typically treats between 1.5 and 2 million gallons per day. The treatment plant has capacity to treat up to 15 million gallons per day and the City's permit is for 5 million gallons per day. The City's peak load is 14 million gallons per day, as a result of rainwater infiltration into the wastewater treatment distribution and collection system.

The City has sufficient capacity to treat wastewater and can accommodate the forecasts for growth. The constraints for wastewater system are in the collection system. One issue is the condition of the collection system, with a need to replace mains and lifts. The City plans to replace problematic

mains and lifts between 2012 and 2017, which will decrease infiltration of rain water.

Another issue is that some parts of the City are not served by the wastewater system, such as the northern or southern parts of the City. The City is planning to serve some of these areas, such as the areas being newly served with municipal water. The City will be updating the wastewater system master plan in 2014, which will include new mapping of infrastructure deficiencies.

The ability of Newport's wastewater system to accommodate the needs of new or growing employers will depend on the needs of the employers and the need to comply with new Federal regulations. The wastewater needs of existing businesses vary. For example, the effluent of fruit processors has a high level of biological oxygen. In comparison, the NOAA vessels discharge ocean water into the wastewater system. The different types of effluent have different effects on the City's wastewater system. In addition, the EPA will require communities on the mid-Oregon Coast to comply with revised total daily maximum loads (TMDL) standards for bacteria, sediments, and temperatures.

Given the amount of growth expected in Newport, the types of industries likely to grow or locate in Newport, and the City's plans for upgrading the existing wastewater system, the City has sufficient wastewater system capacity to accommodate expected growth. The City may need to work with businesses with high or unusual wastewater effluent, to ensure that the City is able to meet Federal standards for wastewater treatment.

LABOR MARKET FACTORS

The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well. This section examines the availability of workers for Newport.

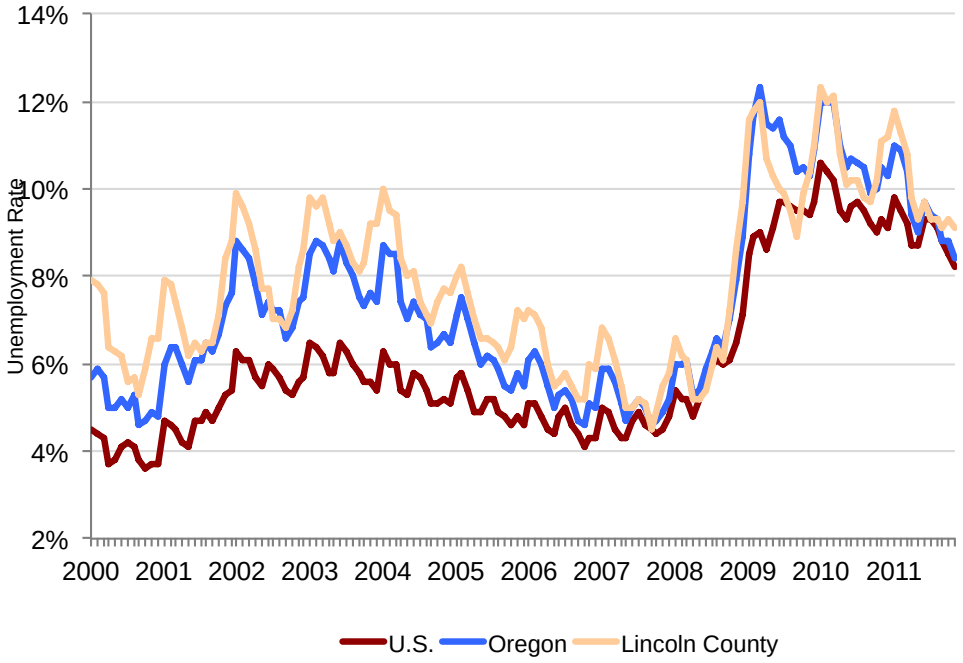
The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force.

Newport's labor force participation rate (percent of adult population who are employed or actively seeking work) was about 59% in 2010. In comparison, Lincoln County's labor force participation rate was 56%, compared with the State average of 64%. The lower labor force

participation rate in Newport (and Lincoln County) is a result, in part, of the older population in Newport, many of whom are retired.

The unemployment rate is one indicator of the relative number of workers who are actively seeking employment. Labor force data from the Oregon Employment Department shows that unemployment in Lincoln County 9.1% in November 2011 was higher than the State average of 8.4%. Figure B-1 shows the unemployment rate for Lincoln County, Oregon, and the United States for the past decade. During this period, Lincoln County's unemployment has been similar to the statewide unemployment rate. The County and State unemployment rates have been consistently higher than the national average, but the difference has decreased in recent years.

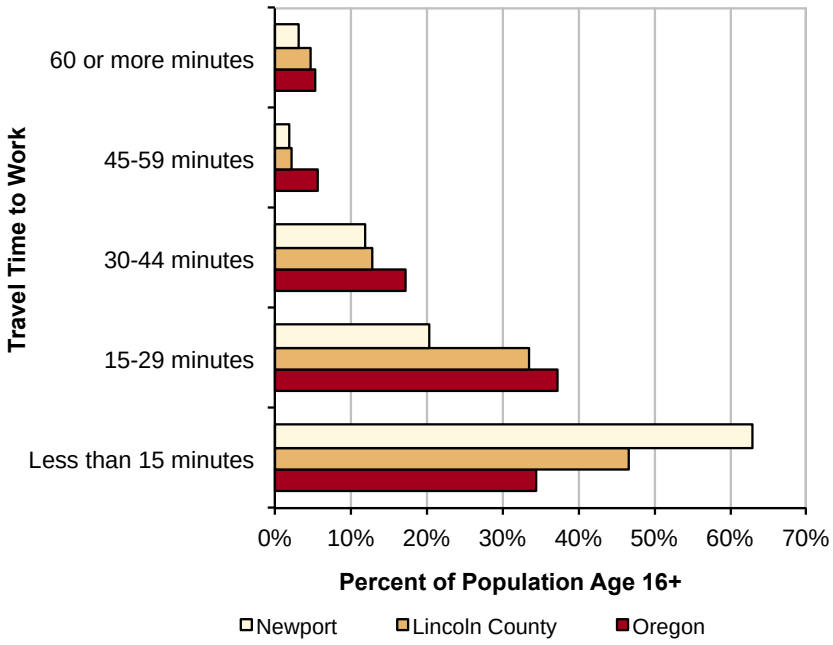
Figure B-1. Unemployment rates for Lincoln County, Oregon, and the U.S., January 2000 through November 2011



Source: Bureau of Labor Statistics
Note: unemployment data is not seasonally adjusted

Another important factor in the labor force is the distance that workers are willing to commute. Figure B-2 shows a comparison of the commute time to work for residents 16 years and older for Oregon, Lincoln County, and Newport in 2010. Commute times for Newport residents are below County and State averages. The majority of Newport residents (63%) have a commute time of fewer than 15 minutes; Eighty-three percent have a commute time of 29 minutes or less.

Figure B-2. Commuting time to work in minutes for residents 16 years and older, Oregon, Lincoln County, and Newport, 2010



Source: American Community Survey 5-Year Estimates 2006-2010

Table B-3 show where residents of Newport worked in 2002 and 2009. During the seven-year period, the percentage of residents working in the County and City decreased approximately 16% and 15%. In 2009, 62% of Newport's residents were employed in Lincoln County, with 47% working in Newport. Multnomah County had the next highest percentage of workers living in Newport at 8%; Marion County had 6%.

Table B-3. Places that residents of Newport were employed, 2002 and 2009

	2002		2009	
Location	**Number**	**Percent**	**Number**	**Percent**
Lincoln County	2,830	78%	2,722	62%
Newport	2,228	62%	2,063	47%
Toledo	63	2%	126	3%
Lincoln City	178	5%	143	3%
Marion County	147	4%	266	6%
Salem	118	3%	181	4%
Multnomah County	131	4%	334	8%
Portland	109	3%	294	7%
Linn County	97	3%	99	2%
Benton County	96	3%	175	4%
Corvallis	90	2%	164	4%
Washington County	67	2%	199	5%
Clackamas County	62	2%	139	3%
Jackson County	32	1%	44	1%
Lane County	26	1%	51	1%
Clatsop County	19	1%	58	1%
All Other Locations	105	3%	322	7%
Total	**3,612**	**100%**	**4,409**	**100%**

Source: U.S. Census Bureau: LED on the Map Work Destination Report - Where Workers are Employed Who Live in the Selection Area - by Places (Cities, CDPs, etc.), 2010

Table B-4 shows where employees of firms located in Newport lived in 2002 and 2009. During the 7-year period, the percentage of workers commuting to Newport from outside the City and County increased approximately 5% and 7%. In 2009, 72% of Newport's workers lived in Lincoln County with 33% living in Newport. The 28% of workers commuting from other counties are mostly divided between Lane, Marion, Washington, Multnomah, Tillamook, Benton, Clackamas, Linn, and Clatsop Counties.

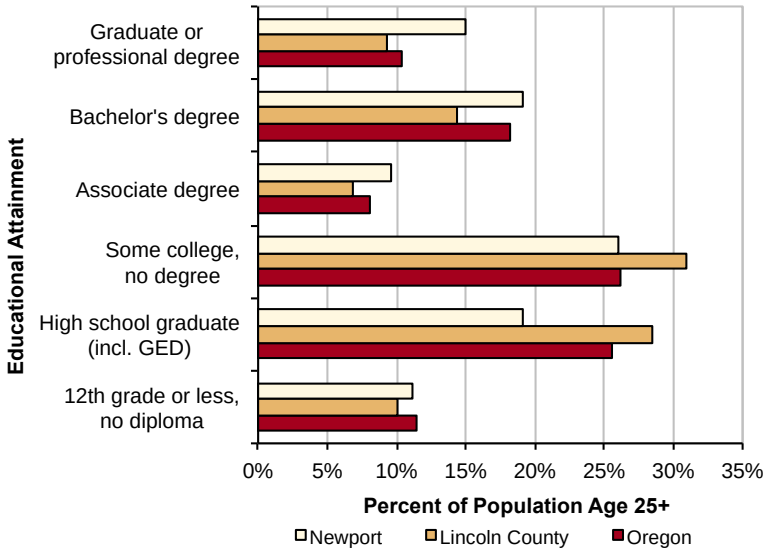
Table B-4. Places where workers in Newport lived, 2002 and 2009

	2002		2009	
Location	**Number**	**Percent**	**Number**	**Percent**
Lincoln County	4,643	79%	4,506	72%
Newport	2,228	38%	2,063	33%
Toledo	628	11%	662	11%
Lincoln City	140	2%	179	3%
Lane County	282	5%	285	5%
Eugene	77	1%	75	1%
Marion County	172	3%	155	3%
Washington County	115	2%	106	2%
Multnomah County	101	2%	133	2%
Tillamook County	98	2%	75	1%
Benton County	97	2%	179	3%
Corvallis	53	1%	109	2%
Clackamas County	77	1%	89	1%
Linn County	63	1%	169	3%
Clatsop County	29	1%	93	2%
All Other Locations	225	4%	469	8%
Total	**5,902**	**100%**	**6,259**	**100%**

Source: U.S. Census Bureau: LED on the Map Home Destination Report - Where Workers Live Who are Employed in the Selection Area - by Places (Cities, CDPs, etc.)

Educational attainment is an important labor force factor because firms need to be able to find educated workers. Figure B-5 shows the share of population by education level completed in Oregon, Lincoln County, and Newport in 2010. About 44% of Newport's residents had an associate's degree or higher, compared with 31% of Lincoln County residents and 37% of Oregonians.

Figure B-5. Educational attainment for the population 25 years and over, Oregon, Lincoln County, and Newport, 2010



Source: U.S. Census Bureau B15002 Sex By Educational Attainment for Population 25 Years and Over

Opportunities for workforce training and post-secondary education for residents of Newport and Lincoln County is primarily through the Oregon Coast Community College, with courses about marine science offered at the Hatfield Marine Science Center. Newport residents also have access to post-secondary institutions in or near Corvallis at Oregon State University and Linn-Benton Community College.

While Newport currently has a higher percentage of workers with bachelor's degrees and graduate degrees than either the State or County, they also have a higher percentage of residents age 50 and above - many of whom may soon reach retirement age and leave the workforce.

NEWPORT'S COMPETITIVE AND COMPARATIVE ADVANTAGES

Economic development opportunities in Newport will be affected by local conditions as well as the national and state economic conditions described in Appendix A. Economic conditions in Newport relative to these conditions in other coastal communities form Newport's competitive and comparative advantages for economic development. These advantages have implications for the types of firms most likely to locate or expand in Newport.

There is little that Newport can do to influence national and state conditions that affect economic development. Newport can, however, influence local factors that affect economic development. Newport's

primary advantages are: access to the ocean, location in the central Oregon Coast, access to Highways 101 and 20, range of businesses in Newport, interest of business groups to work together, and high quality of life. Newport is likely to attract businesses that prefer to locate near to the ocean or businesses that have a choice of where to locate and prefer the quality of life factors in Newport.

The local factors that form Newport's competitive and comparative advantages are summarized below.

- **Location.** Newport is located in Lincoln County, along Highway 101, at the center of Oregon's Coast. Newport is one of the largest coastal community and a regional center for retail and government activity. Businesses in Newport have access to natural resources from surrounding rural areas, such as ocean products, wood products, agricultural products, and other resources. Businesses that need access to or want to attract customers from other coastal communities may locate in Newport.
- **Transportation.** Businesses and residents in Newport have access to a variety of modes of transportation: automotive (Highways 101 and 20), cargo vessels (at the newly renovated International Terminal), air (the Newport Municipal Airport), rail (Willamette and Pacific Railroad), and transit (Lincoln County Transit). Businesses that need access to multiple modes of transportation, especially automotive and cargo vessels, may choose to locate in Newport. Newport's distance from Interstate 5, the Willamette Valley, and Portland are a barrier to attracting businesses that need direct access to I-5 or markets in the Willamette Valley.
- **Marine-related.** One of Newport's primary advantages is being on the Oregon Coast, with direct access to the Pacific Ocean. Newport's economy has developed with the following advantage:
    - **Proximity and access to the ocean.** Access to the ocean from Yaquina Bay is direct and fast. Boats in the Bay can get to the open ocean in about 10 minutes. This direct access to the ocean from a protected bay is relatively unique in the Northwest. Businesses that make frequent trips to and from the ocean may find Newport's access to the ocean appealing.
    - **Marine industries.** Newport has a wide-ranging of existing marine industries: research and education, law enforcement, commercial fishing, seafood processing, recreational fishing, tourism-related ocean activities, and services for the marine industries. These industries form the base of an ocean

observing industry cluster. Newport has opportunities to attract more marine industries, including small businesses that provide goods or services to marine businesses.

  - **Agreement about marine uses.** Newport has a wide-range of marine stakeholders, such as: the Port of Newport, the Hatfield Marine Science Center, commercial or recreational fishermen, the Coast Guard, and many others. These stakeholders are generally in agreement about the types of uses that should occur in Yaquina Bay, which focus on research, aquaculture, and transportation. The collaborative nature of the relationship among marine users is an advantage for economic development because there is broad agreement about the types of marine uses in and around Newport.
  - **Existing marine infrastructure.** Newport's existing marine infrastructure is an advantage for attracting businesses. The community will need to make investments, such as those that brought the NOAA fleet to Newport or the renovation to the International Terminal, to continue attracting marine-related businesses. In addition, the concentration of marine uses in Newport gives the Port advantages in attracting funding for the dredging necessary to accommodate large vessels.

- **Tourism.** The existing tourism industry in Newport is an advantage for economic development. Tourism results in $116.8 million in direct spending annually, supporting about 1,600 jobs, and resulting in lodging tax revenues of approximately $2.2 million annually. While direct spending and lodging tax revenues have grown since 2000, employment in tourism industries has remained relatively flat over the 10-year period.

  Newport's tourism infrastructure includes destinations such as the Oregon Coast Aquarium, recreational amenities, overnight accommodations, restaurants, retail, and cultural amenities. The amenities not only contribute to the success of Newport's tourism industries but enhance the quality of life for residents in and around Newport. The existing tourism industry in Newport offers opportunities to increase tourism and grow employment directly and indirectly related to tourism.

- **Buying power of markets.** The buying power of Newport's households, residents of nearby communities, and visitors provide a market for goods and services. Newport's role as a regional center

for retail and services is a competitive advantage for attracting retail and other services.

- **Labor market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available but the quality, skills, and experience of available workers.

  Businesses in Newport have access to workers in Newport and from neighboring communities. Businesses need access to reliable skilled workers, both with and without higher education. Businesses that need skilled workers but that do not require a specialized college degree may find workers within the greater Newport area. These workers can gain job skills through training at the Oregon Coast Community College or on-the-job training. Some businesses, especially organized involved in research and education, may need to attract workers that have specialized college degrees from other parts of Oregon or out-of-state.

- **Public policy.** Public policy can impact the amount and type of economic growth in a community. The City can impact economic growth through its policies about the provision of land and redevelopment. Success at attracting or retailing firms may depend on the availability of attractive sites for development and public support for redevelopment. In addition, businesses may choose to locate in Newport (rather than another coastal community) based on: the City's tax policies, development changes (i.e., systems development charges), the availability and cost of public infrastructure (i.e., transportation or sanitary sewer), and attitudes towards businesses.

Appendix C Employment Forecast and Site Needs for Industrial and other Employment Uses

This appendix presents a detailed analysis of Newport's site needs consistent with the requirements of OAR 660-009-0015(2) and of OAR 660-009-0025(1). This appendix includes an employment forecast and an analysis of site needs to accommodate industrial and other employment uses in Newport for the 2012 to 2032 period. The information presented in this appendix is summarized in Chapter 4.

EMPLOYMENT FORECAST

To provide for an adequate supply of commercial and industrial sites consistent with plan policies, Newport needs an estimate of the amount of commercial and industrial land that will be needed over the planning period. Goal 9 requires cities identify "the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses." The number of needed sites is dependent on the site requirements of employers. The estimate of land need is presented in the site needs analysis in the next section.

Demand for commercial and industrial land will be driven by the expansion and relocation of existing businesses and new businesses locating in Newport . The level of this business expansion activity can be measured by employment growth in Newport . This section presents a projection of future employment levels in Newport for the purpose of estimating demand for commercial and industrial land.

The projection of employment has three major steps:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in Newport 's UGB presented in Chapter 3. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in Newport .

2. **Project total employment.** The projection of total employment will be calculated using the safe harbor method suggested in OAR 660-024.

3. **Allocate employment.** This step involves allocating employment to different land use types.

EMPLOYMENT BASE FOR PROJECTION

To forecast employment growth in Newport , we must start with a base of employment growth on which to forecast. Table C-1 shows ECO's estimate of total employment in the Newport UGB in 2010. To develop the figures, ECO started with estimated covered employment in the Newport UGB from confidential QCEW (Quarterly Census of Employment and Wages) data provided by the Oregon Employment Department (presented in Table A-6).

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that covered employment reported by the Oregon Employment Department for Lincoln County is only about 68% of total employment reported by the U.S. Department of Commerce. We made this comparison by sector for Lincoln County and used the resulting ratios to convert covered employment to total employment in Newport. Table C-1 shows Newport had an estimated 10,060 employees within its UGB in 2010.

Table C-1. Estimated total employment in the Newport UGB by sector, 2010

Sector	Covered Employment		Estimated Total Employment
	Number	% of Total Emp.	
Agriculture, Forestry, Fishing & Hunting	69	68%	102
Construction	250	50%	495
Manufacturing	189	81%	233
Wholesale Trade	89	59%	150
Retail Trade	1,121	75%	1,502
Transportation & Warehousing & Utilities	91	71%	128
Information	83	68%	122
Finance & Insurance	165	51%	324
Real Estate & Rental & Leasing	83	22%	371
Professional, Scientific, and Technical Services	177	68%	261
Management of Companies and Enterprises	18	68%	27
Admin. & Support & Waste Mgt. & Remediation Srv.	272	52%	522
Private Educational Services	12	51%	23
Health Care & Social Assistance	972	68%	1,439
Arts, Entertainment, & Recreation	159	36%	437
Accommodation & Food Services	1,329	91%	1,461
Other Services (except Public Administration)	347	45%	780
Government	1,629	97%	1,683
Total	**7,055**	**68%**	**10,060**

Source: 2006 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department. Covered employment as a percent of total employment calculated by ECONorthwest using data for Lincoln County employment from the U.S. Department of Commerce, Bureau of Economic Analysis (total) and the Oregon Employment Department (covered).

Note: The estimate of the percent of covered to total employment was not available for the following sectors because confidential employment data could not be disclosed for these sectors by either the Oregon Employment Department or the Bureau of Economic Analysis: Natural Resources ad Mining; Information; Professional, Scientific, and Technical Services; and Management of Companies.

EMPLOYMENT PROJECTION

Table C-1 presents an estimate of total employment in Newport's UGB in 2010, 10,060 employees. Given the recent recession and the slow employment growth in Oregon between 2010 and 2012, we assume that Newport's employment base in 2012 has not changed substantially since 2010.

Forecasting employment growth in Newport requires making assumptions about future economic conditions in Newport and Lincoln County over the next 20-years. Some factors that we considered in forecasting employment growth in Newport are: historical growth trends in the County, the State's forecast for employment growth in the region, and Newport's expectations for population growth:

- **Long-term growth trends in Lincoln County.** Employment in Lincoln County grew from about 14,000 jobs in 1990 to 17,200 jobs in 2010, adding about 3,100 jobs at an average annual growth rate of 1.0%. Non-retail commercial employment more than doubled and government employment increased by 50% over the 20-year period. Employment in retail decreased by about 9% and manufactured decreased by 40% over the 20-year period.
- **Forecast of employment growth in Region 4.** The Oregon Employment Department's projection of employment growth over the 2010 to 2020 period shows Region 4 (which includes Benton, Linn, and Lincoln Counties) growing at an average annual growth rate of 1.5%, adding nearly 16,000 new employees. Lincoln County accounts for nearly 20% of the employment in Region 4. The forecast shows the majority growth in Health Care, Professional Services, Transportation and Warehousing, and Leisure and Hospitality. While employment in these sectors are likely to grow in Newport (except for Transportation and Warehousing, which is unlikely to grow substantially in Newport), growth of these sectors is likely to be faster in larger urban areas like Corvallis and Albany.
- **Newport's population is forecast to grow at about 0.7% annually.** Newport's population forecast shows that Newport will grow from approximately 11,318 people in 2012 to 12,932 persons in 2032.[35] Based on this forecast, Newport's ratio of persons to employees (PE ratio) will decrease from 1.13 persons per job in 2012 to 1.05 persons per job in 2032. It is reasonable to expect that employment in Newport may grow somewhat faster than population, given that Newport is a regional employment center.

Table C-2 presents a forecast of employment in Newport for the 2012 to 2032 period based on these considerations. It is reasonable to assume that Newport's employment will grow at the 1.0% annually. This rate is consistent with historical growth in Lincoln County and the forecast for growth in Region 4. This rate assumes that employment growth will be faster than population growth, which is consistent with Newport's position as a regional employment center.

Table C-2 shows the result of applying this growth rate to the total employment base of 10,060 employees in Newport in 2012. Table C-2

[35] Newport does not have a coordinated, adopted population forecast. The population forecast presented here is based on the population forecast used in the 2011 Newport Housing Needs Analysis. This forecast assumed that Newport would grow from 11,243 persons in 2011 to 12,846 persons in 2031, at an average annual growth rate of 0.7%. We estimated population in 2012 and 2032 based on the 0.7% average annual growth rate.

shows that employment is forecast to grow by 2,216 employees (an 18% increase) between 2012 and 2032.

Table C-2. Employment growth in Newport's UGB, 2012-2032

Year	Total Employment
2012	10,060
2032	12,276
Change 2012 to 2032	
Employees	2,216
Percent	18%
AAGR	1.0%

Source: ECONorthwest

ALLOCATE EMPLOYMENT TO DIFFERENT LAND USE TYPES

The next step in the employment forecast is to allocate future employment to land use types by grouping employment into land use types with similar building and site requirements, based on the North American Industry Classification System (NAICS), which assigns a classification code to every business with employment. The land use types are:

- **Industrial** businesses in the following sectors: Natural Resources and Mining, Construction, Manufacturing, Wholesale Trade, and Transportation, Warehousing, and Utilities. Industrial employment accounted for 11% of Newport's employment in 2010.
- **Commercial** businesses in the following sectors: Retail trade, Information, Finance and Insurance, Real Estate, Professional and Scientific Services, Management of Companies, Administrative and Support Services, Private Educational Services, Health Care and Social Assistance, Accommodations and Food Services, and Other Services. Commercial employment accounted for 72% of Newport's employment in 2010.
- **Government** includes employment local, state, and federal agencies, including public educational services. Government employment accounted for 15% of Newport's employment in 2010.

Table C-3 shows the forecast of employment growth by land use type in Newport's UGB from 2012 to 2032. Table C-3 forecasts growth in all land-use types and it forecasts a shift in the composition of Newport's employment based on:

- **Industrial** will increase from 11% of employment in Newport in 2010 to 15% by 2032. The cause of this expected growth is faster growth in target industry businesses that require industrial land,

such as manufacturing related to ocean observing businesses, ship and boat repair businesses, seafood processing, or businesses related to international shipping.

- **Commercial** employment will decrease from 72% of employment in Newport in 2010 to 72% by 2032. Although employment in commercial businesses will decrease as a percent of total employment, commercial employment will account for the majority of employment growth (1,300 new jobs).
- **Government** employment will decrease from 17% of employment in Newport in 2010 to 15% by 2032. Even with this decrease in the share of total employment, government employment will grow by nearly 160 people over the 20-year period. This employment will be the result of growth in public educational and research organizations, as well as growth in government to provide additional services to Newport's growing population.

Table C-3. Forecast of employment growth in by building type, Newport UGB, 2012–2032

	2012		2032		
Land Use Type	Employment	% of Total	Employment	% of Total	Change 2012 to 2033
Industrial	1,108	11%	1,841	15%	733
Commercial	7,269	72%	8,593	70%	1,324
Government	1,683	17%	1,841	15%	158
Total	**10,060**	**100%**	**12,276**	**100%**	**2,216**

Source: ECONorthwest
Note: Green shading denotes an assumption by ECONorthwest

LAND AND SITE NEEDS

OAR 660-009-0015(2) requires the EOA identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. Types of needed sites are based on the site characteristics typical of expected uses. The Goal 9 rule provides flexibility in how jurisdictions conduct and organize this analysis. For example, site types can be described by plan designation (i.e., heavy or light industrial), they can be by general size categories that are defined locally (i.e., small, medium, or large sites), or it can be industry or use-based (i.e., manufacturing sites or distribution sites).

Firms wanting to expand or locate in Newport will be looking for a variety of site and building characteristics, depending on the industry and specific circumstances. Previous research conducted by ECO has found that while there are always specific criteria that are industry-dependent and firm-specific, many firms share at least a few common site criteria. In general, all firms need sites that are relatively flat, free of natural or regulatory constraints on development, with good transportation access and adequate public services. The exact amount, quality, and relative importance of these factors vary among different types of firms. This section discusses the site requirements for firms in industries with growth potential in Newport, as identified in the analysis of target industries.

LAND NEEDED ACCOMMODATE EMPLOYMENT GROWTH

Table C-3, presented earlier in this appendix, discusses Newport's forecast for employment by land use type. The analysis of long-term land and sites needs in Newport builds off of the employment forecast for Newport .

Some new employment will locate on underutilized land, such as the districts along Highway 101 identified in the buildable lands analysis as having development capacity. Table C-4 shows employment growth on underutilized lands and on vacant lands. Table C-4 assumes that some employment will locate on underutilized lands, reducing the need for vacant employment land:

- **Some employment growth will occur on with existing built space.** Some employment will locate in existing buildings, such as buildings with vacant spaces that can accommodate business tenants. In addition, existing businesses may be able to accommodate new employment by making more efficient use of existing office space (e.g., adding a new cubicle). ECO assumes that 10% of commercial employment can be accommodated this

way and that 50% of government employment can be accommodated in existing built space.

- **Some employment growth will be accommodated on land with additional capacity.** Some employment growth will be accommodated on land with additional development capacity, through infill or redevelopment. Some parcels with an existing building may have capacity to add another building, which is infill development. In other cases, the existing building may be obsolete, resulting in redevelopment of the existing building, with increased capacity to accommodate employment. ECO assumes that 15% of commercial employment will be accommodated through infill or redevelopment.

Using these assumptions, 211 new employees will be accommodated on underutilized land and 1,805 new employees will require vacant (including partially vacant) land over the 2012 to 2032 period.

Table C-4. New employment locating on underutilized land or vacant land, Newport, 2032

Land Use Type	New Employment	Employment on Underutilized Land		Emp. on Vacant Land
		Existing Built Space	Land with Additional Capacity	
Industrial	733	0	0	733
Commercial	1,324	132	199	993
Government	158	79	0	79
Total	**2,216**	**211**	**199**	**1,805**

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

Table C-5 shows demand for vacant (including partially vacant) land in Newport over the 20-year period. The assumptions used in Table C-5 are:

- **Employment density.** Table C-5 assumes the following number of employees per acre (EPA): Industrial will have an average of 10 employees per acre and Commercial and government will have an average of 20 EPA.

  These employment densities are consistent with employment densities in Oregon cities of similar size as Newport. Some types of employment will have higher employment densities (e.g., a multistory office building) and some will have lower employment densities (e.g., a convenience store with a large parking lot).

- **Conversion from net-**to-gross acres. The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment including public right-of-way is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for right-of-way.[36] A net to gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

  Net-to-gross factors generally range from 15% to 20% for cities like Newport. Given that Newport has an existing well developed street system, ECO uses a net-to-gross conversion factor of 15% for industrial and 20% for commercial and government.

Using these assumptions, the forecasted growth of 1,805 new employees will result in the following demand for vacant (and partially vacant) employment land: 86 gross acres of industrial land, 63 gross acres of commercial land, and 5 gross acres of land for government uses.

Table C-5. Demand for vacant land to accommodate employment growth, Newport, 2012 to 2032

Land Use Type	Emp. on Vacant Land	EPA (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	733	10	73	86
Commercial	993	20	50	63
Government	79	20	4	5
Total	**1,805**		**127**	**154**

Source: ECONorthwest
Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant.

FACTORS THAT AFFECT LOCATIONAL DECISIONS

Why do firms locate where they do? There is no single answer—different firms choose their locations for different reasons. Key determinates of a location decision are a firm's *factors of production*. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to

[36] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues: if demand for goods and services is held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm's production function are:

- **Labor.** Labor is often and increasingly the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally. Based on existing commuting patterns, Newport has access to labor from Lincoln County and the Central Coast.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways. Some marine and ocean observing industries need land with direct access to the Bayfront and others can locate in areas away from the waterfront with other office buildings. Services for visitors need to be located in areas that attract visitors, such as along Highway 101 or near the waterfront.
- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product, either goods or services, to the market, and they rely on access to different modes of transportation to do this. Newport has a deep water port, which provides the City with advantages to do businesses that need access a deep water port. In addition, the City's access to Highway 101 and the municipal airport transportation provide advantages that may appeal to firms that use these methods of transportation. The City's distance from I-5 is a disadvantage for attracting firms that need to ship large volumes of freight by truck.

- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources: lumber manufacturing requires trees. Or, farther down the line, firms may need intermediate materials: for example, dimensioned lumber to build manufactured housing.
- **Entrepreneurship**. This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar.

The supply, cost, and quality of any of these factors obviously depend on market factors: on conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain the quality of life. Overly burdensome regulations, however, can be a disincentive for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes**. Firms tend to seek locations where they can optimize their after-tax profits. Studies show that tax rates are not a primary location factor within a region—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The cost of these production factors is usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions.
- **Financial incentives**. Governments can offer firms incentives to encourage growth. Studies have shown that most types of financial incentives have had little significant effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

This discussion may suggest that a location decision is based entirely on a straight-forward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development,

however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters**. Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities. A key element of Newport's vision for economic development is developing a marine and ocean observing employment cluster.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.
- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. Innovation affects both the overall level and type of economic development in a region. Government can be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

Table C-6 provides a summary of production factors in Newport as well as comments on local opportunities and constraints. It also discusses implications of each factor for future economic development in Newport.

Table C-6. Summary of production factors and their implications for Newport

Category	Opportunities	Challenges	Implications
Labor	• Access to labor from across Lincoln County • Workforce development through Oregon Coast Community College programs	• Businesses, especially those involved in research and education, may need workers with specialized college degrees, who will most likely be attracted from outside the Central Coast region	The City has access to labor from the region. Commuting patterns may be negatively impacted by increases in energy prices.
Land	• Opportunities for development along the Bayfront • Underutilized commercial properties along Highway 101	• Limited supply of land with development capacity in South Beach • Constraints on some lands that will prohibit development • Land without municipal services • Short-term availability	Newport's commercial and industrial land base has substantial constraints, such as steep slopes, that will prohibit development and will require careful siting of businesses. Land with development capacity in South Beach is limited. The City will need to work with businesses in the marine and ocean observing research and education cluster to identify other locations for new or expanded businesses, especially those that do not require close proximity to the waterfront.
Local infrastructure	• Existing services in areas with development, especially along Highway 101 • Increases in the capacity of water and wastewater systems resulting recent upgrades • Extension of water and wastewater services to the northern and southern ends of the City • Urban renewal district in South Beach can provide funding for investments	• Limitations on automotive (passenger and freight), pedestrian, and bicycle transportation across the Yaquina Bridge • Limitations on shipping because of low clearance on the Yaquina Bridge • Limited funds available for necessary maintenance and capacity upgrades • Little funding available for strategic investments	The lack of funds leaves the City in a reactive position for addressing infrastructure problems. Some funds are available in the South Beach area for infrastructure maintenance and improvements through the urban renewal district. As a result, the City may be able to pro-actively support growth in South Beach and make strategic infrastructure investments. The City is extending services to areas of the City with buildable land, such as areas around the Airport.

Category	Opportunities	Challenges	Implications
Access to markets	• Location along Highway 101 and Highway 20 • Opportunities to ship freight via highways, the International Terminal, or rail. • Ease of access to the ocean, 10 minutes from the Bay	• Distance from I-5 • Limits on freight shipping on Highway 101, especially south of the Yaquina Bridge	Newport is attractive to do businesses that need direct access to the ocean or a deep draft port. The City is unattractive to do businesses that need easy access to I-5.
Materials	• Proximity to natural resources (e.g., timber or agricultural products) • Access to ocean resources	• Cost of shipping raw and finished products	Newport may be attractive to manufacturers that need access to ocean and natural resources. However, firms dependent on highway access to transport large quantities of materials are unlikely to locate in Newport.
Entrepreneur-ship	• Access to the Oregon Coast Community College	• Distance from markets in the Willamette Valley	Newport may be attractive to entrepreneurs who value the City's quality of life attributes, access to the ocean, access to outdoor recreation, and other locational attributes. Newport has opportunities to encourage entrepreneurship through continued growth in marine and ocean observing industries
Regulation	• Pro-business attitudes among City officials and leaders		The City has the opportunity to develop a regulatory framework that can promote economic activity through economic development policies, plans for providing infrastructure, and provision of a variety of housing types.
Taxes	• Property taxes in Newport are lower than some cities on the Oregon Coast.	• Property taxes in Newport are higher than some cities on the Oregon Coast.	Newport's property tax rates are comparable to other cities on the Oregon Coast. Newport needs revenue sources for providing public services and infrastructure, just as other cities do. The City has options about how to raise these funds: through property taxes, development fees, and other fees to taxes.

Category	Opportunities	Challenges	Implications
Industry clusters	• Potential for additional development of marine and ocean-observing research and education • Potential for development of employment for tourism, international commerce, and fisheries • Newport's role as a regional center of activity on the Central Oregon Coast	• Newport's economic and business climate may be unattractive to some businesses • Little growth in employment in tourism employment over the past decade • Need for some substantial capital improvements to public facilities to grow international tourism	Newport has dedicated stakeholders who are committed to growing employment in marine and ocean observing research and education businesses. There has been considerable success in growing this cluster. Newport's direct access to the ocean, marine infrastructure (e.g., piers), fleet of fishing vessels, and deep draft port situate Newport for growth in marine businesses, such as international commerce and fisheries.
Quality of life	• High quality of life, including proximity to the ocean, access to recreation, regional shopping opportunities and environmental quality	• Growth management challenges, such as balancing development with protection of environmental quality	Newport's policy choices will affect the City's quality of life, such as decisions regarding development of natural areas, housing policies, or policies that lead to redevelopment along Highway 101.
Innovative capacity	• Campuses for Oregon State University Hatfield Marine Science Center and the Oregon Coast Community College • Other organizations involved in marine and ocean observing research and education • Existing regional businesses, clusters, and innovators	• Attracting and retaining good workers • Availability cultural amenities to attract creative class workers	Government can be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

CHARACTERISTICS OF SITES NEEDED TO ACCOMMODATE GROWTH IN NEWPORT

OAR 660-009-0015(2) requires the EOA identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. Types of needed sites are based on the site characteristics typical of expected uses. The Goal 9 rule provides flexibility in how jurisdictions conduct and organize this analysis. For example, site types can be described by plan designation (i.e., heavy or light industrial), they can be by general size categories that are defined locally (i.e., small, medium, or large sites), or it can be industry or use-based (i.e., manufacturing sites or distribution sites).

This section presents a high-level discussion of the characteristics of land needed to accommodate the targeted industries, based on the identified need for: 86 gross acres of industrial land, 63 gross acres of commercial land, and 5 gross acres of land for government employment

Marine and ocean observing research and education

- **Location within the City.** Locational requirements of businesses in marine and ocean observing research and education cluster vary, depending on the type of business.
    - Organizations involved in research and education may need access to the waterfront (i.e., a place to dock ships). While some organizations may prefer to have offices near the waterfront, others may find a location away from the water front acceptable.
    - Businesses involved with maintenance and manufacturing may need to have a location along the water front (e.g., for ship maintenance), while others may prefer a location near Highway 20 or the airport.

  Newport has a limited supply of land with direct or nearby access to the Bay Front and should identify opportunity sites in these areas for use by marine and ocean observing organizations. The economic development strategy includes an action item of identifying specific opportunity sites for growth of this cluster within Newport.
- **Size of sites.** The size of sites required by businesses in this cluster will vary. Some businesses may require no new space and make

sure of space within an existing building, such as a small firm involved in research. Other businesses may require a larger site (e.g., one to two acres) to build a new facility. A large organization could require a five- to ten-acre site.

- **Constraints and topography.** Office-based businesses may be willing to locate on land with slopes of 15% or more. Manufacturing, maintenance, and related businesses will need relatively flat sites.
- **Transportation access.** All businesses will need automotive access. Businesses that manufacture products for use outside of Newport will need sufficient access to Highway 101 and possibly to Highway 20. Businesses in this cluster are likely to require boat and shipping access in the Bayfront.

International commerce

- **Location within the City.** Businesses involved in international commerce are may prefer to locate near the Port of Newport's facilities. Some of these businesses may require a Bayfront location and some may not need waterfront access.

  Newport has a limited supply of land with direct or nearby access to the Bay Front, especially land near the Port of Newport's facilities. The City and Port should identify opportunity sites in these areas for use by businesses in this cluster.
- **Size of sites.** Warehouse and distribution firms may require a relatively small site (e.g., 1- to 2-acres) for small-scale businesses or may require a large site (e.g., 20- or more acres) for large-scale operations. Small businesses may prefer to locate in existing buildings (if available).
- **Constraints and topography.** These businesses will need relatively flat sites.
- **Transportation access.** Business in this cluster may need direct access to Highway 20 and to Highway 101. Businesses in this cluster will require access to shipping from the International Terminal at the Port of Newport.

Fishing and seafood processing

- **Location within the City.** Businesses involved in fishing and seafood processing are likely to require a Bay Front location, with waterfront access.

- **Size of sites.** Some businesses may require relatively small locations on the waterfront, such as an office with a place to dock fishing vessels. Seafood processors firms may require a relatively small site (e.g., 1- to 2-acres) for small-scale businesses or may require a large site (e.g., 10- or more acres) for large-scale operations. Small businesses may prefer to locate in existing buildings (if available).
- **Constraints and topography.** These businesses will need relatively flat sites.
- **Transportation access.** Business in this cluster may need direct access to Highway 20 and to Highway 101. Businesses in this cluster will require access to the Bay Front.

Tourism

- **Location within the City.** Tourism businesses will require a location in areas where visitors frequent, such as along Highway 101, in Nye Beach, or in the Historic Bayfront. Some businesses may prefer a location with an ocean view, such as restaurants or overnight-accommodations.
- **Size of sites.** Some businesses, such as a retail store or small restaurant, in this cluster can locate on a small site (1-acre or less) and in an existing building. Some businesses, such as restaurants or overnight-accommodations, may need larger sites (2- to 5-acres) and may prefer to build new facilities. Need for sites larger than 5-acres will be restricted to large businesses, generally those building new facilities.
- **Constraints and topography.** These businesses can locate on sites with slopes.
- **Transportation access.** Businesses providing services to visitors will need access to local streets, with space for parking.
- **Visibility.** Businesses in this cluster generally requires a site with high visibility, either along Highway 101 or in one of Newport's districts with other services for visitors.

Appendix D

Buildable Lands Inventory Methodology

A key component of the Newport Economic Opportunities Analysis is the buildable lands inventory (BLI). The BLI consists of several steps:

1. Classifying land into mutually exclusive categories
2. Netting out development constraints
3. Developing tabular summaries of lands by classification and plan designation
4. Estimating land capacity in terms of dwelling units

This section describes the methods and definitions ECONorthwest used to complete the Newport employment buildable lands inventory.

BLI METHODS

The general structure of the buildable land (supply) analysis is based on the methods used for the residential buildable lands inventory included with the *Newport Residential Lands Study*. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. The steps in the inventory were:

- Generate employment "land base." This involved "clipping" all of the tax lots in the Newport UGB with the comprehensive plan layer. The GIS function was followed by a quality assurance step to review the output and validate that the resulting dataset accurately represents all lands designated for employment use in the Newport UGB.
- Classify lands. Each tax lot was classified into one of the following categories:
    - Vacant land
    - Partially vacant land
    - Undevelopable land
    - Developed land
    - Public land
    - Semi-public land

- Destination resort

- Identify constraints. The City identifies areas in steep slopes (over 15%), floodways, wetlands identified in the Local Wetlands Inventory (LWI), shoreland protection areas, and land identified for future public facilities as constrained or committed lands. These areas are deducted from lands that were identified as vacant or partially vacant. To estimate the constrained area within each tax lot, all constraints listed above were merged into a single constraint file which was overlaid on tax lots.
- Evaluate redevelopment potential. According to statewide planning rules, redevelopable land is land on which development has already occurred but on which, due to present or expected market forces, there exists the potential that existing development will be converted to more intensive uses during the planning period.
- Tabulation and mapping. The results are presented in tabular and map format with accompanying narrative. The maps include lands by classification, and maps of vacant and partially vacant lands with constraints.

DEFINITIONS

The first step in the buildable inventory was to develop working definitions and assumptions. ECO began the buildable lands analysis with a tax lot database provided by the City's GIS Department. The tax lot database was current as of February 2012. The inventory builds from the tax lot-level database to estimates of buildable land by plan designation.

A key step in the buildable lands inventory was to classify each tax lot into a set of mutually exclusive categories. Consistent with applicable administrative rules, all tax lots in the UGB are classified into one of the following categories:

- *Vacant land.* Tax lots that have no structures or have buildings with very little value. For the purpose of this inventory, employment lands with improvement values under $10,000 are considered vacant.

- *Partially vacant land.* Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning. This determination was made through review of aerial photographs.

- *Undevelopable land.* Land that has no access or potential access, land that is already committed to other uses by policy, or tax lots that are more than 90% constrained. The majority of undevelopable land identified in the inventory is located in the active beach zone within the UGB.

- *Developed land.* Land that is developed at densities consistent with zoning with improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant, partially-vacant, or undevelopable are considered developed.

- *Public land.* Lands in public ownership are mostly considered unavailable for employment uses. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Lincoln County Assessment property tax exemption codes. This category only includes public lands that are located in employment plan designations.

- *Semi-public land.* Lands in medical use, public or private utilities, churches, and fraternal organizations. These lands were identified using land use descriptions in the Lincoln County Assessment database.

- *Destination resort.* Lands in the Wolf Tree resort area that are designated for commercial uses.

ECO initially classified land using a rule-based methodology. ECO then generated maps that show the results of the application of those rules, with some adjustments made through a validation step based on review of aerial photos and building permit data. The preliminary classification maps were provided to City staff for review and comment.

DEVELOPMENT CONSTRAINTS

Consistent with state guidance on buildable lands inventories, ECO deducted certain constraints from the buildable lands inventory including wetlands and steep slopes. We propose to use categories that are more restrictive than the definition provided in OAR 660-009-0005(2):

> (2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

Based on the Division 9 rule and data provided by the City of Newport and discussions with City staff, ECO deducted the following constraints from the employment lands inventory.

- *Land constrained by natural hazards*. The City provided three GIS datasets that map the extent of Goal 7 hazards:

    - Active hazard zone region
    - Active landslide hazards
    - Bluff erosion hazard zones
    - Dune hazard zones

    We classified portions of employment taxlots considered that fall within areas considered "high risk" as constrained (unsuitable for employment uses).

- *Land within natural resource protection areas*. The Newport Local Wetlands Inventory was used to identify areas within wetlands. The City also adopted an Ocean Shorelands Overlay that prohibits development within Parks, Outstanding Natural Areas, and Significant Habitat are considered unsuitable for employment uses and were deducted from the buildable lands inventory.

- *Land with slopes over 15%*. Lands with slopes over 15% are considered unsuitable for commercial and industrial development.

- *Lands within floodplains*. We did not deduct these lands from the buildable lands inventory. Most jurisdictions, including Newport, allow development in floodplains contingent upon meeting specific conditions.

Employment Lands & Conceptual Land Use Planning Project:
South Beach Neighborhood Plan

Submitted to:

City of Newport
Community Development Department
169 SW Coast Highway
Newport, Oregon 97365

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(with October 2006 revisions to South Beach Neighborhood Plan)

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EMPLOYMENT LANDS AND CONCEPTUAL LAND USE PLANNING PROJECT: SOUTH BEACH NEIGHBORHOOD PLAN

CITY OF NEWPORT, OREGON

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VI. SOUTH BEACH EXISTING CONDITIONS

The South Beach Neighborhood Land Use Plan was developed with significant public involvement to provide direction for the future growth of the South Beach area. The South Beach Neighborhood Land Use Plan builds on prior planning efforts for the neighborhood while incorporating new information and policies developed as part of the City of Newport Employment Lands and Conceptual Land Use Planning Project.

The South Beach Neighborhood Land Use Plan was chosen as the preferred alternative plan by the Employment Lands and Conceptual Land Use Planning Project Ad Hoc Advisory Committee after evaluation of four possible future directions for South Beach that included maintaining the status quo with the industrial land emphasis, redesignating the industrial land in South Beach to commercial uses to meet the commercial land need for all of Newport, and attempting to meet commercial land needs through significant wetland fill and mitigation adjacent to Highway 101. Public comments during the December 2004 open house also indicated support for the Plan as the preferred alternative. The Plan changes the existing Comprehensive Plan Map's industrial focus away from South Beach and provides for future growth for the South Beach area in residential, commercial, and institutional development that is more consistent with the pattern of land use that already exists in the South Beach neighborhood.

The South Beach Neighborhood Land Use Plan provides for an efficient, economical, and orderly urban development plan that includes removing a large but isolated section of land designated for high density residential development east of the airport from the urban growth boundary, rezoning industrially designated land subject to constraints that is unlikely to be developed with industrial uses, adding additional residential, commercial, and public land east of the existing urban growth boundary on land that is relatively flat and that abuts the existing Idaho Point urban growth boundary area. The Plan also changes the Highway 101 strip pattern of industrial and commercial zoning by providing for land for commercial uses located away from Highway 101.

New Comprehensive Plan policies for the South Beach neighborhood are provided to ensure consistency in the development of the new area within the urban growth boundary, to provide for the redesignation of land from industrial to commercial, residential, open space and business park uses, to provide for the maintenance of open space areas, to improve and enhance the appearance of commercial and industrial development, to support the development and expansion of educational institutions, to consider the rezoning of portions of R-4 zoned land to an R-3 zone designation to protect an existing residential neighborhoods near SW Jetty Way and SE 35th Street, to implement street, pedestrian and bicycle plan provisions, and to consider general urban design objectives.

The South Beach Neighborhood Land Use Plan also amends existing public facility and transportation plans as needed to provide efficiency in servicing new development with sewer, water, storm drainage, and transportation linkages (including vehicular, pedestrian and bicycle). The 1993 City of Newport Parks and Recreation Plan is also amended to include

the resiting of a community park for the South Beach area from its formerly proposed location near Highway 101 to more suitable land currently owned by the City of Newport east of the wastewater plant. The Comprehensive Plan economic policies are amended to be consistent with the South Beach Neighborhood Plan by not requiring the South Beach area to accommodate all of the future commercial land needs for Newport.

Overall, the South Beach Neighborhood Land Use Plan results in a reduction of land designated for urban level development within the Newport Urban Growth Boundary. The Plan, however, provides for more developable land (in terms of constraints such as topography and ability to service with necessary infrastructure) within the Urban Growth Boundary and provides for the redesignation of land to uses that are more likely to be developed and compatible with the existing uses in South Beach. The overall focus of the South Beach area is shifted from the industrial land focus to a more mixed use neighborhood with additional residential, commercial and institutional uses.

South Beach is defined as that area within the City limits and the Urban Growth Boundary (UGB) between Yaquina Bay and Passmore Drive, south of the Newport Municipal Airport. South Beach also includes the areas in Lincoln County adjacent to the UGB.

A. Natural Conditions

South Beach is characterized by very flat land adjacent to Highway 101 from Yaquina Bay to just north of the airport and low hills with steep slopes east of the low, flat lands. The low areas have poor drainage and therefore wetlands have formed on much of the land. There are several areas with steep slopes, particularly towards the east along the edges of King Slough, where slopes exceed thirty-five percent. The stream channels surrounding the airport also exhibit relatively steep slopes, falling in the range between twelve and fifty percent. In other areas the hillsides are generally not as steep and are covered with vegetation ranging from brush to mature forests.

1. Geology

According to the Geologic Map of the Yaquina River Section of Lincoln County, prepared by the State of Oregon Department of Geology and Mineral Industries, the South Beach area consists of alluvial bottom land deposits composed of primarily silt, sand and gravel in the low areas and the Nye Mudstone formation in the hills to the east. The western portion of the study area just south of the south jetty, is almost certainly an accretion area because of the jetty. The area around the Marine Science Center and the South Beach Marina was built up from dredged material excavated from the bay.

One of the major geologic concerns in South Beach is the very high water table (i.e., the low, flat topography). During some parts of the year (i.e., the winter) the water table is at or above the surface creating wet areas on parts of South Beach, leading to excavation problems over much of the area. Even in those areas where the water table does not reach the surface, the depth is within a few inches or feet of the ground. This high water table can present a problem to land development and engineering construction.

The Nye Mudstone ranges in topography from moderately steep to low rounded foot slopes modified by ancient landslides and soil creep. If the cuts are in an area where the bedding dips towards the excavation at about 15 degrees or more, failure along weak zones is possible. The natural slopes may be ancient landslides, some of which have been so modified that they no longer are readily recognizable as landslides.

2. Flooding

The 1982 Federal Emergency Management Agency (FEMA) flood insurance rate study indicated that the 100-year flood elevation is 10 feet above mean sea level in the western part of Yaquina Bay and nine feet above mean sea level in the eastern part. The elevations are a theoretical height of a "100-year flood". Although the name implies such a flood every 100 years, the actual prediction is that there is a one percent chance in any given year that the theoretical flood will occur. The predictions are based on hydrological computer models and are used mainly for insurance purposes.

The 100-year flood area in the Yaquina Bay is called an A-zone. The boundary between two of the A-zones in Yaquina Bay is at about the bridge on the south side of Yaquina Bay and Pine Street on the north side. There is also another A-zone upstream but it is unnumbered at this time. It is assumed that the flood elevation for those areas is equivalent to the nine foot elevation in the adjoining flood area to the west.

3. Fish and Wildlife Areas and Habitats

There are four main fish and wildlife habitats. The first are the extensive wetlands permeating the neighborhood. The wetlands are discussed in Appendix G.

The second is the Mike Miller Park. This area, consisting of a stand of major timber, is home to many different types of woodland flora and fauna. Since it is protected by public ownership, it should remain a vital area into the foreseeable future.

The third area is the tidal lands between Idaho Point and the Marine Science Center. This area has been designated as natural in the City's Estuary Management Plan and as such must be protected from development.

The final fish and wildlife habitat is the beaches and deflation plains landward of the sandy beaches. Almost all of those lands are under public ownership within the South Beach State Park.

4. Water Areas

The only water area is the Yaquina Bay Estuary. This important water body is regulated by zoning provisions that designate the bay into three different management units. Those units are development, conservation, and natural. The City's Comprehensive Plan and Zoning Ordinance detail the significance of those designations, what types of uses are allowed, and

what procedural requirements are associated with each unit.

5. Wetlands Summary

The Wetlands Inventory found in Appendix G will be used as a resource when the City decides to proceed with a Goal 5 analysis. **See Exhibit 1** which illustrates the existing wetland areas based on the inventory conducted in 2004.

Exhibit 1

B. Man-Made Conditions

South Beach has a mix of uses that are allowed within the defined boundaries of the neighborhood. In fact, it is one of the most diverse areas of the City permitting residential, commercial, and industrial uses in a relatively small area. South Beach also is home to the Mark O. Hatfield Marine Science Center, the Oregon Coast Aquarium, the South Beach Marina, and the South Beach State Park. All those uses provide an unusual but interesting mix of local, state, national, and international entities.

Combined with the many types of uses, the area has limited infrastructure needed to accommodate the planned growth. Streets, water and sewer lines, storm drainage, telephone, TV, natural gas and electricity all exist south of Yaquina Bay. However, the various utilities must be expanded and upgraded in order to improve the neighborhood as proposed by the Neighborhood Plan and to provide the services and amenities commonly expected in modern communities.

One observation made during the course of this study is that there are currently few services, retail outlets, and job opportunities in South Beach. Therefore, people living south of the bridge must travel to the north side of Yaquina Bay for the necessary services.

1. Land Use

The Vacant Land Inventory for the City of Newport indicated that the City had an insufficient supply of vacant, buildable commercial, industrial, and water-dependent/water-related land. The same conclusion can be drawn for South Beach: a summary of the inventory for those parcels in South Beach can be found in the following table. The table indicates that although South Beach has 629 acres designated for Commercial, Industrial, and Water-Dependent/Water-Related uses, only 86 acres (less than 14 percent) are buildable.

Table 25
SOUTH BEACH VACANT BUILDABLE LAND INVENTORY

Category	Zone (City) or Plan (UGB)	Parcels	Acres Constrained	Acres Buildable
Commercial	C-1	5	11.91	0.42
Commercial	C-2	5	7.77	0.00
sub-total		*10*	*19.68*	***0.42***
Redevelopable	C-1	1	0	1.13
UGB	C	1	0	0.52
Total Commercial		**12**	**19.68**	**2.07**
Industrial	I-1	15	263.15	21.39
UGB	I	22	68.82	34.76
UGB Redevelopable	I	3	0.16	3.87
Total Industrial		**40**	**332.13**	**60.02**
Water-Dependent	W-1	2	1.70	0.13
Water-Related	W-2	3	27.56	0.52
Total Water-Dependent/Related		**5**	**29.26**	**0.65**
Planned Destination Resort	**C-2 PDR**	**2**	**162.01**	**23.69**

The existing land uses in South Beach have been classified into six categories: residential, industrial, commercial, institutional, recreation, and open space. Each category is described in more detail below. **See Appendix H (**of the September 2005 Employment Lands and Conceptual Land Use Planning document).

a. Residential

The South Beach area has three residential areas. The first, South Shore Planned Development is a confined project, master planned for a mix of uses and managed to ultimate build out by the approved master plan.

The second area is the west side, defined as that area with the R-4 (High Density Multi-Family Residential) zoning west of Hwy. 101, roughly bounded by the South Jetty Road on the north, SW Abalone St. on the east, SW 35th St. to the south and SW Egret on the west. The area is characterized by a smattering of one-, two- and multi-family residential uses with many vacant lots. Because the zoning is R-4, the current development pattern is expected to continue. The area developed when the neighborhood was in the county and for that reason, most of the roads do not meet City standards.

The third area is the east side, defined as the residential area east of Hwy. 101, east of Chestnut Street and south of SE 32nd St. This area is also zoned R-4 (High Density Multi-Family Residential).

b. Industrial

Within the City Limits, there are currently approximately 330 acres with the I-1 zoning designation in South Beach. Additionally, there are another 168 acres designated Industrial on the Comprehensive Plan that are currently outside City Limits but within the Urban Growth Boundary. There are another 171 acres zoned for Water-Dependent & Water-Related Uses in South Beach.

c. Commercial

Within the City Limits, there are currently approximately 16 acres with the C-1 zoning and 16 acres with the C-2 zoning designation in South Beach, along with an additional 58 C-2 acres that are part of the Wolf Tree PDR. Additionally, there is another half acre designated Commercial on the Comprehensive Plan that is currently outside City Limits but within the Urban Growth Boundary.

d. Institutional

South Beach is fortunate to have a number of institutional uses, including the Oregon State University's Mark O. Hatfield Marine Science Center, the Oregon Coast Aquarium, and the South Beach Community Center.

e. Recreation

A major recreation facility in South Beach is the Port of Newport Marina and RV Park, which consists of 600 moorage slips, a launch ramp, a public fishing pier, and over 100 RV spaces with full hook-ups. The area also boasts the South Beach State Park (which is discussed in more detail in the section on Open Space).

Established recreational trails on public land, other than those at the South Beach State Park, are limited in the South Beach area to the estuary trail by the Hatfield Marine Science Center and a trail in Mike Miller Park. The 1993 Newport Park System Master Plan has identified a need for recreational improvements in the South Beach area that include neighborhood parks, a community park, trails and open space.

f. Open Space

The City owns approximately seven acres to the south of SE 35th St., the site of the old South Beach water storage facility. During the South Beach Neighborhood Plan project there was some discussion of using this land for a natural preserve and for nature trails. There is also a possibility that the property could be connected with other planned trails in the area to form a complete system of trails that could serve the entire South Beach community.

The predominant open space area in South Beach is the South Beach State Park. Located between the south jetty and the South Shore development, the site is one of the most heavily used parks in Oregon. The State Department of Parks and Recreation has prepared a master plan for the park which shows more intensive development but the retention of vast areas of open space.

Another major open space feature is Mike Miller Park. The park, which lies about one mile inland from the sea and at an elevation of 100 feet, consists of 40 acres. Owned by Lincoln County, the site is one of the few remaining uncut stands of old growth western hemlock and Sitka spruce along the northern Oregon coast. There is a tall shrub understory of salal, red huckleberry, evergreen huckleberry, and salmonberry. Some of the trees are up to four feet in diameter and over 125 feet tall. The proximity of this site to Newport provides easy access for outdoor education and nature study. The City's Comprehensive Plan provides further discussion and policies regarding this important park.

The most significant open spaces in South Beach are the beaches themselves. From the surveyed line established by state law (at about 16 feet above mean sea level), the beach is owned by the public. Between the beach zone line and the first line of vegetation, the property is private but the public has a permanent easement across it. This is basically the dry sand area between the wet sand and the vegetation

There is other open space in South Beach associated with the Newport Municipal Airport and other natural constraints (such as wetlands and steep slopes). A few of the wetland areas

(primarily to the west of Highway 101) have been designated as "significant habitat" pursuant to the Newport Comprehensive Plan's Ocean Shoreland Map. Those areas designated as significant habitat are protected by the Newport Zoning Ordinance from residential, commercial, and industrial development. Additionally, significant wetland areas within the South Shore Planned Development are also protected from development pursuant to the planned development approval. The 1993 Newport Park System Master Plan has also identified areas that could be possible open space areas for the recreational needs of the community.

2. Existing Zoning

Land uses in South Beach portion are governed by 9 different zones within the City of Newport and 5 different zones within unincorporated Lincoln County land within the Urban Growth Boundary. The applicable zones can be found in the following table.

Table 26
South Beach Zoning Designations

Zones within the City of Newport	
Zone	Abbreviation
Retail & Tourist Commercial	C-1
Tourist Commercial	C-2
Light Industrial	I-1
Public Structures	P-1
Public Parks	P-2
Low Density Single-Family Residential	R-1
High Density Multi-Family Residential	R-4
Water-Dependent	W-1
Water-Related	W-2
Zones within Lincoln County	
Zone	Abbreviation
Planned Industrial	I-P
Public Facilities	P-F
Residential	R-1
Residential	R-1-A
Timber Conservation	T-C

A map of the existing zoning in South Beach is found in **Exhibit 2**. As illustrated in the exhibit, the area just to the south of the Yaquina Bay Bridge is within City Limits and has been designated with 8 of the 9 City zones listed above (excluding only R-1, Low Density Single-Family Residential). This area is home to the South Beach Marina, the Hatfield Marine Science Center, the Oregon Coast Aquarium, the South Beach State Park, and a mixture of residential, commercial, and industrial uses. Farther east on Idaho Point, the land is zoned R-1 and P-F by Lincoln County. Immediately south of 40th Street, the land is outside City Limits and is zoned I-P, and P-F, which is followed to the south by land within the City and zoned I-1, P-1, and R-4.

Large portions of South Beach within City Limits are zoned for public use. The South Beach State Park is zoned P-2, while the Newport Municipal Airport and the wastewater treatment plant are zoned P-1. North of the airport, there is a large area zoned I-1, but this area also has some steep slopes and wetlands and is not entirely suitable for Light Industrial Uses. East of the airport the land outside the City Limits is zoned Timber Conservation (T-C) by Lincoln County. The Surfland development is in Lincoln County and is zoned R-1 and R-1-A. The Wolf Tree Planned Destination Resort at the southern end of the City Limits and UGB has two zoning designations: C-2 (PDR) and R-4 (PDR) (where "PDR" indicates the Planned Destination Resort requirements).

Exhibit 2

3. Transportation System

The most important existing transportation facility in South Beach in terms of both capacity volume of people and freight is, of course, US 101. This highway is presently classified by the Newport Transportation System Plan (TSP) as a Principal Arterial, which means that it is intended to carry high traffic volumes and to function primarily to provide mobility and not access, and to provide continuity for intercity traffic. It is classified by the Oregon Department of Transportation as a Statewide Highway, which means that it is intended to be managed for safe and efficient, high-speed, continuous-flow operation.

US 101 through South Beach has one through traffic lane in each direction, with left-turn lanes at some intersections. At the south end of the Yaquina Bay Bridge there is an entrance and exit ramp both northbound and southbound that provides a connection to Marine Science Drive and the Port of Newport marina area. These ramps allow traffic to turn onto or off of US 101 in either direction without making a left turn. A short distance to the south, there is a traffic signal at the intersection with 32nd Avenue.

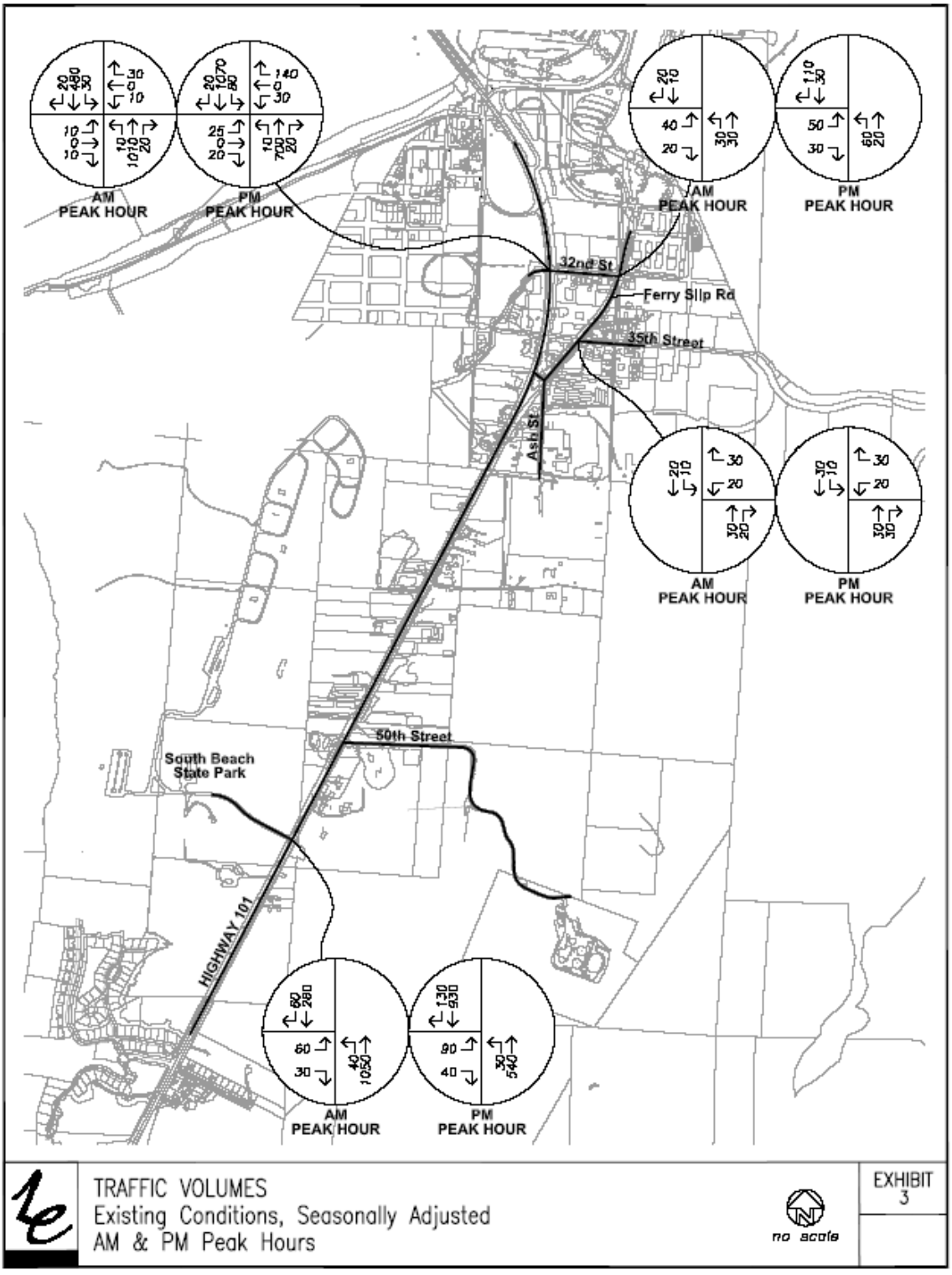
Ferry Slip Road from US 101 to Marine Science Drive, Marine Science Drive, and Abalone Street and the ramps on the west side of US 101 are classified in the TSP as Minor Arterials. Minor Arterials augment the principal arterial system and interconnect residential, shopping, employment, and recreational activities within the community.

The section of 32nd Street from US 101 to Ferry Slip Road is classified as a Collector Street. Collector streets are intended to provide both land access and movement within residential, commercial, and industrial areas. Ferry Slip Road intersects US 101 at an acute angle, resulting in an unconventional intersection configuration.

All other streets within South Beach are classified as Local Streets. Local streets provide land access to residential and other properties within neighborhoods and generally do not intersect any arterial routes. One of the streets currently classified as a local street is 50th Street, which intersects US 101 from the east and provides access to the City's wastewater treatment plant.

There are only two roadway improvements proposed in the current TSP. The widening of US 101 from two through lanes to four through lanes from the Yaquina Bay Bridge to 123rd Street is proposed. This is based on the projected increase in traffic volumes on the highway. In addition, a new street to connect 32nd Street to and Anchor Way to Abalone Street is proposed. This connection would provide access to the 32nd Street signal on US 101 from the west side of US 101.

Two other roadway improvements are mentioned in the TSP but are not listed as specific projects. The first is providing an additional two through traffic lanes across Yaquina Bay. This need is created by the projected traffic volumes that indicate that the capacity of the existing bridge will be exceeded in 2016. The second improvement is a proposal to combine the existing access from US 101 to South Beach State Park with the existing access from US 101 to the park headquarters office


AM PEAK HOUR
PM PEAK HOUR
AM PEAK HOUR
PM PEAK HOUR
32nd St
Ferry Slip Rd
35th Street
Ash St
AM PEAK HOUR
PM PEAK HOUR
50th Street
South Beach State Park
HIGHWAY 101
AM PEAK HOUR
PM PEAK HOUR
TRAFFIC VOLUMES
Existing Conditions, Seasonally Adjusted
AM & PM Peak Hours
no scale
EXHIBIT 3

South Beach does not have much in the way of bicycle improvements other than the bike lanes along Hwy. 101. The main reason there are not many projects in South Beach is that the streets have light enough traffic that bicycles can share the roadway with cars. This may change as the area develops. The typical section for major arterials (Hwy. 101) mandates the inclusion of bicycle paths, but minor arterials may or may not include bike lanes based on the particular section of street. The TSP contains the recommended bicycle improvements throughout the City.

4. Utilities

a. Water System

The City of Newport's South Beach water system was evaluated to determine if existing water system plans and infrastructure adequately address the development potential identified in this South Beach Land Use Plan. Where existing planning documents and infrastructure were determined inadequate, additional planning and capital improvements that facilitate potential developments in South Beach have been proposed. The results of the water system evaluation and proposed capital improvements are discussed below.

Existing Water System Master Plan

The City of Newport prepared a Water System Master Plan (CH2M Hill, 1988) addressing the citywide delivery and expansion of potable water supplies including supplies necessary for developed and undeveloped areas in the South Beach area. The majority of the first phases of the Plan's capital improvement program (CIP) addressing South Beach have been completed. These improvements include construction of a main supply line to a 1.3 MG reservoir located above Mike Miller Park. Subsequent capital improvement phases in the South Beach area are effected by the proposed land-use changes that will be adopted with the South Beach Land Use Plan. Changes to the CIP are therefore required. Although the City's existing Master Plan provides a comprehensive and well thought out guidance document that remains applicable to current development trends, an update to the Master Plan should be prepared.

Existing Water System

The City of Newport and the Seal Rock Water District provide potable water service to the South Beach area. The service areas of the two water supply systems are defined and generally encompass the following areas:

- The City supplies water to all residential, commercial, and industrial lands north of 40th Street, and the South Shore development, the South Beach State Park, and the City's wastewater treatment facilities.
- The Seal Rock Water District provides water service to the airport, residential areas south of south shore, commerce along Highway 101 up to 40th Street and residential areas in Idaho Point.

In comparison, the level of service provided by the City's water system far exceeds the level of service provided by the Seal Rock Water District's system. Fire flow capabilities, storage capacity in South Beach, remaining infrastructure life cycle valuation, and a lower cost of service distinguish the City's system as the most viable water system for serving and benefiting new developments in the South Beach area. In particular, existing and proposed development areas such as the airport and proposed UGB expansion areas that are outside the Seal Rock Water District should be served by the City's water system. If not already prepared, an intergovernmental agreement addressing each respective agencies existing service area, new UGB areas, the airport, and the minimum level of service required to support growth inside the Newport UGB should be prepared to further define how, where, and who will supply potable water to new South Beach developments. Such agreements are required between urban level service providers pursuant to ORS 195 no later than the first periodic review that begins after November 4, 1993.

As shown in **Exhibit 4 A - D**, the existing South Beach water system is fed from the north through a 12" PVC water main, which crosses the bay at OSU Drive. There is a pressure reducing vault at the corner SE OSU Drive and SE Ferry Slip Road that reduces the system pressure to the operating levels required for the South Beach area. A 1.3 million gallon reservoir located at the end of Mike Miller Road (adjacent to the wastewater treatment facility) provides water storage and sets the South Beach system pressure at an approximate static elevation of 250 feet. From this reservoir, an 18 HDPE transmission main runs from the reservoir through South Beach State Park before tying into the system grid at SW Anchor Way. The bulk of the South Beach water grid consists of 8-inch transite water mains and 6-inch, 8-inch, and 12-inch PVC water mains. Overall, the system gridiron is well planned, provides excellent distribution pressure, and exceptionally high fire flow capacities.

There are, however, some residential areas of South Beach that are served by 2", 3" and 4" water mains. Specifically, there are two areas with small service mains. The residential area south of South Jetty Way and just north of South Beach State Park has been largely updated to 6" PVC Water Mains, but there is still a 2" main along 27th Street West of Brant Street. Also, there are some residential areas East of Highway 101 near 35th Street, which are served by 4" water mains. These undersized distribution system components should be replaced according to the following criteria.

Exhibit A

Exhibit B

Exhibit C

Exhibit D

There are, however, some residential areas of South Beach that are served by 2", 3" and 4" water mains. Specifically, there are two areas with small service mains. The residential area south of South Jetty Way and just north of South Beach State Park has been largely updated to 6" PVC Water Mains, but there is still a 2" main along 27th Street West of Brant Street. Also, there are some residential areas East of Highway 101 near 35th Street, which are served by 4" water mains. These undersized distribution system components should be replaced according to the following criteria.

- Six-inch diameter lines should be the minimum sized lateral water main for looped areas and dead-end mains less than 500 feet long.
- Eight-inch diameter lines should be the minimum size for permanently dead-ended mains supplying fire hydrants and minor trunk mains where looping is not possible.
- Ten-inch diameter and larger lines should be sized for trunk (feeder) mains, for example running along the ridge from reservoirs through major development areas.
- 12-inch and larger mains should be supplied for all reservoir connections.

The City of Newport's water system is connected to the Seal Rock water system at a closed gate valve located on the south side of Highway 101 near the SW 40th Street intersection. The Seal Rock water system serving the South Beach area is composed primarily of a single unlooped 8-inch diameter transite water mains reducing to 6-inch and 4-inch diameter transite mains out on Idaho Point

Raw Water Supply

The raw water supply for the City of Newport is obtained from reservoirs and diversions permitted for the Big Creek drainage basin and a diversion permitted for the Siletz River. These water rights consist of certificated diversions totaling 10.4 cfs from Big Creek, a permitted diversion of 6.0 cfs from the Siletz River, and a total certificated and permitted impoundment right of 1,170 acre-feet at two reservoir locations in the Big Creek drainage basin.

In accordance with the City's Water Rights, raw water is diverted directly from Big Creek as supplemented from the Siletz River and the two Big Creek storage impoundments. The first impoundment, constructed in 1951, has a certificated storage capacity of 200 acre-feet. The second reservoir, constructed in 1968-69 and raised in 1976, has a current capacity of 970 acre-feet with 345 acre-feet certificated and 625 acre-feet under permit. The total water storage for the City is equivalent to 381 million gallons (MG).

Using the Master Plan data for maximum month water usage of 282 gallons per person per day (gpcd) and, assuming a system wide water loss rate equivalent to 15 percent, a year 2000 City of Newport population of 9,532 (US Census data) and +24% RV/hotel population [Wastewater Facilities Plan], the City's impoundments can provide up to 93 days of water storage. During a dry year, supplemental water from the Siletz River diversion is required to maintain adequate supplies. The availability of the water supply appears adequate until the population of the City reaches a level in excess of 21,000 equivalent people (estimated to occur sometime after year 2020). At such time, additional water supplies will be required.

Long-range water supply planning for the City has identified the need for additional water in the foreseeable future. In addition to the Big Creek supply, the City has applications for a 6.0 cfs diversion and a 9,000 acre-feet impoundment located north of the City at Rocky Creek. Preliminary planning for the development of the Rocky Creek source has been initiated.

Based on available water rights, impoundment capacity, and existing plans to develop Rocky Creek as a regional water source, no deficiencies in the City's water supply are anticipated to impede development plans for the South Beach area.

Treated Water Supply

Treated water capacity for the City is currently rated at 5.75 MGD. Additional capacity can be added to the existing facility by increasing the total water production rate by 2.0 MGD per expansion. The ultimate expansion capacity of the treatment system is reportedly 9.75 MGD. This ultimate treated water production rate correlates to the maximum population benefited by the Big Creek impoundments and the Siletz River supply, estimated at 21,000 people. Based on the existing recommendations in the Water System Master Plan, to expand water treatment capacity as the City of Newport population increases, treated water supply is not anticipated to impede development plans for the South Beach area.

Treated Water Storage

The total treated water storage capacity for the City is currently at 7.95 MG. This quantity of stored water provides an adequate supply of potable water for human and commercial consumption during maximum month demand periods, fire fighting reserves, and emergency reserves. The total City population served by existing finished water storage is approximately 12,000 people.

The City's existing Water System Master Plan recommends expanding the City's finished water storage capacity by an additional 2.0 MG. Included in this recommendation is adding a new 1.0 MG tank located on King Ridge above the airport to serve the South Beach area. Construction of the King Ridge reservoir will create a new high level pressure zone for developments located above the current service levels of both the City's and Seal Rock Water District's systems. An additional reservoir is proposed for the Thiel Creek area, however, the Seal Rock Water District currently serves users in this area, and, based on current service boundaries; it is unlikely that the City will need to expand its water system into the Thiel Creek area.

Fire Protection

The required fire flows, as shown in Table 27, were obtained from ISO Guidelines and are used to evaluate the firefighting capabilities of the existing system for anticipated growth. The City of Newport has an ordinance requiring buildings greater than 35 feet high to install a sprinkler fire protection system and all buildings are to be constructed so as not to exceed a 3,000 gpm recommended fire flow rate as established by ISO guidelines.

Table 27
City of Newport Fire Flow Service Requirements

	Recommended Fire Flows		
Land Use Classification	Quantity (GPM)	Duration (hrs)	Volume (MG)
Commercial			
Major	3,000	3	0.54
Neighborhood	2,000-3,000	2-3	0.24-0.54
Industrial			
Light-Medium	2,500-3,000	2-3	0.30-0.54
Institutional			
Schools	3,000	3	0.54
Hospitals	3,000	3	0.54
Residential			
Rural	750	2	0.09
Single Family			
Low Density	1,000	2	0.12
High Density	1,500-2,000	2	0.18
Multiple Family	1,500-2,000	2	0.18-0.24
Apartments	2,000-3,000	2-3	0.24-0.54

There currently exists adequate fire flow throughout the South Beach water system. Any areas with inadequate fire flow are localized residential areas served by 2" and 4" PVC water mains. These water mains should be replaced with 8" PVC water mains to provide the minimum fire flow capacity established by the City's current minimum level of service required for residential areas.

Fire flow capabilities in the South Beach water system area are maximized by the system ability to supply water from two directions including from across the bay and from the existing 1.3 MG South Beach Water Tank. These two supply points combine to provide approximately an excess of 3,000-gpm of fire flow to the South Beach commercial areas such as the Marine Science Center. Also, the available finished water storage is more than sufficient to provide 3000-gpm of fire flow for a 3-hour duration. The proposed major commercial, and community college development in the South Beach UGB expansion area will, however, need an additional storage tank for fire flows located at a higher elevation than the current system allows. Based on the minimum City requirements, a 0.75 MG reservoir will need to be constructed to provide a 3,000-gpm fire flow for a duration of 3-hours while

providing domestic demands and emergency reserves. The provisioning of a new high level water system and new reservoir are necessary to facilitate the new developments proposed for the South Beach area including the areas of the UGB expansion and the airport.

b. Wastewater System

The City of Newport's wastewater infrastructure was evaluated to determine if the existing Wastewater Facilities Plan Update [CH2Mhill, 1995] and as-constructed infrastructure adequately address the development potential identified in the South Beach Land Use Plan. Existing planning documents and infrastructure constructed to date appear to have considered South Beach developments. **See Exhibits 5A and 5B.**

With the most recent improvements to the City's infrastructure including the construction of a major wastewater facility upgrade and effluent disposal system, the major obstructions to growth within the City UGB have been relieved. In general, the City's infrastructure is well positioned to expand sanitary sewer service to the majority of development areas in South Beach. The existing wastewater infrastructure and proposed capital improvements that expand the wastewater system further into South Beach are discussed below.

Wastewater Treatment and Disposal Facilities.

The City of Newport's existing wastewater treatment facility is located in South Beach on Mike Miller Road. The current facility was completed in 1998 and consists of a 5.0 MGD average day flow oxidation ditch process treatment plant, raw sewage conveyance pipeline constructed under the Yaquina Bay, and a new treated effluent line from the plant to the City's outfall pipe which runs from Nye Beach to the Pacific Ocean. The total peak capacity of the facility is rated at 15.0 MGD, which will process wastewater collected from all locations inside the City from a service population of approximately 17,000 persons. Currently, just under 1/3rd of the facility capacity is available for new developments. Expansion of the existing treatment facility to a peak instantaneous capacity of 25.0 MGD is provided in the long-range planning and site development for this facility. Considering the available capacity of the treatment facility and ability to expand the system, wastewater treatment could not be considered a current inhibitor of growth in the South Beach area.

Treated Effluent Disposal

Effluent from the wastewater treatment facility is allowed to flow by gravity or be pumped back across the bay through a 20" HDPE force main. This effluent pipeline shares the same alignment as a 24" HDPE raw sewage force main discussed below. The effluent disposal outfall pipeline discharges to the Pacific Ocean through a three-port diffuser assembly located off shore from Nye Beach near 2nd Street in downtown Newport. There are preliminary plans for a 30-inch outfall to be located west of the South Beach State Park and the elimination of the existing bay crossing and Nye Beach outfall. The replacement outfall is proposed to occur once the existing treatment facility is upgraded to provide a peak instantaneous flow of 25.0 MGD. Considering the available capacity of the effluent disposal system and the ability to expand the discharge capacity, wastewater disposal could not be considered a current inhibitor of growth in the South Beach area.

Exhibit 5A

Exhibit 5B

Wastewater Collection and Pumping Systems

The City of Newport's existing wastewater collection system includes developed areas north of Yaquina Bay and a large portion of the South Beach area north of 35th Street and west of Highway 101. In South Beach, the system currently serves residential, commercial, industrial, and public facility land-uses.

Raw wastewater collected from the City north of Yaquina Bay is conveyed to the wastewater treatment plant through a 24" HDPE force main that crosses the bay at OSU Drive. Several small pump stations serving the South Beach area discharge into this force main which discharges to a manhole on the west side of Highway 101 at SW 40th Street. A 36" PVC gravity sewer interceptor conveys flows from the force main manhole to an influent pump station near the intersection of Mike Miller Road and Highway 101. The influent pump station has a peak instantaneous capacity of 15.0 MGD with provisions for expansion to 25.0 MGD. Expansion of the wastewater collection system and, as appropriate, additional lift stations, will be required to serve undeveloped areas considered in the South Beach Land Use Plan.

South Beach Sewer Expansion Areas

The 1995 Wastewater Facilities Plan addressed expansion of the wastewater collection system in the South Beach area. This plan divided South Beach into seven sewer basins that encompass all development areas from the Highway 101 Bridge to the Thiel Creek area south of the airport. Data for each basin are provided below in Table 28.

Table 28
Wastewater Statistics By Drainage Basin

Wastewater Drainage Basin Number	**S1**	**S2**	**S3**	**S4**	**S5**	**S6**	**S7**
Gross Acreage	425	545	320	707	270	55	800
Residential Population	747	810	270	1,341	1,278	396	5,200
Population Equivalent - Other Zoning	2,416	3,020	6,270	8,788	5,950	714	1,890
Total Projected Population	3,163	3,830	6,540	10,129	7,228	1110	7,090
Average Daily Base Flow - Residential	0.171	0.185	0.062	0.307	0.293	0.091	1.191
Average Daily Flow -Other Zoning	0.121	0.151	0.314	0.439	0.298	0.036	0.095
Average Daily Base Domestic Flow	0.29	0.34	0.38	0.75	0.59	0.13	1.29
Peaking Factor for Domestic Flow	2.1	2.0	1.9	1.8	1.9	2.5	1.9
Peak Domestic Flow Rate from Basin	0.61	0.68	0.72	1.35	1.12	0.33	2.45
Infiltration Allowance Within Basin	0.21	0.27	0.16	0.35	0.14	0.03	0.40
Total Peak Flow from Basin	0.82	0.95	0.88	1.70	1.26	0.36	2.85

Basin S1 - South Airport
Basin S2 – East Airport
Basin S 3 – North Airport
Basin S4 – West Hwy 101
Basin S5 - South Beach existing
Basin S6 – Idaho Point
Basin S7 – Thiel Creek

City of Newport Wastewater Facility Plan, 1995 Update [CH2Mhill]

As identified in the Facility Plan and as shown in Exhibit 5A & B, Basins S4 and S5 are currently served by the sewer system. These two existing service areas include the Hatfield Marine Sciences Center to 35th Street, residential areas near Jetty Way, South Beach State Park, and the South Shore development. Expansion of the sewer system in these areas should only require connecting to the existing facilities, as the area is infilled with new developments. The remaining five sewer basins require expansion of the sewer system to new and existing development areas. Areas proposed for development that are outside of the existing UGB will also require expansion of the sewer system.

c. Storm Water System

The City of Newport's South Beach Storm Water System Master Plan [SHN Consulting Engineers & Geologists, 2004] was evaluated to determine if the recommended drainage system capital improvements would facilitate the development potential identified in the South Beach Land Use Plan. In preparation of the storm water master plan, efforts were made to predict the impact to drainage courses from land-use developments allowed by current zoning during a 50 year design storm. The analysis of the system was, however, limited to areas inside the UGB (except where rural areas outside the UGB were anticipated to have low density development in accordance with Lincoln County rural land zoning).

The existing Master Plan was found to be in general conformance with the land use developments proposed by the South Beach Land Use Plan for all areas inside the UGB. Development potential for areas proposed outside of the current UGB were determined to have a significant impact on the recommended Master Plan drainage improvements. Additional revisions to two of the recommended storm drainage system improvements will be required to facilitate the developments proposed in the expanded UGB areas.

Existing Study

The existing South Beach Storm Water Master Plan was used as the basis of study for the recommended storm water capital improvements. Plan recommendations were based on the following:

- Discreet analysis of 13 drainage basins identified within the Study Area.
- Evaluation of the City's rules and regulations related to storm drainage.
- Solicitation of Local Stakeholder and Public input.

Revisions to the plan were performed for the outside UGB areas including the Community College, commercial areas, and new residential areas. These proposed land use changes had a significant impact on the proposed storm drainage facilities.

5. Historic Areas, Sites, Structures and Objects

The City's Comprehensive Plan does not identify any historic areas, structures or objects in the South Beach area, although there is one potential historic site. The Pioneer Cemetery located west of Hwy. 101, north of SW 30th St. and east of SW Brant St., contains graves that date back to the late 1800's. The cemetery lies hidden among the jack pines on the bay ridge just south of the Davis home site, an early family in the South Beach area. The cemetery predates the south jetty and was apparently set aside by Davis as a community service. It was known as the Newport Cemetery in the early days.

It is impossible, after many years of neglect, to identify more than a few graves. Of the known markers, three are military issue for men of the Fourth Infantry of California Volunteers who remained in Newport after their discharge. The site should be retained as an historic site.

Another historic structure that is not technically in the South Beach Study area but is highly visible and an important identifying feature is the Yaquina Bay Bridge. Built in 1936, the City's acknowledged Comprehensive Plan designates the bridge as an historic structure important enough to protect. It states that, if it is necessary to expand the bridge, it should be in the same corridor, should preserve the silhouette and be located on the west side of the existing bridge.

VII. SOUTH BEACH NEIGHBORHOOD PLAN

The Neighborhood Plan for the South Beach neighborhood of the City of Newport is based on an analysis of the:

Economic base of the City (Section IV of the September 2005 Employment Lands document)
Existing environmental and natural conditions of the South Beach area
Existing institutional, commercial, industrial and residential uses, and
The vision and aspirations of the residents, landowners and public officials who participated in formulating the Plan.

The Plan represents a reasonable proposal for the long term development of the neighborhood given Newport's location on the Oregon Coast.

A. Land Use Plan

1. Challenges of the South Beach Area

There are many conditions in South Beach that offer difficult challenges to proposing an attractive, efficient and cost-effective land use pattern. The characteristics of the area that offer the challenges include:

- The neighborhood is a narrow elongated land area which stretches approximately 5½ miles from the Yaquina Bay Bridge to the southern tip of the City limits. This narrow shape is inefficient and costly to extend services and has resulted in an inefficient use of land.
- The existing configuration of the City Limit boundary has created pockets of unincorporated Lincoln County parcels surrounded by incorporated land areas. This checkerboard pattern has made it difficult to plan and manage a cohesive development pattern, as evidenced by the existing development adjacent to Highway 101.
- In many cases, the existing Comprehensive Plan and Zoning Map designations are inappropriate for many of the assigned land uses given the site characteristics such as extensive wetlands and steep slopes. The wetlands (totaling 184 acres) and steep slopes over 10% limit the suitability of these parcels for commercial and industrial uses. Slopes over 10% for these uses increase site improvement costs because of the scope of excavation required for large buildings. Although the parcels with steep slopes up to 20% with stable geologic conditions are appropriate for residential uses at lower densities.
- As described above, the area is not only a narrow land area; it is also fragmented by large public and institutional uses such as the South Beach State Park, the Airport and the Aquarium. Further limitations are imposed on land areas north and south of the Newport Municipal Airport in order to protect the Runway Protection and Approach zones. These large public areas coupled with the

wetlands, fragment the neighborhood and interrupt the efficient use of land for other purposes.

- Transportation access is limited due to the area's elongated shape and topography. Highway 101 provides a north-south corridor but there are only a few small segments of east-west roads which intersect with the highway. Consequently, many of the industrial land parcels have limited accessibility.
- Finally, these areas have only limited water supply and the sanitary sewer infrastructure is limited to the northern part of the South Beach area. Consequently, the cost to extend water and sewer lines long distances to serve narrow strips of land on either side of the highway is cost prohibitive.

2. General Description of the Neighborhood Plan

In response to the challenges outlined above, the Neighborhood Plan has been designed to re-direct the shape of future growth within the South Beach neighborhood in two potential phases. The following summary of land use changes is predicated on the completion of both phases. The main feature of the Plan is a proposal to redraw the Urban Growth Boundary (UGB) by adding approximately 268 acres south of Idaho Point and east of Highway 101 and by trading out approximately 309 acres east of the airport. **See Exhibit 6**. Exhibit 6A is the September 2005 draft plan map replaced in part by the Exhibit 6 map. The current Exhibit 6 map includes a proposed study area of property both within the current UGB and some acreage north of the waste water treatment plant proposed to be added to the UGB. The proposed area added to the UGB will retain the existing applicable city or county comprehensive plan and zoning designations until changed through the annexation process or at a later date. The Exhibit 6 (South Beach Village: Option 9) map was prepared by SERA and proposed for use by Double E Northwest, Inc., in the South Beach Neighborhood Plan. The Exhibit 6 map was accepted for use in the South Beach Neighborhood Plan by the Newport City Council through the formal public hearing process as recommended by the Newport Planning Commission. Exhibit 6A shows the property to be removed from the UGB.

The 268 acres to be added to the UGB are more suitable for urban level development than the 309 acres to be removed for the following reasons, including:

- Presence of primarily flat, buildable land;
- Proximity to existing infrastructure, allowing more efficient use of existing and future public investments;
- Potential to create a new neighborhood "node" that reinforces and will provide services to the existing nearby residences;
- Opportunity for mixed use developments; and
- Option for a transportation network that provides access, removes some traffic from Highway 101, and provides future development opportunities. The proposed road network provides an alternate north-south route for local trips and provides connectivity to the east and west sides of Highway 101.

In contrast, the 309 acres proposed for removal from the UGB have limited development potential due to the presence of steep slopes, convoluted accessibility which isolates the area from other land uses, is expensive to service, and inefficient to develop.

The Land Use Plan redraws the UGB to include approximately 309 acres south of the existing residential development on Idaho Point and east of existing industrial development along Highway 101. The Land Use Plan converts approximately 22 acres of existing Industrial and Public land already within Newport's Urban Growth Boundary from the Industrial (one area immediately south of Mike Miller Park on property currently owned by Double E Northwest and currently identified as Lincoln County Assessor's Map 11-11-20 Tax Lot 100 to a Low Density Residential/R-1 Comprehensive Plan Map and Zoning Map designation and one area in the southeast corner of property currently owned by GVR Investments and currently identified as Lincoln County Assessor's Map 11-11-20-AB Tax Lot 100 from a Comprehensive Plan Map designation of Industrial to a Comprehensive Plan Map designation of High Density Residential)) and from the Public (the north portion of the triangle tip of a property owned by the City of Newport currently identified as Lincoln County Assessor's Map 11-11-20 Tax Lot 2700) the Comprehensive Plan designations and Zones to both Low Density Residential and High Density Residential designations as illustrated in Exhibit 6. In addition, approximately 48 acres are proposed to be re-zoned to open space with the addition of an open space overlay zone to be completed when the property owner has finished a formal wetland delineation of the property. These changes avoid the wetlands and steep slopes which are not suitable for industrial development.

TABLE 29
South Beach Neighborhood UGB Addition Description by Acreage
(Based on information provided by SERA)

Comprehensive Plan Designation	Potential Zoning Designation upon Annexation	Acres
Public	P-1	26
Low Density Residential	R-1	118
Low Density Residential	R-2	51
High Density Residential	R-3	45
Commercial	C-1	12
Industrial	I-1	16
		Total – 268

Note: An additional 48 acres (approximate) of wetlands and wetlands buffers with an Industrial Comprehensive Plan designation are recommended to be added under the proposed South Beach Open Space Zone designation.

Further discussion of each of the proposed land uses is found below. The net result of the Neighborhood Plan will be a reduction of the area within Newport's Urban Growth Boundary by approximately 41 acres. Additionally, approximately 22 acres of land currently designated Public and Industrial with the UGB will be converted to a mix of Low Density Residential and High Density Residential designations as illustrated in Exhibit 6.

Exhibit 6

Residential

The property traded out of the UGB will include approximately 309 acres of High Density Residential property (part of the Wolf Tree Planned Destination Resort (PDR) property) and the property brought into the UGB will include approximately 214 acres of residential property (approximately 45 acres of High Density Residential and 169 acres of Low Density Residential Property). Currently, approximately 11 acres of the 214 residential acres added within the UGB is already designated as Lincoln County RR-2 (Rural Residential) and contains established residences. Within the UGB, approximately 22 acres of existing Industrial and Public designated property will be converted to a mix of approximately 20.5 acres of Low Density Residential property (identified for future R-1 zoning on Lincoln County Assessor's Map 11-11-20 Tax Lot 2500) with a small amount (approximately 1.5 acres) of High Density Residential property (southeastern portion of Lincoln County Assessor's Map 11-11-20-AB Tax Lot 100).

The following figures illustrate the acreage and dwelling unit potential comparisons for the property to be traded out and the property to be added to UGB:

TABLE 30
DWELLING UNIT COMPARISON

Type of Area Added to UGB	**Acreage**	**Dwelling Units**
Low Density Residential/R-1	118 acres	377
Low Density Residential/R-2	51 acres	269
High Density Residential/R-3	45 acres	705
		Total - 1,351
Type of Area Removed from UGB		
High Density Residential/R-4 (PDR)	309 acres	Total - 1,545

The dwelling unit calculations for the area added to the UGB were based on the residential buildable land methodology found in the City of Newport Comprehensive Plan Housing Section which nets out 20 % of an acre for roads and other infrastructure/requirements and the estimated average density per net buildable acre by zoning classification found on Table 12 on page 109. The average estimated dwelling units (du) per net buildable acre (ac) by zone are: R-1/4.0 du/ac, R-2/6.6 du/ac, R-3/19.6 du/ac and R-4/19.0 du/ac. Additionally, for the High Density Residential/R-4 (PDR) to be removed from the UGB, a projected 5 dwelling unit per gross acre average (although the calculation methodology still assumes the R-4/19.0 du/per net buildable acre) estimate from the Comprehensive Plan) was calculated based on the topographical constraints on the site and the limitations on development required by the City of Newport Planned Destination Resort zoning ordinance requirements. The calculations methodology for the property to be removed is explained in detail below. Because the property to be added to the UGB is more readily developable, the calculations for that property follows the straight forward methodology (standard 20 % deduction, average dwelling unit per net buildable acre estimates based on zoning) adopted in the Newport Comprehensive Plan Housing Section. The following summarizes the calculations overall for the property to be added to the UGB:

R-1: 118 acres x .80 (net) = 94.4 ac x 4 units/ac = 377 units
R-2: 51 acres x .80 (net) = 40.8 ac x 6.6 units/ac = 269 units
R-3: 45 acres x .80 (net) = 36 ac x 19.6 units/ac = 705 units

The proposed UGB amendment reduces the number of acres included within the UGB for high density residential uses through the proposed removal of approximately 309 acres of High Density Residential land (within the UGB but currently outside of the city limits) that was originally added to the Newport UGB as part of the Wolf Tree Planned Destination Resort. Development of the 309 acres is limited by a number of factors, including distance from available public infrastructure (including sewer, water, and transportation), location of the property to the east of the Newport Municipal Airport in relative isolation from additional urbanizable property, topographic constraints (considerable areas of steep slopes and significant creek drainages that bisect the property), and zoning requirements related to the planned destination resort designation such that to obtain a realistic projection of dwelling unit potential a more detailed set of analysis than was used for the property being added to the UGB is utilized. The Urbanization Section of the Newport Comprehensive Plan contains a discussion of the Newport Urban Growth Areas, including the Wolf Tree Planned Destination Resort property, and makes the finding on page 277 that "The project [the Wolf Tree Destination Resort] complies with Goal 8/'Destination Resort'. The property cannot be developed except as a destination resort consistent with state and city law." If the approximately 309 acres were to be annexed and developed, the development would occur consistent with the Planned Destination Resort requirements of the Newport Zoning Ordinance (NZO) (Ordinance No. 1308, as amended) Section 2-5-9 (PDR, Planned Destination Resort). Approximately 1,545 dwelling units (based on a 5 dwelling unit/gross acre estimate). As the approximately 309 acres have not been brought into the city limits with a plan approved through the Conceptual Master Planning process for PDRs, the following residential unit analysis supports the 5 dwelling unit/gross acre estimate as follows:

1) A minimum of at least 50% of the 309 acres (excluding yards, streets, and parking areas) would be in open space consistent with NZO Section 2-5-9.025 (General Requirements [for PDRs) (C) (1) which requires that: "At least 50% of the sum total of the acreage for all approved FDPs [Final Development Plans], including previously approved FDPs, of the entire planned destination resort site must be dedicated to permanent open space, excluding yards, streets and parking areas."

2) Topographic constraints on the approximate 309 acres are significant and limit the buildable portions of the property as illustrated on the map for the Wolf Tree property.

3) In addition to the minimum 50% open space requirement, the standard 20% net reduction from the remaining property for roads and other public infrastructure would further reduce the remaining acreage available for residential development. To verify that the estimated 5 dwelling units per gross acre is within the range of likely development density (using the 19 units per buildable acre average for R-4 zoned property from the Comprehensive Plan), a range of possible development would

include, for example, the minimum 70% netted to a 75% netted figure.

A) For the 70% netted out, the overall gross acreage density would be 5.7 units per acre (Calculation: 309 x .3 = 92.7 x 19 units/acre (per R-4 average from Comprehensive Plan) = 1,761 units / 309 acres = 5.7 units per gross acre)

B) For the 75% netted out, the overall gross acreage density would be 4.7 units per gross acre. (Calculation: 309 x. 25 = 77.25 x 19 units/acre (per R-4 average from Comprehensive Plan) = 1,467 units / 309 acres = 4.7 units per gross acre)

4) The Wolf Tree PDR will likely include a mix of both single-family and multi-family residential units for both full time and vacation rental use as was proposed in the original application for adding the Wolf Tree PDR to the City of Newport UGB. The Southshore Planned Development (located to the west of Highway 101 in the South Beach area of Newport) provides an example of a similar development in an R-4 zone designation that was approved to include both tourist oriented commercial development, multi-family and single-family residential. The project included 326 residential units per the findings of approval for the Southshore planned development final order (86 single-family residences, 90 multi-family (condos) units, and a 150 unit residential hotel). The Southshore project contained significant wetland constraints with approximately 43 acres of the 79 total project acres devoted to open space (approximately 55% open space). The gross dwelling unit per acre figure was calculated in the findings approving the Southshore project as 4.12 dwelling units/acre (or with 55% open space and assuming 20% net of the remaining area for roads and other infrastructure, the net per buildable acre density as approved was 19.75 units).

Industrial

An additional 16 acres of Industrial property is added to the UGB while the Plan will decrease the amount of land planned or zoned for Industrial use through conversion to residential use by approximately 22 acres. Additionally, approximately 48 acres of Industrial land comprising of wetlands is recommended to be designated with a South Beach Open Space Overlay zone when the property owner completes a formal wetland delineation on the property that is currently underway. Since much of this land is comprised of wetlands and steep slopes in excess of 10 per cent, it is not suitable for industrial use.

Commercial

As discussed in earlier sections of the report, there is a strong need for additional commercial land in the City. Additional evidence is provided by the building permit data from 2004 which indicated that the valuation of new commercial construction of commercial space has steadily declined since 2000. The Land Use Plan will provide an additional 12 acres in association with a new site for an institutional use to serve as the focus for a new community

"node". The plan also recommends several polices evaluating the potential for conversion of additional industrial land to commercial land in a portion of South Beach near other commercial and tourist oriented uses such as the Oregon Coast Aquarium. These 12 acres will not satisfy the entire City-wide need for new commercial land however, the remainder of that need will need to be met through redevelopment, revitalization and conversion of other existing land uses in South Beach and north of the Yaquina Bay.

Business Park

A total of 16 acres of additional industrial property is added to the UGB north of the waste water plant that is recommended for Business Park use. The purpose of a new Business Park area is to provide sites for a mix of light industrial, office and service types of businesses in a more formal campus type of setting that could be developed through the master planning process upon annexation of the site.

Institutional

Twenty six acres near Mike Miller Park within the area proposed to be added to the UGB have been identified for Institutional use. It is anticipated that a major institution such as the Oregon Coast Community College or school will locate on this site. This area is part of the approximately 268 acres to be added to the UGB.

Recreation and Open Space

The Land Use Plan includes the designation of an area of open space north of the Municipal Airport that is consistent with the identification of an open space area (OS-7) on the 1993 City of Newport Park System Master Plan Facility Plan. In addition to the open space designation consistent with OS-7, the Land Use Plan proposes to relocate community park site C-2 of the 1993 City of Newport Park System Master Plan to the City owned property east of the wastewater plant and zoned P-1. This location would be nearer the proposed residential areas and on a generally flat area. The C-2 community park site was originally recommended to be situated on land near the City's proposed wastewater plant. Since the adoption of the 1993 City of Newport Park System Master Plan, the City has purchased land further to the east and constructed the wastewater treatment plant. No changes to the recommended facilities for the C-2 park site identified in the 1993 City of Newport Park System Master Plan are proposed at this time. However, it is recommended that the "Open multi-purpose grass area, large enough for pick up games" identified as part of the facilities for the C-2 park site should be designed in such a fashion as to support soccer usage.

For the residential area included within the new area added to the UGB, it is recommended that the master planning for the area include a park meeting the definition of a neighborhood park (3-5 acres) (established in the 1993 City of Newport Park System Master Plan on page VI-2) on the northern portion of the area. Park and Open space connectivity is an important element in the development of trails and bike paths. The master planning for the site added to the UGB should also at a minimum provide links to the trail system as proposed in the 1993 Newport Park System Master Plan (or the Park System Master Plan current at the time of master planning and other adopted City plans).

Other than those items identified above, the Land Use Plan does not propose any additional specific locations for Recreation land as it appears that most of the 1993 City of Newport Park System Master Plan Facility Plan for the South Beach area remains to be implemented.

A new South Beach Open Space zoning designation is proposed to allow the open space designation to be applied to privately owned property and to allow property owners to seek tax incentives for open space preservation under Oregon Revised Statutes Section 308A. Tax incentives are available for private property owners that wish to preserve open space by requesting an open space designation for lands that may qualify under the ORS 308A.300 definitions (such as those lands that would conserve and enhance natural or scenic resources, protect air or streams or water supply, promote conservation of soils, wetlands, beaches, or tidal marshes, conserve landscaped area which reduce air pollution and enhance the value of abutting or neighboring property, enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space, enhance recreation opportunities, preserve historic sites, promote orderly urban or suburban development, and for other reasons).

A policy is also included encouraging the acquisition by either public or private entities of areas for open space preservation (such as wetlands), especially areas adjacent existing park facilities such as the South Beach State Park or Mike Miller Park."

Existing land uses

Many land use designations in South Beach are not proposed to be changed. The Wolf Tree Planned Destination Resort at the southern end of the City will remain. The two South Beach residential neighborhoods on either side of Highway 101 at the northern end of South Beach are reinforced by the presence of the proposed new residential uses. The Newport Municipal Airport, the Hatfield Marine Science Center, and the Aquarium shall be enhanced in the future because they help to define the character of the area and have the potential to generate new business opportunities. Several policies are included within the proposed plan to evaluate some areas of South Beach for possible future changes that may be desired by the property owners.

B. Transportation Plan

Note: Changes in proposed land use designations that occurred as part of the public hearing process required the detailed transportation analysis previously included in the original September 2005 and March 2006 revised South Beach Neighborhood Plan to be amended to reflect new and additional information. Several exhibits and tables were removed from the text of the transportation plan portion of the South Beach Neighborhood Plan. The amended transportation analysis is now a separate supporting document. Additionally, at the time of adoption of this Plan, the City had initiated an update to the City's Transportation System Plan which would include a review of the transportation improvements in the South Beach area.

As part of the Land Use Plan, new transportation infrastructure is proposed. A new Parkway is proposed to provide access to the area proposed for addition to the UGB. This Parkway will allow north-south transportation off Highway 101 and will serve to connect the existing development to the proposed development. Another transportation enhancement includes improvements to the east-west road network to provide connectivity across Highway 101; for example, re-positioning the entrance to South Beach State Park to align with 50th Street will allow traffic to cross the highway at a signalized intersection. The additional road network will also provide more opportunity for non-motorized circulation such as bicycles and pedestrians.

The proposed land development plan for the South Beach area of Newport will generate a substantial volume of additional traffic. The removal of the 309 acres of High Density Residential property will provide a reduction in the volume of traffic anticipated. Through a combination of the addition of property to the UGB and the removal of property from the UGB the goal is to minimize impacts on the transportation system. The property added into the UGB will result in traffic patterns different from those that now exist in South Beach. To assure that the new traffic volumes and patterns do not become an impediment to the desired land development, the roadway system must be made to accommodate the traffic safely and efficiently. This means that adequate facilities for pedestrians and bicycles as well as vehicular traffic should be provided.

The need for new transportation facilities was determined by first collecting information about existing traffic volumes and patterns. Then, based on the types and locations of the proposed new development areas, a sketch-level roadway network was created that would serve the new developments. The number of trips that will be created by the planned new land development was estimated, and the new trips were then assigned to the conceptual street network. Critical intersections within the street network were analyzed in detail to verify that the proposed street network would be adequate and to determine the lane configuration that will likely be needed to accommodate all the new trips. The analysis assumed that most of the planned development areas would be built out within 20 years.

Based on the results of the traffic analysis, recommendations were made for the design of the new roadways and the intersections. It is important to note that, first, some of the recommended roadway improvements will not be needed until a substantial amount of the planned land development occurs. This means that the improvements can be constructed in phases over a period of years. Some roadway links will not need to be constructed initially,

and some roadways can be constructed initially but not built to their full width until a later time. As land development projects are proposed, the appropriate phasing of roadway improvements can be determined.

Second, the need for the recommended roadway improvements could change if land development plans change from the current plans. More or less intensive development could result in a greater or lesser need for roadway improvements. The roadway improvement recommendations in this report can serve as a basic framework, allowing changes and adjustments to be made as development plans are revised.

Roadway Network

To accommodate traffic from the proposed area added to the UGB, a conceptual plan for a network of roadways was produced (**see Exhibit 11**). The primary component of the network is a loop roadway to the east of 101 which would bisect the area added to the UGB. The north end of the loop would be located at 40th Street, and the south end would be at the present location of 50th Street. A potential extension of the south end of the loop west of US 101 could serve as a new access to South Beach State Park as a replacement for the existing access. Similarly, a potential extension of the north end of the loop to the west of US 101 could provide additional access to properties on the west side of US 101 between 40th and 32nd. It is likely that both the north and south intersections of this loop with US 101 will ultimately be controlled by traffic signals.

The south end of Ferry Slip Road presently intersects US 101 at an acute angle. To eliminate this awkward intersection and to provide a street system that will encourage long-term redevelopment of Area D east of US 101, a realignment of Ferry Slip Road is proposed. The intersection with US 101 would be eliminated, and Ferry Slip would be extended to Ash Street and to the south to intersect with the proposed new roadway loop through the area added to the UGB.

This realignment would provide a continuous street east of US 101 that would extend from 32nd on the north to the proposed loop roadway on the south. There is an existing signal on US 101 at 32nd, and a future signal is likely to be installed on US 101 at the proposed loop roadway. As part of this realignment a restriction of turning movements on US 101 at 35th Street should be considered. Limiting the access to US 101 at 35th to right turns in and right turns out would reduce congestion and improve safety on the highway, particularly with traffic signals at both 32nd and 40th (the location of the proposed loop roadway).

Recommendations

Roadway Configuration

The recommended roadway configuration for South Beach is shown in **Exhibit 11**. This configuration includes the following improvements:

- Construction of a new loop roadway through the area added to the UGB
- Widening of US 101 to four through lanes from the Yaquina Bridge through the 50th

Street intersection
- Realignment of Ferry Slip Road and Ash Street to provide a continuous street
- Elimination of the intersection of Ferry Slip Road and US 101
- Turn restrictions at the intersection of US 101 and 35th Street
- Installation of a traffic signal on US 101 at 40th Street
- Installation of a traffic signal on US 101 at 50th Street

The required lane configuration of the proposed roadway intersections was determined from the capacity analysis of the intersections. The capacity analysis was based on full build-out of all the planned land development and redevelopment in the South Beach area, except that less than full build-out of high-density residential is expected within 20 years. The analysis determined that the lane configurations as shown in Exhibit 10 will be necessary.

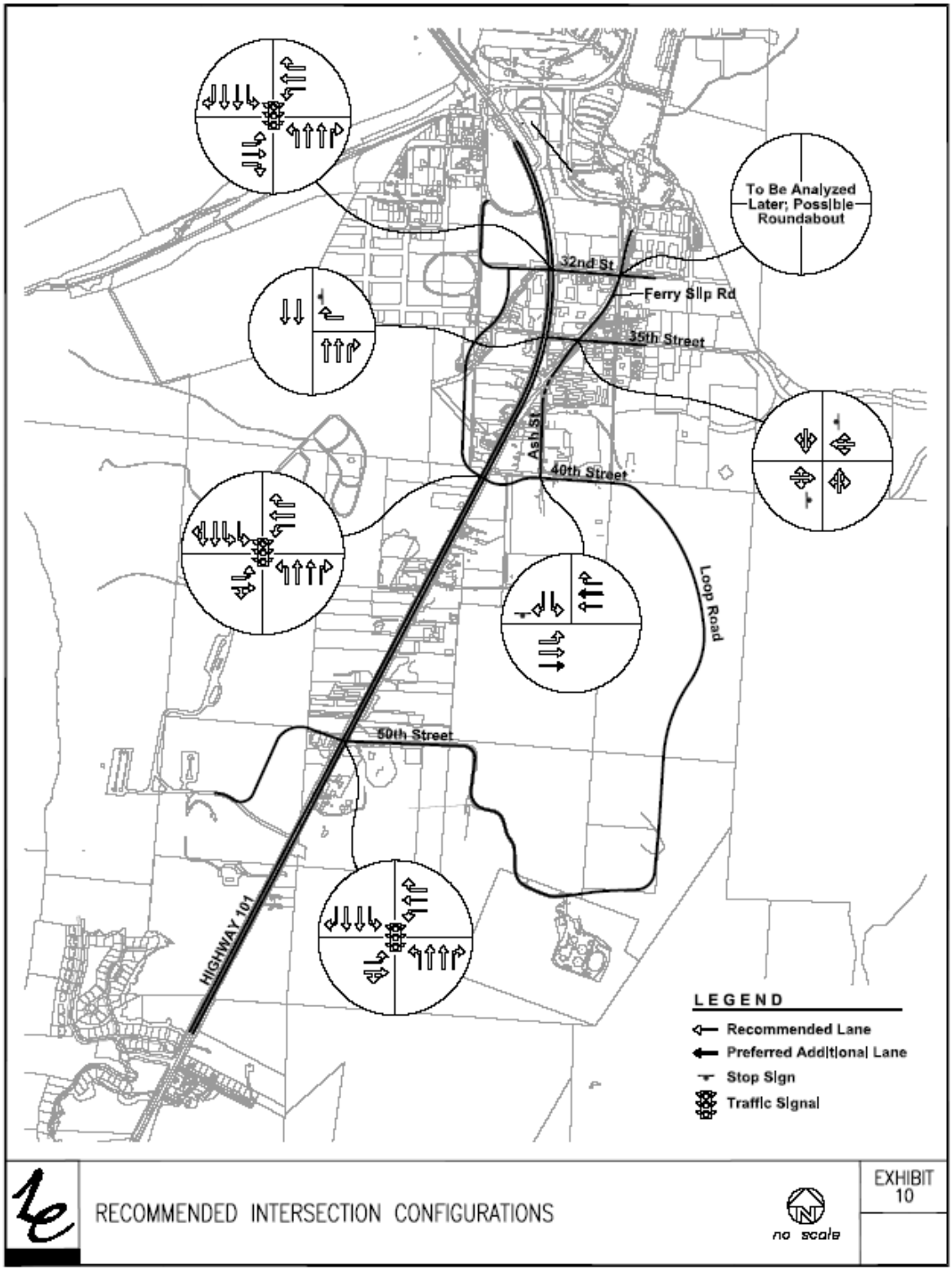
Because full build-out of the planned land development will require 20 years or more, the roadway and intersection improvements may be constructed incrementally. For example, as new intersections are constructed, they could be constructed initially with only through-traffic lanes and no turn lanes. As traffic volumes increase, turn lanes can be added. But right-of-way for the full improvement should be obtained when possible with the initial construction.

US 101

The capacity analysis indicates that four through traffic lanes will be required on US 101 from the Yaquina Bridge to 50th Street. The transition from four lanes to two lanes should be south of 50th so that four lanes are provided through the intersection. In addition to the through lanes, turn lanes will be required at the major intersections on US 101 as shown in Exhibit 11.

The existing traffic signal on US 101 at 32nd and the proposed traffic signals at 40th and 50th will provide sufficient capacity for the land development included in this study. However, the 32nd Street intersection will be close to capacity with full build-out of the assumed development. If the planned land-use study for the Port of Newport indicates that redevelopment of the marina area will generate a substantial volume of new trips, additional improvements to the 32nd Street intersection will be required. Retaining free-flowing traffic on the entrance and exit ramps on US 101 at the south end of the Yaquina Bay Bridge and encouraging their use through signing will reduce the need for improvements of the 32nd Street intersection.

The projected traffic volumes for full build-out of all the planned development in South Beach indicate that ultimately four lanes will be required on the Yaquina Bay Bridge to avoid traffic backups on the bridge approaches. This is consistent with the current Newport Transportation System Plan, which projects that the bridge will exceed capacity in 2016. In the future, as long-term transportation planning is undertaken for the Newport area, the need for additional vehicular capacity across Yaquina Bay should be addressed.


To Be Analyzed Later; Possible Roundabout
32nd St
Ferry Slip Rd
35th Street
Ash St
40th Street
Loop Road
50th Street
HIGHWAY 101
LEGEND
Recommended Lane
Preferred Additional Lane
Stop Sign
Traffic Signal
RECOMMENDED INTERSECTION CONFIGURATIONS
no scale
EXHIBIT 10

Scenic Parkway

As part of the development of the area added to the UGB east of US 101, the proposed network includes a new loop road through that area. Although two lanes (one through lane in each direction) on the loop roadway appears to provide sufficient capacity for the projected traffic volumes, it is on the borderline of needing four traffic lanes. With only two traffic lanes slow speeds could be expected during the peak traffic hours, particularly when slow-moving trucks are traveling up the hill. In any case, two eastbound lanes will be needed on 40th for a distance east of US 101 to accommodate the southbound double left turn from US 101.

The initial construction of the loop roadway can be limited to two lanes, but it is recommended that sufficient right-of-way be obtained and the roadway designed to accommodate widening to four lanes in the future. The future four lanes should extend from the north intersection with US 101 (40th Street) to approximately the center of the area added to the UGB. At that point the roadway can transition back to two lanes.

The ultimate design and construction of the loop roadway as a scenic parkway should be considered if future analysis indicates that it is feasible and practical to do so. This would include two through lanes in each direction on the north half of the parkway, and a landscaped center median the entire length of the parkway that would be used as a left-turn lane at intersections. Trees and other landscaping could be provided both in the center median and on each side of the street between the curb and the sidewalk. A landscaped parkway design would be an attractive and inviting entrance to the entire area added to the UGB.

With development of the area added to the UGB and redevelopment of the area south of SE 35th Street with shops, restaurants, and other tourist-oriented businesses, there may be a demand for travel between the two areas. Because the distance between the two areas is relatively short, it is recommended that a pedestrian and bicycle path be developed between the two areas. A pedestrian/bicycle path would have the potential to eliminate some vehicular trips. A possible location for the path would be on the easterly and northerly side of the loop roadway, then to the north along Ash Street and Ferry Slip. The pedestrian/bicycle route would then connect with the pedestrian/bicycle route to the north of 32nd as shown in the Transportation System Plan.

Ferry Slip Road/Ash Street

There is a potential for redevelopment of the area east of US 101 and between 32nd and 40th, over the next 20 years and beyond. To facilitate this redevelopment, it is recommended that Ferry Slip Road and Ash Street be realigned and reconstructed to provide a continuous street between 32nd and 40th (the loop parkway).

Construction of this street could result in several benefits. First, by providing a street parallel to US 101, it would permit travel throughout this area without the necessity of entering and exiting US 101. Second, it would provide access from all of this area to the existing signal at 32nd and the proposed signal at 40th. Third, it would provide the opportunity to construct

the street as a landscaped local street with parking which would be attractive to tourists. This would encourage the development of tourist-oriented businesses such as shops, restaurants, lodging, and other retail operations.

As part of the construction of this street, a connection should be maintained on 35th Street between US 101 and Ferry Slip Road. As traffic volumes in the area increase, turns should be restricted at the 35th/101 intersection to eliminate left turns onto and off of US 101 to avoid safety concerns (**see Exhibit 11).**

The Parkway is expected to cost approximately 2 ½ million dollars per mile. This preliminary estimate assumes that the public right of way will be donated by the landowner and no unusual circumstances are encountered that might impact the construction.

32nd Street/Ferry Slip Intersection

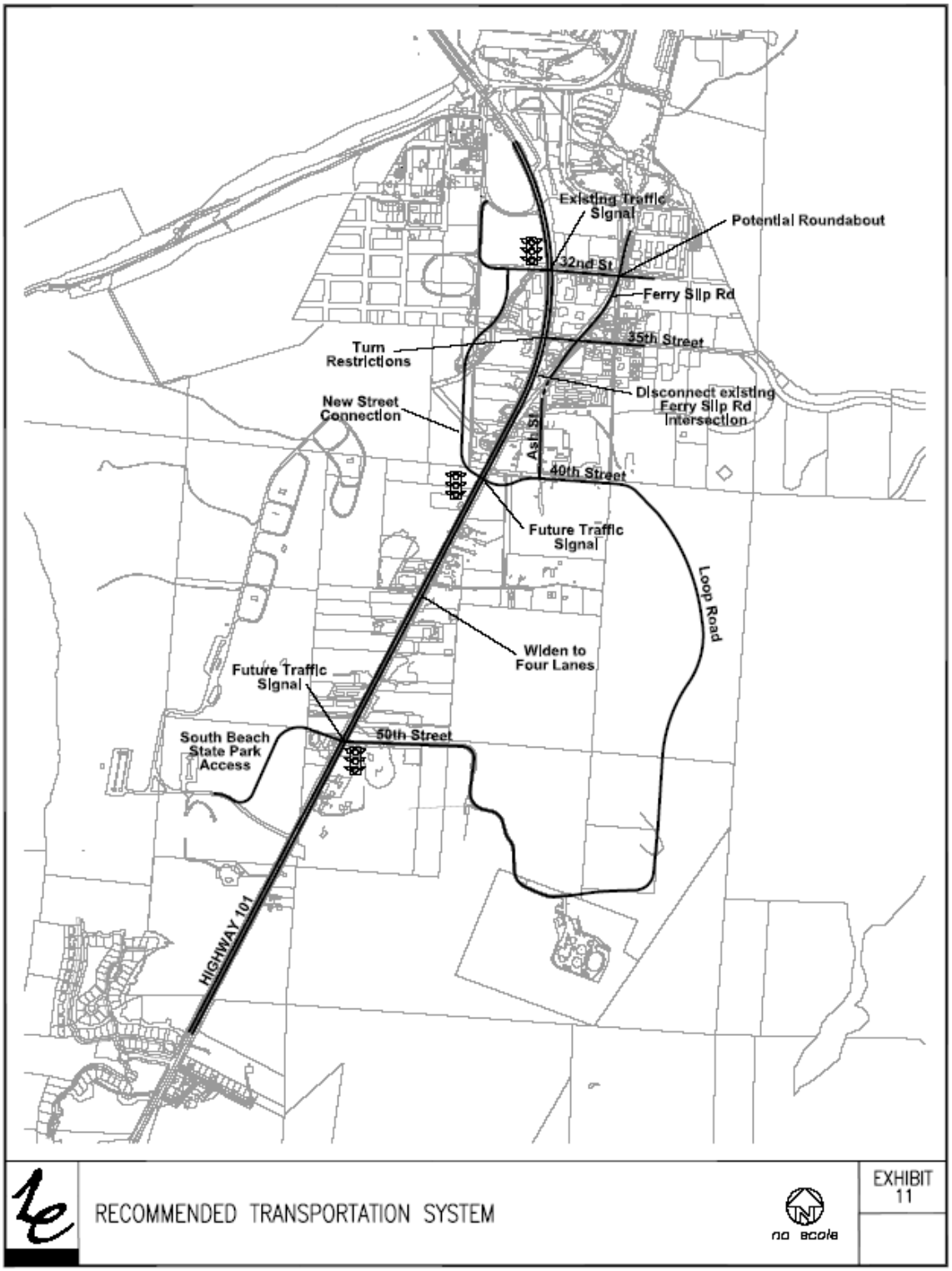
Because of the proposed land-use and transportation study of the Port of Newport marine district, the 32nd/Ferry Slip intersection was not analyzed as part of this study. It is not known at this time what the ultimate required lane configuration for this intersection will be, and whether a traffic signal will be needed.

Due to the location of this intersection, and because the signalized intersection of US 101 and 32nd offers easy access to this intersection, the 32nd/Ferry Slip intersection will in effect serve as a gateway to both the marine district to the north and the redevelopable Ferry Slip/Ash Street district to the south. To enhance the attractiveness of this intersection as a gateway, it is recommended that this location be considered for a roundabout with a landscaped center island. A roundabout would eliminate the potential need for a signal, would keep traffic free-flowing, would avoid backups that might extend back to the existing signal at US 101 and 32nd, and would eliminate the need for extra street width for left-turn lanes. It would also provide a landscaped park-like entrance to the two districts.

South Beach State Park Access

The existing access from US 101 to South Beach State Park is located approximately 950 ft south of the proposed traffic signal at 50th Street. During peak days in the summer there can be extensive delays to traffic attempting to enter US 101 from the park. Because of the close proximity to the proposed signal at 50th, it is unlikely that a signal will be installed at the park access.

It is recommended that the feasibility of relocating the park access be investigated. Relocating the park access to serve as the west leg to the 50th Street intersection, and removing the existing access, would provide a signalized access to the park when a signal is installed at 50th. There would be cost, wetland, and right-of-way issues involved with a relocation of the access, but the benefits to park users in terms of both safety and delay would be substantial.


Existing Traffic Signal
Potential Roundabout
32nd St
Ferry Slip Rd
35th Street
Turn Restrictions
Disconnect existing Ferry Slip Rd Intersection
New Street Connection
Ash St
40th Street
Future Traffic Signal
Loop Road
Widen to Four Lanes
Future Traffic Signal
South Beach State Park Access
50th Street
HIGHWAY 101
RECOMMENDED TRANSPORTATION SYSTEM
no scale
EXHIBIT 11

Roadway Improvement Priorities

Because the development of new areas and the redevelopment of existing areas of South Beach will take place over a period of 20 years or more, the proposed roadway network can be constructed over a period of years. It is not necessary to construct all the new streets initially, and it is not necessary to construct new streets initially to their ultimate configuration.

The order in which roadway improvements should be constructed will depend to a large extent on the sequencing of land development. This in turn will depend on market conditions and financing availability and is difficult to forecast. But to assure an orderly development process and to facilitate implementation of the land-use plan, some general recommendations can be made for roadway improvement priorities:

- Begin to procure right-of-way based on preliminary design.
- Construct the north portion of the loop roadway through the area added to the UGB, from US 101 at 40th Street to a point within the area added to the UGB. It may be constructed initially as two lanes, but should be designed for ultimate expansion to a four-lane parkway if future analysis warrants it. This will allow development of the UGB to begin.
- Widen US 101 from Yaquina Bridge to a point south of 40th to four lanes with a center median. This will accommodate the increased traffic volumes between downtown Newport and the area to be added to the UGB.
- Realign and reconstruct Ferry Slip Road and Ash Street to provide a continuous street parallel to and east of US 101 from 32nd Street to the loop roadway.
- Construct the remaining portion of the loop roadway to an intersection with US 101 at 50th Street.
- Widen US 101 to four lanes with a center median from 40th to a point south of 50th. The transition from four lanes to two lanes should be south of 50th so that four lanes of capacity are provided through the intersection.

Traffic signals on US 101 at 40th and at 50th should be installed when traffic volumes meet the traffic signal warrants. Turn lanes at the intersections, as specified in this report, should be constructed when needed if they are not built as part of the initial roadway construction.

Access to property southeast of the intersection of US 101 and 50th Street

The development of about 14 acres of commercially zoned land at the southeast intersection of US 101 and 50th Street is identified as a possible area for future commercial development if the property owner decides to pursue a change from the current Industrial designation to a Commercial designation. To avoid safety and congestion issues on US 101, it is recommended that primary access to that area be from 50th Street rather than US 101. Depending on the layout of future development, it may be possible to include a right-in right-out access to US 101 near the south end of that area.

Locating the primary access on 50th Street will allow development traffic to use the future signal at the 50th/101 intersection. To assure that all trips within that area will have access to the 50th Street signal, it will be necessary to have a master plan for the area so that all parcels within that area will have access to 50th Street.

C. Utilities Plan

In addition to the transportation improvements, the Neighborhood Plan also encourages more efficient use of public infrastructure. The existing water reservoir and wastewater treatment plant are located immediately adjacent to the land proposed for addition to the UGB and near the land proposed for conversion from industrial to other uses. This proximity will result in lower construction and maintenance costs, benefiting the City as a whole. The Land Use Plan proposes additional water and sewer infrastructure, along with storm drainage enhancements.

1. Sanitary Sewer

Expansion of the sewer system is required to provide wastewater service to areas proposed by the South Beach Land Use Plan. The recommended capital improvements identified as Phase I are necessary for providing service to the expanded UGB area east of Mike Miller Park. Phase II improvements address expansion of the sewer system to Idaho Point and the development areas located directly north of the airport. Future improvements for areas south of the South Beach Development and west of the airport and south to the Thiel Creek area have not been incorporated into this Plan but are identified in the existing Wastewater Facility Plan. The Phase I and Phase II improvements are discussed below. **See Exhibit 12**.

- ***Project #1 – 10" Sewer Trunk Line Urban Growth Boundary Road – Phase I***

Sewer service to the new UGB expansion area above Mike Miller Park will consist of 4,800 LF of new 10-inch and potentially 12-inch gravity main running north to 40th Street and 4,000 LF of new 8-inch gravity main running south to the south beach lift station. Routing of both mains should generally follow the alignment of the proposed UGB expansion area road. Each gravity main should also be designed to a depth that allows future developments to connect extensions of the collection system from the proposed residential, commercial, and community college development areas. The 10-inch line running north should flow by gravity to the existing 36-inch gravity interceptor which will allow collected flows to discharge to the influent pump station on Highway 101. The 8-inch line running south should flow by gravity directly to the south beach lift station. A small pump station may need to be constructed at the treatment plant to lift the flows received from the south interceptor into the headworks or the sewer should be extended down Mike Miller Road to connect into the influent pump station.

- ***Project #2 – 8-inch PVC Sewer -From Upper Idaho Point - Phase I***

Wastewater collected from the proposed 105 acre upper Idaho Point residential development should be collected through 3,800 LF of new 8-inch gravity main running west below the ridge line to the proposed north UGB road where it can be connected to the 10-inch UGB area sewer main. Portions of this development area on the north and westerly slopes of Idaho Point may require small pump stations or grinder pumping equipment with small diameter sewers to lift wastewater to the ridge line main collector sewer.

Exhibit 12

- ***Projects #4 – #5 - Idaho Point Sewer System – Phase II***

As development progresses east along the hilltop of the expanded UGB area, the Idaho Point area (Basin S 6) can be expected to experience development pressure. Expansion of sewer service into this area will be required to allow this growth to occur.

Sewer service could be provided to the Idaho Point area by routing 3,200 LF of 8-inch gravity main east along the ridge to the end of Idaho Point then west along 35th Street. A 350 gpm lift station and 3,800 LF of 6-inch force main running along 35th street should be constructed to convey flows collected from Idaho Point into the existing sewer system in Basin S5.

- ***Projects #6 - #8 – North Airport Sewer System – Phase II***

The South Beach Land Use Plan identifies the potential for development of residential property east of Highway 101 and north of the airport. Development of a sewer system in this area will be difficult, due to the steep terrain, deep canyons, and Henderson Creek tributaries. Onsite systems and lower density developments may be more appropriate for this development area.

If a public sewer system is extended into this development area, then approximately 4,100 lineal feet of 8-inch gravity main should be constructed to serve the north half of the 100-acre area. A 250 gpm lift station and 1,450 LF of 6-inch force main running along the old railroad right of way should also be constructed to lift flows up to the wastewater treatment plant. The remaining acreage proposed for development to the south will also require 8-inch gravity main and one or possibly two additional lift stations.

2. Water

Improvements to the South Beach water system are identified according to short-term and long-term goals. The capital improvements recommended for the South Beach Development Lands Plan are summarized below. **See Exhibit 13.**

- ***Project #1. King Ridge 1.0 MG Reservoir (EL 320')***

The proposed South Beach developments will require construction of a new high level water system. This system will provide fire flows and potable water for human and commercial consumption. In order to service the recommended urban growth boundary additions and the airport, a new 1.0 MG water tank should be constructed on King Ridge (elevation = 320-ft +/-.) according to the guidance provided by the City's Water System Master Plan. The King Ridge water tank should be constructed at an elevation of 320 feet to provide complete coverage of all areas proposed for development.

According to preliminary calculations, the proposed new development will require a minimum of approximately 750,000 gallons of storage to maintain the minimum fire flow requirement of 3,000-gpm for 3-hours at the community college, commercial, and industrial sites. An additional 250,000 gallons of storage is also necessitated by the need to provide storage for subsequent phases of new development that may occur during the life of the new water storage tank.

Exhibit 13

- ***Project #2. 16" Water Main to New High Water Tank***

Preliminary calculations and water modeling indicate that 5,500 lineal feet (LF) of 16-inch diameter water main should be constructed from the King Ridge tank to the new South Beach development areas. This water main is sized to maintain minimum fire flow requirements for the proposed commercial and institutional developments at the UGB expansion areas and the airport as discussed below.

- ***Project #3. 12" PVC Water Main Loop New Development***

Within the new UGB expansion area, approximately 9800 LF of 12-inch PVC water main should be constructed along the main road for the new development. This water main will connect to the existing 16" HDPE water main from the King Ridge tank to the existing 12-inch PVC water main located on Highway 101 to the north and the Mike Miller Park reservoir to the south. The 12-inch main will provide fire flows to the proposed new development including commercial, residential and the proposed community college. Pressure relieving valves will also need to be installed on the north and south ends of the loop.

- ***Project #4 - 12" PVC Water Main Loop New Development***

According to preliminary calculations, the approximately 3700 LF of 12" PVC water main through the proposed residential development west of King Slough and south of Idaho Point. Construction of this main will provide fire flows and residential pressures to new residential developments proposed for this area. In the long term, this water main should be extended to Idaho Point and then loop back along 35th Street on the North end of Idaho Point before connecting to the existing 12" water main at SE Chestnut and 35th Street.

- ***Project #5 – King Ridge pump station, 350 gpm***

Water from the existing Mike Miller Park reservoir will need to be pumped up to the King Ridge reservoir to create the new pressure zone recommended for these high elevation development areas. The Pump Station will be constructed to deliver water to the proposed King Ridge Tank while the tank floats on the system. Preliminary analysis indicates that a pump station should be capable of pumping 350 gpm at 120' of total dynamic head.

- ***Project #6 – 2-12" PRVs***

With the addition of the new high water tank at King Ridge, 2-12" PRVs will be required to back feed the lower pressure zone in the existing South Beach development area. The pressure reducing valves will need to be located on both the north and south ends of the UGB expansion loop road at an elevation of approximately 150-feet +. These valves will supplement the lower pressure zones during protracted (greater than 3-hour) fire fighting events.

- ***Project #7 – Newport Airport Water Main***

Approximately 5500 LF of 16" water main will be required to supply water to the

Newport Airport. According to preliminary calculations, this water main will provide the minimum required fire flows at the airport (3,000 gpm) plus potential consumptive use for developments around the airport. As part of Phase II, this water main will be looped back to the system with the construction of a 12" water main through the 100-acre residential development area just north of the airport.

- ***Project #8 – Miscellaneous South Beach Water System Improvements***

As indicated in Exhibit 13, some areas of South Beach are still served with 2", 3", and 4" water service lines. In these areas there is insufficient fire flow and likely degraded levels of water service due to losses in system pressure. Water modeling indicates that areas west of Highway 101 would have sufficient fire flow with the addition of a proposed 12-inch PVC water main located along Highway 101 connecting the existing 12" PVC South Beach State Park Loop to the new 6" PVC water main on SW 30th Street east of SW Coho Street (approximately 1300 LF of new 12" water main). However, adequate fire flow could also be obtained by replacing the existing 2" water line on SW 27th Street with a new 6" PVC water main (approximately 650 LF of new 6" water main).

3. Storm Sewer

The proposed changes to the urban growth boundary will increase the percent of impervious area at build out in basins 2, 5, & 6, as well as sub-basins 13-E and 15-E of basin 3. The percent of impervious area in the proposed residential areas in basin 2 was increased to 38% (assuming ¼ acre residential lots). The percent of impervious area in basins 3, 5, 6 and was increased to 25% (assuming ½ acre lots due to the steep terrain in these areas). The percent of impervious area for the proposed commercial and institutional areas in basins 5 & 6 was increased to 55% impervious. These run-off factor were developed in the storm water master plan based on existing development patterns.

The increased percent impervious area will increase the runoff, resulting in the following recommended changes to the existing storm water master plan:

- ***Project #2 – Culvert Replacement, Ditch Renovation (east of 35th Street)***

This project involves upsizing the existing 24-inch culvert under SE 35th Street and expanding the ditch that runs along side SE 35th Street.

Based upon preliminary calculations, the proposed Idaho Point residential area will increase flow to the culvert from an estimated 105 cfs to an estimated 135 cfs. The recommended culvert should therefore be upsized from a 42-inch culvert to an 54-inch culvert. The recommended ditch improvements should also be expanded accordingly.

The estimated economic impact of this change is that the project cost nearly doubles from $60,000 to $80,000.

- ***Project #5a - Alt 1 Redirect Drainage to Basin #7***

This project involves construction of a series of channels and culverts parallel to, and along the west side of the highway to convey flow south from the proposed box culvert under Highway 101 (ODOT #144) to the existing natural channel in Basin 7(4) (See Sub-

basin Figures 4.1.1 and 4.1.2 in the South Beach SWMP).

Based upon preliminary calculations, the proposed development will increase the flow under Highway 101 from 129 cfs to 237 cfs. The recommended culverts and adjoining ditches should therefore be upsized. The recommended box culvert under the highway should likely be upsized from a 3'x6' (57-inch equivalent) box culvert to a 4' x 7' (71-inch equivalent) box culvert.

The estimated economic impact of these design changes is to increase the cost of Project #5a from approximately $1.2 million to $1.5 million.

On the June 2004 Storm Water Master Plan capital improvement project list, several changes would need to be made in relationship to proposed changes in land use designations as part of the proposed South Beach Neighborhood Plan. Specifically, Project #2 (Culvert Replacement/Ditch Renovation on SE 35th Street – at an estimated increase of $20,000 from the $60,000 originally estimated) and #5a (Alternate 1 – Redirect Flow – an estimated increase of $300,000 from the $1.2 million originally estimated) proposed would need to be upsized to accommodate additional storm drainage from the proposed changes in the Comprehensive Plan as explained above. Project #6 (Airport Drainage Improvements – estimated at $1.426 million), however, would likely not be required as a project as the proposed improvements were necessary to serve an area of High-Density Residential east of the Airport (the proposed South Beach Neighborhood Plan adjusts the Urban Growth Boundary by moving the residential area to the north to abut the Idaho Point area and removes that property east of the Airport from the Urban Growth Boundary). The increase in the storm water capital improvement estimated costs to accommodate the proposed South Beach Neighborhood Concept Plan would be $320,000. With Project #6 likely not needed in the current planning horizon, however, the overall impact on the proposed storm water capital improvements would be a reduction of approximately $1.106 million in projected capital costs.

D. Urban Design Concepts

As part of the South Beach Neighborhood Plan development process, an analysis of existing urban design opportunities and recommendations for the South Beach area was completed and is included in the Appendix material. Based on the analysis completed and the public input received from the public and from the Ad Hoc Advisory Committee, the Plan includes a policy identifying general urban design goals that should be considered and encouraged in the South Beach neighborhood for new and infill development.

Gateways identifying entry into the South Beach area of Newport were also considered to be an urban design feature lacking at both the north and south end of the South Beach area. For the purposes of this Plan, the Ad Hoc Advisory Committee focused on the north gateway. The U.S. Highway 101 Urban Gateway Design Concept for the north entrance into the South Beach area is included as **Exhibit 14**. The City should work with the Oregon Department of

Transportation and should pursue funding and implementation of the proposed U.S. Highway 101 Urban Gateway Design Concept identified in Exhibit 14 as appropriate.

Exhibit 14

Commercial – Small

PARCEL

Area: 0.60 acres
Street Frontage: Shown-130' on a local public street
Density Target : 0.4 –0.5 FAR
Lot Coverage: No maximum (Shown: 40%)
Open space: Approx. 80% of open space shall be treated for use by pedestrians or for outdoor dining. Shown: 2,000sf approx. covered dining terrace adjacent to the sidewalk, and 500sf approx. landscaped court adjacent to building.
Surface water management: Not shown on site-common off-site facility is assumed.

LANDSCAPING

Space between building & Sidewalk : shall be appropriately landscaped for use and enjoyment by pedestrians. Enhanced materials encouraged.
Trees: Install 4-5 coast appropriate trees in planter strips along public streets (as shown). Install additional 4-5 coast appropriate trees.
Conservation Areas: Per City standards
Fences and Walls: Shall be Min. 18" and this space shall be landscaped with trees or shrubs.
Buffers / Screens: Per City standards.
Signs: Shall be pedestrian-oriented; directional signs are encouraged.

BUILDINGS

Location:
Setback-Front: 0-10' (Shown –2', landscaped)
Setback-Rear: 0
Setback-Sides: 10'
Building Orientation: The building shall be oriented to the public street (as shown).
Max Height: 35'
Height Transition: YES-adjacent to existing SF
Entrance Door: The entrance door shall be oriented to and directly accessible from the public sidewalk.
Ground Floor Design: Min 80% of ground floor along public streets shall incorporate windows with clear glass. (As shown: Glazed Porch)
Other Architectural Design: The following architectural features are encouraged: Corner entry (at a street intersection); cornice, roof projection; cupola, skylight, bay windows.

PARKING

Off-street Auto parking: Shall be behind or on side of building (not between building and public street).
Deliveries / Loading: Off-street loading area is preferred; some street parking may be time designated for delivery vehicles.
Bike parking: Approx. 10% of the parking shall be bicycle parking spaces, Bike parking facilities shall be located near the building main entrance, typically in the street furniture zone between the sidewalk and travelway.
Shared parking: Some of the off-street parking may be shared with complementary uses nearby.
On-street parking: Shall be incorporated on the adjacent public (City) street. (shown: 5 parallel parking stalls).

SITE ACCESS & CIRCULATION

Vehicle Access & Circulation: As shown: A shared driveway from public street; a rear alley, lane or road, connecting to the cross street.
Pedestrian Access & Circulation: As shown

Street Connectivity: Required

Block Formation: Max block 2.5. ac. approx.; shall include an alley, lane or internal road connection between two streets forming the block.

SPECIAL FEATURES

The SMALL Commercial Prototype Design has good potential to be the primary use in a vertical or horizontal Mixed-use development. Eg., part of the ground floor of a lodging facility; Exclusive ground floor use with 2nd floor office, (for local business space or services).
Pedestrian amenities shall include 3-4# 12-16' height street lights, and a couple of benches, and flowers.

See Exhibit 15

Commercial – Medium/Tourist

PARCEL Area: 1acre to 1.25 acres Street Frontage: Parcel fronts on 2 public streets Density Target: 0.50 FAR Lot Coverage: No maximum (Shown: 35%) Open space: Approx. 50% of open space shall be treated for use by pedestrians. Shown: 2,500sf approx. landscaped pedestrian plaza; 2,500sf landscaped courtyard; 5,000sf landscaped pedestrian space adjacent to sidewalks and between buildings. Surface water management: Not shown on site-common off-site facility is assumed.	***LANDSCAPING*** Space between building & Sidewalk : shall be appropriately landscaped for use and enjoyment by pedestrians. Enhanced materials encouraged. Trees: Install 8-10 coast appropriate trees in planter strips along public streets (as shown). Install additional 10-15 coast appropriate trees. Conservation Areas: Per City standards Fences and Walls: Shall be setback Min. 18" and this space shall be landscaped with trees or shrubs. Buffers / Screens: Per City standards. Signs: Shall be pedestrian-oriented; directional signs are encouraged.
BUILDINGS (15,000sf retail plus 5,000sf other commercial, plus housing) Location: Setback-Front: 0-10' (5' shown) Setback-Rear: 0 Setback-Sides: 0 Building Orientation: All buildings shall be oriented to public streets (as shown). Max Height: 45' Height Transition: YES-adjacent to existing SF Front Door (s): Shall be oriented to and directly accessible from public sidewalk(s). Ground Floor Design: Min 50% of ground floor along public streets shall incorporate windows with clear glass. (As shown: Storefronts with awnings) Other Architectural Design: The following additional architectural features are encouraged: Corner architectural design and treatment (shown); cornice, roof projection; cupola; upper floor projecting balcony and/or window.	***PARKING*** Off-street Auto parking: Shall be behind or on side of building (not between building and public street). Deliveries / Loading: Off-street loading area is optional; some street parking may be designated for business / retail use by delivery vehicles. Bike parking: Approx. 10% of the parking shall be bicycle parking spaces, Bike parking facilities shall be located near the building and store entrances, typically in the street furniture zone between the sidewalk and travelway. Shared parking: Some of the off-street parking may be shared with complementary uses nearby. On-street parking: Shall be incorporated on public streets. (shown: 23 angle and 8 parallel parking stalls.
SITE ACCESS & CIRCULATION Vehicle Access & Circulation: As shown Pedestrian Access & Circulation: As shown ***Street Connectivity: Required*** Block Formation: Max block 1.5 ac. approx.; shall include an alley connection (shown)	***SPECIAL FEATURES*** The Medium Commercial-Tourist has great potential for vertical Mixed-use development. (Shown-2nd floor office above retail, and 2nd floor housing above retail. Pedestrian amenities shall include 12-16' height street lights, benches, and business directory.

Commercial – Large

PARCEL Area: 5-8 acres Street Frontage: Shown- public streets all around the parcel Density Target : 0.25 FAR Lot Coverage: No maximum Open space: Approx. tbd% of open space shall be treated for use by pedestrians. Surface water management: Required; Not shown on illustration	***LANDSCAPING*** Space between building & Sidewalk : shall be appropriately landscaped for use and enjoyment by pedestrians. Enhanced materials encouraged. Trees: Install coast appropriate trees in planter strips along public streets. Install additional coast appropriate trees within the large block. Conservation Areas: Per City standards Fences and Walls: Shall be Min. 18" setback from public streets, landscaped with trees or shrubs. Buffers / Screens: Per City standards. Signs: Shall be pedestrian-oriented; directional signs are encouraged.
BUILDINGS (shown 70,000sf floor area) Location: All buildings must be located closet to a public street ROW. Buildings at all street corners are strongly encouraged and is required at the intersection of streets with the highest ADT. Building Orientation: The building shall be oriented to the public street (as shown). Max Height: 35' Max. Length: 300'; Min Separation 50' Entrance Door: The entrance door shall be oriented to and directly accessible from the public sidewalk. Ground Floor Design: Min 65% of ground floor along public streets shall incorporate windows with clear glass. Other Architectural Design: The following architectural features are encouraged: Corner entry (at a street intersection); cornice, roof projection; cupola, skylight, bay windows.	***PARKING*** Off-street Auto parking: Shall be behind or on side of building (not between building and public street). Deliveries / Loading: Off-street loading area is preferred; some street parking may be time designated for delivery vehicles. Bike parking: Approx. 10% of the parking shall be bicycle parking spaces, Bike parking facilities shall be located near the building main entrance, typically in the street furniture zone between the sidewalk and travelway. Shared parking: Some of the off-street parking may be shared with complementary uses nearby. On-street parking: Shall be incorporated on the adjacent public (City) street.
SITE ACCESS & CIRCULATION Vehicle Access & Circulation: As shown: An internal road connecting two public streets; driveway or alley connecting the other streets. Pedestrian Access & Circulation: As shown ***Street Connectivity: Required*** Block Formation: Max block 4 ac. approx.; shall include pedestrian and road connections through the entire block.	***SPECIAL FEATURES*** Pedestrian amenities shall include raised internal crossings, 12-16' height street lights, benches, trash cans, flowers, banners and enhanced paving materials including sidewalks, crosswalks and small pedestrian plazas.

Exhibit 15

Industrial – Small

PARCEL Area: 0.55acres Street Frontage: Public street on shorter side Density Target : NA Lot Coverage: No maximum Open space: Approx. tbd% of open space Surface water management: Not Required on site; (Assumed off-site / common facility).	***LANDSCAPING*** Space between building & Sidewalk : shall be appropriately landscaped for use and enjoyment by pedestrians. Trees: Install 2-3coast appropriate trees in planter strips along public streets. Install 3-5 additional coast appropriate trees within parcel. Conservation Areas: Per City standards Fences and Walls: Shall be Min. 18" setback from public streets, landscaped with trees or shrubs. Buffers / Screens: Per City standards. Signs: per City standards, plus directional signs.
BUILDING (Shown 6,000sf floor area) Location: Close to the public street. Building Orientation: As shown: "Showroom" (or front office) is oriented to the public street; "Loading" is oriented to the internal, Max Height: 35' Max. Length: 100' Entrance Door: The primary office / public entrance door shall be oriented to and directly accessible from the public sidewalk. Ground Floor Design: Min 65% of ground floor along public street shall incorporate windows with clear glass; Up to 18' of the Assembly ground floor shall incorporate architectural treatments, including fenestrations, and exterior frontage wall modulation Other Architectural Design: The following architectural features are encouraged); cornice, roof projection; cupola, skylight,	***PARKING*** Off-street Auto parking: Shall be behind or on side of building (not between building and public street). Deliveries / Loading: Off-street loading area is optional; some street parking may be time designated for small delivery vehicles. Bike parking: Approx. 10% of the parking shall be bicycle parking spaces, Bike parking facilities shall be located near the building entrances, Shared parking: Some of the off-street parking may be shared if the nearby uses are complementary. On-street parking: Incorporated 4-5 stalls on the public street close to the building.
SITE ACCESS & CIRCULATION Vehicle Access & Circulation: Off-street parking & loading from rear alley or lane or road. Pedestrian Access & Circulation: As shown ***Street Connectivity: Required*** Block Formation: Max block 3 ac. approx.; shall include north-south & east-west pedestrian and road connections through the large block.	***SPECIAL FEATURES*** Decorative low wall and landscaped courtyard along the sidewalk. Outdoor or partially covered work area behind the building, oriented to the rear parking lot.

See Exhibit 16

Industrial – Medium

PARCEL Area: 1.5acres Street Frontage: Public street on shorter side Density Target : NA Lot Coverage: No maximum Open space: Approx. tbd% of open space Surface water management: Not Required on site; (Assumed off-site / common facility).	***LANDSCAPING*** Space between building & Sidewalk : shall be appropriately landscaped for use and enjoyment by pedestrians. Trees: Install 10-12coast appropriate trees in planter strips along public streets. Install additional coast appropriate trees within the large block. Conservation Areas: Per City standards Fences and Walls: Shall be Min. 18" setback from public streets, landscaped with trees or shrubs. Buffers / Screens: Per City standards. Signs: per City standards, plus directional signs for visitors and deliveries.
BUILDING (Shown 15,000sf floor area) Location: Close to the public street. Building Orientation: As shown: "Showroom" (or front office) is oriented to the public street; "Loading" is oriented to the internal, shared driveway. Max Height: 35' Max. Length: 150' Entrance Door: The primary office / public entrance door shall be oriented to and directly accessible from the public sidewalk. Ground Floor Design: Min 60% of ground floor Office along public street shall incorporate windows with clear glass; Up to 18' of the Assembly ground floor shall incorporate architectural treatments, including fenestrations, exterior frontage wall modulation and enhanced building materials. Other Architectural Design: The following architectural features are encouraged); cornice, roof projection; cupola, skylight,	***PARKING*** Off-street Auto parking: Shall be behind or on side of building (not between building and public street). Deliveries / Loading: Off-street loading area is required; some street parking may be time designated for small delivery vehicles. Bike parking: Approx. 10% of the parking shall be bicycle parking spaces, Bike parking facilities shall be located near the building entrances, Shared parking: Some of the off-street parking may be shared if the nearby uses are complementary. On-street parking: Incorporated 25-30stalls (angle and parallel stalls) on the two streets close to the building.
SITE ACCESS & CIRCULATION Vehicle Access & Circulation: As shown:. Pedestrian Access & Circulation: As shown ***Street Connectivity: Required*** Block Formation: Max block 6 ac. approx.; shall include north-south & east-west pedestrian and road connections through the large block.	***SPECIAL FEATURES*** Tbd

Industrial – Large

PARCEL Area: 3 acres Street Frontage: Public streets on min. two sides Density Target : NA Lot Coverage: No maximum Open space: Approx. tbd% of open space Surface water management: Required; (shown shared with adjacent parcel)	***LANDSCAPING*** Space between building & Sidewalk : shall be appropriately landscaped for use and enjoyment by pedestrians. Trees: Install 10-15coast appropriate trees in planter strips along public streets. Install additional 20-30 coast appropriate trees within the large block. Conservation Areas: Per City standards Fences and Walls: Shall be Min. 18" setback from public streets, landscaped with trees or shrubs. Buffers / Screens: Per City standards. Signs: per City standards, plus directional signs
BUILDING (Shown 20,000sf floor area) Location: Close to the two public streets. Building Orientation: As shown: "Office" is oriented to one public street; "Assembly" is oriented to the other / cross street; "Warehouse/ Loading" is oriented to the rear parking lot. Max Height: 45' Max. Length: 200' Entrance Door: The primary office / public entrance door shall be oriented to and directly accessible from the public sidewalk. Ground Floor Design: Min 60% of ground floor Office along public street shall incorporate windows with clear glass; Up to 18' of the Assembly ground floor shall incorporate architectural treatments, including fenestrations, exterior frontage wall modulation and enhanced building materials. Other Architectural Design: The following architectural features are encouraged); "Green" roof, cornice, roof projection; cupola, skylight,	***PARKING*** Off-street Auto parking: Shall be behind or on side of building (not between building and public street). Deliveries / Loading: Off-street loading area is required; some street parking may be time designated for small delivery vehicles. Bike parking: Approx. 10% of the parking shall be bicycle parking spaces, Bike parking facilities shall be located near the building entrances, Shared parking: Some of the off-street parking may be shared if the nearby uses are complementary. On-street parking: Incorporated 30-35 stalls (angle and parallel stalls) on the two public (City) streets.
SITE ACCESS & CIRCULATION Vehicle Access & Circulation: As shown: two driveways from public streets; private road connection to the other public street- stubbed. Pedestrian Access & Circulation: As shown ***Street Connectivity: Required*** Block Formation: Max block 6 ac. approx.; include north-south & east-west connections.	***SPECIAL FEATURES*** Tbd

Exhibit 16

Exhibit 17

E. Comprehensive Plan Policy Amendments

1. Goals and Policies for South Beach Neighborhood Plan

Goal: To foster a sustainable, coastal living environment that will maintain and improve the character of the area by implementing the South Beach Neighborhood Land Use Plan.

Policy 1: To encourage urban level development in an orderly and efficient manner, the City will amend the Urban Growth Boundary (UGB) to remove approximately 309 acres east of the Newport Municipal Airport, as indicated in **Exhibit 6A**, and to add approximately 268 acres south of Idaho Point and east of the existing UGB, as indicated in **Exhibit 6.**

Implementation Measure 1: To ensure orderly and efficient development in conjunction with the provision of urban level services for the area, or portions of the area, included within the UGB amendment, the city may require consents to annex from property owners included within the UGB amendment.

Implementation Measure 2: Until the property included within the UGB amendment is annexed to the City, the existing County map designations shall apply consistent with Policy 2 of the Urbanization Section of the Comprehensive Plan.

Implementation Measure 3: The City shall require that a Master Development Plan (such as that provided for through the Planned Development process) be submitted for Planning Commission review and approval in conjunction with a request for the annexation and development of the 268 acres, or any portion thereof 2 acres or larger, added to the UGB. If separate Master Plans are submitted for portions of the 268 acres, following the approval of the first Master Plan, subsequent Master Plans must be consistent with the previously approved Master Plan(s).

Implementation Measure 4: In considering a request for a Master Development Plan approval, in addition to the criteria that may be specified within the process such as that provided for in the Planned Development process, the City will also consider whether the proposed Master Plan could provide a suitable location for a neighborhood park (at least one neighborhood park should be included within area of the UGB expansion) and also whether appropriate provisions are made within the Master Plan for connections to existing or planned for bicycle and pedestrian trail systems as identified on an adopted City plan.

Implementation Measure 5: The City shall require that utilities and services be in place prior to the issuance of building permits (other than those building permits as necessary to construct utilities and services) in areas included in an annexation request.

Policy 2: The 309 acres to be removed from the UGB will be ranked as a high priority for consideration in the future should the City have a need for additional residential land.

Policy 3: The City will consider the re-designation of some portions of the South Beach area as indicated in **Exhibit 6.**

Implementation Measure 1: The City should undertake the re-designation of property as identified in Exhibit 6 in conjunction with the adoption of the South Beach Neighborhood Land Use Plan.

Policy 4: The City will work to maintain areas of Open Space in South Beach.

Implementation Measure 1: The City shall establish an Open Space designation to allow for the designation of private property as Open Space. The Open Space designation will be available for properties meeting the requirements for an Open Space designation under ORS 308A (which provides tax benefits to private property owners with property subject to an Open Space designation). The City will approve requests by private property owners for designation of their property with the Open Space designation under ORS 308A when such request meets the criteria of the ORS 308A program.

Implementation Measure 2: The City will work with the Oregon Parks and Recreation Department, the OSU Hatfield Marine Science Center, Lincoln County, and other entities to pursue grants and other funding to protect Open Space in the South Beach area through public or private purchase of land or easements.

Implementation Measure 3: If property within the South Beach area which contains a significant amount of wetlands, or other natural features considered to be important for preservation by the City, is acquired by the City or County through donation or through tax foreclosure (or other method for which the City or County did not intentionally acquire the property for a particular purpose), the City should evaluate maintaining the property for use as an Open Space area by rezoning the property to a Public Open Space designation.

Policy 5: The City will work to improve and enhance the appearance of industrial and commercial development in South Beach.

Implementation Measure 1: The City shall adopt design guidelines for use in the development of commercial and industrial uses.

Implementation Measure 2: The City shall adopt standards for when sidewalks are to be provided in conjunction with commercial and industrial uses.

Policy 6: The City will support the development and expansion of institutions of education within the South Beach area.

Implementation Measure 1: The City will provide for an area of land zoned for public use that can accommodate the Oregon Coast Community College.

Implementation Measure 2: The City may support requests for the rezoning of additional property to a public designation, or other such designation as needed by the institution of higher education, when such property is acquired by an institution of higher education as necessary for future growth or expansion of the institution.

Policy 7: The City should consider other potential changes to existing land use designations as follows:

Implementation Measure 1: The City Council should consider initiating the rezoning of areas of R-4 zoned land east of Highway 101 in the vicinity of SE 35th Street to an R-3 zoning designation upon petition of property owners filed within one (1) year of adoption of this plan. The petition should illustrate sufficient support by the property owners in that area of a desire to protect the existing neighborhood from potential conversion of existing residential uses to commercial uses that are allowed within the R-4 zone.

Implementation Measure 2: To encourage a tourist oriented commercial area that allows opportunities for mixed commercial and residential uses as allowed under the Newport Zoning Ordinance, the City should support, where appropriate, the re-designation of existing industrially zoned areas in the area from SE 29th Street south to the current end of SE Ash Street to commercial zoning when requested by property owners.

Implementation Measure 3: To accommodate the forecasted need for additional commercial land, the City should support when appropriate a property owner request to change from an industrial to a commercial designation in the area located southeast of the intersection of Highway 101 and SE 50th Street (Mike Miller Park Road).

Implementation Measure 4: The City Council should consider initiating the rezoning of areas of R-4 zoned land west of Highway 101 in the vicinity of the SW Jetty Road/SW 32nd Street area to an R-3 zoning designation upon petition of property owners filed within one (1) year of adoption of this plan.

The petition should illustrate sufficient support by the property owners in that area of a desire to protect the existing neighborhood from potential conversion of existing residential uses to commercial uses that are allowed within the R-4 zone.

Policy 8: The City shall consider the street, pedestrian and bicycle designs contained in this plan and or the Appendix of the September 2005 Employment Lands and Conceptual Land Use Planning document when building or expanding transportation systems.

Implementation Measure 1. Leeks High Road shall not be used as a collector street for service to or from the Idaho Point area to or from the property added to the Urban Growth Boundary as identified in Exhibit 6 except that a connection with Leeks High Road and the property added to the Urban Growth Boundary for the purposes of emergency access for vehicles should be required to be maintained as part of the approval of a master plan for that area.

Policy 9: The following general urban design goals should be considered and encouraged for use within the South Beach Neighborhood Land Use Plan area for new and infill development where appropriate:

A. Key Characteristics of Land Use:
- Compact development patterns
- Mix of uses including education, cultural, retail, tourist commercial, services lodging, residential, office and certain light industrial uses
- May be tourist-oriented commercial, retail and services, or emphasize a residential character with high density housing or lodging fronting on the corridor
- Many businesses serve the local neighborhoods and tourists, but some may draw from a wider area
- Transitions to lower-density development closer to surrounding single-family neighborhoods
- Reductions in impervious surfaces that would otherwise be created from new development through landscaping and wetland enhancement to help manage storm water and to create attractive development and open space

B. Key Characteristics of Buildings:
- New buildings oriented to the street
- Three-to-four story mixed use buildings
- Buildings generally have neighborhood serving retail and services on the ground floor with lodging, offices or housing in the upper stories
- Buildings along Highway 101 have windows on ground floor and can be three to five stories

C. Key Characteristics of Transportation and Parking:

- Provides alternatives for local travel within the South Beach neighborhood other than Highway 101
- Direct pedestrian connections to/from Oregon Coast Aquarium, visitor oriented attractions, South Beach State Park, and residential neighborhoods
- Potential future regional transit service, local circulator and/or water transportation, i.e. water taxis
- Parking requirements are lower (more walking, biking trips, potential transit trips)
- Structured or "tuck-under" parking is preferred, surface parking is located to the side or rear of buildings
- Adequately serves automobile traffic
- Improved pedestrian and bicycle facilities connecting various uses
- Creation of a direct and distinctive hike/bike gateway to South Beach State Park from Highway 101 near SW 35th Street

F. SUMMARY OF RECOMMENDED TSP AMENDMENTS

To implement the roadway system as recommended, revisions will be required to the Newport Transportation System Plan (TSP).

Some of the recommended roadway improvements are consistent with the current TSP. Widening of US 101 to four lanes from the Yaquina Bay Bridge to 50th and the identification of future capacity deficiencies on the Yaquina Bay Bridge are in the TSP. Also, the proposed connection of Ferry Slip and Ash to form a continuous street from 32nd to 40th on the east side of US 101, and the proposed connection from 40th to 32nd on the west side of US 101, are supportive of the TSP recommendations for access management on US 101, as is the recommendation that the primary access to the area southeast of the intersection of US 101 and SE 50th Street be from 50th.

Several of the proposed roadway improvements are additions or revisions to the TSP:

- It is recommended that the proposed loop roadway through the area added to the UGB be classified as an arterial but designed as a parkway. A connection to the Henderson Creek portion of the area added to the UGB should be classified as a collector.
- Ferry Slip Road is presently classified as an arterial. With completion of a continuous street incorporating Ferry Slip and Ash, it is recommended that the entire street be classified as a collector, but with bicycle facilities. The function of the street will be to provide a connection to US 101 at each end but to also provide access to adjacent land uses. This would include closure of the current connection of Ferry Slip to US 101.

- The current TSP includes combining the present South Beach State Park access with the park management headquarters access. If relocation of the park access to 50th is feasible, this revision should be made to the TSP.
- A connecting street on the west side of US 101 from 32nd (Anchor Way) to 50th should be added as a collector with bicycle facilities.
- Traffic signals should be installed on US 101 at 40th and at 50th when signal warrants are met.

G. Summary of Public Facility Plan Amendments

The additional development land proposed for the South Beach area will necessitate the construction of the afore mentioned water, sanitary and storm system improvements. The following capital improvements and associated costs are adopted to facilitate the proposed land use changes and development recommended in the South Beach Land Use Plan.

Table 34
WATER SYSTEM IMPROVEMENTS

Phase 1 Projects

Project No.	Project	Est. Cost
1	King Ridge 1.0 MG Reservoir (EL 320')	$ 1,250,000
2	16" Water Main to New High Water Tank	$ 570,788
3	12" PVC Water Main Loop New Development	$ 902,860
4	12" Water Main Toward Idaho Point (105 acre Res.)	$ 360,133
5	King Ridge pump station, 350 gpm	$ 180,000
6	PRVs 2-12", 1-16"	$ 60,000
7	Newport Airport Water Main	$ 550,556

Total Phase 1	
Construction	**$3,323,781**
Contingency (20%)	$660,756
Engineering (18%)	$594,681
Administration (4%)	$132,151
Total Phase 1 Project Cost	**$4,691,369**

Phase 2 Projects

Project No.	Project	Est. Cost
8	6" Water Main SW Coho	$ 44,550
9	8" Extension Ash Street to Elm Street (SE)	$ 125,250
10	12" Water Main Ferry Slip Road	$ 150,000
11	12" PVC Water Main Loop Highway 101	$ 293,450
12	Airport Residential Water Main	$ 636,000
13	PRVs 1-12", 1-8"	$ 40,000

Total Phase 2	
Construction	**$1,289,250**
Contingency (20%)	$257,850
Engineering (18%)	$232,065
Administration (4%)	$51,570
Total Phase 2 Project Cost	**$1,830,735**

* Included in the water main costs is the cost of miscellaneous fittings, connections to the existing system, surfacing, and fire hydrants every 250-ft.

Table 35
SANITARY SEWER SYSTEM IMPROVEMENTS

Phase 1 Projects

Project No.	Project	Est. Cost
1	8-inch & 12-inch PVC Sewer UGB Road	$1,056,000
2	8-inch PVC Sewer -From 105 acre Res.	$424,920
3	Manholes	$148,974

Total Phase 1

Construction	**$1,629,894**
Contingency (20%)	$325,979
Engineering (18%)	$293,381
Administration (4%)	$65,196
Total Phase 1 Project Cost	**$2,314,449**

Phase 2 Projects

Project No.	Project	Est. Cost
4	10" PVC Sewer Main Idaho Point	$ 492,000
5	8" PVC SSFM Idaho Point	$ 285,000
6	Idaho Point Lift Station	$ 250,000
7	8" PVC Sewer Main Airport Residential	$ 499,200
8	6" PVC SSFM Airport Residential	$ 100,000
9	Airport Residential Lift Station	$ 250,000

Total Phase 2

Construction	**$1,876,200**
Contingency (20%)	$375,240
Engineering (18%)	$337,716
Administration (4%)	$75,048
Total Phase 2 Project Cost	**$2,664,204**

Table 36
STORM SEWER SYSTEM IMPROVEMENTS

SWMP Project #	Project Description	Estimated Cost
2	Culvert Replacement and Ditch Renovation (East of 35th Street	$80,000
2a	Hwy 101 crossing and redirection of drainage south to Basin 7	$1,500,000

D. Summary of Recommended Storm Water Regulations

The South Beach Neighborhood Plan proposes that the Public Facilities Plan be revised to incorporate additional storm water regulations and design standards for commercial and industrial development. These amendments are intended to preserve and enhance the natural and built environments in South Beach.

The proposed development should not alter natural drainage patterns or divert drainage from one existing drainage basin to another. Instead, runoff should be controlled through best management practices that promote infiltration and retention. Ideally peak runoff will be maintained near predevelopment levels and more common storms, such as storms generating less than 1-inch of rainfall in 24 hours will not increase runoff above predevelopment conditions.

The use of best management practices to mitigate the additional run-off resulting from development of natural areas is especially important since much of the proposed development in South Beach is on hillsides with steep slopes. Care must be taken to preserve adequate ground cover and natural vegetation especially in forested areas where clearing may result in erosion from the increased run-off. Regulations requiring that new developments manage storm water discharges to near pre condition levels are strongly recommended. These regulations will be critical to the success of hillside and hilltop developments.

Best management practices (BMPs) recommended in the EPA phase II rules include detention and retention for controlling both volume and quality of run-off. Although the City of Newport is not currently a regulated municipal storm water system, implementing appropriate measures for mitigating increased run off (a) assures compliance with Oregon's drainage law, (b) encourages a favorable attitude in the community toward proposed development, and (c) saves costs in terms of on-site and off-site storm water utilities.

Some recommended structural BMPs are:

- Vegetative BMPs such as constructed wetlands, swales, filter strips, and rain gardens;
- Infiltration BMPs such as basins, trenches, dry wells, sand filters, and porous pavement;
- Treatment controls such as separators, filtration devices, catch-basin inserts, and skimmers

Designing for drainage mitigation may include: skinny streets, open spaces, traffic calming measures to enhance storm water infiltration, and the use of ditches and swales as a preference to hard piped curb and gutter streets.