

MINOR AMENDMENT SIX TO THE SOUTH BEACH URBAN RENEWAL PLAN AND REPORT

Exhibit A, City of Newport Resolution No. 3505

Prepared for:

City of Newport

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I. URBAN RENEWAL PLAN AMENDMENTS

In January 2009, the Newport Urban Renewal Agency approved Substantial Amendment V to the South Beach Urban Renewal Plan adopted in 1983. In the past 25 years, the Urban Renewal Agency has executed one minor (Amendment 3) and four substantial amendments (1, 2, 4 and 5). The purpose and date of adoption for each amendment is noted below.

Amendment I Newport Urban Renewal Agency April 8, 1987
Lincoln County Commission Feb 25, 1987

Provides a project outline for:

- Site acquisition of the public viewing aquarium,
- Land acquisition for Highway 101 access roads.
- Site acquisition and construction of the Wastewater Treatment Plant
- Airport frontage road improvements, and
- Site acquisition and construction of an Exhibition Building.

Amendment II Newport Urban Renewal Agency October 14, 1987
Lincoln County Commission September 16, 1987

Deletes two land areas from the District:

- South Beach State Park/South Jetty area (411.16 acres)
- Newport Airport and a portion of forested land north of the airport. (565.14 acres)
- Total area removed from the Urban Renewal District: 976.30 acres

Amendment III (Minor) Newport Urban Renewal Agency
September 11, 1991

Proposes to finance the Plan through tax increment financing and that no bonded indebtedness shall be issued after December 31 2010. Defines Substantial Amendment as equivalent to a Major Amendment and defines Minor Amendments.

Amendment IV Newport Urban Renewal Agency May 13, 1998
Lincoln County Commission April 29, 1998

Established a maximum level of indebtedness in the amount of \$38,750,000 and selected Option "One" for the method to collect ad valorem property taxes

Amendment V

Newport Urban Renewal Agency
Lincoln County Commission

February 2, 2009
January 14, 2009

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

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

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

II. URBAN RENEWAL REPORT MINOR AMENDMENT VI

The National Oceanic and Atmospheric Administration (NOAA) has determined that their Pacific Marine Operation Center is best located in the City of Newport. The site selected by NOAA is on Port of Newport property on the south side of Yaquina Bay.

The site is also located within the South Beach Urban Renewal District. Following adoption of Substantial Amendment 5, the City identified the need to prepare a more detailed transportation plan for the South Beach Peninsula. The process for the plan began in November 2009 with a public open house and a public “design Charette” in December to explore alternative design concepts. Small group and stakeholder meetings were conducted during this timeframe and the South Beach Peninsula Transportation Refinement Plan was completed in February 2010.

Based on the recommendations of the Transportation Refinement Plan, and the need to improve access and egress to the NOAA facility and adjacent existing attractions, the Urban Renewal Agency decided to revise the phasing and financing of the projects in Substantial Amendment 5. Minor Amendment 6 describes the revisions to the project order in the three phases of the Urban Renewal Report. The amendment also includes revisions to the tax increment revenue forecast, as well as a new schedule of existing debt service obligation resulting from refinancing said debt. Finally, Amendment 6 recommends a financing plan consistent with the three project phases.

In a public meeting on April 19, 2010, the Urban Renewal Agency directed staff to prepare a resolution to adopt Minor Amendment 6. Interested citizens and institutions in the South Beach neighborhood were notified of the Urban Renewal Agency and City Council’s intent to adopt Minor Amendment 6 in May 2010. The amendment and related information was made available to the public via the City’s website prior to the City’s action.

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

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

As summarized in Section II of this plan amendment, the advent of the NOAA Marine Operations Center relocating within the South Beach Urban Renewal District necessitates a reordering of infrastructure projects to be funded by the District that were planned for Phases 1, 2 and 3.

Section IV of this plan amendment provides a new schedule of the infrastructure projects and costs related to the NOAA facility and broader South Beach District need, as well as other projects identified as necessary for urban renewal in Amendment 5.

For the research and analysis of the economic and property tax revenue impacts of the new NOAA facility and its operations, please refer to Appendix A.

A. PROJECT PHASES

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

1. Phase 1 – 2009/12

The cost of four projects in the 2009/2010 Urban Renewal Agency budget and noted in Phase 1, were reduced based on more detailed engineering design and cost estimating. These included: Design and Construction of Ash Street - \$425,000; Planning and Design of the Coho/Brant Area - \$70,000; OSU Drive Sidewalk - \$70,000; and the Highway 101 Water line from 40th to 50th - \$320,000. The OSU Sidewalk work is also being rolled into the Marine Science Drive project.

The Marine Science Drive project in the amount of \$2,304,000 includes the installation of gravel parking areas on the north and west sides, construction of a multi-use trail and landscaping, realignment of existing intersections, and a new Roundabout. Approximately, \$1,166,000 of the project is being funded by grants from the state, port and marine science center.

The public right of way acquisition needs required to complete other projects in the Transportation Systems Plan for the South Beach Urban Renewal District were reduced based on more detailed engineering design.

2. Phase 2 – 2013/16

Two projects in the Substantial Amendment 5 proposed to be completed in Phase 2 were moved to Phase 1. These include new sidewalks on OSU Drive from Abalone to Ferry Slip Road and the South Jetty Trail. The Jetty Trail is fully funded by the Urban Renewal Agency whereas the prior project list assumed a \$150,000 OPRD grant as partial funding. The assumption of partial funding through an OPRD grant has been shifted to Phase 1 for neighborhood park and open space acquisition. A Systems Development Charge credit was also identified as a new funding alternative for the proposed traffic signal at Highway 101 and 40th rather than urban renewal funds.

3. Phase 3 – 2017/20

The change in the timing for approximately \$2,154,000 in Existing Streets/Right of Way include other utility, pedestrian/bicycle circulation and landscaping improvements. This budgeted amount will fund the Marine Science Drive improvements planned for Phase 1. The remaining \$846,000 in this budget category will be used in the future for similar types of street improvements.

B. PROJECTS AND COST ESTIMATES

1. Phase 1 – 2009/12

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

2. Phase 2 – 2013/16

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

3. Phase 3 – 2017/20

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

C. ESTIMATED COMPLETION DATE

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

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

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

A. ANTICIPATED TAX INCREMENT FUNDS

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

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

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

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

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

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

B. ESTIMATED AMOUNT OF MONEY REQUIRED UNDER ORS 457

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

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

Year	(A) URD Incremental Revenue	(B) Total Existing Debt Service	(C) Remaining Uncommitted Revenue	(D) Phase I Debt Service	(E) Remaining Uncommitted Revenue	(F) Phase II Debt Service	(G) Remaining Uncommitted Revenue	(H) Phase III Debt Service	(I) Remaining Uncommitted Revenue
2010-11	\$1,968,200	\$1,189,903	\$778,297	\$648,581	\$0		\$0	\$0	
2011-12	\$2,119,800	\$1,182,531	\$937,269	\$648,581	\$158,972		\$158,972	\$158,972	
2012-13	\$2,113,500	\$1,178,534	\$1,098,707	\$648,581	\$320,410		\$320,410	\$320,410	
2013-14	\$2,274,700	\$1,186,660	\$1,418,062	\$648,581	\$639,765		\$639,765	\$639,765	
2014-15	\$2,447,300	\$1,181,819	\$1,924,439	\$648,581	\$1,146,142	\$729,700	\$270,502	\$270,502	
2015-16	\$2,621,100	\$1,173,666	\$1,726,052	\$648,581	\$947,755	\$729,700	\$72,115	\$72,115	
2016-17	\$2,807,200	\$1,176,828	\$1,704,650	\$648,581	\$926,353	\$729,700	\$50,713	\$50,713	
2017-18	\$3,006,500	\$1,176,347	\$1,882,387	\$648,581	\$1,104,090	\$729,700	\$228,450	\$228,450	
2018-19	\$3,220,000	\$745,199	\$2,710,105	\$648,581	\$1,931,808	\$729,700	\$1,056,168	\$1,056,168	
2019-20	\$3,255,700	\$317,940	\$4,025,613	\$648,581	\$3,247,316	\$729,700	\$2,371,676	\$1,371,676	
2020-21	\$3,486,800	\$317,410	\$4,582,216		\$4,582,216	\$729,700	\$3,706,576	\$1,000,000	
2021-22	\$3,734,400	\$311,282	\$6,004,891		\$6,004,891	\$729,700	\$5,129,251	\$3,929,251	
2022-23	\$3,999,500	\$147,799	\$7,898,830		\$7,898,830	\$729,700	\$7,023,190	\$5,823,190	
2023-24	\$4,283,500	\$0	\$10,281,386		\$10,281,386	\$729,700	\$9,405,746	\$8,205,746	
2024-25	\$4,587,600	\$0	\$13,039,518		\$13,039,518		\$13,039,518	\$11,839,518	
2025-26	\$4,913,400	\$0	\$17,108,104		\$17,108,104		\$17,108,104	\$15,908,104	
2026-27	\$5,262,200	\$0	\$21,647,547		\$21,647,547		\$21,647,547	\$20,447,547	
Term of Loan (Years)				10		10		10	
Total Amount Borrowed				\$4,773,611		\$5,370,656		\$7,360,087	

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

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

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

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

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

C. ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

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

D. PROJECTED REVENUES AND EXPENDITURES

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

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

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

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

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

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

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

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

F. IMPACTS ON TAXPAYERS

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

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

NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS

NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS

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

METHODOLOGY & LIMITATIONS

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

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

FINDINGS

ESTIMATING PRIVATE MOC SPENDING LOCALLY

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

TABLE 1: BASELINE CONTRACT SPENDING

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

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

2/ Conservative assumptions made by Johnson Reid, LLC

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

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

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

TRANSLATING CONTRACT SPENDING INTO JOBS

Estimates of direct and secondary (indirect/induced) job impacts were developed by utilizing impact multipliers from IMPLAN² (IMpacts for PLANing) economic impact analysis model. Developed by the Forest Service to assist in land and resource management planning, IMPLAN is an economic impact model designed for analyzing the effects of industry activity upon all other industries in an economic area.

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

² Minnesota IMPLAN Group (MIG), Inc., Stillwater, Minnesota

TABLE 2: JOB IMPACTS OF CONTRACT SPENDING

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

1/ From Table 1

2/ Jobs Multipliers generated by IMPLAN.

Calculating the Share of Jobs Captured by South Beach

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

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

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

1/ From Table 2

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

CONVERSION OF JOBS TO DEVELOPED SPACE

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

TABLE 4: PRIVATE EMPLOYMENT IMPACT DEVELOPMENT IN THE SOUTH BEACH

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

1/ From Table 3

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

CONVERSION OF NEW DEVELOPMENT TO MARKET VALUE & TAXABLE ASSESSED VALUE

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

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

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

1/ From Table 4

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

3/ RS Means Construction Cost Estimator

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

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

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

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

CONTRIBUTION TO SOUTH BEACH URBAN RENEWAL DISTRICT GROWTH

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

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