

Coos County
URBAN RENEWAL AGENCY

North Bay Urban
Renewal Report

CHMHILL

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Coos County Urban Renewal Agency

NORTH BAY URBAN RENEWAL REPORT

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PREFACE

The Coos County Urban Renewal Agency has prepared an urban renewal plan for the North Bay Urban Renewal Area complying with the provisions of Chapter 457 of the Oregon Revised Statutes (ORS 457). Section (3) of ORS 457.095 requires that an urban renewal plan be accompanied by a report that assesses the physical, social, economic, and fiscal impacts of the plan and analyzes its financial feasibility. This document constitutes the required report.

CVR39/043

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Section 1
PHYSICAL, ECONOMIC, AND SOCIAL CONDITIONS
IN THE URBAN RENEWAL AREA

This section describes existing physical, economic, and social conditions in the Urban Renewal Area. Further, it cites why the area qualifies as an Urban Renewal Area under provisions of Oregon Revised Statutes, Chapter 457 (ORS 457).

PHYSICAL CONDITIONS

LAND AREA

ORS 457.420(2)(a) provides that the total land area of a proposed urban renewal area, when added to the land area of existing renewal areas in which tax increment financing measures are used, may not exceed 15 percent of the county's total land area. The North Bay Urban Renewal Area encompasses approximately 4,643 acres of land and would be Coos County's only urban renewal area in which tax increment revenues are being collected. The county's total area is approximately 1,042,560 acres. Therefore, the urban renewal area represents less than 1 percent of the county's total area, well within the legislative requirement.

LAND USE

Existing land uses are described in Section 3 of the urban renewal plan and shown on Figure 3 of the plan. The acreage and percentage of land by general land use category are identified in Table 1.

Table 1
LAND USE BY ACREAGE AND PERCENT

<u>Use</u>	<u>Acres</u>	<u>Percent of Land in Urban Renewal Area</u>
Vacant	4,451	96
Recreation	3	--
Residential	2	--
Commercial	0	--
Industrial	189	4

Notes: Infrastructure elements are included with the category of land on which they are located. Recreation category includes only developed recreation facilities. Vacant lands are utilized extensively by recreationists for clamming, crabbing, beachcombing, hiking, hunting, picnicking, and bird watching. One acre has been assigned for each residential use to reflect areas occupied by dwelling units on larger parcel.

Source: CH2M HILL, 1986.

CONDITION OF STRUCTURES

Occupied industrial structures in the Urban Renewal Area are structurally sound and suitable for their present uses. However, three warehouse structures on Roseburg Forest Products Company property are only partially completed and have remained vacant since their initial construction in the early 1970's. If they are left in their current condition, they are likely to deteriorate and to have a blighting effect on the area within the 2-year planning period.

No commercial structures are located in the area. One residence located within the Urban Renewal Area is vacant and deteriorated as a result of vandalism.

AVAILABILITY OF INFRASTRUCTURE

The existing infrastructure on the North Bay is described in Section 3 of the urban renewal plan and shown on Figure 3 of the plan. Although some elements exist, they are inadequate to serve new development proposed for the area or any significant expansion of existing uses.

Access Facilities

Access to land designated for industrial development is poor; although some portions of the area can be reached by paved road, many sites are only accessible via an unimproved roadway. Even the paved portion of the road is not suitable for heavy equipment and truck traffic because of its inadequate width, surface, and configuration. No interior roads exist to divide large parcels to more useable sizes, nor to provide for transport from the waterfront to the inland roadway.

The railroad corridor extends only far enough to serve the existing containerboard plant and chip loading facility; it does not provide access to any other industrial sites.

Water access is provided by a chip loading dock, used by the Roseburg Forest Products Company operation, and a T-dock and barge slip on the Oregon International Port of Coos Bay property. These latter facilities are not currently in use.

Utilities

No sanitary sewer system exists on the North Bay. Sanitary wastewater drains to industrial septic systems. Industrial wastes from the containerboard plant are treated biologically in an effluent lagoon and disposed of through an ocean outfall. Weyerhaeuser's lease for use of the effluent lagoon extends only until 1990 and is not expected to be renewed by the Bureau of Land Management.

Although water service is provided to existing industries, existing distribution and treatment facilities are not adequate to serve any new significant development. Fire flow capacity would also need to be increased substantially to protect new development.

Electrical service is provided to existing industries, but a new substation and transmission facilities would be required to expand service to other industrial sites.

NATURAL RESOURCES

The biophysical setting of the North Bay is described in two recent reports, the PACON Project Environment Assessment (CH2M HILL, 1984), and the North Bay Marine Industrial Park Final Environmental Impact Statement (Coos-Curry Council of Governments, 1982). Both documents discuss the geology, hydrology, water quality, aquatic and terrestrial biology, endangered species, and air quality and are hereby incorporated by reference as a part of this report.

The Coos Bay estuary is the largest within Oregon, having an area of approximately 12,380 acres. The bay itself averages a mile in width and is 15 miles in length to the limit of deep-draft navigation. The bay receives an average annual runoff of approximately 2.3 million acre-feet, two-thirds of which is derived from the Coos and Millicoma Rivers. The uplands of Coos Bay are largely covered by coniferous forest.

The estuary is described geologically as a drowned river mouth. Recession and melting of glaciers in the geologic past caused a rise in sea level, which formed estuaries at the mouth of many rivers. Bedrock in the area is marine sedimentary rock deposited in a subsiding basin around Coos Bay. Above the bedrock, sand dunes have developed the spit.

The estuary and North Bay uplands provide extensive habitat for fish and wildlife. About 350 species of birds are residents, with at least 135 additional visitor species using the bay for feeding and wintering grounds. Many of these birds feed on the invertebrate fauna of the bay and marshes. The migratory brown pelican (Pelecanus occidentalis) and the peregrine falcon (Falco peregrinus) are federally listed endangered species that have been observed on the North Bay. The snowy plover (Charadrius alexandrinus), listed as a threatened species in Oregon, winters along the ocean frontage of the North Bay and utilizes dredged material on the bay side. The bald eagle (Haliaeetus leucocephalus) has been reported to nest in the Haynes Inlet area. There are also 75 species of fish and shellfish found in the estuary, some of which are anadromous, including salmon, steelhead, and striped bass (Coos-Curry Council of Governments, 1982).

ECONOMIC CONDITIONS

This section describes the general economic condition of Coos County and identifies the basic industries that determine the level of economic activity. It also discusses the historical development of industry on the North Bay and previous studies concerning potential new industrial development.

EMPLOYMENT AND INCOME

The 1980 Census of Population and Housing employment data for Coos County reveal the long-term dominance of lumber and wood products manufacturing to the area's economic base. The data also indicate the importance of marine trade, which has surpassed the lumber and wood products sector in total employment since 1980.

Serious employment declines occurred in Coos County's labor force between 1979 and 1982. The number of persons in the work force dropped from 22,230 to 18,330 during this period,

a 17.5 percent reduction. This trend was most pronounced in the lumber and wood products sector where the labor force decreased over 37 percent in that period. Employment has remained relatively stable in all sectors since 1982 (State of Oregon, Department of Human Resources, 1986).

In every year between 1960 to 1985, average unemployment rates in Coos County have exceeded both Oregon and national unemployment rates. Since 1980, the unemployment rate has ranged between 13.1 percent and 15.7 percent of the total county labor force (State of Oregon, Department of Human Resources, 1986). These conditions resulted from the county's low economic growth rate, declining employment in logging and sawmill products, and the seasonality of the county's basic industries. The problems of high cyclical and seasonal unemployment are expected to persist unless the economic base is expanded and diversified.

Since the 1960's, the per capita income of the county has lagged behind the state level (State of Oregon, Department of Human Resources, 1986). This has been a result of both high unemployment rates and the relative decline of the lumber and wood products industry.

ASSESSED VALUE

The North Bay Urban Renewal Area has a current assessed value of \$45,703,702 for fiscal year 1985-86. Coos County has a total 1985-86 assessed value of \$1,482,428,812. The North Bay Urban Renewal Area would constitute 3.1 percent of the county's assessed valuation, well within the 25-percent maximum mandated by Oregon Revised Statutes Chapter 457 (ORS 457.420).

ECONOMIC BASE

Lumber and Wood Products

Lumber and wood products comprise the dominant basic sector in Coos County and the Coos Bay area. In 1985, this sector accounted for 17.6 percent of all employment and 72 percent of manufacturing employment. The forest products industry also accounts for approximately two-thirds of the county's basic employment and payrolls. Trucking, warehousing, and waterborne transportation in Coos Bay are primarily involved in handling of forest products; the industry's share of the county's basic income exceeds 75 percent when these activities are included. Long-term and short-term changes in the industry, however, have placed it and the regional economy in a state of transition. Since 1960, there have been both absolute and relative declines in the county's lumber and wood products employment (CCDEIA, 1980). Since 1979, lumber

industry employment has declined steadily, whereas wood products employment has decreased and then recovered to a higher level than in 1979.

Recognition of the potential for declines in employment have focused economic development efforts on diversification of the product mix within the forest products industry and expansion and diversification within the Coos County area's other basic sectors.

Fishing and Seafood Processing

Currently, the fishing industry is the third most important industry in the county, ranking behind the forest products manufacturing and waterborne commerce. A good harbor, with relatively safe access during adverse weather and proximity to rich fishery resources, has contributed to the development of Coos Bay's fisheries. Historically, Coos Bay has the second highest number of landings in Oregon.

Estimates of the area's number of commercial fisherman range from 400 to over 600 persons (including part-time participants). Increases in the number and size of fishing boats indicate that the number of fishermen is growing, although historic data on their numbers are not readily available for comparison.

Although landings have continued to increase, fish processing employment has declined somewhat as local plants have increased their efficiency by updating their technology.

Fluctuations have occurred in the annual fish harvest as a result of weather and behavior of fish species. Shrimp and bottom fish landings have increased significantly, with each representing about one-third of the total landings by weight. Salmon, however, is clearly the dominant species, often accounting for 40 percent or more of the total value of all Coos County landings.

NORTH BAY INDUSTRIAL DEVELOPMENT

Development within the North Bay Urban Renewal Area began in the 1960's with the construction of two heavy industrial facilities: the Weyerhaeuser containerboard plant in 1961 (originally owned by Menasha Corporation) and the Roseburg Forest Products Company chip loading facility in 1967. More recently, the Oregon International Port of Coos Bay has been responsible for a number of other developments in the Urban Renewal Area. Their projects include the North Bay Pier T-dock built in 1981, and a barge handling facility built in 1985. In 1978, an aquaculture capture-release facility was constructed on land leased from the Port by Oregon Aqua Foods. This facility is currently owned and operated by Anadromous,

Inc. Several additional facilities have been proposed and permitted for the North Bay Marine Industrial Park on Port-owned land and for Weyerhaeuser's Henderson Marsh site, but these have not been constructed to date.

ECONOMIC DEVELOPMENT INCENTIVES

Future economic development activities in the Urban Renewal Area will be facilitated by the presence of an Enterprise Zone and two Foreign Trade Zones within the area boundary. The location of these zones is shown on Figure 1.

Coos Bay has been qualified by the state as a hardship area and has been designated under Oregon's Enterprise Zone Program. It is currently one of ten such zones in the state. This 10-year status entitles new firms (or firms already in the area that can expand full-time jobs by 10 percent) to property tax exemptions on new buildings, expansion, machinery, and equipment. The package of incentives also includes exemption from various local development-related fees.

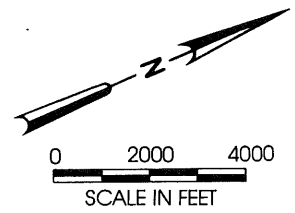
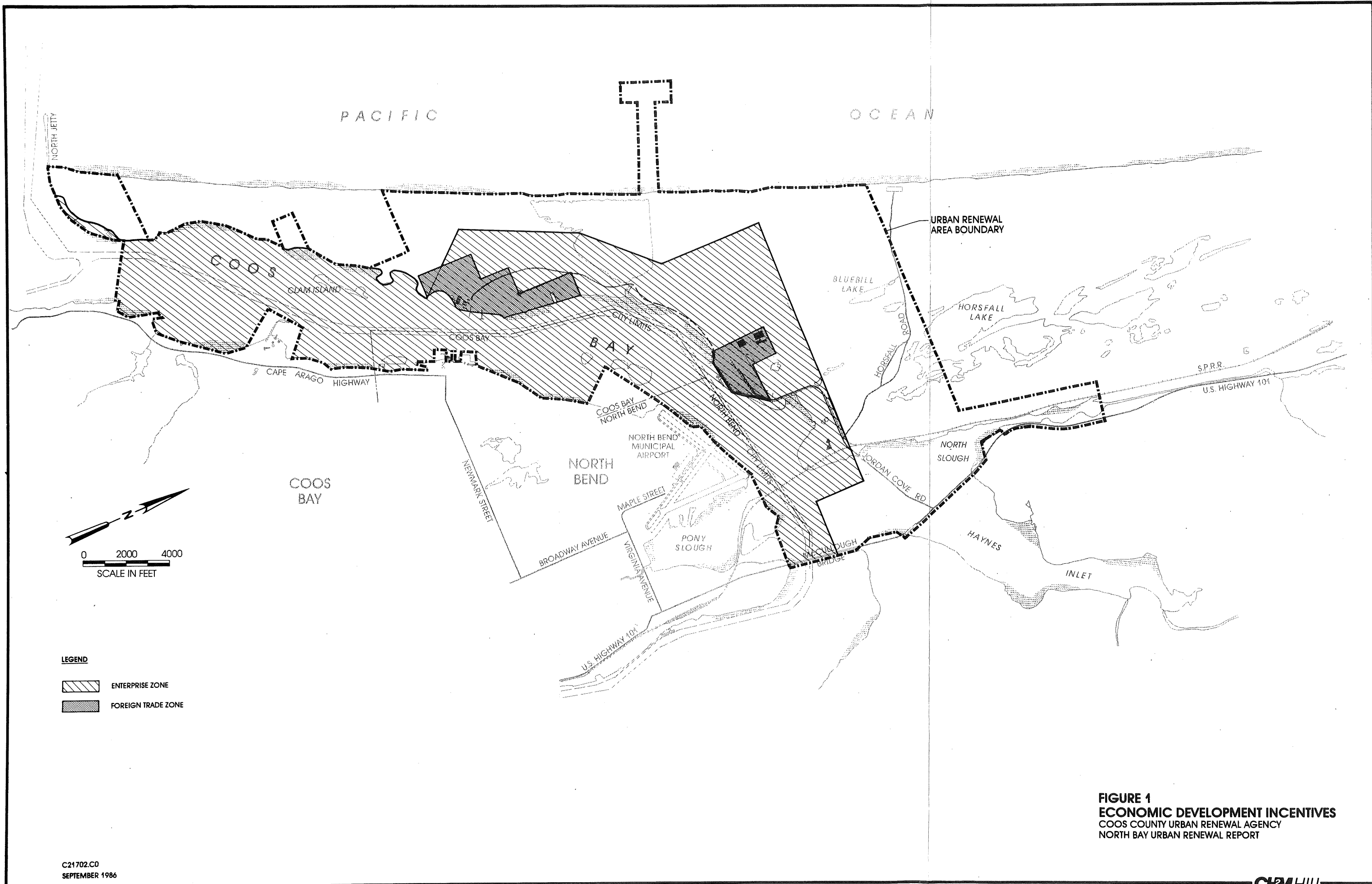
Two of three Coos Bay area's Foreign Trade Zones are located in the Urban Renewal Area. A Foreign Trade Zone is an area legally outside of U.S. Customs' jurisdiction, where imported goods may be stored or assembled and then transhipped to another foreign country without being subject to import duty or excise taxes. This reduces customs costs on imported foreign goods, providing an incentive for the location of warehousing and manufacturing operations.

OPPORTUNITIES FOR FUTURE INDUSTRIAL GROWTH

In 1981, the CCD Business Development Corporation performed a sector-by-sector industrial land needs survey and comparative advantage analysis of the Coos Bay estuary. This survey and analysis projected industrial land needs through the year 2000 for the five major industrial sectors considered most feasible for Coos Bay estuary development. The sectors included lumber and wood products; marine industries; mining, minerals, and energy; transportation; and Foreign Trade Zone warehousing and manufacturing. As a base for financial feasibility analysis, the results of the CCD survey and analysis are discussed below.

Lumber and Wood Products

In 1981, the forest products industry in Oregon was at a turning point. It was clear that the industry would probably not be able to sustain its current level of production because of the short supply of timber in the privately owned forests. The lack of timber can only be overcome by growth over time. This shortfall condition affects the supply-side analysis for most of the lumber and wood subsectors discussed below.



LEGEND

 ENTERPRISE ZONE
 FOREIGN TRADE ZONE

FIGURE 1
ECONOMIC DEVELOPMENT INCENTIVES
 COOS COUNTY URBAN RENEWAL AGENCY
 NORTH BAY URBAN RENEWAL REPORT

Sawmills. Normally, demand for dimensioned lumber in the United States exceeds capacity, and import of lumber (primarily from Canada) is necessary. Periods of low demand during the recent recession, however, stiffened competition between the United States and Canada. CCD's 1980 report also discussed other factors affecting the sawmill industry in Oregon: the future availability of maturing stands of second growth forest, advantageous orientation of industry to the growing western United States and Pacific Rim markets, and pressure to locate mills closer to the resource. In the opinion of the CCD analysis, these factors plus the projected upturn in the overall economy indicated a favorable market outlook in the long term for growth of the sawmill industry in Coos County.

Oregon State Employment information since 1980 has shown a steady decline in sawmill employment of 26.4 percent through 1985. This seems to indicate that the growth potential for sawmills in Coos Bay may not be as favorable as predicted in the CCD analysis.

Plywood. Domestic demand for plywood is closely linked to residential construction and housing starts, which are expected to increase through the 1980's and decline thereafter. Although an increased demand is expected in both the domestic and international plywood markets, the Oregon producers are expected to continue to be displaced by producers in Canada and the southeastern United States. This is because of government subsidies in Canada, a more mature second growth resource in the southeast, and a transportation advantage to both. However, because of technological improvement and the fact that Oregon produces more softwood than any other state, CCD forecasted some growth in this sector.

Secondary Wood Products. The secondary wood product subsector utilizes both hardwoods and soft woods. Although softwood is in short supply, there is an abundant supply of hardwoods in the area. This is a small industry in Coos Bay because most secondary processing is done nearer the market; raw timber is generally exported elsewhere for processing.

Demand for secondary products closely follows housing starts and the furniture industry. CCD indicated that the stable nature of the furniture industry, expected increase in housing starts through the 1980's, a growing western United States market, and new product developments all point to a growing secondary market and the likelihood of this industry locating in Coos Bay.

Pulp and Paper. The pulp and paper industry sector uses both softwoods and hardwoods as a resource. In the past, only about 20 percent of the available sustained yield

hardwood volume has been utilized. If this yield were increased, it could translate into a 50-percent expansion in this sector. According to CCD in 1980, the pulp and paper industry had been stable and held a strong marketing position in the United States and in foreign markets. Therefore, CCD forecasted growth in this market, although it was expected to be slow. Other factors contributing to the positive outlook seen by CCD for the pulp and paper industry in Coos Bay are its port facilities, access to Pacific Rim countries, and entire complement of existing resources and support facilities.

Another compelling factor contributing to the comparative advantage of Coos Bay relates to the ownership by some of the industry's leading companies of significant amounts of raw material in southwestern Oregon. In addition, a superior industrial site in Coos Bay has been owned by firms apparently dedicated to its full industrial utilization.

Wood Panel Plants. The wood panel industry also uses softwood. This is primarily a domestic market and it is expected to grow as the product improves and more uses are found for the products. Wood paneling is used primarily in the furniture and cabinet-making industry and also residential and mobile home construction. The domestic nature of the market requires access to surface transportation and a geographically central location for wood panel plants. Therefore, CCD concluded that Coos Bay is a less than ideal location for this industry.

Summary and Update. In contrast to the sawmill sector of the timber industry, the plywood and other wood products sectors in Coos County have shown increased employment levels of 35 percent since 1982. This illustrates the viability of expanding some wood product industries, and indicates that diversification of the forest products industry will help to stabilize the area's economy.

Marine Industries

Marine Construction and Support Facilities. A variety of marine construction and support facilities exist in Coos Bay, and constitute an important industry in the area. These facilities include full service drydock and haulout facilities, fabrication and machine shops, at least three boat-building companies--the largest of which is able to construct 95-foot trawlers and tugs, a major northwest barge-building company, in-bay construction, and marine chandlery and supply. The one type of facility not available and in demand is a storage facility for nets and gear.

CCD expected all of the existing industries to grow except in-bay construction, which has been adversely affected by

regulatory and economic conditions. The expected growth is partially dependent on a better fishing industry along the Oregon-Washington coast and in Alaska. The highest demand is expected in vessel construction and repair, fuel, and storage facilities.

Seafood Processing and Unloading Facilities. The traditional, highly valued species of seafood have been harvested at close to the maximum sustained yield, although the size of the harvest is cyclical. A few groundfish species remain to be developed, but the market for these is uncertain. Alaska groundfish resources are more abundant, and if developed could positively affect Coos Bay's economy. The processing capacity in Coos Bay was underutilized in 1981, but was assumed to be adequate for processing of traditional species only. CCD expected the market for seafood to increase as the population increases and as dietary tastes continue to include more fish.

No consensus currently exists regarding the probability of future development for the groundfish industry. If the groundfish resource is developed, the most promising opportunity for Coos Bay would be a plant that produces fillets in conjunction with a cold storage facility. A fish protein concentrate plant would be another option.

Salmon Aquaculture. Because Coos Bay is the largest estuary in Oregon, it has high potential for salmon aquaculture. CCD found that further industrial development in Coos Bay was dependent on the availability of a more abundant supply of fish eggs, continued investment in research and development to gain greater control over salmon homing instincts, and an end to the moratorium on additional salmon ranching licenses. (This moratorium expired in 1985.) Expansion of the salmon market was uncertain in 1981 when the CCD study was prepared.

Since 1981, employment in fishing and seafood processing has seasonally fluctuated as expected. The overall trend in this industry still appears to be stable growth over the long run. There has been no indication that the groundfish resource will be developed beyond existing levels.

Mining, Minerals, and Energy

Oil and Gas. The CCD analyses concluded that uncertainty exists as to whether commercial amounts of oil and gas are located off the Oregon Coast. Studies have indicated good potential, but oil companies have ranked this area lowest among potential petroleum-producing areas. Further exploration in this area will depend on the price of oil, which has decreased since 1981.

Coal and Other Energy. There are two coal-resource areas near Coos County; the Coos Bay and Eden Ridge coal fields. Neither of these was being mined in 1980. The characteristics of these fields are shown in Table 2.

The coal resource could be used locally for power generation, in conjunction with an industrial process such as manganese production, or for the production of methanol. Local coal could be exported, depending on market conditions. Another option would be to export Utah coal through Coos Bay. Utah coal is higher grade than local coal, but the viability of this option is very dependent on the cost of surface transportation from Utah to Coos Bay. Coos Bay has poor surface transportation access, putting it at a disadvantage compared to other west coast ports.

Wind power and wood biomass are the only other potential energy sources that would require land along the North Bay. Neither of these was considered viable by CCD within the 20-year planning period.

Table 2
CHARACTERISTICS OF THE COOS BAY
AND EDEN RIDGE COAL FIELDS

	<u>"As Received"</u> (Btu/lb)	<u>Total Resources</u> (Million Tons)	<u>Characteristics</u>
Coos Bay	9,260 - 10,080	119	High moisture Moderate ash Low sulfur
Eden Ridge			
Anderson	8,350	35	Low moisture
Carter	6,900	15	High ash Low sulfur

Source: CCD Business Development Corporation, 1981.

Manganese Nodules. The greatest concentration of manganese nodules--and therefore, the area most likely to be mined--is off the coast of Mexico and Chile. The mineral components of the nodules (nickel, copper, and manganese) are extremely important to the United States. According to CCD, the presence of local coal and a low seismic hazard are advantages of Coos Bay for attracting this industry, but the wet climate could impede any chance of this industry developing in the

Northwest. The disposal of tailings in settling ponds is a major part of the process in this industry, and a dry climate is preferred.

Quarry Rock, Sand, and Gravel. Coos County has always been deficient in some rock products--jetty stone, gravel, and rock for concrete aggregate--and has had an excess capacity in others--quarry stone and sand. Douglas County supplies much of what Coos County lacks and imports what Coos County exports. Quarry stone, sand, and gravel demand is expected to grow slowly over the next few decades unless major highway construction takes place. In the case of major highway construction, a sharp rise in demand is expected to occur. Transportation costs are the major economic factor in this industry and barge has been much cheaper than surface transport. The opportunity for the development of additional large barge-loading facilities in Coos Bay for both importing and exporting rock products was forecast by the CCD analysis.

Transportation

Surface Transportation. According to the CCD study, highways in Coos County are generally in poor condition. Highway 101 is the major north/south route through the county. East/west highways connecting Coos Bay to interior Oregon are inadequate. Upgrading the North Bay Access Road is also required to facilitate industrial development in this area. Finally, three bridges over the estuary require modification or replacement to allow greater marine traffic access in the upper bay. The existing rail system runs from Myrtle Point to Eugene and passes through Coos Bay. The low track classification allows only slow speeds, thereby reducing the competitiveness of shipping by rail.

Coos Bay has an advantageous location central to the forestry, mining, marine, and scenic resources of the area. These resources are not fully used because of the inadequate surface transportation network. The shortage of federal funds for highway and railroad improvements, however, imposes a severe limitation on the number of major transportation improvements that will be constructed in the near future. Any impetus to improve the surface transportation network must therefore come from an increased need within the area's economy.

Waterborne Cargo. With 21 berths, Coos Bay's port facilities are the second largest in the state. The Port of Portland has 79 berths. Coos Bay has also allowed greater depths at the bar and along the channel than most ports (45 feet at bar and 40-foot channel). Two problems are critical constraints to ocean access in the harbor. These are the railroad bridge at Coos Bay and the lack of an acceptable dredge

material disposal method. Both of these constraints limit access to the upper bay part of the harbor.

Exported woodchips and forest products are the dominant cargo, with imported petroleum a distant second (350,000 tons imported in 1977). The port saw a 700 percent increase in export cargo between 1960 and 1980 and a 5 to 6 percent annual increase in petroleum products imported the last 5 years. These trends are expected to continue because of the continued growth of Pacific Rim markets and Coos Bay's proximity to timber resources.

This sector has also reflected the decline and stabilization of employment levels experienced in the forest product industry since 1979. Again, this verifies the dominance of the forest products industry in the Coos Bay economy and the need for a diversification of the industrial base.

Foreign Trade Zones

The CCD study also examined the potential effects of the Coos Bay Foreign Trade Zones (FTZ's) on the economic development potential of the area. Foreign Trade Zones are basically storage, warehousing, or manufacturing areas used to reduce customs costs on imported foreign goods. The 1970's saw an increase of 12 to 50 FTZ's in the United States, and the dollar volume of good produced in these areas has increased from \$100 million in 1971 to almost \$5 billion in 1980. A large volume of ships entering Coos Bay are from Pacific Rim countries and many arrive empty to pick up wood products. These ships could be used to bring cargo to a Coos Bay FTZ.

SOCIAL CONDITIONS

The weakness of the local economy has caused a variety of adverse social conditions in the area that are described in the PACON Project Environmental Assessment (CH2M HILL, 1984) and the North Bay Marine Industrial Park Final Environmental Impact Statement (Coos-Curry Council of Governments, 1982).

High unemployment rates, ranging from 14.3 percent in 1982 to 13.1 percent in 1985, have caused out migration from the area since 1980 and have resulted in high vacancy rates, reduced housing values, and declining school enrollment (State of Oregon Department of Human Services, 1986). All of these have contributed to a significant reduction in the perceived quality of life in the local area.

Section 2
URBAN RENEWAL AREA ELIGIBILITY AND
REASONS FOR ITS SELECTION

URBAN RENEWAL AREA ELIGIBILITY

Based on information presented in Section 1 of this report, the Urban Remedial Area meets criteria imposed by Oregon Revised Statutes Chapter 457 (ORS 457.420) with regard to land area and assessed value.

LAND AREA

The North Bay Urban Renewal Area encompasses about 4,643 acres of land, less than 1 percent of the county's 1,042,560 acres of land. This is well within the legislative requirement that the total land area of all urban renewal areas in which tax increment financing measures are being used not exceed 15 percent of the county's total land area.

ASSESSED VALUE

The North Bay Urban Renewal Area has a current assessed value of \$45,703,702, about 3.1 percent of the county's current assessed value of \$1,482,428,812. This, too, is well within the legislative mandate that the total assessed value of all urban renewal areas in which tax increment financing measures are being used not exceed 25 percent of the county's total assessed value.

REASONS FOR SELECTION OF THE URBAN RENEWAL AREA

The North Bay Urban Renewal Area qualifies as a blighted area as defined by ORS 457.010 because:

- o The area's utilities, particularly its sanitary and industrial wastewater collection and treatment systems, are inadequate and in major portions of the area are nonexistent.
- o The area's present road network is deficient both internally and in linkages to Highway 101. Railroad access is also inadequate to serve the area's industrial sites.
- o A combination of poor planning and lack of planning have contributed to improper placement of existing infrastructure. Specifically, the only existing access road to some industrial parcels actually trespasses private property in some locations and

in other locations effectively cuts off access from upland industrial sites to the waterfront.

These areas were selected as urban renewal area because:

- o The Coos County property tax income from the area for fiscal 1985-86 is inadequate to pay for the public facilities the area needs and must have if high job-producing and tax-paying developments are to be realized.
- o It is necessary to incorporate the entire area into an urban renewal area to assure an integrated and comprehensive approach to the area's development, including assisting in the financing of the area's infrastructure.
- o In improving the public infrastructure, the area will be more attractive to private-sector investment, which in turn will improve the property tax base, increase the number of jobs, and significantly assist in protecting the public's investments that have been and will be made in the area.

Section 3
RELATIONSHIP BETWEEN PROJECTS AND EXISTING CONDITIONS

All public improvements and the implementation of development and redevelopment, financing, administrative and technical support, property acquisition and disposition, redevelopment, rehabilitation and conservation, owner participation, and relocation (if necessary), as described in the North Bay Urban Renewal Plan, are intended to correct the deficiencies described in Section 2 of this report.

Section 4
PHYSICAL, ECONOMIC, AND SOCIAL IMPACTS
OF PLAN IMPLEMENTATION

This section discusses the physical, social, and economic effects of implementing the North Bay Urban Renewal Plan. The analysis considers the effects of added services, increased population, and fiscal impacts to affected taxing districts.

PHYSICAL IMPACTS

Physical impacts include changes in land use, infrastructure, and effects on natural resources.

LAND USE AND INFRASTRUCTURE

Implementation of the plan, based on assumptions of land absorption described in the economics portion of this section, would result in an increase of about 310 areas of industrial use. Infrastructure projects described in Section 5 of the urban renewal plan would be in place, including road, rail, and water access facilities; water and wastewater distribution/collection and treatment systems; and electric utilities. Mitigation actions would occur in some or all of the sites identified in Section 4 of the urban renewal plan (or other suitable sites within or outside the Urban Renewal Area). Recreation activities would become more concentrated in the remaining natural and conservation areas of the North Bay.

NATURAL RESOURCES

Effects of land development activities on the natural resources of the area are discussed in detail in the PACON Project Environmental Assessment (CH2M HILL, 1984), the Henderson Marsh Mitigation Plan (Coos Bay Estuary Inter-Agency Task Force et al., 1984), and the North Bay Marine Industrial Park Final Environmental Impact Statement (Coos-Curry Council of Government, 1982). Although these documents were developed to assess impacts of particular project proposals, the types and magnitudes of activities evaluated are very similar to those included in this urban renewal plan and provide findings applicable for assessing impacts of plan implementation. These reports, incorporated by reference into this report, discuss direct and indirect long- and short-term impacts to the physical environment, including specific analyses on natural hazards and land forms, seismicity, bathymetry, estuarine circulation, waves, sedimentation and sediment transport, estuarine water quality, sediment quality, groundwater, water runoff/

absorption, aquatic flora, aquatic fauna, terrestrial species and habitats, endangered and unique species, air quality, ocean beach disposal, risk of oil spills, oil spill impacts, and ecosystem impacts. Mitigation actions necessary to reduce or eliminate adverse effects are identified.

In summary, while implementation of the North Bay Urban Renewal Plan would cause some unavoidable adverse impacts that would remain after mitigation, they are not considered significant. Such impacts include:

- o Permanent alternation of topography by grading to accommodate upland uses and activities
- o Short-term erosion and displacement of sand during construction
- o Coverage of approximately 11 percent of the recharge area to the dunes aquifer
- o Slight reduction of water velocity and a minor change in estuarine circulation caused by dredging
- o Temporary increase in water turbidity and suspended sediments caused by dredging
- o Loss of intertidal and subtidal area and habitat through wharf construction
- o Temporary reduction in aquatic plant productivity from construction
- o Elimination of benthic and larval forms of life caused by dredging and temporary turbidity
- o Potential decrease in aquatic species diversity from simplification of food webs during dredging
- o Loss of wetland from road and infrastructure construction
- o Loss or alteration of undeveloped hummock habitat and reduction of snowy plover habitat
- o Dislocation and changes in relative abundance of terrestrial species.

ECONOMIC IMPACTS

Economic impacts include effects on real property values in the Urban Renewal Area, and direct employment impacts of the plan. Indirect and induced effects of plan implementation

on employment and income in Coos County, and fiscal impacts of plan implementation on affected taxing districts are also described in this section.

ASSESSMENT OF POTENTIAL FOR INDUSTRIAL GROWTH

For purposes of the assessment of economic and fiscal effects of plan implementation, a set of assumptions concerning North Bay Urban Renewal Area development activity were prepared. These assumptions are not based on committed projects, but rely on the 1981 CCD analysis of potential for industrial development within the Coos Bay market area (presented in Section 1 of this report), updated with industrial employment data provided by the Oregon State Department of Labor. Industrial development assumptions for the Urban Renewal Area also reflect opinions of the local business community.

Industries that might potentially locate along the North Bay were broadly grouped into five categories:

- o Lumber and wood processing
- o Marine industries
- o Mining, minerals, and energy
- o Transportation
- o Other

From these broad categories, possible uses most likely to locate on the North Bay within the 20-year planning period were identified. These activities include the expansion of aquacultural activities likely to be centered around the Anadromous facility located on leased Oregon International Port of Coos Bay property. Expansion of the facilities would include fish processing. These improvements are estimated to cost \$1 million and to result in an employment increase of 20 to 25 persons. The improvements are projected to occur in fiscal year 1988-1989.

Oil module fabrication is assumed to begin in fiscal year 1989-1990, located on Port-owned property in the vicinity of the barge slip facility. Improvements associated with this development are estimated to cost \$1,500,000. Employment in a modular fabrication facility would vary widely, ranging up to peaks of 1,000 people.

Assembly of imported parts is also considered a possible activity to locate within this market area. Either of the two Foreign Trade Zones within the Urban Renewal Area would serve as a suitable site for such a facility. Development of an import assembly facility is forecast for fiscal year 1990-91 and is estimated to cost \$300,000, with associated employment anticipated at 200 persons.

Additional forest products manufacturing is also a possible activity to locate within the Urban Renewal Area. Such a facility would likely be built to manufacture partially processed pulp material for export. Development costs for such a facility are estimated at \$500 million and associated employment is estimated at 1,000 persons. Its development is projected over a 3-year period from fiscal years 1992-93 to 1994-95.

In fiscal year 1993-1994, construction of a general cargo facility is assumed at a development cost of about \$5,700,000. This facility would likely be developed in association with the wood products manufacturing plant and would be located in the same area. Employment associated with such a development is estimated at 50 persons.

A marine transportation/manufacturing/assembly/repair facility is the final development considered within the planning period. This facility would be constructed in fiscal year 1996-97 and would include a landside ship repair and manufacturing facility. Estimated development cost of such a facility is \$3,500,000; associated employment would range widely with peaks of 200 persons.

EMPLOYMENT AND INCOME IMPACTS

Employment

Direct employment associated with the above described activities totals nearly 2,500 persons during peak employment periods. This employment level is anticipated to vary widely given the types of industrial activities expected to locate in the Urban Renewal Area. Employment is anticipated to range from a low of 1,200 persons to a high of 2,500 persons when all projected activities are developed and in full operation. This range of total employment is large because of seasonal activity associated with fish processing and cyclical activity associated with modular fabrication, and ship repair and maintenance. In addition to this permanent employment level, construction activity would also provide short-term employment opportunities.

Direct employment created by the construction and operation of any industrial activities to locate in the North Bay Urban Renewal Area would also increase secondary and induced employment through purchase of industrial materials within the region, export of goods and services to outside the region, and purchase of household goods and services by employees. Employment impacts associated with construction are shorter in duration than those associated with permanent employment. Construction multipliers are anticipated to add 25 employees per \$1 million of construction over the term of construction activity. This is based on findings provided by a statewide

input-output model developed for the State of Washington by the University of Washington Graduate School of Business Administration. The multiplier in Oregon should not differ greatly from this figure. Permanent employment multipliers provided by the operation of the industry within the Urban Renewal Area are anticipated to range from 25 to 30 persons per \$1 million of investment.

Income

Income generation associated with the operation of the industrial facilities within the Urban Renewal Area also have associated sector multipliers. The Oregon State University Extension Service has developed sector output multipliers for rural counties. This analysis provides industry-specific indicators of income creation from export activities, based on summary statistics relating to rural Oregon counties. A median export dollar multiplier for the lumber and wood products industry is 1.99; for fishing and fish processes, 1.97; for other manufacturing, 1.79; and for construction, 2.03. Because the types of industries projected to locate within the Urban Renewal Area are export-related, a large portion of the income generation by these companies would be subject to these multipliers.

FISCAL IMPACTS ON TAXING DISTRICTS

This section identifies fiscal impacts of tax increment financing on the taxing districts within the Urban Renewal Area.

Existing Tax Rates

The Urban Renewal Area is located in Tax Code Area 9.32 of Coos County. This code area contains a total of seven separate public taxing districts. The combined tax rates for these jurisdictions over the past three fiscal years has ranged from a low of \$18.75 per thousand dollars of assessed valuation to a high of \$21.03 per thousand dollars of assessed valuation during a single tax year. The composite overall high for these jurisdictions is \$22.57 per thousand dollars of assessed valuation. The combined rate for the base year, fiscal year 1986-1987, was not available at the time of analysis; therefore, a trend analysis was prepared to provide an estimate of individual and combined taxing rate for the individual jurisdictions located within the Urban Renewal Area. The combined tax rate for these jurisdictions for the base year is estimated at \$22.06 per thousand dollars of assessed valuation. These rates are summarized in Table 3.

Table 3
TAX RATES BY TAXING DISTRICT, FISCAL YEARS 1983-4 THROUGH 1985-6

	Southwestern										Combined Rate
	Coos County	Education Special District	School District #9	Oregon Community College	North Bay Fire District #9	Port of Coos Bay	Bay Area Hospital				
Fiscal Year 1983-4	\$1.73	\$1.06	\$11.84	\$1.44	\$1.18	\$0.89	\$0.61			\$18.75	
Fiscal Year 1984-5	1.50	1.22	14.48	1.33	0.78	0.78	0.94			21.03	
Fiscal Year 1985-6	2.24	1.26	12.96	1.31	1.32	0.70	0.67			20.46	
High Rate	2.24	1.26	14.48	1.44	1.32	0.89	0.94			22.57	
Mean Rate	1.82	1.18	13.09	1.36	1.09	0.79	0.74			20.08	
Fiscal Year 1986-7 Estimate	2.24	1.26	14.29	1.40	1.32	0.80	0.75			22.06	

Sources: Coos County Assessor's Department, 1986; CH2M HILL, 1986.

Existing Tax Base

Table 4 shows the dollar values of the total tax bases of each taxing districts. The assessed valuation of each taxing district varies widely, depending on the size of the jurisdictional area. As can be seen in Table 4, North Bay Fire District No. 9 has a total assessed valuation of just over \$90 million, while Coos County has an assessed valuation of nearly \$1.5 billion. The Urban Renewal Area had a fiscal year 1985-1986 assessed valuation of \$45,703,702. The projected 1986-1987 frozen base is nearly \$48,000,000.

Fiscal Impacts During Tax Increment Financing Period

No fiscal impact from creation of the Urban Renewal Area is expected for any of the taxing districts during the tax increment financing period (fiscal years 1986-1987 through 1989-1999). They will receive revenues from taxes paid by existing North Bay properties at the same level as in the past; neither their tax rates nor tax bases will be altered as a result of plan implementation. Urban renewal projects, which would not have been undertaken by any of the local jurisdictions in the absence of the Urban Renewal Agency, would be funded entirely by tax increment funds, by private or public utilities, and by state and federal agencies. Tax increment funds would be generated by new North Bay development that likely would not have occurred without action of the urban renewal program because of the nature and magnitude of existing deficiencies in the North Bay infrastructure.

Fiscal Impacts Following Tax Increment Financial Period

It is estimated that the tax increment process will be terminated during fiscal year 1998-1999. During the following year, tax revenue from \$554,811,956 assessed valuation would become available to the taxing districts. This represents an increase of approximately 1,059 percent over the \$47,880,975 frozen base asset value. This increase in assessed valuation is derived principally from a simple source--construction of an export forest products facility with an associated value of \$500,000,000.

The increase in cash value of the individual taxing districts resulting from the urban renewal plan at the conclusion of the taxing and financing period is presented in Table 4. It is anticipated that true cash value additions to the assessed base would range from approximately 35 percent to nearly 600 percent for North Bay Fire District No. 9. However, the development projected to locate within the Urban Renewal Area during this time period is not the sole development potential of the Urban Renewal Area. Therefore, once the tax increment process is terminated, the taxing districts servicing the Urban Renewal Area should continue to increase their tax bases.

Table 4
 ASSESSED VALUATION AND URBAN RENEWAL AREA AS PERCENT OF TOTAL

Taxing District	Assessed Valuation (AV) FY 1985-6	Urban Renewal Area AV as Percent of Taxing District AV	Projected AV at Completion of Tax Increment Financing ^{a,b} FY 1999-0	Percent Increase FY 1985-6 to FY 1990-0
Coos County	\$1,482,428,812	3.08	\$2,037,240,768	37.43
Education Special District	1,467,733,071	3.11	2,022,545,027	37.80
School District No. 9	626,963,135	7.29	1,181,775,091	88.49
Southwestern Oregon Community College	1,467,769,486	3.11	2,022,581,442	37.80
North Bay Fire Dist. No. 9	90,118,200	50.72	644,930,156	615.65
Port of Coos Bay	926,188,408	4.93	1,481,000,364	59.90
Bay Area Hospital	605,647,269	7.55	1,160,459,225	91.61
Urban Renewal Area	45,703,702			
Projected Urban Renewal Area	47,880,975 ^c		554,811,956	1,059.00

^a FY 1999-0 is projected as the first year free of required tax increment financing.

^b Assessed valuation available to taxing districts is subject to impact by the Enterprise Zone through FY 2001-2. This is not reflected above.

^c This projected assessed valuation is for the base year (fiscal year 1986-7).

Source: Coos County Assessor's Department, 1986; CH2M HILL, 1986.

SOCIAL IMPACTS

Effects of increased employment on the North Bay are described in detail in the PACON Project Environmental Assessment (CH2M HILL, 1984) and the North Bay Marine Industrial Park Final Environmental Impact Statement (Coos-Curry Council of Governments, 1982).

These documents, incorporated by reference as part of this report, discuss impacts on fire protection, police protection, health care, traffic, energy use, aesthetics, and noise. They conclude that there would be a small cumulative effect on public services that are common adjuncts to economic growth, and no significant adverse impacts. New industrial development and operation would permanently alter the visual appearance of both wetland and upland within the Urban Renewal Area. Higher noise levels would also be created. The only significant social effect would be the increase in employment opportunities for local residents and the associated reduction in unemployment.

Direct employment projected for the PACON and North Bay Marine Industrial Park projects total a maximum of 2,025 by the year 2000. Employment projected for urban renewal plan implementation totals about 2,500 direct jobs by that time. Although the employment levels projected in the urban renewal plan are over 20 percent higher than those analyzed for the other projects, it is not expected that the additional employment would alter the impact analysis findings concerning public services, aesthetics, energy use, or noise. Public service impacts are likely to be minimal with either set of employment projections, because it is assumed that direct employment would be drawn primarily from the existing Coos Bay area labor pool. Managerial and highly skilled craftsman would be relocated to the area, but these jobs are estimated at only about 10 percent of the total. Almost all of the indirect employment benefits would also accrue to existing local residents.

Aesthetic, energy, and noise effects from urban renewal plan implementation would also be consistent with impact findings for the other two projects because the types of industry and land coverage are consistent.

Traffic effects resulting from urban renewal plan implementation, however, would differ from those identified in the other environmental assessments. The Oregon Department of Transportation now rates traffic in U.S. Highway 101 as over capacity from Hauser to North Bend, although warrants for signalization at the Jordan Cove Road/U.S. Highway 101 intersection do not exist at this time. North Bay employment is expected to generate additional traffic in this area at peak

traffic conditions. While the traffic volume increases would be significant, they would not be expected to exceed capacity on either Jordan Cove Road or Highway 101 after programmed improvements are made to the Jordan Cove Road and Haynes Inlet Bridges. These improvements are described in Section 4 of the urban renewal plan, and are expected to be scheduled in conjunction with North Bay development.

Section 5
IMPACTS OF PLAN IMPLEMENTATION RELATING TO
ADDED SERVICES AND INCREASED POPULATION

This section describes impacts of plan implementation on solid waste, fire protection, police protection, health care, and public schools services as well as the effects of increased population on the community as a whole.

SOLID WASTE

Solid waste production at the industrial sites is expected to be minimal. No extraordinary materials would be generated. Most metal wastes will be recycled. Materials not appropriate for recycling would be disposed of in the county sanitary landfill. No significant impact is expected on existing resources or service levels.

FIRE PROTECTION

Fire protection needs would not be significant since flammable materials (except some fuels) would not be present on the industrial sites. Standard industrial safety precautions, including limited fire protection capabilities, would be provided at each facility. The existing fire service capabilities provided by local fire districts in the area would provide the additional protection needed to serve expected development. No significant impact is expected on existing resources or service levels.

POLICE PROTECTION

Onsite security protection would be provided by 24-hour security services, in addition to the county sheriff's department and the state highway patrol. North Bay development is not expected to significantly affect existing resources or service levels.

HEALTH CARE

No special or extraordinary health needs or problems are expected as a result of plan implementation. The industrial operations would likely not involve handling of unusual or exotic chemicals, gases, or other materials that may pose health hazards to employees or offsite visitors. Local health care facilities will experience a nominal increase of users because of expected development.

POPULATION GROWTH AND PUBLIC SCHOOLS

As indicated in Section 4 of this report, only about 10 percent of the 2,500 employment opportunities likely to be created by plan implementation between 1986 and 1996 would be filled by persons relocating to the Coos Bay-North Bend area. Assuming an average household size of 2.6 (the Oregon average reported in the 1980 Census of Population), this new employment-related relocation would increase the area population by a total of about 650. This growth is well within the population increase projected by the Coos County Comprehensive Plan, the North Bend Comprehensive Plan, and the Coos Bay Comprehensive Plan during the 1986 through 1996 period. Because this increase in population is anticipated in the local comprehensive plans, it is also expected that school systems in the area are planning to accommodate associated growth in the student population. Effects on particular school districts and individual schools cannot be assessed at this time because they depend upon housing choices of immigrating households.

Section 6
FINANCIAL FEASIBILITY

This section demonstrates the urban renewal plan's financial feasibility with estimated project costs, land and improvement value projections for the 20-year planning period, and an analysis of debt repayment. All values are presented in constant 1986 dollars. The terms "assessed value" and "true cash value" are interchangeable in this analysis.

ESTIMATED PROJECT COSTS AND COMPLETION DATES

The North Bay Urban Renewal Plan includes a wide variety of infrastructure projects necessary for the revitalization and development of the North Bay industrial area. These projects have been organized into four major bond sales, the third of which is structured in two phases.

The first bond sale (Bond Sale A) is planned to occur in fiscal year 1988-1989. This bond would be issued for the provision of approximately \$2.6 million of infrastructural improvements including construction of:

- o Access roads serving the area, with an order-of-magnitude cost of \$1.1 million
- o A sanitary wastewater treatment plant, with an order-of-magnitude cost of \$90,000
- o A wastewater collection trunk line, with an order-of-magnitude construction cost of \$500,000
- o Phase 1 of water system improvements, estimated to cost \$907,000

Construction of these projects would be completed in fiscal year 1989-1990. A second group of improvements would be financed by Bond Sale B in fiscal year 1992-1993. These improvements would be principally linked with development of a forest products export facility and would include:

- o Development of an industrial wastewater treatment plant, with an order-of-magnitude cost of \$10 million
- o Modification to the existing industrial wastewater outfall, at an order-of-magnitude cost of \$500,000
- o Construction of an industrial sewer line, with an order-of-magnitude construction cost of \$630,000

- o Construction of a pump station, at an order-of-magnitude cost of \$200,000
- o Expansion of the sanitary wastewater treatment plant funded by Bond Sale No. 1, at an order-of-magnitude cost of \$90,000
- o Construction of Phase 2 of the water system improvements, estimated to cost \$2,304,000
- o Environmental mitigation, estimated to cost about \$30,000

This total bond sale includes \$13,754,000 worth of infrastructural improvements to be phased over a 3-year construction period. Construction would be completed in fiscal year 1995-1996.

Bond Sale C would finance construction of docking facilities that would be divided into two major segments and constructed in phases. Phase 1 is anticipated to occur in fiscal year 1993-1994. This facility would be built at an order-of-magnitude cost of \$5 million over a 2-year period. Phase 2 of the bond sale would occur in fiscal year 1994-1995, and construction would begin during the next fiscal year. This phase would cost approximately \$4,300,000. Construction of Phase 2 would be complete in fiscal year 1996-1997.

The final infrastructural improvements included in the urban renewal plan would be financed by Bond Sale D in fiscal year 1995-1996. Improvements to be constructed with this \$5,775,000 bond sale include:

- o Development of a rail bed and acquisition of rail bed right-of-way, at an order-of-magnitude cost of \$2,925,000
- o Development of a marshalling yard which would include components of both private and public funding (the publicly funded portion of the marshalling yard is estimated to cost \$2 million)
- o Construction of access roads within the industrial area, at an order-of-magnitude cost of \$750,000
- o Mitigation activities associated with the public development effort, at an order-of-magnitude cost of \$100,000

Construction of these projects would be completed in fiscal year 1996-1997.

ESTIMATED PROJECT REVENUE BY SOURCE

CURRENT PROPERTY VALUES

The following analysis is based on data from the Coos County Tax Assessor's office on 1984-1985 and 1985-1986 assessment year tax rolls. These data were supplemented by information on property values in the area provided by Fred Marineau and Jeff Marineau, MAI, of Marineau Associates Real Estate Appraisers and Consultants.

The data base for this analysis includes the assessed values for land and improvements as well as personal property within the Urban Renewal Area. Total valuation of all personal property was not immediately available at the time of data collection. Some portions of these values have been estimated; however, this estimated value constitutes only a small portion of the total assessed value, approximately 1 percent.

Property taxes have not been based on the true cash value (TCV) of all property since 1980. Now, the true cash value of homestead and all other property may be reduced annually (by the state) by factors calculated to limit the assessed value growth statewide not to exceed 5 percent. These factors vary annually and when multiplied by their true cash values, become the assessed values (AV) for taxing purposes for any given year. For all intents and purposes, the true cash value and the assessed value represent an equivalent figure unless large property owners contained in a smaller taxing district are part of this reduction procedure, as is the case in the Urban Renewal Area. In the 1984-1985 assessment year, Roseburg Forest Products was reduced per ORS 308.020 below the true cash value. The 1985-1986 assessment year represents the true cash value of the property. This occurrence makes the change between fiscal year 1984-1985 and fiscal year 1985-1986 inappropriately large.

In fiscal year 1984-1985 the total assessed valuation for the Urban Renewal Area was \$35,555,035. In fiscal year 1985-1986 the total assessed valuation increased to \$45,703,702. This increase was largely due to the conversion of Roseburg Forest Products to a true cash value and is therefore misleading. This increase was taken into consideration when projecting land and improvement values for the planning periods.

LAND VALUE PROJECTIONS

Industrial property located within the study area ranged widely in value. For example, the land occupied by Weyerhaeuser's containerboard plant is presently assessed at \$9,511 per acre while the Henderson Marsh area ranges in value from \$400 to \$700 an acre. According to Coos Bay area

industrial land sales data, fully serviced, good quality industrial land has a market value (true cash value) of approximately \$10,000 an acre. This value in constant 1986 dollars was determined to be the ceiling value of fully improved and serviced North Bay industrial property.

Incremental additions to the value of land are projected to take place as improvements are added to the area. For example, the full amount of the \$4 million North Bay Industrial Parkway improvement can be added to the base value of the property. However, other infrastructural additions to the area are not projected to provide the same level of additional value. Examples include the improvements to water supply and rail systems. Although inadequate for future site development, the area is presently served by water. The water service improvements are therefore not expected to cause concurrent incremental increases in the value of land. Rail service is also not expected to provide land value increases as large as the investment.

By fiscal year 2005-2006 the projected land value is anticipated to rise to \$10,000 an acre for larger usable tracts. Those properties currently in right-of-way areas or in special use, such as the Coos Sand and Gravel sand export facility, were projected to remain at current assessment levels. Land value increases for those years not anticipated to reflect an incremental jump in assessed valuation due to site improvements are projected to increase at rates ranging between 2 to 2-1/2 percent per year.

IMPROVEMENT VALUE PROJECTIONS

The value of improvements is projected to stay at current dollar levels. Increases to improvements occur only with the addition of site improvements. These include:

- o \$1 million expansion of the Anadromous facility in fiscal year 1988-1989
- o \$1,500,000 modular fabrication facility in fiscal year 1989-1990
- o \$300,000 import assembly facility to be built in fiscal year 1990-1991
- o Phased construction of the forest product manufacturing facility, projected as a \$200 million addition in fiscal year 1992-1993, a \$200 million addition in fiscal year 1993-1994, and a \$100 million addition in fiscal year 1994-1995
- o \$5,700,000 general cargo facility in fiscal year 1993-1994

- o \$3,500,000 marine transportation manufacturing/assembly/repair facility to locate within the study area in 1996-1997

DEBT REPAYMENT

TAX INCREMENT REVENUES

Fiscal year 1986-1987 is established as the base year for analysis purposes. Increases in land value and site improvements such as those described above add to the assessed value of the Urban Renewal Area. The difference in assessed valuation between the base year and the projected year becomes the basis for estimating tax increment revenue.

Properties within the proposed Urban Renewal Area are also located within an enterprise zone. The Enterprise Zone provide tax incentives to new businesses or business expansions locating within the area. The tax incentive provided by the Enterprise Zone extends for a period of 5 years. In the first year, the entire investment is removed from the tax roll. In each subsequent year, 20 percent of the assessed value of improvements is added to the tax roll so that after the 5-year incentive period all improvements are subject to property taxation. For example, the projected \$1 million expansion of the Anadromous facility would be missing from the tax roll during the first year. During the second year \$200,000 of the \$1,000,000 improvement would appear on the tax roll as taxable improvements. During each subsequent year an additional 20 percent of the investment would be added. Table 5 projects the annual tax increment revenues available within the Urban Renewal Area throughout the forecast adjusted to reflect effects of the Enterprise Zone tax exemption incentives.

BOND ISSUE RETIREMENT

The total Urban Renewal Agency capital expenditure during the 20-year planning period, \$31,426,000, is organized as a series of bond issues spread out from fiscal year 1988-1999 to 1995-1996. Each of the five bonds is structured as a non-retiring issue with interest payments occurring over the term of the bond and a balloon principal payment at the end of the term. Bond retirement is based on the assumption that issues would be sold at an 8-percent interest rate. Table 6 shows the annual cost of each project and the total expenditure necessary to retire all bonds over a 27-year period. Improvements to be financed through these bond sales are discussed in Section 5 of the North Bay Urban Renewal Plan and summarized in this section of the North Bay Urban Renewal Report.

Table 5
PROJECTED TAX INCREMENT REVENUE

Fiscal Year	Projected Land Value Growth Over Frozen Base	Projected Improvement Growth Over Frozen Base	Improvement Value Growth Adjusted For Enterprise Zone	Total Adjusted Growth Over Frozen Base	Composite Tax Rate (\$1/\$1,000 AV)	Annual Tax Increment Revenue	Cumulative Tax Increment Revenue
1987-8	\$4,000,000	\$ -0-	-0-	4,000,000	22.06	88,240	88,240
1988-9	4,600,000	1,000,000	-0-	4,600,000	22.06	101,476	189,716
1989-0	4,765,380	2,500,000	200,000	4,965,380	22.06	109,536	299,252
1990-1	4,934,068	2,800,000	700,000	5,634,068	22.06	124,288	423,540
1991-2	5,106,130	2,800,000	1,260,000	6,366,130	22.06	140,437	563,977
1992-3	5,806,130	202,800,000	1,820,000	7,626,130	22.06	168,232	732,209
1993-4	6,306,130	408,500,000	42,380,000	48,686,130	22.06	1,074,016	1,806,225
1994-5	6,527,480	508,500,000	123,880,000	130,407,480	22.06	2,876,789	4,683,014
1995-6	6,753,741	508,500,000	225,080,000	231,833,741	22.06	5,114,252	9,797,266
1996-7	6,985,024	512,000,000	326,220,000	333,205,024	22.06	7,350,503	17,147,769
1997-8	7,221,439	512,000,000	428,060,000	435,281,439	22.06	9,602,309	26,750,078
1998-9	7,463,099	512,000,000	489,900,000	497,363,099	22.06	9,875,530	36,625,608

Note: Projected land values over the frozen base (fiscal year 1986-7), plus projected improvement values over the frozen base adjusted to reflect tax exemptions provided by the enterprise zone, equals the total adjusted growth over the frozen base. This total adjusted growth multiplied by the composite tax rate (\$22.06 per \$1,000 of assessed value) equals the annual tax increment revenue.

Source: CH2M HILL, 1986.

The infrastructure bonds would be retired through a sinking fund. Tax increments received are paid into the sinking fund along with the unspent balance of bond issues during a construction period. Bond retirement is therefore paid from the tax increment plus interest earnings from investments at an assumed rate of 8 percent per year.

As is shown in Table 7, the receipts to the sinking fund required to retire the bond issues would continue for a 12-year period ending in fiscal year 1998-1999. With this amount of investment, the sinking fund would have an adequate balance to retire the total annual expenditure from the \$31,426,000 in bond issues. The sinking fund is also adequate to provide for the administrative costs of the Urban Renewal Agency, estimated at approximately 1.5 percent of the total operating budget on an annual basis.

Based on the activities assumed to locate within the Urban Renewal Area, construction of the infrastructure improvements with tax increment financing is feasible. A summary of the development assumptions, tax increment projections, debt repayment schedule, and sinking fund balances is presented in Table 8.

Table 7
INFRASTRUCTURE BOND RETIREMENT

Periods	Fiscal Year	Tax Increment Receipts to Sinking Fund	Interest From Bond Balance To Sinking Fund	Bond Payments	Sinking Fund	
					Beginning Year Balance	End Year Balance
1	1987-8	\$ 88,240	\$ -0-	\$ -0-	\$ 88,240	\$ 95,299
2	1988-9	101,476	207,760	-0-	404,535	436,898
3	1989-0	109,536	62,328	207,760	401,002	433,082
4	1990-1	124,288	-0-	207,760	349,610	377,579
5	1991-2	140,437	-0-	207,760	310,256	335,076
6	1992-3	168,232	1,100,320	207,760	1,395,869	1,507,538
7	1993-4	1,074,016	1,229,728	1,308,080	2,503,202	2,703,458
8	1994-5	2,876,789	684,000	1,708,080	4,556,167	4,920,661
9	1995-6	5,114,252	565,200	2,052,080	8,548,033	9,231,876
10	1996-7	7,350,503	-0-	2,514,080	14,068,298	15,193,762
11	1997-8	9,602,309	-0-	2,514,080	22,281,991	24,064,550
12	1998-9	9,875,530	-0-	2,514,080	31,426,000	33,940,080
13	1999-0		-0-	2,514,080	31,426,000	33,940,080
14	2000-1		-0-	2,514,080	31,426,000	33,940,080
15	2001-2		-0-	2,514,080	31,426,000	33,940,080
16	2002-3		-0-	2,514,080	31,426,000	33,940,080
17	2003-4		-0-	2,514,080	31,426,000	33,940,080
18	2004-5		-0-	2,514,080	31,426,000	33,940,080
19	2005-6		-0-	2,514,080	31,426,000	33,940,080
20	2006-7		-0-	2,514,080	31,426,000	33,940,080
21	2007-8		-0-	2,514,080	31,426,000	33,940,080
22	2008-9		-0-	5,111,080	28,829,000	31,135,320
23	2009-0		-0-	2,306,320	28,829,000	31,135,320
24	2010-1		-0-	2,306,320	28,829,000	31,135,320
25	2011-2		-0-	2,306,320	28,829,000	31,135,320
26	2012-3		-0-	16,060,320	15,075,000	16,281,000
27	2013-4		-0-	6,206,000	10,075,000	10,881,000
28	2014-5		-0-	5,106,000	5,775,000	6,237,000
29	2015-6		-0-	6,237,000	-0-	-0-

Note: Tax increment receipts plus interest from unspent bond funds minus bond payments equals the sinking fund beginning year balance. The sinking fund end year balance reflects interest income of 8 percent over the beginning year balance.

Source: CH2M HILL, 1986.

Table 8
PROJECTED NORTH BAY DEVELOPMENT AND FINANCING SCHEDULE

Fiscal Year	Nonurban Renewal Funded Development		Urban Renewal Funded Projects		Tax Increment Receipts	Total Expenditure for Bond Retirement	Sinking Fund End Year Balance
	Type	Amount (million)	Type	Amount (million)			
1987	Industrial pathway construction	\$ 4.0			\$ 0	\$ 0	\$ 0
1988					88,240	0	95,299
1989	Anadromous expansion	1.0	Sanitary wastewater treatment plant construction	\$ 0.09	101,476	0	436,898
			Sanitary collection system construction	0.50			
			Access road construction	0.10			
			Parkway extension	1.00			
			Water system improvements, Phase 1	0.91			
			Bond Sale A	1.60			
1990	Module fabrication plant construction	1.5			109,536	207,760	433,082
	Electric system improvements	1.0					
	Bridge widenings	4.2					
1991	Import assembly facility	.3			124,288	207,760	377,579
1992					140,437	207,760	335,076
1993	Forest products export facility, Phase 1	200.0	Industrial wastewater treatment plant construction	10.00	168,232	207,760	1,507,538
			Outfall modification	0.50			
			Sewerline construction	0.63			
			Pump station construction	0.20			
			Sanitary wastewater treatment plant expansion	0.09			
			Water system improvements, Phase 2	2.30			
			Mitigation activities	0.03			
			Bond Sale B	13.75			
1994	Forest products export facility, Phase 2	200.0	Docking facility construction, Phase 1	5.00	1,074,016	1,308,080	2,703,458
	Import/export terminal	5.7	Bond Sale C1	5.00			
1995	Forest products export facility, Phase 3	100.0	Docking facility construction, Phase 2	4.30	2,876,789	1,708,080	4,920,661
			Bond Sale C2	4.30			
1996	Marine transportation repair/manufacturing/assembly operation	3.5	Rail corridor preparation	2.93	5,114,252	2,052,080	9,231,876
	Rail construction	1.5	Marshalling yard site preparation	2.00			
	Marshalling yard construction	4.0	Access road construction	0.75			
			Mitigation activities	0.10			
			Bond Sale D	5.78			
1997					7,350,503	2,514,080	15,193,762
1998					9,602,309	2,514,080	24,064,550
1999					9,875,550	2,514,080	33,940,080
2000					0	2,514,080	33,940,080
2001					0	2,514,080	33,940,080
2002					0	2,514,080	33,940,080
2003					0	2,514,080	33,940,080
2004					0	2,514,080	33,940,080

Non-URA funded rail = \$5.5 million
URA-funded rail = \$4.93 million
Total Estimated Cost = \$10.43 million (1986 dollars)

Table 8
(continued)

Fiscal Year	Nonurban Renewal Funded Development		Urban Renewal Funded Projects		Tax Incremental Receipts ^a	Total Expenditure for Bond Retirement ^b	Sinking Fund End Year Balance
	Type	Amount (million)	Type	Amount (million)			
2005					0	\$ 2,514,080	\$33,940,080
2006					0	2,514,080	33,940,080
2007					0	2,514,080	33,940,080
2008					0	2,514,080	33,940,080
2009					0	5,111,080	31,135,320
2010					0	2,306,320	31,135,320
2011					0	2,306,320	31,135,320
2012					0	2,306,320	31,135,320
2013					0	16,060,320	16,281,000
2014					0	6,206,000	10,881,000
2015					0	5,106,000	6,237,000
2016					0	6,237,000	0

^aAdjusted to incorporate enterprise zone exemptions. Support data are found in Table 5 of this report.

^bAssumes 20-year repayment period. Payments are interest-only until final year. Support data are found in Table 6 of this report.

^cAssumes investment at 8-percent interest rate. Support data are found in Table 7 of this report.

Section 7
RELOCATION REPORT

While the acquisition of developed and occupied property by the Urban Renewal Agency is not anticipated, should conditions arise that warrant such action, the Urban Renewal Agency would provide assistance to persons or businesses displaced in finding replacement facilities. All displaced persons or businesses would be contacted to determine such relocation needs. They would be provided information on available space and be given assistance in moving. All relocation activities would be undertaken and payments made in accordance with the requirements of ORS 281.045-281.105 and any other applicable laws or regulations.

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Appendix A
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