

ECONOMY

BACKGROUND

The Economic section presents the results an economic opportunities analysis for the City of Newport.¹ Consistent with statewide planning Goal 9 and OAR 660-009, the primary goals of the economic opportunities analysis are to (1) determining whether Newport has enough employment land through conducting an economic opportunities analysis (EOA) and (2) developing a strategy to guide economic development policy and actions in Newport. These documents: (1) are informed by recent data, (2) consider the viewpoints of various stakeholder groups in the community, (3) express an economic development vision for Newport, and (4) clearly articulate the city's role in implementing the strategy.

Purpose

The purpose of the Economy section of the Newport Comprehensive Plan is to meet the requirements of Statewide Planning Goal 9 and its Administrative Rule (OAR 660-009). State policy requires the Economy section to identify economic opportunities for Newport. The goals of the Economy section are to:

- (1) Inventory industrial and other employment land,
- (2) Identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand Newport,
- (3) Describe the City's strategy for economic development, and
- (4) Provide guidance for making decisions about use of employment lands.

This section evaluates the existing employment land supply within the Newport Urban Growth Boundary to determine if it is adequate to meet present and future employment needs.

Framework for economic development planning in Oregon

The Economic section is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The Land Conservation and Development Commission adopted amendments to this administrative rule in January 2007.² The analysis in this Element is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major

¹ *Newport Economic Opportunities Analysis*, prepared by ECONorthwest, July 2012

² The amended OAR 660-009, along with a Goal 9 Rule Fact Sheet, are available from the Oregon Department of Land Conservation and Development at <http://www.oregon.gov/LCD/econdev.shtml>.

categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input based process in conjunction with state agencies.

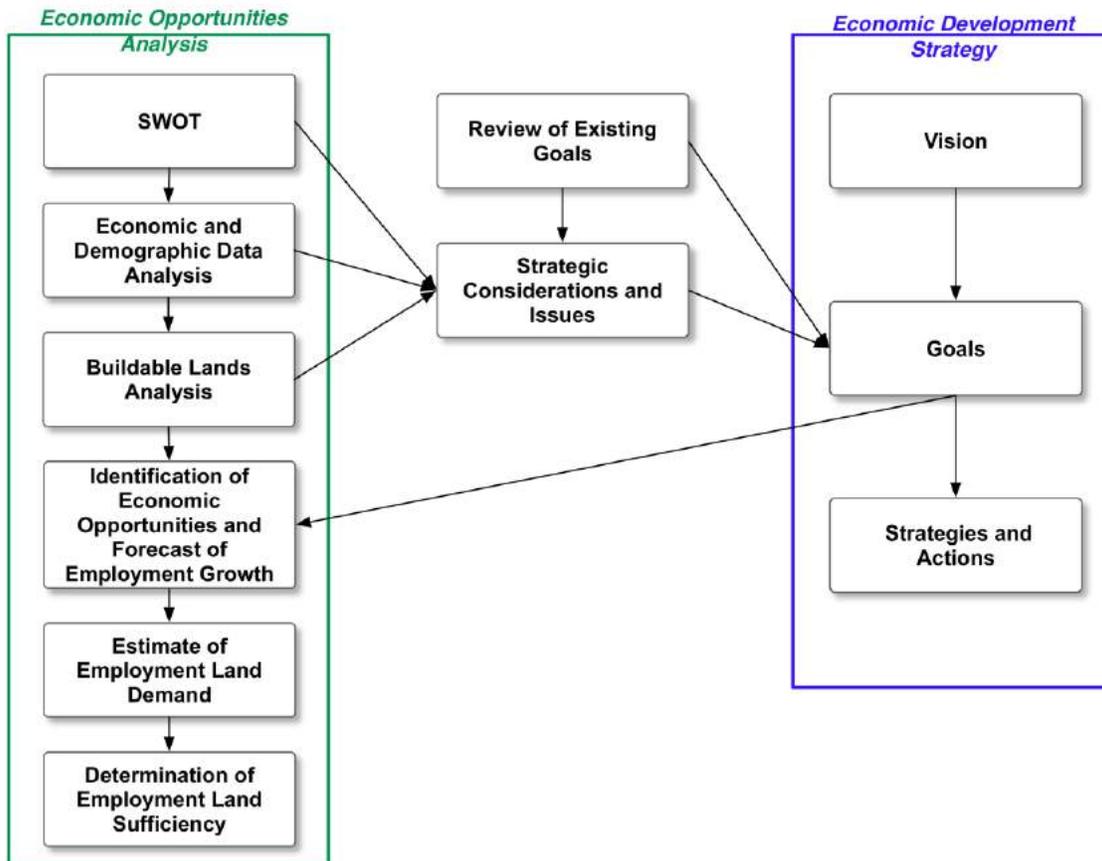
2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities with a population over 2,500 are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.
3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs.

This Element presents an Economic Opportunities Analysis and the economic development strategy and action plan for Newport. Figure 1 shows the relationship between the EOA and the economic development strategy for Newport. The purpose of each product is:

- **Economic Opportunities Analysis.** The EOA is intended to determine whether Newport has enough employment land. The EOA requires inventorying existing employment lands and identifying economic opportunities, an analysis that is guided by Goal 9.
- **Economic Development Strategy and Action Plan.** This document articulates a community economic development vision and includes specific actions for how to achieve that vision. The economic development vision and goals are intended to: (1) provide direction about economic development policy for the City, especially policy relating to land use and (2) coordinate economic development

efforts among the organizations in Newport that work on economic development issues.

Figure 1. Newport process for economic development analysis



Source: ECONorthwest

Organization of the Economic section

The remainder of this section is organized as follows:

- **Land Available for Industrial and Other Employment Uses** presents a regional inventory of industrial and other employment lands.
- **Land Demand and Site Needs in Newport** presents the employment forecast for Newport and an estimate of how much land is needed to accommodate the 20-year employment forecast. It also describes the types of sites that are needed to accommodate industries that are likely to locate or expand in Newport.
- **Implications** presents a comparison of land supply and site needs and discusses the implications of the Economic Opportunities Analysis.
- **Economic Vision, Goals, Policies, and Actions** presents a high-level summary of Newport's economic development strategy.

LAND AVAILABLE FOR INDUSTRIAL AND OTHER EMPLOYMENT USES

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

This section presents the *residential* buildable lands inventory for the City of Newport. The results are based on analysis of Geographic Information System data provided by City of Newport staff and Lincoln County Tax Assessment data. The analysis also used aerial orthophotographs for verification. This section includes tabular summaries and narrative descriptions. The results also include several series of maps that are available from the City’s Community Development Department. The methods used to conduct the inventory are summarized in the full Economic Opportunities Analysis Report.

Land base

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

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

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

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

Table 1 summarizes all land in the Newport UGB. The next step was to identify the employment land base (e.g., lands with plan designations that allow employment). The land base includes traditional employment designations—Commercial, Industrial, and Shoreland—as well as public lands (including the Newport Airport which is presented as a separate category). Most lands in the Public plan designation are considered committed, however, a review of lands designated Public with City Staff identified some lands with development capacity.

Table 2 shows that about 3,437 acres within the Newport UGB is included in the employment land base (including lands in Airport and Public designations). Thus, about 42% of land within the Newport UGB is included in the employment land base. The land

base includes all land in tax lots that have any portion that is in an employment or public plan designation.

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

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

Source: City of Newport GIS data; analysis by ECONorthwest

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

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

See Economic Opportunities Analysis Report for detailed definitions of these categories, which were used to perform a preliminary classification. The next step was to show the results in map form overlaid on a 2009 aerial photo to validate the classifications. After validating the classifications, City staff reviewed and commented on the draft maps.

Table 3 shows all employment land in the Newport UGB by classification and plan designation. The results show that of the 3,437 acres in the UGB, about 2,509 acres are in classifications with no development capacity, and the remaining 928 acres have development capacity.

Analysis by plan designation shows that about 11% (404 acres) of the employment land in the Newport UGB is designated Commercial, 17% (573 acres) is designated

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

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

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

Source: City of Newport data; analysis by ECONorthwest

Note: Areas in shown as Airport are in the Public plan designation. They are shown separately here because of economic activities at the airport.

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

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

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

Source: City of Newport data; analysis by ECONorthwest

Vacant buildable land

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

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

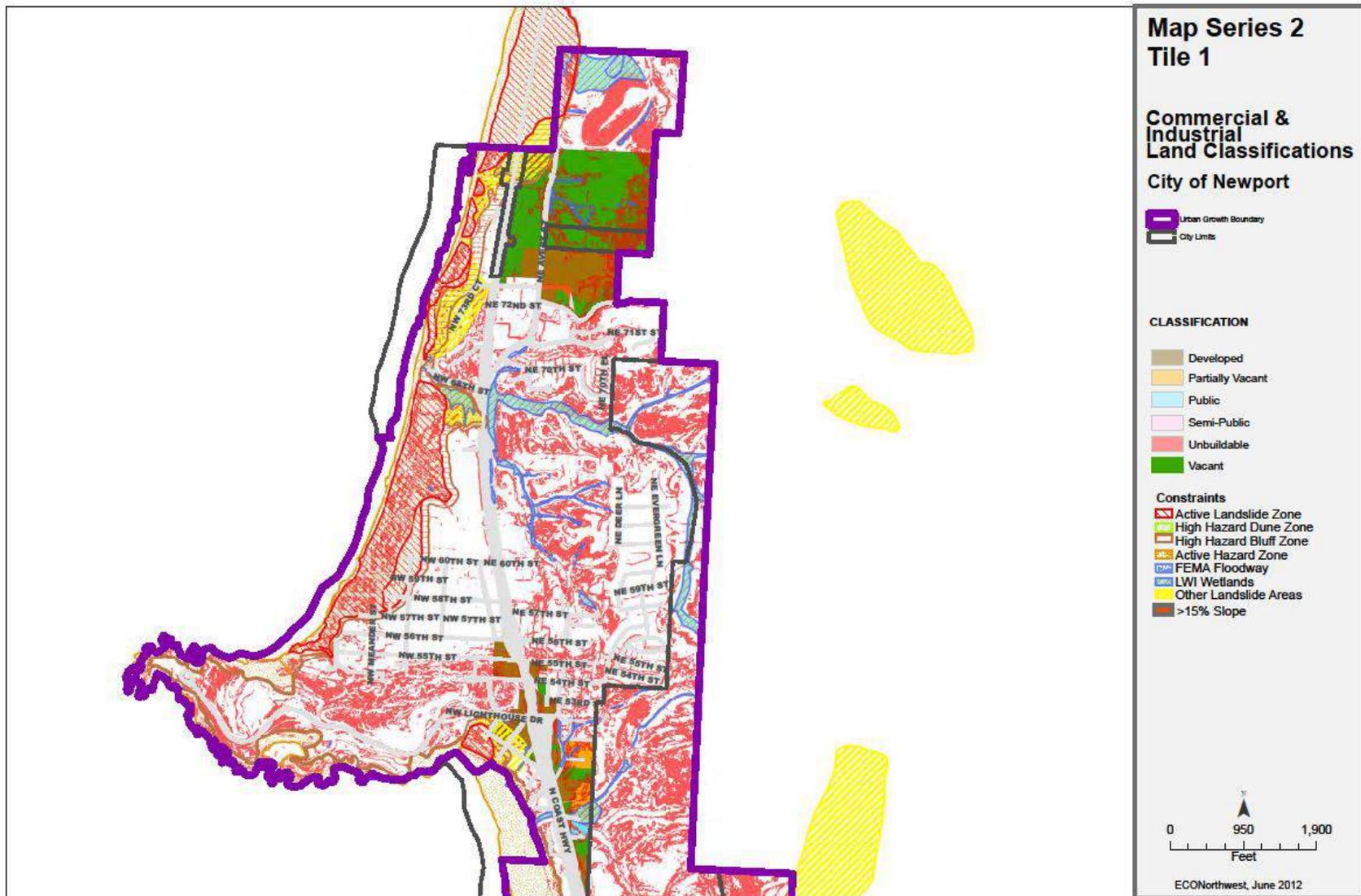
Table 5. Employment land with development capacity (Vacant, Partially Vacant, and Destination Resort) by constraint status, Newport UGB, 2012

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

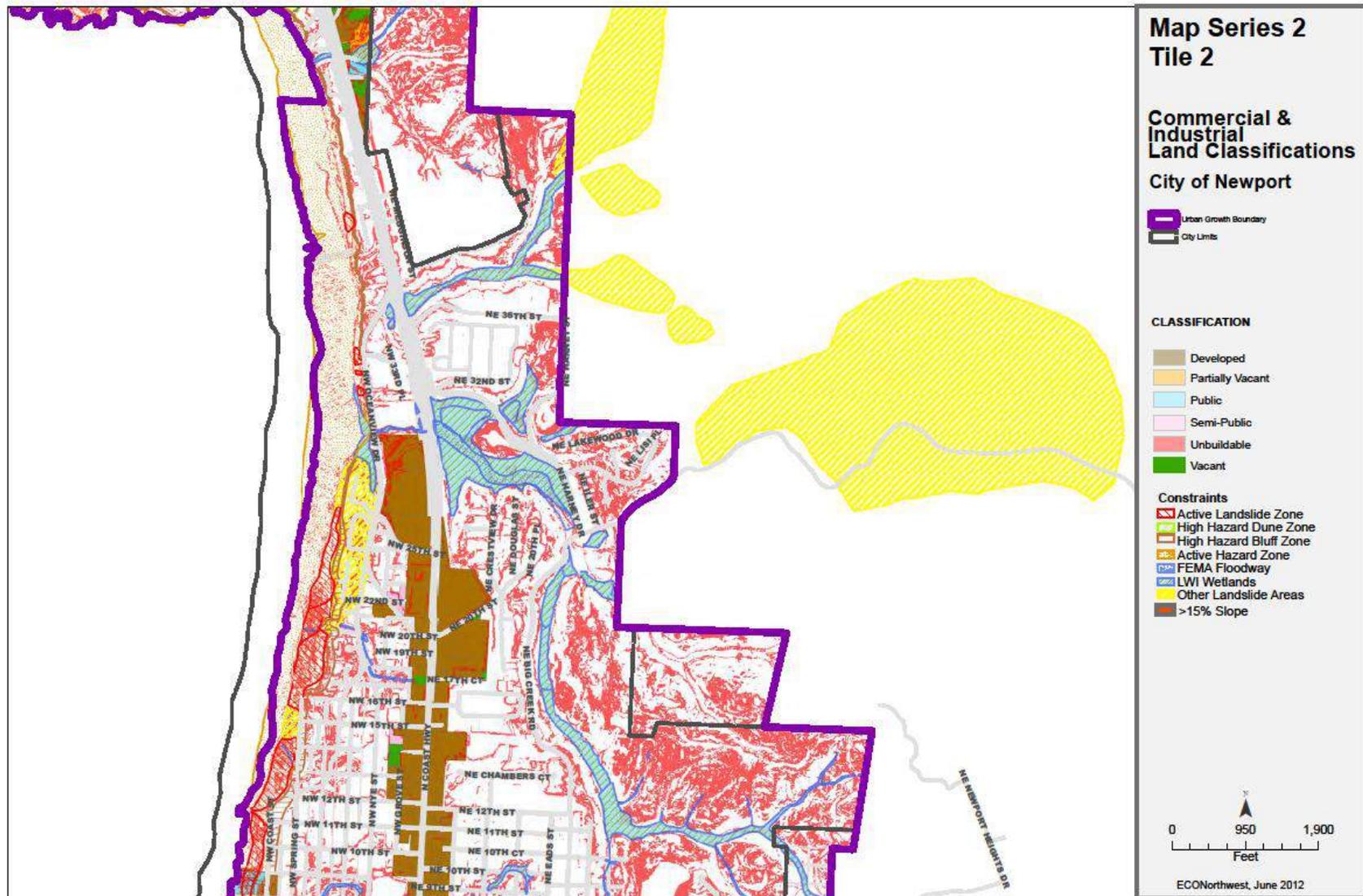
Source: City of Newport GIS data; analysis by ECONorthwest

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

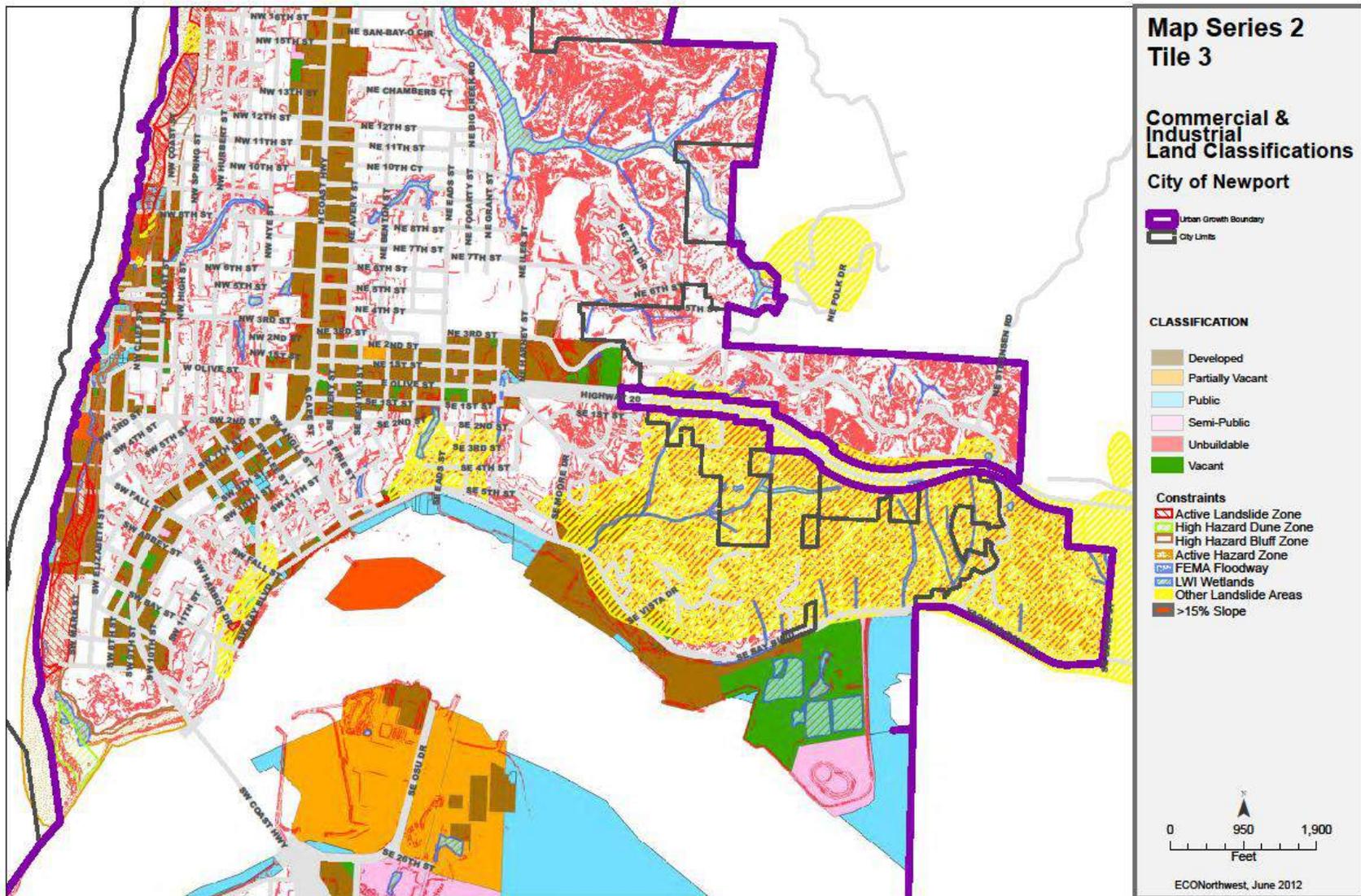
Map 1. Employment land by classification with development constraints, Tile 1, Newport UGB, 2012



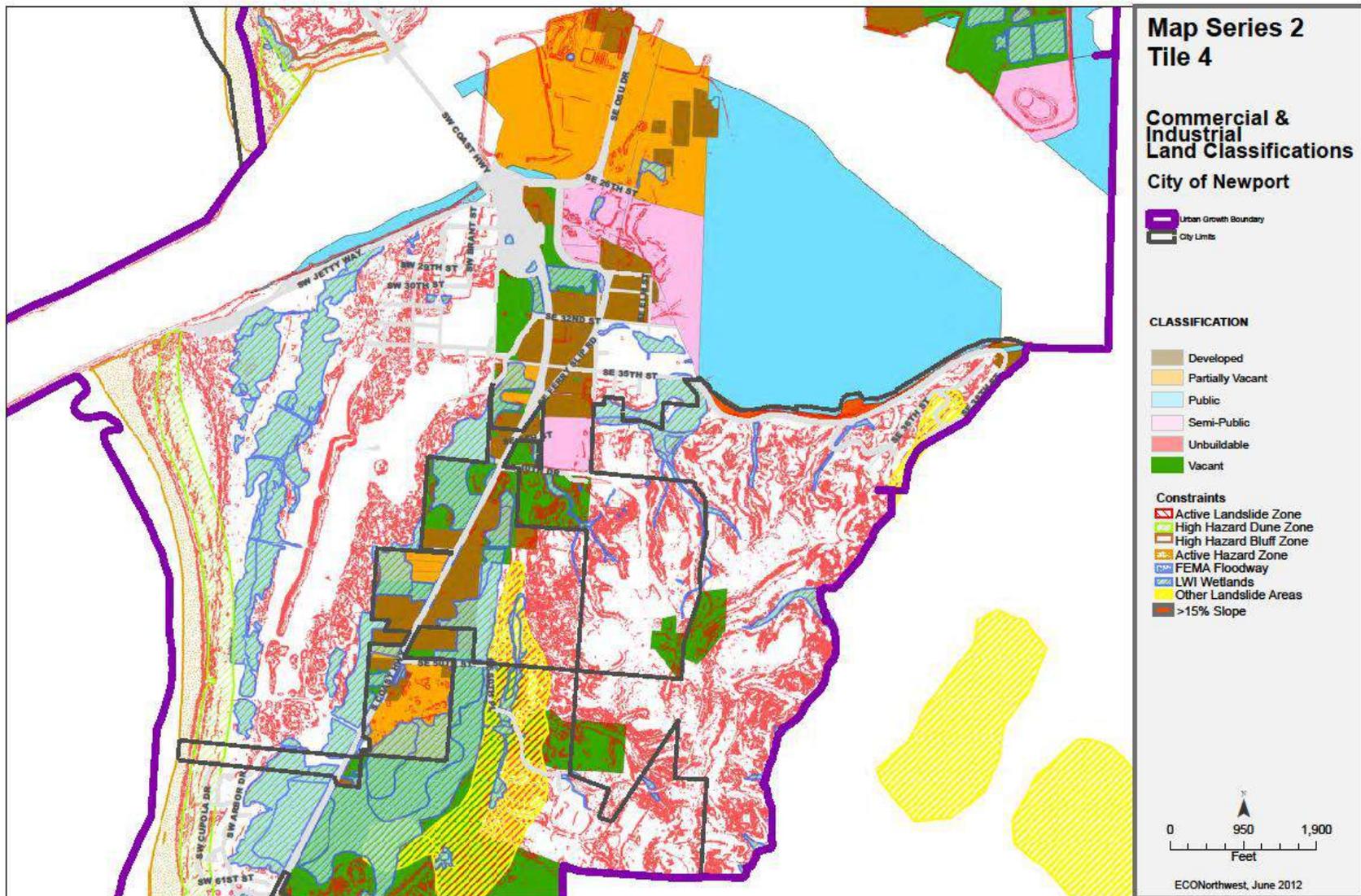
Map 2. Employment land by classification with development constraints, Tile 2, Newport UGB, 2012



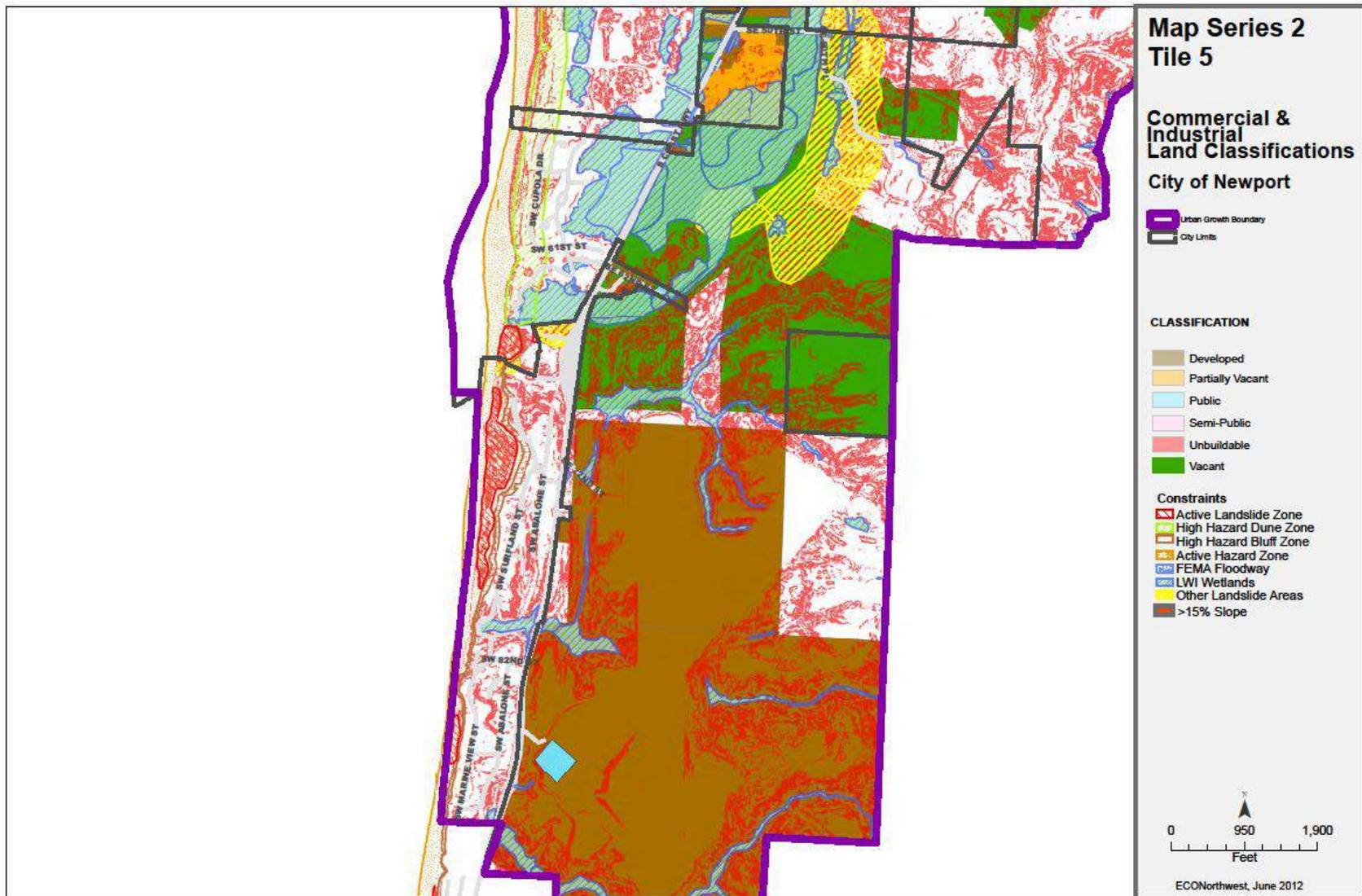
Map 3. Employment land by classification with development constraints, Tile 3, Newport UGB, 2012



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



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



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

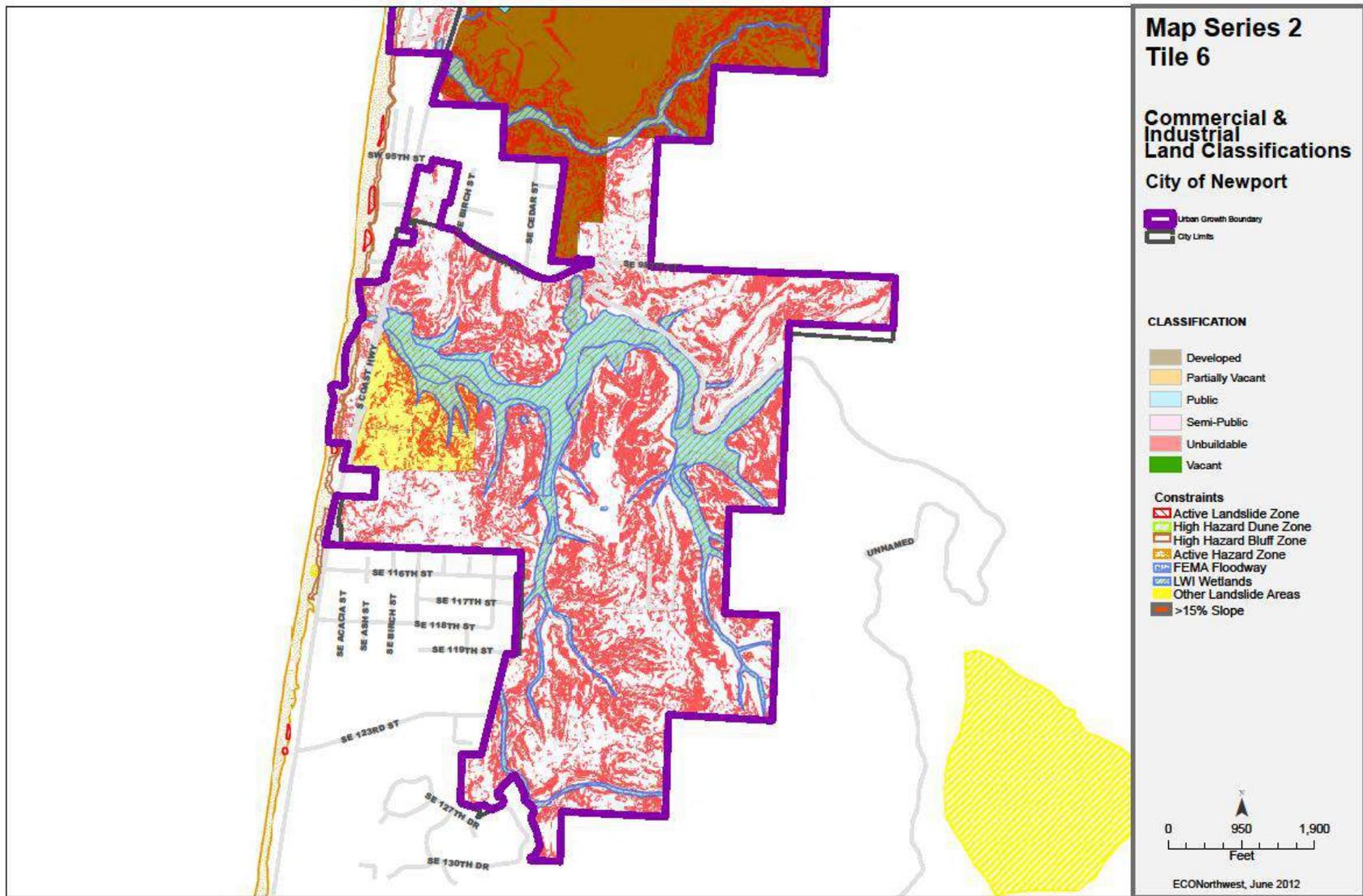


Table 6 shows the size of lots by plan designations for suitable employment land. Newport has nearly 195 lots that are smaller than 2 acres (with 106 acres of land). Newport has 16 lots between 2 and 10 acres (80 acres of land), four lots between 10 and 20 acres in size (51 acres of land), and six lots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

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

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

Source: City of Newport GIS data; analysis by ECONorthwest

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

Redevelopment potential

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

One of the key issues in preparing an accurate inventory of employment lands in Newport is how to identify and inventory under-utilized or redevelopable lands. This study does not make a distinction between under-utilized and redevelopable sites. The inventory consistently uses the term "redevelopable" since it is consistent with the terminology of the statewide land use program.³ For the purpose of this study,

³ In this instance, the terminology is a little confusing. OAR 660-009-0005(1) defines redevelopment as follows: "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period. For the purpose

however, the definition of “redevelopable” land is considered synonymous with “under-utilized” properties.

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

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

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

Conversations with commercial realtors and developers confirm the conclusion that it is difficult to develop reliable models of redevelopment potential. The factors are complicated and are location and time specific. Moreover, public policy can play a significant role in facilitating redevelopment.

One approach to estimating redevelopment would be using supply side approaches using GIS datasets. The problem with supply side approaches is that the base data available to conduct empirical analyses is quite coarse and as a result, the analyses are limited and the results have varying levels of inaccuracy. The improvement to land value approach has some problems; for example, it does not make distinctions for land intensive employment uses that require minimal built structure investments. Despite this limitation, it has utility in identifying districts that may be worth focusing resources on.

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

of clarity, we use the term developed to mean land committed to existing productive employment uses and redevelopable as lands that have potential for redevelopment during the planning period.

Thus, this study uses a demand-based approach to estimating how much land will be redeveloped over the 20-year planning period. The study makes demand-side deductions from total employment growth to account for new employment that will not need any new land. This approach, however, will not meet key city objectives in developing economic development strategies.

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

Table 7 shows improvement to land ratios for developed land in Newport. About one-quarter of Newport’s developed sites (319 acres of land) have an improvement to land value ratio of less than 0.25, suggesting that these sites have high redevelopment potential. Another 8% of Newport’s developed land has an improvement to land ratio of between 0.25 and 1.0 and 11% of Newport’s land has a ratio of between 1.0 and 2.0, suggesting redevelopment potential. Higher improvement to land value ratios suggest decreasing probability of redevelopment potential.

Table 7. Improvement to land value ratio, land classified as “developed,” Newport UGB, 2012

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

Source: City of Newport GIS data; analysis by ECONorthwest

Of particular interest for the purpose of this study is low-improvement value commercial land. The improvement to land value ratio analysis in Table 8 shows 89 acres of commercial land with an improvement to land value ratio of less than 1.0:1.0; 35 of those acres have an improvement to land value ratio of less than 0.5:1.0. Rows with darker shading have more redevelopment potential.

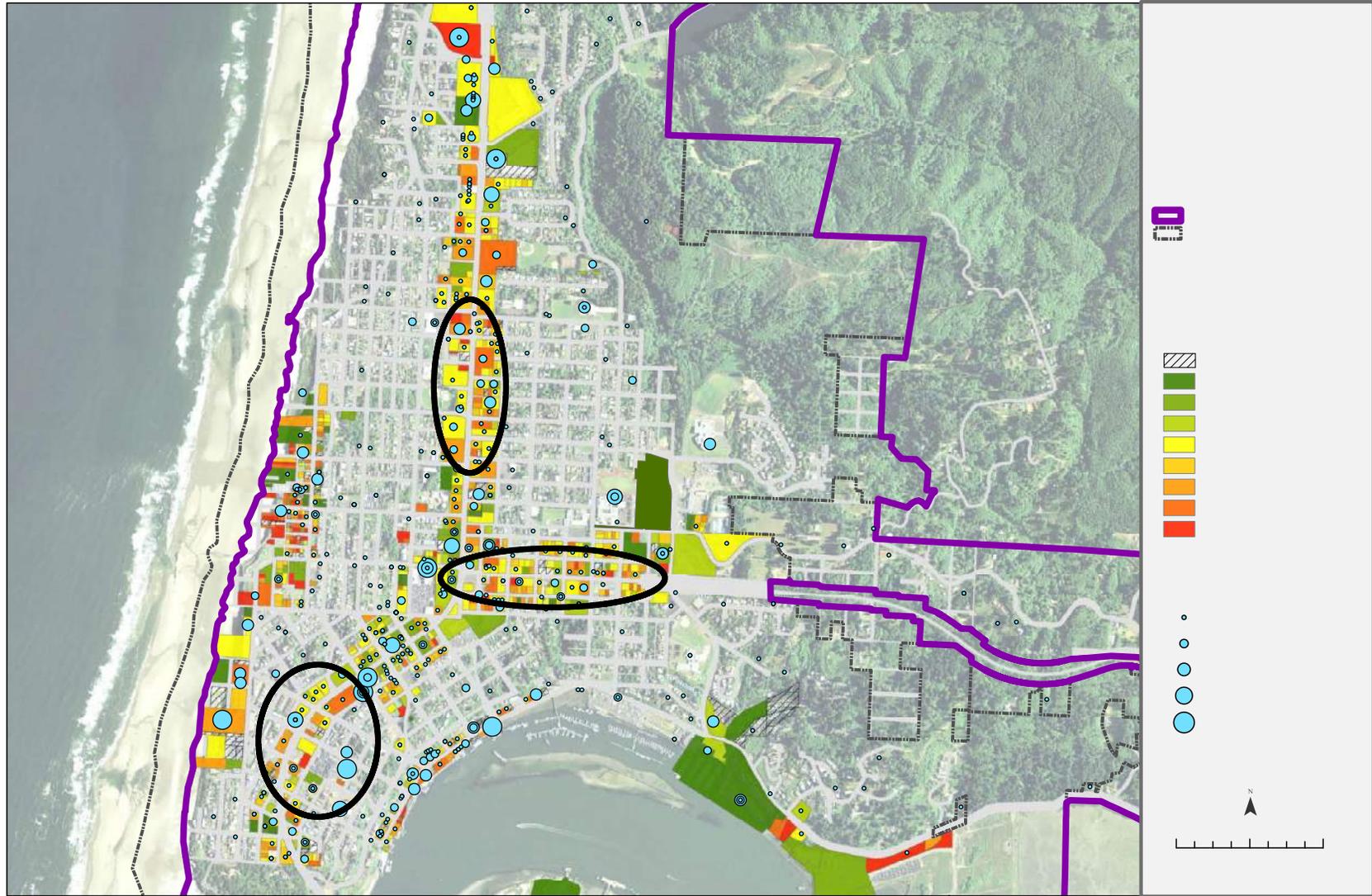
Table 8: Developed commercial land by improvement-to-land value ratio, Newport UGB, 2012

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

Source: City of Newport GIS data; analysis by ECONorthwest

Map 7 shows the location of potential commercial redevelopment districts, based on direction from the Technical Advisory Committee and city staff to focus commercial redevelopment strategies on the Highway 101 and Highway 20 corridors north of Yaquina Bay.

Map 7. Potential commercial redevelopment districts



Source: City of Newport GIS data; analysis by ECONorthwest

EMPLOYMENT LAND DEMAND IN NEWPORT

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

This section summarizes key findings from in the Economic Opportunities Analysis report from: (1) Appendix A: National, State, County, and Local Economic Trends, (2) Appendix B: Factors Affecting Future Economic Growth in Newport, and (3) Appendix C: Employment Forecast and Site Needs for Industrial and other Employment Uses. This section focuses on the issues related to growth of industries with the most potential growth industries for Newport.

Newport's competitive and comparative advantages

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

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

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

- **Location.** Newport is located in Lincoln County, along Highway 101, at the center of Oregon's Coast. Newport is one of the largest coastal communities and a regional center for retail trade, services, and government activity. Businesses in Newport have access to natural resources from surrounding rural areas, such as ocean products, wood products, agricultural products, and other resources. Businesses that need access to or want to attract customers from other coastal communities may locate in Newport.
- **Transportation.** Businesses and residents in Newport have access to a variety of modes of transportation: automotive (Highways 101 and 20), cargo vessels (at the newly renovated International Terminal), air (the Newport Municipal Airport),

rail (in Toledo via the Willamette and Pacific Railroad), and transit (Lincoln County Transit). Businesses that need access to multiple modes of transportation, especially automotive and cargo vessels, may choose to locate in Newport. Newport's distance from Interstate 5, the Willamette Valley, and Portland are a barrier to attracting businesses that need direct access to I-5 or access to markets in the Willamette Valley.

- **Marine-related.** One of Newport's primary advantages is being on the Oregon Coast, with direct access to the Pacific Ocean. Newport's economy has developed with the following advantage:
 - **Proximity and access to the ocean.** Access to the ocean from Yaquina Bay is direct and fast. Boats in the Bay can get to the open ocean in about 10 minutes. This direct access to the ocean from a protected bay is relatively unique in the Northwest. Businesses that make frequent trips to and from the ocean may find Newport's access to the ocean appealing.
 - **Marine industries.** Newport has a wide-ranging of existing marine industries: the NOAA fleet, research and education, law enforcement, commercial fishing, seafood processing, recreational fishing, tourism-related ocean activities, and services for the marine industries. These industries form the base of a marine research and ocean observing industry cluster. Newport has opportunities to attract more marine industries, including small businesses that provide goods or services to marine businesses.
 - **Agreement about marine uses.** Newport has a wide-range of marine stakeholders, such as: the Port of Newport, NOAA, the Hatfield Marine Science Center, commercial or recreational fishermen, the Coast Guard, and many others. These stakeholders are generally in agreement about the types of uses that should occur in Yaquina Bay, which focus on research, aquaculture, energy production, and transportation. The collaborative nature of the relationship among marine users is an advantage for economic development because there is broad agreement about the types of marine uses in and around Newport.
 - **Existing marine infrastructure.** Newport's existing marine infrastructure is an advantage for attracting businesses. The community will need to make investments, such as those that brought the NOAA fleet to Newport or the renovation to the International Terminal, to continue attracting marine-related businesses. In addition, the concentration of marine uses in Newport gives the Port advantages in attracting funding for the dredging necessary to accommodate large vessels.
- **Tourism.** The existing tourism industry in Newport is an advantage for economic development. Tourism results in \$116.8 million in direct spending annually, supporting about 1,600 jobs, and resulting in lodging tax revenues of approximately \$2.2 million annually. While direct spending and lodging tax revenues have grown since 2000, employment in tourism industries has remained relatively flat over the 10-year period.

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

- **Buying power of markets.** The buying power of Newport's households, residents of nearby communities, and visitors provide a market for goods and services. Newport's role as a regional center for retail and services is a competitive advantage for attracting retail and other services.
- **Labor market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available but the quality, skills, and experience of available workers.

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

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

Potential growth industries

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

The industries that fit with the Community's aspirations for growth, Newport's economic conditions, regional and national growth potential, and that fit with Newport's comparative advantages are:

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

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

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

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

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

- *Development of facilities to support marine research operations and maintenance.* These include development and expansion of dock facilities, construction of storage and maintenance buildings, deployment of cranes and loaders, construction of access roadways and surfaces for forklift transport of equipment to vessels, and hiring skilled operations and maintenance personnel.
- *Development of facilities and programs to support marine education.* These include expansion of facilities at the Oregon Coast Aquarium, development of marine education camps and facilities, implementation of educational programs including eco-tourist based learning experiences, and expansion of marine education research.
- *Instrument design, manufacturing, deployment, sales, and service.* With the Newport region being a hub for marine science research, the demand will grow for companies to supply, operate, and maintain ocean instruments, including sensors, underwater instrumentation, telecommunications gear, and autonomous underwater vehicles, along with skilled personnel in the fields of design, engineering, manufacturing, operations, maintenance, and customer relations.
- *Expanded marine research.* As federal and state investments in marine research and education increase, so will Newport's role grow, adding scientists, researchers, technicians, and students. This will result in expanded research facilities, including labs, conference facilities, residential facilities, and offices.
- **International commerce.** The Port of Newport is one of the few deep draft ports on the Oregon Coast, which is accessible by large cargo vessels. The Port stopped shipping via large cargo vessels about a decade ago because the physical condition of the docks and Port infrastructure required repairs. The Port is in the process of renovating the International Terminal of the Port. The Terminal is a 17-acre facility with about 1,000 feet of deep-water waterfront, docks, and storage facilities.

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

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

- **Fishing and seafood processing.** Newport is one of Oregon's largest commercial fishing ports accounting for about one-third of the State's commercial fishing activity. In 2008, Newport was home to about 238 fishing vessels,

including both short-haul boats that fish in Oregon's Coastal fisheries and distant-haul boats that fish in Alaska's fisheries. Newport's commercial fishing vessels generated 61 million pounds of seafood, with a value of \$32.5 million in 2008, accounting for about one-third of the seafood harvested in Oregon. The economic contribution of the fishing industry on personal income in Newport in 2008 was about \$123 million, accounting for about 30% of statewide economic contribution from fishing.⁴

- **Tourism.** Tourism plays an important role in Newport's economy. The 2005 EOA showed that about 33% of employment in Newport was related to tourism or arts. In 2010, about 36% of employment was in the sectors most directly related to tourism: accommodation and food service, arts and recreation, and retail trade. The strengths of Newport's tourism cluster include:
 - Destinations such as the Oregon Coast Aquarium
 - Recreational amenities, such as sightseeing tours or fishing charters
 - Overnight accommodations, such as bed and breakfast inns, hotels, motels, RV parks and campgrounds, and private vacation rentals
 - A wide range of restaurants, including fine dining
 - Arts and cultural opportunities, such as art dealers, museums, or performance arts

⁴ The most recently available report describing Newport's fishing industry is: "Oregon's Commercial Fishing Industry, Year 2007 and 2008 Review." Oregon Department of Fish and Wildlife and Oregon Coastal Zone Management Association, Inc.

Employment and employment forecasts

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

Table 9 presents the forecast of employment growth by land use type in Newport's UGB from 2012 to 2032. Table 9 shows Newport's employment base in 2012, with about 10,060 *total* employees,⁵ and forecast for 12,276 employees in 2032, an increase of 2,216 employees at an average annual growth rate of 1.0%.

Table 9 forecasts growth in all land-use types and it forecasts a shift in the composition of Newport's employment:

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

⁵ The forecast of employment in Newport is based on an estimate of *covered* employment in 2010. Covered employment does not include all workers in an economy, most notably excluding sole proprietors. Appendix C in the Economic Opportunities Analysis report describes the approach to converting from covered employment to total employment.

Table 9. Forecast of employment growth in by building type, Newport UGB, 2012–2032

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

Source: ECONorthwest

Note: Green shading denotes an assumption by ECONorthwest

Some new employment will locate on underutilized land, such as the districts along Highway 101 identified in the buildable lands analysis as having development capacity. Table 9 shows employment growth on underutilized lands and on vacant lands. Table 10 assumes that some employment will locate on underutilized lands, reducing the need for vacant employment land:

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

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

Table 10. New employment locating on underutilized land or vacant land, Newport, 2032

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

Source: ECONorthwest

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

Table 11 shows demand for vacant (including partially vacant) land in Newport over the 20-year period. The assumptions used in Table 11 are:

- **Employment density.** Table 11 assumes the following number of employees per acre (EPA): Industrial will have an average of 10 employees per acre and Commercial and government will have an average of 20 EPA.

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

- **Conversion from net-to-gross acres.** The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment including public right-of-way is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for right-of-way.⁶ A net to gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

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

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

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

of industrial land, 63 gross acres of commercial land, and 5 gross acres of land for government uses.

Table 11 . Demand for vacant land to accommodate employment growth, Newport, 2012 to 2032

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

Source: ECONorthwest

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

IMPLICATIONS FOR INDUSTRIAL AND OTHER EMPLOYMENT LAND NEED

This section provides a brief summary of the implications of the economic opportunities needs analysis for Newport. It includes a general comparison of land supply and demand and description of the characteristics of needed sites. The buildable lands analysis is followed by a discussion of the key implications of the analysis for Newport.

Comparison of land capacity and demand

Table 12 shows the inventory of suitable employment land by plan designation. Table 3 presented an estimate of demand for vacant (including partially vacant) land needed to accommodate employment growth over the planning period. Table 12 compares the supply of buildable land with the demand for employment land:

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

Table 12. Sufficiency of employment land to accommodate employment growth, gross acres, Newport, 2012 to 2032

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

Source: ECONorthwest

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

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

Newport has a deficiency of larger commercial sites. Newport has no commercial sites over 20 acres, two sites between 10 and 20 acres (with a total of 24 acres) and two sites between 5 and 10 acres (with a total of 16 acres). Both sites over 10 acres are located in the Wolf Tree destination resort area and are not currently serviced. No sites over five acres are available north of Yaquina Bay. Newport's industrial zone allows

commercial uses outright—which could address part of the deficit. Some of this deficiency could potentially be addressed through redevelopment.

Characteristics of needed sites

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

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

Friends of Yamhill County v. City of Newberg, 62 Or LUBA 5 (2010), established a two-prong test for establishing relevant "site characteristics" as follows: (1) that the attribute be "typical of the industrial or employment use" and (2) that it have "some meaningful connection with the operation of the industrial or employment use." The first of those prongs, that the attributes be "typical," appears expressly in OAR 660-009-0015(2), which refers to "site characteristics typical of expected uses." In upholding LUBA's two prong test, the Court of Appeals agreed, "[t]hat 'necessary' site characteristics are those attributes that are reasonably necessary to the successful operation of particular industrial or employment uses, in the sense that they bear some important relationship to that operation." Friends of Yamhill County v. City of Newberg, 240 Or App 738, 747 (2011).

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

MARINE AND OCEAN OBSERVING RESEARCH AND EDUCATION

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

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

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

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

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

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

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

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

- **Size of sites.** Marine and ocean observing research and education firms will require a variety of site sizes.

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

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

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

- **Constraints and topography.** Development constraints include: steep slopes (over 15%), floodways, wetlands identified in the Local Wetlands Inventory (LWI), shoreland protection areas, and land identified for future public facilities as

constrained or committed lands. Office-based businesses may be willing to locate on land with slopes of 15% or more. Manufacturing, maintenance, and related businesses will need relatively flat sites.

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

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

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

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

- **Transportation access.** Transportation access may include automotive, shipping access, or access to the airport.

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

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

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

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

residential neighborhoods, minimize adverse effects on urban land use and travel patterns. Businesses that require boat and shipping access need it for boats and ships belonging to the business or their customers.

INTERNATIONAL COMMERCE

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

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

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

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

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

Businesses in international commerce require access to the waterfront, especially land near the Port, to do business, for docking ships or gaining access to Port facilities.

- **Size of sites.** The size of sites required by businesses in this cluster will vary.

- Attribute is "typical of the industrial or employment use" - OAR 660-009-0005(11) specifically cites "a minimum acreage" as a site characteristic. The size of the site will depend on the type of business. Warehouse and distribution firms may require a relatively small site (e.g., 1- to 2-acres) for small-scale businesses or may require a large site (e.g., 20- or more acres) for large-scale operations. Small businesses may prefer to locate in existing buildings (if available).

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

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

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

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

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

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

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

- **Transportation access.** Transportation access includes include automotive and shipping access.

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

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

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

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

FISHING AND SEAFOOD PROCESSING

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

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

OAR 660-009-0005(11) specifically cites the “proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes” as a site characteristic. Newport has a limited supply of land with direct or nearby access to the Bay .

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

Fishing businesses require direct access to the Bay and waterfront for docking ships. Seafood processors need to be located near the fisherman for easy access to the seafood being processed.

- **Size of sites.** The size of sites required by businesses in this cluster will vary.

- Attribute is "typical of the industrial or employment use" - OAR 660-009-0005(11) specifically cites “a minimum acreage” as a site characteristic. The size of the site will depend on the type of business. Some businesses may require relatively small locations on the waterfront, such as an office with a place to dock fishing vessels. Seafood processors firms may require a relatively small site (e.g., 1- to 2-acres) for small-scale businesses or may require a large site (e.g., 10- or more acres) for large-scale operations. Small businesses may prefer to locate in existing buildings (if available).

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

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

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

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

OAR 660-009-0005(11) specifically cites “site configuration including

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

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

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

- **Transportation access.** Transportation access includes include automotive and shipping access.

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

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

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

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

TOURISM

- **Location within the City.** Businesses involved in tourism are likely to locate in areas that visitors frequent.

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

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

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

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

Tourism businesses must locate in areas frequented by visitors.

- **Size of sites.** Businesses providing services to visitors will require a variety of site sizes.

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

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

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

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

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

topography, cultural and archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

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

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

- **Transportation access.** Businesses providing services to visitors will need access to local streets, with space for parking.

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

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

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

Access to public streets with capacity to accommodate traffic volumes is necessary to accommodate necessary freight movement to support commercial development, as well as to provide safe and convenient access for customers and employees.

- **Visibility.** Businesses in this cluster generally requires a site with high visibility, either along Highway 101 or in one of Newport's districts with other services for visitors.

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

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

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

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

Implications

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

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

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

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

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

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

- **Facilitating redevelopment along Highway 101.** Newport has a substantial amount of land that is potentially redevelopable. Map 7 shows three districts with concentrations of redevelopment potential: (1) along Highway 101 around the City Center District, (2) along Highway 20, east of the intersection with Highway

101, and (3) along Highway 101 between NE 6th Street and NE 12th Street. These areas all include underutilized and vacant land.

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

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

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

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

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

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

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

ECONOMIC VISION, GOALS, POLICIES, AND ACTIONS

This part of the Economic section presents Newport's vision for economic development and the goals, policies, and actions to implement the vision. The memorandum "Newport Economic Development Strategy" dated July 30, 2012 presents the full action plan for implementing the economic development strategy.

City of Newport's Role in Economic Development

A number of organizations are working on economic, business, and workforce development in the region. Many of these have representation on the technical advisory committee (TAC) for this project. These organizations include:

- City of Newport
- Lincoln County
- Economic Development Alliance of Lincoln County
- Greater Newport Chamber of Commerce
- Oregon Coast Community College, Small Business Development Center
- Port of Newport
- Yaquina Bay Economic Foundation
- Yaquina Bay Ocean Observing Initiative

With so many organizations having an interest in economic development, it is critical that roles be clearly defined. Moreover, coordination amongst the organizations will be important as the community moves into implementation of the strategy.

The focus of this section is primarily on the City's role: what resources can the City commit to economic development and what roles are most appropriate for the City. Following are foundational assumptions about the City's role:

- The City plays a support role in economic and business development
- The City is one of several organizations that provide and maintain infrastructure
- The City has some limited staff and financial resources that can be invested in appropriate economic development activities
- The City has an obligation to adopt an economic development strategy, policies to manage employment lands, and maintain a 20-year supply of commercial and industrial sites under Goal 9 and OAR 660-009.
- The City is not the appropriate organization to coordinate business recruitment and retention activities or to house staff that are coordinating business recruitment and retention activities

The economic development vision, strategies and actions that follow primarily focus on those activities that the City would lead on, or that relate directly to an activity the City would lead on. This approach is consistent with the intent of this project: to articulate the City's role in economic development. It does not, however, provide details on the

activities of partner organizations, nor does it commit partner organizations to any specific activity.

Vision for Economic Development

The City of Newport embraces change and works collaboratively to create a dynamic, entrepreneurial, and forward looking community.

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

Goals, Policies, and Actions for Economic Development

The goals, policies and actions build from the vision for economic development as well as Newport's key competitive advantage for economic development: (1) the City's proximity and access to the ocean, (2) the City's attraction of visitors, (3) the City's role as a regional employment center, (4) existing urban infrastructure (i.e., road system or wastewater system), and (5) existing workforce and relationships among businesses, nonprofits, and agencies.

Each topic below includes a broad goal statement and description of strategic considerations and issues related to the goal that must primarily be addressed through strategies and actions on the part of the City.

JOB GROWTH

Goal: Create conditions that are attractive to the growth of existing business and attract new businesses to Newport to create new jobs

Newport wants to promote economic conditions and a positive business climate that encourages growth of jobs through growth of existing businesses and attraction of new businesses. Newport wants to strike a balance between economic development strategies to help existing businesses grow (i.e., economic gardening) and to attract new businesses. The City wants to focus on growth of jobs in the following employment clusters, as targeted industries: marine and ocean observing research and education, tourism, fisheries, and international commerce.

Strategic considerations

The City and its community partners have limited resources to invest in developing infrastructure and promoting economic development. Which industries offer the most opportunity for growth of jobs, of the type that the community wants to invest resources

in growing? What are the high priority growth industries that the community should make investments in?

The information below describes the targeted industries and presents issues that can be addressed through actions by the City or its community partners.

- The employment cluster identified by the Technical Advisory Committee (TAC) as being most important to grow is marine and ocean observing research and education. The TAC prioritized taking actions to grow the other three other clusters as approximately equal.
- Newport has had some success at developing employment in marine and ocean observing research and education. The three categories of businesses in this cluster are: (1) research or education organizations, (2) maintenance of equipment, and (3) manufacturers of equipment, such as that used in research and education or energy production. Stakeholders in Newport who want to grow employment in the marine and ocean observing cluster will need to take actions to facilitate that growth.
- Tourism is one of Newport's existing employment clusters, with about 1,500 jobs in and direct travel spending of \$122.7 million annually from tourism-related industries in 2010.⁷ Tourism is seasonal, with the majority of tourism spending in summer and the lowest tourism spending in winter. If growing employment in tourism is a high priority, actions will be required to capture a larger share of regional tourism spending, and reduce the volatility of tourism's seasonality.
- Newport has one of three deep draft ports on the Oregon Coast, which creates opportunities for international commerce. With completion of the renovation of the Port of Newport's International Terminal, the Port will be able to accommodate deep draft cargo vessels for shipping. The types of goods likely to be shipped from the International Terminal include logs, other wood products, value-added wood products (e.g., dimensional lumber), or other agricultural products. The primary product that the Port expects to ship is logs. The Port and its partners may need to take actions to diversify the types of products shipped from the Port and developing other opportunities for economic development related to the Port.
- Fishing and seafood processing continue to be important industries in Newport. Newport is one of Oregon's largest commercial fishing ports, accounting for about one-third of the State's commercial fishing activity. In 2008, Newport was home to about 238 fishing vessels, including both short-haul boats that fish in Oregon's Coastal fisheries and distant-haul boats that fish in Alaska's fisheries. Newport's commercial fishing vessels generated 61 million pounds of seafood, with a value of \$32.5 million in 2008, accounting for about one-third of the seafood harvested in Oregon. The economic contribution of the fishing industry on personal income in Newport in 2008 was about \$123 million, accounting for

⁷ Dean Runyan Associates, *Newport Travel Impacts, 1991-2010p*, May 2011

about 30% of statewide economic contribution from fishing.⁸ Changes in fishing permits and quotas as well as retention of the fishing fleet are key issues for Newport.

- Newport is a regional center of activity on the Central Oregon Coast, with regional retailers, a government center, and the location of regional educational and research agencies. Newport's retailers serve the Central Coast region. Newport can take actions to capitalize on that role as a regional center to re-capture retail leakage, capture a larger share of spending from visitors, and increase the share of retail spending in Newport region.
- Newport has an aging population. According to Census data, the average age of Newport's residents has increased from 40.9 years old in 2000 to 43.1 years old in 2010. This trend is consistent with national trends. Newport has an older population on average than the State (38.4 years old) and younger than the County (49.6 years old). The aging of the population is a combination of the aging of long-term residents of Newport and in-migration of older workers or retirees. These demographic trends create some economic opportunities, such as attracting older entrepreneurs (and their business opportunities) and providing services to the aging population (e.g., recreational services or medical services).
- Newport's economic and business climate may be perceived as challenging to some businesses that consider moving to Newport. Some potential issues include: (1) a lack of attractive land in good locations ready for development, (2) lack of some services (e.g., major medical facilities or cohesive business and shopping areas), (3) lack of coordination about economic development issues. The City and its partners in economic development will need to take steps to address these issues.

Policies and actions

Given the strategic considerations outlined above, what actions can the City and its partners take to promote job growth in the high priority target industries? The following policies and actions should take into account the limited resources available for public investment in infrastructure and efforts to support economic development.

Action: Create and staff a Business Growth and Recruitment Coordinator function

Description: In the past, the area had a staff position that focused on business development and recruitment. This position was housed with the Greater Newport Chamber of Commerce. Historically, the City of Newport partially funded the position and contributed about \$40,000 annually from transient room tax revenues. This function, however, could also be contracted.

⁸ The most recently available report describing Newport's fishing industry is: "Oregon's Commercial Fishing Industry, Year 2007 and 2008 Review." Oregon Department of Fish and Wildlife and Oregon Coastal Zone Management Association, Inc.

The TAC also indicated that YBOOI will be submitting a proposal to the Oregon Innovation Council (Oregon InC) to support economic development of ocean observing and research. This proposal would include a staff position and would not exclusively focus on the Newport area.

The TAC was unanimous in their support for re-creating and staffing a similar position. This action is an overarching approach to provide resources for many of the development and coordination functions that are not currently met. This position would complement and help to coordinate the activities of other organizations (the City, the Port of Newport, the Economic Development Alliance of Lincoln County, YBOOI and others). The TAC was also clear that the position needed a very clear work program in order to achieve the desired outcomes.

The business growth and recruitment coordinator would have several roles: (1) to work with local businesses on expansion efforts; (2) to work on recruiting new businesses—particularly in the target industry sectors; (3) to conduct research and analysis in support of local business development; and (4) to coordinate activities among the economic development partners.

An essential first step for the community partners is to develop a work plan for the business recruitment coordinator for the first 1-2 years.

Rationale: The business growth and recruitment coordinator will address a critical development and coordination role that does not currently exist.

Who does it: Ideally, the TAC prepares work plan, position description and secures funding and determines the preferred host organization. An alternative would be to form an ad hoc committee that has representation of key organizations.

Possible funding sources: City of Newport, Local economic development partner organizations; other grant sources.

When: Initiate in year 1; continues through five-year period

Benchmarks: Development of a work plan; hiring of a business growth and recruitment coordinator; implementation of the work plan.

Policy 1. The City shall help facilitate growth of employment in the marine and ocean observing research and education cluster

Action 1.1. Identify a person or organization responsible for coordinating among stakeholders

Description: One person should be responsible for coordinating growth of this cluster among stakeholders. This person will be responsible for coordinating with stakeholders, assisting businesses in negotiating local and state regulations, and leading efforts to grow employment in this cluster. The TAC also indicated that YBOOI will be submitting a proposal to the Oregon Innovation Council (Oregon InC) to support economic development of ocean observing and research. This

proposal is being developed in partnership with the Economic Development Alliance of Lincoln County. This proposal would include a staff position and would not exclusively focus on the Newport area. Moreover, YBOOI is applying for nonprofit status.

This would not be a City staff position, however, the City would play a support role on this strategy. This position would coordinate activities with the Business Growth and Recruitment Coordinator. This function could be overseen by YBOOI or the Economic Development Alliance of Lincoln County with support from the business growth and recruitment coordinator. The rationale for this, in part, is that marine research and ocean observing are a significant employment cluster that is not specific to Newport.

Rationale: The growth of this cluster will require efforts of a range of community stakeholders. Having a coordinator will ensure that progress is being made on key initiatives.

Who does it: YBOOI coordinator (if funded by Oregon InC); otherwise, business growth and recruitment.

Possible funding sources: Oregon Innovation Council, Economic development partner organizations, other State grants, and private foundations.

When: Initiate work in year 1; continue through five-year period.

Benchmarks: Hiring of a coordinator; development of a work plan based on the business plan described in Action 1.2; implementation of the work plan.

Action 1.2 Update the strategic and business plan to guide growth of the marine and ocean observing cluster

Description: The purpose of the strategic and business plan is to plan for development in the marine and ocean observing cluster. The plan should first define the scope of the marine research and ocean observing cluster (e.g., the types of businesses and support services needed for a healthy cluster) through market research. The plan should document the types of businesses desired in the cluster, the infrastructure needed by these businesses, and the characteristics of sites needed by these businesses (e.g., location, site size, etc.). This analysis should also explore links to the fishing and seafood processing industries.

The Port of Newport was in the process of updating its strategic plan in 2012. The Port's strategic plan should include a task to coordinate with the update the strategic and business plans for growth of the marine and ocean observing cluster.

Rationale: The TAC identified a need to develop a detailed understanding of this cluster and develop a strategy based on data and analysis to capitalize on marine and ocean observing.

Who does it: YBOOI members and staff from the Economic Development Alliance of Lincoln County will coordinate the initial strategy development as well as funding proposals. The other economic development partners, including the City, will play a support role in this effort.

Possible funding sources: Grants, Oregon Innovation Council

When: Develop strategy in year 1; implementation in Years 1 through 5

Benchmarks: Completion of the strategic/business plan; implementation of the strategy.

Action 1.3 Identify opportunity sites for growth of the marine and ocean observing cluster

Description: The locational requirements of businesses in marine and ocean observing research and education cluster vary, depending on the type of business.

- Organizations involved in research and education may need access to the waterfront (i.e., a place to dock ships). While some organizations may prefer to have offices near the waterfront, others may find a location away from the water front acceptable.
- Businesses involved with maintenance and manufacturing may need to have a location along the water front (e.g., for ship maintenance), while others may prefer a location near Highway 20 or the airport.

Newport has a limited supply of land with direct or nearby access to the Bay Front and should identify opportunity sites in these areas for use by marine and ocean observing organizations. This task will use data from the commercial and industrial buildable lands inventory.

The inventory should be comprehensive and should identify and document sites that are available for the range of related use: office, lab space, collaborative space, warehousing, dock access, maintenance yards, and manufacturing. It should also identify any dock space that could be shared or used for non-exclusive uses.

This action will require close collaboration with Oregon State University (OSU) and the Port of Newport—both of whom own and manage key properties in South Beach. OSU is in the process of identifying needs for marine research and ocean observing on their site as part of an update of the Hatfield Marine Science Center master plan. The City should work with OSU to clarify whether private businesses could be located on the campus. The Port of Newport has also indicated that portions of their South Beach site may have development potential.

This action should also consider strategic sites on the north side of Yaquina Bay, including the Port of Newport's proposed International Shipping Terminal. Sites on the north side can provide additional docking capacity. The inventory and evaluation should include other sites outside of water-dependent and water-related uses. While the emphasis is on water uses, not all businesses that are

within the marine research and ocean observing sector will require water access. Some businesses may require industrial sites, others, office space. For such sites in South Beach, the city could consider providing incentives to encourage property owners reserve the sites for businesses related to the marine and ocean observing cluster. The incentives may be in the form of extending infrastructure to southern sites that do not have infrastructure.

The identification of key sites would build on the buildable lands inventory conducted as a part of the update of the Economic Opportunities Analysis, and the strategic plan developed for the marine research and ocean observing sector.

Rationale: Having adequate sites in appropriate locations is a prerequisite for siting new businesses. While the buildable land inventory in the updated Economic Opportunity Analysis identifies sites with development capacity, it did not go the next step and identify which sites are appropriate for target industries. This action would make those determinations.

Who does it: City of Newport

Possible funding sources: City of Newport

When: Year 2, start date contingent upon completion of Action 1.2

Benchmarks: Identification of opportunity sites

Action 1.4 Stakeholder workshops

Description: These types of workshops should be held periodically to maintain momentum and foster relationships. Stakeholders would discuss their role in the cluster, opportunities for growing the cluster in Newport, and each stakeholder's capacity to contribute to growth of the cluster. These workshops provide stakeholders in Newport an opportunity to ask questions about other stakeholder's locational needs, assess opportunities to attract new agencies/businesses to Newport, and understand the needs of businesses that might consider moving to Newport. The Yaquina Bay Ocean Observing Initiative conducted a stakeholder strategy retreat in July of 2011. That retreat brought state and local stakeholders in the marine and ocean observing research and education cluster together to collaboratively identify strategies for growing the cluster and defined a set of actions for moving the initiative forward.

Rationale: As a member of YBOOI, the City of Newport is an important partner and should be consistently involved in this activity. The workshops would allow Newport city staff and city policy makers to network with economic development partners to better understand initiatives being undertaken in other communities and businesses and identify linkages and opportunities.

Who does it: Yaquina Bay Ocean Observing Initiative/Economic Development Alliance are lead in coordinating these meetings. It is essential that city of Newport staff and policy makers are consistently engaged in this process and are aware of how city resources can leverage this sector.

Possible funding sources: These meetings can be coordinated at minimal cost.

When: Year 2.

Benchmarks: Holding the workshops; attending workshops; information sharing; refinement of strategies identified during the workshops.

Policy 2. The City shall encourage growth of tourism-related employment

Action 2.1. Develop tourism-related amenities and facilities.

Description: Work with the private sector and non-profit organizations to encourage development of amenities and facilities that would support and increase tourism. These amenities could include a golf course, events facility, or other facilities. These projects would not be constructed or maintained by the City. The City has historically provided funding to external organizations through grants funded by transient lodging tax revenues for such amenities.

Rationale: Support for strategic private and non-profit investments in amenities and facilities will encourage tourism.

Who does it: City of Newport Administration/City Committees, Greater Newport Chamber of Commerce.

Possible funding sources: Transient lodging tax grants.

When: Years 1 through 5 based on priorities and cost.

Benchmarks: Completion of projects.

Action 2.2. Work with the Port of Newport and the Greater Newport Chamber of Commerce to study opportunities to make Newport a destination for cruise ships and other recreational activities.

Description: Newport could be a destination for cruise ships, if the City had the infrastructure and facilities necessary to accommodate cruise ships. This action focuses on City coordination with the Port of Newport to ensure this action is reflected in the Port's strategic plan. The action, would largely be implemented by the Port. It would start with an evaluation of whether residents and businesses in Newport support the idea of becoming a cruise ship destination. If there is sufficient public support, conduct an evaluation of the infrastructure necessary to accommodate cruise ships and a feasibility study for becoming a cruise ship destination.

This evaluation should go beyond cruise ships. For example, the Port of Newport could create kayak launching areas. The evaluation should include analysis of recreation activities that can stand alone (such as cycling or kayaking) but would also complement cruise ship patrons. As part of this action, and to support other actions, City of Newport should participate in the Port of Newport's strategic planning process. Moreover, once the plan is complete, the city should see ways to coordinate with the Port.

Rationale: Cruise ships can create significant short-term economic activity, particularly in the Bay Front area. Moreover, exposure to the community may

lead to additional visits. Cruise ship patrons will desire a range of activities; this step would evaluate which activities are most desired.

Who does it: Newport Community Development, Port of Newport, and Greater Newport Chamber of Commerce (outreach); Destination Newport Committee (a City committee); Consultant (feasibility study).

Possible funding sources: Port of Newport (strategic plan); Transient lodging tax revenues.

When: Scope project (Year 1); implement study (Years 2-3).

Benchmarks: Completion of outreach and feasibility assessment.

Action 2.3. Maintain meaningful tourism marketing

Description: Support tourism marketing by working with tourism-related stakeholders. This function has historically occurred through a city committee and has been funded by room tax revenues. This action would be a continuation of this program, with an emphasis on strategically investing in marketing activities.

This action should include evaluation of existing and potential marketing in the areas of marine education and eco-tourism, recreational tourism (watersports, hiking, etc.). While some degree of eco-tourism promotion has occurred, opportunities exist to expand marketing. Moreover, Newport has a long legacy of activities that might be considered eco-tourism—only in recent years have these activities been identified as eco-tourism. Evaluation of eco-tourism should include an assessment of related opportunities: linkages to the Hatfield Marine Science Center, the Oregon Coast Aquarium, and other tourism activities. In short, the community has an opportunity to integrate tourism and marine research.

Historically, most of the focus has been on marketing to educational institutions to bring school children to the Oregon Coast Aquarium and other attractions. . This creates an opportunity to expand marketing activities to other educational sectors—higher education, lifelong learning, etc. This could include re-establishing the Elderhostel that used to be run through Oregon Coast Community College, or other targeted marketing activities.

Rationale: Tourism is a significant contributor of jobs and revenues to Newport's economy. Growth in tourism jobs and payroll has been more or less flat for the past decade. The objective is to maintain current levels of jobs and payroll—and ideally increase them.

Who does it: Destination Newport Committee; Greater Newport Chamber of Commerce in cooperation with private businesses; Business recruitment coordinator.

Possible funding sources: Existing transient room tax funds.

When: Ongoing.

Benchmarks: Tangible marketing activities that are reported annually to the Newport City Council through the Destination Newport Committee. Travel and

tourism related economic impacts as reported by Dean Runyan Associates in their reports.

Policy 3. The City shall coordinate with the Port of Newport on shared economic development objectives

Action 3.1. Evaluate opportunities to expand the goods shipped via the Port

Description: Conduct a market analysis of potential ways to expand the goods shipped from the Port. Potential opportunities include barges of containers along the U.S. Pacific coast or shipping value-added products from the Port, where the value-added processing is done in or nearby Newport.

The City supports a meaningful industrial footprint at the Port Terminal. Development could include terminal facilities, warehouse facilities, and other facilities that support international shipping. The City will coordinate with the Port of Newport on identification and provision of infrastructure to support anticipated levels of activity.

Rationale: The feasibility assessment will provide the basis for identifying the type and scope of infrastructure improvements that will be needed.

Who does it: Port of Newport; City of Newport and the Economic Development Alliance of Lincoln County support and coordination.

Possible funding sources: Port of Newport; State planning grants (DLCD or Business Oregon).

When: As soon as possible (some work is already in progress).

Benchmarks: Completion of market analysis.

Policy 4. The City shall encourage growth of businesses involved with fishing and value-added seafood.

Action 4.1. Coordinate relationships with the Port of Newport, fishing businesses and other business interests within the community

Description: Encouraging growth of businesses involved with fishing and value-added seafood requires that city staff and elected officials have a working knowledge of the issues facing the industries. This is developed through regular engagement and interaction with the City, Port of Newport, fishing businesses, and other interested parties (e.g., the Destination Newport Committee).

The City is in the position to encourage growth in fishing and value-added seafood in a number of ways. City land use regulations and other requirements influence the environment within which the industry operates. In addition, the city owns and maintains critical infrastructure and facilities that businesses need in order to operate in Newport. Some ways that the City can assist the industry are: creating connections with other businesses in Newport to increase business, assisting with creative solutions to issues facing the industry, working through potential conflicts with other businesses and residences, or providing assistance

with industry needs for rights-of-way and parking.

In addition, the presence of fishing and value-added seafood production in Newport is part of Newport's attraction for tourists. The City can support growth of this industry through support of tourism marketing and advertising.

This action will result in periodic meetings between staff and officials with the City of Newport, Port of Newport, industry representatives, and other interested parties. The purpose of the meetings is to ensure that all stakeholders are working together to address issues and encourage growth in the industry. The action will also result in strategic use of room tax funds for supporting tourism marketing and advertising.

Rationale: Working directly with the fishing industry will allow better coordination of activities and needed improvements.

Who does it: Business growth and recruitment coordinator will set and facilitate meetings with City of Newport, Port of Newport, industry representatives, and other interested parties.

Possible funding sources: Economic improvement district and support for tourism marketing and advertising through use of room tax funds

When: Coordination meetings and project identification (year 2).

Benchmarks: Holding meetings; identification of infrastructure improvements.

WORKFORCE AVAILABILITY AND QUALITY

Goal: Provide appropriate workforce and entrepreneurial training opportunities to meet the needs of Newport's target industries

Newport has identified four target industries: marine and ocean observing research and education, tourism, fisheries, and international commerce. This goal insures that Newport has a workforce with the skills, training, and education to meet the needs of these target industries.

Strategic considerations

The City and its community partners have limited resources to invest in developing a high-quality workforce. The role of workforce development is generally assumed by educational institutions, such as the Community College, universities, and public schools (K-12). Given the limited resources available, the City will play a limited role in workforce development and primarily work through its partners in ensuring that businesses in Newport have access to qualified workers.

The information below describes the issues related to workforce availability and quality.

- Newport has an aging population, as described in the previous section. In addition, the Office of Economic Analysis forecasts that Lincoln County's percent of people 65 years and older will increase from 20% in 2000 to 30% in 2030, compared to Oregon's increase from 13% to 19% of the population. The aging workforce has skills and experience that can benefit businesses in Newport. The loss of workers as older workers exit the workforce will need to be mitigated, to ensure that businesses have access to enough workers.
- Newport has a smaller share of younger workers. About one-third of Newport's population is between the ages of 20 to 49 years, compared to 40% of Oregon's population. What can Newport do to provide opportunities for young workers at businesses in Newport, both for people raised in Newport and to attract young workers?
- An important issue for businesses in Newport is availability of a skilled and educated workforce. What can the City and other economic development stakeholders do to support better preparing the workforce to meet the needs of existing and future businesses in Newport? What can be done to provide the existing workforce with skills needed to fill jobs in marine and ocean observing research and education?

Strategies and actions

Given the strategic considerations outlined above, what actions can the City and its partners take to ensure that businesses in Newport have access to skilled workers, especially for high priority target industries? These actions should take into account the limited resources available for public investment and the role of the City and its community partners in workforce development.

Policy 5. The City shall support workforce development

Action 5.1. Provide strategic contributions in staff or dollars to partners to support workforce development

Description: Provide opportunities for communication between businesses in Newport who need employees and the Oregon Coast Community College. The City may also choose to provide support (in terms of staff or dollars) to workforce development organizations such as Oregon Coast Community College or the school district.

The TAC clearly identified the current lack of training opportunities in the area of marine research and ocean observing as a barrier. Oregon Coast Community College would be the logical organization to fill that void, however, the Community College needs funding to support more ocean-related workforce development.

Rationale: Newport has a need for qualified, trained workers, such as workers to service marine equipment or qualified mechanics for the Port.

Who does it: Newport City Council.

Possible funding sources: Existing transient room tax funds; grants.

When: Annually.

Benchmarks: Annual progress reports from Oregon Coast Community College staff , establishing how funding has contributed to workforce development.

SUPPLY OF COMMERCIAL AND INDUSTRIAL LAND

Goal: Provide an adequate number of sites of suitable sizes, types, and locations to accommodate a variety of economic opportunities over the planning period

Newport wants to provide enough land to accommodate employment growth over the 20-year planning period. Newport will need employment sites with a range of characteristics, such as different sizes, locations, access to transportation, access to the waterfront, and zoning designations. Newport wants to ensure that the City has an adequate number of sites to allow market choice for businesses in its four targeted industries, as well as for other economic opportunities.

Strategic considerations

Newport has more than 928 acres of land for commercial and industrial uses with development capacity, of which about 408 acres are unconstrained and suitable for employment uses. In addition, Newport has a substantial amount of underutilized⁹ with redevelopment potential.

- Newport's commercial and industrial land base has substantial constraints, such as steep slopes, that will prohibit development. These constraints are an issue and will require careful siting of businesses. While these constraints will create additional challenges for development in many instances, they do not necessarily preclude development.
- Newport has no commercial sites over 20 acres, two sites between 10 and 20 acres (with a total of 24 acres) and two sites between 5 and 10 acres (with a total of 16 acres). Both sites over 10 acres are located in the Wolf Tree destination resort area and are not currently serviced. No sites over five acres are available north of Yaquina Bay. Newport's industrial zone allows commercial uses outright—which could address part of the deficit. Some of this deficiency could potentially be addressed through redevelopment.
- Newport has a limited amount of unconstrained vacant or partially commercial land with development capacity (about 62 acres). Newport has a substantial amount of underutilized commercial properties, with about 90 acres that have an improvement to land ratio less than 1.00. Much of the underutilized commercial properties are along Highway 101 or just off of the Highway. These commercial properties have redevelopment potential, although it is not clear which of these sites will redevelop over the next 20-years.

⁹ Broadly, underutilized land can be consider land that is not meeting its full economic potential. In short, it is land that is not in its highest and best use. In the context of the state land use system, the terminology is a little confusing. OAR 660-009-0005(1) defines redevelopment as follows: "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period. For the purpose of clarity, we use the term developed to mean land committed to existing productive employment uses and redevelopable as lands that have potential for redevelopment during the planning period.

- Encouraging redevelopment of the commercial properties may require investments from the City. The City does not have sufficient funding to invest in redevelopment of all the underutilized commercial properties at once. The City should select a few areas with higher redevelopment potential to focus redevelopment efforts on. This could include strategies to aggregate parcels, or strategies to reduce infrastructure costs.
- Land with development capacity in South Beach is limited. The City will need to work with businesses in the marine and ocean observing research and education cluster to identify other locations for new or expanded businesses, especially those that do not require close proximity to the waterfront (i.e., research offices or fabrication of marine research equipment and instruments). In some instances, the City may want to negotiate development agreements with property to better ensure that development is consistent with the City's economic development vision.
- There is land with development capacity near the International Terminal, along and near the Bay Front. The City should work with its partners and the land owner to determine what uses are appropriate for this area, which will be important for development of marine-related industries given the limited amount of developable land along the waterfront.
- Newport has a reasonably large supply of land around the Airport. This land presents opportunities for development, especially for employment uses related to or dependent on aviation. While the land is not currently serviced, the City has identified strategies to service the land, given a business or developer who wanted to partner with the City on developing around the Airport.

Strategies and actions

Given the strategic considerations outlined above, what actions can the City and its partners take to make the best use of Newport's commercial and industrial land base? What should the City do to encourage redevelopment of commercial land, given the limited amount of vacant and partially vacant commercial? How can the City best use its existing land base to support the targeted industries, especially given the very limited land supply in South Beach? These actions should take into account the limited resources available for public investment in infrastructure and efforts to support economic development. In short, the city needs a clearly articulated strategy for the management of waterfront properties.

Policy 6. The City shall encourage better use of underutilized and/or blighted commercial sites.

Action 6.1. Evaluate creation of an urban renewal district north of Yaquina Bay

Description: The URD should address the issues of underutilized commercial and industrial properties and infrastructure deficiencies. The housing needs analysis made a similar recommendation focused on reducing housing cost by addressing infrastructure deficiencies in certain areas as identified by the city. The specific purpose should be developed through a broader set of discussions.

The URD would potentially allow the city to use the additional tools offered by the URD including flexibility to resell land, land acquisition, land assembly, loans, upgrading or razing dilapidated commercial structures, facilitating the purchase or sale of land, and other tools. The URD could also address highway corridors, sign clutter, business facades, overhead lines, etc.

The City will also need to determine the extent of the URD boundary. The TAC suggested starting with properties that are adjacent to the Highway 101 and Highway 20 corridors.

Rationale: A URD would provide the city with additional tools for land acquisition and potentially funding for economic development and infrastructure projects through the bonding authority created by the district.

Who does it: City of Newport.

Possible funding sources: Urban Renewal District.

When: Evaluation of the URD should occur in Year 1; steps to establish the district, should it have council support should occur in Year 2. Implementation would occur in subsequent years.

Benchmarks: Evaluation of URD; establishment of URD; completion of projects.

Policy 7. The City shall ensure an adequate supply of commercial and industrial sites

Action 7.1 Develop strategies to prioritize target industry uses on opportunity sites

Description: Once opportunity sites are identified for employment and business growth of the target industries, develop land use strategies to reserve these sites for use by organizations in this cluster.

The initial emphasis in site identification should be on sites that are suitable for water-related and water-dependent uses, international shipping, fishing and seafood processing, and tourism. The implementation of this strategy would be on a voluntary basis—the City is not proposing additional land use regulations to implement this strategy. Rather, the City, working with other economic development partners, will engage with individual property owners to negotiate development agreements.

According to the Municipal Research and Services Center of Washington a development agreement:

“is a contract between a local jurisdiction and a person who has ownership or control of property within the jurisdiction. The purpose of the agreement is to specify the standards and conditions that will govern development of the property. The development agreement provides assurance to the developer that he/she may proceed to develop the project subject to the rules and regulations in effect at the time of approval - the development will not be subject to subsequent changes in regulations. Development agreements should also benefit the local

jurisdiction. The city or county may include conditions (mitigation measures) that must be met to assure that a project at a specific location does not have unacceptable impacts on neighboring properties or community infrastructure. The agreement may clarify how the project will be phased, the required timing of public improvements, the developer's contribution toward funding system-wide community improvements, and other conditions. The agreement can also facilitate enforcement of requirements, since it is a contract that details the obligations of the developer and local jurisdiction.”¹⁰

ORS 94.504 provides the legal basis for development agreements in Oregon. The statute allows a city to enter into a development agreement “with any person having a legal or equitable interest in real property for the development of that property.” The statute requires development agreements include specific information (ORS 94.504(2) through (7)). The statute also requires that the agreement is consistent with local regulations and that the local government approve the agreement after notice and hearing.

To initiate this task, the City should identify the desired outcomes of the agreements and develop a list of potential elements of the development agreements. The agreements should place limitations on the use of properties to those that are consistent with the target industries. The agreement may also spell out any improvements that the city is willing to make to support development of the cluster, and under what conditions those improvements will be made. Once the general framework is established, the city should contact select property owners in areas targeted for marine research and ocean observing. The agreements should initially be targeted to properties in the South Beach area and should consider parcel size as a factor.

Rationale: Current policies allow development of sites consistent with outright allowed or conditional uses as defined in the Newport Development Code. For example, some commercial uses are allowed in the I-1 zone. Rather than use regulatory approaches, this strategy will look to voluntary and incentive based strategies. Negotiating development agreements is a way to voluntarily engage property owners without land use regulation. Having resources to assist in business recruitment (the business growth and recruitment coordinator) provides incentive for property owners to work with the City on development agreements.

Who does it: The City Community Development Department works with economic development partners to identify key provisions of the development agreements, then contacts property owners and negotiates development agreements. The economic development partners will provide support as appropriate.

Possible funding sources: City of Newport; Urban renewal funds.

When: Develop key provisions in year two; negotiate agreements in years 3-5.

¹⁰ <http://www.mrsc.org/subjects/planning/lu/developagreements.aspx>

Benchmarks: Identification and adoption of development agreements.

Action 7.2: Develop an annexation strategy for commercial and industrial properties in South Beach

Description: This action would result in an annexation strategy for commercial and industrial property in South Beach. The project would work with property owners in the unincorporated areas of the UGB to determine issues such as infrastructure provision outside of the city limits. The project ultimately will result in an Urban Growth Management Agreement (UGMA) between the City of Newport and Lincoln County that includes the South Beach area. The Newport City Council has a goal of accomplishing this in the next five years.

Rationale: Having a defined annexation strategy will ensure efficient provision of municipal services, as well as adequate sites for businesses. This strategy may also address the issue of limited number of larger commercial sites.

Who does it: City of Newport Community Development, Lincoln County Planning.

Possible funding sources: City funds; state planning grants.

When: Initiate work in year 1 or 2.

Benchmarks: Adoption of UGMA.

INFRASTRUCTURE AND PUBLIC FACILITIES

Goal: Make investments in infrastructure and public facilities to support the target industries

Newport wants to improve economic conditions and promote growth of businesses in the target industries. High quality infrastructure and public facilities are important to support economic growth. The City has limited funds to support maintenance of existing infrastructure and public facilities. The City wants to leverage the limited funds available for infrastructure and public facility maintenance and improvements through working with local partners and the State to make strategic investments.

Strategic considerations

Newport provides a range of public infrastructure: municipal water system, wastewater system and treatment, local street system, stormwater system, street lighting, multi-use paths, and parks. Newport also has a range of public facilities: recreation center, performing arts center, library, Abby Street pier, a boardwalk, and public parking lots. The City has limited funds available to maintain existing infrastructure and public facilities. Recent upgrades to the City's water and wastewater systems have been made, in part, by leveraging local funds with funds from external sources.

The information below describes the issues related to Newport's infrastructure and public facilities.

- Newport's municipal water system and wastewater treatment plan have recently been (or are in the process of being) upgraded. The City has sufficient water treatment capacity and wastewater treatment facility capacity to accommodate expected growth, including growth of industries with high water or wastewater demands. The City will need to work with existing and new businesses to meet changing demands for water and wastewater usage, such as changes to regulation of wastewater effluent temperatures or new needs of marine-based industries for wastewater treatment.
- The City has limited funds to maintain existing infrastructure and facilities and very little financial capacity to make strategic investments. Existing funds are generally used for basic maintenance.
 - The distribution system (e.g., pipes or pumps) for the water and wastewater systems are deteriorating. While the City has plans to upgrade parts of the distribution system, the needs for replacement are greater than the City's resources for maintenance. The City is heavily reliant on outside sources of revenue to maintain the systems, such as grants and loans.
 - The City has a considerable number of public facilities, some of which are important to growth of the target industries (e.g., the Abby Street pier). The City has no dedicated funds to maintain these facilities. Where appropriate, the City has used funds from the transient lodging tax revenues or business license revenues to maintain public facilities.

- The lack of funds leaves the City in a reactive position for addressing infrastructure problems. Some funds are available in the South Beach area for infrastructure maintenance and improvements through the urban renewal district. As a result, the City may be able to pro-actively support growth in South Beach and make strategic infrastructure investments.
- Much of the City's vacant land supply is on the south side of the City, south of South Beach and north of and around the Airport. In addition, Newport has some vacant buildable land at the northern side of the City. The City is extending service to some of these areas but some areas will be unserved.
 - The City is extending services on the south side of Newport to 50th Street. While the City could extend services to about 62nd Street, the vacant land south of 50th Street will remain unserved until there is developer interest in building in this area and funding to support extending services.
 - The City is extending services north of 71st Street but not beyond about 78th Street. This will leave some vacant land unserved. The slopes and land instability may make servicing some of the vacant lands in this area challenging.
- The City has a considerable supply of properties that are underutilized or redevelopable, especially along Highway 101. These sites have existing services and could support more economic activity than they currently support.
- The Yaquina Bay Bridge provides advantages to Newport, both as a connector between north and south Newport and as a historic resource. The Bridge, however, is a constraint to shipping because of low clearance and is a constraint on automotive and freight capacity on Highway 101. In addition, the Bridge is an impediment to pedestrian and bicycle traffic between South Beach and the northern part of Newport. As of now, ODOT has no plans to upgrade or replace the bridge and has not identified a future funding source to do so.

Strategies and actions

Given the strategic considerations outlined above, what actions can the City and its partners take to leverage existing funds for maintenance and upgrades to Newport's infrastructure and public facilities? These actions should take into account the limited resources available for public investment, both at the local and State level.

Policy 8. The City shall ensure adequate infrastructure is available.

Action 8.1 Identify and make infrastructure investments on the opportunity sites

Description: Once opportunity sites are identified for employment and business growth of the marine and ocean observing cluster, identify the municipal and other infrastructure deficiencies on each site (if any). Work with partners and involved stakeholders to secure funds for making necessary infrastructure upgrades. This action should engage other service providers such as the natural

gas, communications and other service providers. The Port of Newport should also be involved.

Rationale: Sites must have sufficient infrastructure capacity to be viable opportunity sites.

Who does it: The business recruitment coordinator would organize the meetings and document the results. Other economic development partners would participate and provide information. City staff would work with elected officials to prioritize the investments.

Possible funding sources: City; state and federal grants.

When: Identify infrastructure needs (After completion of the initial phases of Task 7.1; years 3-5).

Benchmarks: Identification of needs; inclusion of projects in the city's capital improvement plan; completion of projects.

Action 8.2. Coordinate provision of infrastructure to the International Terminal

Description: Trucks bringing goods to the International Terminal typically use Moore Drive to access the port from Highway 20. Depending on the results of the Port's economic and feasibility assessments, these transportation connections to the Port may need to be upgraded for additional capacity.

Rationale: Infrastructure capacity must be available for international shipping to be viable.

Who does it: Port of Newport lead; City of Newport support.

Possible funding sources: City of Newport; Port of Newport; state and federal transportation funding programs; Oregon Infrastructure Finance Authority

When: As soon as the Port identifies needs the City should work to conduct preliminary project evaluations and get them into the capital improvement program. This action links to Action 3.1 and is contingent upon substantial progress towards that Action.

Benchmarks: Completion of feasibility assessment (Port); identification of projects; projects included in the CIP.

Action 8.3. Develop and maintain infrastructure used by visitors

Description: Where legally allowed or permissible, use lodging and local gas tax revenues to support or maintain infrastructure used by visitors, such as local roads and sidewalks in areas frequented by visitors. Use lodging and local gas tax revenues for street-scaping and improving the appearance of Highway 101.

This action would include development of specific policy language related to use of transient room tax revenues for development of infrastructure, including as match to other state and federal grants.

Rationale: Strategic investments in visitor infrastructure will encourage tourism.

Who does it: City Public Works Department; input from the Greater Newport Chamber of Commerce.

Possible funding sources: Transient lodging and local gas tax revenues.

When: Years 1 through 5.

Benchmarks: Completion of projects.

Action 8.4. Develop infrastructure needed to support fishing and seafood processing

Description: Changes in permitting and fishing quotas have impacted the industry in significant ways. This action would identify specific things Newport or its partners could do to maintain the commercial finishing industry. This could include issues such as ensuring that permits stay in Newport if operators retire or move, providing support for additional infrastructure such as ice making, and other actions.

Coordinate with fishery businesses to understand their future business plans and infrastructure needs. Work with stakeholders to develop or maintain infrastructure needed to maintain businesses in fishing, ensuring that fishing rights stay in Newport. This action should include a regular forum for the City, the Port and other organizations to meet with representatives of the fishing industry.

This action will include an assessment of the condition of in-water structures – docks and other facilities. These facilities are owned by the City, the Port of Newport and private entities. Ideally, this assessment would be coordinated and completed by all relevant entities at the same time.

Rationale: Working directly with the fishing industry will allow better coordination of activities and needed improvements. Commercial fishing and seafood processing are one of Newport's core industries. It is important that Newport maintain this industry.

Who does it: Local operators, OSU Sea Grant, and the OSU Extension Agent; City of Newport and Port of Newport are in supporting roles.

Possible funding sources: Economic Development Improvement District; City, state or federal transportation funds, Connect Oregon; Oregon Infrastructure Finance Authority.

When: As appropriate.

Benchmarks: Holding meetings; identification of infrastructure improvements; completion of projects.

Action 8.5: Work with ODOT to upgrade or replace the Yaquina Bay Bridge

Description: The Yaquina Bay Bridge is the primary connection between the northern and southern portions of Newport. It is also a historic resource that is part of the cultural and economic fabric of the community and state, and is a tourist attraction. The bridge is near the end of its engineered life and has both capacity and safety issues. Ultimately, the Oregon Department of Transportation

will determine if and when to upgrade or replace the bridge. Because of the nature of this critical transportation lifeline and cultural and economic resource, the City will continue to work with ODOT and other partners to encourage ODOT to initiate planning studies on the span that will ultimately result in inclusion in the Statewide Transportation Improvement Program.

Rationale: Having a safe and efficient transportation connection between the two areas of Newport is critical to future economic development, as is the cultural and economic impact that such a significant historic structure as the Yaquina Bay Bridge has on the community and state.

Who does it: City, Port of Newport, Greater Newport Chamber of Commerce, Economic Development Alliance of Lincoln County.

Possible funding sources: This primarily requires staff effort.

When: Ongoing.

Benchmarks: Obtaining a firm commitment from the State of Oregon to initiate planning efforts to replace the span.

Implementation

Figure 1 shows the proposed implementation schedule for the Newport Economic Development Strategy.

Figure 1. Proposed implementation schedule

Goal/Action	2012				2013				2014				2015				2017				2018		
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr			
JOB GROWTH																							
Goal: Create conditions that are attractive to the growth of existing business and attract new businesses to Newport to create new jobs																							
<i>Action: Create and staff a Business Growth and Recruitment Coordinator function</i>																							
Strategy 1. Facilitate growth of employment in the marine and ocean observing research and education cluster																							
<i>Action 1.1. Identify a person or organization responsible for coordinating among stakeholders</i>																							
<i>Action 1.2. Develop a strategic and business plan to guide growth of the marine and ocean observing cluster</i>																							
<i>Action 1.3. Identify opportunity sites for growth of the marine and ocean observing cluster</i>																							
<i>Action 1.4. Stakeholder workshops</i>																							
Strategy 2. Encourage growth of tourism-related employment																							
<i>Action 2.1. Develop tourism-related amenities and facilities.</i>																							
<i>Action 2.2. Work with the Port of Newport to study opportunities to make Newport a destination for cruise ships and other recreational activities.</i>																							
<i>Action 2.3. Maintain meaningful tourism marketing</i>																							
Strategy 3. Coordinate with the Port of Newport on shared economic development objectives																							
<i>Action 3.1. Evaluate opportunities to expand the goods shipped via the Port</i>																							
Some work in progress; schedule TBD																							
Strategy 4. Encourage growth of businesses involved with fishing and value-added seafood.																							
<i>Action 4.1. Coordinate relationships with the Port of Newport, fishing businesses and other business interests within the community</i>																							
WORKFORCE AVAILABILITY & QUALITY																							
Goal: Provide appropriate workforce training opportunities to meet the needs of Newport's target industries																							
Strategy 5. Support workforce development																							
<i>Action 5.1 – Provide strategic contributions in staff or dollars to partners to support workforce development</i>																							
SUPPLY OF COMMERCIAL AND INDUSTRIAL LAND																							
Goal: Provide an adequate number of sites of suitable sizes, types, and locations to accommodate a variety of economic opportunities over the planning period																							
Strategy 6. Encourage better use of underutilized commercial sites.																							
<i>Action 6.1. Evaluate creation of an urban renewal district north of Yaquina Bay</i>																							
Strategy 7. Ensure an adequate supply of commercial and industrial sites																							
<i>Action 7.1. Develop policies to prioritize target industry uses on opportunity sites</i>																							
<i>Action 7.2. Develop an annexation strategy for commercial and industrial properties in South Beach</i>																							
INFRASTRUCTURE AND PUBLIC FACILITIES																							
Goal: Make investments in infrastructure and public facilities to support the target industries																							
Strategy 8. Ensure adequate infrastructure is available.																							
<i>Action 8.1. Identify and make infrastructure investments on the opportunity sites</i>																							
<i>Action 8.2. Coordinate provision of infrastructure to the International Terminal</i>																							
Contingent upon completion of Action 3.1; probably years 3-5																							
<i>Action 8.3. Develop and maintain infrastructure used by visitors</i>																							
<i>Action 8.4. Develop infrastructure needed to support fishing and seafood processing</i>																							
As appropriate; coordinate with Action 4.1																							
<i>Action 8.5. Work with ODOT on upgrades to Yaquina Bay Bridge</i>																							