



Oregon

Theodore R. Kulongoski, Governor

Department of Land Conservation and Development

635 Capitol Street NE, Suite 150

Salem, Oregon 97301-2524

Phone: (503) 373-0050

First Floor/Coastal Fax: (503) 378-6033

Second Floor/Director's Office: (503) 378-5518

Web Address: <http://www.oregon.gov/LCD>

NOTICE OF ADOPTED AMENDMENT

June 20, 2006



TO: Subscribers to Notice of Adopted Plan
or Land Use Regulation Amendments

FROM: Mara Ulloa, Plan Amendment Program Specialist

SUBJECT: City of Newport Plan Amendment
DLCD File Number 006-05

The Department of Land Conservation and Development (DLCD) received the attached notice of adoption. A copy of the adopted plan amendment is available for review at the DLCD office in Salem and the local government office. Due to the size of amended material submitted, a complete copy has not been attached.

Appeal Procedures*

DLCD ACKNOWLEDGMENT or DEADLINE TO APPEAL: July 3, 2006

This amendment was submitted to DLCD for review 45 days prior to adoption. Pursuant to ORS 197.830 (2)(b) only persons who participated in the local government proceedings leading to adoption of the amendment are eligible to appeal this decision to the Land Use Board of Appeals (LUBA).

If you wish to appeal, you must file a notice of intent to appeal with the Land Use Board of Appeals (LUBA) no later than 21 days from the date the decision was mailed to you by the local government. If you have questions, check with the local government to determine the appeal deadline. Copies of the notice of intent to appeal must be served upon the local government and others who received written notice of the final decision from the local government. The notice of intent to appeal must be served and filed in the form and manner prescribed by LUBA, (OAR Chapter 661, Division 10). Please call LUBA at 503-373-1265, if you have questions about appeal procedures.

***NOTE: THE APPEAL DEADLINE IS BASED UPON THE DATE THE DECISION WAS MAILED BY LOCAL GOVERNMENT. A DECISION MAY HAVE BEEN MAILED TO YOU ON A DIFFERENT DATE THAN IT WAS MAILED TO DLCD. AS A RESULT YOUR APPEAL DEADLINE MAY BE EARLIER THAN THE ABOVE DATE SPECIFIED.**

Cc: Gloria Gardiner, DLCD Urban Planning Services Specialist (email)
Laren Woolley, DLCD Regional Representative (email)
James Bassingthwaite, Planning Director, City of Newport
<paa> <lya/

D L C D NOTICE OF ADOPTION

This form must be mailed to DLCD within 5 working days after the final decision
per ORS 197.610, OAR Chapter 660 - Division 18

(See reverse side for submittal requirements)

DEPT OF

JUN 13 2006

LAND CONSERVATION
AND DEVELOPMENT

Jurisdiction: City of Newport Local File No.: File No. 2-CP-05
(If no number, use none)

Date of Adoption: June 5, 2006 Date Mailed: June 12, 2006
(Must be filled in) (Date mailed or sent to DLCD)

Date the Notice of Proposed Amendment was mailed to DLCD: December 7, 2005

- Comprehensive Plan Text Amendment
- Comprehensive Plan Map Amendment
- Land Use Regulation Amendment
- Zoning Map Amendment
- New Land Use Regulation
- Other: _____
(Please Specify Type of Action)

Summarize the adopted amendment. Do not use technical terms. Do not write "See Attached."

Revision of "Economic Section" of Comprehensive plan to incorporate updated
information and policies based on the Newport Employment Lands and Conceptual
Land Use Planning Project

Describe how the adopted amendment differs from the proposed amendment. If it is the same, write "Same." If you did not give notice for the proposed amendment, write "N/A."

Minor non-substantive wording changes and correction of grammar/typographical errors

Plan Map Changed from: --- to ---

Zone Map Changed from: --- to ---

Location: --- Acres Involved: ---

Specify Density: Previous: --- New: ---

Applicable Statewide Planning Goals: 2, 9

Was an Exception Adopted? Yes: --- No: X

DLCD File No.: 006-05(14857)

Did the Department of Land Conservation and Development receive a notice of Proposed

Amendment **FORTY FIVE (45) days prior to the first evidentiary hearing.** Yes: * No:

* mailed in time for DLCD to receive 45 days prior

If no, do the Statewide Planning Goals apply. Yes: No:

If no, did The Emergency Circumstances Require immediate adoption. Yes: No:

Affected State or Federal Agencies, Local Governments or Special Districts: _____

City of Newport, DLCD, Port of Newport

Local Contact: James Bassingthwaite Area Code + Phone Number: (541) 574-0626

Address: 169 SW Coast Highway

City: Newport Zip Code+4: 97365-4713

ADOPTION SUBMITTAL REQUIREMENTS

This form **must be mailed** to DLCD **within 5 working days after the final decision**
per ORS 197.610, OAR Chapter 660 - Division 18.

1. **Send this Form and TWO (2) Copies of the Adopted Amendment to:**
ATTENTION: PLAN AMENDMENT SPECIALIST
DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT
635 CAPITOL STREET NE, SUITE 150
SALEM, OREGON 97301-2540
2. Submit **TWO (2) copies** the adopted material, if copies are bounded please submit **TWO (2) complete copies** of documents and maps.
3. **Please Note:** Adopted materials must be sent to DLCD not later than **FIVE (5) working days** following the date of the final decision on the amendment.
4. Submittal of of this Notice of Adoption must include the text of the amendment plus adopted findings and supplementary information.
5. The deadline to appeal will be extended if you submit this notice of adoption within five working days of the final decision. Appeals to LUBA may be filed within **TWENTY-ONE (21) days** of the date, the "Notice of Adoption" is sent to DLCD.
6. In addition to sending the "Notice of Adoption" to DLCD, you must notify persons who participated in the local hearing and requested notice of the final decision.
7. **Need More Copies?** You can copy this form on to 8-1/2x11 green paper only ; or call the DLCD Office at (503) 373-0050; or Fax your request to:(503) 378-5518; or Email your request to Larry.French@state.or.us - ATTENTION: PLAN AMENDMENT SPECIALIST.

CITY OF NEWPORT
ORDINANCE NO. 1891

**AN ORDINANCE AMENDING ORDINANCE NO. 1621 (AS AMENDED) OF
THE CITY OF NEWPORT, OREGON, TO AMEND THE ECONOMIC
SECTION, APPENDIX C, AND BIBLIOGRAPHY OF THE CITY OF NEWPORT
COMPREHENSIVE PLAN: 1990-2010**

WHEREAS, the City Council authorized the initiation of an amendment to the Economic Section of the City of Newport Comprehensive Plan (Ordinance No. 1621, as amended) on August 15, 2005,

WHEREAS, the proposed amendment to the Newport Comprehensive Plan Economic Section would include new and updated data, text, inventories and graphics, conclusions and proposed changes in Policies 1 and 2 of Goal 1 of the Economic Section on how to address future commercial land needs based on the September 2005 Employment Lands & Conceptual Land Use Planning Project document,

WHEREAS, the information for the proposed amendment to the Economic Section was developed as part of the Employment Lands and Conceptual Land Use Planning Project and included public participation as further detailed in the findings, including small group economic focus sessions with various members of the community and an appointed Employment Lands and Conceptual Land Use Planning Ad Hoc Advisory Committee, in the development of the information that serves as the basis for the amendment,

WHEREAS, the Planning Commission of the City of Newport, after providing the required public notification including the notification to the Department of Land Conservation & Development, held a public hearing on January 23, 2006, on the proposed amendment (Newport File No. 2-CP-05) for the purpose of reviewing the proposed ordinance and providing a recommendation to the City Council,

WHEREAS, the above said public hearing was held in accordance with the appropriate provisions of the city ordinances, and, after due deliberation and consideration of the proposed change, the Planning Commission, by a unanimous vote, did recommend that the proposed comprehensive plan text amendment be adopted by the City Council of the City of Newport with a minor language modification; and

WHEREAS, the City Council of the City of Newport, after providing the required public notification, held a public hearing on April 17, 2006, regarding the question of the proposed comprehensive plan amendment (Newport File No. 2-CP-05), and voted in favor of adoption of the proposed amendment with several minor language modifications after considering the recommendation of the Planning Commission, the Planning Staff Memorandum and attachments, the Planning Staff Memorandum Update and attachments, and the evidence and argument presented at the public hearing,

NOW, THEREFORE, THE CITY OF NEWPORT ORDAINS AS FOLLOWS:

Section 1. The City Council adopts the findings (as supported by the Planning Staff Memorandum and Update with the attachments and testimony submitted before the City Council and Planning Commission) contained in Exhibit "A" in support of approval of the amendment to the Economic Section of the City of Newport Comprehensive Plan: 1990-2010.

Section 2. Ordinance No. 1621 (as amended) is amended to adopt the attached Economic Section in Exhibit "B" to replace the existing Economic Section of the City of Newport Comprehensive Plan: 1990-2010 beginning on page 115.

Section 3. Appendix "C" of the City of Newport Comprehensive Plan: 1990-2010 is hereby amended to replace the document entitled "An Inventory of Vacant Commercial and Industrial Land in Toledo and Newport" prepared by SR Enterprises (for the Yaquina Bay Economic Foundation) dated April 1995 (previously adopted as a reference document for the Economic Section by Ordinance No. 1755) with the document entitled "Employment Lands & Conceptual Land Use Planning Project: Economic Planning" dated September 2005 as contained in Exhibit "C" of this ordinance for use as a reference document with the Economic Section amendment adopted by this ordinance.

Section 4. The Bibliography section of the City of Newport Comprehensive Plan: 1990-2010 is hereby amended as follows to delete documents referenced by the old Economic Section and to add new documents referenced in the Economic Section amendment adopted by this ordinance:

A. Delete the following items from the Bibliography:

SR ENTERPRISES. "YAQUINA BAY ECONOMIC FOUNDATION: An Inventory of Vacant Commercial and Industrial Land in Toledo and Newport." April, 1995.

State of Oregon Economic Development Department, Growth Industries Report, Volume 4.

B. Add the following items to the Bibliography:

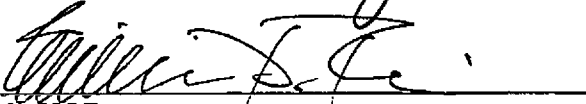
Benkendorf Associates Corp, et. al., "EMPLOYMENT LANDS & CONCEPTUAL LAND USE PLANNING PROJECT: ECONOMIC PLANNING." September, 2005.

Benkendorf Associates Corp., et al., "APPENDIX: EMPLOYMENT LANDS & CONCEPTUAL LAND USE PLANNING PROJECT", APPENDICES A – H. September 2005.

Introduced and passed on first reading in a regular meeting of the City Council of the City of Newport, Oregon, held on the 15th day of May, 2006.

Passed on second reading, placed for final passage, and adopted by the City Council of the City of Newport, Oregon, on the 5th day of June, 2006.

Approved by the Mayor of the City of Newport, Oregon, on the 5th day of June, 2006.


MAYOR

ATTEST:

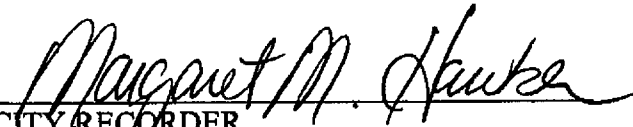

CITY RECORDER

EXHIBIT "A"

FINDINGS FOR
ECONOMIC SECTION COMPREHENSIVE PLAN AMENDMENT
(File No. 2-CP-05)

I. Required findings necessary to modify Data, Text, Inventories or Graphics, Conclusions, and Policy 1 and 2 of Goal 1 of the Economic Section of the Newport Comprehensive Plan. (Requirements in bold font and Findings in plain text).

The Newport Comprehensive Plan Section entitled "Administration of the Plan" (p. 287-288) requires Findings of Fact as follows for the applicable amendments:

- A. **Data, Text, Inventories or Graphics:**
 - 1) New or updated information.

- B. **Conclusions:**
 - 1) **Change or addition to the data, text, inventories, or graphics which significantly affects a conclusion that is drawn for that information.**

- C. **Goals and Policies:**
 - 1) **A significant change in one or more conclusion; or**
 - 2) **A public need for the change; or**
 - 3) **A significant change in community attitudes or priorities; or**
 - 4) **A demonstrated conflict with another plan goal or policy that has a higher priority; or**
 - 5) **A change in a statute or statewide agency plan; and**
 - 6) **All the Statewide Planning Goals.**

II. Updated Information to amend the Data, Text, Inventory, and Graphics:

Required Findings:

- A. **Amendment to the Data, Text, Inventories and Graphics of the Economic Section.**
 - 1) **New or updated information.**

Proposed Findings:

1. The current Economic Section of the Newport Comprehensive Plan was last completely overhauled by amendment in 1996. Much of the information used in the 1996 amendment to the Economic Section was from 1994 and 1995, such as the Economic Characteristics section (1994 State of Oregon Employment Department information), Employment Projections Section (projections based on 1994 data for additional employees and additional business by sector) and Land Needs (based on an April 1995 Yaquina Bay Economic Foundation Report entitled An Inventory of Vacant Commercial and Industrial Land in Toledo and Newport). Most of the data the current Economic Section is based on is therefore around 10 years old.
2. The current Economic Section of the Comprehensive Plan is based on time frame projection between 1995 and 2015. The Land Needs section was updated in 2003 for the Vacant Commercial and Industrial Lands (Table 5) and the Land Needs by Sector (Table 6), but much of the underlying economic data was still from the 1994/1995 time frame.
3. The City of Newport has completed an updated economic development strategy in 2005 for the City as part of the City of Newport's Employment Lands and Conceptual Land Use Planning project. Updated information includes a new economic development visions and goals, a strategic action plan, an economic analysis (including a baseline analysis of national, state, and local trends, a commercial/industrial land inventory, an industry cluster analysis, a competitive market area analysis, an evaluation of business and land needs, projected growth scenarios, a discussion of employment land configuration and development issues, a discussion of the focus group consensus, and an identification of Newport support programs), and supporting documentation (including baseline economic statistics and analysis, Newport focus group summary, site requirements by land use type, Newport support programs, SBA loan and SBOR/STTR grant activity, and a commercial/industrial vacant land inventory). The updated information is contained in the document entitled Employment Lands and Conceptual Land Use Planning Project (September 2005).
4. Significant new and updated information has been provided by the Employment Lands and Conceptual Land Use Planning Project requiring that the data, text, inventories and graphics of the Economic Section be amended to reflect the new information.

III. Amendment to the Conclusions portion of the Economic Section:

A. Required Findings:

B. Conclusions:

1) Change or addition to the data, text, inventories, or graphics which significantly affects a conclusion that is drawn for that information.

B. Proposed Findings:

1. The existing conclusion section of the Economic Section of the Newport Comprehensive Plan identifies a shortage of commercial and industrial land needs based on the older information contained with the existing Economic Section of the Comprehensive Plan that has been changed by the addition of updated data, text, inventories, and graphics provided by the Employment Lands and Conceptual Land Use Planning Project in 2004/2005.

2. The City of Newport completed an updated economic development strategy for the City as part of the City of Newport's Employment Lands and Conceptual Land Use Planning project. Updated information includes a new economic development visions and goals, a strategic action plan, an economic analysis (including a baseline analysis of national, state, and local trends, a commercial/industrial land inventory, an industry cluster analysis, a competitive market area analysis, an evaluation of business and land needs, projected growth scenarios, a discussion of employment land configuration and development issues, a discussion of the focus group consensus, and an identification of Newport support programs), and supporting documentation (including baseline economic statistics and analysis, Newport focus group summary, site requirements by land use type, Newport support programs, SBA loan and SBOR/STTR grant activity, and a commercial/industrial vacant land inventory). The updated information is contained in the document entitled Employment Lands and Conceptual Land Use Planning Project (September 2005). The economic portion of the 2005 Employment Lands was prepared to be consistent with the applicable Statewide Land Use Planning Goal 9 requirements and the applicable sections of OAR 660-009-0000 through OAR 660-009-0025.

3. The existing Comprehensive Plan draws a conclusion in the Economic Section that the South Beach area shall be rezoned to commercial in order to meet all of the City of Newport's projected commercial land needs. However, the updated information and public input through the

Employment Lands and Conceptual Land Use Planning Project recommends accommodating only a portion of the projected commercial land need in the South Beach area of Newport and focusing on redevelopment efforts and potential rezoning of property on the north side of the Bay to accommodate additional commercial demand.

4. Significant new and updated information has been provided by the Employment Lands and Conceptual Land Use Planning Project requiring that the data, text, inventories and graphics of the Economic Section be amended to reflect the new information and that the conclusions drawn from the information also be updated.

IV. Amendment to the Policy 1 and Policy 2 of Goal 1 of the Economic Section:

A. Required Findings:

C. Goals and Policies:

- 1) A significant change in one or more conclusion; or
- 2) A public need for the change; or
- 3) A significant change in community attitudes or priorities; or
- 4) A demonstrated conflict with another plan goal or policy that has a higher priority; or
- 5) A change in a statute or statewide agency plan; and
- 6) All the Statewide Planning Goals.

B. Proposed Policy Changes:

Policy 1 of Goal 1 currently states:

Policy 1: There is a shortage of commercial property in the city's urban growth boundary. The city shall rezone and redesignate the South Beach area to commercial to accommodate the need.

Policy 1 of Goal 1 should be amended to state:

Policy 1: *The City will address the need for commercial property within the City's Urban Growth Boundary.*

Implementation Measure 1. The City shall rezone and redesignate a portion of the South Beach area to commercial to accommodate some of the need. In order to provide priority to serving the new commercial areas within the South Beach Neighborhood Land Use Plan with necessary services and to facilitate the build out of that area, the City is not proposing to include all the projected commercial land needed within the UGB over the 20 year period at the present time of adoption of this Implementation Measure.

Implementation Measure 2. North of Yaquina Bay, the City will focus on the redevelopment and/or conversion of existing areas for commercial uses to encourage efficient use of land already developed with urban level services that are currently underdeveloped or underutilized. The City will also examine areas in the downtown area down to the Bayfront and west of the downtown area between Highway 101 and the Nye Beach area for potential conversion to commercial Comprehensive Plan designations and Zones or other such designations that may provide for additional commercial opportunities.

Policy 2 of Goal 1 currently states:

Policy 2: The City will review proposed expansions of the urban growth boundary to accommodate the anticipated need for commercial and industrial land, for the purposes of implementing the Goal 1 policy of maintaining an adequate supply of land, based on: 1) a demonstrated deficit of net available gross acreage in industrial and commercial land as identified in Table 6; or 2) a determination of an inadequate supply of vacant industrial and commercial land available to supply sites of suitable sizes, types, locations, and service levels necessary to meet a variety of industrial and commercial uses. Upon a finding that either a general deficit exists in the available gross acreage of industrial and/or commercial land as identified in Table 6 or upon a finding that there is not an adequate supply of sites of suitable sizes, types, locations, and service levels of existing industrial and/or commercial land, the City will approve a proposed expansion to the urban growth boundary for the purposes of the Economic Section provided other applicable requirements and criteria are met with the proposed expansion.

Policy 2 of Goal 1 should be amended to remove the reference to Table 6 (as that Table has been deleted in the proposed data, inventory, text, and graphics amendments) as follows:

Policy 2: The City will review proposed expansions of the urban growth boundary to accommodate the anticipated need for commercial and industrial land, for the purposes of implementing the Goal 1 policy of maintaining an adequate supply of land, based on: 1) a demonstrated deficit of net available gross acreage in industrial and commercial land or 2) a determination of an inadequate supply of vacant industrial and commercial land available to supply sites of suitable sizes, types, locations, and service levels necessary to meet a variety of industrial and commercial uses. Upon a finding that either a general deficit exists in the available gross acreage of industrial and/or commercial land or upon a finding that there is not an adequate supply of sites of suitable sizes, types, locations, and service levels of existing industrial and/or commercial land, the City will approve a proposed expansion to the urban growth boundary for the purposes of the Economic Section provided other applicable requirements and criteria are met with the proposed expansion.

C. Proposed Findings:

1. The adoption of the above-proposed amended conclusion to the Economic Section satisfies the requirement for amending a policy that a finding be made identifying a significant change in one or more conclusions for the proposed amendments to Policy 1 and 2 of Goal 1 of the Economic Section.

2. Additionally, there is a public need for the proposed amendment as the proposed amendment to Policy 1 of Goal 1 is necessary to explain and implement the Economic Section Goal 1 requirement to maintain an adequate supply of land as discussed in the proposed text amendment under "Summary of Industrial and Commercial Land Need."

3. The proposed amendment is also consistent with the Statewide Land Use Planning Goals. Specifically:

A. In regard to Statewide Planning Goal 1 (Citizen Involvement), the acknowledged Newport Comprehensive Plan establishes the City of Newport's Goal 1 program on pages 291 and 292. In regard to the specific Policies and Implementation Measures, the following information is provided demonstrating conformance with the goal of encouraging citizen involvement:

1. Policy 1 contains at least three possible implementation measures (IM) to implement Policy 1 requirements of encouraging public involvement that may be or not be applicable depending on the nature of the proposed amendment. The City may use any one of the three implementation methods (or combinations thereof) to meet the Policy 1 requirements of encouraging public involvement. Additionally, as the city undertook the legislative process of amending the Comprehensive Plan, additional opportunities for public involvement occurred at public hearings held by the Newport Planning Commission on January 23, 2006, and the Newport City Council on April 17, 2006. A public worksession overview of the proposed amendment was also held by the Newport Planning Commission on January 23, 2006.

A. Policy 1, IM 1 (Planning Commission to serve as official Citizens' Advisory Committee to the City Council / appointment of a Citizens' Advisory Committee on major changes). Under Policy 1, IM 1, the Newport Planning Commission is the official Citizens' Advisory Committee to the City Council and the Planning Commission has been used to develop legislative changes to the Comprehensive Plan and implementing ordinances. If the Planning Commission determines that a major legislative change is under consideration, the Commission may designate a Citizens' Advisory Committee for the purposes of using Policy 1 IM 1 as a means to

encourage public involvement. The Newport Planning Commission appointed a three person Citizens' Advisory Committee from the community at large (Bob Beal, Linda Mosley, and David Baker) on February 23, 2004, to help review potential major changes to the Comprehensive Plan and Zoning Ordinance. The Newport Planning Commission and Citizens' Advisory Committee reviewed the proposed amendments to the Economic Section in a work session on July 25, 2005.

B. Policy 1, IM 2 in the first part addresses possible City promotion or assistance to neighborhood organizations to assist in decision making. The second part of Policy 1, IM 2 relates to allowing the Council or Commission to hold meetings in neighborhoods affected by issues under consideration. Both the first and second parts are at the discretion of the Council or Commission and are not a specific requirement prior to amendment adoption. In regard to the Employment Lands and Conceptual Land Use Planning Project, two open houses were held, including an open house on the South Beach area in the South Beach area at the Hatfield Marine Science Center (located in South Beach) on November 17, 2004. Additionally, two meetings with members of the former South Beach Neighborhood Planning group (a neighborhood group that had been working with the City on a previous South Beach planning effort) were held on October 20, 2004, and March 9, 2005, to discuss issues relating to the development of the Employment Lands and Conceptual Land Use Planning Project with City staff and the consultants on the project. In relation to the amendments to the Economic Section and the South Beach area of Newport, the open houses and the meetings with the South Beach Neighborhood Planning group were useful in formulating the proposed change in the Economic Section Policy 1, Goal 1.

C. Policy 1, IM 3 allows for the formation of an ad hoc advisory committee for the study of an important issue. A 20 member Ad Hoc Advisory

Committee for the Employment Lands and Conceptual Land Use Planning Project was appointed by Mayor Mark Jones and confirmed by the City Council. The Ad Hoc Advisory Committee included a variety of persons representing different interests. The Ad Hoc Advisory Committee had seven ad hoc advisory committee meetings (occurring September 2004 through April 2005).

2. Policy 2 relates to encouraging the participation of citizens in the legislative stage of plan and ordinance development rather than in the quasi-judicial stage.

A. Policy 2, IM 1 relates to reasonable attempts for public contact and input in the formulation of comprehensive plan elements and ordinance provisions.

1. The proposed Economic Section amendments are based on the economic development strategy developed through a public process that included a 20 member Employment Lands and Conceptual Land Use Planning Project Ad Hoc Advisory Committee, two days of small group focus sessions on economic development issues in October 2004 involving numerous members of the community (see Employment Lands and Conceptual Land Use Planning Project (September 2005) in the Appendix section on the focus groups) and two open house sessions on the South Beach area issues in November and December 2004. Additionally, two meetings with the former member of the South Beach Neighborhood Planning group were held. A Planning Commission worksession with the Commissions' Citizen Advisory Committee members for review of the proposed Economic Section amendment was held on July 25, 2005. A more detailed explanation of the public involvement process (including local media coverage) is discussed in the document entitled Employment Lands and

Conceptual Land Use Planning Project
(September 2005).

2. The City has also maintained a website for the Employment Lands & Conceptual Land Use Planning Project linked off of the main page of the City of Newport's website at www.thecityofnewport.net which has included information on the project and agendas for open houses, meetings, and public hearings.

3. Additionally, information on the Employment Lands project was included in the August 16, 2004, and December 14, 2004, editions of the Coastal Futures Update (produced by the Oregon Coastal Futures Project – which is a project of the 1000 Friends of Oregon, Oregon Downtown Development Association and the Oregon Shores Conservation Coalition) with links to the City's website.

4. Formal public hearings were also held before both the Planning Commission (on January 23, 2006) and the City Council (on April 17, 2006) prior to adoption of the proposed policies. Additionally, the Planning Commission hosted a public worksession on January 23, 2006, to review the proposed amendment. These public hearings provided additional opportunity for public involvement in the legislative stage. The media was provided press releases in advance of the public hearings and the Newport News-Times published articles about the proposed amendment and radio stations carried information about the proposed amendments.

B. Policy 2, IM 2 and IM 3 are not applicable to this Comprehensive Plan amendment as these implementation measures related to clear and objective standards and discretionary standards and who makes the decision for review of development.

C. Policy 2, IM 4 establishes the Planning Commission as the official Committee for Citizen Involvement. As part of the Planning Commission's role in comprehensive plan amendments as established in the Newport Comprehensive Plan on page 287 (under Initiation and under Hearings and Notification), the Planning Commission held a public hearing and public worksession on the matter on January 23, 2006, and reviewed the amendment and made a recommendation to the City Council. The public hearing was advertised to the local media and was posted on the Employment Lands & Conceptual Land Use Planning Project website to allow for the input of citizens.

B. In regard to Statewide Planning Goal 2 (Land Use Planning), the City of Newport's Comprehensive Plan has been acknowledged as being in compliance with the Statewide Planning Goals, including Goal 2. The Newport Comprehensive Plan section entitled "Administration of the Plan" specifies how amendments to the plan are made. The proposed amendment followed the requirements for an amendment found in the Newport Comprehensive Plan and is therefore found to be in compliance with Statewide Planning Goal 2.

C. In regard to Statewide Planning Goal 3 (Agricultural Lands), Goal 4 (Forest Lands), Goal 5 (Open Spaces, Scenic and Historic Areas and Natural Resources), Goal 6 (Air, Water and Land Resources Policy), Goal 7 (Areas Subject to Natural Disasters and Hazards), Goal 8 (Recreation Needs), Goal 10 (Housing), Goal 11 (Public Facilities and Services), Goal 12 (Transportation), Goal 13 (Energy Conservation), Goal 14 (Urbanization), Goal 16 (Estuarine Resources), Goal 17 (Coastal Shorelands), Goal 18 (Beaches and Dunes), the following findings are proposed:

1. For the change in language to Goal 1, Policy 1, these Statewide Planning goals are not applicable. The purpose of Goal 1, Policy 1, Implementation Measures 1 and 2 is to satisfy the requirements of the Economic Section for the allocation of future commercial land need.
2. For the change in language to Goal 1, Policy 2, these Statewide Planning goals are not applicable as the proposed change is to remove a reference to an existing Table that

will be deleted under the proposed data, text, inventories and graphics amendment.

D. In regard to Statewide Planning Goal 9 (Economic Development), the proposed Goal 1, Policy 1 changes implements the requirement of Statewide Planning Goal 9 to provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of commercial uses consistent with comprehensive plan policies. The change in language to Goal 1, Policy 2, to remove the reference to a Table is still consistent with Statewide Planning Goal 9.

E. In regard to Statewide Planning Goal 15 (Willamette River Greenway) and Goal 19 (Ocean Resources), the proposed Goal 1, Policy 1 and 2 changes will not have an impact on either of these two Goals as Statewide Planning Goal 15 involves land along the Willamette River and Statewide Planning Goal 19 involves Ocean Resources.

ECONOMIC SECTION¹

Introduction:

Newport, due to its coastal location, originally developed as a tourist center for the Willamette Valley, with fishing and lumbering as secondary activities. Over the past century, it has become the economic core for Lincoln County. Newport is the major source of retail goods and services for county residents, the governmental center, and the area providing the most jobs. The city is also a major transportation hub with important state highway routes to the north, south, and east, an instrument landing system (ILS) equipped airport, and a deep-water port.

One hundred fourteen highway miles southwest of Portland and 55 miles west of Corvallis, Newport's present economic base consists of tourism and recreation, fishing and seafood processing, forest products, manufacturing, ocean research and education, governmental services, and retail trade.

The City in 2005 completed an updated Economic Development Vision & Goals, an updated Economic Development Strategic Action Plan, and an updated Economic Analysis as part of the City of Newport's Employment Lands and Conceptual Land Use Planning Project². The resulting document, entitled Employment Lands & Conceptual Land Use Planning Project (herein referred to as the "2005 Employment Lands" document) (dated September, 2005, pages 1 to 61) and accompanying Appendices "A"- "H" (dated September, 2005, pages 1 to 76) are hereby incorporated by reference into the Comprehensive Plan Economic Section. Portions of the 2005 Employment Lands document are provided in a condensed format within the following sections.

Economic Vision and Major Development Goals:

The Vision Statement included within the 2005 Employment Lands document and the major economic development goals are as follows:

Vision Statement: "The City of Newport Proactively Sustains a Growing Economy for a Diversity of Existing and Emerging Competitive Business through:

- Innovative Coordination with its Core Economic Clusters;
- Supporting Development of a Skilled Workforce,
- Fostering Conditions for New Entrepreneurial Opportunities, and
- Continuing as a Strong Partner within the Framework of Local and Regional Economic Development Efforts"

¹ Amended in its entirety by Ordinance No. 1755 (11-18-96); pages 125-136 now blank; readopted with amendments by Ordinance No. 1870 (03-01-04), readopted substantially amended by Ordinance No. _____ (_____).

² Financial assistance for the Employment Lands project was provided by the Department of Land Conservation and Development, City of Newport and Newport Development Commission.

The major economic development goals for the Newport Economy are:

1. Ensure an Adequate Supply of Land and Business Space, Specifically to Encourage Diversity of Business Sizes and Types
2. Enhance Newport's Workforce Size, Permanence and Quality
3. Identify, Enhance and Strengthen Newport's Economic Clusters
4. Address Current Infrastructure Improvement Needs and Anticipate Likely Future Needs
5. Promote Conditions for Newport's Home-Grown and Small Businesses to Flourish
6. City Beautification Strategy, Particularly Along Highway 101, that Balances Private Cost Through Incentives
7. Attraction of New, Larger Businesses without Sacrificing Existing, Smaller Local Businesses
8. Strong Coordination with Local, Regional, State and Federal Entities on Commerce-Affected Issues

To move forward on implementing the economic vision and the major economic development goals, a Strategic Action Plan identifying both Short Term and Long Term actions and initiatives has been developed and is found on pages 8 to 22 of the 2005 Employment Lands document.

Economic Analysis:

As part of the Employment Lands and Conceptual Land Use Planning Project, an economic analysis was conducted in fulfillment of State of Oregon Planning Goal 9, Economic Opportunity Analysis statutory guidelines in determining likely twenty-year need for employment lands in Newport, Oregon. The full Economic Analysis is set forth on pages 23 to 61 of the 2005 Employment Lands document. The methodology followed the sequence of project tasks summarized as follows:

- Assessment of National, State & Local Trends
- 20-Year Population & Employment Forecast
- Estimation of Types of Industrial and Commercial Development Likely to Occur in Newport
- Determination of Site Requirements During the 20-Year Planning Period
- Projection of Land Need Based on Growth Projections
- Identification of Vacant/Partially Vacant Parcels
- Identification of Development & Environmental Constraints within the Land Supply
- Identification of Potential Infrastructure Limitations within the Land Supply and Proposed Employment Land Areas
- Identification of Potential Mixed-Use or Redevelopment Opportunities in the Land Supply
- Determination of Short-Term and Long-Term Buildable Land Needs

The employment by industry sector (based on the North American Industrial Classification System (NAICS)) and current percentage of the overall industry employment share are

summarized as follows based on the detailed information provided in the 2005 Employment Lands Appendix "A" (pages 2 to 15).

**Table 1
Newport Industry and Employment**

<u>Industry (by major 3 digit NAICS Class)</u>	<u>2003 Industry Employment</u>	<u>2003 Industry Employment Share</u>
Natural Resources	62	0.9 %
Construction	238	3.6 %
Manufacturing	343	5.2 %
Retail Trade	1,239	18.9 %
Wholesale Trade	129	2.0 %
Transportation/Warehousing/ Utilities	142	2.2 %
Information	104	1.6 %
Financial Services	230	3.5 %
Professional & Business Services	499	7.6 %
Education & Health Services	1,053	16.0 %
Leisure & Hospitality	1,508	23.0 %
Other Services	315	4.8 %
Public Administration	699	18.9 %

Newport Industry Cluster Analysis:

An analysis of Newport's industry clusters was conducted to identify current and future economic development opportunities and issues. Economic clusters are the networks of core businesses and their vendors and support services that help support the broader economy of a community. Clusters are determined by the relative prevalence or concentration of an industry group relative to nationwide averages. Clusters are, therefore, not necessarily large industries in and of themselves, but sectors with appreciably above-average presence relative to elsewhere.

Industry clusters are typically driven by the unique nature of local geography, environment, population, culture and public investment. Because of their unique qualities in any given location, it must be a high priority in economic development efforts to retain, strengthen and build upon existing clusters to maintain an economic competitive advantage.

Economic data for the City of Newport, Lincoln County and the State of Oregon, informed by Newport industry interviews and focus groups, indicate that Newport presently is host to five distinct industry clusters. These are:

- Tourism
- Commercial Fishing & Value Added

- Other Food and Beverage Manufacturing
- Arts & Culture
- Higher Education & Research

Newport is also home to a *potential* industry cluster resulting from the existence and possible expansion of an individual firm in the Surgical Appliance & Supplies Manufacturing industry. A detailed analysis on the Newport industry clusters is found on pages 38 to 46 of the 2005 Employment Lands document.

Employment Projections:

Over the 20-year study period (2005 through 2025), the City of Newport is estimated to add roughly 2,450 jobs under the Medium Growth scenario as established in the Employment Lands & Conceptual Land Use Planning Project. Retail Trade, Education & Health Services, and Leisure & Hospitality can be expected to continue to comprise the majority of local employment. Growth rates for Leisure & Hospitality lead the local economy at 2.2% annually under the Medium Growth Scenario, followed by Education & Health Services at 1.9% annually, then Professional & Business Services and Information at 1.8% annually.

The three employment growth scenarios (high, medium and low for the Employment Lands & Conceptual Land Use Planning Project) analyzed for future land need estimation provide a realistic confidence interval of probable economic expansion in Newport. The Medium Growth Scenario, or baseline rate of expansion, represents likely employment gains assuming City economic development efforts continue on their currently successful path. The High Growth Scenario reflects faster employment gains over the next twenty years, illustrating land need to accommodate realistically accelerated economic development successes. The Low Growth Scenario reflects employment gains and land need should Newport's development efforts experience local, regional or Statewide economic setbacks. It is highly possible, however, that the City's twenty-year land need could exceed estimates for the High Growth Scenario should a "Home Run," i.e. sizeable and/or unprecedented, business attraction success occur. Though such developments are impossible to realistically forecast, the City should prepare for such a possibility to create local jobs with strong wages and opportunity. A reserve of industrial land for unanticipated developments is therefore recommended to be maintained.

Table 2

EMPLOYMENT MEDIUM GROWTH SCENARIO, 2005-2025

Medium Growth Scenario		Total Employment				
Employment Sector	2005	2010	2015	2020	2025	
Construction	241	258	278	299	323	
Manufacturing	345	356	368	380	393	
Wholesale Trade	131	143	156	171	188	
Retail Trade	1,257	1,360	1,480	1,609	1,750	
Transportation, Warehousing & Utilities	144	155	167	180	194	
Information	106	115	125	136	149	
Financial Activities	235	269	308	352	399	
Professional & Business Services	505	537	571	609	650	
Education & Health Services	1,070	1,160	1,258	1,367	1,486	
Leisure & Hospitality	1,537	1,697	1,876	2,074	2,296	
Other Services	321	349	380	414	451	
Government	703	723	740	758	775	
Total	6,596	7,121	7,708	8,350	9,053	

High Growth Scenario		Total Employment				
Employment Sector	2005	2010	2015	2020	2025	
Total	6,596	7,189	8,045	9,028	10,163	

Slow Growth Scenario		Total Employment				
Employment Sector	2005	2010	2015	2020	2025	
Total	6,577	7,068	7,523	8,012	8,539	

Existing Land Supply:

The following Table summarizes the available land supply as inventoried in the 2005 Employment Lands Appendix H. Constrained land includes land with natural constraints (such as steep slopes and wetlands) and land with artificial constraints (such as comprehensive plan or zoning designations that limit use of the property through setbacks or overlay zones).

**Table 3
VACANT BUILDABLE LAND INVENTORY**

Category	Zone (City) or Plan (UGB)	Parcels	Acres Constrained	Acres Buildable
Commercial	C-1	35	38.19	4.22
Commercial	C-2	35	14.89	3.58
Commercial	C-3	8	6.95	0.30
<i>sub-total</i>		78	60.03	8.10
Redevelopable	C-1 & C-3	9	0	3.74
UGB	C	1	0	0.52
Total Commercial		88	60.03	12.36
Industrial	I-1	31	264.84	38.24

Industrial	I-2	4	1.45	27.90
Industrial	I-3	1	0.00	17.13
<i>sub-total</i>		36	266.29	63.27
Redevelopable	I-3	2	0	11.93
UGB	I	23	68.82	42.23
UGB Redevelopable	I	3	0.16	3.87
Total Industrial		64	335.27	141.30
Water-Dependent	W-1	13	48.09	25.07
Water-Related	W-2	4	27.56	1.30
Total Water-Dependent/Related		17	75.65	26.37
Planned Destination Resort	C-2 PDR	2	162.01	23.69

The City of Newport has an extremely limited supply of vacant buildable Commercial sites; 8.10 acres within the City limits, 3.74 acres that have been classified as ready to be redeveloped and one half acre within the Urban Growth Boundary (UGB). This limited supply is compounded by the large number (78) of parcels that contain the 8.1 acres. Not only are many of the parcels committed or constrained, but many of the parcels are approximately 4-8,000 square feet. The average vacant parcel size is 0.23 acres.

There is less of an overall need for additional Industrial land. There is an existing inventory of 66.14 gross vacant buildable acres within the City limits, and an additional 58.03 acres within the UGB. However, the average size of the parcels within the City is small - 1.86 acres and there are only seven parcels in excess of 5 acres. There are no sites that could accommodate a medium sized new industry or institution seeking to locate in Newport.

Statewide Planning Goal 9 requires that the City maintain at least an adequate supply of a variety of sites for commercial and industrial land consistent with the Comprehensive Plan policies. Statewide Planning Goal 17 provides for the protection of land zoned for water-dependent recreational, commercial and industrial uses as an important economic resource of limited availability and changes to water-dependent lands must be done pursuant to the Statewide Planning Goal methodologies (such as the Goal 17 inventory process and/or the Goal 2 exception process.)

Summary of Industrial and Commercial Land Need:

The projections of net new demand in Newport for gross commercial and industrial land between 2005 and 2025 from the 2005 Employment Lands document are illustrated in the following table. Through 2025, net new demand for industrial and commercial land including a 25% gross-up for roads and other associated public facility needs, is estimated to range from 219.1 acres to 321.3 acres depending upon whether Newport realizes low economic growth or high economic growth. The baseline "Medium Growth Scenario" indicates that Newport will see demand for industrial and commercial land reach nearly 250 acres through 2025.

Based on an analysis of Newport's industry clusters, specifically Tourism, Fishing/Value-Added and Non-Seafood & Beverage Manufacture, Newport economic trends do not indicate significant demand for Water-Dependent industrial land (W-1). Over a twenty-year period, gross demand for W-1 land is estimated to range from as little as 2.5 acres (Low-Growth Scenario) to as much as 3.8 acres (High-Growth Scenario). A mid-point estimate of 3.2 acres is most probable based on the methodology of this analysis and likely long-term employment and industry trends given current conditions. Purely tourist-related uses are not included in the demand forecast for W-1 zoned land. Several factors contributed to not including tourism uses: permitted uses/restrictions for tourism uses, environmental cost of development for seasonally-natured businesses, as well as the greater likelihood of tourism (retail and services, i.e. kayaks) to suffer lower overhead and try to reuse existing space along the Bay Front or elsewhere.

Table 4

GROSS NEED FOR COMMERCIAL AND INDUSTRIAL LAND, 2005-2025

Use	Gross Need for Land (acres) By Scenario Through:		
	Medium Growth	High Growth	Low Growth
	2025	2025	2025
Population Growth	2,206	2,997	1,478
Employment Growth	2,457	3,567	1,962
Office Commercial	14.0	20.8	11.1
Industrial	32.0	39.5	25.7
Water-Dep. (W1)	3.2	3.8	2.5
Retail Commercial	201.6	257.2	179.8
Resident-Driven	17.3	23.6	11.6
Visitor-Driven 1/	184.2	233.7	168.2
Total	250.8	321.3	219.1

1/ Includes need due to lodging/hospitality expansion.

SOURCE: Johnson Gardner LLC

The need for retail drives the vast majority of commercial land demand under all three scenarios. Under the "Medium Growth Scenario," retail drives the largest share (81%), with an identical proportion expected under the "High Growth Scenario" at 81% of need. Retail, though still the majority of demand, accounts for 83% of commercial and industrial land in the future with the "Low Growth" assumption due to the significantly greater expected growth of non-retail jobs under that scenario.

For the purpose of projecting future land need, the Medium Growth Scenario is the Scenario recommended for use. Under the Medium Growth Scenario, approximately 2/3rds of the Commercial land need should be provided north of the Bay and approximately 1/3rd of the Commercial land need should be provided south of the Bay. The allocation of land south of the Bay should be approximately 4 acres of Office Commercial, 8-10 acres of Industrial, and about 60 acres of Retail Commercial. In the future there are several locations that should be considered including the area between Highway 101 and Nye Beach, other locations adjacent to the existing Highway 101 Commercial uses, the Bayfront and Downtown. There are several sites in the Downtown

area with very low improvement value that could be redeveloped for more intensive commercial uses.

The strategy regarding the allocation of land for commercial uses is consistent with the Statewide Planning Goal 9 requirement that sufficient vacant buildable land be available to meet the forecasted need. The strategy is to designate approximately 60 acres for Commercial use in the South Beach area. These 60 acres will provide for the short term need of approximately five to seven years recognizing that the forecast is for the year 2025. In order to achieve the objective of the South Beach Neighborhood Plan, no other new Commercial land will be allocated north of the bay at this time in conjunction with the adoption of this amendment to the Economic Section of the Newport Comprehensive Plan. The City desires to encourage the development of land that can be served by existing water and sewer services and the lands designated for Commercial use in the South Beach Neighborhood Plan meet that objective.

The land need forecasts summarized above are based on "organic growth" assumptions about the Newport economy. Specifically, that current economic and regulatory conditions will remain stable over the forecast period. Therefore, employment forecasts and resulting land need estimates largely reflect attraction of businesses and expansion of local businesses at rates not significantly different from recent trends.

A primary limitation of such an analysis, though reflecting the highest probability of outcomes, is that opportunities for unprecedented economic developments are not anticipated and included in the results. For instance, the relocation of a major new manufacturer to Newport requiring 30 contiguous acres with waterfront access is not accounted for in this analysis. Such developments are unpredictable and represent an anomaly within Newport's economic trends.

To equip Newport for just such an unanticipated economic development, it is highly recommended that additional land, particularly industrial, be considered for employment lands expansion by the City for the 20-year planning horizon. A contiguous parcel of up to 30 acres, or up to five separate but consolidated parcels summing to roughly 30 acres, is recommended to be considered for the purposes of a "home run" business attraction and recruitment.

However, because of the need to maintain at least an adequate supply of sites of suitable sizes, types, locations and service levels for a variety of industrial and commercial uses, the City may need to evaluate the industrial and commercial land needs on a regular basis.

It is important, however, that the industrial lands be saved for industrial purposes. If industrial lands can have commercial uses on them, as they do now, the higher return for commercial investments can drive out industrial uses and out-compete industrial uses for the available land. Land that is zoned industrial should therefore be limited for industrial purposes.

Conclusion:

The city historically has been a tourist, retail/wholesaling, and fishing center for Lincoln County with a smaller portion of the economy devoted to manufacturing and wholesaling activities and other industrial activities.

The projected employment land need by acres under the medium growth scenario is illustrated in Table 4. To address the commercial land need, the proposed strategy is to meet about a third of the commercial land need in the South Beach area and about two thirds of the commercial land need north of the Bay.

The land need numbers in Table 4, however, reflect a gross acreage calculation that may not tell the whole story of the need for industrial and commercial land. The city may require additional land in a variety of sizes, locations, and service levels beyond the gross acreage calculation to meet the need to provide at least an adequate supply of industrial and commercial land of suitable sizes, types, locations and service levels for a variety of industrial and commercial uses. In considering the supply of available industrial and commercial land, the city should not rely only on a pure gross acreage calculation in the determination of need for additional industrial and commercial land. Although the gross acreage calculation is useful to recognize deficiencies in overall totals of available land, factors such as having suitable sizes of property for different industrial and commercial needs, having different types of property (such as a supply of differently zoned industrial and commercial property), having property in suitable locations, and having property with service levels suitable for both the long term and short term needs are more important factors than gross acreage in determining adequacy of the industrial and commercial land availability.

It is also important to preserve industrial and water dependent areas for the types of uses that are contingent upon those lands for development. It does little good to plan for industrial growth and then have no place for that development to occur because the land has been used for other purposes.

GOALS AND POLICIES **ECONOMIC SECTION**

Goal 1: To maintain an adequate supply of land within the Newport city limits and urban growth boundary to accommodate the anticipated need.

Policy 1: The City will address the need for commercial property within the City's Urban Growth Boundary.

Implementation Measure 1. The City shall rezone and redesignate a portion of the South Beach area to commercial to accommodate some of the need. In order to provide priority to serving the new commercial areas within the South Beach Neighborhood Land Use Plan with necessary services and to facilitate the build out of that area, the City is not proposing to include all the projected commercial land needed within the UGB over the 20 year period at the present time of adoption of this Implementation Measure.

Implementation Measure 2. North of Yaquina Bay, the City will focus on the redevelopment and/or conversion of existing areas for commercial uses to encourage efficient use of land already developed with urban level services that are currently underdeveloped or underutilized. The City will also examine areas in the downtown area down to the Bayfront and west of the downtown area between Highway 101 and the Nye Beach area for potential conversion to commercial Comprehensive Plan designations and Zones or other such designations that may provide for additional commercial opportunities.

Policy 2: The City will review proposed expansions of the urban growth boundary to accommodate the anticipated need for commercial and industrial land, for the purposes of implementing the Goal 1 policy of maintaining an adequate supply of land, based on: 1) a demonstrated deficit of net available gross acreage in industrial and commercial land or 2) a determination of an inadequate supply of vacant industrial and commercial land available to supply sites of suitable sizes, types, locations, and service levels necessary to meet a variety of industrial and commercial uses. Upon a finding that either a general deficit exists in the available gross acreage of industrial and/or commercial land or upon a finding that there is not an adequate supply of sites of suitable sizes, types, locations, and service levels of existing industrial and/or commercial land, the City will approve a proposed expansion to the urban growth boundary for the purposes of the Economic Section provided other applicable requirements and criteria are met with the proposed expansion.

Policy 3: The industrial zone needs to be amended to allow only industrial type uses. A model to use is the Iron Mountain Overlay Zone.

Policy 4: The water-dependent zone needs to be preserved for water-dependent uses. However, other uses may be allowed if they are well-integrated and do not interfere with the water-dependent uses.

Goal 2: To promote the expansion of current businesses and seek diversification through the development of local entrepreneurs and the relocation of new business to the community.

Policy 1: The city will work with local business efforts seeking expansion or relocation to the Newport area.

Policy 2: The city will work with the City of Toledo, the Port of Newport, and others as may be appropriate in developing complementary industries.

Policy 3: The city will continue to provide the necessary infrastructure to facilitate Policy 1.

**Employment Lands &
Conceptual Land Use Planning Project:
Economic Planning**

Submitted to:

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

September 2005

(with minor language modifications as adopted by the Newport City Council)

Funding for this project was provided in part by the Oregon Department of Land Conservation and Development, the City of Newport and the Newport Development Commission.

Prepared by:

**The Benkendorf Associates Corp.
522 SW Fifth Avenue, Suite 703
Portland, Oregon 97204**

**SHN Consulting Eng. & Geologists
365 N. 4th Street
Coos Bay, Oregon 97420**

**Johnson Gardner, LLC
520 SW Sixth Avenue
Suite 914
Portland, Oregon 97204**

**Lancaster Engineering
Union Station #206
800 NW 6th Avenue
Portland, Oregon 97209**

**Pacific Habitat Services
9450 SW Commerce Circle
Wilsonville, Oregon 97070**

**Urban Design Collaborative
PO Box 1728
Portland, Oregon 97207**

**EMPLOYMENT LANDS AND CONCEPTUAL
LAND USE PLANNING PROJECT**

CITY OF NEWPORT, OREGON

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. PUBLIC INVOLVEMENT	4
III. ECONOMIC DEVELOPMENT VISION & GOALS	6
A. TOMORROW'S VISION.....	6
B. ECONOMIC DEVELOPMENT GOALS FOR THE NEWPORT ECONOMY	7
IV. STRATEGIC ACTION PLAN.....	8
A. SHORT TERM.....	8
B. LONG TERM.....	15
V. ECONOMIC ANALYSIS	23
A. BASELINE ANALYSIS: NATIONAL, STATE & LOCAL TRENDS	23
1. <i>National Trends</i>	23
2. <i>State & Local Trends</i>	29
3. <i>City of Newport Economic Conditions</i>	33
B. COMMERCIAL/INDUSTRIAL LAND INVENTORY	36
C. INDUSTRY CLUSTER ANALYSIS	38
1. <i>Tourism Industry Cluster</i>	39
2. <i>Commercial Fishing & Value-Added Industry Cluster</i>	40
3. <i>Other Food and Beverage Industry Cluster</i>	42
4. <i>Arts & Culture Industry Cluster</i>	43
5. <i>Higher Education & Research Industry Cluster</i>	45
6. <i>Potential Emergent Cluster: Medical Devices & Equipment Manufacturing</i>	46
D. COMPETITIVE MARKET AREA.....	47
E. BUSINESS & LAND NEEDS	49
1. <i>Employment Land Need Forecast</i>	49
2. <i>Population Projections</i>	49
3. <i>Employment Projections</i>	50
4. <i>Summary of Industrial and Commercial Land Need</i>	51
F. MEDIUM GROWTH SCENARIO LAND NEED	53
1. <i>Land Use Distribution</i>	54
2. <i>Land Need Trends & Industrial Land Reserves</i>	54
G. EMPLOYMENT LAND CONFIGURATION & DEVELOPMENT ISSUES	55
H. FOCUS GROUP CONSENSUS	58
I. NEWPORT SUPPORT PROGRAMS	61

X. APPENDICES (Note: Produced as a Separate Document).....	1
A. BASELINE ECONOMIC STATISTICS AND ANALYSIS.....	2
B. NEWPORT FOCUS GROUP SUMMARY & SUGGESTED FUTURE PARTICIPANTS.....	16
C. SITE REQUIREMENTS BY LAND USE TYPE.....	27
D. NEWPORT SUPPORT PROGRAMS.....	35
E. SBA LOAN AND SBIR/STTR GRANT ACTIVITY.....	41
F. COMMUNITY SURVEY AND TABULATION.....	47
G. WETLANDS INVENTORY.....	52
H. COMMERCIAL INDUSTRIAL VACANT LAND INVENTORY.....	76

TABLES

NUMBER	TITLE	PAGE #
1	RATE OF GDP GROWTH BY QUARTER	24
2	NON-FARM PAYROLL EMPLOYMENT	24
3	U.S. PAYROLLS BY QUARTER 1996-2003	25
4	PAYROLL EMPLOYMENT COMPARISON: 1980-2004	26
5	U.S. ECONOMY BY INDUSTRY, 2000 TO 2004	27
6	U.S. WAGES BY INDUSTRY, 1994-2004	28
7	UNEMPLOYMENT AND JOB GROWTH	29
8	LINCOLN COUNTY JOB GROWTH	30
9	LINCOLN COUNTY BUSINESS TRENDS	31
10	LINCOLN COUNTY VISITOR SPENDING	32
11	NEWPORT MONTHLY EMPLOYMENT, 2001-2003	33
12	NEWPORT AVERAGE WAGE TRENDS, 2001-2003	34
13	NEWPORT ESTABLISHMENT COUNT TRENDS, 2001-2003	35
14	VACANT BUILDABLE LAND INVENTORY	37
15	TOURISM INDUSTRY CLUSTER, 2005-2025	40
16	FISHING & VALUE-ADDED INDUSTRY CLUSTER, 2005-2025	41
17	OTHER FOOD AND BEVERAGE INDUSTRY CLUSTER, 2005-2025	43
6	ARTS AND CULTURE INDUSTRY CLUSTER, 2005-2025	44
7	HIGHER EDUCATION & RESEARCH INDUSTRY CLUSTER	45
8	POPULATION GROWTH RATES, 2000-2025	49
9	EMPLOYMENT MEDIUM GROWTH SCENARIO, 2005-2025	50
10	GROSS NEED FOR COMMERCIAL AND INDUSTRIAL LAND	51
11	MEDIUM GROWTH SCENARIO, 2005-2025	53
12	SUMMARY OF LAND DEMAND BY TYPE OF USE	55

I. INTRODUCTION

A. Summary

The following report has been prepared to accomplish two primary objectives:

- First, to guide the growth of Newport's economy and,
- Second to provide a Land Use, Transportation and Utility Plan for the South Beach Neighborhood.

A vision for the City's economy coupled with specific goals for each segment were framed to position Newport to compete in a regional market while enhancing the community as a positive place to live and work. These goals will be accomplished through the implementation of a Strategic Action Plan which has established both short and long term objectives and strategies. An extensive analysis of the national, state, county and city economic conditions was compiled and analyzed as the basis for the economic development program described in Sections II through IV.

The future of the South Beach neighborhood is directly linked to the City's new economic development program because of its intended role in accommodating a considerable fraction of the forecasted commercial and industrial land needs. While South Beach has significant recreational and institutional attractions, such as the marina, Hatfield Marine Science Center, the Aquarium and a major state park, there is significant opportunity for new residential, commercial and industrial development. For that reason, a new Neighborhood Plan has been prepared to guide the development of this important part of the City. The plan is supported by proposed transportation and utility improvements.

The South Beach Neighborhood Plan is intended to significantly change the land use character of the South Beach area from that currently called for in the Comprehensive Plan. The new plan is environmentally friendly and focuses on commercial, residential and institutional uses that are more consistent with existing uses in South Beach rather than the industrial development identified on the Newport Comprehensive Plan. South Beach was originally intended to be the industrial area of Newport in the 1980s Comprehensive Plan. A significant amount of acreage (475 acres) was designated for "Industrial" uses. However, South Beach hasn't developed as intended because of natural constraints such as steep slopes, wetlands, and a lack of infrastructure to serve industrial users.

The proposed plan results in a net decrease of land designated for intensive urban development. However, the plan provides for land that can be serviced more readily and efficiently and better fits within the natural constraints (such as steep slopes) existing in South Beach.

The planning program was strongly supported by an expansive community involvement program. The City Council appointed 20 citizens to an Ad Hoc Advisory Committee, some of whom had contributed to an earlier effort to prepare a South Beach neighborhood plan.

In addition, the City hosted two Open Houses for the neighborhood and City residents, advertised all project meetings in the newspaper and radio, and created and regularly updated a project Web-Site. See **Section II. Public Involvement.**

The report is divided into three basic parts. Sections III through V describe the City's economy and specific strategies for how to guide its future growth. Sections VI and VII illustrate the existing neighborhood conditions in South Beach and propose a Land Use, Transportation and Utility Plan consistent with the economic, social and environmental conditions of this part of the City. Sections VIII and IX recommend specific Comprehensive Map and Policy amendments as well as specific amendments to the City's Transportation Systems Plan and Public Facility Plan.

B. Background and Purpose

As early as the 1960s and 1970s, the South Beach area of Newport was intended to be the industrial portion of Newport. Large areas of land north of the Newport Municipal Airport were identified for industrial uses. In the early 1980s, the City of Newport Comprehensive Plan had designated large areas of the South Beach neighborhood for industrial use to meet the projected demands for light industrial development and based on a strong desire of the community for additional light industrial development. The land designated for industrial use on the Comprehensive Plan included property on both sides of Highway 101 extending south from SE 35th Street to the north end of the Newport Municipal Airport. The 1981 South Beach Industrial Development Feasibility Study identified constraints (such as slopes over 5% and ponding) present on many of the industrial zoned properties in the South Beach area that limited the lands potential for industrial development.

In the mid-1990s, after a draft South Beach wetland inventory was developed in 1990 and after a 1995 Yaquina Bay Economic Foundation funded study of vacant commercial and industrial land need in Newport, the City recognized that constraints (such as steep slopes and wetlands) on land development continued to exist in the South Beach area for industrial development. The City identified a need for additional commercial land and adopted a Comprehensive Plan policy (Policy 1 of Goal 1 of the Economic Section) that directed the City to redesignate areas of industrial land to commercial uses in South Beach to accommodate the commercial land needs of Newport. However, the City did not proceed to redesignate industrial land in South Beach to commercial uses. This has resulted in a shortage of land zoned for commercial uses available for development. Additionally, large areas of land in South Beach continue to remain designated for industrial development even though much of the land has been identified through previous planning efforts as constrained for industrial development.

In 1997, a group of residents and other interested parties in the South Beach area began meeting to discuss the future of South Beach. Over a period of time, the group developed a draft 2001 South Beach Neighborhood Plan that contained general guidance for the future direction of South Beach. Other recent planning projects have been started involving the South Beach area, including the South Beach State Park Master Plan (prepared by the Oregon Parks and Recreation Department and adopted by the City Council in 2003). In

2002, the City began to develop a Storm Water Master Plan for South Beach. In 2003, the City began to develop an Airport Master Plan to update the previous Airport Plan.

In 2003, the City Council and the Planning Commission recognized as a high priority the need to address planning issues within the South Beach area through the completion of the various South Beach planning projects. In 2004, grant money was sought and obtained from the Oregon Department of Land Conservation & Development to update the economic development strategy and the employment lands (such as those designated for commercial and industrial uses) analysis for the City of Newport and to develop a conceptual land use plan for the South Beach area. The draft 2001 South Beach Neighborhood Plan served as a basis for beginning the project. The project was entitled the "Newport Employment Lands and Conceptual Land Use Planning Project" with key projects tasks consisting of:

- Preparation/adoption of a local economic development strategy. Preparation would be guided by the methodology published by the Advisory Committee on Commercial and Industrial Development (Chapter 812 Oregon Laws 2001). The task will include preparation of all necessary land use amendments to address the city's vision, goals, objectives, actions, and policies relating to this strategy.
- Preparation/adoption of an updated buildable lands inventory and land needs analysis for employment lands. Preparation was guided by the methodology published by the Advisory Committee on Commercial and Industrial Development (Chapter 812 Oregon Laws 2001).
- Preparation of a conceptual land use plan/overlay for the South Beach area of Newport focusing on commercial and industrial lands.
- Update of the City's public facility plan to ensure that employment lands identified in earlier tasks are adequately served.
- In coordination with ODOT, development of specific transportation facility solutions in the South Beach area to address proposed economic development strategies planned in this area.

II. PUBLIC INVOLVEMENT

Efforts to include members of the public in the Employment Lands and Conceptual Land Use Planning Project began with the selection of a committee created to interview and to provide a recommendation to the City Council for consultants on the project. The committee of the City of Newport Community Development Director, the Newport Planning Commission Chair, the Newport Chamber of Commerce Executive Director, a Port of Newport staff member, and a Newport Development Commission member. The City Council chose the consulting team lead by The Benkendorf Associates Corp. as recommended by the selection committee. The Newport News-Times July 9, 2004 article, entitled "Newport selects consultant for economic development study" provided a first overview of the project for the public.

In conformance with the Newport Comprehensive Plan citizen involvement policies, the Mayor appointed a 20 member Employment Lands and Conceptual Land Use Planning Ad Hoc Advisory Committee confirmed by the City Council. The Advisory Committee included members representing a variety of interests and also included members involved in the previous South Beach Neighborhood planning process. The Advisory Committee began meeting in September 2004 in a series of meetings open to the public. The Advisory Committee met monthly through April 2005 (with the exception of February 2005) and provided input and guidance on the elements of the project. Various other interested parties to the process were also kept informed of the meeting dates and agenda topics to be discussed. Meetings were well attended and included coverage in the local newspaper with articles such as the Newport News-Times September 24, 2004, article entitled "Economic development study underway in Newport" and the front page Newport News-Times November 19, 2004, article entitled "Planning study looks at entirely new South Beach neighborhood."

In October 2004, two days of focus group meetings involving various members of the community were held to help develop an economic development strategy. Six different focus groups representing different aspects of the community (new business, general business, tourism, industry, education/workforce, and government/organizations) met in small (generally 8-10 individuals) group sessions to discuss economic development issues and to identify economic development goals for each of the individual sectors of the community.

Two open house sessions were held focusing on the South Beach area. The first open house was held in November 2004 at the Hatfield Marine Science Center to present background information on South Beach and to discuss South Beach issues in an interactive format. The open house also included a survey to receive input from the public on their desired future direction for South Beach. Over 60 of the surveys were returned to the Community Development Department. The second open house was held in December 2004 at the City Council Chambers of the Newport City Hall. The December open house included a short basics of land use presentation, the results of the November open house surveys, a presentation on the draft economic development strategy, an overview of the vacant employment lands inventory relating to the South Beach area, and a discussion on the

alternative land use concepts for South Beach. Publicity for both open houses included over 400 direct mail invitations for each open house to property owners, businesses, agencies/organizations, and interested parties and the distribution of press releases to both the Newport News-Times and local radio stations publicizing the events. The Newport News-Times November 12, 2004, article entitled "Future development in South Beach is subject of open house" and the Newport News-Times December 10, 2004, article entitled "Newport open house to provide update on land use project" both contained information on the open houses prior to the actual events.

In addition to the Advisory Committee meetings, City staff and the consultants on the project also met or discussed the project with a variety of interested parties, such as members of the former South Beach Neighborhood Planning Group, agency officials, property owners, business owners, and the Yaquina Bay Economic Foundation. A presentation on the economic development portion of the project was also given to the Newport Chamber of Commerce at their November 19, 2004, luncheon meeting.

Public involvement was also encouraged by the development of the Newport Employment Lands and Conceptual Land Use Planning Project website that was linked off of the City of Newport website. The website included a project overview including contact information; a summary of each of the project elements; the process and schedule for the project; and a list of the advisory committee members. The website also included a section for meeting materials which included the agendas for the meeting (usually posted about a week before each meeting) and selected presentation material from meetings; a project update page which included detailed information on the status of the project elements; and a page for draft reports to be posted when available for public comment. The website information was included in the invitations to participate in the focus groups, the invitations to the open houses, and in the press releases on the open houses. Additionally, several of the Newport News-Times articles on the project also contained information on how to access the website.

III. ECONOMIC DEVELOPMENT VISION & GOALS

The purpose of an Economic Development Strategy is to help shape future economic conditions in the City of Newport in order to remain competitive in a rapidly growing Pacific Northwest market place, while creating a positive place to live and work. The implementation of the plan will guide this purpose and ensure that the needs of the local business community are recognized in a timely and positive manner and within changing economic conditions. This strategy is ultimately meant as an integral part of the broader Community Vision, facilitated by the Newport Chamber of Commerce, which will also reflect resident, government and other non-business stakeholder views, goals and desires for the community as a whole.

A. Tomorrow's Vision

Establishing an economic development vision is an essential piece to designing an obtainable and realistic strategy that meets the needs and desires of area residents, business and property owners, stakeholders, and community leaders. The economic development vision sets the foundation for economic goals and in turn is the basis for implementing the strategic directions and associated initiatives.

In 2004, the Newport Employment Lands & Conceptual Land Use Planning Ad Hoc Advisory Committee identified a unified economic development vision statement. This statement is presented in the following text box followed by a discussion of economic development goals that result from and motivate the community's economic development vision.

VISION STATEMENT

"The City of Newport Proactively Sustains a Growing Economy for a Diversity of Existing and Emerging Competitive Businesses through:

- Innovative Coordination with its Core Economic Clusters,***
- Supporting Development of a Skilled Workforce,***
- Fostering Conditions for New Entrepreneurial Opportunities, and***
- Continuing as a Strong Partner within the Framework of Local and Regional Economic Development Efforts"***

Newport Employment Lands & Neighborhood Planning Advisory Committee

B. Economic Development Goals for the Newport Economy

Economic Development goals for realizing Newport's economic development vision and resulting strategy emphasis are presented in no particular order and were designed through focus groups, interviews and evaluations of current and projected economic conditions. During the research process, individual business sectors often expressed similar or identical concerns and needs for improvements from an economic development perspective. The following represents a consolidation of Community Economic Development Goals from a broader group of industry-specific and community partnership goals.

1. Ensure an Adequate Supply of Land and Business Space, Specifically to Encourage a Diversity of Business Sizes and Types
2. Enhance Newport's Workforce Size, Permanence and Quality
3. Identify, Enhance and Strengthen Newport's Economic Clusters
4. Address Current Infrastructure Improvement Needs and Anticipate Likely Future Needs
5. Promote Conditions for Newport's Home-Grown and Small Businesses to Flourish
6. City Beautification Strategy, Particularly Along Highway 101, that Balances Private Cost Through Incentives
7. Attraction of New, Larger Businesses without Sacrificing Existing, Smaller Local Businesses
8. Strong Coordination with Local, Regional, State and Federal Entities on Commerce-Affected Issues

IV. STRATEGIC ACTION PLAN

The following Strategic Action Plan comprises recommendation actions to be taken by the City and its economic development partners to address threats and opportunities identified during the course of this analysis. Specific strategies are tailored to Newport's needs, though reflect general approaches that have proven successful in other similarly-sized communities in Oregon, Washington and California.

In many instances, the formation of a Community Task Force or Advisory Committee is proposed as a means of realizing an economic development goal. Because any economic development improvement will require a public cost of some quantity, the City can leverage local business and resident participation and support to create *ownership* of the economic development goal and increase the likelihood of voluntary program participation without having to completely rely on public expense through tax revenues, incentives and other fiscal streams that may be politically infeasible.

The Strategic Action Plan is divided into Short Term and Long Term actions. Although specific timing of individual actions is premature, the Project Team recommends the following guidelines:

- **Short Term:** Actions and Initiatives identified that warrant high-priority for short-term problems or opportunities in Newport. Initiation and substantial progress, if not outright completion, should occur in two years or less.
- **Long Term:** Actions and Initiatives that address threats or opportunities that are important but are not necessarily immediate in nature. Initiation should occur within two years' time, with measurable progress within five years and outright completion in fewer than ten years.

A. Short Term

ISSUE 1: INADEQUATE SUPPLY OF LAND AND BUSINESS SPACE FOR A DIVERSITY OF BUSINESS SIZES AND TYPES

OBJECTIVE 1: SECURE SUPPLY OF INDUSTRIAL AND COMMERCIAL LAND AND SPACE ADEQUATE FOR NEWPORT ECONOMIC GROWTH

Strategy 1: Adopt Findings of Employment Land Need in the Newport Employment Lands & South Beach Conceptual Planning Process.

Responsible Party: Newport Community Development Director
Time Schedule: Fall of 2006
Unit of Measure: Scheduled Project Completion

Strategy 2: Create a Large-Parcel Reserve (Up to 30+ Acres) of Industrial Land for a Potential "Home Run" Economic Development Success.

Responsible Party: Newport Community Development Director
Time Schedule: Fall of 2006
Unit of Measure: Scheduled Employment Lands & South Beach Conceptual Planning Process Completion

Strategy 3: Establish a Regular Review of Employment Land Development and Redevelopment Activity in Terms of Acreage, Use and Effect on Existing Inventory and Capacity of Employment Lands.

Responsible Party: Newport Community Development Director
Time Schedule: Fall of 2006
Unit of Measure: Annual, Accurate Inventory of Available Parcels in Newport for Diverse Economic Development Purposes

Strategy 4: Coordinate with the Commercial Real Estate Industry to Allow Immediate Query of Vacant Industrial and Commercial Space, Rent Conditions, and Availability Specifically for City Business Assistance Purposes.

Responsible Party: Economic Development Position
Time Schedule: Fall of 2006
Unit of Measure: Immediate On-Line Access to Regularly Updated Inventory of Existing Vacant Space and Costs

Strategy 5: Examine and analyze the Downtown, Nye Beach areas, the Bayfront and other locations on the east and west sides of Highway 101 adjacent to the areas currently zoned for Commercial as new locations to accommodate the need for Commercial uses.

Responsible Party: City of Newport Community Development Director
Time Schedule: Winter 2006-2007
Unit of Measure: Designation of new locations north of the Bay for Commercial uses.

ISSUE 2: OVERLAP AND INEFFICIENCIES IN ECONOMIC DEVELOPMENT EFFORTS IN THE NEWPORT AREA

OBJECTIVE 1: ELIMINATE REDUNDANCIES, CONFLICTS AND LOSS OF EFFICIENCY IN LOCAL AND REGIONAL ECONOMIC DEVELOPMENT ACTIVITIES

Strategy 1: Consider revising an Economic Development Position Scope of Work to Place Significantly Greater Emphasis on Local Business & Industry Retention, Expansion and Recruitment Efforts while Reducing Emphasis on Countywide Issues such as Workforce Training & Education and Chamber of Commerce Administrative Responsibilities

Responsible Party: Newport Chamber of Commerce Board of Directors
Time Schedule: Winter of 2005-2006
Unit of Measure: Amended Economic Development Position Scope of Work and Job Description

Strategy 2: Encourage the Formation of a Newport Area Economic Development Advisory Committee, Consisting of an Economic Development Position, City Council Member(s), the Port of Newport General Manager, the director of the Central Coast Economic Development Alliance, County Commissioner(s), other appropriate Officials from City Committees/Commissions, members of Industry and other Jurisdictions/Entities as Appropriate to Define and Address Newport Area Economic Development Issues and Coordinate on Potential Economic Development Leads throughout the greater Newport Area.

Responsible Party: Newport Mayor and an Economic Development Position
Time Schedule: Fall of 2006
Unit of Measure: Formation of a Newport Area Economic Development Advisory Committee; City Coordination and Support Related to Economic Development Initiatives

ISSUE 3: NEED FOR LOCAL INFRASTRUCTURE IMPROVEMENT AND EXPANSION

OBJECTIVE 1: NECESSARY INFRASTRUCTURE TO SUPPORT LOCAL ECONOMIC EXPANSION OF NEWPORT'S CLUSTER INDUSTRIES AND BROADER BUSINESS BASE

Strategy 1: Continue to Support Funding for Completion of Highway 20 Improvements

Responsible Party: Newport Chamber of Commerce Surface Transportation Committee
Time Schedule: To Be Determined
Unit of Measure: Progressively Specific Details of Project Funding, Timeline and Ultimately, Project Start-Up

Strategy 2: Commission a System Development Charge Study to Assess Potential Modifications to Current SDCs to Better Fund Transportation and Other Improvements

Responsible Party: Newport Community Development Director and Public Works Director
Time Schedule: To Be Determined
Unit of Measure: Commissioned Study, Potential SDC Policy Amendments

Strategy 3: Review SDCs for Equitable Treatment of Various Uses, Including New Uses within Existing Businesses/Buildings

Responsible Party: Newport Community Development Director
Time Schedule: To Be Determined
Unit of Measure: Completed Review, Potential SDC Policy Amendments

Strategy 4: Adopt the Airport Master Plan

Responsible Party: Newport Community Development Director and Airport Manager
Time Schedule: To Be Determined
Unit of Measure: Master Plan Submittal to the Planning Commission, Potential Adoption

Strategy 5: Adopt the Stormwater Master Plan

Responsible Party: Newport Community Development Director and Public Works Director
Time Schedule: To Be Determined
Unit of Measure: Master Plan Submittal to the Planning Commission, Potential Adoption

Strategy 6: Support Completion of Fiber Optic Connectivity in Newport

Responsible Party: Economic Development Position
Time Schedule: To Be Determined
Unit of Measure: Elaboration of "Last Mile" Connection Plan, Ground-Breaking and Project Completion

Strategy 7: Support Development of City-Sponsored Wireless Internet Broadcast

Responsible Party: Newport Mayor and an Economic Development Position
Time Schedule: To Be Determined
Unit of Measure: Feasibility and Funding Plan, Wireless Internet Connection RFP

ISSUE 4: NEED FOR LOCAL SMALL BUSINESS ASSISTANCE AND OPPORTUNITIES

OBJECTIVE 1: ENHANCED ACCESS TO SMALL BUSINESS ASSISTANCE INFORMATION IN NEWPORT

Strategy 1: Consolidate a One-Stop On-Line Information Webpage for Small Business Assistance with Information from and Links to all Agency and Assistance Resource Pertinent to Newport Business Development

Responsible Party: Small Business Development Center in cooperation with an Economic Development Position and Central Coast Economic Development Alliance
Time Schedule: To Be Determined
Unit of Measure: Website Development

Strategy 2: Help Promote Existing Revolving Loan Fund with Grant Monies to Assist Start-Up Businesses

Responsible Party: Economic Development Position in cooperation with Cascades West Council of Governments
Time Schedule: To Be Determined
Unit of Measure: Increased Rate of Revolving Loan Fund Participation in Newport

OBJECTIVE 2: ENHANCE OPPORTUNITIES FOR LOCAL BUSINESSES TO PROVIDE CONTRACT SERVICES TO THE CITY AND NEWPORT'S STATE AND FEDERAL ENTITIES.

Strategy 1: Explore Local Emerging Business or Local Disadvantaged Business Vendor Preference Policies to Encourage Growth in Local Commerce

Responsible Party: Newport City Manager
Time Schedule: To Be Determined
Unit of Measure: Proposed Changes as Necessary to Local Vendor Purchasing Policy

Strategy 2 Organize and make available the vendor policies and contact information of the various state and federal entities in Newport.

Responsible Party: To be determined
Time Schedule: To be determined
Unit of Measure: Availability of vendor policies and contact information

OBJECTIVE 3: REMOVE ZONING POLICY-RELATED BARRIERS TO LOCAL BUSINESSES

Strategy 1: Review and Amend Zoning Ordinances to Remove Unnecessary Barriers for Businesses such as 6-Month Non-Conforming Use Discontinuation Period, Conditional Use Flexibility and other Issues

Responsible Party: Newport Planning Commission and Community Development Director
Time Schedule: To Be Determined
Unit of Measure: Zoning Ordinance Review, Proposed Ordinance Amendment, Submission for Amendment Adoption

ISSUE 5: SHORT-TERM HEALTH OF NEWPORT ECONOMIC CLUSTERS

OBJECTIVE 1: IDENTIFY IMMEDIATE BUSINESS EXPANSION AND INDUSTRY COORDINATION POTENTIAL IN NEWPORT'S ECONOMIC DEVELOPMENT CLUSTERS

Strategy 1: Organize Formal Cluster-Based Trade Groups for Each of the Five Identified Clusters for Regular Networking, Coordination and "Pulse-Taking" for Local Economic Development Efforts

Responsible Party: Economic Development Position in Coordination with the Newport Chamber of Commerce
Time Schedule: On-Going
Unit of Measure: Industry Cluster Identity among Local Businesses, Networking & Familiarity, Greater Industry Coordination among Firms, Vendors and Services

Strategy 2: Coordinate Rotation of Cluster-Based Trade Groups as the Focus of a New City Economic Development Committee, which in Turn Reports to City Council

Responsible Party: Economic Development Position in Coordination with the

Newport City Council
Time Schedule: On-Going
Unit of Measure: To Be Determined

OBJECTIVE 2: RAISE THE STATEWIDE PROFILE OF NEWPORT'S OWN COMMERCIAL FISHING AND VALUE-ADDED INDUSTRY

Strategy 1: Explore Potential Strategies to Raise the Profile of Newport's Own Commercial Fishing & Value-Added Cluster within the New Brand Oregon Food Products Marketing Campaign

Responsible Party: Fishermen's Wives and the Port of Newport in cooperation with an Economic Development Position
Time Schedule: To Be Determined
Unit of Measure: Increased awareness and sales of Newport-fleet-originated seafood

Strategy 2: Advocate for Increased Emphasis of Crab and Oyster Harvest and Processing, Specifically Newport's Own, in the Brand Oregon Campaign (in Addition to Finfish and Shrimp Harvest Already Promoted)

Responsible Party: Fishermen's Wives and the Port of Newport in cooperation with an Economic Development Position and OSU's Coastal Oregon Marine Experiment Station and Astoria Seafood Laboratory
Time Schedule: To Be Determined
Unit of Measure: Addition of Crab and Oyster Products to the Brand Oregon Campaign; Increased Awareness and Sales of Newport's Crab and Oyster Harvest and Products

Strategy 3: Coordinate with Other Jurisdictions to Create A Consolidated Local Voice for Input in State and Federal Natural Resource Regulations as they Affect Newport Core Fishing, Timber and Tourism (Recreational Fishing) Industries

Responsible Party: Newport Chamber of Commerce in coordination with the City of Newport, Port of Newport and Lincoln County
Time Schedule: To Be Determined
Unit of Measure: Increased and Greater Efficiency of Local Industry Advocacy at the State and Federal Level; if Possible, Effects on Natural Resource Policy

Strategy 4: Support the Development of a Unique Fish Market on the Newport Bayfront, with Emphasis on On-Site Processed Seafood in Addition to Sale of Fresh Seafood

Responsible Party: Economic Development Position in Support to the Port of Newport and Participating Fishermen and Fishermen's Wives
Time Schedule: To Be Determined
Unit of Measure: Completion of Project Feasibility, Activity and Land Zoning Compliance Reconciliation, Potential Operation of the Project

OBJECTIVE 3: RAISE THE STATEWIDE PROFILE OF NEWPORT'S OWN NON-SEAFOOD FOOD AND BEVERAGE PRODUCTS MANUFACTURE INDUSTRY

Strategy 1: Explore Potential Strategies to Raise the Profile of Newport's Own Beverage and Food Product Cluster within the New Brand Oregon Food Products Marketing Campaign

Responsible Party: Economic Development Position in coordination with the Newport Chamber of Commerce
Time Schedule: To Be Determined
Unit of Measure: Increased awareness and sales of Newport's food and beverage cluster.

OBJECTIVE 4: IMPROVE PARKING CONGESTION AND SAFETY PROBLEMS IN NEWPORT'S BAYFRONT AND THE NYE BEACH AREA

Strategy 1: Consider Consensus Parking Solutions Proposed by the Bayfront Merchants' Association and the Nye Beach Merchants' Association and Adopt Resulting Parking Regulation Reforms

Responsible Party: Newport City Council in coordination with the Bayfront and Nye Beach Merchants' Associations
Time Schedule: To Be Determined
Unit of Measure: Proposed and Adopted Parking Regulation Changes; Fewer Parking Violations; Increased Sales in Each Commercial Area

OBJECTIVE 5: FORMALLY IDENTIFY THE NEWPORT AREA POPULATION OF VISUAL AND PERFORMING ARTISTS

Strategy 1: Create a Comprehensive Newport-Area Visual and Performing Artist Registry for Cluster Promotion Purposes

Responsible Party: Newport Chamber of Commerce in Coordination with an Economic Development Position and if Necessary, the Oregon Coast Council for the Arts (OCCA).
Time Schedule: To Be Determined
Unit of Measure: Completed Census of Local Artists; Expanded Marketing of the Newport Arts and Culture Cluster

Strategy 2: Assist in the Creation of an Inventory of Occasionally Leaseable, Low-Cost Space Suitable for Studio Space, Artist Workshops and Classes Driven by Frequent Overflow from the Visual Arts Center

Responsible Party: Economic Development Position in coordination with the Newport Visual Arts Center, Performing Arts Center and the OCCA
Time Schedule: To Be Determined
Unit of Measure: Working Directory of Available, Suitable Space

OBJECTIVE 6 SUCCESSFULLY ATTRACT NEW NOAA DEEP-SEA RESEARCH VESSELS TO NEWPORT, STATIONED AT THE NOAA/HATFIELD MARINE SCIENCE CENTER AND MAKE NEWPORT THE FOCAL POINT FOR PACIFIC NORTHWEST INFRASTRUCTURE SUPPORTING THE US INTEGRATED OCEAN OBSERVATION SYSTEM

Strategy 1: Provide Necessary Public Support and Coordination to Hatfield Marine Science Center and Port of Newport Efforts to Win Federal Research Spending and Activities by NOAA

Responsible Party: Economic Development Position in coordination with HMSC/OSU Administration and Port of Newport

Time Schedule: 3-5 Years

Unit of Measure: Increased Partnership with HMSC and the Port; Award of Research Vessel Anchorage in Newport and Related Research Spending and Activities in Newport.

Strategy 2: Develop approaches to attract businesses supporting ocean research and observation systems to Newport.

Responsible Party: Economic Development Position in coordination with Oregon State University and Port of Newport.

Time Schedule: To be determined

Unit of Measure Identification and implementation of approaches.

B. Long Term

ISSUE 1: INADEQUATE STOCK OF COMMERCIAL AND INDUSTRIAL LAND AND SPACE FOR A DIVERSITY OF BUSINESS TYPES AND SIZES

OBJECTIVE 1: INCREASE OPPORTUNITY FOR RE-USE AND REDEVELOPMENT OF EXISTING COMMERCIAL AND INDUSTRIAL SPACE IN NEWPORT

Strategy 1: Explore Feasibility and Regulatory Possibility of Re-Using Depreciated Single and Double-Story Roadside Lodging as Small Business Space

Responsible Party: Newport Community Development Director

Time Schedule: To Be Determined

Unit of Measure: Potential Amendments to Related Zoning and Permitting Ordinances; Resulting Redevelopment of Targeted Lodging Structures

ISSUE 2: NEED FOR LOCAL WORKFORCE OF ADEQUATE SIZE AND SKILLS

OBJECTIVE 1: COMPLETE UNDERSTANDING OF LOCAL LABOR SKILL NEEDS AND REQUIREMENTS

Strategy 1: Support the Creation of a Mechanism to Inventory Exact Labor Quantity and Skill Needs of All Local Industries to Better Accommodate Local

Business Expansion Needs

Responsible Party: Economic Development Position, in support of the Director of the Central Coast Economic Development Alliance
Time Schedule: To Be Determined (CCEDA)
Unit of Measure: Discussion of Workforce Needs; Gradual Inventory of Skill Requirements by Sector

OBJECTIVE 2: ENRICHMENT OF NEWPORT WORKFORCE EDUCATION AND SKILLS

Strategy 1: Support Local Educational Institutions in Efforts to Expand, Innovate Programs and Seek Enhanced Public Funding Support

Responsible Party: City of Newport
Time Schedule: To Be Determined
Unit of Measure: Public Partnership and Support of Educational Institution Expansion, Attraction and Funding Enhancement

Strategy 2: Support Local Efforts to Attract or Grow Private School Options (excluding K-12 schools) in Newport

Responsible Party: City of Newport
Time Schedule: To Be Determined
Unit of Measure: Increased Public Discussion of Private School Attraction, Potential City or Chamber of Commerce Committee Involvement, Private School Establishment

Strategy 3: Facilitate Increased Partnership of Local Businesses and Public School Teachers in All Grade Levels to Familiarize Students with the Broader Community, its Local Career Opportunities and Necessary Job Skills

Responsible Party: Newport Chamber of Commerce in coordination with Lincoln County School District
Time Schedule: To Be Determined
Unit of Measure: Business and Industry Educational Partnerships, Field Trips, Internships and Potential Employment Opportunities for School Program Participants

Strategy 4: Support County and Statewide Education Improvement Initiatives such as Public School Finance Improvements, Workforce/Vocational Training Funds and Other Potential Initiatives

Responsible Party: City of Newport
Time Schedule: To Be Determined
Unit of Measure: Greater Local, Regional and Statewide Partnerships in Improving Education and Workforce Quality

ISSUE 3: NEED FOR LOCAL INFRASTRUCTURE IMPROVEMENT AND EXPANSION

OBJECTIVE 1: NECESSARY INFRASTRUCTURE TO SUPPORT LOCAL ECONOMIC EXPANSION OF NEWPORT'S CLUSTER INDUSTRIES AND BROADER BUSINESS BASE

Strategy 1: Pursue Grants from ODOT and other Sources to Enhance and Diversify Transportation Offerings in Newport

Responsible Party: Newport Community Development Director, Public Works Director and Parks & Recreation Director

Time Schedule: On-Going

Unit of Measure: Grant Application(s) Processed, Potential Grant Award(s)

Strategy 2: Create a Yaquina Bay Bridge Improvement Task Force Comprising Port and Government Officials, Community Stakeholders and Businesses to Anticipate Bridge Improvement Needs in Conjunction with South Beach Development and/or Port Economic Development Initiatives

Responsible Party: Newport Mayor and/or Selected City Staff

Time Schedule: To Be Determined

Unit of Measure: Task Force Formation; Bridge Construction and Funding Strategy

Strategy 3: Leverage Support for Commuter Air Service to Newport from Community Stakeholders, Businesses and other Entities/Jurisdictions that would Benefit from Commuter Air Service

Responsible Party: Airport Manager with cooperation from an Economic Development Position

Time Schedule: On-Going

Unit of Measure: Annual Progress Reports in Achieving Commuter Air Service; Discussions with Commuter Air Companies and Feasibility Study

ISSUE 4: NEED FOR LOCAL SMALL BUSINESS ASSISTANCE AND OPPORTUNITIES

OBJECTIVE 1: MAINTAIN A POSITIVE EXCHANGE BETWEEN THE CITY AND THE BUSINESS COMMUNITY

Strategy 1: Continue A High Level of Business-Friendly Customer Service by the City and Its Departments

Responsible Party: Newport Mayor and Newport City Manager

Time Schedule: On-Going

Unit of Measure: Continued High Business and Citizen Satisfaction Rates

OBJECTIVE 2: ENHANCE NEWPORT'S ATTRACTION OF PRE-RETIREES AND THE INDEPENDENTLY EMPLOYED AS A RESIDENTIAL LOCATION, AS A PLACE TO RELOCATE AN EXISTING BUSINESS OR START A NEW BUSINESS

Strategy 1: Further Develop Newport's Existing Marketing Approach to Entrepreneurs Seeking to Live in Newport for Lifestyle Reasons and Potentially Relocating Businesses to Newport

Responsible Party: Economic Development Position

Time Schedule: To Be Determined

Unit of Measure: Increases in Small Business, Home-Based Business and Independent Contractor Firm Counts in Newport

Strategy 2: Consider Zoning Regulation Changes that Create Incentives for Live-Work Space Development

Responsible Party: Newport Community Development Director
Time Schedule: To Be Determined
Unit of Measure: Suggested Zoning Regulation Changes, as Necessary; Zoning Code Change(s) Adoption; Live-Work Mixed Use Development

ISSUE 5: DECLINING APPEARANCE OF NEWPORT COMMERCIAL AREAS, PARTICULARLY ALONG HIGHWAY 101

OBJECTIVE 1: DEVELOP A VARIETY OF PUBLIC AND PRIVATE TOOLS TO BEAUTIFY AND ENHANCE DECLINING CORE COMMERCIAL AREAS

Strategy 1: Explore New or Enhanced Fiscal Tools to Spur Redevelopment, and Beautification Efforts, Potentially Including Increased Hotel/Motel Tax Rate, Property Tax Incentives, and Urban Renewal Districting

Responsible Party: Newport Mayor or Newport City Manager
Time Schedule: On-Going
Unit of Measure: Tax Stream Identification, Public Debate, Potential New Tax Revenue Streams Earmarked for Commercial Area Beautification

Strategy 2: Pursue Business and Lodging Façade Improvement Program through Grant Funds or Other Funding Sources

Responsible Party: Newport Community Development Director
Time Schedule: On-Going
Unit of Measure: Grant Application Process(es); Grant Award(s)

Strategy 3: Improve and Standardize a City Attraction, Neighborhood/District and Services Signage System along Highway 101 for Visitors to Newport

Responsible Party: Newport Community Development Director in coordination with the Newport Chamber of Commerce City Beautification Committee
Time Schedule: To Be Determined
Unit of Measure: City Signage Proposals; Proposed Signage Ordinance and Adoption

Strategy 4: Review the Ingredients and Success of the Nye Beach Area for Applicability to other Commercial Areas of Newport

Responsible Party: Newport Community Development Director
Time Schedule: To Be Determined
Unit of Measure: Elaboration or Modification to Zoning Overlay Ordinance; Future Zoning Overlay for Commercial District (Re)Development

Strategy 5: Explore Zoning Regulations that Encourage Enhancement of Businesses, Particularly Along Highway 101

Responsible Party: City of Newport Planning Commission and the Newport Community Development Director with input from the Newport

Chamber of Commerce City Beautification Committee
Time Schedule: To Be Determined
Unit of Measure: Zoning Ordinance Amendment Proposals as Necessary; Improved Building Aesthetics along Highway 101

Strategy 6: Review and Revise the Existing Sign Ordinance for Improvements to Better Address General Signage Along Highway 101

Responsible Party: City of Newport Planning Commission and the Newport Community Development Director with input from the Newport Chamber of Commerce City Beautification Committee
Time Schedule: To Be Determined
Unit of Measure: City Signage Proposals; Proposed Signage Ordinance and Adoption; Improved Building Aesthetics along Highway 101

ISSUE 6: LONG-TERM HEALTH AND OPPORTUNITY FOR NEWPORT'S INDUSTRY CLUSTERS

OBJECTIVE 1: A DIVERSIFIED AND COORDINATED TOURISM INDUSTRY CLUSTER

Strategy 1: Broaden the Existing Destination Newport Committee to Include the Planned City Events Center and Its Coordinated Use by Local Sectors, Including Non-Tourism Industry

Responsible Party: Destination Newport Committee
Time Schedule: To Be Determined
Unit of Measure: Addition of Appropriate Event Center Representative Prior to Planned Construction of the Facility

Strategy 2: Encourage a Reformatting of the Newport Visitor Information Website to Add Marketing and Sale of Pre-Arranged, Themed Packages Relating to Individual or Combined Elements of the Local Tourism Industry Similar to Nationwide On-Line Travel Reservation Systems

Responsible Party: Newport Chamber of Commerce in Coordination with the Destination Newport Committee
Time Schedule: To Be Determined
Unit of Measure: Reformatting of the Tourism Website; Measure of Website Visitor Counts and On-Line Sales

Strategy 3: Explore New Potential Funding Sources and Avenues for Broadcast Marketing of Newport's Traditional and New Tourism Offerings

Responsible Party: Newport Chamber of Commerce in Coordination with the Tourism Development Director and the Destination Newport Committee
Time Schedule: On-Going
Unit of Measure: Identification and Receipt of Funding Sources; Expansion of Newport Tourism Marketing

Strategy 4: Reinvigorate Efforts to Attract Development of a World-Class 18-hole Golf Course in Newport

Responsible Party: Economic Development Director

Time Schedule: To Be Determined
Unit of Measure: Renewed Marketing & Recruiting Efforts; Potential Golf Course Development

Strategy 5: Explore Opportunities to Expand Non-Event, Gourmet-Related Tourism, i.e. Fresh Oysters, Crab, Fish, Wine and Craft Beer Production

Responsible Party: Fishermen's Wives, Port of Newport and other Industry Cluster Representatives in cooperation with an Economic Development Director
Time Schedule: On-Going
Unit of Measure: Further Coordination Between Food and Beverage Manufacturers and Traditional Tourism Industry; Increased Factory or Facility Tours

Strategy 6: Support the Exploration of Ecotourism and Educational Tourism Opportunities in Coordination with Hatfield Marine Science Center, Oregon Coast Aquarium and Other Entities

Responsible Party: Newport Chamber of Commerce in Coordination with HMSC, Oregon Coast Aquarium and Necessary Assistance from an Economic Development Director
Time Schedule: To Be Determined
Unit of Measure: Ecotourism development feasibility study, Operator Recruitment, Potential Ecotourism and Educational Tourism Development

OBJECTIVE 2: DEVELOP A DISTINCT, NATURAL CULINARY CACHET FOR NEWPORT'S SEAFOOD, OTHER FOODS AND BEVERAGES INDUSTRY CLUSTERS

Strategy 1: Focus Active Business Recruitment on Complimentary Gourmet Food Products, such as Small- to Medium-Scale Artisan Cheeses, Artisan Breads/Baked Goods, and Wines.

Responsible Party: Economic Development Position
Time Schedule: On-Going
Unit of Measure: Manufacturing Leads and Recruitment of Food Product Industry

Strategy 2: Survey or Conduct Roundtable Discussions with Seafood and Non-Seafood/Beverage Industry Clusters to Inventory Potential Industry Recruitment Needs or Opportunities, i.e. Support/Vendor Industries as well as Joint Venture Possibilities, Cross-Marketing Opportunities and Brand Development/Merchandising Opportunities

Responsible Party: Economic Development Position
Time Schedule: On-Going, Annually or Semi-Annually
Unit of Measure: Industry Recruitment Leads, Industry Cluster "Pulse"

Strategy 3: Tie Food Product Industry Recruitment Efforts and Marketing of Newport Industry to Newport's Clean, Scenic Environment and Related Quality of Life

Responsible Party: Economic Development Position

Time Schedule: On-Going
Unit of Measure: Industry Recruitment Leads and Successes

Strategy 4: Encourage cooperative Fishery Research Program Participation between Fishermen and HMSC and Federal Research Activities to Increase Local Federal Research Spending Share

Responsible Party: Fishermen's Wives and HMSC, with Public Support from City of Newport and Necessary Support from an Economic Development Position

Time Schedule: On-Going

Unit of Measure: Growth in Frequency of Research Program Participation; Increased Share of Federal Research Spending in Newport.

Strategy 5: Develop a Long-Term Marketing Strategy for Newport as the Premier Location for Fishing and Seafood Processing Industry Consolidation if Coastal Fisheries Experience Long-Term Restrictions and Industry Decline

Responsible Party: Economic Development Position with the Fishermen's Wives, Port of Newport, OSU Sea Grant Extension and Other Industry Cluster Representatives

Time Schedule: Long-Term On-Going

Unit of Measure: To Be Determined

Strategy 6: Revitalize Local Efforts to Establish a Business Incubator in Newport, Specifically Targeting Start-Up Food Product Manufacture as a Key Industry

Responsible Party: Economic Development Position

Time Schedule: Long-Term On-Going

Unit of Measure: Revisitation of Incubator Feasibility Criteria, Coordination with Oregon State University Food Products Incubator Program, Realization of a Local Newport Business Incubator

OBJECTIVE 3: CREATE AN IDENTITY FOR THE NEWPORT AREA AS THE PREMIER COASTAL ARTS AND CULTURAL LOCATION BETWEEN CALIFORNIA AND CANADA

Strategy 1: Strengthen Ties Between Willamette Valley Culture and Arts Venues, Particularly Galleries and Amenities in Portland

Responsible Party: OCCA and a Newly-Created Newport Arts and Culture Cluster Trade Group with Support from an Economic Development Position

Time Schedule: On-Going

Unit of Measure: Increased Gallery Counts, Artist Counts and Touring Performance Counts

Strategy 2: Develop a Long-Term Strategy for Attracting a Fine Arts School and/or Substantial Studio Investment, such as a Bronze Foundry or Other Proven Attractor

Responsible Party: OCCA and a Newly-Created Newport Arts and Culture Cluster Trade Group with Support from an Economic Development

Position
Time Schedule: On-Going
Unit of Measure: Increased Gallery Counts, Artist Counts and Art & Culture Tourism

OBJECTIVE 4: ACADEMIC AND RESEARCH FACILITY GROWTH WITH STRONG COMMUNITY SUPPORT AND RESULTING COMMERCE GENERATION

Strategy 1: Support Planned Expansion of Oregon Coast Community College, its Funding Needs and Its Plans to Coordinate with OSU/HMSC on New Course Offerings, and Specialized Technical Training Programs

Responsible Party: City of Newport
Time Schedule: On-Going
Unit of Measure: College Employment Growth, Enrollment Growth and Average Graduate Wage Growth

Strategy 2: Support OSU/HMSC Plans for an Eventual Oregon State University Coastal Campus

Responsible Party: City of Newport
Time Schedule: On-Going
Unit of Measure: Center/Campus Employment Growth, Enrollment Growth and Average Graduate Wage Growth

Strategy 3: Develop a Long-Term Strategy to Utilize Technology Privatization, Spin-Off, Patenting, Private Product Development and Business Recruitment Resulting from Unique Research Activities by HMSC

Responsible Party: Economic Development Position and HMSC
Time Schedule: Long-Term, On-Going
Unit of Measure: To Be Determined as the New State Law and Grant Program Evolves

OBJECTIVE 5: COORDINATE WITH THE SEABERG COMPANY TO FORMULATE A LONG-TERM SURGICAL APPLIANCE AND EQUIPMENT MANUFACTURE CLUSTER IN NEWPORT

Strategy 1: Develop a Strong Working Relationship with Seaberg Company Administration to Identify Future Potential Employment, Workforce Needs, Industry Spin-Off Potential, Business Recruitment Potential and Land and Space Requirements for Potential Industry Expansion

Responsible Party: Economic Development Position
Time Schedule: 3-5 Years Long-Term, On-Going
Unit of Measure: To Be Determined

V. ECONOMIC ANALYSIS

The following economic analysis was conducted in fulfillment of State of Oregon Planning Goal 9, Economic Opportunity Analysis statutory guidelines in determining likely twenty-year need for employment lands in Newport, Oregon. The methodology followed the sequence of project tasks summarized as follows:

- Assessment of National, State & Local Trends
- 20-Year Population & Employment Forecast
- Estimation of Types of Industrial and Commercial Development Likely to Occur in Newport
- Determination of Site Requirements During the 20-Year Planning Period
- Projection of Land Need Based on Growth Projections
- Identification of Vacant/Partially Vacant Parcels
- Identification of Development & Environmental Constraints within the Land Supply
- Identification of Potential Infrastructure Limitations within the Land Supply and Proposed Employment Land Areas
- Identification of Potential Mixed-Use or Redevelopment Opportunities in the Land Supply
- Determination of Short-Term and Long-Term Buildable Land Needs
- Review of Goal 17 water dependent site inventory as it pertains to forecast land need and available inventory of buildable lands

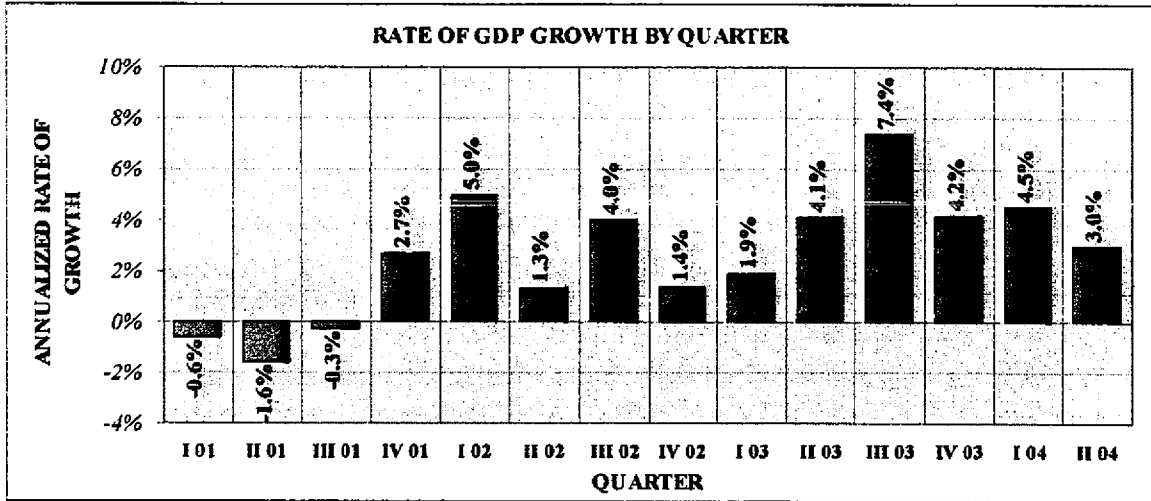
The following Economic Analysis Section is a result of that work scope of tasks and related research and analysis work to inform the City of Newport Draft Comprehensive Plan for Employment Lands.

A. Baseline Analysis: National, State & Local Trends

1. National Trends

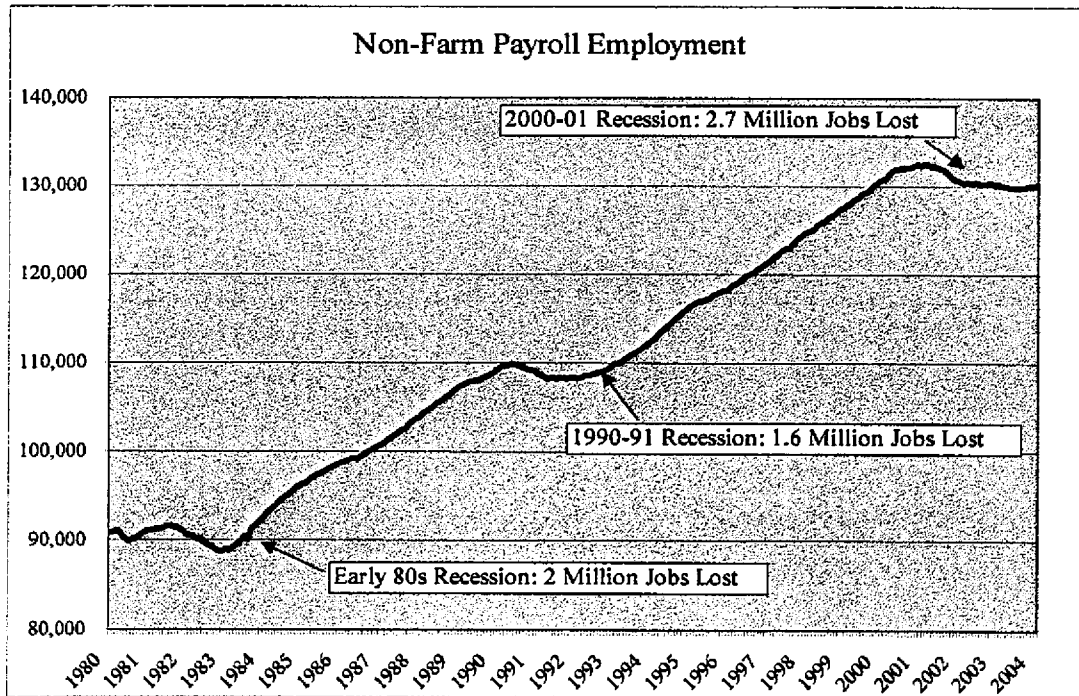
The U.S. economy is presently in expansion based on growth in national production measured by Gross Domestic Product (GDP). The U.S. Department of Commerce has recorded twelve consecutive fiscal quarters where U.S. production growth has increased, nine of which have exceeded the pace of inflation. A summary of GDP growth rates over the last three years is summarized in Table 1 below.

Table 1



By traditional measures, the 2000-2001 recession was a reasonably shallow one as measured by national production. However, payroll employment losses – unemployment insurance-covered jobs shed by firms – were significantly greater than the previous two recessions as demonstrated in Table 2.

Table 2

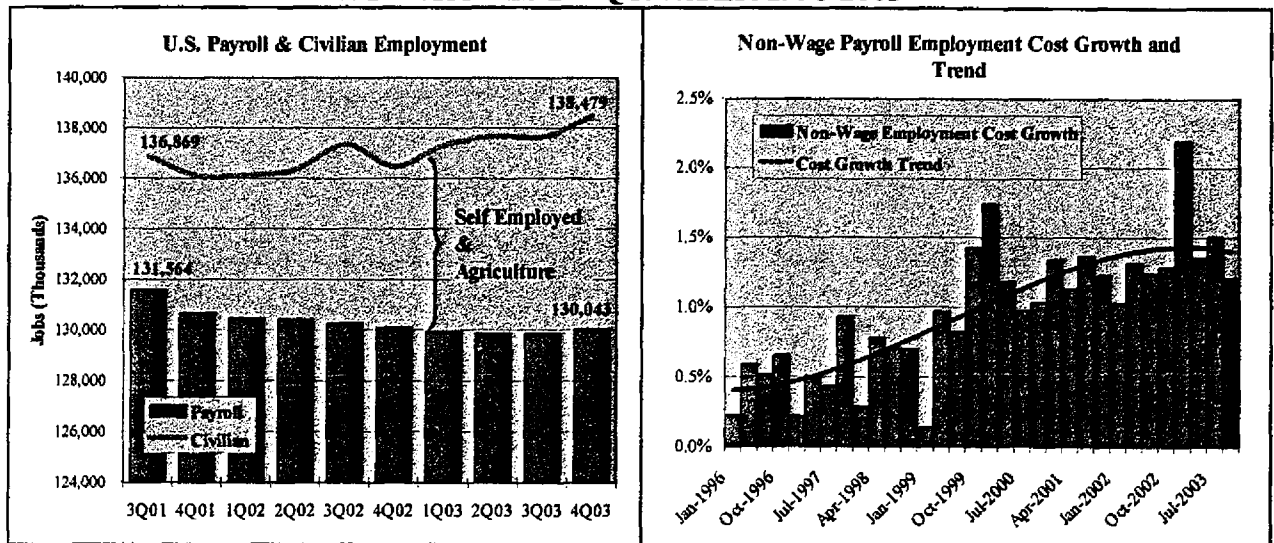


SOURCE: U.S. Bureau of Labor Statistics

At the end of 2004, the cause for disparity between significant job losses and minimal national production decline has not yet been determined. The following trends appear to have combined and contributed:

- **Regional Recessions:** Unlike previous recessions, the 2000-01 downturn was felt far more acutely in different regions of the country than others. The Pacific Northwest economy, anchored by significant transportation manufacturing and high-tech industries, fell victim to a one-two punch of the 2000 “Tech Wreck” decline in technology companies and the 9/11 shock to the travel industry, particularly need for new commercial airplanes. The Desert Southwest and other regional growth merely slowed temporarily and have since returned to pre-recession rates of expansion while the Pacific Northwest continues to languish.
- **Low Interest Rates:** Economic weakness, trade balances with Asia and Federal Reserve policy have kept long-term and short-term interest rates at historic lows. The result is that residential construction and financial sectors have boomed nationwide like never before. Increased homeownership, along with significant home value gains in most regions, and lower costs for consumer debt have sustained consumer spending during the recession despite significant payroll job losses.
- **Government Spending:** Federal tax cuts paired with significant expansion in Federal spending due to war have both sustained consumer spending and increased production by contractors to the government, though the range of beneficiary industries is relatively limited.
- **Growing Business Overhead Costs:** As demonstrated in Table 3¹, the U.S. Bureau of Labor Statistics Index of Non-Wage Payroll Employment Costs has significantly increased over the past several years to its highest levels in two decades. In effect, cost of employee insurance and other overhead per employee has escalated to an extent that companies have far greater incentive to delay hiring or avoid it altogether and invest in software and machinery innovation to maintain production if possible.

Table 3
U.S. PAYROLLS BY QUARTER 1996-2003



SOURCE: U.S. Bureau of Labor Statistics

Adding to the above factors in explaining sustained national production but payroll job losses is the changing nature of employment for the nation's labor force. Although payroll jobs have declined since 2000, the U.S. job market has performed better than commonly reported in terms of civilian employment, which includes agricultural jobs and the self-employed, sole proprietors and independent contractors. The following table provides a comparison of payroll employment to civilian employment over the past 24 years.

Table 4



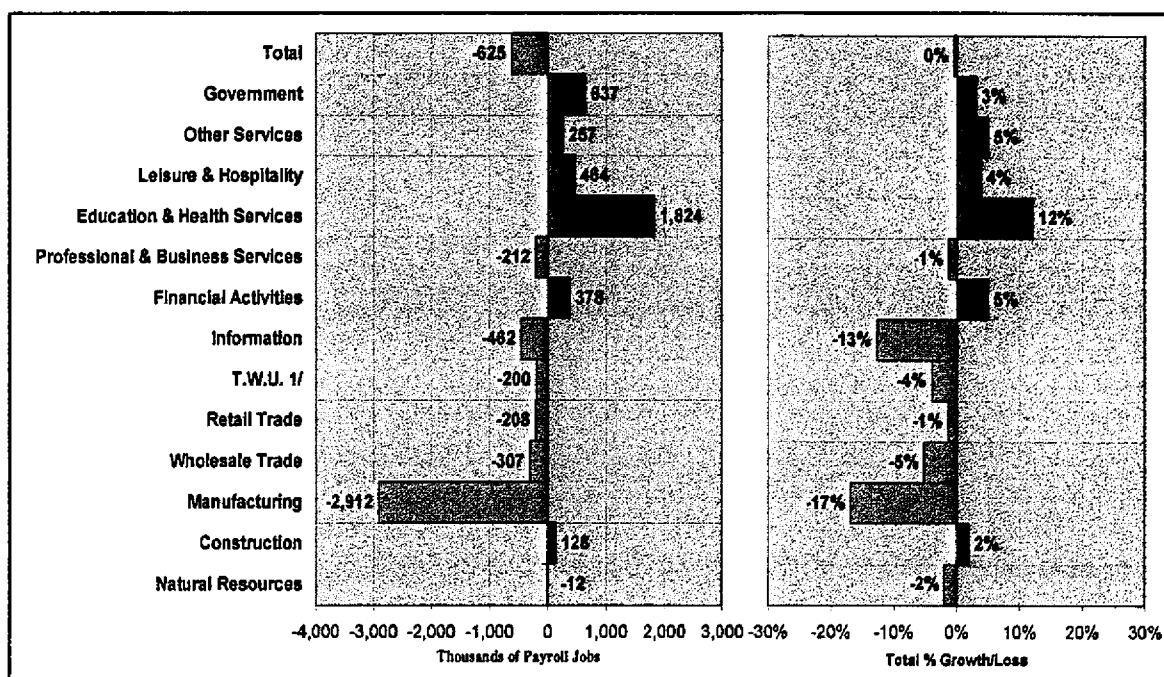
While payroll jobs dipped by 2.7 million after 2000, civilian jobs dropped by less than half and returned to pre-recession levels in 2003. Through mid-2004, the country added roughly 3 million more civilian jobs than recorded in 2000 prior to the recession. When accounting for independents and self-employed, U.S. employment has performed consistently with the GDP trends examined above. Dramatic economic growth posted prior to 2000 created more jobs than the traditional payroll employment labor force could fill; the self-employed and independents were lured into payroll jobs as indicated by the narrow gulf between payroll and civilian employment in 2000.

As the country continues to expand economically, the independent and self-employed can be expected to continue to grow at a faster rate than payroll jobs. As Table 4 indicates, the country tends to average an 8 million to 10 million job differential between payroll and civilian employment. With agriculture employment declining by 7% annually according to the U.S. Department of Agriculture, the self-employed will account for a greater majority share of the difference over time.

a. Industry-Specific Trends

Between June of 2000 and June of 2004, the U.S. economy experienced significant losses in its manufacturing core as demonstrated in Table 5. A Manufacturing payroll job deficit of 17%, or 2.9 million positions, still existed as of July 1, 2004. Information industries, a significant portion of which is software and internet publishing firms, experienced the second-largest decline during the period. These industries have been particularly difficult for the Pacific Northwest as discussed above. Wholesale Trade and Transportation, Warehousing & Utilities payroll employment have also not completely recovered since the recession, largely due to ripple effects from primary Manufacturing and Information job losses. This tertiary economic loss has also been particularly difficult for the port, rail and highway-concentrated industries of the Pacific Northwest corridor already struggling due to core industry losses.

**Table 5
U.S. ECONOMY BY INDUSTRY, 2000 TO 2004**



SOURCE: U.S. Bureau of Labor Statistics
1/ Transportation, Warehousing & Utilities

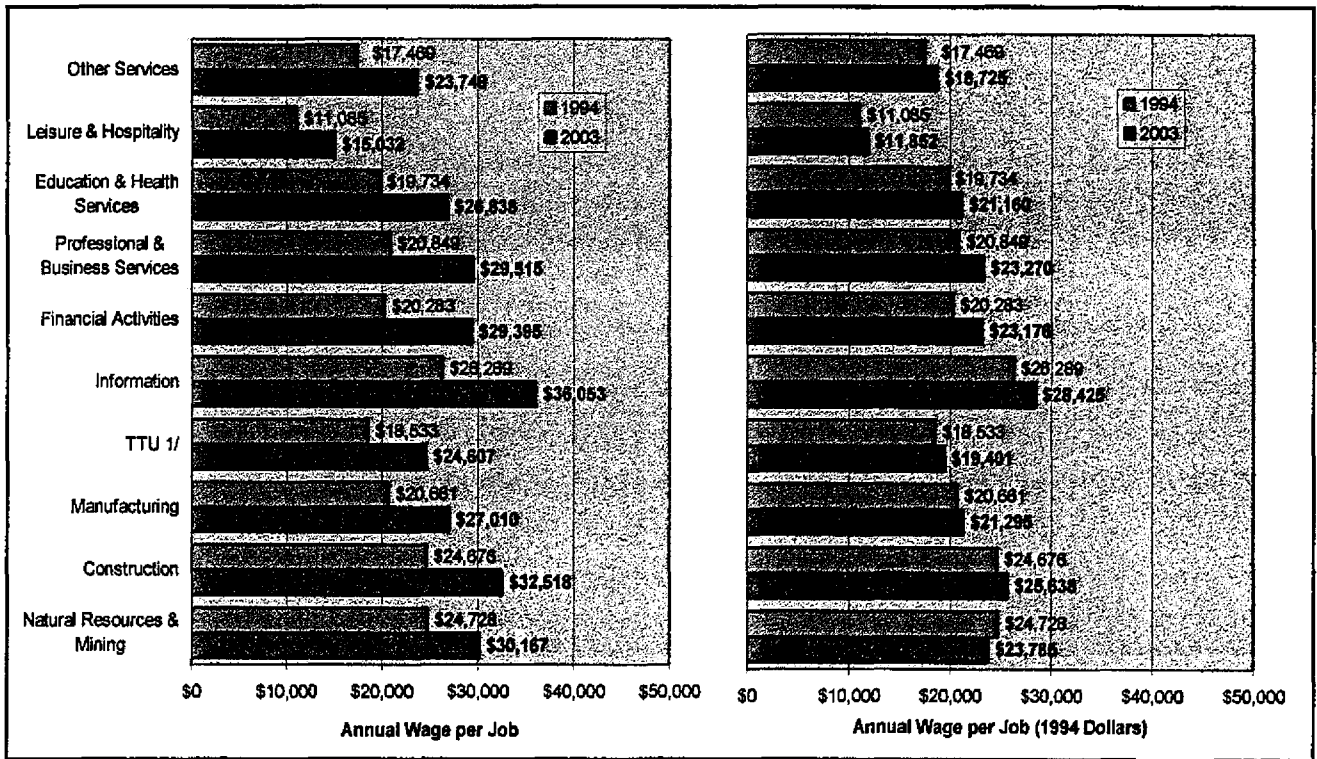
Alternatively, Healthcare, Education, Leisure & Hospitality, Government & Financial Activities have all enjoyed growth since 2000 in terms of payroll employment. Excepting Government, due greatly to ramp-up in military spending, industries that have seen sustainable expansion, benefited from low mortgage and interest rates, reflect residential growth and quality of life preferences, and have benefited significantly from telecommunications, i.e. internet innovations over the past decade.

b. Industry & Earnings

Nationwide, wages have grown in a stable manner for all private industries. The following table provides a summary of annual earnings per employee for each national private industry sector in 1994 and 2003. The left chart in Table 6 summarizes nominal wages, or wages as they are paid annually including price increases. The right chart in Table 6 summarizes wages in constant, 1994 dollars which excludes price increases.

- Wages in all industries grew between 1994 and 2003 – Information industry jobs enjoyed the largest increase in pay over the period (\$9,800) while Leisure & Hospitality jobs experienced the smallest increase (\$4,000).
- In real terms, wage growth – reflecting true buying power by workers – has been less dramatic for industry nationwide.
- All industries but Natural Resources & Mining paid higher wages in constant dollars – Financial Services employees enjoyed the greatest buying power increase (\$2,900) while Manufacturing workers garnered smallest increase in buying power (\$635) over the period.

Table 6
U.S. WAGES BY INDUSTRY, 1994-2004



SOURCE: U.S. Bureau of Labor Statistics
1/ Trade, Transportation & Utilities

c. Considerations for Economic Growth

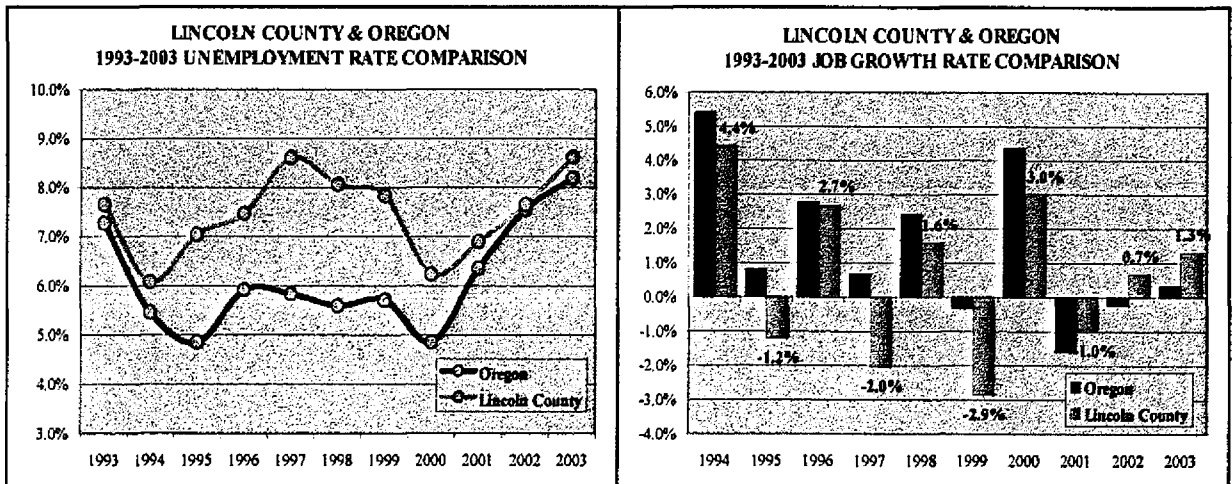
Current consensus forecasts for the U.S. economy generally range between 3.3% and 3.6% annual GDP growth over the coming years. However, the following trends and considerations could have significant implications for the economy.

- The weak U.S. dollar has made U.S. exports more affordable internationally while making imports more expensive. Continued low interest rates and less-than-stellar economic performance should keep the dollar weak, particularly against Asian currencies – benefiting Pacific Northwest firms that trade in the Pacific Rim.
- Mortgage rates will increase as the economy improves over the coming months. However, 30-year rates are greatly determined by international currency exchange and purchases of Federal notes. China in particular is expected to maintain a consistent policy of buying U.S. debt at below market rates to keep its currency strong – which in turn will dampen upward pressure on mortgage rates and other long-term rates.
- Petroleum prices recently spiked above \$50 per barrel, though prices are now trending downwards with the U.S. election complete, a stronger hand by the U.S. in Iraq, repair of production facilities in the Gulf of Mexico and growing prospects of additional exploration in Alaska. Growing demand for oil by China will be a primary upward pressure of oil prices over the next several years, paired with unpredictable politics in the Middle East. Any growth in prices acts like a tax and increases the costs of production, and, thus prices.
- As already expressed, growing non-wage costs of employment is likely discouraging businesses from hiring employees. If the present administration is unable to create conditions for lower health insurance costs and other escalating overhead expenses, sluggish payroll employment growth can be expected nationwide.

2. State & Local Trends

Table 7

UNEMPLOYMENT AND JOB GROWTH



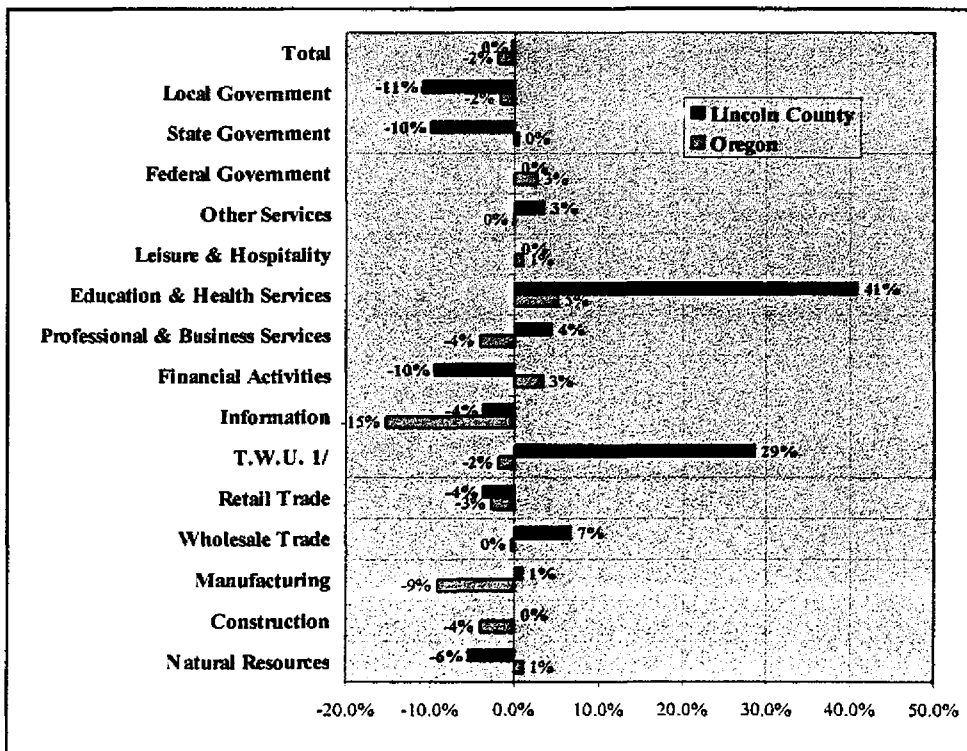
SOURCE: Oregon Employment Department & Johnson Gardner, LLC

- Lincoln County unemployment suffered a roughly 2.5%-point increase as a result of the recent recession, though fared better than the Oregon rate which increased by 3%.
- At the end of 2003, the Oregon and Lincoln County unemployment rates were not significantly different; the Lincoln County jobless rate typically exceeds the State by an average of 1.3%.
- Lincoln County contracted by 1.0% during the recent recession, though since 2001 County job growth has averaged roughly 1% annually.
- The State, in contrast, enjoyed its first 12-month period of positive job growth in 2003.
- Historically, annual job growth has been far more erratic in Lincoln County than Statewide, largely due to the historically seasonal nature of local industry, as well as the significant influence State and Federal environmental regulations have on local core fishing and timber industry.

a. Industry Job Growth

- 2003 industry employment in Lincoln County was less than 1% lower than industry jobs at the end of 2000; the local economy has, in effect, weathered the recession relatively well.
- The State, in comparison, has not performed as well through the recession; industry employment at the end of 2003 was still 2% below its mark at the end of 2000.

**Table 8
LINCOLN COUNTY JOB GROWTH**



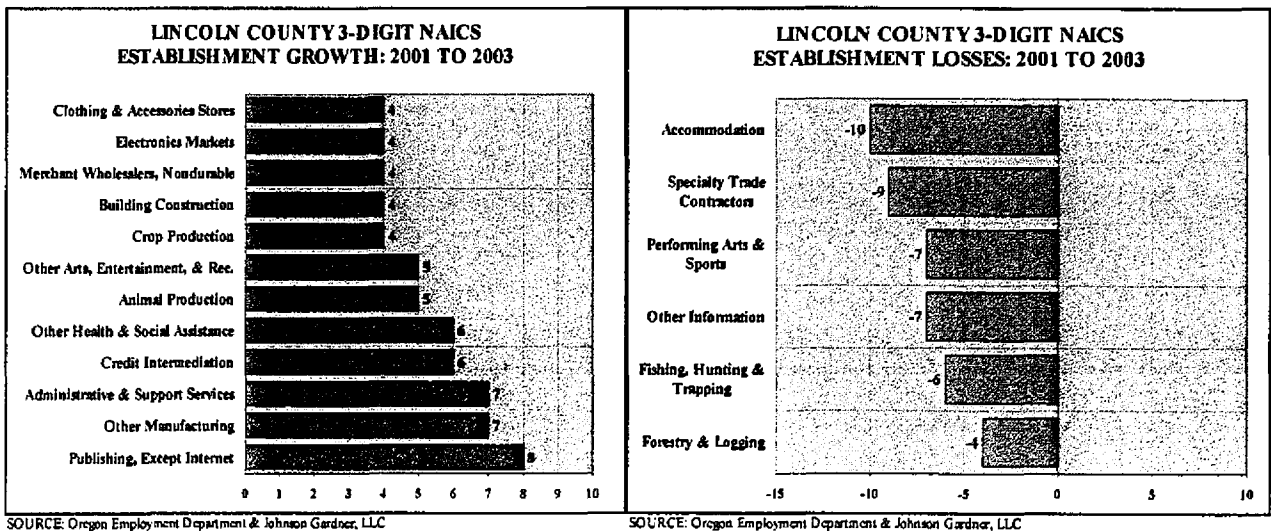
SOURCE: Oregon Employment Department & Johnson Gardner, LLC

- Transportation, Warehousing & Utilities, Wholesale Trade and Education & Health Services exhibited the greatest strength over the last four years. Transportation improvements, particularly Highway 20, help to explain the former two while growing population and residential development in Lincoln County caused the latter.
- Statewide, Education & Health Services, Financial Activities, and Federal Government employment experienced growth, though modestly, through the recession. All other sectors declined, particularly Information (software, internet and publishing) and Manufacturing were the hardest hit.
- Lincoln County's superior performance can largely be explained by its relatively greater diversity of industry, particularly its lower reliance on hard-hit Manufacturing firms. The County economy is half as dependent upon the Manufacturing sector as is the rest of the State.
- Industries expanding the fastest in Lincoln County are generally family-wage jobs, specifically Health, Transportation, Wholesale Trade, Warehousing, and Utilities.

b. Lincoln County Business Expansion & Loss

Lincoln County has traditionally experienced a higher rate of business turnover than other parts of the State, due in part to the transitory nature of much of the population and the economy's historically seasonal nature. However, the following table demonstrates business count trends in Lincoln County that are encouraging, particularly so given the recent recession.

**Table 9
LINCOLN COUNTY BUSINESS TRENDS**



- Business gains in the County were broadly based in a variety of industry sectors. Unlike the past, no single industry such as Tourism dominated the count of new establishments.

- The average wage paid by new firms is roughly \$32,300, 29% higher than the County average of \$25,000.
- Unlike new businesses in the local area, exiting businesses did predominate in a handful of industries, all largely traditional: Tourism-related Accommodation and Performing Arts/Sports, as well as Natural Resources firms.
- Because of the predominance of Leisure & Hospitality firms, average wages for jobs lost by these firms was roughly \$18,800, or 34% below the County average.
- Although the County had a slight net firm count and job loss during the recession, the trend is towards new, higher-paying firms and industries which bodes well for future economic potential.

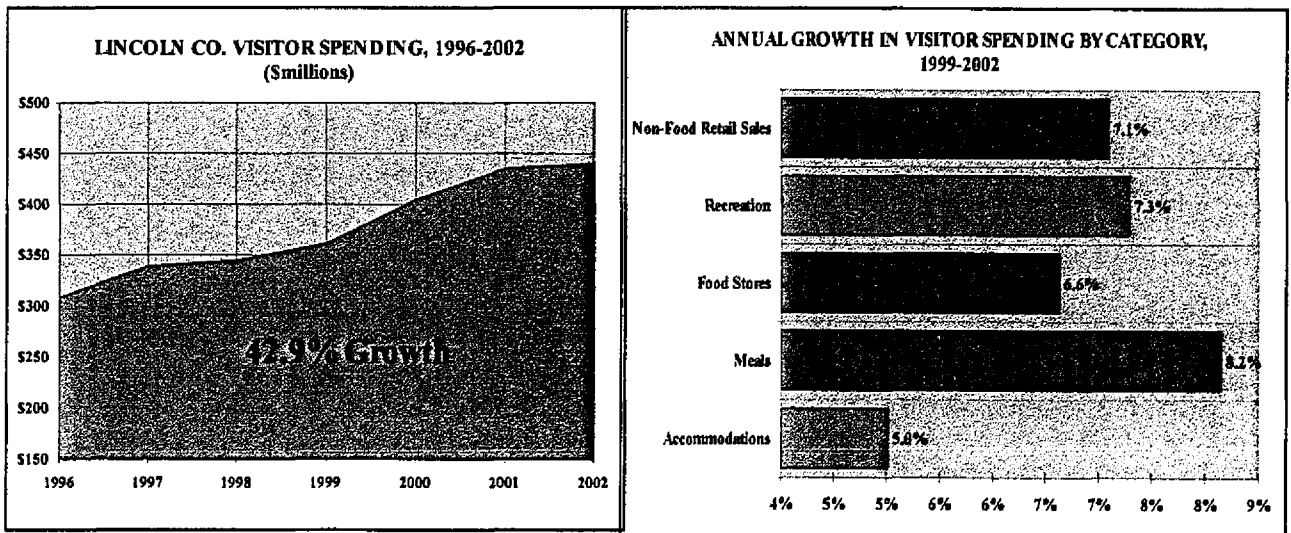
c. Tourism Industry Growth

Table 10 provides a summary of trends in the local Tourism industry as estimated by the Oregon Tourism Commission.

- County visitor spending growth has averaged over 6% annually since 1996, including the surge due to Keiko’s stay at the Oregon Coast Aquarium. Stagnation occurred after that, largely due to excess capacity built during that time.
- Lincoln County tourism has picked up significantly over the last five years as overcapacity was eliminated. Visitor spending growth, due in part to higher per capita spending by visitors in Newport for cultural and scenic attractions, has grown by 5% to 8% in the various categories of tourist-related commerce.

Table 10

LINCOLN COUNTY VISITOR SPENDING



3. City of Newport Economic Conditions

Within the City of Newport, economic conditions have trended consistently with County patterns. However, Newport clearly has a different industry mix and economic reality than does its Tourism-concentrated neighbor to the north, Lincoln City.

To determine economic conditions in Newport as opposed to countywide, State of Oregon covered employment data were accessed to discern employment, business count and wage trends over the past four years, particularly since the last Community Visioning process.

The following pages provide a summary of Newport's local industries during this time based on data provided by the State. A more detailed discussion of the local economy via a Cluster Analysis is found in Section IV-C below. Caveats to the following analysis are as follows:

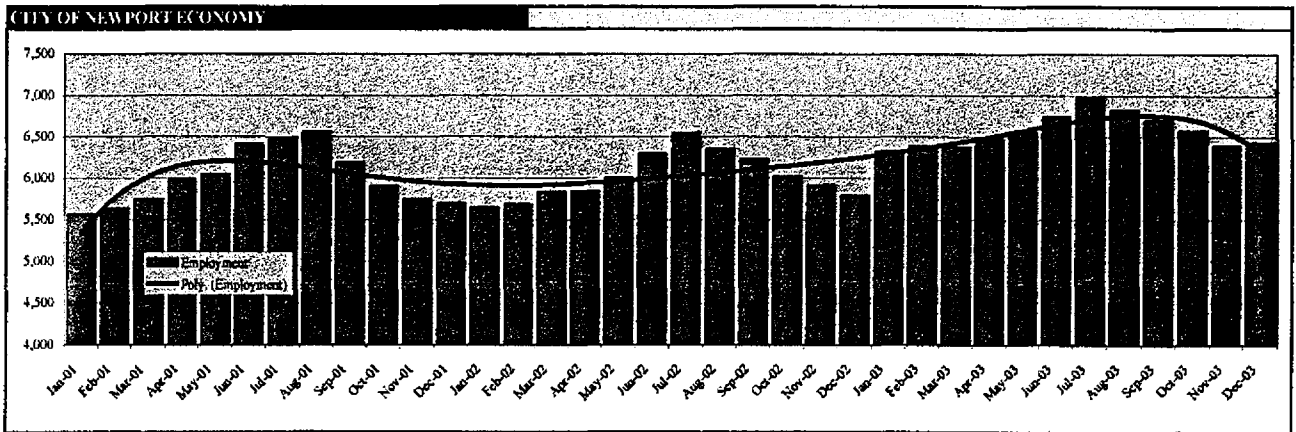
- Data is confidential in nature and every attempt has been made to avoid reporting specific data and information that is required to be suppressed. Errors are unintentional and will be remedied accordingly.
- The data are not a perfectly consistent time series due to revisions in payroll tax coding, NAICS category classification changes, and various other potential issues as a result of geo-coding of NAICS coded data since the 2001 conversion of Standard Industrial Classification coding to NAICS.

The following section is based on the detailed summary of Newport economic trends, by every local industry category, found in the Appendix.

a. Employment Trends & Seasonality

Table 11 provides a summary of monthly citywide employment in Newport from 2001 to 2003.

Table 11
NEWPORT MONTHLY EMPLOYMENT, 2001-2003



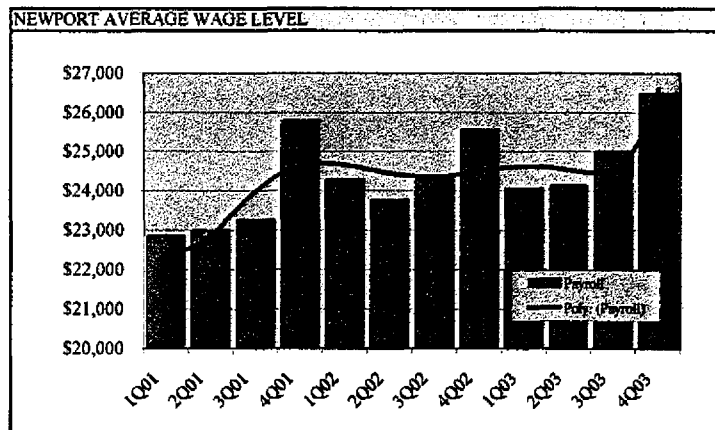
Data summarized in the above table indicate three important trends for the Newport

economy:

- Newport outperformed Lincoln County, in terms of covered employment, through the recent recession. Peak employment in July & August grew by roughly 250 jobs, while January 2003 (seasonal low) employment was over 500 jobs above levels in January of 2001.
- The period reflects growing summer/seasonal tourism health, as well as robust growth of Newport's non-seasonal sectors, marked by January covered employment expansion.
- Seasonality of the local economy is also diminishing as indicated by the relative "flattening" of the monthly employment cycle exhibited in Table 11. In 2001, the January to July/August employment differential was roughly 1,000 jobs. By 2003, the six-month differential was roughly 500 jobs.
- Seasonality will continue to flatten as more empty nesters and retirees relocate to Newport and generate more year-round economic activity.

Wages in Newport have grown as has employment over the past few years. Quarterly average wages in Newport are detailed in Table 12 below.

Table 12
NEWPORT AVERAGE WAGE TRENDS, 2001-2003

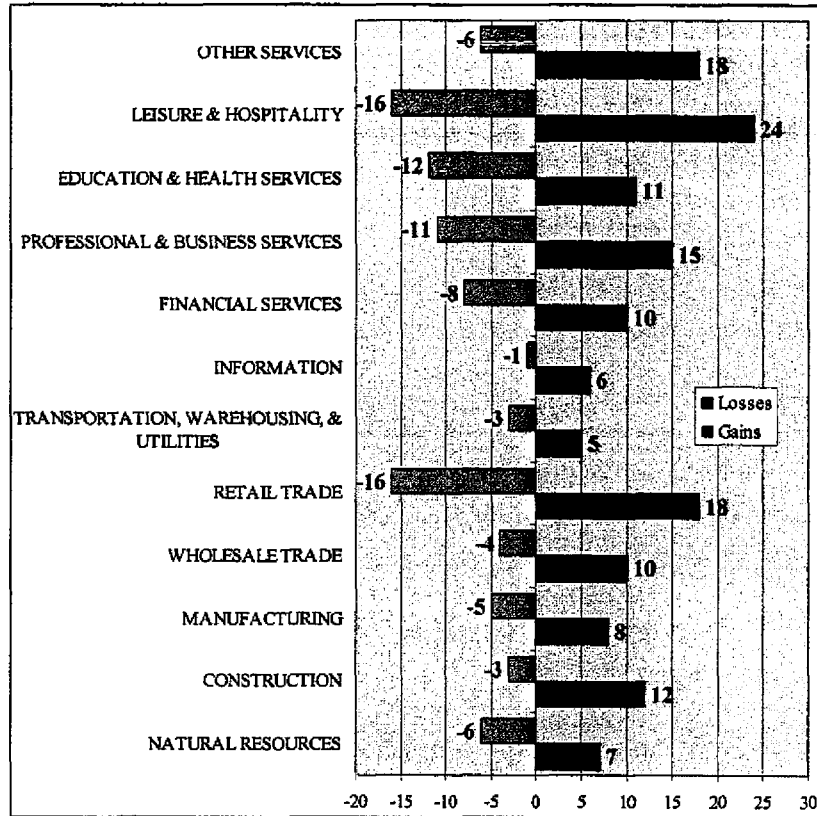


- During the recessionary years, the average annual covered wage in Newport increased from roughly \$24,500 to \$25,250. Though increasing, local wages did not keep pace with inflation, growing only 1.5% annually.
- Newport wages surpassed the countywide average of \$25,000 in 2003.
- Seasonality of wage levels eased over the past three years along with seasonal employment trends. During the period, the peak (4th Quarter) to trough (1st Quarter) annual wage differential decreased from \$3,000 to \$2,500.

Table 13 provides a summary of Newport establishment counts between 2001 and 2003. Establishment counts, as kept by the Oregon Employment Department, are businesses and institutions that have paid employees.

Table 13

NEWPORT ESTABLISHMENT COUNT TRENDS, 2001-2003



- Despite the recession, Newport added 53 net new payroll employers since 2001.
- Consolidation explained a significant share of establishment losses while relocation of firms to Newport from within and outside of Lincoln County explained many new local establishments.
- Other Services firms reported the greatest net growth, which includes numerous personal and automotive services firms driven by local residential growth. Construction expanded significantly, as well.
- Surprisingly, Education & Health Services stagnated in the sense that consolidation outweighed the addition of new firms and establishments in Newport.

B. Commercial/Industrial Land Inventory

A visual survey of all parcels zoned or planned for Commercial, Industrial and Water dependent/related uses within the Urban Growth Boundary was conducted in August, 2004. The parcel data base was provided by Lincoln County and the City provided paper copies of the Comprehensive Plan designations, the Zoning Map and aerial photographs. All parcels have been organized in to a Vacant Buildable Land Inventory which illustrates the Category, Zone or Plan designation, Parcel Identification Number, Parcel Size, the number of Developed or Constrained acres by Parcel and the Gross Buildable Acres.

Following the inventory and during the analysis, the parcels were classified in to several categories such as: Committed, Constrained, Redevelopable and Partially Vacant or Vacant. Constraints are such site characteristics as wetland or steep slopes. For the parcels with wetland, a 50 foot buffer was included for that part of the site description designated as constrained. Additional comments were annotated for specific parcels with unique or special conditions. The parcels were organized as follows:

- Commercial Zones C-1, C-2 and C-3
- Redevelop Zones C-1 and C-3
- UGB Plan Designation "C"

- Industrial Zones I-1 and I-2
- Redevelop Zone I-3
- UGB Plan Designation "I"
- UGB Redevelop Plan Designation "I"

- Water Dependent/Related W-1 and W-2

- Planned Destination Resort C-2/PDR

The following table summarizes the results of the inventory. The complete inventory is in the Appendix.

**Table 14
VACANT BUILDABLE LAND INVENTORY**

Category	Zone (City) or Plan (UGB)	Parcels	Acres Constrained	Acres Buildable
Commercial	C-1	35	38.19	4.22
Commercial	C-2	35	14.89	3.58
Commercial	C-3	8	6.95	0.30
<i>sub-total</i>		78	60.03	8.10
Redevelopable	C-1 & C-3	9	0	3.74
UGB	C	1	0	0.52
Total Commercial		88	60.03	12.36
Industrial	I-1	31	264.84	38.24
Industrial	I-2	4	1.45	27.90
Industrial	I-3	1	0.00	17.13
<i>sub-total</i>		36	266.29	63.27
Redevelopable	I-3	2	0	11.93
UGB	I	23	68.82	42.23
UGB Redevelopable	I	3	0.16	3.87
Total Industrial		64	335.27	141.30
Water-Dependent	W-1	13	48.09	25.07
Water-Related	W-2	4	27.56	1.30
Total Water-Dependent/Related		17	75.65	26.37
Planned Destination Resort	C-2 PDR	2	162.01	23.69

The City of Newport has an extremely limited supply of vacant buildable Commercial sites; 8.10 acres within the City limits, 3.74 acres that have been classified as ready to be redeveloped and one half acre within the Urban Growth Boundary (UGB). This limited supply is compounded by the large number (78) of parcels that contain the 8.1 acres. Not only are many of the parcels committed or constrained, but many of the parcels are approximately 4-8,000 square feet. The average vacant parcel size is 0.23 acres. Given the land need identified in the Economic Opportunities Analysis of 201.6 acres, a substantial amount of land will need to be planned for Commercial purposes.

There is less of an overall need for additional Industrial land. There is an existing inventory of 66.14 gross vacant buildable acres within the City limits, and an additional 58.03 acres within the UGB. However, the average size of the parcels within the City is small - 1.86 acres and there are only seven parcels in excess of 5 acres. There are no sites that could accommodate a medium sized new industry or institution seeking to locate in Newport. The 20-year forecast identifies a land need of 32 acres for industrial uses. This forecast does not include the desirability of having one or two large sites - 25 to 40 acres - for the new industry or institution which may select Newport for a new facility.

There are 43.5 acres designated for Water-Dependent/Related uses. The land needs forecast indicates that no more than two or three acres will be needed for Water-Dependent/Related uses in the next 20 years. For that reason, some of the land designated W1 and W2 may be

better suited for another less limiting zone designation. An evaluation of all of the land supply and need imbalances is undergoing a thorough analysis consistent with Goal 9, and if need be in the future, Goal 17.

Goal 9 requires that the City maintain at least an adequate supply of a variety of sites for commercial and industrial land consistent with the Comprehensive Plan policies. Goal 17 provides for the protection of land zoned for water-dependent recreational, commercial and industrial uses as an important economic resource of limited availability and changes to water-dependent lands must be done pursuant to the Statewide Planning Goal methodologies (such as the Goal 17 inventory process and/or the Goal 2 exception process.)

C. Industry Cluster Analysis

An analysis of Newport's industry clusters was conducted to identify current and future economic development opportunities and issues. Economic clusters are the networks of core businesses and their vendors and support services that help support the broader economy of a community. Clusters are determined by the relative prevalence or concentration of an industry group relative to nationwide averages. Clusters are, therefore, not necessarily large industries in and of themselves, but sectors with appreciably above-average presence relative to elsewhere.

Industry clusters are typically driven by the unique nature of local geography, environment, population, culture and public investment. Because of their unique qualities in any given location, it must be a high priority in economic development efforts to retain, strengthen and build upon existing clusters to maintain an economic competitive advantage.

Economic data for the City of Newport, Lincoln County and the State of Oregon, informed by Newport industry interviews and focus groups, indicate that Newport presently is host to five distinct industry clusters. These are:

- Tourism
- Commercial Fishing & Value Added
- Other Food and Beverage Manufacturing
- Arts & Culture
- Higher Education & Research

Newport is also home to a *potential* industry cluster resulting from the existence and possible expansion of an individual firm in the Surgical Appliance & Supplies Manufacturing industry.

The following represents a description of each industry cluster identified and related, recent trends. Specific cluster opportunities and threats are identified in the analysis and elaborated upon in the Economic Development Issues section of this document.

To further measure the economic development potential of different economic clusters, an analysis of local U.S. Small Business Administration loan activity was conducted, as well as an analysis of federal Small Business Innovation Research (SBIR) program participation, as well as local participation in the federal Small Business Technology Transfer Program (STTR). Local participation in all three was found to be limited. A discussion of each is found in the Appendix.

1. Tourism Industry Cluster

Newport's tourism industry cluster is the largest of the five and it has demonstrated resilience over the past three years as measured in the analysis found in Table 12.

- Jobs, total payroll and employer count all increased through the recession at significant rates.
- Average wages barely kept pace with annual inflation during the period and actually stagnated in 2003.
- Tourism industry now accounts for nearly one-third of local employment each year.

Location quotients for each primary and secondary/auxiliary tourism sector were calculated to determine local strengths and features of the tourism cluster. Although growth has occurred, the local industry has not significantly diversified away from reliance on the Oregon Coast Aquarium and fishing-related recreation. The primary exception is the Newport Arts & Culture industry cluster, which is discussed below.

- The Oregon Coast Aquarium continues to distinguish Newport as a tourism destination despite reported visitor count declines.
- Recreational amenities and services, however, still comprise the majority of tourism industry in Newport (Scenic & Sightseeing Transportation-Water, Boat Dealers, Golf Courses & Country Clubs).
- Labor Day 2004 restrictions on sport fishing charters due to declining rockfish population had a significant negative impact on the end of Newport's season.
- Venues for extended-stays (Bed & Breakfast Inns, RV Parks & Campgrounds) continue to be important to the local tourism industry, however their relative importance seems to be declining as measured by a receding location quotient since 2001.
- Alternatively, shorter-stay venues, i.e. hotels and motels, have increased in number since 2001 and faster than B&B inns and RV parks/campgrounds.
- Full-service restaurants demonstrated the greatest growth during the period, with fine dining diversifying most significantly.

Table 15
TOURISM INDUSTRY CLUSTER, 2005-2025

VITAL STATISTICS					INDUSTRY LOCATION QUOTIENTS (NAICS-2003)						
Category	2001	2002	2003	Annual Change	ABOVE-AVERAGE CONCENTRATION	(LQ)					
Total Employment	1,734	1,904	2,083	6.3%	Zoos and Botanical Gardens	47.8					
Total Payroll	\$25,384,734	\$30,074,403	\$32,842,036	9.0%	Scenic and Sightseeing Transportation, Water	32.4					
Average Wage	\$14,642	\$15,797	\$15,766	2.5%	Bed-and-Breakfast Inns	31.4					
Employers	122	128	140	4.7%	All Other General Merchandise Stores	13.6					
<p align="center">2003 Tourism Share of Newport Economy</p> <p>The pie chart illustrates the economic composition of Newport in 2003. The 'Tourism' sector, represented by a dark grey slice, accounts for 31.7% of the total economy. The remaining 68.3% is categorized as 'Other Industry', represented by a black slice.</p>					RV (Recreational Vehicle) Parks and Campgrounds	12.1					
					Museums	8.9					
					Hotels (except Casino Hotels) and Motels	6.9					
					Other Organizations	5.8					
					Boat Dealers	5.5					
					Periodical Publishers	5.5					
					Discount Department Stores	4.8					
					Tire Dealers	3.8					
					Gift, Novelty, and Souvenir Stores	3.1					
					Food Service Contractors	2.6					
					Full-Service Restaurants	2.3					
					Snack and Nonalcoholic Beverage Bars	2.1					
					Limited-Service Restaurants	1.4					
					Cafeterias	1.3					
					Drinking Places (Alcoholic Beverages)	1.2					
					Golf Courses and Country Clubs	1.1					
										BELOW-AVERAGE CONCENTRATION	(LQ)
										Residential Property Managers	0.9
										Passenger Car Rental	0.9
										All Other Amusement and Recreation Industries	0.3
					Lessors of Residential Buildings and Dwellings	0.2					
					Fitness and Recreational Sports Centers	0.2					
					Sports and Recreation Instruction	0.0					
					Marinas	0.0					

SOURCE: Oregon Employment Department Covered Employment Data, 2001-2003

Note: Payroll and wage data do not include benefits and other employment expenses.

- Arts, culture and dining amenities in Nye Beach have driven the emergence of that district as a strong and distinct tourist draw in counterpoint to the more-established working Bayfront.
- Seasonal employment patterns have stabilized somewhat in recent years due to concentrated industry efforts, though the cluster still experiences significant traffic decline during winter months.

2. Commercial Fishing & Value-Added Industry Cluster

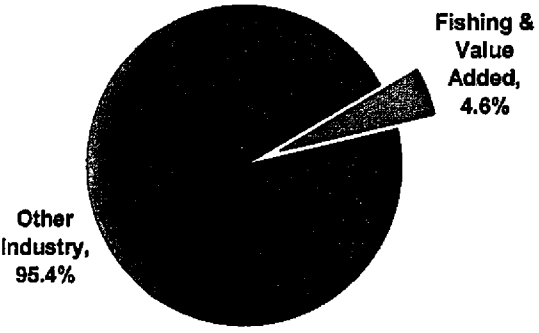
Yaquina Bay in Newport is not only host to Oregon's largest commercial fishing fleet, but it is also home to significant oyster beds and value-added finfish and shellfish processing. The result is a sizeable cluster of fishing, manufacturing and support vendors and services within the City.

- Although significantly seasonal in nature, the average annual employment has grown by nearly 3% annually over the past few years.
- Total payroll and average wages in the cluster have been stagnant and declined, respectively, since 2001.
- Four new firms have emerged in the past three years.

- The industry cluster now accounts for nearly 5% of total employment, though its share of the economy is in reality greater due to the absence of data for independent and/or family fishermen that do not report employees and pay unemployment insurance.

Table 16

FISHING & VALUE-ADDED INDUSTRY CLUSTER, 2005-2025

VITAL STATISTICS					INDUSTRY LOCATION QUOTIENTS (NAICS-2003)	
Category	2001	2002	2003	Annual Change		
Total Employment	281	302	305	2.8%	ABOVE-AVERAGE CONCENTRATION (LQ)	
Total Payroll	\$7,761,530	\$7,374,627	\$7,776,860	0.1%	Specialized Freight Trucking, Local	128,585.5
Average Wage	\$27,662	\$24,392	\$25,533	-2.6%	Fresh & Frozen Seafood Processing	88.4
Employers	34	35	38	3.8%	Finfish Fishing	78.1
<p>2003 Fishing & Value-Added Share of Newport Economy</p>  <p>Fishing & Value Added, 4.6%</p> <p>Other Industry, 95.4%</p>					Shellfish Fishing	60.9
					Fish and Seafood Markets	15.1
					Fish & Seafood Merchant Wholesalers	14.8
					Lessors of Miniwarehouses and Self-Storage Units	6.2
					Transportation Equipment & Supplies Merchant Wholesalers	5.0
					Lessors of Nonresidential Buildings	3.3
					Ship Building and Repairing	2.8
					Port and Harbor Operations	2.4
					Search, Detection & Navigational Instruments	2.0
					Business Associations	2.0
					Marine Cargo Handling	2.0
					BELOW-AVERAGE CONCENTRATION (LQ)	
					Other Scientific and Technical Consulting Services	0.7
					General Freight Trucking, Long-Distance, Truckload	0.0
					Refrigerated Warehousing and Storage	0.0

SOURCE: Oregon Employment Department Covered Employment Data, 2001-2003
 Note: Payroll and wage data do not include benefits and other employment expenses.

- The fishing fleet at Newport includes both short-haul boats harvesting from Oregon Coast fisheries, as well as distant-haul boats that harvest in Alaska fisheries.
- Groundfish restrictions in Oregon Coast fisheries have discouraged growth in the local cluster, as have continued restriction of the salmon harvest.
- Flatfish harvest was initially hurt by groundfish restrictions, though efforts are now underway to utilize new trawler technology to avoid unintentional rockfish and whiting harvest.
- Most employment gains have been due to the expansion of Newport seafood processing companies.
- Manufacturing firms in the food products industry, especially shellfish foods, are planning expansion, but the lack of suitable land and space is a major hurdle.
- Improvements to Highway 20 have been beneficial to the industry, though the remaining 20 miles in need of upgrade and current construction reroutes have hindered cluster expansion.

3. Other Food and Beverage Industry Cluster

Unlike Tourism and Seafood/Value Added clusters, the Non-Seafood and Beverage Manufacturing cluster is a more recent development in the local economy. Local manufacture of Rogue Ales, confections manufacture, and more recently, wines and fruit processing and canning, have diversified and enhanced Newport's economy.

- The cluster has experienced the second-fastest expansion among the five Newport clusters in recent years; employment growth has averaged 5.4% annually.
- Non-seafood and beverage manufacturing has generated a remarkable rate of business start-up and attraction in Newport, tying for first place among clusters at 14.5% annual business growth.
- Wage rates have grown but have not kept pace with inflation.

Despite the recent recession, the Non-Seafood and Beverage Manufacturing cluster is well-poised for growth over the next several years provided adequate land is available and transportation infrastructure continues to improve.

- Rogue Brewery recently broke ground on a 15,000 square foot expansion of their South Beach brewery facilities. Greater brewing capacity and a distillery for Rogue expansion into the spirits market (vodka and gin) are planned.
- Newport has attracted a new alcoholic beverage distributor, a confectionary wholesaler/distributor and a fruit processing firm in the last three years.
- Although the cluster accounts for roughly 2% of the local economy in terms of employment, businesses in the cluster have contributed significantly to the popularity and viability of Newport's more successful events such as the Seafood and Wine Festival, the Microbrew Festival and the Oyster Cloyster.
- Rogue Brewery's international distribution, development of brewpubs in Oregon, Washington and California, and its planned expansion of Rogue brand identity provide a substantial opportunity for marketing of Newport and its quality food product identity.
- Highway 20 improvements have aided, though not significantly, existing cluster commerce. Rogue Brewery maintains its own fleet of trucks, while other, smaller manufacturers largely distribute along the Coast.

Table 17

OTHER FOOD AND BEVERAGE INDUSTRY CLUSTER, 2005-2025

VITAL STATISTICS					INDUSTRY LOCATION QUOTIENTS (NAICS-2003)			
Category	2001	2002	2003	Annual Change		(LQ)		
Total Employment	112	112	131	5.4%	ABOVE-AVERAGE CONCENTRATION			
Total Payroll	\$3,020,023	\$3,076,739	\$3,670,054	6.7%	Breweries	33.8		
Average Wage	\$27,093	\$27,389	\$28,087	1.2%	Nonchocolate Confectionery Manufacturing	10.2		
Employers	8	8	12	14.5%	Beer and Ale Merchant Wholesalers	4.3		
					Wineries	4.1		
					Other Grocery & Related Products Merchant Wholesalers	3.1		
					Retail Bakeries	2.4		
					Food Product Machinery Manufacturing	2.1		
<p>2003 Other Food & Beverage Share of Newport Economy</p> <p>Other Food & Beverage, 2.0%</p> <p>Other Industry, 98.0%</p>					BELOW-AVERAGE CONCENTRATION			
								(LQ)
							Confectionery Merchant Wholesalers	0.9
							Fruit and Vegetable Canning	0.4
		General Freight Trucking, Long-Distance, Truckload	0.0					

SOURCE: Oregon Employment Department Covered Employment Data, 2001-2003
 Note: Payroll and wage data do not include benefits and other employment expenses.

4. Arts & Culture Industry Cluster

The City of Newport has significantly invested in its local culture and arts community relative to other coastal communities from Northern California to Canada. The result has been cultural and arts venues and offerings that would be typical of larger cities. The Newport Performing Arts Center, the Newport Visual Arts Center, the Lincoln County Historical Society Museum, a planned Maritime Museum, the numerous galleries, workshops and related attractions have helped bolster Newport's tourism industry and broader economy.

- Arts & Culture employment grew at an impressive 5.7% annual rate during the recent recession, posting the second-largest growth rate among industry clusters.
- Payroll and wage growth for the Arts & Culture sector were among the fastest-growing in the local economy, though average pay in the industry is the lowest among clusters.
- Arts & Culture has generated the fastest rate of employer attraction and start-up among Newport's clusters at 14.5% annual growth (four new employers to total 12 by 2003).

Table 18
ARTS AND CULTURE INDUSTRY CLUSTER, 2005-2025

VITAL STATISTICS					INDUSTRY LOCATION QUOTIENTS (NAICS-2003)		
Category	2001	2002	2003	Annual Change	ABOVE-AVERAGE CONCENTRATION	(LQ)	
Total Employment	65	62	77	5.7%	Art Dealers	11.9	
Total Payroll	\$678,648	\$704,203	\$960,716	12.3%	Museums	8.9	
Average Wage	\$10,454	\$11,404	\$12,545	6.3%	Commercial Photography	6.8	
Employers	8	8	12	14.5%	Independent Artists, Writers, and Performers	4.3	
					Civic & Social Organizations	3.0	
					Fine Arts Schools	1.0	
<p align="center">2003 Arts & Culture Share of Newport Economy</p> <p align="center">Arts & Culture, 1.2%</p> <p align="center">Other Industry, 98.8%</p>					BELOW-AVERAGE CONCENTRATION		(LQ)
					-NONE-		

Note: Payroll and wage data do not include benefits and other employment expenses.

Methodology limitations for the above analysis somewhat understate the true significance of the Arts & Culture cluster for the Newport economy.

- In terms of employment, the Arts & Culture cluster accounts for only 1.2% of Newport's economy as calculated in this analysis. However, high volunteer employment rates, owner-operator galleries, independent artists that do not report employment, and isolation of Arts & Culture from broader Tourism industry and support service statistics largely understate true employment share, wage rates and total share of the local economy.
- Enhancement of local arts has helped make the Nye Beach area an economic success, drawing shoppers and destination tourists that might not otherwise visit Newport.
- Arts events and venues provide year-round visitor and resident activities and amenities that are not subject to seasonal patterns.
- Expansion of the Arts and Culture cluster has helped bring visitors to Newport for longer stays; arts and culture patrons also have been observed to spend more per diem than the average Coast tourist, driving the recent expansion of fine dining venues, among others, in Newport.
- Demand for art workshops, classes and activities has already outstripped space available at the Visual Arts Center.

- Construction of the planned City Event Center and Maritime Museum provide a significant opportunity for the cluster's continued expansion.

5. Higher Education & Research Industry Cluster

Newport's geographic and ecological features provide a significant laboratory for marine and environmental research and education at the Oregon State University Hatfield Marine Science Center (HMSC) and federal agencies, including the National Oceanic and Atmospheric Administration (NOAA). Fisheries, shellfish aquaculture, estuary and marine ecology, as well as planned expansion of deep-sea research, visitor/youth education, and teacher training in the marine and environmental sciences are counted among the emphases of HMSC. Significant State research and conservation program activity are also located in the Newport area for similar reasons. In addition, Newport is home to the Oregon Coast Community College, which offers more traditional academic and job skill training programs to the Central Coast. The Oregon Coast Aquarium has been included in this cluster due to its own educational and research activities.

- Cluster employment has actually declined over the past few years, due both to well-publicized State employment cutbacks and employment cuts at the Oregon Coast Aquarium.
- Although total cluster payroll has remained stagnant in the past few years, average wage growth has increased by over 3% annually.
- Cluster employer count did not change through the recession.

Table 19

HIGHER EDUCATION & RESEARCH INDUSTRY CLUSTER, 2005-2025

VITAL STATISTICS					INDUSTRY LOCATION QUOTIENTS (NAICS-2003)	
Category	2001	2002	2003	Annual Change		(LQ)
Total Employment	517	497	481	-2.4%	ABOVE-AVERAGE CONCENTRATION	
Total Payroll	\$19,011,188	\$19,317,991	\$19,436,203	0.7%	Marine Research Federal	N/A
Average Wage	\$36,754	\$38,889	\$40,436	3.2%	Marine Education & Research	N/A
Employers	9	9	9	0.0%	Zoos and Botanical Gardens	47.6
					Administration of Conservation Programs	5.1
					Administration of Air and Water Resource and Solid Was	2.8
					Junior Colleges	2.2
<p align="center">2003 Higher Education & Research Share of Newport Economy</p> <p>The pie chart illustrates the economic composition of Newport in 2003. The vast majority, 92.7%, is attributed to 'Other Industry', while a much smaller slice, 7.3%, is dedicated to 'Higher Education & Research'.</p>					BELOW-AVERAGE CONCENTRATION	
					-NONE-	

SOURCE: Oregon Employment Department Covered Employment Data, 2001-2003

No

te: Payroll and wage data do not include benefits and other employment expenses.

Among Newport's industry clusters, Higher Education & Research poses the most significant, immediate changes and developments for the local economy.

- Recent passage of the community college bond measure will allow significant expansion of OCCC, its facilities and programs.
- HMSC plans to attract additional deep-sea research vessels to be funded by Congress; the Port of Newport's deep draft channel and existing HMSC facilities and infrastructure are instrumental to these efforts.
- OCCC and HMSC are working to coordinate joint program offerings, including unique disciplines such as aquarium science, to provide specialized skills and facilitated entrance to Oregon State University by OCCC students.
- Long-term plans for HMSC include development of an Oregon Coast campus in Newport for Oregon State University similar to OSU campus development in Bend, Oregon.
- HMSC intends to expand partnerships with commercial fishermen in fishery research and in the process capture a greater share of federal research spending from New England-dominated allocations.
- The Higher Education & Research cluster now accounts for over 7% of the Newport economy in terms of employment and pays among the highest wages in the local area.
- The HMSC and Oregon Coast Aquarium are working on increased cooperative education programs that should lead to greater attraction to Newport for both youth and adults.
- The U.S. is developing an integrated ocean observation system which will involve instrumentation and infrastructure support. Newport is a very logical place to expand this support function given its proximity to important ocean areas and the presence of HMSC and the federal agencies there.

6. Potential Emergent Cluster: Medical Devices & Equipment Manufacturing

Newport is home to a manufacturing facility for the Seaberg Company, a manufacturer of patented, mobile first aid equipment. The firm has a modest operation in Newport, though owners of the company reside locally and keep operations there due largely to the lifestyle appeal of the community and the Oregon Coast. The company also innovates and conducts research on potential new products, though such activities largely occur in the Portland metropolitan area. Seaberg Company reported recent success with a National Institutes of Health Phase I research grant and plans to continue the product development process over the next two years.

In the short term, existing operations will likely expand at Seaberg, though not significantly. Current facilities are not adequate in size for likely future expansion and immediate land and space options are not feasible. Local expansion is also limited by the fact that sizeable growth would require significant costs related to technical equipment relocation, skilled workforce availability and transportation costs.

However, Seaberg Company did note that successful development of its new product technology has substantial economic development potential and could “really put Newport on the map” with regard to the medical device and equipment industry and related commerce. Timeline for product deployment, if successful, is likely up to three years and in the view of the company would create significant potential for related firms, suppliers or broader applications of the new technology to drive substantial firm and job growth locally.

D. Competitive Market Area

In the course of identifying Newport’s industry clusters, a broad range of economic development issues, i.e. opportunities and constraints, were identified by industry and sector representatives. A more focused treatment of these issues are provided in the Business and Land Needs Section.

The Competitive Market Area within which City of Newport business and industry competes varies significantly for individual clusters and sectors. Historically, local businesses generally viewed their competitive area within the scope of the Central Coast or Lincoln County.

Declining road and air transportation costs, paired with unprecedented telecommunications and technological advancement over the past decade, have rapidly expanded the competitive environment for Newport business currently and into the future. The following is a summary of Newport’s competitive market area for its specific economic clusters and broader categories of business and industry.

1. Tourism

Newport’s Tourism cluster continues to be competitive with all of the Oregon Coast, though with emphasis on those coastal communities with reasonably direct highway connections to Willamette Valley cities and emphasis on entertainment attractions and draws. Specifically, primary competitors still comprise Astoria/Warrenton, Seaside, Tillamook, Lincoln City and recent up and comer Florence. Astoria/Warrenton has emerged as a strengthened competitor over the last few years due to revitalization of its commercial fishing sector, attraction of cruise ship traffic, city redevelopment efforts and increasing interest from the Lewis & Clark Expedition Bicentennial. Coos Bay/North Bend/Bandon has also emerged as a stronger competitor due to success of Bandon Dunes, recreational fishing out of Charleston Harbor and commuter air service serving the South Coast.

2. Fishing and Value Added Manufacture

The Competitive Market Area for this cluster spans the Oregon and Washington coastline primarily as fishing fleets in this region have short-haul access to Oregon and Washington fisheries, as well as long-haul harvesting in Alaska fisheries. Primary competition within the Oregon coastal fisheries and its harvest quotas, however, includes Warrenton/Astoria to the north as a major competitor, and other communities to a lesser extent such as Coos Bay/North Bend, Charleston Harbor, Winchester Bay, Garibaldi and Depoe Bay (same fishery as Newport-primarily a competitor in the recreational fishing activities).

3. Non-Seafood Food Products and Beverage Manufacture

The Competitive Market Area for other food and beverage manufacturing is statewide. Non-seafood food products firms are typically located either within primary agriculture areas or adjoined by transportation access. Newport's proximity to the central and south Willamette Valley agricultural areas places it in competition with valley communities, particularly in Marion, Polk, Yamhill, Linn and Benton Counties. Other value-added food products industry, most notably cheese and gourmet processed foods, is particularly competitive in Lane, Jackson, and Tillamook counties. Alcoholic beverage manufacture is competitive throughout the Pacific Northwest. Significant craft beer production is centered in the Seattle and Portland metro areas, as well as Central Oregon and Lane County. Spirits manufacture is an emerging industry in Oregon, though the Columbia Gorge does have some vodka production.

4. Arts & Culture

Newport's arts and culture cluster competes in a primary market area that stretches the length of the Oregon Coast due to its primarily regional appeal within the State and limited distance from coastal art and culture venues from Willamette Valley urban areas. Lincoln City and Cannon Beach host the most competitive clusters, though Astoria's arts and culture community is on the rise.

5. Higher Education & Research

The Competitive Market Area for Newport's Higher Education & Research cluster is most prominently for federal research spending and grants. The most comparable, and therefore competitive, coastal and marine sciences research clusters for federal research and spending are located in California (Santa Cruz, Monterey), Seattle, Hawaii and New England.

6. Surgical Appliance & Supplies Manufacture

The Competitive Market Area for this potential/emerging cluster is nationwide. The Seattle metro area is the most proximate, significant cluster of medical device industry with a distant second in the Portland metro area. Alternatively, the Seaberg Company maintains vendor and contract manufacturing services in Kansas among other areas. Furthermore, economic development efforts nationwide target biomedical, technology and medical devices firms that rely on research and innovation for new product development and deliver federal research grants and activity to local economy.

7. Remaining Newport Businesses

Most Newport businesses not included in the above six clusters largely compete within Newport, Lincoln County or the Central Coast area. Local and regional-serving industry includes professional services, medical services, educational services, construction, financial services and other sectors that specifically support local and regional population.

E. Business & Land Needs

1. Employment Land Need Forecast

An analysis of the City of Newport's 20-year need for industrial and commercial land was conducted. The following section provides a summary of analysis results, followed by a description of likely geographic distribution of need in Newport, discussion of forecast need compared to contingent need (land reserve or "banking"), and likely parcel sizes and development specifications for various uses forecast in this analysis.

Detailed employment and land need estimates in five-year increments through 2025 are found in the Appendix, along with the methodology employed to estimate employment growth, need for commercial and industrial space, and, accordingly, industrial and commercial land.

2. Population Projections

The most current (2003/2004) average annual growth rates (AAGR) for Newport are from the Office of Economic Analysis's forecast and the Airport Master Plan and range from 0.7 to 1.1 percent. The 0.7 AAGR is for the County and the 1.1 is for the City only.

To date, the County has not allocated the Office of Economic Analysis (OEA) forecast to the cities within the County. The OEA forecast for Lincoln County is 46,945 for 2010, 50,379 for 2020 and 52,039 for 2025.

Two alternative 2025 population forecasts were calculated using a 0.7 (OEA County AAGR) and a 1.0 percent AAGR. The US Census 2000 population estimate for the City served as the base number.

An existing population number for the area between the city limits and the UGB was unavailable. Therefore, that area population has not been included. Some allowance for the residents in that area can be made, but the addition is not likely to be significant.

The forecasts are as follows:

Table 20
POPULATION GROWTH RATES, 2000-2025

<i>Year</i>	<i>0.7% AAGR</i>	<i>1.0% AAGR</i>
2000	9,532	9,532
2010	10,221	10,529
2020	10,959	11,631
2025	11,348	12,224

3. Employment Projections

Over the 20-year study period, the City of Newport is estimated to add roughly 2,450 jobs under the Medium Growth scenario. Retail Trade, Education & Health Services, and Leisure & Hospitality can be expected to continue to comprise the majority of local employment. Growth rates for Leisure & Hospitality lead the local economy at 2.2% annually under the Medium Growth Scenario, followed by Education & Health Services at 1.9% annually, then Professional & Business Services and Information at 1.8% annually. See section IV B.

Table 21

EMPLOYMENT MEDIUM GROWTH SCENARIO, 2005-2025

Medium Growth Scenario		Total Employment				
Employment Sector	2005	2010	2015	2020	2025	
Construction	241	258	278	299	323	
Manufacturing	345	356	368	380	393	
Wholesale Trade	131	143	156	171	188	
Retail Trade	1,257	1,360	1,480	1,609	1,750	
Transportation, Warehousing & Utilities	144	155	167	180	194	
Information	106	115	125	136	149	
Financial Activities	235	269	308	352	399	
Professional & Business Services	505	537	571	609	650	
Education & Health Services	1,070	1,160	1,258	1,367	1,486	
Leisure & Hospitality	1,537	1,697	1,876	2,074	2,296	
Other Services	321	349	380	414	451	
Government	703	723	740	758	775	
Total	6,596	7,121	7,708	8,350	9,053	

High Growth Scenario		Total Employment				
Employment Sector	2005	2010	2015	2020	2025	
Total	6,596	7,189	8,045	9,028	10,163	

Slow Growth Scenario		Total Employment				
Employment Sector	2005	2010	2015	2020	2025	
Total	6,577	7,068	7,523	8,012	8,539	

The three employment growth scenarios analyzed for future land need estimation provide a realistic confidence interval of probable economic expansion in Newport. The Medium Growth Scenario, or baseline rate of expansion, represents likely employment gains assuming City economic development efforts continue on their currently successful path. The High Growth Scenario reflects faster employment gains over the next twenty years, illustrating land need to accommodate realistically accelerated economic development successes. The Low Growth Scenario reflects employment gains and land need should Newport's development efforts experience local, regional or Statewide economic setbacks. It is highly possible, however, that the City's twenty-year land need could exceed estimates for the High Growth Scenario should a "Home Run," i.e. sizeable and/or unprecedented, business attraction success occur. Though such developments are impossible to realistically forecast, the City should prepare for such a possibility to create local jobs with strong wages and opportunity. A reserve of industrial land for unanticipated developments is recommended and is further discussed later in this document.

4. Summary of Industrial and Commercial Land Need

The projections of net new demand in Newport for gross commercial and industrial land between 2005 and 2025 is illustrated in the following table. Through 2025, net new demand for industrial and commercial land including 25% gross-up for roads and other associated public facility needs, is estimated to range from 219.1 acres to 321.3 acres depending upon whether Newport realizes low economic growth or high economic growth. The baseline "Medium Growth Scenario" indicates that Newport will see demand for industrial and commercial land reach nearly 250 acres through 2025.

Based on an analysis of Newport's industry clusters, specifically Tourism, Fishing/Value-Added and Non-Seafood & Beverage Manufacture, Newport economic trends do not indicate significant demand for Water-Dependent industrial land (W1). Over a twenty-year period, gross demand for W1 land is estimated to range from as little as 2.5 acres (Low-Growth Scenario) to as much as 3.8 acres (High-Growth Scenario). A mid-point estimate of 3.2 acres is most probable based on the methodology of this analysis and likely long-term employment and industry trends given current conditions.

Purely tourist-related uses are not included in the demand forecast for W-1 zoned land. Several factors contributed to not including tourism uses: permitted uses/restrictions for tourism uses, environmental cost of development for seasonally-natured businesses, as well as the greater likelihood of tourism (retail and services, i.e. kayaks) to suffer lower overhead and try to reuse existing space along the Bay Front or elsewhere.

Table 22

GROSS NEED FOR COMMERCIAL AND INDUSTRIAL LAND, 2005-2025

Use	Gross Need for Land (acres) By Scenario Through:		
	Medium Growth 2025	High Growth 2025	Low Growth 2025
Population Growth	2,206	2,997	1,478
Employment Growth	2,457	3,567	1,962
Office Commercial	14.0	20.8	11.1
Industrial	32.0	39.5	25.7
Water-Dep. (W1)	3.2	3.8	2.5
Retail Commercial	201.6	257.2	179.8
Resident-Driven	17.3	23.6	11.6
Visitor-Driven 1/	184.2	233.7	168.2
Total	250.8	321.3	219.1

1/ Includes need due to lodging/hospitality expansion.

SOURCE: Johnson Gardner LLC

The need for retail drives the vast majority of commercial land demand under all three scenarios. Under the "Medium Growth Scenario," retail drives the largest share (81%), with an identical proportion expected under the "High Growth Scenario" at 81% of need. Retail, though still the majority of demand, accounts for 83% of commercial and industrial land in the future with the "Low Growth" assumption due to the significantly greater expected growth of non-retail jobs under that scenario.

More specifically, tourism accounts for 70%, 60% and 73% of estimated land need under the Medium, High and Low Growth scenarios, respectively. It is important to note that the expansion of the hotel/hospitality industry, technically a Service industry subsector, is included in the Visitor-Driven retail commercial land need estimates.

The remaining 2/3rds of the Commercial land need will be provided north of the Bay. In the future there are several locations that should be considered including the area between Highway 101 and Nye Beach, other locations adjacent to the existing Highway 101 Commercial uses, the Bayfront and Downtown. There are several sites in the Downtown area with very low improvement value that could be redeveloped for more intensive commercial uses.

The strategy regarding the allocation of land for commercial uses is consistent with the Goal 9 requirement that sufficient vacant buildable land be available to meet the forecasted need. The strategy is to designate approximately 60 acres for Commercial use in the South Beach area. These 60 acres will provide for the short term need of approximately five to seven years recognizing that the forecast is for the year 2025. In order to achieve the objective of the South Beach Neighborhood Plan, no other land will be allocated north of the bay at this time. The City desires to encourage the development of land that can be served by existing water and sewer services and the lands designated for Commercial use in the Plan meet that objective.

F. Medium Growth Scenario Land Need

The following is a summary of highest-probability land need for the City of Newport as represented by the Medium Growth Scenario, followed by a discussion of likely geographic allocation of land need with focus on the South Beach area.

Table 23

MEDIUM GROWTH SCENARIO, 2005-2025

Gross Commercial and Industrial Land Need	
Land Use	Acres
Office Commercial	14.0
Industrial	32.0
Water-Dependent	3.2
Retail Commercial	201.6
<i>Resident Driven</i>	<i>17.3</i>
<i>Visitor Driven</i>	<i>184.2*</i>
Allocation of City need to South Beach	
Office Commercial	4
Industrial	8-10
Retail Commercial	60
<i>*Includes need due to lodging/hospitality expansion</i>	

1. Land Use Distribution

Office Commercial – The number of acres built out for Office Commercial in South Beach will be determined by the number of new residential areas developed over time. Offices in Newport are occupied primarily by businesses serving residents, such as clinics, attorneys, accountants, insurance agents, etc.

Industrial – It is expected that most warehouse/distribution types of uses will want to site their business north of Highway 20 in order to also serve Lincoln City efficiently. However, some warehouse/distribution uses may occur in South Beach to support existing businesses such as Rogue Brewery. The other industrial uses will probably locate in the area recently annexed at the north end of the City and on the Wilburn Hall site (currently leased by the Port of Newport) were it converted to a non-water dependent zoning designation.

Retail/Tourist Commercial– It has been estimated that South Beach will be able to attract approximately 1/3rd of the commercial uses seeking to locate in Newport. Again, commercial uses want to be easily accessible to the population, most of which live north of the bridge. However, to the extent that a large site or several large sites can be created in the South Beach area, the area will be attractive for commercial uses, such as large retailers and major tourist related uses. No allocation of additional commercial land North of the Bay is planned at this time. See Section E.4.

Note: The commercial land included in the Wolf Tree Plan is not suitable for accommodating the identified need. The site is too distant from City services and its tourist attractions, i.e. Bay Front, Nye Beach and Science Center/Aquarium..

2. Land Need Trends & Industrial Land Reserves

The land need forecasts summarized above are based on “organic growth” assumptions about the Newport economy. Specifically, that current economic and regulatory conditions will remain stable over the forecast period. Therefore, employment forecasts and resulting land need estimates largely reflect attraction of businesses and expansion of local businesses at rates not significantly different from recent trends.

A primary limitation of such an analysis, though reflecting the highest probability of outcomes, is that opportunities for unprecedented economic developments are not anticipated and included in the results. For instance, the relocation of a major new manufacturer to Newport requiring 30 contiguous acres with waterfront access is not accounted for in this analysis. Such developments are unpredictable and represent an anomaly within Newport’s economic trends.

To equip Newport for just such an unanticipated economic development, it is highly recommended that additional land, particularly industrial, be considered for employment lands expansion by the City for the 20-year planning horizon. A contiguous parcel of up to 30 acres, or up to five separate but consolidated parcels summing to roughly 30 acres, is recommended to be considered for the purposes of a “home run” business attraction and

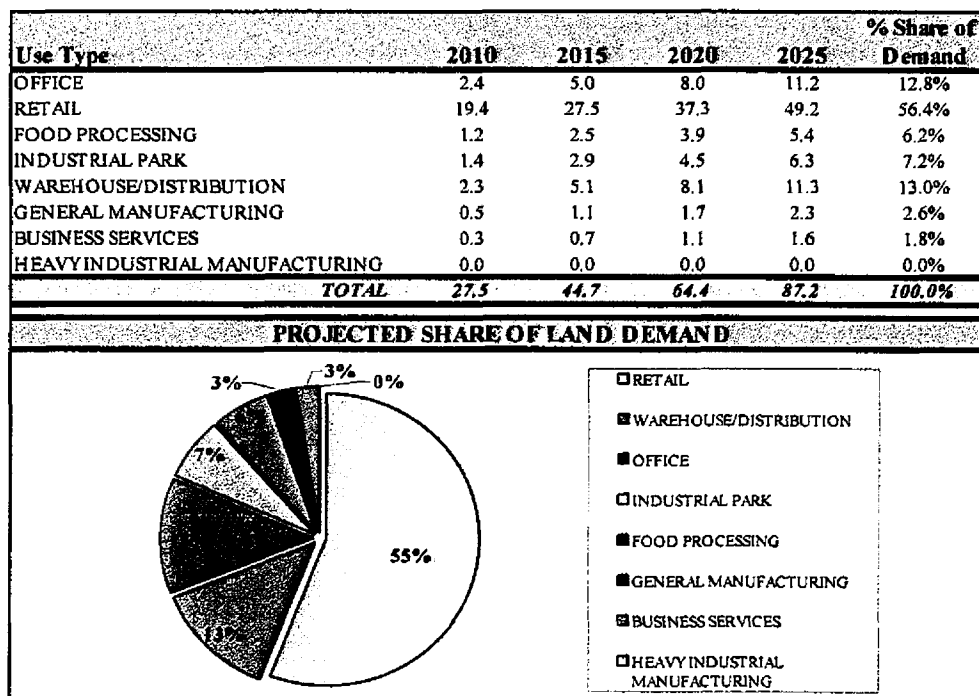
recruitment.

By “land banking” such acreage, the City can meet the needs of potential larger, family-wage-paying industry that is consistent with the City’s Vision and economic development goals. Reserving such a strategic parcel or parcels is also consistent with specific recommendations found in the 2003 Oregon Department of Land Conservation & Development (DLCD) and Oregon Economic & Community Development Department (OECD) Report to the Oregon Legislature from the Advisory Committee on Commercial and Industrial Development regarding the sufficiency of commercial and industrial land statewide. Inadequate “market-ready” inventory of such sites, and their protection from non-industrial uses through zoning controls, was determined as a major and immediate need statewide. Conservation of appropriate land, in coordination with current statewide efforts to provide market-ready sites, will also further enhance Newport’s chances of recruiting a major employer through the through the statewide Oregon Prospector program.

G. Employment Land Configuration & Development Issues

The following is a summary of anticipated employment land development types based on the Medium Growth Scenario forecasted need. A discussion of each with general descriptions of configurations and infrastructure issues follows. Detailed information for each development type is in Appendix A.

Table 24
SUMMARY OF LAND DEMAND BY TYPE OF USE, 2005-2025



1. Retail

Over the next twenty years, land need in Newport will be largely concentrated among retail use types. Over 56% of all land demand will be realized through retail. This is in large part a result of Newport's positioning as a regional tourist destination. Nearly 72% of retail land demand over the next twenty years will be derived from non resident activity. Infrastructure needed to support this use type consists primarily of location and waterflow needed to satisfy patron needs. Telecommunication capabilities are not essential. The development should rest on or near a major visibility and transportation corridor.

2. Warehouse/Distribution

Land demand designated for warehouse/distribution will account for nearly 13.0% of total need over the projection period. Total land designated for this use is expected to increase by 0.57 acres or 1.6% annually. Infrastructure needed to support this use type is minimal from a utility perspective. Waterflow, pipe size, and electricity needs are not high. A greater emphasis is placed on location, particularly proximity to major transportation outlets.

3. Office

Demand for land designated for office use is also significant. Approximately 11.2 acres will be needed over the twenty year period. This need accounts for 12.8% of total demand. Office land demand is expected to grow at 1.8% annually, trailing only retail uses. Utility requirements for office uses are minimal for water and sewer; however, having major communications capacity and broadband access is typically required.

4. Business Park

The need for industrial park space and land will be limited in the City of Newport in the foreseeable future. Over the next twenty years, only 6.3 acres will be required to meet projected need. Industrial land in Newport is expected to grow by 1.4% annually over the projection period. From a utility perspective, waterflow, pipe size, and electricity requirements are minimal. However, significant telecommunications amenities are typically preferred including major communications capacity, route diversity, and fiber optic accessibility. The need for Business Park space and land could be greater than estimated above, should HMSC have better than expected success in attracting marine research activity.

5. Food Processing

Although the amount of land designated to the process is relatively small, food processing supports one of Newport's primary industry clusters. However, growth is projected to be somewhat limited as approximately 5.4 acres will be needed through 2025. This accounts for an annual increase of 1.2%. Significant infrastructure is needed to house this development type. A minimum pipe size of 10" is typically preferred for both sewer and water so as to accommodate a minimum daily waterflow of 29,400 gallons. High pressure water demand is also high. Telecommunications capabilities are preferred, yet not always necessary. If natural gas is utilized, a 6" pipe is typically preferred.

6. General Manufacturing

Land need for this development type is relatively negligible. General manufacturing is expected to account for only 2.3 acres or 2.6% of total need. Infrastructure guidelines include an 8" sanitary sewer pipe size, and telecommunications amenities.

The Medical Devices Industry expansion should be considered a "home run" economic development for the City and should fall under the industrial land reserve. Therefore, land need projections do not include that particular industry.

7. Business Services

This use accounts for only 1.8% of projected land need over the next twenty years. However, 1.4% annual growth is expected. Infrastructure requirements are similar to that of office uses with minimal waterflow needs. However, for obvious reasons, major telecommunications capacity is an absolute necessity.

8. Heavy Industrial/Manufacturing

There is no projected demand for this development use in the foreseeable future.

H. Focus Group Consensus

In October of 2004, a series of six focus groups were held to solicit input into economic development issues and priorities facing local industry. These six groups were:

- *Emerging Businesses:* Small start-ups or relocated firms in the last two years;
- *General Commerce:* Non-core industry firms such as banking, legal services, etc.;
- *Tourism:* Lodging, recreation, culture and arts, Oregon Coast Aquarium, etc.;
- *Core Industry:* Commercial fishing, wholesaling, non-seafood production, etc.;
- *Education:* Lincoln County School District, OCCC, Hatfield Marine Science, etc.;
- and
- *Government and Agency Partners:* State of Oregon, Port of Newport, Lincoln County, etc.

Each focus group discussed local opportunities, threats, strengths and weaknesses from the perspective of their specific industry or field. Each focus group then formulated consensus Goals that Johnson Gardner consolidated into Vision Statements for each broad industry or group. These Vision Statements and Goals were then refined, consolidated and synthesized to shape the City of Newport Economic Development Vision Statement and Goals summarized in Section II above.

The following are the individual Vision Statements and Goals resulting from those focus group sessions.

1. Emerging Businesses

Emerging Business Vision

The City of Newport creates a supportive environment for emerging businesses and entrepreneurs, whether from within Newport or attracted from outside the community, requiring a high quality of life and reliable opportunity for expansion.

Emerging Business Goals

- Grow Newport's Population of Successful Entrepreneurs by Enhancing Community Image and Promoting Local Quality of Life
- Ensure a Diversity of Business Space Types and Costs, in Part through an Adequate Supply of Land, Specifically to Encourage Small Business Growth
- Enhance Local Non-Land-Based Production Factors to Support a Diversity of New Businesses Including Workforce, Transportation & Communications Infrastructure
- Promote Conditions for Newport's Home-Grown Businesses to Flourish

2. General Commerce

General Commerce Vision

The City of Newport sustains an attractive and stable environment for businesses to operate and grow over the long term.

General Commerce Goals

- A Growing Population of Professionals with Families Attracted and Retained by Newport's Quality of Life
- An Adequately Sized, Trained & Supported Workforce to Sustain Business Operations and Expansions
- Sufficient Quantity and Variety of Commercial Space Availability to Facilitate Business Growth
- City Beautification Strategy, Particularly Along Highway 101, that Balances Private Cost Through Incentives
- Attraction of New, Larger Businesses without Sacrificing Existing, Smaller Local Businesses
- Newport Stays Competitive by Improving its Business-Serving Infrastructure.

3. Tourism Industry

Tourism Industry Vision

The City of Newport features a local tourism industry that enjoys innovative coordination within the industry, with other Newport industry sectors and with the local public sector to ensure long-term economic opportunities for its businesses and residents.

Tourism Industry Goals

- Unique Visitor Packages and Experiences due to Collaboration between all Entertainment, Arts, Historical, Recreation, Research and Hospitality Sectors
- Coordination between the Tourism Industry and Local Educational Institutions that Creates a Skilled Workforce and Career Opportunities for Residents
- Effective and Attractive Infrastructure to Enhance Newport as a Destination
- Adequately Funded Not-For-Profit Components of the Broader Tourism Industry
- Preserved Image as a Smaller Beach/Fishing Town of Convenient Distance from Valley Cities and Pleasant Weather

4. Core Manufacturing and Fishing Industry

Core Industry Vision

The City of Newport is forward-looking and proactive in identifying and meeting the needs of its core industries, including natural resource and manufacturing, for retaining and expanding local firms.

Core Industry Goals

- Defined Strategy for the South Beach Area that Supports Existing Core Industry and Attracts New, Diverse Commerce
- Continuously Improved Commercial Transportation Infrastructure
- Identification and Support of Industry Infrastructure Needs, Particularly Support Facilities and Services
- Increased City Presence and Voice in State & Federal Regulatory Processes
- Improvements to Local Public Education by Identifying New, Local Funding Mechanisms
- Strengthened Relationship with Hatfield Marine Sciences Center as an Economic Engine

5. Education & Workforce Agencies

Education & Workforce Vision

The City of Newport features educational infrastructure that creates diverse educational offerings, a skilled workforce, and business and entrepreneurial skills that support all sectors of the local economy and attract family-wage industries.

Education & Workforce Goals

- Expansion and Innovation of Local Educational Institutions with the Partnership of the City of Newport
- Enhanced Educational Program Offerings through Partnerships Between Local Industry and Educational Institutions
- Creation, Expansion and Attraction of Home-Based Businesses in Newport through Business Education
- A Sufficiently-Sized and Skilled Workforce to Sustain all Local Industries
- Expansion of Post-Secondary Enrollment Programs to Increase Educational Opportunity and Expand Unique Disciplinary Offerings

6. Government & Institution, and Organization Partners

Intergovernmental Partnership Vision

The City of Newport is a strong partner with other public agencies and entities to ensure positive steps in local and regional economic development efforts.

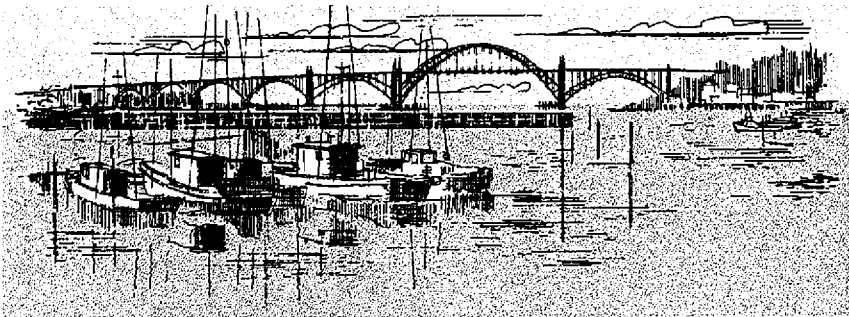
Intergovernmental Partnership Goals

- Strong Coordination with other Local, Regional, State and Federal Entities on Regulations and Funding Affecting Newport Businesses
- Increased and Enhanced Communication with Hatfield Marine Science Center in Pursuit of Local Economic Enhancement
- Increased and Enhanced Communication with Newport Residents Regarding Economic Development Issues
- Forward-Looking Efforts with Other Jurisdictions Regarding Existing and Emerging Infrastructure Needs

I. Newport Support Programs

A wide variety of Federal, State and regional economic development resources are currently available to Oregon jurisdictions and business for the purpose of business retention, expansion and attraction, as well as community development initiatives.

Although an exhaustive list of all programs is beyond the scope of this study, an inventory of programs best suited for the needs and issues of Newport is found in the Appendix.



CITY OF NEWPORT

169 SW COAST HWY

NEWPORT, OREGON 97365

TDD/VOICE 1-800-735-2900

OFFICE OF Community Development

**CERTIFICATE OF MAILING OF NOTICE OF ADOPTION AND THE
ADOPTED TEXT AND FINDINGS AS APPLICABLE**

Local File # J-CP-05

Date of Deposit in the U.S. Mail: 6/12/06

Name of Person Mailing JAMES BASSINGTHWAITE

Signature of Person Mailing [Handwritten Signature]

DEPT OF

JUN 13 2006

LAND CONSERVATION
AND DEVELOPMENT

