Community Enhancement Plan

CEP Workgroup
December 6, 2018
What is the Community Enhancement Plan?

• Suggested by local businessman Frosty West at a Port Commission meeting more than ten years ago.

• A plan to handle the impact of the Jordan Cove project on our community, particularly the burden on public services.

• Ensures the financial benefits of the Jordan Cove project are immediately available and are targeted to the highest priority programs (as determined by our community).

• More than 30 public meetings have been held to gather public input and develop a plan.
Oregon Enterprise Zone Program

- Oregon has 34 Enterprise Zones statewide.

- Enterprise Zones were created in the 1980s when the forest products industry declined; this program was established as a way to diversify the economy.

- Our local Enterprise Zone on the North Spit has 4 partners: Coos Bay, North Bend, Port of Coos Bay, and Coos County.

- Two different types of Enterprise Zones:
  - Standard Program – Automatic
  - Long-Term Rural Enterprise Zone Program
## Standard Enterprise Zone

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<tr>
<th>2 Year Exemption During Construction</th>
<th>3 Year Exemption During Operation</th>
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- Required to add 1 full-time job or increase employment by 10%
- Required to pay 150% of average county wages
- If construction for Jordan Cove starts in 2020, we could potentially have **8 years** with no tax revenue (2028). (Assumes 4 years of construction; project becomes taxable in 4th year after operations begins)
Long-Term Rural Enterprise Zone

- Much more stringent employment and wage requirements
- Local Enterprise Zone Sponsors: Coos Bay, North Bend, Port of Coos Bay, Coos County
- Jordan Cove has applied for this program.
- Jordan Cove must apply for both types; local sponsors must approve LTREZ and may impose conditions for approval.

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<th>4 Year Exemption During Construction</th>
<th>15 Year Exemption During Operation</th>
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During Construction

During Operation
Jordan Cove Project

- Located in the local Enterprise Zone
- Eligible for both the Standard & LTREZ Programs
- With standard EZ, in 2028, ~99% of all tax revenues go to the North Bay Urban Renewal Agency
Jordan Cove Project

- Without the URA, 49% of tax dollars are still lost through equalization.

- Equalization: Every dollar received by CBSD and ESD are offset by a reduction in state support.
On December 27, 2013, many members of the community signed a letter to Jordan Cove requesting that they apply for the Long-Term Rural Enterprise Zone to enable the establishment of the CEP.

Community Service Fee payments would be made during the years that Jordan Cove is exempt from property tax.

The amount paid in Community Services Fees over 20 years would equal what Jordan Cove would have paid in property taxes if they had used the standard exemption (net present value).
Community Enhancement Plan
Work Group

Charged with developing two agreements:
1. The Long-Term Rural Enterprise Zone Agreement with Jordan Cove
2. The agreement between the Zone members regarding distribution of the Community Service Fee

Consists of two representatives from each Zone sponsor: Coos Bay, North Bend, Port of Coos Bay, Coos County.

Subcommittees:
• South Coast Community Foundation
• Waterfront Development Partnership
Community Service Fee Distribution

- Waterfront Development Partnership: 25.00%
- South Coast Community Foundation (Education): 50.00%
- County Government: 9.25%
- Library Service District: 4.25%
- Southwestern Oregon Community College: 4.00%
- Port of Coos Bay: 3.75%
- Southwestern Oregon Regional Airport: 1.75%
- North Bay Rural Fire Protection District: 1.50%
- 4H and Extension Service: 0.50%
Community Enhancement Plan
Dollars

- During the construction phase (up to 5 years), $12 million will be distributed annually.
- During the operations phase (15 years), approximately $25 million will be distributed annually.
- The fee payments and distribution model was built by Jim Hough and Heather Porter at HMWFG, and has been approved by Jordan Cove.
Endowments

- The South Coast Community Foundation and the Waterfront Development Partnership will create endowment funds.

- The South Coast Community Foundation was formed to focus on education in all Coos County public schools, plus Reedsport and Port Orford. The Foundation receives approximately 50% of annual Community Service Fees.

- The Waterfront Development Partnership results from an intergovernmental agreement among Zone Sponsors to invest in infrastructure projects. The Partnership receives approximately 25% of Community Service Fees.

- For these organizations, some dollars will be spent immediately, while a percentage is saved in an endowment fund for future use.
• After the Community Enhancement Plan Work Group finishes the agreements, they will be referred to the full councils and commissions for approval.

• Coos Bay City Council, North Bend City Council, Port Commissioners and County Commissioners all have to approve both agreements and pass resolutions for this plan to move forward.

• This is an important program for our region.
Current Status

• Fee payment and distribution model is ready for the CEP Work Group to review.

• Legal agreement with Jordan Cove has been reviewed by the Jordan Cove legal team and the attorneys for all of the Zone Sponsors.

• Waterfront Development Partnership: The formation is contingent upon approval of the CEP agreements.

• South Coast Community Foundation: Need to determine:

  (1) how funds will be allocated among districts, and

  (2) whether restrictions will be placed on how the funds can be spent.
Questions?