

# Capital Facilities Plan

Prepared for:

**Port of Newport**

***SN*** Consulting Engineers & Geologists, Inc.

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275 Market Ave.  
Coos Bay, OR 97420-2219  
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January 2013  
612023

Reference: 612023

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600 SE Bay Blvd.  
Newport, OR 97365

Prepared by:



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**As a member of the:**

**Northwest Port Planning Team**  
Strategic Solutions

January 2013

QA/QC: SKD

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# Table of Contents

	Page
Introduction .....	1
Objectives .....	1
Capital Improvement Projects.....	1
Design Criteria and Level of Service .....	2
Design Life of Improvements.....	2
Floating Docks.....	2
Piling Supported Docks/Piers .....	2
Buildings, Upland Structures and Equipment.....	2
Asphalt Surfaced Parking/Storage Areas .....	2
Basis for Cost Estimates .....	3
Construction Costs.....	3
Contingencies .....	3
Engineering.....	4
Legal and Administrative .....	4
Land Acquisition.....	4
Existing Facilities.....	4
Service Facilities .....	5
Utilities .....	5
Recommended Projects .....	6
Project: Rogue Brewery, (Dry Moorage Building) North Wall/Siding.....	13
Replacement.....	13
Project: Rogue Brewery, (Dry Moorage Building) Foundation/Seawall Stabilization .....	14
Project: Rebuild Picnic Bunkers at South Beach Marina Complex .....	15
Project: Pavement Reconstruction and Seal Coating .....	16
Project: Wastewater Pump Station Replacement .....	17
Project: Fuel Tank Replacement - South Beach Marina .....	18
Project: Fish Dumpster Washdown Area - South Beach Marina.....	19
Project: Port Dock 1 Repair/Replacement.....	20
Project: Port Dock 5 Improvements.....	21
Project: Port Dock 7 Replacement.....	22
Project: Hoist Dock Center Section Replacement .....	23
Project: New Port Offices, Utilities and Parking .....	24
Project: International Terminal Fire Water Loop.....	25
Project: Marina Dredging.....	26
Additional Projects .....	27
Capital Facilities Plan (CFP).....	28
Financing.....	29
Grant and Loan Programs .....	29
Connect Oregon .....	29
Port Revolving Fund .....	30
Port Planning and Marketing Fund .....	30

Marine Navigation Improvement Fund .....	31
Local Funding Sources .....	32
Property Taxes.....	32
Local Option and Serial Levies .....	32
Bonds .....	34
General Obligation Bonds.....	34
Revenue Bonds.....	35
Improvement Bonds .....	36
Capital Construction (Sinking) Fund .....	36
Funding Recommendations .....	37

## Appendices

- A. Leased Property Maps
- B. Port Owned Facilities Inventory
- C. Utility Inventory
- D. Utility Maps
- E. Project Prioritization Worksheet Template

# Introduction

## Objectives

The Port of Newport's Strategic Business Plan establishes the vision of the future within the Port's sphere of influence. It embodies what the Port wants to be at a chosen point in time. The determination of needed facility improvements, estimated project costs, and the scheduling over time of improvement implementation are the essential tasks of Capital Facilities Plan (CFP). The scheduling is based on a series of priorities according to need, desire, and importance, and to the Port's ability to pay. Capital improvement planning provides the vital link between the Ports' Strategic Plan and the actual construction of improvements. The CFP states when the improvements will be built and what they will cost.

Important advantages and benefits gained from capital improvement planning include the following:

1. Ensure required facilities projects established by the Port's CFP will be carried out so as to provide uninterrupted service
2. Maintain the Port in compliance with regulatory requirements
3. Call the Port's attention to facility deficiencies and promote corrective actions
4. Produce cooperation and coordination among various interest groups as well as different governmental units, (state, county and city)
5. Ensure projects are not built before they are needed, or so late that costs become prohibitive and stymie orderly growth.
6. Ensure project funds can be provided in a logical manner
7. Guarantee review of new facilities to determine whether policy decisions were properly made on how a new project would be financed, and
8. Help protect the Port from pressure groups demanding pet projects.

The primary goal of the capital facilities plan is to; 1) identify the needed public improvement projects related to the Port facilities; 2) provide estimated project costs; and 3) prepare a scheduling plan, over time, of improvement implementation. The scheduling is based on a series of priorities which consider need, desire, importance, and financing options/capabilities.

## Capital Improvement Projects

The term "capital improvement" refers to new or expanded physical facilities for the Port that are of relatively large size, are relatively expensive, and are considered permanent with respect to usefulness to service area customers. Large-scale replacement and rehabilitation of existing facilities also falls within this category. Equipment, such as a utility truck, is not classified as a capital improvement for the purposes of this report.

# Design Criteria and Level of Service

## Design Life of Improvements

The design life of the Port's infrastructure components is sometimes referred to as its useful life or service life. The selection of a design life is a matter of judgment based on such factors as the type and intensity of use, type and quality of materials used in construction, and the quality of workmanship during installation. The estimated and actual design life for any particular component may vary depending on the above factors. The establishment of a design life provides a realistic projection of service upon which to base an economic analysis of new capital improvements. The typical design life for system components are discussed below.

### Floating Docks

Modern concrete floating docks are estimated to have a useful life of 35 to 50 years. Lightweight dock systems, such as timber, aluminum and steel typically have a life of 20 to 30 years.

### Piling Supported Docks/Piers

On average, industry experts estimate that a galvanized, epoxy coated or galvanic protected steel pile has 8 - 10 years before it will require constant maintenance and up keep. These piles typically have a lifespan of 30 years. Steel pile lifespan can be significantly extended with the use of HDPE sleeves and caps. The service life of timber pile in a marine environment is dictated by the type of wood used and treatment. The life span of a treated timber pile in a marine setting ranges from 30-50 years. The disadvantage of timber pile is the limited diameter choices and difficulty in splicing for longer lengths needed for many applications.

### Buildings, Upland Structures and Equipment

Major structures and buildings should have a design life of approximately 50 years. Mechanical equipment such as motors, pumps, lifts etc. usually have a useful life of about 15-20 years. The useful life of equipment can be extended when properly maintained.

### Asphalt Surfaced Parking/Storage Areas

Asphalt surfaces for parking and storage areas typically have practical service lives of 15-20 years in the mild coastal climate. With the absence of base material failures (as typically represented by extensive cracking or "alligatoring" asphalt surface life may be extended an additional 5-10 years through seal coating.

## **Basis for Cost Estimates**

The cost estimates presented in this Plan will typically include four components: construction cost, engineering cost, contingency, and legal and administrative costs. Each of the cost components is discussed in this section. The estimates presented herein are preliminary and are based on the level and detail of planning presented in this Study. As projects proceed and as site-specific information becomes available, the estimates may require updating.

### **Construction Costs**

The estimated construction costs in this Plan are based on actual construction bidding results from similar work, published cost guides, and other construction cost experience. Where required, estimates will be based on preliminary layouts of the proposed improvements.

Future changes in the cost of labor, equipment, and materials may justify comparable changes in the cost estimates presented herein. For this reason, common engineering practices usually tie the cost estimates to a particular index that varies in proportion to long-term changes in the national economy. The Engineering News Record (ENR) construction cost index is most commonly used.

It is anticipated that construction of any necessary projects will start by the summer of 2014. Cost estimates presented in this Plan for construction performed in later years should be projected with an increase of three percent per year. Future yearly ENR indices can be used to calculate the cost of projects for their construction year based on the annual growth in the ENR index.

The cost estimates provided within this Plan assume that all projects are constructed under public contract. Port construction projects or “in-house” projects can often be performed at a lower cost than the contracted rates represented herein. This would allow the Port to do more with the funding that is available to them.

It is also recommended that in the event other public works projects are being performed in the same location, (i.e., sewer, street, storm, etc.), planning priority be given to combining these water projects with the projects at hand. The Port can save money in doing this by eliminating repetitive mobilization, demolition, and road patching in the same locations.

### **Contingencies**

A contingency factor equal to approximately 15 percent (15%) of the estimated construction cost has been added. In recognition that the cost estimates presented are based on conceptual planning, allowances must be made for variations in final quantities, bidding market conditions, adverse construction conditions, unanticipated specialized investigation and studies, and other difficulties which cannot be foreseen at this time but may tend to increase final costs.

## **Engineering**

The cost of engineering services for major projects typically includes special investigations, a predesign report, surveying, foundation exploration, preparation of contract drawings and specifications, bidding services, construction management, inspection, construction staking, start-up services, and the preparation of operation and maintenance manuals. Depending on the size and type of project, engineering costs may range from 15 to 25 percent of the contract cost when all of the above services are provided. The lower percentage applies to large projects without complicated mechanical systems. The higher percentage applies to small, complicated projects. The engineering costs for design and construction projects within this Plan will average 18 percent of the construction cost.

Additional engineering services may be required for Port specialized projects. This could include geotechnical evaluations, structural evaluations, and other specialized consulting activities. Due to the nature of some projects and the high skill level of current Port personnel, comprehensive engineering support may not be required for all projects. In some cases, details, specifications, and contract administration services may be appropriate for the development of some projects. The cost for these services will depend on the individual projects and the level of support requested.

## **Legal and Administrative**

An allowance of four percent (4%) of construction cost has been added for legal and administrative services. This allowance is intended to include internal project planning and budgeting, grant administration, liaison, and interest on term loan financing, legal services, review fees, legal advertising, and other related expenses associated with the project.

## **Land Acquisition**

Some projects may require acquisition of additional right-of-way or property for construction of specific improvement. The need and cost for such expenditures is difficult to predict and must be reviewed as a project is developed. Effort was made to include costs for land acquisition, where expected, within the cost estimates included in this Plan. However, it should be noted that the cost of land is subjective and depends on the seller, current land use practices, the size of the plot to be acquired, options available to the Port and many other issues.

## **Existing Facilities**

The Port of Newport was originally formed to promote water related commerce in Lincoln County and throughout its history has evolved and refined the provision of services to the commercial and recreational fishing fleets, to the tourist and for ocean observation and marine research support. Port facilities are situated in three distinct areas bordering portions of The Yaquina Estuary. The South Beach facilities primarily support the recreational fleet, ocean observation and marine research and tourism activities. The Ports' "Bay Front" facilities on the north shore of the bay support primarily the commercial fishing fleet along with some tourism. The Ports' International Terminal is also located on the north shore of the Bay, to the east of the "Bay Front" facilities, adjacent to the Northwest Natural Gas LNG tank.



## Service Facilities

The South Beach Port facilities consist of a 600 berth recreational boat basin originally installed in 1978-79, a four lane boat launch facility with parking which was installed to replace the original marina launch facility in 2005, a 92 space RV Park installed in 2006, an older 52 space RV Park, the recently completed NOAA Marine Operations Center – Pacific (MOC-P) pier, office/operations building and Warehouse, several buildings leased to Oregon Brewing and other leased properties associated with ocean observation and marine research organizations (Oregon State Hatfield Marine Science Center, USA of Fish and Wildlife Service, Oregon Coast Aquarium, etc).

The Commercial Marina facilities consist of Port Dock's 3, 5,7, Swede's Dock and the Hoist Dock along with upland dry storage and parking. The Port's Bay Front facilities also include Port Dock 1, which is used for some transient vessel berthing along with providing a tourist platform for bay viewing and sea lion observation.

The International Terminal area contains facilities which consist of the Terminal Dock Facility (currently under complete reconstruction), along with some commercial fleet dry storage area and several leased properties and structures. Appendix A contains mapping of existing leased facilities.

A comprehensive inventory of Port owned facilities associated with all properties are presented in Appendix B. The inventory includes an estimated current value of each facility along with an estimated replacement cost. The following table indicates a summary of Port owned facilities and estimated current values and replacement costs.

	Replacement Costs	Estimated Exist. Value
Buildings	\$ 30,200,295	\$ 26,611,254
Docks/Piers	\$ 52,283,864	\$ 36,883,726
Parking	\$ 4,889,105	\$ 3,854,041
Other Facilities & Structures	\$ 787,000	\$ 338,999
Equipment	\$ 759,500	\$ 496,000
	<hr/> <hr/> \$ 88,919,764	<hr/> <hr/> \$ 68,184,020

While the numbers presented above are estimated, they give a perspective of the extent what the Port owns and has responsibility for.

## Utilities

Along with the more visible Port owned facilities used for providing Port services and associated with lease holds, there exists considerable utility infrastructure supporting the Port and its operations. Much of the utilities providing services to the Port are owned and operated by outside agencies (City of Newport, Central Lincoln PUD, etc) however, the Port does own and operate some underground utilities primarily associated with storm drainage and area lighting. Appendix C presents an inventory of utilities which are situated on Port properties which are necessary for Port Operations and identifies the controlling agency of the Utility. Appendix C contains mapping of existing utilities serving the Ports various service areas.

## Recommended Projects

Projects identified through the Port's capital facilities planning process are listed in the table below:

Project	Est. Cost
South Beach/Fishing Pier Storm Sewer Outfall Replacement	\$80,685
Old Boat Ramp Fill	\$64,116
Reconstruction of Recreational Marina Docks	\$130,000
Renovate RV Park Annex	\$660,000
Fishing Pier Replacement	\$1,567,000
Additional fish Cleaning Station	\$40,000
Rogue Brewery (Dry Moorage Building) North Wall/Siding Replacement	\$150,000
Rogue Brewery (Dry Moorage Building) Foundation/Seawall Stabilization	\$300,000
Picnic Bunker Rebuild	\$36,000
Pavement Reconstruction/Seal Coating (all areas)	\$400,030
Wastewater Pump Station Replacement - South Beach Marina	\$30,000
South Beach Marina Fuel Facility - Tank Replacement	\$210,000
South Beach Marina Fish Dumpster Cleaning Area	\$40,000
Port Dock 1 Replacement	\$750,000
Port Dock 5 Improvements	\$775,000
Port Dock 7 Replacement	\$3,400,000
Hoist Dock Center Section Replacement	\$637,500
New Port Offices/Parking Area - Construction	\$878,149
International Terminal Fire Water Line Loop	\$127,355
Dredging of Marina's - North and South	\$4,732,302
Electrical Load Centers - South Beach Marina	\$100,000
North Operations/Shop building - Replacement or remodel	TBA
Hand Launch Vessel Storage Building	TBA

All of the proposed projects will be consistent with the Port's adopted policies and plans, i.e. environmental values and utilization of best management practices.

The projects listed above are more thoroughly described below in a format which presents each project on a single page without specific priority numbers allocated. This format is presented as a means of using the document for ongoing revisions and prioritization as needs and funding availability for projects change. Project prioritization is presented in the following section.

## Project: South Beach/Fishing Pier Storm Sewer Outfall Replacement



The storm water collection system which primarily serves the parking and roadway surface runoff associated with the Rogue Brewery Buildings and the adjacent City streets delivers storm water to the bay through a 30" diameter outfall pipe which has failed. The original outfall was installed in the 1978-79 original construction of the recreational marina. The existing outfall pipe is buried 12-15' deep on the landside portion, passes under the shoreline rock slope protection and extends out into the intertidal area.

Project Priority:

Estimated Project Cost: \$80,685

Project Features:

- Permitting required
- Work during "in-water" work period
- Deeply buried pipe day lighting in bay with tide gate



# Project: Old Boat Ramp Fill



Fill and Level the old marina boat ramp to match grade of existing dry camping area at South Beach Marina. This old boat ramp was abandoned upon commission of the recently installed boat ramp located farther north in the vicinity of the marina store. Placing an engineered fill in this area would provide additional, usable space for Port leased properties or activities. Fill materials could be imported from the dredge spoil stockpile north of the new boat ramp parking area. The area is currently used for shoreline access by the public and lightweight boat (kayak) launching which should be taken into consideration for final design.

Project Priority Number:

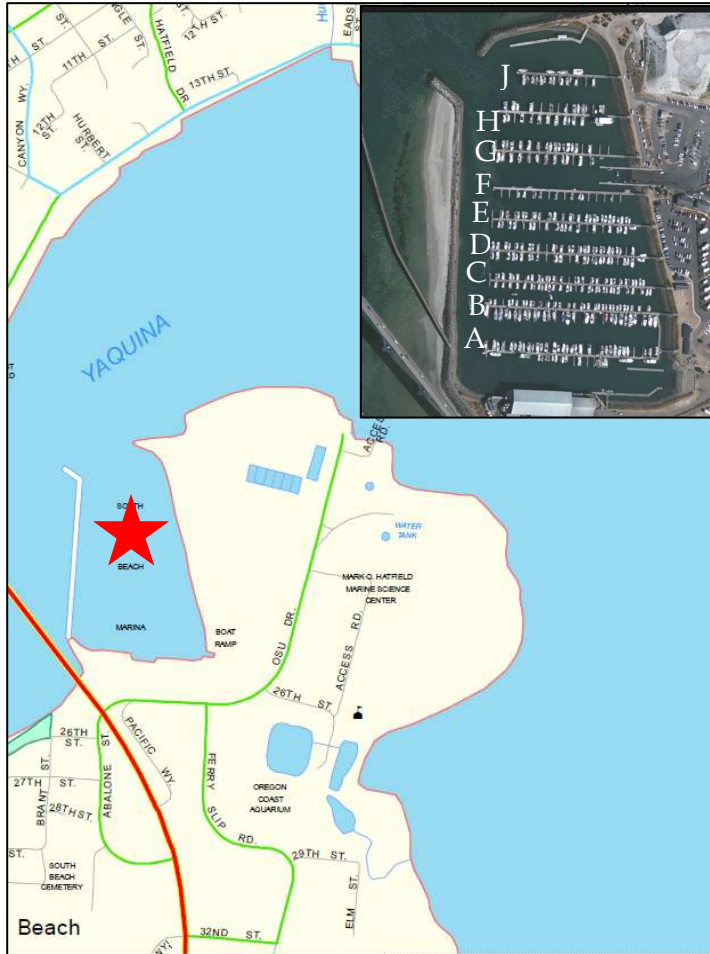
Estimated Project Cost:  
 \$64,000 (engineered fill) +  
 \$63,000 (gravel base and  
 pavement)

Project Features:

- Permitting may be required
- Maintain water access for hand launch craft



## Project: Continued Re-Building Recreational Marina Docks



The Port has started a program of re-building/re-furbishing the existing concrete docks of the recreational marina. Dock H was completed the summer of 2011 and Dock G is currently being renovated and should be completed soon. Each of the docks is having new tie-rods installed along with whalers and electrical services for each slip. The concrete floats are being pressure cleaned and new finger fillets and piling guides installed. Dock G is being completed with in-house labor at a cost to the Port of approximately \$130,000. This process does impact the Port's revenues as moorage fees are lost for the season as each dock is renovated.

Project Priority:

Estimated Project Cost:  
\$130,000 per dock

Project Features:

- Work performed in-house
- Temporary loss of revenue from displaced moorage during construction



## Project: Renovate RV Park Annex



The RV Park Annex has aged water and electrical hook up facilities and poorly delineated gravel spaces with minimal aesthetic value. While there is a need for availability of “lower-end” RV sites, this area needs some renovation. This project includes the replacement of site underground facilities, and sprucing up the surface and landscaping for the 52 spaces contained at the facility.

Project Priority:

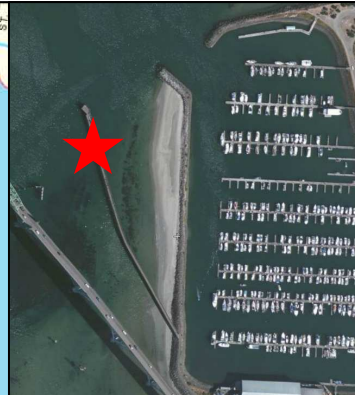
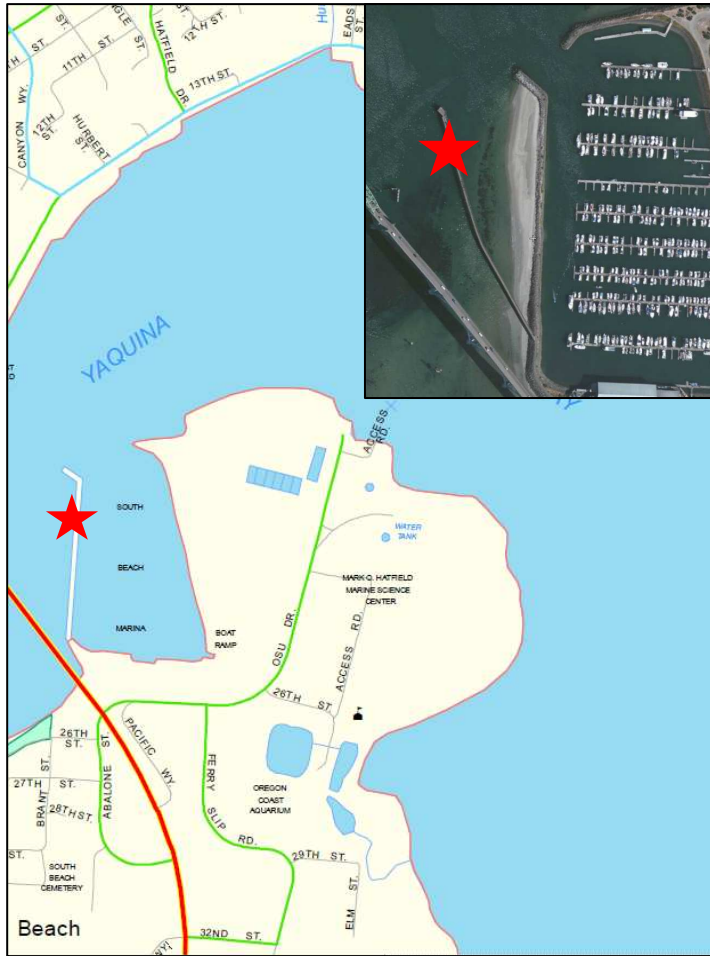
Estimated Project Cost:  
\$780,000

Project Features:

- Improve appearance and utilities/facilities while accommodating mid to lower RV camper expense range.



## Project: Fishing Pier Replacement



The timber fishing pier is a very popular attraction for tourists, especially for catching crab. The fishing pier railing and decking is showing wear and some minor deformation indicating minimal lateral and/or vertical movement in the pier. The pier appears to be sound; however, some planking and rail replacement and maintenance needs to be performed and total replacement should occur within the next 5 - 10 years.

Project Priority:

Estimated Project Cost: \$1,567,000

Project Features:

- Permitting
- Work during "in-water" work period



# Project: Additional Fish Cleaning Station



During peak season use of the boat ramp and marina facilities, the five existing fish cleaning stations do not provide enough capacity to satisfy the demand. It is recommended that two new fish cleaning stations (side by side - double cleaning tables) be sited in the South Beach area.

Project Priority:

Estimated Project Cost: \$46,000

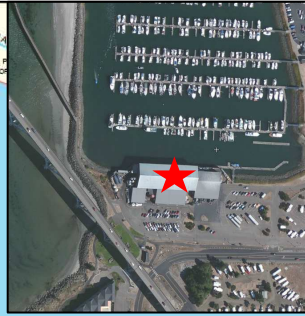
Project Features

- Facilities could be best sited for targeted use by charter boat customers.





# Project: Rogue Brewery, (Dry Moorage Building) North Wall/Siding Replacement



The Dry Moorage Building portion of the Rogue Brewery building has the original north wall siding which is extremely deteriorated. Access to this side of the building is problematic and has precluded siding replacement in the past. Rogue Brewery has made considerable improvements to the building along with several expansions. The North wall siding needs replaced.

Project Priority:

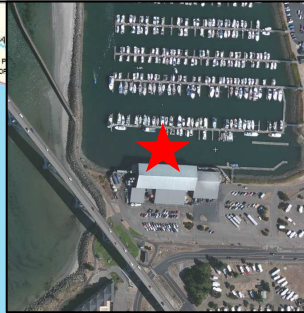
Estimated Project Cost: \$150,000

Project Features:

- Waterside work from barge or float
- Established leasehold



# Project: Rogue Brewery, (Dry Moorage Building) Foundation/Seawall Stabilization



Original construction of the South Beach Marina in 1979 included a soldier pile seawall with integral foundation for the Dry Moorage Building portion of the Rogue Brewery building. The foundation/sea wall consists of approximately 60' 'H-pile' with concrete lagging and a concrete pile cap which supports the structures north wall. Over the past several years, the seawall has been moved laterally several inches. The sea wall needs to be stabilized or replaced. It is estimated the cost for stabilizing the seawall would be approximately \$250,000 - \$300,000.

Project Priority:

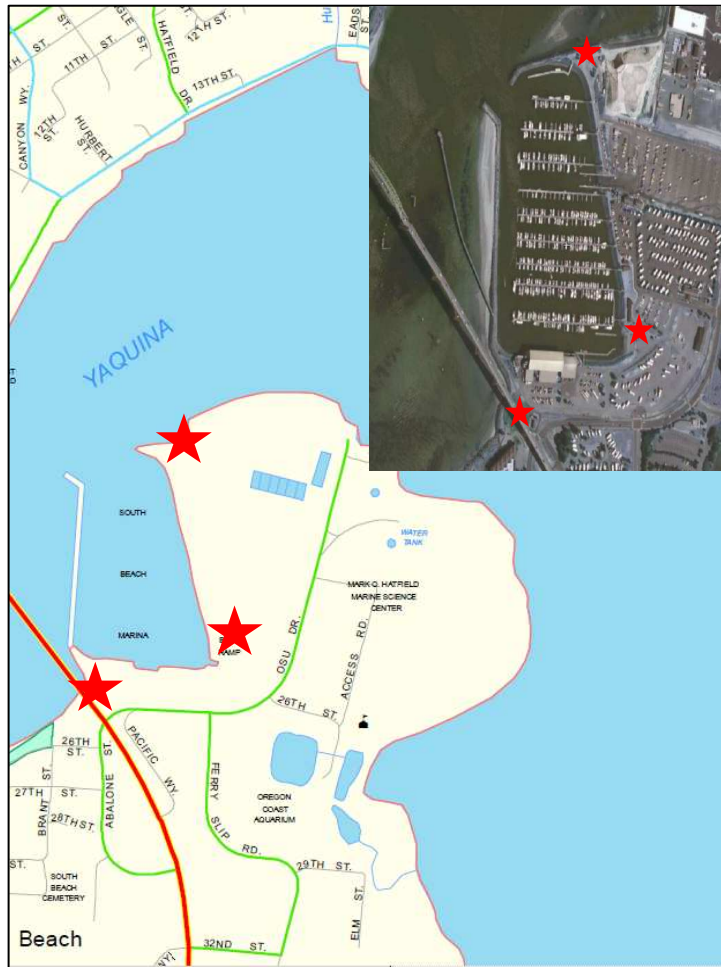
Estimated Project Cost: \$300,000

Project Features:

- Waterside work from Barge
- Geologic Investigation for Design
- Needed for continuation of established leasehold



## Project: Rebuild Picnic Bunkers at South Beach Marina Complex



In the South Beach Marina Complex, there are three separate areas which contain picnic bunkers which were installed in the original 1978-79 construction of the facilities. One area, located at the south end of the Yaquina Bridge, near the fishing pier contains 6 bunkers. An area near the old boat ramp, up on the level with the Rogue Distillery contains 3 bunkers and on the north point there are another 3 bunkers, near the fueling dock. These facilities are also very popular during summer months for use by tourists. Each bunker consists of a concrete slab with a half wall surrounding a picnic table. In all the current facilities, the half walls are very deteriorated and tables need replaced. The proposed project recommends using the existing slab after cleaning along with replacing all wood structures, half wall and picnic table top and benches as designed. All picnic table steel supports need to be cleaned and

coated prior to installation of new benches and table top.

Project Priority:

Estimated Project Cost:  
\$36,000

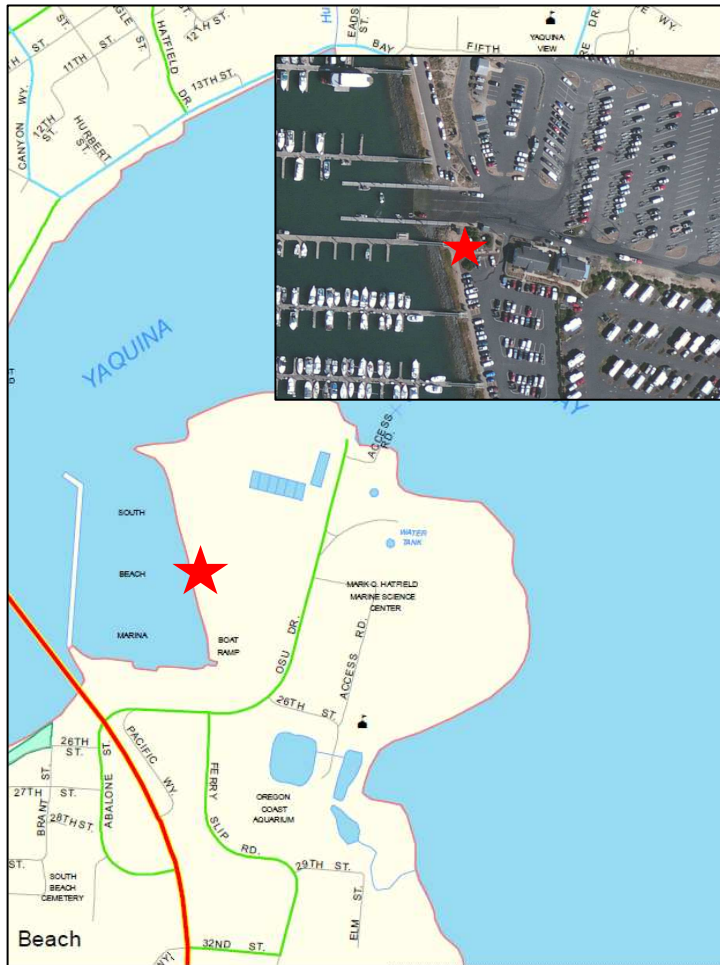
Project Features:

- Use existing design, clean and seal concrete and replace wooden elements with pressure treated





## Project: Wastewater Pump Station Replacement



A small wastewater lift station which serves the RV park, Structure and restrooms located in the vicinity of the new boat ramp is aged and needs replacement. While the pump station is being operated and maintained by the City of Newport, the ownership of the facility is not clear. The existing pump station does not comply with City standards for pump stations and experiences high volumes of sand intake which quickly erodes pump impellers. Aside from replacing the pump station, an investigation needs to be performed in the collection system to identify and curtail the source of sand introduced into the system.

Project Priority:

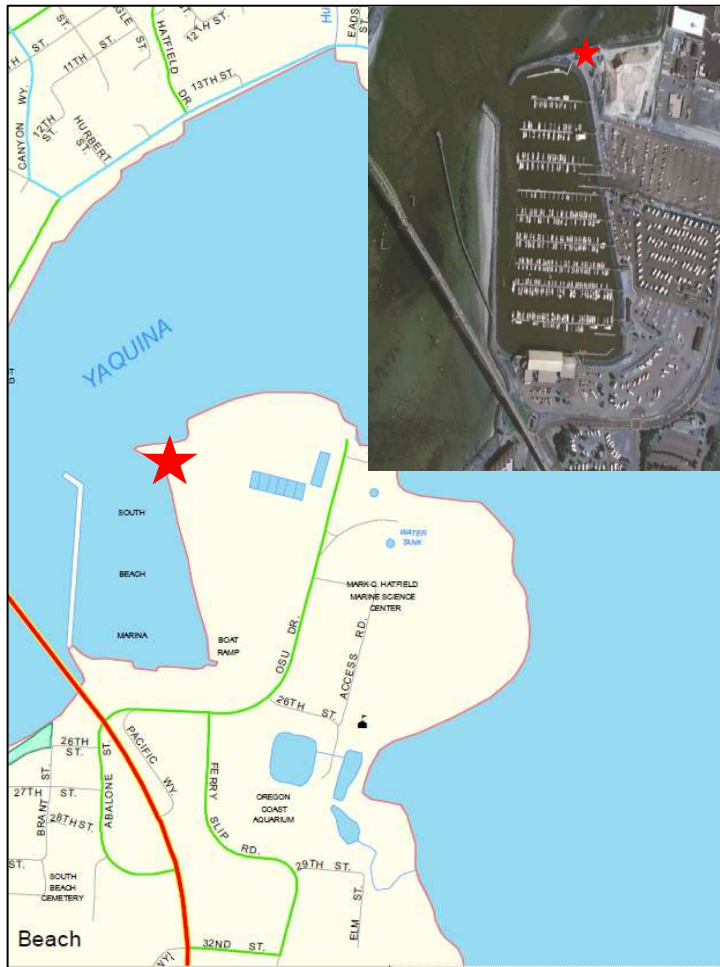
Estimated Project Cost: \$30,000

Project Features:

- Replace Station with City of Newport approved facility



## Project: Fuel Tank Replacement – South Beach Marina



The South Beach Marina currently has a vessel fueling facility located at the very north end of the marina. The facility consists of floating docks, fuel dispensers, control building, fuel lines and two 20,000 gallon fiberglass lined fuel tanks. The fuel tanks are located underground in the vehicle turn-around loop at the north end of the frontage road adjacent to docks H, J, and F. New fuel lines, electrical service and dispensing facilities have recently been replaced with the facility. The underground tanks will need to be replaced within the next 7 - 10 years. The tanks would be replaced with above ground, self contained, spill-proof facilities. The estimated cost for replacing the tanks is \$210,000.

Project Priority:

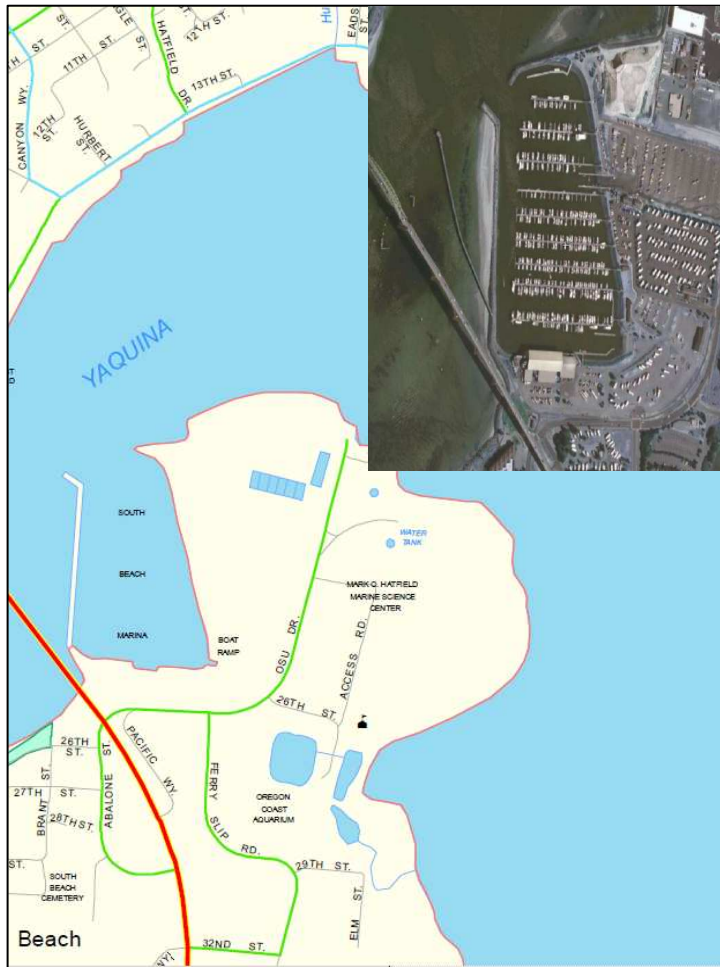
Estimated Project Cost:  
\$210,000

Project Features:

- Above ground, self contained fuel tanks



## Project: Fish Dumpster Washdown Area – South Beach Marina



The South Beach Marina currently maintains three fish cleaning stations and has an identified need for a fourth. Each station has a waste dumpster located adjacent to the cleaning sinks in which all fish and crab waste is deposited. There is a need for a self contained, environmentally friendly site where the emptied dumpsters can be washed down. The estimated cost for a washdown site is \$40,000.

Project Priority:

Estimated Project Cost: \$40,000

Project Features:

- Self contained
- Use of Best Management Practices for Environmental controls



## Project: Port Dock 1 Repair/Replacement



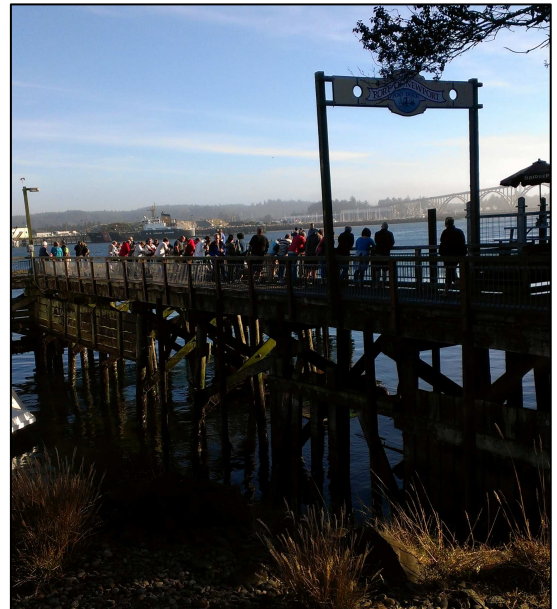
Port Dock 1 is a working transient tie-up dock for the fishing fleet and also serves as a tourist observation platform for viewing the local waterfront features and sea lion activity. The existing structure is becoming deteriorated and needs immediate improvement/repairs to maintain its level of use. There currently is no railing on the bayside perimeter of the pier and several of the sub-structure cross bracing timbers is no longer functional. The remaining service life of the pier is limited due to the state of deterioration.

Project Priority:

Estimated Project Cost: \$750,000

Project Features:

- Mixed use serving commercial fleet and public tourists





# Project: Port Dock 5 Improvements



Currently approximately 25% of the steel piling associated with this dock is in a state of deterioration

Several other improvements/ additions have been identified for this facility. The 235 foot long 22 foot wide access pier and the landing float need replacing. This facility has also been identified as needing a restroom facility for moorage customers. The restroom facility could be added adjacent to the access pier or be an “on-the-water” structure, dependent upon further siting analyses.

Project Priority:

Estimated Project Cost: \$1,115,000

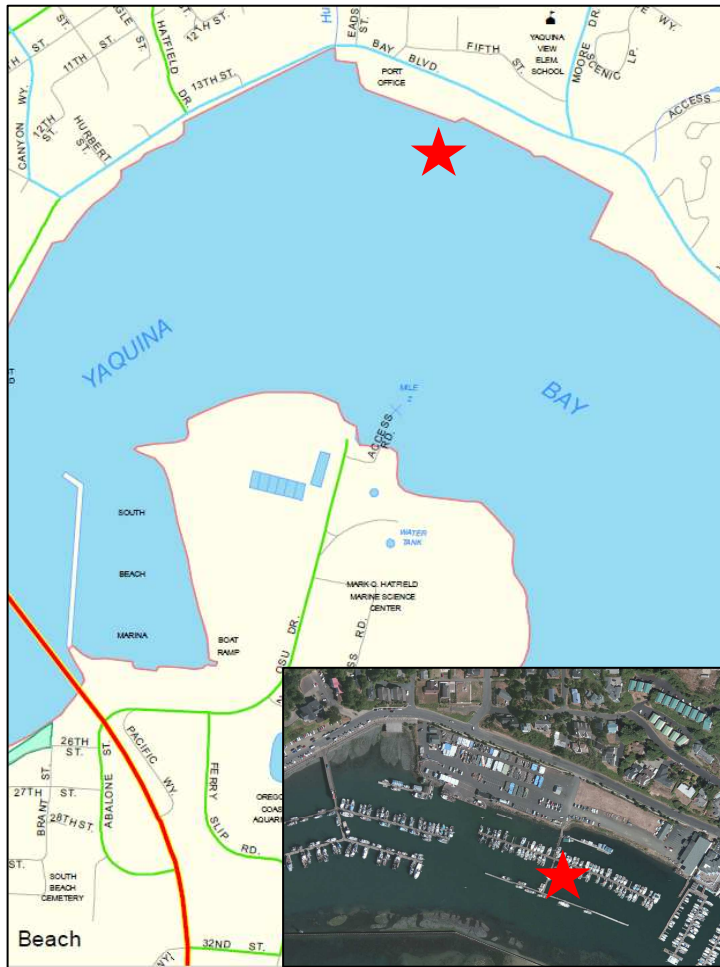
Project Features:

- Access Pier and Fleet moorage floating docks involved
- New Restroom facility for serving fleet users



## Project: Port Dock 7 Replacement

Port Dock 7 is in extremely poor condition. Within the past few years several of the steel pilings have failed and sections of dock have had to be removed.

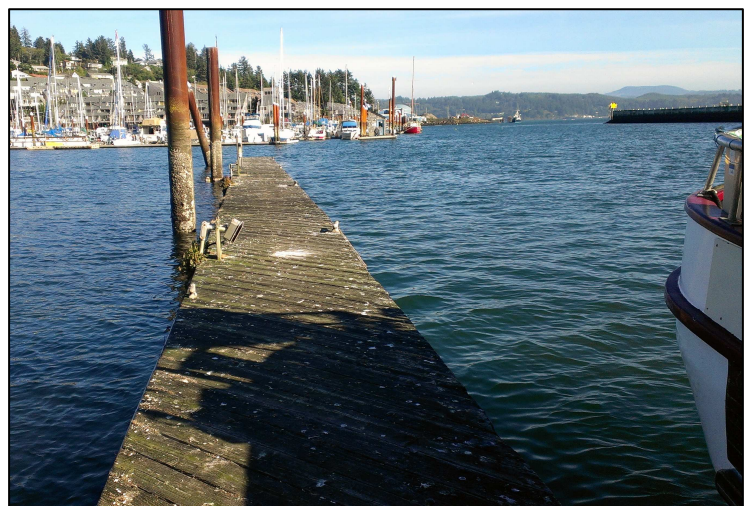


Project Priority Number:

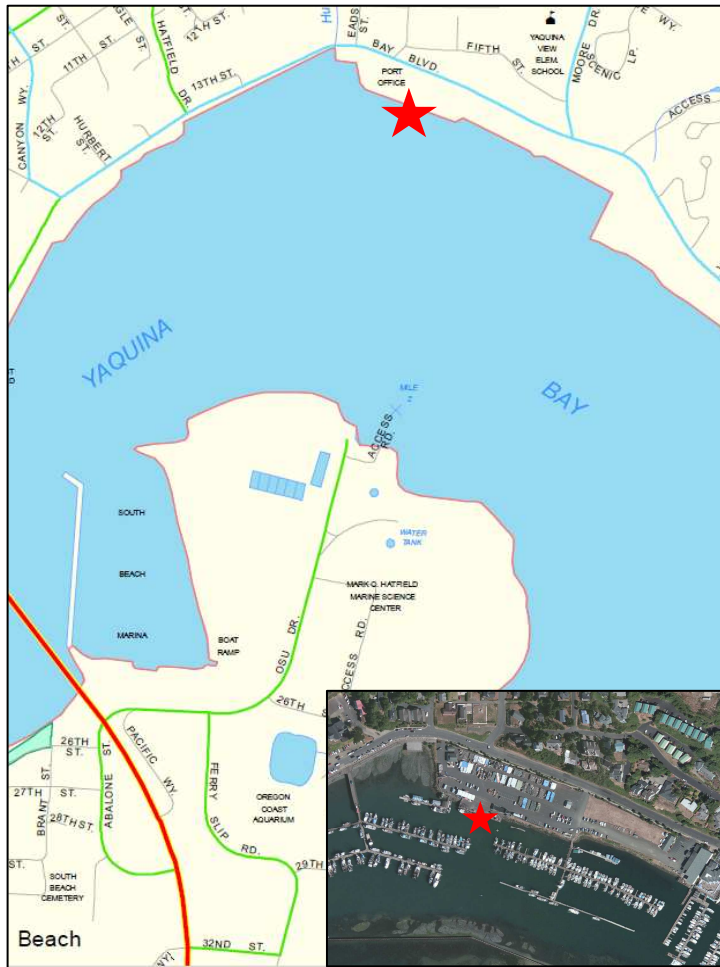
Estimated Project Cost: \$3.4M

Project Features:

- Extensive repair and replacement of failing facilities



# Project: Hoist Dock Center Section Replacement



The Hoist Dock located adjacent to the old Port office building is experiencing failure in the old timber construction section situated in the center of the structure. The Hoist Dock currently fronts the Bay along a 220 foot length. The two end sections (approximately 70 ft long for each) are made up of a steel piling supported concrete structure. The interior section is timber construction. The wooden dock fender piles and whalers structure is also in need of replacement.

Project Priority:

Estimated Project Cost: \$637,500

Project Features:

- Facility Needed to maintain good revenue generating facility for Port
- Permitting required



## Project: New Port Offices, Utilities and Parking



The Port offices are currently located in a temporary structure since the old offices have been declared uninhabitable.

Project Priority:

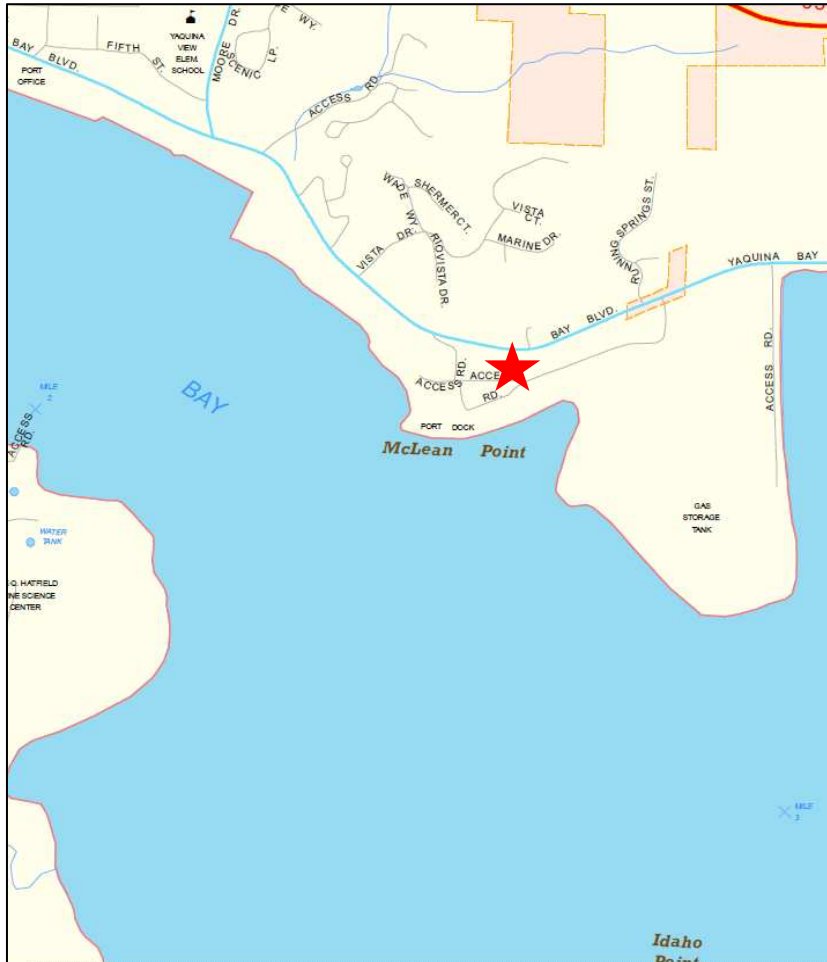
Estimated Project Cost: \$878,000.

Project Features:

- Complete office facilities with Board meeting room/Conference room
- Associated parking facilities



## Project: International Terminal Fire Water Loop



The International Terminal area needs to have the fire water supply lines looped to provide for adequate fire water supply.

Project Priority:

Estimated Project Cost: \$258,000

Project Features:

- Approx 1,000 lineal feet of 8 " PVC Water Main



# Project: Marina Dredging



Both the Recreational and Commercial marinas need to be dredged. It has been approximately 30 years since either has been dredged and the shoaling is starting to cause issues. The recreational marina needs to be dredged to a 10 foot depth (below Mean Lower Low Water) and the commercial marina needs to be dredged to between 10 and 15 foot depths. The project would involve removing approximately 4' depth of materials in each of the marinas.

## Project Priority:

Estimated Project Cost: Recreational Marina  
 - \$2,685,000  
 Commercial Marina  
 - \$2,050,000

## Pending Activities:

- Permitting required
- Spoils disposal monitoring (testing)



## Additional Projects

Miscellaneous projects that have been identified as needed for the provision of Port services also include:

- Replacement of two electrical load centers located at the South Beach Marina
  - Estimated Cost: \$100,000
- Replacement or remodeling of the Commercial Marina operations/shop Building
  - Estimated Cost: Yet to be determined
- South Beach Marina “Hand Launch” vessel storage facility
  - Estimated Cost: Yet to be determined

## Capital Facilities Plan (CFP)

The improvements, which have been discussed in the previous sections, were assessed by Port commissioners and staff related to prioritization of the projects. Projects were evaluated on a basis of physical need, desire, importance and availability of funding, Appendix D contains an example of a table which was used for ranking projects. The prioritization process placed the projects in three priority categories, Priority 1-3. The priority 1 projects are projects to be scheduled for work within the next 1-5 years. Priority 2 projects to be scheduled within the next 10 years and Priority 3 projects within the next 15 years.

Because almost all of the proposed projects are actually upgrades or reconstruction/replacement of existing facilities necessary for the provision of Port services and/or revenue sources, it is extremely difficult to place definitive priorities on the proposed work. The reality is that project performance will most likely be driven by availability of funding to perform the work. The following is an initial cost and priority summary table of the identified projects for the Port:

Project Description	Priority	Estimated Cost of Improvement
Port Dock 7 Replacement	1	\$3,400,000
Wash down facility for the South Beach Marina fish waste trash bins	1	\$40,000
Hoist Dock (Center Section) Replacement	1	\$637,500
Reconstruction of Recreational Marina Docks	1	\$130,000
Port Dock 5 Improvements	1	\$775,000
New Port Offices/Parking Area	1	\$878,149
Marina Dredging	1	\$4,732,302
<b>SUBTOTAL - PRIORITY 1 PROJECTS</b>		<b>\$10,592,951</b>
Renovate RV Park Annex	2	\$660,000
Rogue Brewery (Dry Moorage Building) North Wall/Siding Replacement	2	\$150,000
Electrical Load Center South Beach Marina	2	\$100,000
International Terminal Fire Water Line Loop	2	\$127,355
Wastewater Pump Station Replacement - South Beach	2	\$30,000
Port Dock 1 Replacement	2	\$750,000
<b>SUBTOTAL - PRIORITY 2 PROJECTS</b>		<b>\$1,917,355</b>
South Beach/Fishing Pier Storm Sewer Outfall Replacement	3	\$80,685
Picnic Bunker Rebuild	3	\$36,000
Pavement Reconstruction/Seal Coating (all areas)	3	\$400,030
Fishing Pier Replacement	3	\$1,567,000
Old Boat Ramp Fill	3	\$64,116
<b>SUBTOTAL - PRIORITY 3 PROJECTS</b>		<b>\$2,147,831</b>
<b>TOTAL ALL PROJECTS</b>		<b>\$14,658,137</b>



# Financing

## Grant and Loan Programs

Some level of outside funding assistance in the form of grants or low interest loans will help assure that the proposed improvement projects are affordable to the Port of Newport. The amount and types of outside funding will dictate the amount of local funding that the Port will have to secure. In evaluating grant and loan programs, the major objective is to select a program, or a combination of programs, which are most applicable and available to the intended project.

A brief description of the major Federal and State funding programs, which are typically utilized to assist qualifying ports in the financing of improvement programs, is given below. Each of the government assistance programs has its own particular prerequisites and requirements. These assistance programs promote such goals as aiding economic development, benefiting areas of low to moderate-income families, and providing for specific community improvement projects. Not all ports or projects may qualify for all programs.

The Oregon Business Development Department (OBDD) is an excellent source of funding to help finance public improvements.. The OBDD has three separate programs offering funding assistance, including Community Development Block Grants (the Port is only eligible for this program if the grant is sponsored by the City of County on behalf of the Port), the Special Public Works Fund, and the Water/Wastewater Financing Program.

The Infrastructure Finance Authority (IFA) helps ports develop infrastructure and public facilities and address their utility and economic needs through these programs:

### Connect Oregon

In 2005, the Oregon Legislature created the Multimodal Transportation Fund to invest in air, marine, rail, and public transit infrastructure improvements. The Fund is part of what is known as the Connect Oregon program; providing grants and loans to non-highway transportation projects that promote economic development in Oregon. The legislature authorized issuance of \$100 million in lottery-backed revenue bonds to fund the program in each of the 2005-07, 2007-09, and 2009-11 biennia. An additional \$40 million was authorized in 2011 for the 2011-13 biennium.

In creating the Multimodal Transportation Fund, the Legislature found that local governments and businesses often lack sufficient capital and technical capacity (i.e. engineering, planning, labor and/or equipment) to undertake multimodal transportation projects and that public financial assistance can help support these long-term economic growth and job creation projects.

Connect Oregon projects have resulted in success from creating job opportunities to retaining major employers. The projects have also resulted in reduced transportation costs, barriers to economic development removed, and improved safety. Together, the initial three phases of the Connect Oregon program have improved multimodal connections and better integrated transportation

system components, thereby improving the flow of commerce and promoting economic development within Oregon. ODOT administers the program pursuant to OAR 731-035.

The Port of Newport's International Terminal Improvements, currently under construction have been partially funded through the Connect Oregon program..

## **Port Revolving Fund**

The Port Revolving Fund is a loan program to assist Oregon ports in the planning and construction of facilities and infrastructure. Each applicant is limited to a total loan amount from this fund of no more than \$3 million at any one time. The loan term can be as long as 25 years or the useful life of the project, whichever is less. Interest rates are set by the IFA at market rates, but not less than Treasury Notes of a similar term minus one percent. Funds may be used for port development projects (facilities or infrastructure) or to assist port-related private business development projects. The variety of eligible projects is very broad and may include, but are not limited to:

- water-oriented facilities;
- industrial parks; and
- airports and commercial or industrial developments.
- Eligible project costs can include:
  - engineering;
  - acquisition;
  - improvement;
  - rehabilitation;
  - construction;
  - operation; and
  - maintenance or pre-project planning.

## **Port Planning and Marketing Fund**

This grant program helps ports fund planning or marketing studies related to expanding their trade and commerce activities. Funding is provided through a transfer of the interest earned on the Oregon Port Revolving Fund. The Port Planning and Marketing Fund is primarily a grant program. Grants from the Port Planning and Marketing Fund are capped at \$50,000 or 75 percent of the total cost of the project, whichever is less. A 25 percent local cash match is required for all projects.

This includes developing and marketing facilities and services that support important industries in the state, including:

- agriculture
- aviation
- fishing
- maritime
- commerce
- transportation
- tourism/recreation

- wood products

## **Marine Navigation Improvement Fund**

The Marine Navigation and Improvement Fund provides grants and loans that fund either: a federally authorized project that needs matching funds; or a non-federally authorized project that directly supports or accesses an authorized navigation improvement project.

### **Federally authorized projects**

These include projects designed and operated by the U.S. Army Corps of Engineers. The federal government provides 75 percent of the funding; the state Legislature provides the 25 percent match.

Projects must be:

- authorized by Congress;
- large enough to have a positive national cost/benefit ratio;
- sponsored by a port; and
- listed in the port's business or strategic plan.

### **Non-federally authorized projects**

These projects are smaller and cannot qualify for federal assistance. The proposed project must support a certain level of commercial or recreational activity in order to qualify for state funding. These projects must:

- meet the criteria of a freight project or a commercial/recreation project;
- be a new water project that directly supports, or provides access to, a federally authorized navigation improvement or navigation channel project;
- be ready to begin in the biennium funding is requested; and be listed in a port's business or strategic plan.

Projects can be funded:

- up to 100 percent through a loan, if the port can support that level of debt from its general fund;
- up to 75 percent through a state grant for projects with a record of activity that meets the minimum criteria; or
- up to 50 percent through a state grant for new water projects anticipated to meet the minimum criteria within a couple of years of completion.

### **Low-interest loans**

Interest rates are determined during the financial review. Loan terms will not exceed 25 years.

### **Grants**

Grants are available for projects that meet one or more of the following criteria:

- Job creation and/or retention as a direct result for the project.

- The project deals with critical public safety issues and the IFA's financial analysis determines the port's borrowing ability cannot finance the project.
- There is an imminent threat that the port will lose permits and the IFA's financial analysis determines the port's borrowing ability cannot finance the project.

## Local Funding Sources

Local revenue sources for capital expenditures include ad valorem taxes, various types of bonds, lease and tenant revenues. Local revenue sources for operating costs include ad valorem taxes, and lease and tenant charges and user fees.

### Property Taxes

There are three types of property taxes that taxing districts may impose: taxes from the permanent rates, local option levies, and bond levies. Only the permanent rates are fixed. Bond levies typically are approved in terms of dollars, and the rates are calculated as the total levy divided by the assessed value in the district. Local option levies may be approved either in rate or dollar terms. If the local option levy is in dollar terms, then rates are calculated the same way as for bond levy rates.

Taxes from the permanent rates, typically referred to as operating taxes, are used to fund the general operating budgets of the taxing districts. They account for the single largest component of property taxes. Strictly speaking, the permanent rates are rate limits, so districts may use any rate up to their permanent rate. Local option taxes represent the only way taxing districts can raise operating revenue beyond the permanent rate amount. Even so, these taxes are the first to be reduced if the Measure 5 limitations are exceeded. Because voters at the local level must approve these levies, they represent one aspect of local control over the level of property taxes. Measure 50 requires that local option levies, in elections other than general elections, be approved by a majority of voters with at least 50 percent of all registered voters actually voting. Bond levies have remained largely unchanged. They are used to pay principal and interest for bonded debt. Under the provisions of Measure 50, new bond levies, like new

### Local Option and Serial Levies

The Oregon Constitution allows a local government to levy annually the amount that would be raised by its permanent rate limit (Base) without further authorization from the voters. When a local government has to increase the permanent rate limit or when the rate limit does not provide enough revenue to meet estimated expenditures, the government may request a local option levy from the voters. Approval requires a "double majority." This means that at least 50 percent of the registered voters must vote, and a majority of those who vote must approve the levy. Since 1991, the constitution has limited the maximum amount of taxes to support the public schools to \$5 per \$1,000 of real market value. The maximum amount to support other government operations is \$10 per \$1,000 of real market value.

Voters can approve local option levies for up to five years for operations and up to 10 years or the useful life of capital projects, whichever is less. Local option levies require a "double majority" for

approval. A common funding mechanism for capital projects is to acquire voter approval for a serial levy (more than one year) to pay for the cost of specifically targeted projects.

## **Bonds**

The municipal bond market is the source of most loans for public agencies in the United States, including Oregon. The municipal bond market will purchase one of two types of bonds from the Port – a general obligation bond or a revenue bond. The two types of bonds differ in how the Port chooses to repay the loan, and are discussed in more detail below.

### **General Obligation Bonds**

General obligation (G.O.) bonds are backed by the Port's full faith and credit, as the Port pledges to assess property taxes sufficient to pay the annual debt service. This tax is exempt from the State's constitutional limit of \$10/\$1,000 of assessed value. The Port may, at its discretion, use any other source of revenue, including user fees or leasehold/tenant revenues, to repay the bonds. If it uses these other sources, it then reduces the amount to be collected from taxes.

Oregon Revised statutes limit the maximum bond term to forty (40) years for agencies. Except in the event that RD will purchase the bonds, the realistic term for which G.O. bonds should be issued is fifteen (15) to twenty (20) years. Under the present economic climate, the lower interest rates will be associated with the shorter terms.

Financing of capital improvements by G.O. bonds is usually accomplished by the following procedure:

1. Determination of the capital costs required for the improvement.
2. An election by the voters to authorize the sale of bonds.
3. The bonds are offered for sale.
4. The revenue from the bond sale is used to pay the capital costs associated with the project(s).

General Obligation bonds are preferable to revenue bonds in matters of simplicity and cost of issuance. Since the bonds are secured by the power to tax, these bonds usually command a lower interest rate than other types of bonds. General obligation bonds lend themselves readily to competitive public sale at a reasonable interest rate because of their high degree of security, their tax-exempt status, and public acceptance.

These bonds can be revenue-supported wherein a portion of the user fee is pledged toward payment of the debt service. Using this method, the need to collect additional property taxes to retire the bonds is eliminated. Such revenue-supported G.O. bonds have most of the advantages of revenue bonds, plus lower interest rate and ready marketability.

General obligation bonds are normally associated with the financing of facilities, which benefit an entire community and must be approved by a majority vote.

The disadvantage of G.O. bond debt is that it is often added to the debt ratios of the underlying agency, thereby restricting the flexibility of the agency to issue debt for other purposes. Furthermore, G.O. bond authorizations must be approved by a majority vote and often necessitate extensive public information programs.

## **Revenue Bonds**

For revenue bonds, the Port pledges the net operating revenue of the port authority to repay the bonds. The primary source of the net revenue is user fees, leases and tenant fees, and the primary security is the Port's pledge to charge user fees sufficient to pay all operating costs and debt service. The lender requires the Port to provide two additional securities for the revenue bonds that are not required by a G.O. bond. First, the Port must establish a bond reserve fund equal to the lesser of maximum annual debt service or 10% of the bond amount. Second, the Port must increase user fees such that net the cash flow from operations plus interest earnings are equal to or greater than 125% of annual debt service, known as a 1.25 debt coverage ratio.

The general shift away from ad valorem property taxes and toward a greater reliance on user fees makes revenue bonds a frequently used option for payment of long term debt. Many agencies prefer revenue bonding, because it insures that no tax will be levied. In addition, debt obligation will be limited to system users and tenants since repayment is derived from such fees. An advantage with revenue bonds is that they do not count against a municipality's direct debt, but instead are considered "overlapping debt". This feature can be a crucial advantage for a municipality near its debt limit. Rating agencies evaluate closely the amount of direct debt when assigning credit ratings. Revenue bonds also may be used in financing projects extending beyond normal municipal boundaries. These bonds may be supported by a pledge of revenues received in any legitimate and ongoing area of operation, within or without the geographical boundaries of the issuer.

Successful issuance of revenue bonds depends on the bond market evaluation of the revenue pledged. Revenue bonds are most commonly retired with revenue from user fees. Recent legislation has eliminated the requirement that the revenues pledged to bond payment have a direct relationship to the services financed by revenue bonds. Revenue bonds may be paid with all or any portion of revenues derived by a public body or any other legally available monies. If additional security to finance revenue bonds is needed, a public body may mortgage grant security and interests in facilities, projects, utilities or systems owned or operated by a public body.

Normally, there are no legal limitations on the amount of revenue bonds to be issued, but excessive issue amounts are generally unattractive to bond buyers because they represent high investment risks. In rating revenue bonds, buyers consider the economic justification for the project, reputation of the borrower, methods and effectiveness for billing and collecting, rate structures, a provision for rate increases as needed to meet debt service requirements, track record in obtaining rate increases historically, adequacy of reserve funds provided in the bond documents, supporting covenants to protect projected revenues, and the degree to which forecasts of net revenues are considered sound and economical.

Agencies may elect to issue revenue bonds for revenue producing facilities without a vote of the electorate (ORS 288.805-288.945). Certain notice and posting requirements must be met and a sixty

(60) day waiting period is mandatory. A petition signed by five percent of the municipality's registered voters may cause the issue to be referred to an election.

## **Improvement Bonds**

Improvement (Bancroft) bonds can be issued under an Oregon law called the Bancroft Act. The bonds are an intermediate form of financing that is less than full-fledged G.O. or revenue bonds, but is quite useful especially for smaller issuers or for limited purposes.

An improvement bond is payable only from the receipts of special benefit assessments, not from general tax revenues. Such bonds are issued only where certain properties are recipients of special benefits not occurring to other properties. For a specific improvement, all property within the improvement area is assessed on an equal basis, regardless of whether it is developed or undeveloped. The assessment is designed to apportion the cost of improvements, approximately in proportion to the afforded direct or indirect benefits, among the benefited property owners. This assessment becomes a direct lien against the property, and owners have the option of either paying the assessment in cash or applying for improvement bonds. If the improvement bond option is taken, the Port sells Bancroft improvement bonds to finance the construction, and the assessment is paid over 20 years in 40 semi-annual installments with interest. Cities and special districts are limited to improvement bonds not exceeding three percent of true cash value.

With improvement bond financing, an improvement district is formed, the boundaries are established, and the benefited properties and property owners are determined. The engineer usually determines an approximate assessment, either on a square foot or a front-foot basis. Property owners are then given an opportunity to object to the project assessments. The assessments against the properties are usually not levied until the actual cost of the project is determined. Since this determination is normally not possible until the project is completed, funds are not available from assessments for the purpose of making monthly payments to the contractor. Therefore, some method of interim financing must be arranged, or a pre-assessment program, based on the estimated total costs, must be adopted. Commonly, warrants are issued to cover debts, with the warrants to be paid when the project is complete.

The primary disadvantage to this source of revenue is that the property to be assessed must have a true cash value at least equal to 50 percent of the total assessments to be levied. As a result, owners of undeveloped property usually require a substantial cash payment. In addition, the development of an assessment district is very cumbersome and expensive when facilities for an entire community are contemplated. In comparison, G.O. bonds can be issued in lieu of improvement bonds, and are usually more favorable.

## **Capital Construction (Sinking) Fund**

Sinking funds are often established by budget for a particular construction purpose. Budgeted amounts from each annual budget are carried in a sinking fund until sufficient revenues are available for the needed project. Such funds can also be developed with revenue derived from system development charges or serial levies.



A Port may wish to develop sinking funds for future improvements. This fund can be used to rehabilitate or maintain existing infrastructure, construct new infrastructure elements, or to obtain grant and loan funding for larger projects.

The disadvantage of a sinking fund is that it is usually too small to undertake any significant projects. Also, setting aside money generated from user fees without a designated and specified need is not generally accepted in agency budgeting processes.

## **Funding Recommendations**

This Capital Facilities Plan outlines a plan for all necessary improvements, which represent a significant investment for the Port. Therefore, a strategy and plan for financing the recommended improvements must be developed.

While the financing package that the Port will ultimately utilize depends on the results of coordination with the various funding agencies, this section will summarize the general direction the Port should proceed with and provide some insight into the potential impacts to rate payers.

As outlined earlier in this section, improvements projects recommend for the Port total approximately \$14.7 million dollars. The Port should proceed with the following steps as it moves forward with the financing strategy for the water system improvement projects:

1. As soon as this Capital Facilities Plan is approved, the Port District should contact Infrastructure Finance Authority (IFA) to schedule a one-stop meeting. At this one-stop meeting, all of the potential agencies who may be able to provide funding will send representatives to discuss the funding needs and develop a funding package for the improvement projects. The agencies will make recommendations and will discuss what each agency can offer. The result will be a funding package made up of grants and loans from a number of agencies to fund the projects.
2. Following the one-stop meeting, the Port District should immediately process the necessary paperwork to apply for the funding included in the funding package recommended at the one-stop meeting. This will require numerous applications and other administrative efforts to apply for funding. The Port District should apply to any and all programs or agencies that have the potential to provide grant money to reduce the impact to rate payers.
3. Due to the magnitude of the required improvements, the Port District will not likely receive grants sufficient to cover all of the costs of the project. In fact, the Port District will most likely be required to take out loans for a significant portion of the project costs.
4. Once the Port District receives notification that they have secured the necessary funding \to complete the work, they can begin the pre-design and design activities in preparation for bidding and construction of the improvements.

Appendix A

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**Lease Property Maps**

Appendix B

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**Facility Inventory**

Appendix C

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**Port Utility Inventory**

Appendix D

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**Port Utility Maps**

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**Project Prioritization Worksheet Template**