

Resource Report 5: Economic Data

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County Economics

Coos County

The LNG Terminal and a portion of the Pipeline will be built and operated in Coos County. Once operating, 186 workers will be employed by the Project in Coos Bay – 180 for the Terminal and 6 for the Pipeline.

Economic data for Coos County show nearly stagnant population growth, modest incomes, and a higher than average dependence on retirement earnings. Coos County residents earned over \$2.4 billion in personal income in 2015. With a population of 63,121, per capita income was \$38,475, which is less than the statewide average of \$43,830.

About 47.6 percent of the personal income earned in Coos County during 2015 came from work earnings, 31.3 percent from retirement and unemployment, 2.9 percent from various social service sources, and 18.2 percent from investments.

County Personal Income and Growth	Coos	% of Personal Income
<i>Labor earnings of locals:</i>		
Wages and salaries paid by local employers	\$876,043,000	36.1%
Local employer retirement & insurance contributions	164,357,000	6.8%
Locally owned farmers' net income	21,984,000	0.9%
Self-employed worker earnings	181,330,000	7.5%
Less government insurance taxes paid by workers	(92,432,000)	-3.8%
Less pay outflow to non-locals working in county	(44,550,000)	-1.8%
Plus pay inflow to residents working outside county	49,465,000	2.0%
Net labor earnings of local residents	\$1,156,197,000	47.6%
<i>Plus other sources of personal income:</i>		
Dividends, interest, and rental income	\$441,986,000	18.2%
Welfare, SSI, foster care, & other social services	69,693,000	2.9%
Retirement, unemployment & other	760,711,000	31.3%
Total Personal Income	\$2,428,587,000	100.0%
Population	63,121	
25-year population growth rate (1991-2015)	0.02%	
Per capita income	\$38,475	
25-year real per capita income growth rate (1991-2015)	1.22%	

Douglas County

Workers will be employed in Douglas County for construction of a section of the Pipeline. Douglas County's economy is larger than Coos County, but with similar sources of income. Total personal income was nearly \$3.9 billion in 2015 with 46.8 percent coming from work earnings, 19.1 percent from investments, 2.9 percent from social services, and 31.2 percent from retirement earnings and unemployment insurance.

As shown in Table 6, the County's per capita income of \$35,977 was less than that of Coos County residents, however Douglas County has more residents (107,685) and its population has been growing at a faster rate of 0.5 percent a year (compared with Coos County's population rate of 0.02 percent

County Personal Income and Growth	Douglas	% of Total Personal Income
<i>Labor earnings of locals:</i>		
Wages and salaries paid by local employers	\$1,484,553,000	38.3%
Local employer retirement & insurance contributions	262,283,000	6.8%
Locally owned farmers' net income	13,257,000	0.3%
Self-employed worker earnings	197,820,000	5.1%
Less government insurance taxes paid by workers	(152,025,000)	-3.9%
Less pay outflow to non-locals working in county	(94,665,000)	-2.4%
Plus pay inflow to residents working outside county	102,072,000	2.6%
Net labor earnings of local residents	\$1,813,295,000	46.8%
<i>Plus other sources of personal income:</i>		
Dividends, interest, and rental income	\$738,077,000	19.1%
Welfare, SSI, foster care, & other social services	113,762,000	2.9%
Retirement, unemployment & other	1,209,041,000	31.2%
Total Personal Income	\$3,874,175,000	100.0%
Population	107,685	
25-year population growth rate (1991-2015)	0.5%	
Per capita income	\$35,977	
25-year real per capita income growth rate (1991-2015)	1.0%	

Jackson County

In Jackson County, a section of the Pipeline will be built, and the Medford office will be permanently located here with five direct employees.

Jackson County is more prosperous than Coos, Douglas and Klamath counties. It also has a greater share of income coming from work earnings. Per capita income in Jackson County was \$40,698 in 2015, and it has been growing at a 1.1 percent real rate in the last 25 years. The county has 212,567 residents and its population has been rising 1.4 percent a year. Jackson County benefits from a better employment picture and is a net importer of labor. Work earnings account for 52 percent of personal income, while retirement and unemployment earnings are just 23.8 percent of the total – much lower than in the other counties.

County Personal Income and Growth	Jackson	% of Total Personal Income
<i>Labor earnings of locals:</i>		
Wages and salaries paid by local employers	\$3,487,683,000	40.3%
Local employer retirement & insurance contributions	551,207,000	6.4%
Locally owned farmers' net income	16,037,000	0.2%
Self-employed worker earnings	828,584,000	9.6%
Less government insurance taxes paid by workers	(350,354,000)	-4.0%
Less pay outflow to non-locals working in county	(222,950,000)	-2.6%
Plus pay inflow to residents working outside county	187,187,000	2.2%
Net labor earnings of local residents	\$4,497,394,000	52.0%
<i>Plus other sources of personal income:</i>		
Dividends, interest, and rental income	\$1,891,168,000	21.9%
Welfare, SSI, foster care, & other social services	201,952,000	2.3%
Retirement, unemployment & other	2,060,432,000	23.8%
Total Personal Income	\$8,650,946,000	100.0%
Population	212,567	
25-year population growth rate (1991-2015)	1.4%	
Per capita income	\$40,698	

25-year real per capita income growth rate (1991-2015) 1.1%

Klamath County

The beginning section of the Pipeline, as well as a compressor station, will be constructed and operated in Klamath County. Once operating, the Pipeline will have four direct employees working at the compressor station near Malin.

The 66,016 residents of Klamath County made over \$2.3 billion in personal income during 2015, as shown on Table 8. Labor provided 49.1 percent of all personal income, investments 17.8 percent, social services 3.1 percent, and retirement and unemployment 30 percent. Per capita income was \$35,216, which is the lowest of the five counties where the Project will have operations. In real terms, incomes have been rising at an annual rate of 1 percent while population has been growing 0.5 percent per year.

County Personal Income and Growth	Klamath	% of Total Personal Income
<i>Labor earnings of locals:</i>		
Wages and salaries paid by local employers	\$896,801,000	38.6%
Local employer retirement & insurance contributions	162,582,000	7.0%
Locally owned farmers' net income	22,947,000	1.0%
Self-employed worker earnings	124,869,000	5.4%
Less government insurance taxes paid by workers	(87,248,000)	-3.8%
Less pay outflow to non-locals working in county	(41,175,000)	-1.8%
Plus pay inflow to residents working outside county	62,975,000	2.7%
Net labor earnings of local residents	\$1,141,751,000	49.1%
<i>Plus other sources of personal income:</i>		
Dividends, interest, and rental income	\$413,617,000	17.8%
Welfare, SSI, foster care, & other social services	72,593,000	3.1%
Retirement, unemployment & other	696,866,000	30.0%
Total Personal Income	\$2,324,827,000	100.0%
Population	66,016	
25-year population growth rate (1991-2015)	0.5%	
Per capita income	\$35,216	
25-year real per capita income growth rate (1991-2015)	1.0%	

Unemployment Rates for Counties

Area	Unemployment Rate
United States	4.7%
Oregon	4.9%
Coos County	6.5%
Jackson County	6.4%
Douglas County	5.8%
Klamath County	6.9%
Multnomah County	4.3%

Coos Unemployment

In 2016, Coos County's unemployment rate was 6.5 percent (Oregon Employment Department 2017). However, the county likely has many underemployed and discouraged workers, including graduating students who leave Coos County, that are not fully captured in the unemployment rate. Since 1979, Coos County has lost 1,451 payroll jobs (according to the U.S. Bureau of Economic Analysis) while the rest of Oregon added 723,207 jobs. Many jobs in Coos County are seasonal or part-time, especially those in the tourism, recreation, fishing, agriculture, and logging industries. Construction work on the LNG Terminal will offer year-round employment and, once in operation, permanent jobs.

Coos County Income/ Poverty Level

Median Household Income/ Poverty Level (2011-2015)

- Oregon
 - Income: \$51,243
 - Below Poverty: 17%
- Coos County
 - Income: \$38,605
 - Below Poverty: 18%
 - Annual per capita cash income in Coos County in 2015 was \$22,667, equivalent to 82 percent of the statewide per capita cash income (\$27,684)
- City of Coos Bay:
 - Income: \$38,780
 - Below Poverty: 23%
- City of North Bend
 - Income: \$43,586
 - Below Poverty: 13%

Economic Impact

When all of the contributions from the construction are summed, the IMPLAN analysis shows total output in Oregon tied to the building of the LNG Terminal approaching \$6.5 billion, labor income exceeding \$2.3 billion, and average local annual employment of just over 7,000

Business visitors coming to Coos County for the LNG Terminal will be an important source of tourism because most visits will happen in the shoulder (the two periods between the peak season and the off-season) and off-seasons, bringing much needed work to restaurants and hotels. Furthermore, tourists in the business segment spend more on hotel rooms and at restaurants. ECONorthwest estimates there will be 5,000 business travelers visiting the LNG Terminal annually once operations start. That is the equivalent of a 16 percent increase in business travelers to Coos County and about a 0.5 percent increase in total tourist visits

Construction jobs pay better than average wages. Households of construction workers residing in Oregon spend most of their take-home pay at businesses inside the state. So too do most workers at businesses that are indirectly affected by construction activity. As a result, construction of the LNG Terminal will trigger substantial induced impacts for local businesses, restaurants, retail shops, etc

Economic Impact by Sector

Indirect and Induced Impacts Associated with Construction of the LNG Terminal and Pipeline on Other Industries in Oregon, July 2019 – November 2023

Industry	Output	FYE Jobs	Labor Income
Restaurants, hotels, & other accommodations	\$137,663,000	2,232	\$49,654,000
Retail stores	297,729,000	4,394	141,006,000
Arts, entertainment & recreation	47,377,000	818	14,390,000
Healthcare & social services	418,490,000	4,022	240,641,000
Professional & technical services	447,368,000	4,617	278,394,000
Government	197,925,000	1,850	125,448,000
Finance, insurance, and real estate	1,012,516,000	3,260	132,219,000
Manufacturing	350,263,000	1,126	65,312,000
Transportation, warehousing, & wholesaling	418,138,000	2,185	144,181,000
All other industries	1,551,631,000	13,485	668,588,000
Total	\$4,879,100,000	37,989	\$1,859,833,000

Pipeline: Local Economic Impacts from Construction

Local Impact type	Output	Value added	Labor Income	FYE Jobs	Average Number of Jobs per Year*
Total Direct Impacts	\$2,460,000,000	N/A	\$925,971,000	2,854	1,427
Local Impacts:					
Direct Local Impacts	\$1,400,000,000	\$578,030,000	\$543,620,000	1,712	856
Indirect	590,610,000	313,280,000	241,220,000	4,102	2,051
Induced	820,490,000	467,230,000	271,600,000	6,344	3,172
Total	\$2,811,100,000	\$1,358,540,000	\$1,056,440,000	12,159	6,080

Total direct output is \$9.76 billion and of that \$4.39 billion (see Table 5) will come from Oregon because of the state's large base of suppliers and skilled construction labor. This means that construction will not only stimulate economic output in the local economies of the LNG Terminal and Pipeline construction sites, but also elsewhere in Oregon.

Total: Local Economic Impacts from Project Construction

Local Impact type	Output	Value added	Labor Income	FYE Jobs
Total Direct Impacts	\$9,760,000,000	#N/A	\$2,160,596,000	7,381
Local Impacts:				
Direct Local Impacts	\$4,390,000,000	\$1,605,470,000	\$1,510,380,000	5,243
Indirect	2,333,620,000	1,304,880,000	1,017,240,000	18,210
Induced	2,545,480,000	1,449,540,000	842,590,000	19,779
Total	\$9,269,100,000	\$4,359,890,000	\$3,370,210,000	43,233

An example of how pipelines stimulate economic growth was seen with the Ruby Pipeline, a section of which was built in 2011, and added \$3.1 million in revenue for Lake County and \$1.5 million for Klamath County. Lake County used some of the property taxes from the pipeline to finish construction of the Lakeview Library—a project long stalled because of a lack of funding.

Tax Impact

JCLNG estimates that the Pipeline will pay an average of \$20.0 million in property taxes, per year, during the initial 20 years of operations. Using geographic data and 2016-17 tax code rates from county assessors, ECONorthwest determined the amounts that taxing districts will receive from the Pipeline. Table 10 is a summary showing how counties and types of taxing districts would split the \$20.0 million in 2024. In addition to this, the LNG Export Terminal will pay a Community Service Fee of about \$40.0 million per year during operations, as part of the CEP.

Tax Impact by Sector

Property Tax and Engagement Plan

	Coos	Douglas	Jackson	Klamath	4 County Total
County government	\$634,853	\$691,673	\$1,141,872	\$1,346,605	\$3,815,002
Public safety, fire, and hospitals	455,559	170,378	254,704	616,035	1,496,676
Local K-12 schools and ESDs	2,525,525	3,471,416	3,277,518	2,559,274	11,833,732
Community colleges	337,297	282,974	351,196	237,596	1,209,063
Libraries	350,400	-	272,936	282,784	906,120
Other local districts	353,687	37,307	47,764	300,647	739,405
Property Tax Subtotal	\$4,657,322	\$4,653,748	\$5,345,989	\$5,342,941	\$20,000,000
Community Enhancement Plan	40,000,000	- - -	-	-	40,000,000
Total Payments	\$44,657,322	\$4,653,748	\$5,345,989	\$5,342,941	\$60,000,000

Sources: JCLNG and ECONorthwest analysis of 2016/17 tax code area data from county

The Terminal will be in an enterprise zone (EZ) created by the Coos County Urban Renewal District as a way to attract capital investment and employment opportunities to an economically depressed area. The Urban Renewal District is composed of representatives of Coos County, the cities of Coos Bay and North Bend, the International Port of Coos Bay, and elected representatives at-large (“Zone Sponsors”).

JCEP will request a 15-year Long-Term EZ exemption. Subject to receiving the exemption, JCEP will enter into an agreement with the Zone Sponsors pursuant to which JCEP will pay an annual Community Service Fee (“CSF”) to a defined group of local government and civic organizations (the “CEP Parties”). Under this arrangement, JCEP would provide the financial benefit of the difference between the Standard EZ Exemption and the Long Term EZ Exemption to the Community Enhancement Plan Parties.

CSF Payments

In broad terms, approximately half of the CSF payments will be allocated to local education programs with the balance going to local development programs. The CSF is a means of getting money to local public schools rather than having school property tax dollars sent to the state in accordance with equalization.

Tourism

Education and Municipal Impacts

Education Impact

The Project will provide fiscal support for public schools in two ways. PCGP will pay property taxes to school districts, educational service districts, and community colleges in all four counties where the pipeline extends. JCEP will contribute an estimated \$40 million a year during operations to a fund in accordance with a Community Enhancement Plan (CEP), which in turn will support local schools in Coos County.

Type of Education Tax	Tax Levy	Impact on Communities
General local school district taxes	\$10,098,137	Small. Due to equalization the money is shared with other Oregon districts.
School bond measures	886,933	Large. Reduces taxes of all others in the community dollar-for-dollar.
Community colleges	1,127,025	Large. Entire amount goes to local community colleges.
Educational service districts	930,700	Moderately large. Money is shared with all schools in ESD area.
Total	\$13,042,796	

Coos County Municipal Impact

Districts in Coos County will receive property taxes from PCGP based on the number of miles of the Pipeline in each district. The analysis finds that total property taxes to all districts in Coos County from PCGP would be almost \$4.7 million. That is based on the present property tax rates and the anticipated final constructed value of the pipeline.

District	Tax Levy
Coos County 4-H Extension	\$42,728
Coos County Library	350,400
Coos County	634,853
South Coast ESD	213,063
Coquille School Dist. 8	463,065
SW Oregon Community College	337,297
Port Of Coquille River	20,812
Coos County Airport	115,371
Coquille Valley Hospital	141,640
Fairview RFPD	27,958
Port of Bandon	28,180
Coos Bay School Dist. 9	606,461
Port Of Coos Bay	127,079
Millington RFPD	28,381
Timber Park RFPD	5,191
Sumner RFPD	114,347
North Bend School Dist. 13	383,752
North Bend School Dist. Bond	82,268

North Bay RFPD	95,905
Coos County Urban Renewal Districts (total)	18,729
Shorewood Road	788
Myrtle Point School Dist. 41	732,361
Myrtle Point School Bond	44,556
Myrtle Point Health	33,008
Dora-Sitkun RFPD	9,130
Total of all districts in county	\$4,657,322
Portion to public schools	2,862,823

Douglas County Municipal Impact

The Pipeline would have had to pay nearly \$4.7 million in property taxes to Douglas County based on its anticipated final assessed value when complete at 2016-17 levy rates. The Douglas County general fund would have received \$691,673, while property taxes to school districts and Umpqua Community College would have totaled \$3,754,390 for the year.

District	Tax Levy
Douglas County	\$691,673
4-H Master Gardener Extension Service	37,307
Douglas ESD	329,297
Winston-Dillard School Dist. 116	877,869
Umpqua Community College	282,974
Winston-Dillard Fire Dist.	31,372
Tenmile Fire	37,844
Days Creek School Dist. 15	868,134
Milo Fire	6,619
Days Creek Fire	4,627
South Umqua School Dist. 19	765,991
Myrtle Creek Fire	7,733
Camas Valley School Dist. 21	321,573
Camas Valley Fire	9,511
Camas Valley Fire Local Option	24,097
Roseburg School Dist. 4	49,691
Glendale Fire	48,573
Glendale School Dist. 77	258,861
Total of all districts in county	\$4,653,748
Portion to public schools	3,754,390

Jackson County Municipal Impact

As shown in Table 33, ECONorthwest calculated that PCGP would have had to pay over \$5.3 million in property taxes in 2017 to Jackson County had the pipeline been in-place and operating at the start of that year. The Jackson County general fund would have received \$1,054,952. Taxes for public schools, including the community college and education service district, would have exceeded \$3.6 million.

District	Tax Levy
Jackson County	\$1,054,952
Jackson County Bonds	86,920
Jackson Co. 4-H Extension Service District	21,520
Jackson County Vector Control	22,517
Southern Oregon Education Service Dist	184,967
Rogue Community College	269,157
Rogue Community College Bonds	52,698
Rogue Community College Shared Bonds	29,341
Jackson Soil & Water Conservations	26,244
Jackson County Library District	272,936
Eagle Point School Dist. 9	1,846,852
Eagle Point School Dist. 9 Bonds	635,651
Shady Cove-Trail RFPD #4	41,421
Lake Creek RFPD	190,765
Butte Falls School Dist. 91	610,048
Total of all districts in county	\$5,345,989
Portion to public schools	3,628,713

Klamath County Municipal Impact

ECONorthwest calculated that PCGP would have had to pay over \$5.3 million in property taxes in 2017 in Klamath County had the Pipeline been in-place and operating at the start of 2017. Taxes for public schools, including the community college and education service district, would have been almost \$2.8 million.

District	Tax Levy
Klamath County	\$999,901
Library	282,784
Klamath Fire Dist #4	859
Klamath Falls City Schools	82,562
Klamath Falls City Schools Bond	42,420
Basin Transit	376
Klamath Vector	32,533
Museum Levy	28,856
Southern Oregon Education Service Dist	203,374
Klamath 9-1-1 Emergency Communications	135,101
Klamath Community College	237,596
Klamath County Extension Service Dist	86,566
Klamath County Schools	2,230,919
Klamath County-Bond 13	346,704
Malin Cemetery	8,658

Malin Park	111,114
Malin Fire	18,320
Klamath Co Predatory Animal Control Dist	29,831
Merrill Fire Local Option	16,811
Merrill Fire - Capital Project	29,024
Merrill Cemetery	6,640
Merrill Fire	33,184
Merrill Park	49,508
Keno Fire	62,072
Klamath Fire Dist #1	258,301
Mt Laki Cemetery	8,930
Total of all districts in county	\$5,342,941
Portion to public schools	2,796,870

Tourism Impact

As Table 2 shows, most of that spending came from overnight travelers and \$273.2 million from daytrip visitors. Collectively, of the total destination spending \$211.4 million was spent at hotels, campgrounds, and other accommodations, \$295.3 million at restaurants and bars, \$105.3 million on gasoline and local transportation, \$243.1 million at retail businesses, and \$149.2 million on recreation, arts, and entertainment. This spending directly supported 13,360 jobs in the four counties, which was 5.8 percent of all local jobs in 2015.

Tourism Measure	2015
<i>Visitor Spending in Four Counties:</i>	
by overnight travelers	\$731,000,000
by daytrip visitors	273,200,000
Total destination spending	\$1,004,300,000
<i>Visitor Spending by Type:</i>	
Accommodations	\$211,400,000
Restaurants & bars	295,300,000
Local transportation & gasoline	105,300,000
Recreation, arts & entertainment	149,200,000
Retail & other	243,100,000
Total visitor spending in Counties	\$1,004,300,000
<i>Jobs (payroll and self-employment):</i>	
Residents of the Four Counties	229,566
Generated from visitor spending	13,360
% of jobs arising from tourism	5.8%

The Oregon Tourism Commission reports that in 2015, 4,872,000 people made overnight visits to Coos, Douglas, Jackson, and Klamath counties. Spending by both overnight and daytrip tourists exceeded \$1 billion, directly supported 13,300 jobs and generated \$42.9 million in tax receipts. Both are record levels. Since 1992, real visitor spending has been rising at a 1.3 percent annual rate. In the four counties, STR Global determined that there are

144 commercial hotels with 8,879 rooms. ECONorthwest identified an additional 77 small lodging properties with 736 rooms, 163 managed campgrounds, and RV parks with 9,051 sites.

ECONorthwest estimates annually there will be 5,000 business travelers visiting the Terminal, including site service workers, once operations start. That is the equivalent of a 16 percent increase in business travelers to the County about a 0.5 percent increase in total tourist visits.

The Project would likely produce positive impacts on tourism, arising from the increased population in the study area associated with both construction and operation, and increased business traffic to the study area during operation.