



**O'CONNOR LAW** | LLC

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**MEMORANDUM**

**TO:** Torrey Contreras,  
City of Bandon City Manager

**FROM:** Dan O'Connor

**RE:** Gravel Point: System Development Charge, Real Property Tax and  
Transient Occupancy Tax Forecast

**DATE:** February 15, 2024

Mr. Contreras:

This Memorandum sets forth the forecasted system development charges, real property taxes and transient occupancy tax for the proposed Gravel Point hotel development.

**A. System Development Charges.**

The anticipated system development charges for the proposed Gravel Point hotel development are set forth below. It is important to note that these are rough estimates provided by the City of Bandon. An official assessment of the system development charges due and owing will occur in conjunction with the Zoning Compliance review process.

<b>System Development Charge Type</b>	<b>Estimated Amount</b>
Water	\$504,660.00
Sewer	\$205,678.00
Storm Drainage	\$296,576.00
Transportation	\$305,057.00
<b>System Development Charge Total</b>	<b>\$1,311,971.00</b>

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**B. Real Property Tax Forecast.**

The forecasted annual real property taxes for Gravel Point will be approximately \$903,378.55. This is based on multiple telephone conferences with the Coos County Assessor’s Department, including the Coos County commercial appraiser.

Real property in the City of Bandon is taxed at a millage rate of 0.0112600. The current Changed Property Ratio (CPR) is 0.569. At an estimated buildout cost of \$141 million for the hotel and villas, the maximum assessed value would be \$80,229,000.00 (\$141 million x .569 (CPR) = \$80,229,000.00). Based on the foregoing, the annual real property taxes would be approximately \$903,378.54 (\$80,229,000 x 0.0112600 = \$903,378.54). Based on information provided by the County Assessor, Gravel Point will be the third largest taxpayer in Coos County. An allocation of the forecasted annual real property taxes is set forth in the table below.

<b>Gravel Point Property Tax Breakdown – 2027/28 Tax Year (Full Buildout)</b>		
<b>Estimated Annual Property Tax: \$903,378.55</b>		
<b>Taxing District</b>	<b>Allocation</b>	<b>Approximate Percentage</b>
South Coast ESD	\$ 30,534.19	3.38%
Bandon School #54	\$ 274,717.41	30.41%
SW Oregon Comm College	\$ 48,240.41	5.34%
<b>Education Total:</b>	<b>\$ 353,492.01</b>	<b>39.13%</b>
Coos Co. Local Option Levy	\$ 15,538.11	1.72%
Coos County- 4H/Extension	\$ 6,142.97	0.68%
Coos County- Library Services	\$ 50,137.51	5.55%
Coos County	\$ 74,257.72	8.22%
City of Bandon	\$ 31,708.59	3.51%
City of Bandon-Local Option Rate	\$ 65,585.28	7.26%
Port of Bandon	\$ 22,494.13	2.49%
Coos County Airport	\$ 16,531.83	1.83%
Southern Coos Health District	\$ 61,520.08	6.81%
Coos County Urban Renewal	\$ 1,445.41	0.16%
Bandon Urban Renewal 1	\$ 53,570.35	5.93%
Bandon Urban Renewal 2	\$ 25,746.29	2.85%
<b>General Gov't Total:</b>	<b>\$ 424,678.27</b>	<b>47.01%</b>
Coos County	\$ 15,086.42	1.67%
City of Bandon	\$ 21,952.10	2.43%
City of Bandon Bond >10/6/01	\$ 61,520.08	6.81%
Bandon School Bond >10/6/01	\$ 26,649.67	2.95%
<b>Bonds - Other Total:</b>	<b>\$ 125,208.27</b>	<b>13.86%</b>
<b>Tax Total</b>	<b>\$ 903,378.55</b>	<b>100.00%</b>

### C. Transient Occupancy Tax (TOT) Forecast.

The City of Bandon has a 9.5% transient occupancy tax (TOT) on hotel rooms. Based on a discussion with April at the City of Bandon, the TOT was initially 6% and was recently raised 3.5% to 9.5%. As to the initial 6% TOT, 80% is allocated to the City of Bandon general fund and 20% is allocated towards tourist development. As to the 3.5% TOT increase, 30% of such funds are allocated to the City of Bandon general fund and 70% is allocated towards tourist development. Utilizing a blended rate allocation of the TOT, 61.58% of the collected TOT is allocated to the City of Bandon general fund and 39.42% is allocated towards tourist development.

As proposed, Gravel Point will be developed with 110 hotel rooms and 32 suites. The projected average daily rate for the hotel rooms is \$470.00 and the average daily rate for the suites is \$1,400.00. For purposes of providing a conservative TOT estimate, we have utilized a 50% occupancy rate. The forecasted annual TOT for the 110 hotel rooms is \$896,348.75 ( $\$470.00 \times 110 = \$51,700.00$  per diem  $\times 365$  days  $= \$18,870,500.00 \div 50\% = \$9,435,250.00 \times 9.5\% = \$896,348.75$  TOT). The forecasted annual TOT for the 32 suites is \$776,720.00 ( $\$1,400.00 \times 32 = 44,800.00$  per diem  $\times 365 = \$16,352,000.00 \div 50\% = \$8,176,000.00 \times 9.5\% = \$776,720.00$  TOT). Consequently, the forecasted annual TOT for Gravel Point is **\$1,673,068.75**. The City of Bandon general fund will be allocated approximately **\$1,030,275.74** annually and the City of Bandon tourist development will be allocated approximately **\$659,523.70** annually.

To provide perspective, the proposed City of Bandon General Fund budget for 2023-2024 is \$5,106,607 pursuant to the *City of Bandon Annual Budget July 1, 2023 – June 30, 2024 (Page, 4)*. The above-stated TOT for Gravel Point in the amount of \$1,030,275.74 constitutes an approximately 20% increase in the annual General Fund Budget, which does not include additional general fund revenue from the real property taxes to be assessed for the proposed Gravel Point hotel.

Please do not hesitate to contact me if you would like any additional information concerning this matter. Thank you again for reaching out to us.

O'CONNOR LAW, LLC



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