



Spencer Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

MEMO

DATE: November 26, 2014
TO: Mayor and City Council
FROM: Spencer Nebel, City Manager
SUBJECT: Council Meeting Monday, December 1, 2014

Mayor Roumagoux has been excused from attending the Council meeting that will be held on December 1, 2014. Council President Laura Swanson will be presiding over the three scheduled meetings for Monday.

On Monday, the Council will hold three separate meetings. The first meeting will be a work session that will be held at noon in conference room A. This meeting will include a presentation from Tia Cavender of Chase Parks Grants on corporate sponsorship and software to increase citizen participation in planning and design. The second item at the work session will be a recap of the League of Oregon Cities Council/Manager/Staff Relation session. Mayor Roumagoux, Councilors Allen and Swanson, Councilor Elect Wendy Engler and I were all participated in that training session. Councilor Allen felt it would be good to share the comments and observations of those who participated in this meeting with the balance of the City Council. It was a good session and I believe generally, that Council/Manager/Staff relations in the City of Newport are definitely on a consistent track with many of the things that we are discussing at this session. This meeting should be completed by 1:30 P.M.

At 5:30 P.M. there will be a special City Council meeting at which the Council will be asked to go into executive session to discuss real property transactions. This meeting will be convened in the City Council Chambers. Once the Council votes to go into executive session we will be meeting in conference room B (between Planning and Engineering). Following the executive session Council will reconvene in the City Council Chambers and adjourn the special meeting.

The regular meeting of the City Council will begin at 6 P.M. in the City Council Chambers.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel".

Spencer R. Nebel, City Manager



AGENDA & Notice of City Council Work Session

The City Council of the City of Newport will hold a work session on Monday, December 1, 2014, at 12:00 P.M. The work session will be held in Conference Room A at City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder at 541.574.0613.

The City Council reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the meeting.

CITY COUNCIL WORK SESSION Monday, December 1, 2014 - 12:00 P.M. Conference Room A

- A. Presentation by Chase Parks Grant on Corporate Sponsorship and Mind Mixer
- B. Review of League of Oregon Cities Council/Manager/Staff Relations



AGENDA and Notice of Special Meeting and Executive Session of the Newport City Council

The City Council of the City of Newport will hold a Special Meeting on Monday, December 1, 2014, at 5:30 P.M., in the City Council Chambers, the executive session will be held in Conference Room B, at the Newport City Hall, 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder 541.574.0613.

The City Council reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the work session and/or meeting. Action items that do not require a public hearing may be moved up earlier in the meeting.

City Council Special Meeting and Executive Session Monday, December 1, 2014 - 5:30 P.M. City Council Chambers

- I. Call to Order
- II. Public Comment
- III. Executive Session Pursuant to ORS 192.660(2)(e) to Real Property Transactions
- IV. Adjournment



**CITY COUNCIL AND LOCAL CONTRACT REVIEW BOARD MEETING AGENDA
Monday, December 1, 2014 - 6:00 P.M.
Council Chambers**

The meeting of the Newport City Council and Local Contract Review Board will be held on Monday, December 1, 2014, at 6:00 P.M. The meetings will be held in the Council Chambers of the Newport City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder at 541.574.0613.

The City Council reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the meeting.

**CITY COUNCIL
Monday, December 1, 2014 - 6:00 P.M.
Council Chambers**

Anyone wishing to speak at a Public Hearing or on an agenda item should complete a Public Comment Form and give it to the City Recorder. Public Comment Forms are located at the entrance to the City Council Chambers. Anyone commenting on a subject not on the agenda will be called upon during the Public Comment section of the agenda. Comments pertaining to specific agenda items will be taken at the time the matter is discussed by the City Council.

I. Pledge of Allegiance

II. Call to Order and Roll Call

III. Public Comment

This is an opportunity for members of the audience to bring to the Council's attention any item not listed on the agenda. Comments will be limited to three (3) minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to others.

IV. Proclamations, Presentations, and Special Recognitions

Any formal proclamations or recognitions by the Mayor and Council can be placed in this section. Brief presentations to the City Council of five minutes or less are also included in this part of the agenda.

A. Proclamation - December 17, 2014 as Arbor Day (Jim Protiva)

V. Consent Calendar

The consent calendar consists of items of a repeating or routine nature considered under a single action. Any Councilor may have an item on the consent agenda removed and considered separately on request.

- A. Approval of City Council Minutes from Regular Meeting of November 17, 2014 and Special City Council Meeting of November 21, 2014 (Hawker)
- B. Mayor Confirmation of Re-appointments to the City Planning Commission of
 - a. Rodney Croteau for a Term Expiring 12/31/17
 - b. Mike Franklin for a Term Expiring 12/31/17
 - c. Lee Hardy for a Term Expiring 12/31/17
- C. Approval of Request for from City Manager to be Excused from the March 2, 2015, City Council Meeting

VI. Public Hearing

This is an opportunity for members of the audience to provide testimony/comments on the specific issue being considered by the City Council. Comments will be limited to three (3) minutes per person.

- A. Public Hearing and Possible Adoption of Resolution No. 3698 - Supplemental Budget

VII. Communications

Any agenda items requested by Mayor, City Council Members, City Attorney, or any presentations by boards or commissions, other government agencies, and general public will be placed on this part of the agenda.

- A. From the Mayor - Report on City Council Organization Meeting

VIII. City Manager Report

All matters requiring approval of the City Council originating from the City Manager and departments will be included in this section. This section will also include any status reports for the City Council's information.

- A. Consideration of Ordinance No 2074 - an Ordinance Which Withdraws Territory from the Seal Rock Water District
- B. Authorization to Proceed with a 2014 Borrowing Agreement Improvements Water System
- C. Approval of Resolution No. 3699 for Annual Adjustment to City of Newport System Development Charge (SDC) Rates
- D. Approval of Intergovernmental Agreement Related to the Retrofit of Safe Haven Hill Tsunami Evacuation Assemble Area
- E. Approval of Resolution No. 3700 which Accepts the Newport Student Housing Report Related to the Proposed Expansion of the Hatfield Marine Science Center Campus
- F. Acceptance of Abstract Votes from the Election on November 4, 2014
- G. Report on the Status of Water Rights for Rocky Creek

IX.

LOCAL CONTRACT REVIEW BOARD MEETING AGENDA

Monday, December 1, 2014

City Council Chambers

- A. Call to Order
- B. Approval of Task Order No.16 with Civil West Engineering, Inc. - Safe Haven Hill Tsunami Evacuation Improvements Project
- C. Approval of Notice of Intent to Award NE 7th Street & Iler Storm Sewer Repair Project
- D. Approval of a Joint Contract between Lincoln County and the City of Newport for the Acquisition of Records Management System for the Newport Police Department
- E. Authorization to Purchase One Model 12-30 Adsorption Vessel from Calgon Carbon Corporation
- F. Adjournment

X. Report from Mayor and Council

This section of the agenda is where the Mayor and Council can report any activities or discuss issues of concern.

XI. Public Comment

This is an additional opportunity for members of the audience to provide public comment. Comments will be limited to five (5) minutes per person with a maximum of 15 minutes for all items. Speakers may not yield their time to others.

XII. Adjournment



Arbor Day Proclamation

Whereas, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and

Whereas, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and Arbor Day is now observed throughout the nation and the world; and

Whereas, trees reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce oxygen and provide habitat for wildlife; and

Whereas, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products; and

Whereas, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community; and

Whereas, trees, wherever they are planted, are a source of joy and spiritual renewal; and

Whereas, the City of Newport has submitted an application to recertification as a Tree City USA to the National Arbor Day Foundation and desires to continue its tree-planting practices;

NOW, THEREFORE, I, Sandra Roumagoux, Mayor of the City of Newport, do hereby proclaim December 17, 2014, as Arbor Day in the City of Newport, and urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and

Further, I urge all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

Sandra N. Roumagoux, Mayor

November 17, 2014
6:55 P.M.
Newport, Oregon

The City Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Allen, Beemer, Swanson, Roumagoux, Saelens, and Busby were present. Sawyer was excused.

Staff present was City Manager Nebel, City Recorder Hawker, Community Development Director Tokos, Finance Director Murzynsky, Public Works Director Gross, Library Director Smith, Parks and Recreation Director Protiva, and Police Chief Miranda.

PLEDGE OF ALLEGIANCE

Council, staff, and the audience participated in the Pledge of Allegiance.

PUBLIC COMMENT

Jim Protiva, Parks and Recreation Director, invited the community to 60+ Center for a free Thanksgiving Dinner on Sunday.

CONSENT CALENDAR

The consent calendar consisted of the following items:

A. Approval of City Council minutes from the regular meeting of November 3, 2014.

MOTION was made by Beemer, seconded by Busby, to approve the consent calendar with the changes to the minutes as noted by Allen. The motion carried unanimously in a voice vote.

PUBLIC HEARING

Public Hearing on Draft Ordinance No. 2073 - An Ordinance Repealing and Replacing the City's Business License Code. Hawker introduced the agenda item. Nebel reported that at the October 21, 2014 City Council meeting, Council scheduled a public hearing for November 17, 2014, to allow for comments to be made on the proposed modifications to the city's business licensing code. He stated that barring any different direction from the City Council, staff will proceed with this schedule.

Roumagoux opened the public hearing on Ordinance No. 2073, an ordinance repealing and re-enacting the city's business license code, at 7:05 P.M. She asked for public comment. There was none. She closed the public hearing at 7:06 P.M., for Council deliberations. Busby stated that he hopes Council will receive input on this draft ordinance, and that the media gets the word out that the ordinance is under review. Saelens stated that he hoped that the people impacted by the ordinance would appear on January 5 to comment. Allen noted that once the draft has been reviewed by the City

Attorney, he may add a few things. He added that he hopes community members will attend and comment on January 5.

MOTION was made by Beemer, seconded by Saelens, that Council continue its deliberations on Ordinance No. 2073 to the January 5, 2015 City Council meeting. The motion carried unanimously in a voice vote.

Public Hearing on Draft Ordinance No. 2058 - An Ordinance Repealing and Re-Enacting the City's Taxicab Licensing Code. Hawker introduced the agenda item. Nebel reported that at the October 21, 2014 City Council meeting, the Council scheduled a public hearing for November 17, 2014, to allow for comments on proposed modifications to the city's taxicab licensing code. He noted that it was also indicated that no action would be taken on this matter until after the first of the year, so that incoming City Attorney, Steve Rich, can review the draft ordinance as well as consider any public comments made on the draft ordinance prior to the Council approving any changes. He stated that the City Council had referred the taxicab ordinance to the Business License Work Group to review and modify the ordinance as necessary. He noted that Busby chaired this effort, and that the Business License Work Group provided an update to the City Council on efforts to modify the city's processing of taxicab licenses.

Nebel reported that the most significant change to the city's taxicab license code is that it provides for a taxicab endorsement to be issued administratively without a hearing before the City Council. He stated that the license process would be more consistent with other business licenses issued by the city, and it would reduce the burdens for applicants to meet in applying for these licenses. He added that the Business License Work Group has made revisions to the draft ordinance relating to taxicabs, and that based on discussion at the October 21, 2014 Council meeting, the ordinance was forwarded to Speer Hoyt for legal review.

Nebel reported that Emily Jerome, from Speer Hoyt, indicated that the City Council may want to discuss the relative value of providing any special licensing for taxis operating in the city. He added that with taxi regulations, the city does increase its potential liability if the regulation as outlined in the ordinance is not met by a taxicab provider.

Nebel reported that there was a second concern over the lack of regulation for temporary taxis as compared to the regulation level for permanent taxis. He added that Speer Hoyt also outlined a number of other potential language modifications in the draft ordinance.

Nebel reported that following the public hearing, it is staff's intent to record any comments made, and any further direction from the City Council, and to refer the matter to Rich for a review before the January 5, 2015 City Council meeting.

Nebel reported that the purpose for tonight's meeting is to accept testimony on the proposed changes to the city's taxicab licensing code. He recommended that Council hold a public hearing on the proposed ordinance.

Roumagoux opened the public hearing at 7:12 P.M. She asked for public comment. There was none.

Roumagoux closed the public hearing for Council deliberation at 7:13 P.M.

Busby reported that the Business License Working Group had discussed whether a taxicab license should be required, and the group decided that it was in the city's best interest to require one.

Allen noted that some additional comments had been received from Emily Jerome, of Speer Hoyt, this afternoon related to this topic. He noted that her firm advises cities not to regulate taxis, and that this is a position that is taken by some legal counsels. He added that lots of cities regulate taxis throughout Oregon. He noted that he had distributed two important statutory provisions, ORS 221.485 and ORS 221.495, which pertain to the importance of regulating taxis and a city's authority to do so. He stated that he was glad to hear that working group thought taxis should be regulated. He noted that Jerome had reiterated that if the city does regulate taxis, it is important that the requirements be conformed to by the city staff. He explained the Eugene case in which the city had an insurance requirement that it did not enforce resulting in a lawsuit against the city after an accident.

Saelens noted that even though there is a risk, it seems like the problem would still exist in that it is possible that an incident could occur with an unregulated taxi. He agreed that the ordinance provisions would need to be closely monitored by city staff.

Busby noted that the major change is that the licensing would occur through an administrative process as opposed to a Council hearing process.

Allen noted that Jerome was concerned regarding the lack of regulation of temporary taxi drivers. It was noted that the administrative requirements for a temporary taxi driver would likely mirror that of a full-time taxi driver.

MOTION was made by Allen, seconded by Beemer, that Council continue its deliberations on Ordinance No. 2058 until the January 5, 2015 City Council meeting. The motion carried unanimously in a voice vote.

Public Hearing and Possible Adoption of Ordinance No. 2074 Withdrawing Territory from the Seal Rock Water District. Hawker introduced the agenda item. Nebel reported that at the October 21, 2014 City Council meeting, the Council scheduled a public hearing on the withdrawal of property from the Seal Rock Water District. He stated that the city has been meeting with the Seal Rock Water District, over the past year, to discuss the withdrawal of land that is currently located in the city, served by the city water system, but remaining in the Seal Rock Water District. He added that in 2007, the city entered into an intergovernmental agreement with the Seal Rock Water District which provided that the city provide water service to an area including much of South Beach. He noted that this agreement did not address the withdrawal of properties from the district. He added that following this agreement, the Seal Rock Water District funded major improvements to its system with general obligation bonds that were financed in 2011 and 2012. He stated that these improvements have no benefit to the Seal Rock Water District properties located within the city's water service area, but that these property owners are being required to pay this debt, and that the district has recognized that this is unfair. He noted that the amended agreement does not hold the city or property owners responsible for any debt issued after 2008 should those properties be withdrawn from the district. He added that the city would be responsible for a pro rata share of any debt that existed prior to 2008 for these properties in accordance with the amended agreement.

Nebel reported that ORS 222.520 authorizes the city to withdraw territory from a service district if it has been annexed to the city. He added that the state statute requires that the governing body hold a public hearing, and following the public hearing, the city

may, by ordinance, declare that properties located within the city be withdrawn from the district. He noted that this action is subject to a subsequent citizen-initiated referendum.

Nebel reported that the packet includes an email that he received on this issue, and that additional communications were included in Tokos' report.

Nebel recommended that a public hearing be held on the withdrawal of territory from the Seal Rock Water District.

Adam Denlinger, General Manager of the Seal Rock Water District, appeared before Council and expressed several concerns. He stated that adoption of the ordinance is something that the district supports. He thanked city staff, including Tokos, Gross, and Nebel for their work toward annexing properties in the city service area into the city. He stated that the district has not had adequate time to review information that has been prepared for the ordinance, and that the district's legal counsel has been out of the area. He asked that consideration of the ordinance be deferred until the next meeting to allow the district's legal counsel time to review the information and work with city staff on the property descriptions. It was noted that the amendment to the intergovernmental agreement that was approved in May of 2014 uses a metes and bounds property description, and the ordinance uses specific language regarding each lot.

Nebel recommended holding the public hearing and considering action on this item after the public hearing. He added that it would be appropriate for Council to provide preliminary support of the ordinance pending review by the district.

Roumagoux opened the public hearing on Ordinance No. 2074, an ordinance withdrawing territory from the Seal Rock Water District, at 7:30 P.M. She called for public comment. There was none.

Roumagoux closed the public hearing at 7:31 P.M., for Council deliberation.

Allen asked why the ordinance does not take effect until July 1, 2015, and Tokos noted that this has to do with the way that the district levies its taxes.

Allen noted that the estimated fiscal impact to the city is \$55,322.49, but that it could be a higher number potentially.

MOTION was made by Allen, seconded by Beemer, to support Ordinance No. 2074, and defer final action on a vote on the ordinance until the December 1, 2014 meeting, to allow the Seal Rock Water look at the attachments and evaluate the property descriptions in the attachments. The motion carried unanimously in a voice vote.

Public Hearing and Possible Adoption of Resolution No. 3696, a Supplemental Budget for Fiscal Year 2014/2015. Hawker introduced the agenda item. Nebel reported that as part of the budget process, department heads were asked to project a full expenditure of dollars that had been appropriated for capital projects in the last fiscal year to create the estimated expenditures for the 2013/2014 fiscal year as a basis to develop the 2014/2015 budget. He stated that the purpose of this effort was to create a clean beginning fund balance in each of the city's operating funds that support capital outlay expenditures. He added that in the 2014/2015 fiscal year, the budget appropriated funding on a project specific basis in separate capital outlay funds. He noted that in the past, there was a lump sum available for capital outlay within the operating budgets for water, sewer, streets, and other similar departments, and that this created significant confusion in determining how much of the fund balance was truly intended for capital improvements that did not get expended in the fiscal year versus operations cost. He stated that by segregating capital outlay monies into separate

capital outlay funds with the revenues for those projects being directed to the capital outlay funds, it provides a much clearer picture of the operating fund balances. He noted that in order to create accurate beginning fund balances, staff assumed that the capital outlay funds would be expended in the previous fiscal year. He added that staff indicated to the Budget Committee, and the City Council, that it would carryover those funds in supplemental budgets during the first half of the current fiscal year. He stated that while this task remains a bit convoluted, once the work is completed, the budgeting for capital projects will be much cleaner and more transparent in the future.

Nebel reported that the City Council has previously dealt with the capital outlay projects for the airport and the water fund, and that this amendment will deal with the street and stormwater funds as well as other miscellaneous items. He added that the final amendment, which will be forthcoming, will deal with sewer and wastewater and will complete the transition on budgeting for capital outlay projects from the carryover from the previous year.

Nebel reported that Resolution No. 3696 provides \$80,000 for re-carpeting the Library, and that this is offset by a grant from the Newport Library Foundation of the same amount. He stated that the budget amendment decreases line item appropriations for four construction projects by (\$99,312); the budget carries over the funding for the Agate Beach Wayside Improvements of \$557,696 which is being funded by a federal Scenic Byways Grant; provides for additional appropriations for the Sam Moore Water Quality and Trail Project of \$3,421; carries over the appropriation for the 7th and Iler Streets Storm Drain Repair project in the amount of \$55,000; increases the appropriation for the NW 6th Street Sewer project from carryover by \$33,579; decreases the appropriation from the Water Fund to the Proprietary Capital Projects Fund by (\$176,546); creates a new line item appropriation of \$21,524 in Capital Outlay for the Storm Sewer Master Plan utilizing unexpended carryover project funds from the infrastructure fees; carries over \$6,000 in Capital Outlay for the Wayfinding Sign Project from unexpended project funding in the Contingency Account; provides for an additional appropriation of \$22,666 in Materials and Services for the strategic grant consulting services contract previously underfunded; and decreases the Contingency Account by (\$6,000) to cover the appropriation for the wayfinding sign project.

Nebel reported that the city expects to have one more supplemental budget to complete the process of carrying over funds and establishing special project funds in the sewer and waste water area, and that this may occur for either at the meeting of December 1 or the first meeting in January. He stated that this will complete the transitional process.

Nebel recommended that Council hold a hearing on the possible adoption of Resolution No. 3696 which would adopted a supplemental budget for Fiscal Year 2014/2015.

Roumagoux opened the public hearing at 7:35 P.M. She called for public comment. There was none. She closed the public hearing for Council deliberation at 7:36 P.M.

MOTION was made by Allen, seconded by Beemer, to adopt Resolution No. 3696, approving a supplemental budget for Fiscal Year 2014/2015. The motion carried unanimously in a voice vote.

CITY MANAGER REPORT

Adoption of Resolution No. 3695 - Approving Minor Amendment Eleven to the South Beach Urban Renewal Plan and Report. Hawker introduced the agenda item. Nebel reported that the Urban Renewal Agency, earlier this evening, considered a minor plan amendment to the South Beach Urban Renewal Plan to allow for the acquisition of a 2.33 acre parcel at the NE corner of Highway 101 and 35th Street. He stated that this opportunity came along after the initial discussions with the property owner about acquiring land for a right-of-way for the new 35th Street intersection that is going to be constructed at Highway 101. He noted that at the time of discussion, the property owner indicated that they may be interested in selling the entire parcel to the city instead of carving out a public roadway from this property. He added that in reviewing the matter, there were several advantages to this option including affording the city the opportunity to locate the new 35th Street right-of-way at the best location with the best design to facilitate traffic flow in the area. He noted that acquisition of this property will allow the city to position the balance of the property for resale to a private developer once the infrastructure work is completed. He added that the city would be in a position to guide the type of development that would be appropriate for this property.

Nebel reported that an outreach meeting was held on October 27, 2014, at which the URA invited the public to provide feedback on this plan amendment. He noted that 464 notices were sent to property owners and interested parties. He added that 12 individuals attended the meeting including four individuals representing the owners of the property. He stated that the letters also included notice of the November 17, 2014 City Council meeting to allow people to participate in that meeting as well.

Nebel reported that at the outreach meeting, there was discussion on the channelization of the 32nd Street and Highway 101 intersection. He stated that this issue does not affect the minor plan amendment being considered by the URA since the channelization issue is not addressed here. He added that other issues relating to the decision to amend the plan include the potential impact on future projects within the district, particularly the property located at the 40th Street and Highway 101 intersection, and concerns as to whether the agency or city should be in the land speculating business. He stated that a list of comments from the meeting is included in the packet in Tokos' report. He added that he has had a number of conversation with individuals (some of whom participated in the October 27 meeting), and he has shared excerpts of those conversations which are included in the packet. He added that concerns were expressed about the property appraisal, and that those concerns, along with the response from the appraiser, have also been included in the packet.

Nebel reported that in reviewing this opportunity, the city really has two primary choices. He added that in order to proceed with the acquisition of the entire parcel, the city would need to approve Resolution No. 3695 approving the minor amendment. He stated that this would provide the authority to proceed with the purchase of this property. He noted that in the alternative, if the City Council chooses not to approve the minor amendment, then the city would need to send notification to the property owner that the city is not interested in going forward with the purchase before November 30 in order to recover the \$50,000 deposit which was part of the purchase agreement for this property.

Nebel reported that as with many of these types of decisions, there are valid arguments and concerns on all sides of this issue. He stated that if the city chose not to buy the entire parcel, it could begin negotiations for acquiring only the right-of-way

necessary for 35th Street. He noted that if the seller is supportive of carving off a portion of the property for this purpose, this process could happen fairly quickly. He stated that if the property owner is concerned about reducing the overall footprint of the property and/or an agreement cannot be reached on the right-of-way values, this could extend the process of acquiring right-of-way access from this property.

Nebel reported that while the city is typically not a land developer, he sees some benefit in marketing the portions of the property that are not used for the right-of-way. He added that he believes that this is an opportunity to redevelop an area that has some degree of blight within the community and would keep a larger parcel intact to accommodate a potentially larger service and/or retail use for the South Beach area. He stated that while there is a countering argument that the market forces should determine how this property develops in the future, the city and URA will not have control over that development which could include parceling out the large parcel of property allowing the individual structures to remain in place, or could result in a future use that does not meet the long-term development needs of South Beach. He noted that this is truly a unique opportunity in this area.

Nebel reported that another valid observation is that the city does not have a clear vision as to the preferred type of development that would occur on this property. He added that there is not a specific type of service or use identified at this time. He noted that this would ultimately require the South Beach community to be part of a discussion as to uses that would complement the South Beach community.

Nebel reported that the other valid concern is that these funds will delay development of the Phase 3 projects, so that they may not be accomplished before the expiration of the district. He stated that depending on what happens with other development in the district and particularly with the property in question, this could result in less funds being available to accomplish tasks in the last phase of the project. He noted that if development is done right, it could accelerate the development of South Beach and the building of captured tax base to fund the remaining projects that are outlined in Phase 3. He stated that the Phase 2 projects close out on December 31, 2016, and the Phase 3 projects then are eligible for consideration beginning in 2017. He added that the packet includes a detailed report from Tokos with various documents that will help review the issues that need to be considered regarding this particular decision.

Nebel reported that after reviewing various issues, he recommends that the city approve the minor plan amendment and pursue the purchase of the property located at the northeast corner of the proposed 35th Street/Highway 101 intersection. He stated that while there are risks, it is his opinion that there are more benefits for the city owning this entire property, carving out what is needed for public purposes, and marketing the remaining property for a use to meet the service needs of South Beach.

MOTION was made by Saelens, seconded by Swanson, to adopt Resolution No. 3695, a resolution adopting Minor Amendment Eleven to the South Beach Urban Renewal Plan. The motion carried in a voice vote with Allen voting no for the reasons he mentioned during the URA meeting.

Approval of a Memorandum of Agreement between the City of Newport and the State of Oregon Relating to the Delegated Building Inspection Program. Hawker introduced the agenda item. Nebel reported that **the city** operates its building inspection program under the authority of the state, pursuant to ORS Chapter 455. He stated that

as part of this program, the city is required to update its building inspection operating plan every four years, and the state building code division is requesting that each jurisdiction sign a memorandum of agreement outlining the minimum standards that the city agrees to follow when administering the building inspection programs.

Nebel reported that the memorandum of agreement follows the city's existing program standards. He added that there are a couple of issues that are currently being discussed that may modify the memorandum of agreement from the draft copy that is included in the packet. He reviewed suggested changes made by Speer Hoyt, and noted that the document is still under review by the state.

It was noted that Tokos had distributed an amended memorandum of understanding. Tokos reviewed the changes. The template is the state's original template with changes suggested by city's legal counsel.

MOTION was made by Swanson, seconded by Saelens, to authorize the City Manager to sign the Memorandum of Agreement with the Oregon Building Codes Division relating to the city's building inspection program. The motion carried unanimously in a voice vote.

Approval of Memorandum of Agreement between the State of Oregon and the City of Newport Relating to Multimodal Transportation Enhancement Program (MTEP) for Preliminary Engineering for Improvements on Highway 101 from SE 32nd Street to SE 35th Street. Hawker introduced the agenda item. Nebel reported that on November 27, 2012, the City Council submitted an application for improvements on Highway 101 in South Beach between SE 32nd Street and 35th Street to implement the alternative mobility standard that the Oregon Transportation Commission had recently adopted into the Oregon Highway Plan. He noted that this revised plan eliminated the trip cap from the SE 40th and Highway 101 intersection and reduced the level of improvements that a new development would have to make to the highway system go forward. He stated that the elimination of these provisions will greatly facilitate future development along this corridor.

Nebel reported that in order to move forward with this program, the State of Oregon has provided a local agency agreement for Multimodal Transportation Enhancement Program funding (MTEP) to initiate the preliminary design of the improvements through this corridor. He stated that this will be the first of two agreements that the city will be asked to enter into with ODOT in order to complete this project. He noted that the improvements, as stated by the agreement, will implement the alternative mobility standards that include the preliminary engineering services to design a signalized intersection at Highway 101 and SE 35th Street; elimination of the signal and channelization of the Highway 101 and SE 32nd Street intersection; closure of the SW Ferry Slip Road and Highway 101 intersection; and installation of bike and pedestrian facilities along Highway 101 between the Yaquina Bay Bridge and SE 35th Street. He added that the total estimated cost for preliminary engineering for this project is \$316,000 with \$283,547 coming from available state and federal funds with the balance of \$32,453 being covered by local funds.

Nebel reported that Rob Hoefs, from Newport Candy, has indicated his opposition to the channelization of the Highway 101 and 32nd Street intersection. He stated that Hoefs has indicated that his father gave the right-of-way to ODOT so that the signal could be installed a number of years ago, and that he would like to see left turns for southbound

101 traffic continue at this intersection. Nebel stated that the city has had preliminary discussion with ODOT and they have indicated that, as part of the preliminary design process, they will they will meet with property owners to discuss various issues and concerns. He added that ODOT also indicated, after being questioned by city staff, that the channelization of this intersection was a major part of the agreement previously entered into by the city and ODOT that resulted in the elimination of the trip cap on Highway 101. He stated that changing this provision would require a complete review of the mobility study on Highway 101 and would certainly delay, by years, any improvements being funded by ODOT, since this was the plan that was previously agreed to by ODOT, the city, and Lincoln County to eliminate the trip caps previously in place.

Nebel reported that the city will want to review the options during the preliminary design phase to minimize the impact of channelizing the 32nd Street intersection on the affected property, but added that he believes that, based on our initial discussions, ODOT believes that this would be a very significant change to the previously agreed upon alternative mobility standard that has been adopted into the Oregon Highway Plan. He stated that this certainly would create a significant delay in improving this corridor that will tie into access improvements to Safe Haven Hill; the extension to SW Abalone Street; and the widening of SE Ferry Slip Road to create the necessary connections that are a part of the previously approved plan to improve both vehicle and non-motorized transportation in South Beach.

Allen asked why Hoefs did not raise this issue during the TSP issue. Tokos reported that Hoefs was involved but had to step away.

Swanson asked the definition of channelization, and Nebel noted that it pertains to an intersection that physically prevents you from making a left hand turn.

MOTION was made by Swanson, seconded by Beemer, to authorize the Mayor to sign the local agency agreement with the State of Oregon through the Multimodal Transportation Enhancement Program (MTEP) for preliminary engineering on Highway 101 from SE 32nd Street to SE 35th Street within the City of Newport. The motion carried unanimously in a voice vote.

Status Report on Scheduled Increases of Recreation Center and Swimming Pool Fees for 2015. Hawker introduced the agenda item. Nebel reported that in 2014, the City Council approved a resolution to suspend increases in swimming pool and recreation center fees for one calendar year until January 1, 2015. He stated that the resolution then instructed staff to increase rates based on the Consumer Price Index beginning on January 1, 2015, for that year and continuing annually thereafter unless otherwise directed by City Council. He noted that the current inflation rate is 2.6%, and that Parks and Recreation Director Jim Protiva has adjusted the rates as indicated in the packet materials factoring in a 2.6% increase rounded to the nearest \$.05 increment for the various rates for the Recreation Center and the Pool. He added that no action is required at this meeting, and the rates will take effect on January 1, 2015.

Nebel reported that it is his intention to develop a comprehensive fee schedule that will be considered annually as part of the budget, for all city fees charged for various services. He stated that this will assure that all departments, the Budget Committee, and City Council will have an opportunity to review all fees charged on an annual basis and make appropriate adjustments as part of the budget process. He noted that this will then

allow departments to project revenues generated from user fees as part of the budget process based on any changes that would be effective in the next fiscal year. He stated that this will create a much more transparent and deliberative review process on an annual basis for all fees that are set by resolution of the City Council for various city services.

Excuse of City Manager from March 2, 2015 City Council Meeting. Nebel reported that he was going to include this item on the consent calendar, but that he would include it at the next regular meeting.

LOCAL CONTRACT REVIEW BOARD MEETING

The City Council, acting as the Local Contract Review Board, began its meeting at 7:54 P.M.

Approval of Contract with Carpet One Floor and Home - Carpet Installation at the Newport Public Library. Hawker introduced the agenda item. Nebel reported that requests for quotes were sent to three local floor and carpet companies. He stated that Carpet One Floor and Home provided the only response to the request. He added that this is work that is being funded by the Newport Public Library Foundation as part of a general upgrade of the city's Library. He recommended approval of the contract with Carpet One Floor and Home.

Smith appeared before Council and explained the funding for the Library renovation. He reported that he had written successful grants totaling \$174,000, and that the Library Foundation had committed several hundred thousand dollars, and that approximately \$40,000 was coming from the city's General Fund. He reviewed the project.

MOTION was made by Beemer, seconded by Busby, to authorize the award of a contract to Carpet One Floor and Home in the amount of \$77,752.00 to install carpet throughout the Newport Public Library. The motion carried unanimously in a voice vote.

RESUME CITY COUNCIL MEETING

The City Council resumed its regular meeting at 7:58 P.M.

Nebel reported that a work session will be scheduled at noon on December 1, and that the evening meeting will include an executive session prior to the regular City Council meeting.

Nebel asked Council to let staff know if they plan to attend the city's awards banquet on December 19.

REPORT FROM MAYOR AND COUNCIL

Roumagoux reminded Council that she has been excused from the December 1 Council meeting as she will be hanging an exhibit at the Blackfish Gallery in Portland on that date. She added that she will be giving a talk, entitled "Artist Conversation," on December 7.

Roumagoux reported that she and Allen attended the Otter Rock Marine Reserve meeting. She noted that the purpose of the meeting was to bring signatories to the 2009 memorandum of understanding up to date on the progress and how to move forward.

Allen reported that the Otter Rock Marine Reserve is one of five marine reserves put in place by OPAC. He noted that ODF&W provided an update on research projects planned for the area. He added that the goal is to meet yearly.

Allen reported that he attended a community summit entitled, "Preparing for Climate Change in Lincoln County," that was presented by the Lincoln County Public Health Advisory Committee. He noted that there is some planning going on in addressing issues as some of the impacts of climate change are clearly observable. He added that OPAC was asked to look at ocean acidification which is affecting oyster hatcheries. He stated that the Whiskey Creek Hatchery is trying to make changes to address this. He stated that this summit was more of a check-in to show what is going on at the state and local levels. He added that Lincoln County plans to check with local entities to determine how to proceed in addressing certain issues. He asked that the information from the summit be placed in the Council office.

Allen reported that the League of Oregon Cities will be presenting a workshop tomorrow at City Hall entitled "Council/Manager/Staff Relations." He suggested distributing the workshop materials to all Councilors and placing a discussion on the workshop on the December 1 work session.

Allen reported that he had received a flyer in his Thompson's Sanitary Service bill that pertained to the curbside compostables program. He noted that Resolution No. 3665 addressed the development of a survey after the program had been operable for approximately four to six months. He suggested checking in with Thompson's regarding the survey. Nebel reported that representatives of Thompson's are scheduled to present a status report at the January 5, 2015 City Council meeting.

Allen asked whether there were any updates on the announced closure of the U.S. Coast Guard air facility at the Newport Airport. Nebel reported that there is still a lot of effort going on with lot of people, including federal officials, officials in South Carolina, the Fishermen's Wives, and others. He noted that a two-page fact sheet has been prepared for use in talking with people about the issue. He added that this document, along with others, is on the Port of Newport website. He stated that the Fishermen's Wives are working on other strategies which should be known soon.

Beemer reported that he will be attending the Port of Newport meeting next week, and that it will be his last meeting with this group as a City Council liaison.

Beemer reported that he heard a talk by an OSU geologist, at Cape Perpetua, regarding Cascadia subduction zone earthquakes. He noted that the earthquakes occur every 200 to 600 years, and the last one was 315 years ago.

Busby reported that he attended the City Employee Committee meeting this week, and the significant problem that was raised related to the quality of the toilet paper.

Busby reported that he will be attending the Airport Committee meeting and the Public Arts Committee meeting later this week.

Swanson reported that the Senior Center plans to budget for new entrance awnings in next year's budget. She reported that the Senior Center Advisory Committee was disappointed that ODOT had rejected a request for a street sign. She suggested that when new signage is installed for the city campus area, that the same font be used on all signs. She reported that the Committee will be meeting with John Baker in January to

develop a three to five year plan. She stated that memory screenings are planned tomorrow at the center.

Swanson reported on the Library's media statistics.

Saelens reported that he attended the Wayfinding Committee meeting on November 7, and the Bicycle/Pedestrian Advisory Task Force meeting on November 10. He noted that the Bicycle/Pedestrian Advisory Task Force is comprised of more bike centric members who did not want to take on the multi-modal component of transportation. He suggested that Council consider creating an alternate transportation group for ongoing discussions with the Lincoln County Transit District. He noted that he feels strongly that something needs to happen in this arena.

Saelens stated that he is going to miss Councilor Beemer, and that Council should begin thinking about the groups that Beemer has been liaison to, and determine who will monitor those groups in the upcoming year.

Tokos reported that an informational public meeting on the Agate Beach Wayside project will be held tomorrow night at 6:00 P.M., in the Council Chambers. Beemer agreed to attend.

Miranda reported that Swanson had participated in a ride-along on Halloween evening. He encouraged Councilors to participate in a ride-along with a police officer.

Saelens noted that there is confusion when driving up from the east or west at the south end of Walgreens. He added that no one knows what to do when coming out of Walgreens. Gross reported that staff had discussed this issue, and that he plans to place stop signs and striping to provide clarity to the intersection.

ADJOURNMENT

Having no further business, the meeting adjourned at 8:27 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor

November 21, 2014
Noon
Newport, Oregon

The City Council of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Allen, Beemer, Swanson, Roumagoux, Sawyer, and Busby were present. Saelens was excused.

Staff present was City Manager Nebel and City Recorder Hawker.

Discussion Regarding the City's Participation as a Plaintiff with the Port of Newport, Fishermen's Wives, and Others in a federal Lawsuit Challenging the Legality of the U.S. Coast Guard's Planned Decommissioning of its Air Rescue Facility in Newport. Hawker introduced the agenda item. Nebel reported that the city has been working closely with the Port of Newport, Lincoln County, and the Fishermen's Wives on the reversal of the U.S. Coast Guard's decision to close the Newport Air Facility on November 30, 2014. He added that the Coast Guard has extended the closure date to December 15, 2014. He stated that the Fishermen's Wives have hired attorney Mike Haglund to file an injunction against the Coast Guard's decision to close the air station, and the Fishermen's Wives have been raising significant funds to cover these legal expenses.

Nebel reported that attorney Mike Haglund indicated that the Fishermen's Wives, as a 501.c.3 organization, is a great plaintiff for this purpose, but to better demonstrate the public impact of this decision, it would be helpful for the Port of Newport to be a co-plaintiff. He added that through various discussions between the port, county, and city, Kevin Greenwood, General Manager of the Port, requested that the city and county also agree to be co-plaintiffs with the Fishermen's Wives. He stated that discussions have been held with the congressional delegation regarding this action, and the response from the delegation is that this will help buy some additional time and leverage in order to help reverse this decision. He noted that Haglund has indicated to the group, and reconfirmed in a subsequent conversation with him, that there are minimal chances for the defendant, which is the Department of Homeland Security, to successfully win an award from the plaintiffs to cover the government's legal expenses related to this action.

Nebel reported that he also requested that Emily Jerome, of Speer Hoyt, review this matter. He stated that Jerome indicated that Haglund is a top attorney in Oregon and that she would have a high level of confidence in his advice to the city and others in regard to this issue. He noted that Jerome indicated that with any litigation there is a risk that the plaintiffs could be responsible for legal defense costs. He added that Jerome also suggested that there be a clear understanding of how any expenses would be paid for this legal challenge.

Nebel reported that in conversations with the Fishermen's Wives, they are not asking for any financial support from the port, county, or city regarding this lawsuit. He stated that the Fishermen's Wives have been raising private funds for this purpose. He added that he is not recommending that the city make any financial contribution toward this litigation at this time, but if there is a gap in funding at the end of this process, he would make a request to the City Council for some monetary support. He reiterated that at this

time, the Fishermen's Wives are only asking for the city to participate as a co-plaintiff with the contract for legal services being with the Fishermen's Wives.

Nebel reported that the New-Times published a special edition for today's paper which includes a 36-page insert that covers the history of sea mishaps; actions taken by the Newport Fishermen's Wives and others in 1986 to bring a search and rescue helicopter to Newport; the success this change has had since 24-hour patrols were instituted in Newport; and the future of this issue. He stated that he authorized a full-page ad to support this endeavor in the amount of \$799. He added that not only will this insert be available in print form as part of today's edition of the News-Times, it will be available electronically with an interactive map showing the actual location of various marine accidents, as well as a timetable that shows a reduction in losses of life since the helicopter has been in Newport. He stated that he thinks this will be a great tool to continue telling the story of why this facility is so important to the Oregon coast.

Roumagoux asked for comment.

Kevin Greenwood, General Manager of the Port of Newport, thanked the city and Nebel for working closely with the county and port on this issue. He stated that the port was concerned about making sure this effort was not counter-productive with activities that are occurring in Washington, D.C. He noted that he talked with Merkeley's office and others who had no concern regarding this effort, and he added that he feels comfortable moving forward.

Allen noted that at yesterday's Port meeting, one issue that arose is that port had an opportunity to review the draft of the complaint. He asked whether anyone at the city had reviewed the complaint. Nebel stated that he reviewed the draft complaint and that it is as it should be.

Allen noted that the Fishermen's Wives are not requesting any financial support to pay for attorney fees, but want to pay the legal fees through private donations. He stated that the port made it clear that they would wait and see and that the city is doing the same. Allen asked whether there was any word from the county as to whether this is their intent as well. Nebel reported that Wayne Belmont, County Counsel, indicated that his recommendation to the Board of County Commissioners will mirror Nebel's recommendation to the City Council.

Allen expressed concern regarding defense costs if the plaintiffs do not prevail in this matter. He noted that Jerome had indicated that the city should have a clear understanding as to how those costs might be paid if the plaintiffs do not prevail. Is there a clear understanding as to how that would be handled. Nebel reiterated that the Fishermen's Wives are handling the legal costs, and if additional funds are needed, he will bring that matter to Council.

Swanson asked whether the full-page ad was available electronically, and whether it is only on the News-Times website. Nebel reported that the port's website is being used as a repository for all documents related to this matter, so a link to this document will be included on the port's website. Jamie Rand, publisher of the News-Times reported that he would send the link to this document to the city and port.

Beemer asked about legal fees and what parties would be responsible if the plaintiffs do not prevail. Allen noted that if the plaintiffs do not prevail, legal fees and costs may be recouped in certain types of actions. Nebel noted that no arrangement has been worked out, at this time, as to the sharing of these potential costs among the parties. Nebel

added that Haglund indicated that he has never seen a claim from a federal government case, so the risk is minimal.

Allen asked which budget the \$800 for the advertisement had come from. Nebel reported that it came from the City Manager's account.

MOTION was made by Sawyer, seconded by Beemer, that the City of Newport join as a plaintiff with the Fishermen's Wives, the Port of Newport, and other parties in a federal court lawsuit challenging the legality of the U.S. Coast Guard's planned decommissioning of its Air Rescue Facility in Newport. The motion carried unanimously in a voice vote.

ADJOURNMENT

Having no further business, the meeting adjourned at 12:18 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: V.B.
Meeting Date: December 1, 2014

Agenda Item:
**CONFIRMATION OF MAYOR RE-APPOINTMENT TO THE CITY
PLANNING COMMISSION**

Background:

The terms of three Planning Commission members expires on 12/31/14. Those terms are for Rodney Croteau, Mike Franklin, and Lee Hardy. Mayor Roumagoux has indicated that she would like to re-appoint these three members subject to the City Council's confirmation.

Recommended Action:

I recommend that the City Council confirm the Mayor's re-appointments to the Planning Commission of Rodney Croteau, Mike Franklin, and Lee Hardy for terms expiring 12/31/17.

This action will be approved as part of the consent calendar unless removed for a separate vote.

Fiscal Effects:

None.

Alternatives:

Do not confirm or as suggested by the City Council.

Respectfully Submitted,

Spencer R. Nebel
City Manager



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: V.C.
Meeting Date: December 1, 2014

Agenda Item:
APPROVAL OF REQUEST FROM CITY MANAGER TO BE EXCUSED FROM THE MARCH 2, 2015, CITY COUNCIL MEETING

Background:

At the November 17th, City Council meeting I asked if there were any objections to me possibility being excused from the March 2, 2105 City Council meeting. Angela and I are planning a vacation that would impact the March 2nd meeting date. I would prepare the agenda materials for the March 2nd meeting prior to leaving on vacation for the Council's consideration at that time.

Recommended Action:

I recommend that the City Council excuse the City Manager from attending the March 2, 2015, City Council meeting.

This action will be approved as part of the consent calendar unless removed for a separate vote.

Fiscal Effects:
None.

Alternatives:
Deny the request or as suggested by the City Council.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item:

PUBLIC HEARING AND POSSIBLE ADOPTION OF RESOLUTION NO. 3698 - A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET FOR 2014-15

Background:

As part of the budget process, department heads were asked to project full expenditure of dollars that had been appropriated for capital projects in the last fiscal year to create the estimated expenditures for the 2013-14 fiscal year as a basis to develop the 2014-15 budget. The purpose of this effort was to create a clean beginning fund balance in each of the city's operating funds that support capital outlay expenditures. In the 2014-15 fiscal year the budget appropriates funding on a project specific basis in separate Capital Outlay funds. In the past, there was a lump sum available for capital outlay within the operating budgets for water, sewer, streets, and other similar departments. This created significant confusion in determining how much of the fund balance was truly intended for capital improvements that did not get expended in the fiscal year versus operations cost. By segregating capital outlay monies into separate Capital Outlay Funds with the revenues for those projects being directed to the Capital Outlay Funds, it gives a much clearer picture of the Operating fund balances. In order to create accurate beginning fund balances, we assumed that the Capital Outlay funds would be expended in the previous fiscal year. We indicated to the Budget Committee and the City Council that we would carryover those funds in supplemental budgets during the first half of the current fiscal year. While this task remains a bit convoluted, once we have completed this work, the budgeting for capital projects will be much cleaner and more transparent in the future.

Resolution No. 3698 makes various increases and decrease to appropriation line items. As the budget amendment was developed it was determined that there were not enough funds to fund the carry-over projects as well as specific line items projects were identified in the new budget. As a result there are a number of appropriation decreases for several projects including the cross connection program, Nye Beach Screen & Grinder Pump and for the demolition of the old wastewater treatment plant. Furthermore, the Big Creek Lift Station Force Main Replacement is being reduced by \$100,719 since that project is coming in under budget. Carry-over projects include: \$133,358 for the Wastewater System Master Plan, \$77,098 for the Big Creek Lift Station Replacement, \$60,000 for the Grove Street Sewer project, \$101,348 for Sanitary Sewer Televising Program, \$45,907 for Smoke Testing Program, \$11,801 for the Agate Beach Sanitary Sewer project, and \$22, 667 for Strategic Grant Consulting Services. All of the project were funds were appropriated in a lump sum and projected to be expended by June 30 that are required to be carried-over into the current fiscal year in order to complete these projects. Attached to Finance Director Mike Murzynsky report in a summary of the adopted budget for 2014-15 in the Wastewater Capital Projects along with the modification that will be completed as part of this resolution creating the amended list of projects that are funded for the 2014-15 fiscal year.

This action will complete the carry-over of projects from the previous fiscal year and we now have individual appropriated amounts for the major construction projects that were either appropriated by project in 2014-15 or carried-over from the previous fiscal year.

Recommended Action:

I recommend the Mayor conduct a public hearing on the possible adoption of Resolution No. 3698, a resolution adopting a supplemental budget for 2014-15.

I further recommend after considering any comments made that the City Council approve the following motion:

I move approval of Resolution No. 3698, a resolution adopting a supplemental budget for the fiscal year 2014-15.

Fiscal Effects:

As described in the attached materials from Finance Director Mike Murzynsky.

Alternatives:

None recommended.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Spencer R. Nebel", is written over the text "Respectfully Submitted,".

Spencer R. Nebel, City Manager



Agenda Item #
Meeting Date

VI.A
November 17, 2014

CITY OF NEWPORT AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Resolution No. 3698 providing for a supplemental budget and making appropriations increases and changes including appropriation decreases for the Fiscal Year 2014-15

Prepared By: MM Dept Head Approval: MM City Mgr Approval:

Issue Before the Council: The purpose of this resolution is to adopt a supplemental budget to make an appropriations increase in the Wastewater Fund and increase and/or decrease appropriations in the Capital Projects Fund, specifically, the Wastewater Projects Activity 602-62200. This supplemental budget requests appropriation authority for a new appropriation line-item within the capital outlay category of expense in the Capital Projects Fund for the Wastewater construction activity account. Pursuant to Oregon Local Budget Law, a public hearing is required for this Supplemental Budget.

Key Facts and Information Summary: ORS 294.473 requires a supplemental budget with a public hearing when the estimated expenditures differ by more than 10 percent from the expenditures from the most recent amended budget prior to the supplemental budget and/or the supplemental budget will create a new fund or a new appropriation category. The hearing must be published not less than five days before the meeting. Such publication appeared in the November 26, 2014 edition of the Newport News Times. The budgeted fund issues subjected to ORS 294.473 are summarized as follows:

1. Appropriation line-items within the transfer out category of expense is reduced in the Wastewater Fund by (\$55,751).
2. Adjust appropriations in the Proprietary Capital Projects for the Wastewater Capital Projects by a net decrease of (\$323,540)

Fiscal Notes: (1) **The Wastewater Fund** proposed appropriation decrease totals (\$55,751) is comprised of a decrease of (\$70,983) in the transfer to the Proprietary Capital - Wastewater (602-6220) with the remaining offset increase in contingency of \$15,202; and (2) **The Proprietary Capital Projects Fund - Wastewater** reflects a proposed net appropriation decrease of (\$323,540) within the Projects Activity (602-62200) and subject to the changes detailed as follows:

- (a) Line-item appropriations increase totaling \$133,358 for the Wastewater System Master Plan due to unexpended carryover balance above the appropriated level for the FY 2014-15 project; and
- (b) Line-item appropriation decrease of (\$100,719) for the Big Creek Lift Station Force Main Replacement; and

- (c) Line-item appropriation increase of \$77,098 for the Big Creek Lift Station Force Replacement due to unexpended carryover balance above the appropriated level for the FY 2014-15 project; and
- (d) Line-item appropriation increase of \$60,000 for the Nazarene church - Grove Street Sewer project due to unexpended carryover balance above the appropriated level for the FY 2014-15 project; and
- (e) Line-item appropriation decrease of (\$50,000) for the Demolish Old Wastewater Treatment Building project; and
- (f) Line-item appropriation decrease of (\$125,000) for the Nye Beach Screen & Grinder Pump project; and
- (g) Line-item appropriation decrease of (\$500,000) for the Cross Connection Correction project; and
- (h) Line-item appropriation increase of \$101,348 in Sanitary Sewer Televising Program due to unexpended carryover balance above the appropriated level for the FY 2014-15 project; and
- (i) Line-item appropriation increase of \$45,907 in Smoke Testing Program due to unexpended carryover balance above the appropriated level for the FY 2014-15 project; and
- (j) Line-item appropriation increase of \$11,801 in Agate Beach Sanitary Sewer project due to unexpended carryover balance above the appropriated level for the FY 2014-15 project; and
- (k) Line-item appropriation increase of \$22,667 in Strategic Grant Consulting Services due to unexpended carryover balance above the appropriated level for the FY 2014-15 project

Staff Recommendation: Staff recommends the adoption of the supplemental budget and making appropriation changes in the two funds as detailed on Attachment “A” to Resolution No. 3698.

Proposed Motion: I move to adopt Resolution No. 3698 with Attachment “A”, a resolution adopting a supplemental budget for fiscal year 2014-15 and making appropriations and changes.

Exhibit - 1: Amended Budget Pursuant to Resolution No. 3696 - Page 3

Resolution No. 3698 with Attachment “A”

City of Newport Oregon
Amended Budget Pursuant to Adoption of Resolution Number 3698
Wastewater Projects

		Adopted Budget FY 2014-15	Resolution No. 3698	Amended Budget FY 2014-15
WASTEWATER CAPITAL PROJECTS - 602-6220				
Project No.				
13011	Strategic Grant Consulting Services - Chase Park Grants	26,433	22,667	49,100
13008	Wastewater System Master Plan	28,293	133,358	161,651
12024	Big Creek Lift Station Force Main Replacement	1,905,796	(100,719)	1,805,077
12025	Big creek Lift Station Force Replacement	613,903	77,098	691,001
11019	Nazarene Church - Grove Street Sewer Extension	60,000	60,000	120,000
14008	Demolish Old Wastewater Treatment Bldg	50,000	(50,000)	-
14020	Nye Beach & Grinder Pump	125,000	(125,000)	-
14009	Schooner Creek Wastewater Lift Station	163,800	-	163,800
14010	Cross Connection Correction Project	500,000	(500,000)	-
13009	Sanitary Sewer Televising Program	-	101,348	101,348
13015	Smoke Testing Program	-	45,907	45,907
11002	Agate Beach Sanitary Sewer	-	11,801	11,801
	Contingency	1,000	-	1,000
Total Requirements		3,474,225	(323,540)	3,150,685



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VII.A
Meeting Date: December 1, 2014

Agenda Item:

FROM THE MAYOR - REPORT ON CITY COUNCIL ORGANIZATIONAL MEETING

Background:

Mayor Roumagoux, City Recorder Peggy Hawker and I met to discuss the January 5th organizational meeting for the City Council. In reviewing the Rules of Order for the City Council and the City Charter, there is limited written direction on the way that the organizational meeting should proceed. The Mayor, City Recorder and I outlined a process for the organizational meeting. This process generally parallels what has been the practice in recent years with the City Council. One modification to this process that I suggested with these draft organizational meeting rules, relate to how Council members are seated at Council meetings. The process outlined would provide that when a seat becomes vacant on the Council dais from a Council member not returning to the Council, then a current Council member seated would have the first opportunity, to move to that open seat. If more than one Council member requested that seat, it would be decided based on seniority. There would be no bumping of existing Council members from the seats they held during their last term. There are several alternatives that the Council could consider including seating Council members alphabetically (we seem to be using a modified version of that at this time) the Council President could always sit next to the Mayor in a specified seat or other variations to this plan. I think it is appropriate that we have a plan on the books so that there is not confusion/debate or a misunderstanding of how the seating plan works for the City Council.

One further issue that is incorporated in the draft organizational meeting plans is in regards to the election of the President of the Council. Based on last year's election the Council indicated the Council President should rotate on an annual basis among members of the Council. It would be good to institutionalize this practice if that is the desire of the City Council.

If this process, or some modifications to this process, makes sense then I would recommend that the Council utilize these as an organizational plan for the January 5th organizational meeting. I would further recommend that after the January 5th organizational meeting that the Council consider including these provisions in the formal Rules of Order for the Newport City Council for future reference for organizational meetings.

Recommended Action:

I recommend that the City Council consider the following motion:

I move that the attached organizational procedure be used as the guideline for the organizational meeting scheduled for Monday, January 5, 2015 at 6 P.M. in the City Council Chambers.

Fiscal Effects:

None.

Alternatives:

Modify the rules, do not approve any rules for this meeting or as suggested by City Council.

A handwritten signature in blue ink, appearing to read "S. Nebel", is written over a faint circular stamp.

Respectfully Submitted,

Spencer R. Nebel
City Manager

CITY COUNCIL ORGANIZATIONAL MEETING PROCEDURES

Organizational Meeting

Chapter VII Elections, Section 30. Terms. provides; “The term of the Mayor and each Councilor elected at a general election begins at the first Council meeting of the year immediately after the election, and continues until the successor qualifies and assumes the office.”

At the organizational meeting, the existing members of the City Council will be seated, roll call will be done by the City Recorder, and the Council will consider approving the minutes from the last City Council meeting. Members who will not be returning to the Council will be recognized. This will be followed by a motion to adjourn the meeting. At this point, any existing members of the City Council present at the meeting who will not be serving on the new City Council will vacate their chairs.

Oath of Office and Seating Arrangement on the Dais

Chapter VII, Section 31. Oath. provides; “The Mayor and each Councilor must swear or affirm to faithfully perform the duties of the office and support the constitution and laws of the United States and Oregon and the Charter and Ordinances of the City.”

The process leading to the oath of office will include the seating of the new City Council. The existing members of the Council can elect to move to any vacant seat that are provided for the six City Council members. This is done in order of seniority of the existing members. For Councilors who have served the same number of years on the Council, seniority is determined by the candidate who received the highest votes during their first election to the City Council followed by any Councilor’s appointed to serve on the Council. Furthermore, seniority is determined by continuous service on the City Council. For Councilors who had a gap of service on the Council, seniority starts with time following this gap for these specific purposes. Once the existing members have made their decisions as to the selection of a Council member seat location, the City Recorder will proceed to provide the oath of office to the Mayor, any re-elected members of the City Council by seniority, and then the newly elected members of the City Council in order of popular vote from the November election. After the new Council member is called forward by the City Recorder, they will take the oath of office at the podium and then select one of the vacant City Council seats in order of popular vote.

The City Record will take roll call of the newly seated City Council.

Election of the Council President

Chapter III, Section 9. Council President. provides; “At its first meeting each year, the Council shall elect a president from its membership. The President presides in the absence of the Mayor and acts as Mayor when the Mayor is unable to perform duties.”

The term of the Council President is for one year and the intent is for this position to rotate on an annual basis to different members of the Council.

The Mayor will ask each member for a nomination of Council members to serve as Council President. The Mayor is allowed to nominate a member to serve in this capacity as well. Once nominations are closed, the City Recorder will distribute ballots and the Council members will write a name of a nominated Council member and sign their own name on the write ballot. The City Recorder will count the ballots and the member of the Council has receiving the most votes will be come, the Council President for that year. The City Recorder will include the individual votes of each Councilor for Council President in the minutes for the organization meeting.

Establishing a Meeting Schedule

The City Council will confirm the dates and times for regular City Council meetings through the next organizational meeting, which will follow the next regular City election. The current rules of order provide that the Council will meet on the first and third Mondays. Traditionally, these meetings are held at 6:00 P.M.

Designation of Council Liaison on Various Committees

The Mayor will develop a list designating which members will serve as liaisons to various committees. Councilors who are interested in serving on any board or commission as a liaison shall contact the Mayor one week prior to the meeting to express their interest. A listing of current liaisons will be provide prior to that time. The Council will consider confirmation of these appointments. The rules of order outline the responsibility of Council liaisons to various boards and committees.

Agenda Packet for the Organizational Meeting

An agenda packet for the organizational meeting will be prepared by 4:00 P.M. on the Thursday prior to the meeting. A copy will be available in the Council mail boxes in the Mayor’s office and electronically forwarded to each members of the Council.

Orientation

Orientation will be provided to newly elected Councilors by the Mayor, City Manager, and City Attorney at a time that is mutually agreed upon. Traditionally, orientation is provided through a day long series of meetings and tours of City facilities.



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.A
Meeting Date: December 1, 2014

Agenda Item:

CONSIDERATION OF ORDINANCE NO. 2074 - AN ORDINANCE WHICH WITHDRAWS TERRITORY FROM THE SEAL ROCK WATER DISTRICT

Background:

At the November 17, 2014, City Council meeting, the Council held a Public Hearing on an ordinance to withdraw property from the Seal Rock Water District. At that time, Adam Denlinger, General Manager of the Seal Rock Water District requested that the City Council delay action until the Seal Rock Water District's Attorney could finalize his review of the final version of the ordinance. Seal Rock has requested that the definition of the withdrawn area be clarified clearly indicating that all properties annexed to the City and within the city service area as listed in Exhibit "A" and depicted in the map in Exhibit "B" be included in the withdrawal as long as those properties are within the boundary areas that were part of the intergovernmental agreement with the water district. The revised language eliminates the provision to refine the affected properties at the direction of the State or County Assessor. If a mistake or correction is found in the future, then it would require separate action by the parties. This is the only material change to the ordinance previously received by the Council. Speer Hoyt has reviewed these modifications and has no objections.

As you are aware, the City of Newport has been meeting with the Seal Rock Water District over the past year to discuss the withdrawal of land that is currently located in the city, served by the city water system, but remaining in the Seal Rock Water District. In 2007, the city entered into an intergovernmental agreement with the Seal Rock Water District which provided that the city provide water service to an area including much of South Beach. This agreement did not address the withdrawal of properties from the district. Following this agreement, the Seal Rock Water District funded major improvements to their system with a general obligation bond that was financed in 2011 and 2012 for the district. Please note that these improvements have no benefit to the Seal Rock Water District properties located within the city's water service area. However, the property owners are being required to pay this debt. The district recognized that this is unfair. The amended agreement does not hold the city or property owners responsible for any debt issued after 2008 should those properties be withdrawn from the district. Please note that the city would be responsible for a pro rata share of any debt that existed prior to 2008 for these properties in accordance with the amended agreement.

ORS 222.520 authorizes the city to withdraw territory from a service district if it has been annexed to the city. The state statute requires that the governing body hold a public hearing, and following the public hearing, the city may, by ordinance, declare that

properties located within the city be withdrawn from the district. Please note that this action is subject to a subsequent citizen-initiated referendum.

The Public Hearing was closed at the November 17, 2014, City Council meeting.

Recommended Action:

I recommend that the City Council consider the following motion:

I move that Ordinance No. 2074, which withdraws territory from the Seal Rock Water District, be read, by title only, and place for final passage.

The Mayor will then ask for a voice vote on whether to read the ordinance by title only and place for final passage.

If approved, the City Recorder will read the title of the ordinance.

A roll call vote on the final passage of the ordinance will then be requested by the Mayor and taken by the City Recorder.

Fiscal Effects:

The agreement between the city and the Seal Rock Water District provides a mechanism for repayment of debt issued prior to 2008. If this withdrawal is effective July 2015, the city will have an obligation to pay an amount of \$55,322.29 to address debt requirements for the property that is currently part of the city that would be withdrawn from the Seal Rock Water District under the city's agreement with the district. Please note that any potential litigation regarding this agreement as discussed with the City Council at a previous Executive Session as part of the development of this ordinance for the Council's consideration.

Alternatives:

The city has the option of not withdrawing the property as a block and leaving it to the individual property owners to file a petition to the Board of County Commissioners seeking a withdrawal pursuant to the provisions contained in ORS 198. This would create a piecemeal process that would be more convoluted to the district, the city, and Lincoln County.

Respectfully Submitted,



Spencer R. Nebel
City Manager



Agenda Item # VIII.A.
Meeting Date December 1, 2014 _

CITY COUNCIL
AGENCY AGENDA ITEM SUMMARY
City of Newport, Oregon

Issue/Agenda Title Possible Adoption of Ordinance Withdrawing Territory from the Seal Rock Water District

Prepared By: Derrick Tokos Dept Head Approval: DT City Mgr Approval:

ISSUE BEFORE THE COUNCIL: Consideration of whether or not it is in the public interest for the City of Newport to withdraw territory from the Seal Rock Water District that is situated within the Newport city limits in South Beach. This step was envisioned as part of Amendment No. 1 to the Urban Service Agreement between the Seal Rock Water District and City of Newport, adopted May 8, 2014.

STAFF RECOMMENDATION: Staff recommends the Council withdraw the subject territory from the Seal Rock Water District.

PROPOSED MOTION: I move for reading, by title only, of Ordinance No. 2074, an ordinance withdrawing annexed territory from the Seal Rock Water District, and for adoption by roll call vote.

KEY FACTS AND INFORMATION SUMMARY: The City of Newport entered into an Intergovernmental Agreement (IGA) with the Seal Rock Water District in 2007 that expanded the City’s water service area to include much of South Beach. This was done in recognition of the fact that the City is better positioned to provide water service to developing properties in the area. Unfortunately, that agreement did not address the withdrawal of properties from the District. After the City took over water service responsibilities within the City Service Area (CSA) in 2008, the District secured approval of a General Obligation Bond for improvements to its water system. These bonds were drawn upon in 2011 and 2012 to finance improvements to the District’s system that do not benefit properties within the CSA. Nonetheless, because properties within the CSA remain within the District, and are subject to District property taxes, they are paying for their proportionate share of these bond issues. The City and District, recognizing the inequities of this situation, adopted Amendment No. 1 to the IGA to evidence that it is their intent that when properties within the CSA are withdrawn from the District they will only be subject to General Obligation Bond debt incurred as of January 1, 2008, the date the City began providing water service within the CSA.

Oregon Revised Statute (ORS) 222.520 authorizes cities to withdraw territory from a service district once it has been annexed. The process that must be followed is outlined in ORS 222.524. It requires that the governing body of a city fix a date, time, and place for a public hearing to hear any objections to the withdrawal and determine if such withdrawal is in the best interest of the city. After the hearing, the governing body may by ordinance declare the annexed territory to be withdrawn from the district. Such action is subject to referendum. Notice of the hearing must be published in a newspaper once a week, for two consecutive weeks prior to the date of the hearing.

On October 20, 2014, the City Council for the City of Newport set 6 p.m. on November 17, 2014 in the City Hall Council Chambers as the date, time and place for the public hearing. Notice of the hearing was published in the Newport News-Times on November 7, 2014 and November 14, 2014, satisfying the statutory notice requirement.

At the hearing, the City Council received testimony from Adam Denlinger, General Manager, with the Seal Rock Water District. Mr. Denlinger requested that the City Council hold off on making a decision so that their legal counsel could have additional time to review the proposed ordinance. Letters in support of the withdrawal were submitted by Bonnie Serkin, Chief Operating Officer, Landwaves, Inc. and Cynthia Wales, both of whom are landowners in the affected area. This was the only testimony provided at the public hearing. The City Council closed the public hearing and set December 1, 2014 as the date that it would continue its deliberations on the ordinance.

On November 24, 2014, Mr. Denlinger provided the City with replacement language for Section 1 of the ordinance that makes it explicitly clear that the withdrawal is limited to land that is within the CSA, as defined in Amendment No. 1 to the IGA between the District and City. The legal description for the CSA has also been incorporated into the ordinance as Exhibit C. These were the only changes that have been made to the document.

OTHER ALTERNATIVES CONSIDERED: Not withdrawing the property or leaving it to individual property owners to file a petition to the Board of County Commissioners seeking a withdrawal pursuant to provisions contained in ORS Chapter 198. Leaving the properties in the District means that those landowners will have to continue to pay taxes for services that they do not receive, which is unfair. While the petition process outlined in ORS Chapter 198 is a viable alternative, and the only one for those properties that are inside the CSA and outside the city limits, it is burdensome because each owner must file. Pursuant to ORS Chapter 222, the City can pursue the withdrawal for all affected properties within its corporate limits (91 parcels or lots) making it a more streamlined process.

CITY COUNCIL GOALS: There are no Council goals directly related to this agenda item.

ATTACHMENT LIST:

- Ordinance No. 2074, with attachments
- Email from Adam Denlinger, General Manager, Seal Rock Water District, dated November 24, 2014
- Letter from Bonnie Serkin, Landwaves, Inc., dated October 20, 2014
- Email from Cynthia Wales, dated November 13, 2014

FISCAL NOTES: If the Council approves the withdrawal then the City will be responsible for the proportional share of the subject properties General Obligation Bond debt incurred prior to January 1, 2008. That amount is estimated to be \$55,322.49 assuming the withdrawal is effective July 1, 2015. This payment would be made from the Water Fund, which has sufficient resources to cover the expense.

CITY OF NEWPORT

ORDINANCE NO. 2074

**AN ORDINANCE WITHDRAWING ANNEXED TERRITORY
FROM THE SEAL ROCK WATER DISTRICT**

Summary of Findings:

1. The City of Newport entered into an Intergovernmental Agreement (IGA) with the Seal Rock Water District in 2007 that expanded the City's water service area to include much of South Beach. The IGA evidenced both parties' recognition of the fact that the City is better positioned to provide water service to developing properties in the area. The IGA contemplated, but did not effect the withdrawal of the served properties from the District's territory.
2. After the City took over water service responsibilities within the City Service Area (CSA) on January 1, 2008, the District secured approval of a General Obligation Bond for improvements to its water system. These bonds were drawn upon in 2011 and 2012 to finance improvements to the District's system that do not benefit properties within the CSA. Nonetheless, because properties within the CSA remain within the District, these properties are subject to District property taxes, and are paying for their proportionate share of the post-2008 issued bonds.
3. Recognizing the inequities of this situation for CSA property owners, the City and District adopted Amendment No. 1 to the IGA on May 8, 2014, to evidence the parties' intent that, when CSA territory is withdrawn from the District, those properties will only be subject to General Obligation Bond debt incurred prior to January 1, 2008, the date the City began providing water service within the CSA.
4. Oregon Revised Statute (ORS) 222.520 authorizes cities to withdraw territory from a service district once it has been annexed. The process that must be followed, outlined under ORS 222.524, requires that the governing body of a city fix a date, time, and place for a public hearing to hear any objections to the withdrawal and determine whether such withdrawal is in the best interest of the City. Notice of the hearing must be published in a newspaper once a week, for two consecutive weeks prior to the date of the hearing. After the hearing, the governing body may, by ordinance, declare the annexed territory withdrawn from the district. Such an ordinance is subject to referendum.
5. On October 20, 2014, the City Council for the City of Newport set 6 p.m. on November 17, 2014 in the City Hall Council Chambers (169 SW Coast Hwy, Newport) as the date, time and place for the public hearing.
6. Notice of the hearing was published in the Newport News-Times on November 7, 2014, and November 14, 2014, satisfying the statutory notice requirement.
7. The City Council of the City of Newport, after considering the evidence and argument

presented at the public hearing and in the record, has determined that it is in the City's best interest to withdraw the territory annexed to the City and located within the CSA from the Seal Rock Water District.

THE CITY OF NEWPORT ORDAINS AS FOLLOWS:

Section 1. Withdrawal. The territory annexed to the City and within the City Service Area is declared withdrawn from the Seal Rock Water District pursuant to ORS 222.524. The withdrawn area includes the properties listed on the attached "Exhibit A" and graphically depicted on the map attached as "Exhibit B," but only to the extent the area is within the boundaries of the City Service area set out on the attached "Exhibit C."

Section 2. Effective Date. This ordinance shall take effect on July 1, 2015.

Date adopted and read by title only: _____

Signed by the Mayor on _____, 2014.

Sandra Roumagoux, Mayor

ATTEST:

Margaret M. Hawker, City Recorder

City Attorney

<u>ID#</u>	<u>Property</u>	<u>Map Tax Lot</u>	<u>Legal Description</u>
1	R203122	11-11-16-CD-00101-00	<p>Beginning at a point on the East line of US Lot 2, in Section 16, Township 11 South Range 11 West, Willamette Meridian in Lincoln County Oregon, that is 700 feet North of the Southeast corner of said Lot 2; thence West 420 feet; thence North to the meander line of the Yaquina Bay; thence Northeasterly following said meander line to the Northeast corner of said Lot 2, and thence South along the East line of said Lot 2 500 feet more or less to the place of beginning. Excepting therefrom and portion lying within and South of SE 35th St, CR 513.</p> <p>Also that portion of Government Lot 2 in Section 16, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon described as follows: Beginning at the intersection of the high tide line of Yaquina Bay with the West line of the land conveyed to Charles Mansfield and wife by deed recorded November 13, 1947, in Book 121 page 636 Deed Records; thence due South along the West line of said Mansfield property 130.81 feet more or less, to the Northwesterly line of the county road; thence Southwesterly along the Northwesterly line of said road, 64.78 feet to a point; thence North 25 deg. 40' West to the mean high tide line of the Yaquina Bay; thence Easterly along said high tide line to the point of beginning.</p>
2	R314891	11-11-16-CD-00305-00	<p>A parcel of land in Government Lot 2, Section 16, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, more particularly described as follows: Beginning at the Southwest corner of Government Lot 2, Section 16, Township 11 South, Range 11 West, Willamette Meridian; thence along the West line of said Government Lot 2, North 0 deg. 47' West, (bearings based on Country Survey No. 1546), 976 feet, more or less, to the mean high tide line on the South shore of Yaquina Bay, the true point of beginning; thence Easterly along said mean high tide line (apparent line on May 25, 1969; South 85 deg. 22' East 511.4 feet, North 59 deg. 00 East, 70 feet, North 09 deg. 00' East, 113 feet, North 42 deg. 00' East, 78 feet, North 81 deg. 00' East, 73 feet) to the Westerly line of the Charles Mansfield property described in deed recorded January 25, 1963 in Book 231, page 419, thence along said property line South 25 deg. 40' East, 299.05 feet, more or less, to a record ¼ inch iron pipe reference point approximately on the North line of the South Beach-Idaho Point county road; thence Westerly along the North line of said road to the West line of Government Lot 2; thence Northerly to the point of beginning. Except any portion falling in County Road; and except any portion falling below the mean high tide line of Yaquina Bay</p>
3	R269085	11-11-16-DC-00800-00	<p>Beginning at the most Easterly corner of that certain tract of land conveyed to Ivan Leek and Dolores Leek husband and wife, by deed recorded June 26, 1962 in Volume 226, page 173, Deed Records for Lincoln County, Oregon, said corner of said tract being 1721.36 feet North and 3966.47 feet East and North 53 deg. 34' 30" West 169.10 feet from the section corner common to Sections 16, 17, 20 and 21 in T 11 S, R 11 W, W.M., Lincoln County, Oregon; thence South 36 deg. 28' 30" West along the Southeasterly line of the said Leek tract, 132.0 feet to the most Southerly corner thereof; thence South 53 deg. 34' 30" East 250.0 feet, more or less, to the mean high water line of Kings Slough; thence Northeasterly along the mean high water line of Kings Slough, to the intersection of the mean high water line of the Yaquina Bay; thence Southwesterly along the mean high water line of the Yaquina Bay to a point that is North 53 deg. 34' 30" West from the place of beginning; thence South 53 deg. 34' 30" East to the most Northerly corner of the Ivan Leek, et ux tract as described herein; thence South 53 deg. 34' 30" East 80.0 feet to the place of beginning. Save and Except therefrom any portion thereof lying within the boundaries of the old Spruce Production Corporation railroad right of way. Further Save and Except a 20 foot right of way over and across the existing roadway which roadway is to be used by the Grantees and others. ALSO EXCEPTING THEREFROM Parcel III as described in instrument recorded November 23, 2004, Document No. 200417819 Lincoln County, Oregon</p>

4	R515117	11-11-16-DC-01000-00	A tract of land within Section 16, Township 11 South, Range 11 West of the Willamette Meridian, Lincoln County, Oregon described as follows: A strip of land 66 feet in width being 33 feet on each side of and parallel with the center line of the abandoned railroad formerly known as U. S. Spruce Production Railroad No. 12, sometimes called Alsea Southern Railroad, said center line being described as beginning at a point on the South bank of Yaquina Bay in the Northeasterly line of Lot 1 of Section 16 in Township 11 South, Range 11 West, Willamette Meridian, and running thence in a Westerly and Southerly direction across Lots 1, 2 and 32 of said Section 16
5	R441234	11-11-17-CO-00700-00	Lot 2 and Southeast quarter of the Southwest quarter of Section 17, Township 11 South, Range 11 West, W. M., Lincoln County, Oregon. Excepting therefrom Parcels I and II as described in instrument recorded December 26, 2006, Document No. 200619503, Also excepting therefrom any portion described in instrument recorded May 22, 1980, Book 113, page 499 Microfilm Records for Lincoln County, Oregon. And also excepting therefrom that portion lying Northerly of boundary line as described in instrument recorded October 19, 1983, Book 144, page 2274, Microfilm Records for Lincoln County, Oregon. And also excepting therefrom any portion lying within County Roads.
6	R370660	11-11-17-DC-00801-00	Parcel 1, Partition Plat 2001-8, recorded February 28, 2001, Partition Records for Lincoln County, Oregon
7	R515982	11-11-17-DC-00802-00	Parcel 2, Partition Plat 2001-8, recorded February 28, 2001, Partition Records for Lincoln County, Oregon
8	R509458	11-11-17-DC-02201-00	A parcel of land lying in the Southwest ¼ of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, being further described as follows: Beginning at a point on the Northerly right of way line of Anchor Street (formerly County Road #511) and said point being 394.97 feet South and 101.24 feet West of the Southeast corner of Block 18, Waggoners Addition to South Beach, said point also being the Southwest corner of that property described in deed recorded March 6, 1991 in Book 227, page 228, Film Records; thence South 71 deg. 17' 49" West, 54.90 feet; thence North 00 deg. 00' 07" East, 63.94 feet; thence North 27 deg. 45' 48" East 111.64 feet; thence South 00 deg. 00' 08" West, 145.12 feet to the point of beginning.
9	R384690	11-11-17-DC-02300-00	Beginning at the Northeast corner of the Southeast quarter of the Southwest quarter of Section 17, Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon; running thence South to the county road which is 339 feet; thence following the county road in a Southwesterly direction 128.5 feet, more or less, to the Southeast corner of the State of Oregon tract; thence running North along the East line of the State of Oregon tract to the North line of said Southeast quarter of the Southwest quarter of said section; thence East to the place of beginning. EXCEPTING THEREFROM the Northerly 150 feet thereof.
10	R387100	11-11-17-DC-02301-00	The Northerly 150 feet of the following described property: Beginning at the Northeast corner of the Southeast quarter of the Southwest quarter of Section 17, Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon; running thence South to the county road which is 339 feet; thence following the county road in a Southwesterly direction 128.5 feet, more or less, to the Southeast corner of the State of Oregon tract; thence running North along the East line of the State of Oregon tract to the North line of said Southeast quarter of the Southwest quarter of said section; thence East to the place of beginning.

<p>11</p>	<p>R520258</p>	<p>11-11-17-DD-00900-00</p>	<p>Commencing at the Southeast one-sixteenth corner of Section 17, Township 11 South, Range 11 West, Willamette Meridian, Lincoln Country, Oregon; thence East 396.00 feet; thence South 38.25 feet to the Southerly right of way of S.E. 35th Street; thence South 00 deg. 00' 00" East 170.66; feet to the true point of beginning of the following described tract: Thence South 00 deg. 00' 00" East 139.21 feet; thence North 87 deg. 22' 06 " West 12.76 feet; thence South 00 deg. 38' 26" East 282.89 feet to the Northerly right of way of the abandoned Spruce Production Railroad; thence North 85 deg. 43' 04" East along said right of way 148.31 feet; thence along said right of way on the arc of a 511.34 foot radius curve to the right, the long chord of which bears South 85 deg. 12' 42" East 161.72 feet, for an arc distance of 161.90 feet; thence North 00 deg. 38' 24" West 271.09 feet; thence North 02 deg. 47' 36" East 159.51 feet to the Southeast corner of that tract of land described in Microfilm Book 243, page 1688; thence North 87 deg. 21' 50" West along the South boundary of said tract 100.00 feet to the Easterly right of way of S.E. Elm Street; thence along said right of way South 02 deg. 38' 10" West 74.97 feet; thence on said right of way North 87 deg. 21' 50" West 50.00 feet; thence South 02 deg. 38' 10" West 75.20 feet to the Southeast corner of that tract of land described in Microfilm Book 145, page 2462; thence along the South line of said tract North 87 deg. 21' 50" West 100.00 feet to the Southwest corner of said tract; thence North 02 deg. 38' 10" East 150.03 feet to the Northwest corner of said tract; thence South 71 deg. 32' 47" West 56.90 feet to the true point of beginning. Together with that portion of abandoned Spruce Production Railway vacated in 1943 Lincoln County Commissioners Journal 19-368, which inured to the above tract upon vacation</p>
<p>12</p>	<p>R500170</p>	<p>11-11-18-D0-00100-00</p>	<p>Document No. 200520115 Parcel IV: A tract of land located in Section 18, Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon, more particularly described as follows: Beginning at a 5/8 inch iron rod on the Southerly right of way line of County Road #568, which point is on the most Westerly terminus of said County Road, located 30.00 feet left of centerline Station 43+33.77 as depicted on County Road Survey #568 filed in September, 1975 in the office of Lincoln County Surveyor; thence North 25 deg. 55' 24" West along the Westerly terminus of said county road a distance of 60.00 feet to the mean high tide line of the Pacific Ocean as it is located on the North side of the South Jetty; thence along said mean high tide line on the North side of said jetty the following courses and distances: South 64 deg. 37' 41" West 434.87 feet; thence South 65 deg. 46' 20" West, 219.32 feet; thence South 62 deg. 56' 58" West 516.20 feet; thence South 25 deg. 26' 14" East, leaving said North side of said jetty, 50.60 feet to a point that is 30.00 feet Southeasterly from the centerline of the South Jetty; thence North 64 deg. 33' 44" East parallel with and 30.00 feet from said jetty centerline, 1170.65 feet to the point of beginning. Parcel V: A tract of land located in Sections 17 and 18, of Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon, more particularly described as follows: Beginning at a point on the Northerly right of way line of County Road #568, which point is on the most Westerly terminus of said County Road, located 30.00 feet right of centerline Station 43+33.77 as depicted on County Road Survey #568 filed in September, 1975 in the office of Lincoln County Surveyor; thence along the Northerly right of way line the following courses and distances: Along the arc of a 388.10 foot radius curve to the right (long chord bears North 75 deg. 51' 36" East, 158.51 feet) a distance of 159.63 feet; thence North 87 deg. 38' 36 " East 65.10 feet; thence along the arc of a 328.0 foot radius curve to the left (long chord bears North 79 deg. 43' 06" East 90.47 feet) a distance of 90.76 feet; thence North 71 deg. 47' 36" East 380.59 feet; thence North 64 deg. 52' 37" East 583.65 feet; thence along the arc of a 328.10 foot radius curve to the left (long</p>

			<p>chord bears North 50 deg. 42' 22" East 160.63 feet) a distance of 162.28 feet; thence North 36 deg. 32' 07" East 112.69 feet; thence along the arc of a 388.10 foot radius curve to the right (long chord bears North 50 deg. 22' 07" East 185.59 feet) a distance of 187.40 feet; thence North 64 deg. 12' 06" East 421.49 feet to the mean high tide line of the Pacific Ocean; thence along said mean high tide line the following courses and distances; South 72 deg. 28' 28" West 88.58 feet; thence North 81 deg. 34' 23" West 27.29 feet; thence South 27 deg. 53' 50" West 38.47 feet; thence South 68 deg. 48' 21" West 105.11 feet; thence South 82 deg. 52' 30" West 16.12 feet; thence South 66 deg. 51' 06" West 300.17 feet; thence South 56 deg. 18' 36" West 36.06 feet; thence South 71 deg. 33' 54" West 31.62 feet; thence South 47 deg. 47' 34" West 58.05 feet; thence South 62 deg. 06' 10" West 19.24 feet; thence North 68 deg. 11' 55" West 16.16 feet; thence South 26 deg. 33' 54" West 33.54 feet; thence South 66 deg. 37' 33" West 128.55 feet; thence North 87 deg. 52' 44" West 27.02 feet; thence South 58 deg. 08' 02" West 43.57 feet; thence South 55 deg. 07' 29" West 40.22 feet; thence West 53.00 feet; thence South 18 deg. 26' 06" East 18.97 feet; thence South 46 deg. 44' 09" West 23.35 feet; thence South 73 deg. 08' 30" West 34.48 feet; thence South 57 deg. 31' 44" West 104.31 feet; thence South 67 deg. 53' 26" West 34.54 feet; thence South 49 deg. 42' 28" West 60.31 feet; thence South 72 deg. 53' 50" West 54.41 feet; thence South 48 deg. 39' 08" West 66.60 feet; thence South 59 deg. 44' 37" West 13.89 feet; thence South 65 deg. 37' 25" West 351.32 feet; thence South 79 deg. 59' 31" West 17.26 feet; thence South 57 deg. 56' 17" West 107.38 feet; thence South 61 deg. 55' 39" West 17.00 feet; thence South 86 deg. 20' 52" West 47.10 feet; thence South 67 deg. 41' 38" West 84.31 feet; thence South 64 deg. 46' 39" West 90.73 feet to the point of beginning.</p> <p>Parcel VIII:</p> <p>A parcel of land located in Sections 17, Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon, more particularly described as follows:</p> <p>Beginning at a point on the apparent West line of Section 17, that is West 974.07 feet and North 01 deg. 35' 20" West 798.27 feet from the Southwest corner of Waggoner's Addition To South Beach, a subdivision of record in Lincoln County, Oregon; thence along the arc of a 150.00 foot radius curve to the left (long chord bears North 60 deg. 50' 35" West 14.44 feet) a distance of 14.44 feet to a 5/8 inch iron rod on the 1912 Tideland Survey high water line; thence North 33 deg. 43' 31" East along said high water line 51.73 feet to a 5/8 inch iron rod on the Southerly right of way line of County Road #568 (a 60.00 foot wide right of way known as South Jetty Road); thence along said right of way line on the arc of a 328.10 foot radius curve to the right (long chord bears North 56 deg. 26' 03" East 88.69 feet) a distance of 88.96 feet to a 5/8 inch iron rod; thence North 64 deg. 12' 06" East along said right of way 88.41 feet; thence South 31 deg. 50' 05" West, leaving said Southerly right of way line 224.62 feet; thence on the arc of a 150.00 foot radius curve to the left (long chord bears North 43 deg. 50' 15" West 73.83 feet) a distance of 74.60 feet to the point of beginning.</p> <p>Excepting any portion lying within Parcel "X" conveyed to Lincoln County by deed recorded September 10, 1981 in Volume 127, page 234, Film Records.</p>
13	R438882	11-11-18-D0-00200-00	<p>Map # 11-11-18-D0 TL 200, found no description of record.</p> <p>The Southeast quarter Section 18, Township 11 South, Range 11 West, Willamette Meridian, lying Southerly of S W Jetty Way and Southerly of Boundary Line description in Book 144, page 2274 Microfilm Records for Lincoln County, Oregon.</p>
14	R500171	11-11-19-00-00100-00	<p>Lots 1, 2 and 3, of Section 19, Township 11 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon;</p> <p>Excepting therefrom any portion lying Southerly of the North line of Southshore Phase 5.</p>
14	R519649	11-11-19-00-00100-00	<p>Same as above/split code</p>

15	R364534	11-11-20-00-00100-00	Parcel 2, Partition Plat 2007-39, Partition Plat Records for Lincoln County, Oregon; Excepting therefrom that portion described in Deed recorded May 6, 2013, Document No. 201304489, Lincoln County Records.
16	R356607	11-11-20-00-02500-00	<p>The Northwest quarter of the Southeast quarter, and the Southeast quarter of the Southwest quarter, and the South half of the Southeast quarter of Section 20, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon;</p> <p>Excepting therefrom that tract described in instrument recorded May 22, 1998, Book 358, page 1119, Microfilm Records for Lincoln County, Oregon</p> <p>Except that part thereof conveyed to the Port of Newport by deed recorded August 26, 1944 in Book 100, page 157, Deed Records, Lincoln County, Oregon.</p> <p>Also Excepting that tract described in instrument recorded February 28, 2011 as Document No. 201102151, Lincoln County Records</p> <p>Also Excepting that tract described in instrument recorded in Book 355, page 584, Microfilm Records for Lincoln County Records</p>
17	P527958	11-11-20-00-02501-00	Personal property
17	R500173	11-11-20-00-02501-00	<p>Commencing at a brass monument set at the Southeast corner of Section 20, Township 11 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon, said monument having been established by Lincoln County Survey #5392; thence North 88 deg. 28' 34" west, along the South line of said section 1150.40 feet to a 5/8" iron rod established by Lincoln County Survey #10586, said iron rod being the true point of beginning of the following described tract; thence North 72 deg. 28' 34" West 1400.00 feet to a 5/8" iron rod established by County Survey #14971, thence North 17 deg. 31' 26" East 1130.00 feet to a 5/8" iron rod established by County Survey #14971; thence South 72 deg. 28' 34" East 1400.00 feet to a 5/8" iron rod established by County Survey #14971; thence South 17 deg. 31' 26" West 387.54 feet to a point; thence South 72 deg. 28' 34" East a distance of 176.01 feet to a point on the Westerly boundary of a tract conveyed to the Grantee by the Newport Urban Renewal District, by deed recorded in Book 355, page 584, film records of Lincoln County (the "Urban Renewal Tract"); thence South 30 deg. 51' 37" West along the said boundary of the Newport Urban Renewal District Tract a distance of 763.04 feet to the iron rod established by Lincoln County Survey #10586, which iron rod is the true point of beginning of the tract herein described.</p> <p>Also commencing at the corner common to Section 20, 21, 28 and 29, Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon; thence North 88 deg. 23' 34" West along the South line of said Section 20 to a 5/8 inch iron rod set by Lincoln County Survey #10,586 a distance of 1150.40 feet; thence North 30 deg. 51' 37" East to a 5/8 inch iron rod set by County Survey #16279 a distance of 763.04 feet, said iron rod being the True Point of Beginning of the following described tract; thence North 72 deg. 28' 34" West to a 5/8 inch iron rod set by County Survey #16279, a distance of 176.01 feet; thence North 17 deg. 31' 26" East to a 5/8 inch iron rod set by County Survey #14971, a distance of 387.54 feet; thence North 72 deg. 28' 34" West to a 5/8 inch iron rod set on the North line of that tract of land conveyed to the City of Newport as described in Microfilm 358-1119, Lincoln County Film Records, a distance of 756.79 feet; thence South 88 deg. 09' 24" East to a 5/8 inch iron rod set by County Survey #10,586, a distance of 1140.16 feet; thence South 30 deg. 51' 37" West, a distance of 714.97 feet to the point of beginning</p>
17	R509821	11-11-20-00-02501-00	" " " same as above
18	R479066	11-11-20-00-03600-00	All of the Plat of Pacific View, recorded Book 6, Page 17 Plat Records for Lincoln County, Oregon; now vacated by Book 21, Page 1671 Microfilm Records for Lincoln County, Oregon; excepting therefrom any portion lying Easterly of South Coast Hwy 101.

19	R526343	11-11-20-AA-00100-00	Lot 38, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
20	R526344	11-11-20-AA-00200-00	Lot 39, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
21	R526345	11-11-20-AA-00300-00	Lot 40, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
22	R526346	11-11-20-AA-00400-00	Tract A, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
23	R526347	11-11-20-AA-00500-00	Tract B, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
24	R526348	11-11-20-AA-00600-00	Lot 3, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
25	R526349	11-11-20-AA-00700-00	Lot 2, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
26	R526350	11-11-20-AA-00800-00	Lot 1, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
27	R526351	11-11-20-AA-00900-00	Lot 24, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
28	R526352	11-11-20-AA-01000-00	Lot 25, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
29	R526353	11-11-20-AA-01100-00	Lot 37, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
30	R526354	11-11-20-AA-01200-00	Lot 36, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
31	R526355	11-11-20-AA-01300-00	Lot 35, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
32	R526356	11-11-20-AA-01400-00	Lot 34, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
33	R526357	11-11-20-AA-01500-00	Lot 33, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
34	R526358	11-11-20-AA-01600-00	Lot 32, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
35	R509944	11-11-20-AB-00100-00	Parcel 1, Partition Plat 2010-18, filed December 7, 2010, Partition Plat Records for Lincoln County, Oregon.
36	R526776	11-11-20-AB-00101-00	Parcel 2, Partition Plat 2010-18, filed December 7, 2010, Partition Plat Records for Lincoln County, Oregon.

37	R526777	11-11-20-AB-00102-00	<p>A parcel of land being situated in a portion of the Northwest quarter of the Northeast quarter of Section 20, Township 11 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon and also being a portion of that property described in Special Warranty Deed to GVR Investments, an Oregon General Partnership in Document No. 200516482, recorded on October 14, 2005, Lincoln County Book of Records and being described as follows:</p> <p>Beginning at a point on the Southerly right of way line of the proposed 40th Street dedication and being located South 84 deg. 46' 17" East, a distance of 1145.14 feet and South 05 deg. 13' 43" West a distance of 76.16 feet from a found 1 1/2 " iron pipe with a 3" brass cap at the North quarter corner of said Section 20, and running thence on the Southerly right of way line South 83 deg. 44' 29" East, a distance of 70.00 feet; thence leaving said Southerly right of way line South 06 deg. 15' 31" West, a distance of 30.00 feet; thence parallel with the said Southerly right of way line North 83 deg. 44' 29" West, a distance of 70.00 feet; thence North 06 deg. 15' 31" East a distance of 30.00 feet to the point of beginning.</p>
38	R526359	11-11-20-AD-00100-00	Lot 31, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
39	R526360	11-11-20-AD-00200-00	Lot 30, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
40	R526361	11-11-20-AD-00300-00	Lot 29, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
41	R526362	11-11-20-AD-00400-00	Lot 28, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
42	R526363	11-11-20-AD-00500-00	Lot 27, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
43	R526364	11-11-20-AD-00600-00	Lot 26, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
44	R526365	11-11-20-AD-00700-00	Lot 23, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
45	R526366	11-11-20-AD-00800-00	Lot 22, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
46	R526367	11-11-20-AD-00900-00	Lot 21, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
47	R526368	11-11-20-AD-01000-00	Lot 20, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
48	R526369	11-11-20-AD-01100-00	Lot 19, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
49	R526370	11-11-20-AD-01200-00	Lot 18, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
50	R526371	11-11-20-AD-01300-00	Tract E, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.

51	R526372	11-11-20-AD-01400-00	Tract D, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
52	R526373	11-11-20-AD-01500-00	Lot 17, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
53	R526374	11-11-20-AD-01600-00	Lot 16, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
54	R526375	11-11-20-AD-01700-00	Lot 15, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
55	R526376	11-11-20-AD-01800-00	Lot 14, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
56	R526377	11-11-20-AD-01900-00	Tract F, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
57	R526378	11-11-20-AD-02000-00	Tract C, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
58	R526379	11-11-20-AD-02100-00	Lot 7, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
59	R526380	11-11-20-AD-02200-00	Lot 6, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
60	R526381	11-11-20-AD-02300-00	Lot 4, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
61	R526382	11-11-20-AD-02400-00	Lot 5, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
62	R526383	11-11-20-AD-02500-00	Lot 8, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
63	R526384	11-11-20-AD-02600-00	Lot 9, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
64	R526385	11-11-20-AD-02700-00	Lot 10, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
65	R526386	11-11-20-AD-02800-00	Lot 11, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
66	R526387	11-11-20-AD-02900-00	Lot 12, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
67	R526388	11-11-20-AD-03000-00	Lot 13, Wilder Phase I, City of Newport, Lincoln County, Oregon, according to the official plat thereof, recorded June 21, 2012, Plat Book 18, Pages 46, 46A and 46B, Lincoln County Plat Records.
68	R523682	11-11-20-AD-03100-00	Parcel 1, Partition Plat 2007-39, filed for record on December 26, 2007, Lincoln County Partition Plat Records

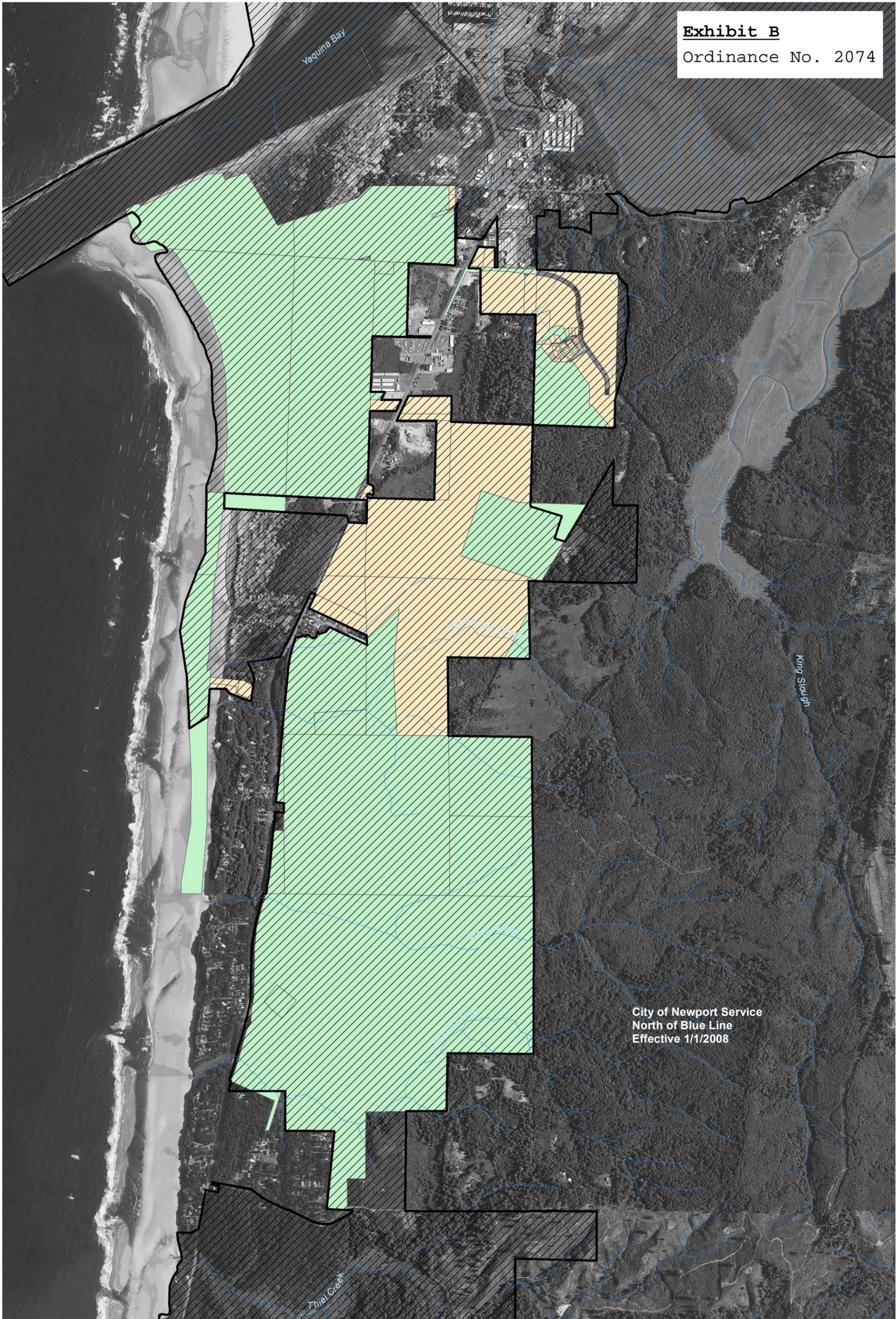
69	R469581	11-11-20-BA-00300-00	<p>A parcel of land lying in the Northeast quarter of the Northwest quarter (NE1/4 NW1/4) Section 20, Township 11 South, Range 11 West W. M., Lincoln County, Oregon, being all that property deeded to O. N. Krogstad and Esther E. Krogstad, husband and wife, December 9, 1947, and recorded in Book 124, Page 194, Lincoln County Record of Deeds, and more particularly described as follows:</p> <p>Beginning at the Northwest corner of the Northeast quarter of the Northwest quarter (NE 1/4 NW 1/4) of Section 20 Township 11 South, Range 11 West W. M., running thence East 312 feet on the Section line; thence South 208 feet; thence West 312 feet, more or less, to the 1/16 Section line; thence North 208 feet, more or less, along the 1/16 Section line to the place of beginning.</p>
70	R181980	11-11-20-BA-00400-00	<p>A parcel of land lying in the NE1/4 NW1/4 of Section 20, Township 11 South, Range 11 West W. M., Lincoln County; the said parcel being described as follows:</p> <p>Beginning at quarter corner on the North line of Section 20; thence West on the Section line 775.5 feet to the Northwest corner of the John A. Diem tract as described in Book 78, page 74 Deed Records, and the true point of beginning of the tract to be described; thence from said true point of beginning, South along the West line of said Diem tract 1192.5 feet to the Southwest corner thereof; thence East along the South line of the Diem tract 363.7 feet to the Westerly line of the Oregon Coast Highway; thence Southerly along the Westerly line of said highway 300 feet to the Northeast corner of the Laura Chipman tract as described in Book 84, page 411 Deed Records; thence Westerly along the North line of the Chipman tract 850 feet to the 1/16 section line; thence North along said 1/16 section line to the Southwest corner of the Wilford Post tract as described in Book 72, page 397 Deed Records; thence East along the South line of said Post tract 312 feet to the Southeast corner thereof; thence North along the East line of said Post tract 208 feet to the North line of said Section 20; thence East along said North line to the true point of beginning.</p> <p>Except therefrom that property described in that contact to Estelle M. Porter, recorded in Book 228, page 445 of Lincoln County Record of Deeds.</p>
71	R11010	11-11-20-BD-00500-00	<p>A parcel of land lying in the SE1/4 NW1/4 of Section 20, Township 11 South, Range 11 West, W.M. Lincoln County, Oregon and being a portion of that land deeded to Hollis N. and Nettie D. King, August 22, 1956, and recorded in Book 180, page 160, Lincoln County Record of Deeds, and more particularly described as follows:</p> <p>Beginning at a point on the 1/16 Section line, approximately 1,320 feet West and 2,097.5 feet South of the North quarter corner of Section 20, said point being the Southwest corner of the M. B. and Helen M. Renard property as described in Book 121, page 459, Deed Records; thence East, 226.4 feet on the South line of the Renard property to a point 300 feet Westerly from (when measured at right angles to) the Westerly right of way line of the Oregon Coast Highway; thence paralleling said right of way line, 300 feet distant, South 24 deg. 51; West, 149.0 feet, more or less, to the North property line of Joseph T. H. Cullender as described in Book 153, page 316, Lincoln County Record of Deeds; thence West, 163.8 feet, more or less, to the 1/16 Section line; thence Northerly along said 1/16 Section line, 135.2 feet, more or less, to the point of beginning.</p>
72	R455697	11-11-20-BD-00700-00	<p>Part of Section 20, Township 11 South, Range 11 West, W.M., in Lincoln County, Oregon, described as follows:</p> <p>Beginning on the 1/16 Section line, said point having been described as being 1320 feet West and 2097.5 feet South of the quarter section corner between Sections 17 and 20, said point being the Southwest corner of the Renard tract as described in deed recorded October 30, 1947, in Book 121, page 459, Deed Records; thence East along the South line of said Renard tract to the West right of way line of the Oregon Coast Highway; thence Southwesterly along said highway line 149 feet to the true</p>

			point of beginning; thence Southwesterly along said highway 200 feet, more or less, to the Southeast corner of the Baker tract described in deed recorded April 4, 1946, in Book 110, page 352, Deed Records; thence West 325 feet, more or less, to the 1/16 section line; thence North to a point West of the true point of beginning; thence East to the true point of beginning in Lincoln County, Oregon
73	R457797	11-11-20-BD-00800-00	Beginning at an iron pipe as described in that Deed to R. Deskins in Book 102, page 491, Deed Records; said pipe being 2457.87 feet South of the North quarter corner of Section 20, Township 11 South, Range 11 West of the Willamette Meridian, in Lincoln County, Oregon; thence North 299.83 feet; thence West, 780.71 feet to the Easterly right of way of the Coast Highway; thence South 25 deg. 09' West along said right of way 331.23 feet to a point that is West of the point of beginning; thence East 921.48 feet to the point of beginning. Excepting therefrom any part lying in the Southwest quarter of the Northeast quarter of said Section 20.
74	R363767	11-11-20-CA-00400-00	The East 244.61 feet of the Northeast quarter of the Southwest quarter of Section 20, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon. ALSO the East 244.61 feet of that portion of the Southeast quarter of the Northwest quarter lying Southerly of the boundary line described in Deed to Elmer Nibler, et ux, recorded January 4, 1972 in Volume 30, page 1475, Film Records, in Section 20, Township 11 South, Range 11 West, Willamette Meridian
75	R13571	11-11-20-CA-00800-00	Beginning at a ¼ inch iron pipe on the North-South centerline of Section 20, Township 11 South, Range 11 West, Willamette Meridian in Lincoln County, Oregon, that is 2490 feet South from the North quarter corner of said section, said iron pipe marking the Southeast corner of the tract conveyed to Rene Deskins, et ux by deed recorded February 5, 1945 in Book 102, page 491, Deed Records; thence continuing South on said North-South centerline 105 feet to the boundary line described in deeds recorded January 4, 1972 in Volume 30, pages 1474 and 1475, Film Records; thence South 89 deg. 39' 40" West on said boundary line 974.00 feet to an iron rod set in the East right of way line of the Oregon Coast Highway; thence Northerly along said highway to a point West of the point of beginning; thence East 921 feet, more or less, to the point of beginning.
76	R16041	11-11-20-CA-00900-00	That portion of the Southwest one quarter of Section 20, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, described as follows: Beginning at a 5/8 inch iron rod located 3,803.53 feet South and 1,362.03 feet West of the North one quarter corner of Section 20, Township 11 South, Range 11 West of the Willamette Meridian; thence North 66 deg. 08' 16" West, 72.33 feet to a 5/8 inch iron rod; thence South 73 deg. 07' 50" West, 52.08 feet to a 5/8 inch iron rod; thence North 64 deg. 59' 43" West, 61.12 feet to the Easterly line of Highway No. 101; thence along said Easterly line, North 25 deg. 07' 45" East, 175.72 feet; thence South 64 deg. 52' 42" East, 99.48 feet to a ½ inch iron rod; thence continuing South 64 deg. 52' 42" East, 9.53 feet to a 5/8 inch iron rod; thence South 0 deg. 42' 42" West, 152.84 feet to the point of beginning.

77	R18164	11-11-20-CA-01000-00	<p>That part of Block 30, of PACIFIC VIEW lying Easterly of the Oregon Coast Highway and those parts of vacated Seventh Street and vacated Agate Avenue, described as follows:</p> <p>Beginning at the intersection of the Easterly right of way line of the Oregon Coast Highway and the South line of vacated Seventh Street; thence Northeasterly along the Easterly line of said Oregon Coast Highway 125 feet, more or less, to the Southwesterly corner of Parcel Two of premises conveyed by C.M. Johnson and wife to Arthur Anderson and Lennie B. Anderson by Deed recorded April 17, 1952 in Book 151, page 288, Deed Records; thence South 65 deg. 9' East along the Southerly line of said Anderson parcel to the East line of vacated Agate Avenue; thence South along the East line of Agate Avenue to the Southeast corner of the recorded plat of PACIFIC VIEW; thence West along the South line of vacated Seventh Street (being on the South line of the recorded plat of PACIFIC VIEW) 150 feet, more or less, to the point of beginning, in Lincoln County, Oregon.</p>
78	R186900	11-11-29-00-00200-00	<p>Beginning at the Southeast corner of the NW ¼ of the NE ¼ of Section 29, Township 11 South, Range 11 West Willamette Meridian; said point being 1360.9 feet South and 1395.0 feet East of the ¼ corner common to Sections 20 and 29 of said township and range; thence North 1 deg. 45' 50" East 801.3 feet; thence South 29 deg. 39' West, 913.4 feet; thence South 89 deg. 02' 50" East, 427.3 feet to the point and place of beginning.</p>
79	R366062	11-11-29-00-00300-00	<p>The Northwest quarter of the Northeast quarter and the East one-half of the Northwest quarter in Section 29, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon.</p> <p>EXCEPT parts conveyed to the City of Newport by Deed recorded in Deed Records of Lincoln County, Oregon, Book 101 at page 594.</p> <p>ALSO EXCEPTING therefrom the following described property: A tract of land in the East half of the Northwest quarter of Section 29, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, described as follows; Beginning at the Southwest corner of said East half of the Northwest quarter of Section 29; thence East, along the South line of said East half, being also the South line of that tract No. 1, conveyed to the City of Newport by Deed recorded December 4, 1944 in Book 101, page 594, Deed Records, 340.7 feet to the Southeast corner of said City of Newport tract, said Southeast corner being the true point of beginning of the herein described tract; thence North 5 deg. 39' East, along the East line of said city tract, 1157.85 feet; thence South 2 deg. 46' 30" East a distance of 1156.35 feet to a point on the South line of said East half of the Northwest quarter, which point is 170 feet East of the true point of beginning; thence West along said South line, 170 feet to the true point of beginning.</p>
79	R500174	11-11-29-00-00300-00	<p>Same as above/split code</p>
80	R189278	11-11-29-00-00400-00	<p>Beginning at the Southwest corner of the C. M. Giddings property, said point being 22.4 feet South and 1371.9 feet East of the quarter corner common to sections 29 and 30, Township 11 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon; thence along the West line of said property, North 0 deg. 10' East, 1571.27 feet; thence North 46 deg. 18' East, 751.99 feet; thence South 5 deg. 39' West, 2106.59 feet to the South line of said property; thence along said South line North 89 deg. 04' West, 340.7 feet to the point of beginning.</p> <p>ALSO the following described property: A tract of land in the East half of the Northwest quarter of Section 29, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, described as follows; Beginning at the Southwest corner of said East half of the Northwest quarter of Section 29; thence East, along the South line of said East half, being also the South line of that tract No. 1, conveyed to the City of Newport by Deed recorded December 4, 1944 in Book 101, page 594, Deed Records, 340.7 feet to the Southeast corner of said City of Newport tract, said Southeast corner being the true point of beginning of the herein</p>

			described tract; thence North 5 deg. 39' East, along the East line of said city tract, 1157.85 feet; thence South 2 deg. 46' 30" East a distance of 1156.35 feet to a point on the South line of said East half of the Northwest quarter, which point is 170 feet East of the true point of beginning; thence West along said South line, 170 feet to the true point of beginning.
81	R191582	11-11-29-00-00900-00	The Southwest quarter of the Southeast quarter of Section 29 in Township 11 South Range 11 West of the Willamette Meridian, in Lincoln County, Oregon.
81	R500177	11-11-29-00-00900-00	Same as above/split code
82	R194000	11-11-29-00-01000-00	The Northwest quarter of the Southeast quarter of Section 29 in Township 11 South Range 11 West of the Willamette Meridian, in Lincoln County, Oregon.
82	R500178	11-11-29-00-01000-00	Same as above/split code
83	R20736	11-11-29-00-01100-00	The Southwest quarter of Section 29, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon
83	R500172	11-11-29-00-01100-00	Same as above/split code
84	R500175	11-11-29-00-01401-00	Beginning at the Southwest corner of the Northwest ¼ of Section 29, Township 11 South, Range 11 West, W.M. in Lincoln County, Oregon; thence South 89 deg. 02' 02" East, a distance of 530.24 feet to the true point of beginning; thence North 2 deg. 46' 30" West along a line that is parallel to and 600 feet Westerly of the Northerly centerline extension of runway 16-34 of the Newport Municipal Airport, a distance of 360.77 feet; thence North 87 deg. 13' 30" East 600 feet to said runway centerline; thence continuing North 87 deg. 13' 30" East, a distance of 261.73 feet to the Westerly line of the City of Newport tract as described in Book 101, page 594, Lincoln County record of Deeds; thence South 0 deg. 10' West a distance of 416.27 feet to the Southwest corner of the said Newport tract; thence South 89 deg. 02' 02" East, 842.16 feet to the point of beginning.
84	R500176	11-11-29-00-01401-00	Same as above/split code
85	R500180	11-11-29-00-01402-00	All that portion of the following described property lying within Section 29, Township 11 South, Range 11 West of W.M., Lincoln County, Oregon described as follows: A tract of land in Sections 29 and 30, Township 11 South, Range 11 West of W.M., Lincoln County, Oregon described as follows: Beginning at the corner common to Sections 29, 30, 31 and 32, said township and range; thence West on the South section line of Section 30 to its intersection with the East right of way line of the Oregon Coast Highway 101; thence North along the said East highway right of way line to its point of intersection with the Southwest corner of the Plat of Surfland Unit No. 2 in Section 29 as recorded in the Plat Records of Lincoln County; thence Easterly and Northerly along the South line of said plat to its intersection with the West line of Parcel 2 of that tract conveyed to Joe Main and Lorraine Main by deed recorded in Volume 54, page 1764, Film Records; thence East on the South line of said Main tract to its intersection with the East line of the West 1/2 of the NW ¼ of Section 29, said township and range; thence South on said East line of the West ½ of the Northwest ¼ to its intersection with the North line of the Southwest ¼ of said Section 29; thence West on said North line of the Southwest ¼ to the West line of Section 29; thence South on said West line of Section 29 to the point of beginning. Excepting therefrom those tracts conveyed to James T. Welch et ux by deed recorded November 14, 1984 in Volume 155, page 1993, Film Records and John E. Bettner et ux by deed recorded November 28, 1969 in Volume 15, page 1932, Film Records. Also excepting That tract acquired by the City of Newport by Circuit Court Case #CV830578, Lincoln County, and filed in assessor miscellaneous records as M#5935.
85	R500181	11-11-29-00-01402-00	Same as above/split code

86	R373120	11-11-29-BB-00100-00	That part of the West half of the Northwest quarter of Section 29, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon, described as follows: Beginning at a ½ inch iron rod set in the Easterly right of way of the Oregon Coast Highway, said point being 551.32 feet South and 435.23 feet East of the Northwest corner of Section 29, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon; thence North 25 deg. 09' East along said right of way 258.20 feet; thence South 64 deg. 51' East at right angles to said right of way 956.90 feet to the East line of the West half of the Northwest quarter of said Section 29; thence South 1 deg. 56' 30" West along the said East line 280.93 feet to a point that is South 64 deg. 51' East of the point of beginning; thence North 64 deg. 51' West 1067.61 feet to the point of beginning in Lincoln County, Oregon.
87	R505386	11-11-29-BB-00100-21	Improvement only
88	R500188	11-11-30-AD-00100-00	All that portion of the following described property lying within the Southeast quarter of the Northeast quarter Section 30, Township 11 South, Range 11 West of W.M., Lincoln County, Oregon described as follows: A tract of land in Sections 29 and 30, Township 11 South, Range 11 West of W.M., Lincoln County, Oregon described as follows: Beginning at the corner common to Sections 29, 30, 31 and 32, said township and range; thence West on the South section line of Section 30 to its intersection with the East right of way line of the Oregon Coast Highway 101; thence North along the said East highway right of way line to its point of intersection with the Southwest corner of the Plat of Surf land Unit No. 2 in Section 29 as recorded in the Plat Records of Lincoln County; thence Easterly and Northerly along the South line of said plat to its intersection with the West line of Parcel 2 of that tract conveyed to Joe Main and Lorraine Main by deed recorded in Volume 54, page 1764, Film Records; thence East on the South line of said Main tract to its intersection with the East line of the West 1/2 of the NW ¼ of Section 29, said township and range; thence South on said East line of the West ½ of the Northwest ¼ to its intersection with the North line of the Southwest ¼ of said Section 29; thence West on said North line of the Southwest ¼ to the West line of Section 29; thence South on said West line of Section 29 to the point of beginning Excepting therefrom those tracts conveyed to James T. Welch et ux by deed recorded November 14, 1984 in Volume 155, page 1993, Film Records and John E. Bettner et ux by deed recorded November 28, 1969 in Volume 15, page 1932, Film Records.
89	R311684	11-11-30-AD-00900-00	Parcel 3, Partition Plat 2006-10 filed for record on April 14, 2006 in Partition Plat Records for Lincoln County, Oregon
90	R521611	11-11-30-AD-00901-00	Parcel 2, Partition Plat 2006-10 filed for record on April 14, 2006 in Partition Plat Records for Lincoln County, Oregon
91	R521612	11-11-30-AD-00902-00	Parcel 1, Partition Plat 2006-10 filed for record on April 14, 2006 in Partition Plat Records for Lincoln County, Oregon



City of Newport Service
North of Blue Line
Effective 1/1/2008



City of Newport
Community Development Department
169 SW Coast Highway
Newport, OR 97365
Phone: 1.541.574.0629
Fax: 1.541.574.0644

**Tax Lots to Withdraw From the Seal Rock District
Pursuant to a IGA Between the City and District**

Urban Growth Boundary

City Limits

Tax Lots Subject to Seal Rock Tax Codes (Private - Annexed)

Tax Lots Subject to Seal Rock Tax Codes (Annexed)



This map is for informational use only and has not been prepared for, nor is it suitable for legal, engineering, or surveying purposes. It includes data from multiple sources. The City of Newport assumes no responsibility for its compilation or use and users of this information are cautioned to verify all information with the City of Newport Community Development Department.

December 1, 2014

2,000 1,000 0

62

2,000 Feet

Service Boundary Description –

Beginning at the projected intersection of the northerly top of creek bank of Henderson Creek and the high tide line of the Pacific Ocean shoreline, located in Section 30, Township 11 South, Range 11 West, W.M., Lincoln County, Oregon; thence northerly along the said high tide line to the northerly line of the Yaquina Bay South jetty; thence continuing along the said South jetty, generally northerly, easterly and southerly through sections 30, 19, 11, 18, 17, 8, 16 and 21, Township 11 South, Range 11 West, W. M. to the intersection with section line common to sections 21 and 28, Township 11 South, Range 11 West, W.M. thence westerly along said section line to the corner common to sections 20, 21, 28 and 29, Township 11 South, Range 11 West, W.M.; thence southerly along the line common to said sections 28 and 29, to the southeast corner of the NE1/4, NE1/4 section 29; thence westerly along the south line of said NE1/4, NE1/4 to the southwest corner thereof; thence southerly along the easterly line of the SW1/4, NE1/4 section 29 to a point on the quarter section line; thence southerly along the easterly line of the W1/2, SE1/4, section 29 to a point on the line common to section 29 and section 32; thence southerly along the easterly line of the W1/2, NE1/4 section 32; thence westerly along the southerly line of the West1/2, NE1/4 section 32 to the center of said section; thence southerly and westerly along the boundary of that property described in warranty deed recorded in Book 90, Page 522, Lincoln County Records, to a point on the line common to said section 32 and section 6, Township 12 South, Range 11 West, W.M.; thence through said section 6 southerly, westerly and northerly along the property described in warranty deed recorded in Book 97, Page 93, Lincoln County Records; thence through said section 32 and section 31, northerly and westerly along the boundary of that property described in said Book 90, Page 522 to the easterly line of the Oregon Coast Highway; thence northerly along said Coast Highway to the northerly top of creek bank of Henderson Creek thence westerly along the northerly top of creek bank of Henderson Creek to the projected intersection with the said high tide line and the point of beginning. (See the attached Exhibit B for the graphic depiction thereof).

Excepting Therefrom –

Beginning at the corner common to Sections 29, 30, 31 & 32, Township 11 South, Range 11 West, W.M., Lincoln County, Oregon; thence North 00°50'45" East, along the section

(T11S, R11W, Sec 8, 16, 17, 19, 20, 29, 30, 31, 32)

(T12S, R11W, Sec 6)

Pariani Land Surveying-JRP

April 16, 2014

line common to said Section 29 & 30, 1992.88 feet, more or less to the northeast corner of Lot 1 as shown on Lincoln County Survey number 7469; thence North 51°55'45" West, along the north line of said Lot 1, 102.03 feet to the southwest corner of said Lot 1 and also being a point of the easterly right of way line of Oregon Coast Highway; thence South 06°26'00" West, along said right of way line, 3.09 feet, to the True Point of Beginning; thence South 82°58'53" East, 13.88 feet; thence South 54°16'48" East, 55.09 feet; thence North 35°43'12" East, 13.78 feet; North 46°02'24" West, 8.27 feet; thence North 41°27'44" East, 25.65 feet; thence North 50°00'52" West, 73.88 feet; thence North 82°58'53" West, 15.27 feet, more or less to a point on the east line of said right of way; thence South 06°26'00" East, along said right of way line, 51.96 feet to the point of beginning.

(See the attached Exhibit C for the graphic depiction thereof).

The excepted area described contains 3432.5± square feet.

Derrick Tokos

From: Adam Denlinger <ADenlinger@srwd.org>
Sent: Monday, November 24, 2014 3:28 PM
To: Derrick Tokos
Cc: Jeff Hollen; Joy King; Adam Denlinger
Subject: FW: City Withdrawal Ordinance
Attachments: WithdrawalOrdinanceConclusion11.24.14.doc

Greetings Derrick,

Wanted to forward this to you as soon as possible.

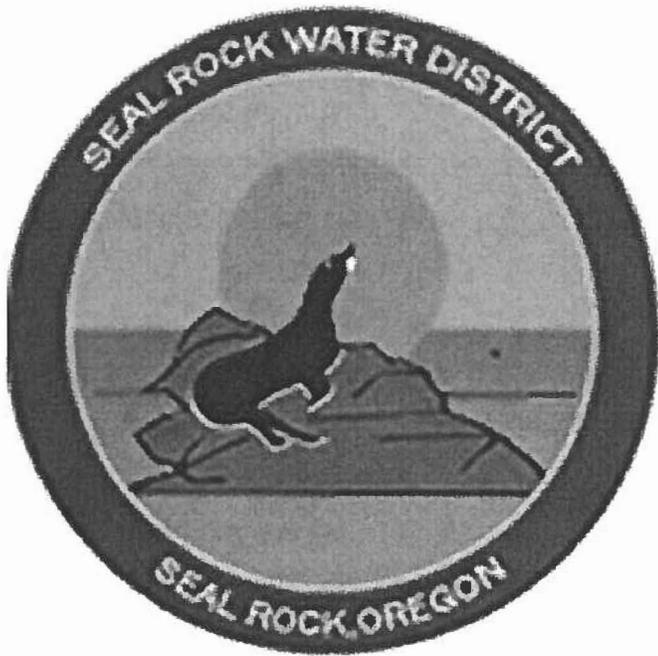
Please see the email below from Jeff Hollen with suggested language which provides for the inclusion of the meets and bounds description developed as part of the IGA Amendment. I would like to request that the City please consider including this language in the proposed ordinance as this more closely follows the Districts understanding with regard to the area in question.

Feel free to contact me if you have any questions. Again, I appreciate all you're doing and happy to meet this week if we need to discuss in person.

Regards

Adam

Adam Denlinger, General Manager
Seal Rock Water District
PO Box 190
1037 NW Grebe Street
Seal Rock 97376
Office: 541.563.3529
Mobile: 541.270.0183
adenlinger@srwd.org
Visit us online at www.srwd.org



Seal Rock Water District strives to be a high performance organization that provides exceptional customer service, promoting healthy lifestyles, enriching Seal Rocks unique character at responsible rates.

PUBLIC RECORDS LAW DISCLOSURE: This e-mail is subject to the State Records Retention Schedule and may be made available to the public. CONFIDENTIALITY NOTICE: This message is intended solely for the use of the individual and entity to whom it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable state and federal laws. If you are not the addressee, or are not authorized to receive information for the intended addressee, you are hereby notified that you may not use, copy, distribute, or disclose to anyone this message or the information contained herein. If you have received this message in error, please advise the sender immediately by reply email and expunge this message.

From: Jeff Hollen [mailto:jeffh@ouderkirkhollen.com]
Sent: Monday, November 24, 2014 12:19 PM
To: Adam Denlinger
Subject: City Withdrawal Ordinance

Adam,

I have attached a proposed replacement paragraph for the ordinance. The metes and bounds description from the IGA amendment would be attached as Exhibit C, which limits the area withdrawn to that boundary. There would not be discretion to increase the withdrawal to areas outside of that boundary. If any of the properties described on Exhibit A are partially outside of that boundary, only the parcel inside the boundary will be withdrawn. The metes and bounds description can be interpreted by the assessor or Dept. of Revenue for this purpose, without affecting the ordinance. They do not need to be mentioned in the ordinance.

The replacement language is also set out as follows:

Section 1. Withdrawal. The territory annexed to the City and within the City Service Area is declared withdrawn from the Seal Rock Water District pursuant to ORS 222.524. The withdrawn area includes the properties listed on the attached "Exhibit A" and graphically depicted on the map attached as "Exhibit B," but only to the extent the area is within the boundaries of the City Service area set out on the attached "Exhibit C."

Jeff Hollen

jeffh@ouderkirkhollen.com

P.O. Box 1167 Newport OR 97365

Phone: 541-574-1630 Fax: 541-574-1638

This email is a confidential communication from the law office of Ouderkirk & Hollen and may be subject to an attorney-client privilege. If you receive this email in error, or are not the intended recipient, please notify us at the address above and then permanently delete the message.

Total Control Panel

[Login](#)

To: adenlinger@srwd.org

Message Score: 28

High (60): Pass

From: jeffh@ouderkirkhollen.com

My Spam Blocking Level: Low

Medium (75): Pass

Low (90): Pass

[Block](#) this sender

[Block](#) ouderkirkhollen.com

This message was delivered because the content filter score did not exceed your filter level.

landwaves^{inc}

2712 SE 20th Ave | PORTLAND, OR 97202 | P. 503.221.0167 | F. 503.221.0741 | CCB=174124

October 20, 2014

VIA EMAIL

Mayor Sandra Roumagoux
City of Newport
City Council
169 SW Coast Highway
Newport, OR 97365

Re: Support for City Council Initiation of Proceedings to Withdraw Territory from Seal Rock Water District

Dear Mayor Roumagoux and Councilors:

Landwaves appreciates the efforts that the City has made to resolve the situation in South Beach where some properties (including all of Wilder) are within the City limits and receive water service from the City, but continue to be taxed by the Seal Rock Water District (the "District") although they either never received service from the District or no longer receive service from the District.

We enthusiastically support the proposed City-led initiation of District withdrawal proceedings, pursuant to ORS 222.520. We request that the withdrawal be processed quickly and become effective as soon as possible so that affected properties do not continue to be taxed for services they do not or have never received.

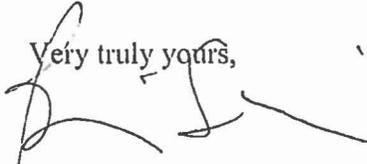
We acknowledge the City's tenacity in pursuing the withdrawal, and for taking the lead on withdrawal rather than leaving the burdensome process up to individual property owners. We also recognize and support the City's proposal to pay the approximately \$55,000 in outstanding District debt from the City's Water Fund.

Landwaves appreciate your leadership and fairness on this important issue to the residents of South Beach and Wilder.

LEGAL.120014296.2

Mayor Sandra Roumagoux
City of Newport
City Council
October 20, 2014
Page 2

Very truly yours,



Bonnie Serkin
Chief Operating Officer

Cc: Derrick Tokos, City of Newport, Community Development Director (via email)
John Garcia, Seal Rock Water District, Board President (via email to info@srwd.org)
Adam Denlinger, Seal Rock Water District, General Manager (via email to
info@srwd.org)

Derrick Tokos

From: Peggy Hawker
Sent: Friday, November 14, 2014 9:34 AM
To: Derrick Tokos; Spencer Nebel
Subject: FW: Contact Us - Web Form

FYI

-----Original Message-----

From: wales_cindy@yahoo.com [mailto:wales_cindy@yahoo.com]
Sent: Thursday, November 13, 2014 9:09 AM
To: City Council
Subject: Contact Us - Web Form

City of Newport, OR :: Contact Us - Web Form

The following information was submitted on 11/13/2014 at 9:08:46 AM

To: City Council
Name: Cynthia J Wales
Email: wales_cindy@yahoo.com
Subject: Wilder Withdrawal from Seal Rock Water District

Message: To the Members of the Newport City Council:

My husband and I purchased a house in Wilder at South Beach in 2011. When we received our property tax statement that year, we were surprised to see an assessment for the Seal Rock water district, as we understood that we were part of the City of Newport and our water came from the City of Newport.

At that time, I called the Seal Rock Water District to ask why we were being assessed a tax from them. The woman there pretty much said "somebody has to pay the bonds that were approved and you are in the district so you have to pay?". I tried calling the Lincoln County assessor's office as well as several departments at Newport City Hall and got no satisfactory answers. In fact, no one that I was referred to at Newport City Hall seemed to know anything about our tax situation and it seemed to me that we were being taxed for two separate water districts.

I let it drop because I felt that I had run into a dead end with no answers and I hoped that the problem would resolve by the next tax cycle. The property tax statements came for 2012 and once again we were assessed a tax for the Seal Rock Water District. I started making phone calls and got referrals to this person or that person and again got no answers. I was so frustrated that I gave up.

Last year, when the 2013 property tax statements arrived, I asked Bonnie Serkin, Wilder developer, if she knew anything about our tax situation. At that time she was unaware that Wilder property owners were being double taxed with no benefit whatsoever from Seal Rock.

Since Bonnie and her attorney became involved, it seems the situation is finally being addressed. But the negotiations have moved forward very slowly and all the while we continue to be unfairly taxed. Our property should have been withdrawn from Seal Rock water district in January 2008. For whatever reason, that did not occur and now we have paid nearly \$800 in unwarranted property taxes from which we have received NO benefit.

I am extremely frustrated to see the unjustified assessment for Seal Rock Water District every year on my tax statement. I understand that at Monday's City Council meeting, November 17, 2014, there will be a proposal to withdraw Wilder homeowners from the Seal Rock Water District and that as of July 1, 2015 we will no longer be double taxed.

This unjust situation has gone on far too long and I urge each of you to vote in favor of this proposal. It is time to right this wrong.

Sincerely,
Cynthia J. Wales



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.B
Meeting Date: December 1, 2014

Agenda Item:

AUTHORIZATION TO PROCEED WITH A 2014 BORROWING AGREEMENT IMPROVEMENTS WATER SYSTEM

Background:

In 2014, the City Council enacted Ordinance 2071A which allows the issuance of up to \$18,000,000 of revenue borrowings for various water system improvements over a period of years. Ordinance No. 2071A authorizes the City Manager to prepare, finalize the terms of, and execute a new Master System Borrowing Declaration. As the city proceeds on a year to year basis with various eligible work, individual loan agreements will be executed for each new phase. The 2014 loan agreement will be in the amount of \$4,565,800 as defined in this Master Declaration. The loan agreement will have an interest rate of 3.95% and mature on August 1, 2034, as described in the 2014 loan agreement.

It is the intent to execute the 2014 borrowing on December 16th of this year. The agreement has been reviewed both by Mike Murzynsky, Consultant, Bob Gazewood and Emily Jerome with Speer Hoyt as well as with bond counsel.

Recommended Action:

I recommend that the City Council consider the following motion:

I move that the City Council hereby acknowledges that it has authorized the City Manager, in Ordinance No. 2071A, to prepare, finalize the terms of, and execute a new Master System Borrowing Declaration and further acknowledges that the City Manager may execute the draft Master Water System Borrowing Declaration as outlined in the attached report for a 2014 loan agreement in the amount of \$4,565,800 based on the terms outlined in this report.

Fiscal Effects:

As outlined in this report. Please note that water projects budgeted in the current fiscal year will utilize these bond proceeds to fund construction.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel, City Manager



Agenda Item # VIII.B

Meeting Date 12/1/2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Acceptance of 2014 Water Borrowings - Master Water System Borrowing Declaration

Prepared By: MM Dept Head Approval: MM City Mgr. Approval: _____

Issue before the Council:

This Master Water System Borrowing Declaration is to be executed on December 16, 2014, by the City Manager of the City of Newport, Oregon pursuant to the authority granted to the City Official by Ordinance No. 2071A to establish the terms under which the City's 2014 Loan Agreement (Water Projects) and future Parity Borrowings may be issued.

The City enacted Ordinance No. 2071A on September 16, 2014, authorizing the City to issue up to \$18,000,000 of revenue borrowings under Oregon Revised Statutes Section 287A.150. The referral period for that nonemergency ordinance has now expired and the City is now authorized to issue the borrowings described in that ordinance. This Master Declaration establishes the terms under which the City's 2014 Loan Agreement (Water Projects) is issued and the terms under which future obligations may be issued on a parity with the 2014 Loan Agreement.

Staff Recommendation:

Finance Director, Mike Murzynsky, and Consultant, Bob Gazewood, along with City Attorney, Emily Jerome, with Speer Hoyt, have reviewed the document in detail and comments have been returned to Bond Counsel for review. The document enclosed is one that allows us to complete the 2014 Water Borrowing, and modify future borrowings terms and conditions to appease the borrowing unit. With that said we recommend this document to the Council for their acceptance.

Proposed Motion:

The City Council hereby acknowledges that it authorized the City Manager, in Ordinance No. 2071A, to prepare, finalize the terms of, and execute a new master water system borrowing declaration and further acknowledges that the City Manager may execute the draft Master Water System Borrowing Declaration provided in tonight's agenda materials with such changes as may be approved by the City Manager or his designee.

Key Facts and Information Summary:

Pursuant to the authority of City Ordinance No. 2071A and this Master Declaration, the City has entered into the 2014 Loan Agreement in the amount of \$4,565,800. The 2014 Loan Agreement shall be a Borrowing as defined in this Master Declaration. The 2014 Loan Agreement shall bear 3.95 interest and mature August 1, 2034, as described in the 2014 Loan Agreement. No subaccount is being created in the Borrowing Reserve Account to secure the 2014 Loan Agreement.

Fiscal Notes:

Water Projects expenditures are budgeted in Fund 602 Water Capital Projects as is the receipt of the borrowings.

MASTER WATER SYSTEM BORROWING DECLARATION

City of Newport, Oregon

Water System Revenue Borrowings

Executed by the City Official of the City of Newport, Oregon

As of the 16th day of December, 2014

TABLE OF CONTENTS

Section 1. Findings.....	1
Section 2. Definitions.....	1
Section 3. Rules of Construction.	7
Section 4. Deposit, Pledge and Use of Gross Revenues.	7
Section 5. Borrowing Funds and Accounts.....	8
Section 6. Rate Covenant; Calculations Relating to Balloon Indebtedness; Interest Subsidy Obligations.	10
Section 7. Parity Borrowings.	12
Section 8. Subordinate Obligations.....	14
Section 9. Separate Utility System.....	14
Section 10. General Covenants.	15
Section 11. Events of Default and Remedies.	17
Section 12. Amendment of Master Declaration.....	20
Section 13. Defeasance.	23
Section 14. The 2014 Loan Agreement.....	23

MASTER WATER SYSTEM BORROWING DECLARATION

THIS MASTER WATER SYSTEM BORROWING DECLARATION is executed as of December 16, 2014, by the City Official of the City of Newport, Oregon pursuant to the authority granted to the City Official by Ordinance No. 2071A to establish the terms under which the City's 2014 Loan Agreement (Water Projects) and future Parity Borrowings may be issued.

Section 1. Findings.

The City finds that it enacted Ordinance No. 2071A on September 16, 2014, authorizing the City to issue up to \$18,000,000 of revenue borrowings under Oregon Revised Statutes Section 287A.150. The referral period for that nonemergency ordinance has now expired and the City is now authorized to issue the borrowings described in that ordinance. This Master Declaration establishes the terms under which the City's 2014 Loan Agreement (Water Projects) is issued and the terms under which future obligations may be issued on a parity with the 2014 Loan Agreement.

Section 2. Definitions.

Unless the context clearly requires otherwise, capitalized terms that are used in this Master Declaration and are defined in this Section 2 shall have the meanings defined for those terms in this Section 2.

"2014 Loan Agreement" means the City's 2014 Loan Agreement (Water Projects) described in Section 14 of this Master Declaration.

"Adjusted Net Revenues" means the Net Revenues, adjusted for purposes of Section 7.1.C(ii) as provided in Section 7.3.

"Annual Borrowing Debt Service" means in any Fiscal Year the amount of principal and interest required to be paid in that Fiscal Year on all Outstanding Borrowings, calculated as follows:

- (a) Interest which is to be paid from Borrowing Proceeds shall be subtracted;
- (b) Borrowings which are subject to scheduled, noncontingent redemption or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption or tender;
- (c) Interest subsidies shall be subtracted from the interest due on Interest Subsidy Obligations as provided in Section 6.5;
- (d) Borrowings which are subject to contingent redemption or tender shall be treated as maturing on their stated maturity dates;
- (e) Borrowings which are subject to contingent rate increases shall be treated as bearing interest at their stated rate; and,
- (f) Each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

“Auditor” means a person authorized by the State Board of Accountancy to conduct municipal audits pursuant to ORS 297.670.

“Balloon Debt Service Requirement” means the Committed Debt Service Requirement for a Balloon Payment or, if the City has not entered into a firm commitment to sell Borrowings or other obligations to refund that Balloon Payment, the Estimated Debt Service Requirement for that Balloon Payment.

“Balloon Payment” means any principal payment for a Series of Borrowings which comprises more than twenty-five percent of the original principal amount of that Series, but only if that principal payment is designated as a Balloon Payment in the closing documents for the Series.

“Base Period” means the alternative selected by the City from the following two options: (a) any twelve consecutive months selected by the City or Qualified Consultant out of the most recent eighteen months preceding the delivery of a Series of Parity Borrowings; or (b) the most recently completed fiscal year for which audited financial statements are available.

“Borrowing” or “Borrowings” means the 2014 Loan Agreement and any other Parity Borrowings. The Intergovernmental Urban Services Agreement between the City and Seal Rock Water District executed in 2007 is not a Borrowing under this Master Declaration.

“Borrowing Counsel” means a law firm having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal borrowings.

“Borrowing Reserve Account” means the Borrowing Reserve Account in the Water Fund described in Section 5.3 of this Master Declaration.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“City” means the City of Newport in Lincoln County, Oregon, a municipal corporation of the State of Oregon.

“City Council” means the City Council of the City, or its successors.

“City Official” means the City Manager or his or her designee as authorized by Ordinance No. 2071A.

“Closing” means the date on which a Series of Borrowings is delivered in exchange for payment.

“Code” means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated thereunder.

“Committed Debt Service Requirement” means the schedule of principal and interest payments for a Series of Borrowings or other obligations which refund a Balloon Payment, as shown in the

documents evidencing the City's firm commitment to sell that Series. A "firm commitment to sell" means a purchase agreement or similar document which obligates the City to sell, and obligates a purchaser to purchase, the Series of refunding borrowings, subject only to the conditions which customarily are included in such documents.

"Construction Fund" means the Water System Construction Fund, which the City has created to hold proceeds of borrowings and other revenues related to capital improvements.

"Credit Facility" means a letter of credit, a municipal bond insurance policy, standby bond purchase agreement or other credit enhancement device which is obtained by the City to secure payment in full of Borrowings, and which is issued or provided by a Credit Provider whose long-term debt obligations or claims-paying ability (as appropriate) are rated, at the time the Credit Facility is issued, in one of the three highest rating categories by a Rating Agency which rated the Borrowings secured by the Credit Facility. Under rating systems in effect on the date of this Master Declaration, a rating in one of the three highest rating categories by a Rating Agency would be a rating of "A"/"A3" or better.

"Credit Provider" means the person or entity that is obligated to make or guarantee payments under a Credit Facility.

"Debt Service Account" means the Debt Service Account described in Section 5.2 of this Master Declaration.

"Estimated Debt Service Requirement" means the schedule of principal and interest payments for a hypothetical Series of Borrowings that refunds a Balloon Payment, that is prepared by the City Official and that meets the requirements of Section 6.4.

"Event of Default" means any event specified in 11.2 of this Master Declaration.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by State law.

"Fitch" means Fitch Investors Service, Inc., its successors and assigns.

"Fund" refers to any fund, account, or other accounting concept that permits the City to account accurately for amounts that are credited to it under this Declaration. A "Fund" in this Master Declaration does not need to appear as a "fund" in the City's budget.

"Government Obligations" means (a) direct, noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury and principal-only and interest-only strips that are issued by the U.S. Treasury); or (b) noncallable obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Gross Revenues" means all fees and charges and other revenues that are properly accrued under generally accepted accounting principles as revenues of the Water System, including revenues

from product sales, and interest earnings on Gross Revenues in the Water Fund. Gross Revenues shall also include any withdrawals from the Rate Stabilization Account as provided in Section 5.5.A. However, the term “Gross Revenues” shall not include:

- (a) The interest income or other earnings derived from the investment of any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City;
- (b) Any gifts, grants, donations or other moneys received by the City from any State or Federal Agency or other person if such moneys are restricted by law or the grantor to uses inconsistent with the payment of Borrowings;
- (c) The proceeds of any borrowing;
- (d) The proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);
- (e) The proceeds of any casualty insurance which the City intends to utilize for repair or replacement of the Water System;
- (f) The proceeds derived from the sales of assets pursuant to Section 10.9 of this Master Declaration;
- (g) Any ad valorem or other taxes imposed by the City (except charges or payments for Water System services which become “taxes” within the meaning of Article XI, Section 11b of the Oregon Constitution only because they are imposed on property or property owners);
- (h) Systems development charges;
- (i) Any Gross Revenues used to pay franchise fees imposed by the City;
- (j) Any income, fees, charges, receipts, profits or other moneys derived by the City from its ownership or operation of any Separate Utility System; or
- (k) Any federal interest subsidies the City receives for Interest Subsidy Obligations.

“Interest Payment Date” means any date on which Borrowing interest is scheduled to be paid, and any date on which Borrowings are called for redemption.

“Interest Subsidy Obligations” means Borrowings for which the City is eligible to receive federal interest rate subsidies that are similar to the interest subsidies that were available for Build America Bonds.

“Master Declaration” means this Master Water System Borrowing Declaration, including any amendments made pursuant to Section 12.

“Maximum Annual Borrowing Debt Service” means the greatest amount of Annual Borrowing Debt Service that is due in any Fiscal Year, beginning with the Fiscal Year for which the calculation is made, and ending with the last Fiscal Year in which Outstanding Borrowings are scheduled to be paid.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

“Net Revenues” means the Gross Revenues less the Operating Expenses.

“Operating Expenses” means all costs which are properly treated as expenses of operating and maintaining the Water System under generally accepted accounting principles. Operating Expenses also include deposits to the Rate Stabilization Account as provided in Section 5.5.A. However, Operating Expenses do not include:

- (a) Any rebates or penalties paid from Gross Revenues under Section 148 of the Code;
- (b) Payments of judgments against the City and payments for the settlement of litigation;
- (c) Depreciation and amortization of property values or losses and other non-cash expenses
- (d) All amounts eligible to be treated for accounting purposes as payments for capital expenditures;
- (e) Interest and other debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings;
- (f) The expenses of owning, operating or maintaining any Separate Utility System;
- (g) Expenditures made from any liability insurance proceeds;
- (h) Expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Water System;
- (i) Expenditures made from grant monies regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Water System;
- (j) Extraordinary non recurring expenses of the Water System;
- (k) Expenditures allocable to any other funding source which does not constitute Gross Revenues of the Water System; or
- (l) Payments under the Intergovernmental Urban Services Agreement between the City and Seal Rock Water District executed in 2007.

“ORS” means the Oregon Revised Statutes.

“Outstanding” refers to all Borrowings except Borrowings that have been defeased pursuant to Section 13 of this Master Declaration, and Borrowings which have matured and not been presented for payment (provided sufficient funds to pay those Borrowings have been transferred to the lender or paying agent, as applicable).

“Owner” means a registered owner of a Borrowing.

“Parity Borrowings” means any obligation that is secured by the Net Revenues and is issued in accordance with Section 7.

“Payment Date” means a Principal Payment Date or an Interest Payment Date.

“Permitted Investments” means any investments which the City is permitted to make under the laws of the State.

“Principal Payment Date” means any date on which any Borrowings are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund redemption prior to maturity, and the redemption date of any Borrowings which have been called for redemption.

“Project” means any purpose for which Gross Revenues may be spent.

“Qualified Consultant” means an independent engineer, an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the City for purposes of performing activities specified in this Master Declaration or any Supplemental Declaration.

“Rating Agency” means Fitch, Moody’s, S&P, or any other nationally recognized financial rating Agency which has rated Outstanding Borrowings or a Credit Facility at the request of the City.

“Rate Stabilization Account” means the Rate Stabilization Account established in the Water Fund pursuant to Section 5.5.

“Reserve Credit Facility” means any arrangement in which the City pays a fee in exchange for an agreement of a third party to advance money to the City in the future that the City will use in lieu of using cash or Permitted Investments credited to a subaccount in the Reserve Account.

“Reserve Credit Facility” does not include guaranteed investment contracts, master repurchase agreements and similar Permitted Investments.

“Reserve Requirement” means a set of rules for funding a subaccount in the Borrowing Reserve Account. Each Reserve Requirement shall indicate the amount that is required to be credited to the subaccount, the dates by which that amount must be credited to the subaccount, and the requirements for restoring amounts to the subaccount if amounts are withdrawn to pay Borrowings that are secured by the subaccount. No subaccount is being created in the Borrowing Reserve Account to secure the 2014 Loan Agreement.

“S&P” means Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

“Separate Utility System” means any utility property which is declared by the City Council to constitute a system which is distinct from the Water System in accordance with Section 9.

“Series” refers to all Borrowings authorized by a single ordinance or declaration and delivered in exchange for payment on the same date, regardless of variations in maturity, interest rate or other provisions, unless the closing documents for the Series provide otherwise.

“State” means the State of Oregon.

“Subordinate Obligations” means obligations having a lien on the Net Revenues which is subordinate to the lien of the Borrowings.

“Subordinate Obligations Account” means the Subordinate Obligations Account of the Water Fund which is described in Section 5.4.

“Supplemental Declaration” means any declaration, resolution or other document which supplements or amends this Master Declaration, entered into by the City in compliance with Section 12.

“Valuation Date” means the date or dates on which a subaccount of the Borrowing Reserve Account shall be valued as prescribed in the Supplemental Declaration authorizing the establishment of such subaccount.

“Water Fund” means the collection of funds and accounts used by the City to hold the Gross Revenues and the proceeds of Borrowings.

“Water System” means all utility property now or hereafter used by the City to supply water within or without the corporate limits of the City. However, the Water System does not include any Separate Utility System.

Section 3. Rules of Construction.

In determining the meaning of the provisions of this Master Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- A. References to section numbers shall be construed as references to sections of this Master Declaration.
- B. References to one gender shall include all genders.
- C. References to the singular include the plural, and references to the plural include the singular.

Section 4. Deposit, Pledge and Use of Gross Revenues.

- 4.1. All Gross Revenues shall be deposited to and maintained in the Water Fund, and shall be used only as described in this Section as long as any Borrowings remain Outstanding. The City shall apply Gross Revenues in the Water Fund on or before the following dates for the following purposes in the following order of priority:
 - A. At any time to pay Operating Expenses which are then due;
 - B. At least, one Business Day prior to each Payment Date, to transfer Net Revenues to the Debt Service Account in an amount sufficient (with amounts available in the Debt Service Account) to pay in full all Borrowing principal, interest and premium, if any, which is due to be paid on that Payment Date;

- C. On the Closing date for a Series of Borrowings and on the first day of each month following a Valuation Date for any subaccount in the Borrowing Reserve Account on which the balance in any subaccount of the Borrowing Reserve Account is determined to be less than the applicable Reserve Requirement, to transfer Net Revenues to the Borrowing Reserve Account in the amounts required by the provisions creating the subaccounts in the Borrowing Reserve Account until the balances in all subaccounts of the Borrowing Reserve Account are equal to their Reserve Requirement;
 - D. On the day on which any rebates or penalties for Borrowings are due to be paid to the United States pursuant to Section 148 of the Code, an amount of Net Revenues that is sufficient, with other available funds, to pay the amounts due to the United States;
 - E. On the dates specified in any proceedings authorizing Subordinate Obligations, the City shall transfer to the Subordinate Obligations Account the Net Revenues required by those proceedings; and,
 - F. On any date, the City may transfer Net Revenues to the Rate Stabilization Account or spend Net Revenues for any other lawful purpose relating to the Water System, but only if all deposits and payments that are required to be made on or before that date and that have a higher priority under this Section have been made.
- 4.2. The City hereby pledges to the payment of principal of, premium (if any) and interest on all Borrowings: a) the Net Revenues, b) any federal interest subsidies the City receives for Interest Subsidy Obligations, and c) systems development charges for the Water System, but only to the extent Oregon law allows those systems development charges to be used to pay Borrowings. Pursuant to ORS 287A.310, these pledges made by the City shall be valid and binding from the Closing of the 2014 Loan Agreement. The Net Revenues, subsidies and systems development charges so pledged and hereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of these pledges shall be superior to all other claims and liens except liens and claims for the payment of Operating Expenses. The City covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of the pledge.
- 4.3. If Borrowings issued after the 2014 Loan Agreement are secured by a subaccount in the Borrowing Reserve Account, and the rules for funding that subaccount allow that subaccount to be funded with Reserve Credit Facilities, the City may pledge the Net Revenues available for transfer to that subaccount to pay amounts due under those Reserve Credit Facilities.

Section 5. Borrowing Funds and Accounts.

- 5.1. So long as Borrowings are Outstanding, the City shall maintain the Debt Service Account and the Borrowing Reserve Account as discrete accounts in the Water Fund.

- 5.2. **Debt Service Account.** The City shall hold the Debt Service Account. Until all Borrowings are paid or defeased, amounts in the Debt Service Account shall be used only to pay Borrowings. The City shall transfer sufficient amounts from the Debt Service Account in time to permit payment of all Borrowing principal, interest and premium (if any) when due in accordance with the Borrowings. Amounts in the Debt Service Account shall be invested only in Permitted Investments. Earnings on the Debt Service Account shall be credited to the Debt Service Account.
- 5.3. **Borrowing Reserve Account.**
- A. The Borrowing Reserve Account shall be held by the City and the City may create subaccounts in the Borrowing Reserve Account to secure Borrowings. When each subaccount is created, the City shall determine whether the subaccount will secure one or more Series of Borrowings. If the City creates a subaccount in the Borrowing Reserve Account, the City shall, when it issues the first Series of Borrowings that is secured by that subaccount: a) establish the Reserve Requirement for that subaccount; b) pledge amounts credited to that subaccount to pay the Borrowings that are secured by that subaccount; and c) determine if the Reserve Requirement for that subaccount may be funded with a Reserve Credit Facility, the requirements for such Reserve Credit Facility, and the valuation and replenishment provisions related to such Reserve Credit Facility.
- B. No subaccount is being created in the Borrowing Reserve Account to secure the 2014 Loan Agreement.
- C. The City shall not create any subaccounts in the Borrowing Reserve Account for any purpose except securing Borrowings in accordance with this Master Declaration.
- 5.4. **Subordinate Obligations Account.** The City shall create and maintain the Subordinate Obligations Account as long as Subordinate Obligations are Outstanding. The Subordinate Obligations Account may be divided into subaccounts, and the City may establish priorities for funding the subaccounts in the Subordinate Obligations Subaccount. Net Revenues shall be deposited into the Subordinate Obligations Account only as permitted by Section 4.1.E. Earnings on the Subordinate Obligations Account shall be credited as provided in the proceedings authorizing the Subordinate Obligations.
- 5.5. **Rate Stabilization Account.** The City hereby creates the Rate Stabilization Account in the Water Fund and will maintain that account as long as Borrowings are Outstanding. Net Revenues may be transferred to the Rate Stabilization Account at the option of the City as permitted by Section 4.1.F. Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which the Gross Revenues may be used.
- A. Deposits to the Rate Stabilization Account increase Operating Expenses in the Fiscal Year for which the deposit is made. Withdrawals from the Rate Stabilization Account increase Gross Revenues in the Fiscal Year for which the withdrawal is made.

- B. The City may adjust deposits to and withdrawals from the Rate Stabilization Account for a Fiscal Year at any time prior to the date on which the audit for that Fiscal Year is finalized.
- C. Earnings on the Rate Stabilization Account shall be credited to the Water Fund.

**Section 6. Rate Covenant; Calculations Relating to Balloon Indebtedness;
Interest Subsidy Obligations.**

- 6.1. The City covenants for the benefit of the Owners that it will establish and maintain rates and charges in connection with the operation of the Water System which are sufficient to permit the City to pay all Operating Expenses and all lawful charges against the Net Revenues, and to make all transfers required by this Master Declaration to the Debt Service Account, the Borrowing Reserve Account and the Subordinate Obligations Account.
- 6.2. The City covenants for the benefit of the Owners of all Borrowings that it shall charge rates and fees in connection with the operation of the Water System which, when combined with other Gross Revenues are adequate to generate Net Revenues each Fiscal Year at least equal to one hundred twenty five percent (125%) of Annual Borrowing Debt Service due in that Fiscal Year.
- 6.3. Not later than six months after the end of each Fiscal Year, the City shall prepare a report that demonstrates whether the City has complied with Sections 6.2 during that Fiscal Year and shall file that report in the City records. If the report demonstrates that the City has not complied with Sections 6.2 during that Fiscal Year, it shall not constitute a default under this Master Declaration if, within thirty days after the report is filed, the City files a certificate of a City Official that specifies the actions that the City has taken and will take within the next ninety (90) days to permit the City to comply with Sections 6.2 for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal Year, and the City takes the actions specified by the City Official, or actions having a comparable effect.
- 6.4. The Estimated Debt Service Requirement for Balloon Indebtedness shall be calculated in accordance with this Section 6.4.
 - A. For the Rate Covenants: For each Balloon Payment that is Outstanding on May 1 of any Fiscal Year, the City Official shall prepare a schedule of principal and interest payments for a hypothetical Series of Borrowings that refunds that Balloon Payment in accordance with Section 6.4.D. The City Official shall prepare that schedule as of that first day of May, and that schedule shall be used to determine compliance with the rate covenant in Sections 6.2 for the following Fiscal Year.
 - B. For Parity Borrowings: Whenever a Balloon Payment will be Outstanding on the date a Series of Parity Borrowings is issued, the City Official shall prepare a schedule of

principal and interest payments for a hypothetical Series of Borrowings that refunds each Outstanding Balloon Payment in accordance with Section 6.4.D. The City Official shall prepare that schedule as of the date the Parity Borrowings are sold, and that schedule shall be used to determine compliance with the tests for Parity Borrowings in Section 7.1.

- C. For the Reserve Requirement: Whenever a Series of Borrowings that contains a Balloon Payment is issued, the City Official shall prepare a schedule of principal and interest payments for a hypothetical Series of Borrowings that refunds each Balloon Payment in that Series in accordance with Section 6.4.D. The City Official shall prepare that schedule as of the date the Series is sold, and that schedule shall be combined with the schedule for payment of any debt service on Borrowings that are secured by the same subaccount, and that combined schedule shall be used to determine the Reserve Requirement as long as that Series is Outstanding.
 - D. Each hypothetical Series of refunding Borrowings shall be assumed to be paid in equal annual installments of principal and interest sufficient to amortize the principal amount of the Balloon Payment over the term selected by the City Official; however, the City Official shall not select a term that exceeds the lesser of 30 years from the date the Balloon Payment is originally scheduled to be paid or, if less, the City's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment. The annual installments shall be assumed to be due on the anniversaries of the date the Balloon Payment is originally scheduled to be paid, with the first installment due on the date the Balloon Payment is scheduled to be paid. The hypothetical Series of refunding Borrowings shall be assumed to bear interest at the Borrowing Buyer Revenue Borrowing Index for a thirty year maturity, or if not available such other comparable index then available, that a Series of Borrowings would bear if it is amortized as provided in this Section 6.4.D and is sold at the time the applicable schedule described in Section 6.4.A, Section 6.4.B or Section 6.4.C is prepared.
- 6.5. Interest Subsidy Obligations. The amounts assumed to be paid on Interest Subsidy Obligations shall be calculated as follows:
- A. When calculating Annual Debt Service for the rate covenant in Section 6.2, the City shall subtract from interest to be paid on Interest Subsidy Obligations the federal interest subsidies on Interest Subsidy Obligations that the City reasonably expects, at the beginning of the Fiscal Year, to receive during that Fiscal Year.
 - B. When estimating or projecting Annual Debt Service to make the estimates or projections for Parity Bonds in Section 7, the City shall subtract from the scheduled payments of interest on Interest Subsidy Obligations the amount of federal interest subsidies that the City reasonably expects, at the time the Parity Bonds are issued, to receive.

Section 7. Parity Borrowings.

- 7.1. The City may issue Parity Borrowings to provide funds for any purpose relating to the Water System, but only if:
- A. No Event of Default under this Master Declaration or any Supplemental Declaration has occurred and is continuing;
 - B. At the time of the issuance of the Parity Borrowings there is no deficiency in the Debt Service Account, and the balance in the Borrowing Reserve Account is at least equal to the Reserve Requirement;
 - C. There has been filed with the City either:
 - (i) A certificate of the City Official stating that the Net Revenues (adjusted as provided in Section 7.2) for the Base Period were not less than one hundred twenty five percent (125%) of Maximum Annual Borrowing Debt Service on all then Outstanding Borrowings, calculated as of the date the Parity Borrowings are issued and with the proposed Parity Borrowings treated as Outstanding; or
 - (ii) A certificate or opinion of a Qualified Consultant:
 - (a) Stating the amount of the Adjusted Net Revenues for each of the five Fiscal Years after the last Fiscal Year for which interest on the Parity Borrowings is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the five Fiscal Years after the proposed Parity Borrowings are issued; and
 - (b) Concluding that the respective amounts of Adjusted Net Revenues in each of the first four Fiscal Years described in Section 7.1.C(ii)(a) are at least equal to one hundred twenty five percent (125%) of the Annual Borrowing Debt Service for each of those respective Fiscal Years on all Outstanding Borrowings, with the proposed Parity Borrowings treated as Outstanding;
 - (c) Concluding that the amount of Adjusted Net Revenues in the fifth Fiscal Year described in Section 7.1.C(ii)(a) is at least equal to one hundred twenty five percent (125%) of the Maximum Annual Borrowing Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Borrowings, with the proposed Parity Borrowings treated as Outstanding.
- 7.2. The City may adjust Net Revenues for purposes of Section 7.1.C(i) by adding any Net Revenues the City Official calculates the City would have had during the Base Period because of increases in Water System rates, fees and charges which have been adopted by

the City and are in effect on or before the date the Parity Borrowings are issued. The City shall adjust Net Revenues for the Base Period by eliminating the effect of any withdrawals from or deposits to the Rate Stabilization Account. If the Base Period is not a fiscal year, withdrawals from and deposits to the Rate Stabilization Account for Fiscal Years that are included in the Base Period shall be treated as if they were made in equal, monthly amounts.

7.3. The Qualified Consultant shall calculate Adjusted Net Revenues for purposes of Section 7.1.C(ii) as provided in this Section 7.3:

A. The City shall provide the Qualified Consultant with the following information:

- (i) The Base Period, the Net Revenues for the Base Period and the amounts of any withdrawals from or deposits to the Rate Stabilization Account for Fiscal Years that are included in the Base Period;
- (ii) Information regarding any Water System utility properties that are being acquired with Parity Borrowings and have an earnings record;
- (iii) Any changes in rates and charges which have been adopted by the City since the beginning of the Base Period and the dates on which they are scheduled to take effect;
- (iv) Any changes in customers since the beginning of the Base Period; and,
- (v) A description of any extensions or additions to the Water System that were in the process of construction at the beginning of the Base Period or commenced construction after the beginning of the Base Period, the expected date of completion of those extensions or additions, the estimated operating and capital costs of those extensions or additions, and any other changes to the Gross Revenues or Operating Expenses that the City reasonably expects to result from the completion and operation of those extensions or additions.

B. Using the information provided by the City pursuant to Section 7.3.A and any additional information the Qualified Consultant determines is necessary, the Qualified Consultant shall adjust the Net Revenues for the Base Period to eliminate the effect of any withdrawals from or deposits to the Rate Stabilization Account in the manner described in Section 7.2, and may adjust the Net Revenues for the Base Period:

- (i) To reflect any changes that the Qualified Consultant projects will result from the acquisition of Water System utility properties that are being financed with the Parity Borrowings and that have an earnings record;
- (ii) To reflect any changes in rates and charges which have been adopted by the City and which are scheduled to take effect during the period described in

Section 7.1.C(ii)(a), or which increase rates and charges for inflation at a level which the Qualified Consultant determines is reasonable;

- (iii) To reflect any changes in customers of the Water System that occurred after the beginning of the Base Period and prior to the date of the Qualified Consultant's certificate; and
- (iv) To reflect any changes to Gross Revenues or Operating Expenses not included in the preceding paragraphs that are projected to result from the completion and operation of additions and extensions to the Water System that were under construction at the beginning of the Base Period, or commenced construction after the beginning of the Base Period.

- 7.4. The City may issue Parity Borrowings to refund Outstanding Borrowings without complying with Section 7.1 if the refunded Borrowings are defeased on the date of delivery of the refunding Parity Borrowings and if the Annual Borrowing Debt Service on the refunding Parity Borrowings does not exceed the Annual Borrowing Debt Service on the refunded Borrowings in any Fiscal Year by more than \$5,000.
- 7.5. All Parity Borrowings issued in accordance with this Section 7 shall have a lien on the Net Revenues which is equal to the lien of all other Outstanding Borrowings.
- 7.6. A Supplemental Declaration describing a Series of Parity Borrowings may provide that the Series will be paid through a paying agent, and may specify the type of authentication, registration, transfer, redemption and other administrative provisions that apply to that Series.

Section 8. Subordinate Obligations.

The City may issue Subordinate Obligations only if:

- 8.1. The Subordinate Obligations are payable solely from amounts permitted to be deposited in the Subordinate Obligations Account pursuant to Section 4.1.E;
- 8.2. The Subordinate Obligations state clearly that they are secured by a lien on or pledge of the Net Revenues which is subordinate to the lien on, and pledge of, the Net Revenues for the Borrowings.

Section 9. Separate Utility System.

The City may declare property which the City owns and is part of the Water System (but has a value of less than five percent of the Water System at the time of the declaration), and property which the City has not yet acquired but would otherwise become part of the Water System, to be part of a Separate Utility System. The City may pay costs of acquiring, operating and maintaining Separate Utility Systems from Net Revenues, but only if there is no deficit in the Debt Service Account or the Borrowing Reserve Account. The City may issue obligations which

are secured by the revenues produced by the Separate Utility System, and may pledge the Separate Utility System revenues to pay those obligations. In addition, the City may issue Subordinate Obligations to pay for costs of a Separate Utility System, and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations.

Section 10. General Covenants.

The City hereby covenants and agrees with the Owners of all Outstanding Borrowings as follows:

- 10.1. The City shall promptly cause the principal, premium, if any, and interest on the Borrowings to be paid as they become due in accordance with the provisions of this Master Declaration and any Supplemental Declaration.
- 10.2. The City shall maintain complete books and records relating to the operation of the Water System and all City funds and accounts in accordance with generally accepted accounting principles, shall cause such books and records to be audited annually at the end of each Fiscal Year, and shall have an audit report prepared by the Auditor and made available for the inspection of Owners.
- 10.3. The City shall not issue obligations which have a lien on the Net Revenues that is superior to the lien of the Borrowings except for obligations to pay Operating Expenses.
- 10.4. The City shall promptly deposit the Gross Revenues and other amounts described in this Master Declaration into the funds and accounts specified in this Master Declaration.
- 10.5. The City shall work in good faith to cause the Water System to be operated at all times in a safe, sound, efficient and economic manner in compliance with all health, safety and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the City's operation and ownership of the Water System.
- 10.6. The City shall maintain the Water System in good repair, working order and condition.
- 10.7. The City shall not enter into any agreement to provide Water System products or services at a discount from published rate schedules or provide free Water System products or services except: a) in case of emergencies, b) where the City exchanges water with other water systems, or c) where in the reasonable judgment of the City such action does not materially reduce the Gross Revenues received by the City.
- 10.8. The City shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.
 - A. The net proceeds of insurance against accident to or material destruction of the Water System shall be used to repair or rebuild the damaged or destroyed Water System, and to

the extent not so applied, will be applied to the payment or redemption of the Borrowings.

- B. The insurance described in Section 10.8 shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the City, or in the form of self-insurance by the City. The City shall establish such fund or funds or reserves which it deems are necessary to provide for its share of any such self-insurance.
- 10.9. The City shall not, nor shall it permit others to, sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the Water System except:
- A. The City may dispose of all or substantially all of the Water System, only if the City pays all Borrowings or defeases them pursuant to Section 13.
 - B. Except as provided in Section 10.9.C, the City will not dispose of any part of the Water System in excess of 5% of the value of the Water System in service unless prior to such disposition either:
 - (i) There has been filed with the City a certificate of a Qualified Consultant stating that such disposition will not impair the ability of the City to comply with the rate covenants contained in Section 6.1 of this Master Declaration; or
 - (ii) Provision is made for the payment, redemption or other defeasance of a principal amount of Borrowings equal to the greater of the following amounts:
 - (a) An amount which will be in the same proportion to the net principal amount of Borrowings then Outstanding (defined as the total principal amount of Borrowings then Outstanding less the amount of cash and investments in the Debt Service Account, the Borrowing Reserve Account, and the Subordinate Obligations Account) that the Gross Revenues attributable to the part of the Water System sold or disposed of for the 12 preceding months bears to the total Gross Revenues for such period; or
 - (b) An amount which will be in the same proportion to the net principal amount of Borrowings then Outstanding that the book value of the part of the Water System sold or disposed of bears to the book value of the Water System immediately prior to such sale or disposition.
 - C. The City may dispose of any portion of the Water System that has become unserviceable, inadequate, obsolete, or unfit to be used or no longer necessary for use in the operation of the Water System.
 - D. If the ownership of all or part of the Water System is transferred from the City through the operation of law, the City shall to the extent authorized by law, reconstruct or replace such transferred portion using any proceeds of the transfer unless the City Council

reasonably determines that such reconstruction or replacement is not in the best interest of the City and the Owners, in which case any proceeds shall be used for the payment, redemption or defeasance of the Borrowings.

Section 11. Events of Default and Remedies.

- 11.1. **Continuous Operation Essential.** The City Council of the City hereby finds and determines that the continuous operation of the Water System and the collection, deposit and disbursement of the Net Revenues in the manner provided in this Master Declaration and in any Supplemental Declaration are essential to the payment and security of the Borrowings, and the failure or refusal of the City to perform the covenants and obligations contained in this Master Declaration or any such Supplemental Declaration will endanger the necessary continuous operation of the Water System and the application of the Net Revenues to the operation of the Water System and the payment of the Borrowings.
- 11.2. **Events of Default.** The following constitute “Events of Default”:
- A. If the City fails to pay any Borrowing principal or interest when due, either at maturity, at redemption or otherwise.
 - B. Except as provided in Section 11.3, if the City defaults in the observance and performance of any other of its covenants, conditions and agreements in this Master Declaration and the default continues for sixty (60) days after the City receives a written notice, specifying the Event of Default and demanding the cure of such default, from a Credit Provider or from the Owners of not less than 20% in aggregate principal amount of the Borrowings Outstanding.
 - C. If the City sells, transfers, assigns or conveys any properties constituting the Water System in violation of Section 10.9.
 - D. If an order, judgment or decree is entered by any court of competent jurisdiction:
 - (i) Appointing a receiver, trustee or liquidator for the City or the whole or any part of the Water System;
 - (ii) Approving a petition filed against the City seeking the bankruptcy, arrangement or reorganization of the City under any applicable law of the United States or the State; or
 - (iii) Assuming custody or control of the City or of the whole or any part of the Water System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree is not vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control is not otherwise terminated) within sixty (60) days from the date of the entry of such order, judgment or decree.

E. If the City:

- (i) Admits in writing its inability to pay its debts generally as they become due;
- (ii) Files a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;
- (iii) Consents to the appointment of a receiver of the whole or any part of the Water System; or
- (iv) Consents to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City or of the whole or any part of the Water System.

11.3. **Exception.** It shall not constitute an Event of Default under 11.2.B if the default cannot practicably be remedied within sixty (60) days after the City receives notice of the default, so long as the City promptly commences reasonable action to remedy the default after the notice is received, and diligently continues reasonable action to remedy the default until the default is remedied.

11.4. **Remedies.** If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity. However, the Borrowings shall not be subject to acceleration.

A. Books of City Open to Inspection.

- (i) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the City and all other records relating to the Water System shall at all reasonable times be subject to the inspection and use of any persons holding at least twenty percent (20%) of the principal amount of Outstanding Borrowings and their respective agents and attorneys.
- (ii) The City covenants that if the Event of Default shall happen and shall not have been remedied, the City will continue to account, as a trustee of an express trust, for all Net Revenues and other moneys, securities and funds pledged under this Master Declaration.

B. **Appointment of Trustee.** Whenever any Event of Default exists, Owners representing 51 percent or more of the Outstanding Borrowings may appoint a commercial bank with a reported capital and surplus in excess of \$50 million as trustee (the "Trustee") to represent the interests of the Owners.

11.5. Trustee Duties Upon Default.

A. Upon the occurrence of an Event of Default the Trustee may pursue any other available remedy at law or in equity to enforce the payment of the principal of, premium, if any,

and interest on the outstanding Borrowings, and to enforce any rights of the Trustee under or with respect to the Master Declaration.

- B. In addition, upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Master Declaration, the Trustee will be entitled, as a matter of right to the fullest extent permitted by Oregon law, to the appointment of a receiver or receivers of the Net Revenues and other amounts pledged under the Master Declaration, pending such proceedings, with such powers as the court making such appointment may confer.
- C. If an Event of Default has occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount of Outstanding Borrowings and indemnified as provided in the Master Declaration, the Trustee will be obligated to exercise any of the rights and powers conferred by this Master Declaration, as the Trustee, being advised by counsel, deems most expedient in the interest of the Owners.
- D. If a Trustee has been appointed pursuant to 11.4.B, no Owner of any Borrowing shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Master Declaration, unless:
 - (i) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
 - (ii) the Owners of a majority in aggregate principal amount of all the Borrowings then Outstanding have requested the Trustee in writing to exercise its powers under the Master Declaration;
 - (iii) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
 - (iv) the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.
- E. If the Trustee takes any judicial or other action in an Event of Default the Trustee has full power in its direction with respect to any continuance, discontinuance, withdrawal, compromise, settlement or other disposition of such action, unless opposed by the written request of the Owners of a majority in aggregate principal amount of the Outstanding Borrowings. The Trustee is appointed attorney-in-fact of the Owners for the purpose of bringing any suit action or proceedings in an Event of Default.
- F. Waivers of Event of Default.

- (i) No delay or omission of any Owner or of the Trustee to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Section 11 to the Owners and to the Trustee may be exercised from time to time and as often as may be deemed expedient by the Owners and/or the Trustee as applicable.
- (ii) The owners of not less than fifty percent (50%) in principal amount of the affected Borrowings that are at the time Outstanding, or their attorneys-in-fact duly authorized, or the Trustee may, on behalf of the Owners of all of affected Borrowings, waive any past default under this Master Declaration with respect to such Borrowings and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Borrowings. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.
- (iii) If a default occurs under Section 6 and that default has not become an Event of Default, that default shall be deemed waived at the end of the first Fiscal Year following that default in which the City has complied with Section 6.

11.6. Remedies Granted in Master Declaration Not Exclusive.

No remedy by the terms of this Master Declaration conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Declaration or existing at law or in equity or by statute on or after the date of adoption of this Master Declaration.

Section 12. Amendment of Master Declaration.

- 12.1. This Master Declaration may be amended by Supplemental Declaration without the consent of any Owners for any one or more of the following purposes:
- A. To cure any ambiguity or formal defect or omission in this Master Declaration;
 - B. To add to the covenants and agreements of the City in this Master Declaration, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Master Declaration as theretofore in effect;
 - C. To authorize issuance of Borrowings or Subordinate Obligations as permitted by this Master Declaration;
 - D. To modify, amend or supplement this Master Declaration or any Supplemental Declaration to qualify this Master Declaration under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of

any Borrowings for sale under the securities laws of any of the states of the United States of America;

- E. To confirm, as further assurance, any security interest or pledge created under this Master Declaration or any Supplemental Declaration;
 - F. To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the owners of any Outstanding Borrowings;
 - G. So long as a Credit Facility (other than a Reserve Credit Facility) is in full force and effect with respect to the Borrowings affected by such Supplemental Declaration, to make any other change which is consented to in writing by the issuer of such Credit Facility other than any change which:
 - (i) Would result in a downgrading or withdrawal of the rating then assigned to the affected Borrowings by the Rating Agencies;
 - (ii) Changes the maturity (except as permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Borrowings or diminishes the security afforded by such Credit Facility;
 - (iii) Materially and adversely affects the rights and security afforded to the Owners of any Outstanding Borrowings not secured by such Credit Facility; or
 - H. To modify any of the provisions of this Master Declaration or any Supplemental Declaration in any other respect whatever, as long as the modification takes effect only after all affected Outstanding Borrowings cease to be Outstanding.
- 12.2. This Master Declaration may be amended for any other purpose only upon consent of Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Borrowings Outstanding; provided, however, that no amendment shall be valid without the consent of Owners of 100 percent (100%) of the aggregate principal amount of the Borrowings Outstanding which:
- A. Extends the maturity of any Borrowing, reduces the rate of interest upon any Borrowing, extends the time of payment of interest on any Borrowing, reduces the amount of principal payable on any Borrowing, or reduces any premium payable on any Borrowing, without the consent of the affected Owner; or
 - B. Reduces the percent of Owners required to approve Supplemental Declarations.
- 12.3. For purposes of Section 12.2, and subject to Section 12.4, the initial purchaser of a series of Borrowings may be treated as the Owner of that Series at the time that series of Borrowings is delivered in exchange for payment.

- 12.4. Except as otherwise expressly provided in Section 12.5, Section 12.6 or a Supplemental Declaration, as long as a Credit Facility securing all or a portion of any Outstanding Borrowings is in effect, the issuer of such Credit Facility shall be deemed to be the Owner of the Borrowings secured by such Credit Facility for the purpose of the execution and delivery of a Supplemental Declaration or of any amendment, change or modification of this Master Declaration or the initiation by Owners of any action which under this Master Declaration requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the affected Borrowings at the time Outstanding; and following an Event of Default for all other purposes;
- 12.5. The issuer of a Credit Facility shall not be deemed to be an Owner for purposes of any amendment, change or modification of this Master Declaration which:
- A. Would result in a downgrading or withdrawal of the rating then assigned to the affected Borrowings by the Rating Agencies; or
 - B. Changes the maturity (except as expressly permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Borrowings or diminishes the security afforded by such Credit Facility; or
 - C. Reduces the percentage or otherwise affects the classes of affected Borrowings, the consent of the Owners of which is required to effect any such modification or amendment.
- 12.6. No issuer of a Credit Facility shall be entitled to act as an Owner during any period in which:
- A. The issuer's Credit Facility is not be in full force and effect;
 - B. The issuer of a Credit Facility shall have filed a petition or otherwise sought relief under any federal or state bankruptcy or similar law;
 - C. The issuer of the Credit Facility shall, for any reason, have failed or refused to honor a proper demand for payment under such Credit Facility; or
 - D. An order or decree shall have been entered, with the consent or acquiescence of the issuer of a Credit Facility, appointing a receiver or receivers or the assets of the issuer of a Credit Facility, or if such order or decree having been entered without the consent or acquiescence of the issuer of a Credit Facility, shall not have been vacated or discharged or stayed within ninety (90) days after the entry thereof.
- 12.7. For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Declaration, the Owners of Borrowings which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of Borrowings in an aggregate

principal amount equal to the accreted value of such Borrowings as of the date notice requesting consent, waiver or other action as provided herein is sent.

Section 13. Defeasance.

- 13.1. The City shall be obligated to pay Borrowings which are defeased pursuant to this Section solely from the money and Government Obligations deposited with the escrow agent or trustee, and the City shall have no further obligation to pay the defeased Borrowings from any source except the amounts deposited in the escrow. Borrowings shall be deemed defeased if the City:
- A. irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of Borrowings without reinvestment which are to be defeased;
 - B. files with the escrow agent or trustee an opinion from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Borrowings when due; and
 - C. files with the escrow agent or trustee an opinion of nationally recognized Borrowing counsel that the proposed defeasance will not cause interest on the defeased Borrowings to be includable in gross income under the Code.

Section 14. The 2014 Loan Agreement.

- A. Pursuant to the authority of City Ordinance No. 2071A and this Master Declaration, the City has entered into the 2014 Loan Agreement in the amount of \$_____. The 2014 Loan Agreement shall be a Borrowing as defined in this Master Declaration. The 2014 Loan Agreement shall bear interest and mature as described in the 2014 Loan Agreement. No subaccount is being created in the Borrowing Reserve Account to secure the 2014 Loan Agreement.

EXECUTED ON BEHALF OF THE CITY OF NEWPORT BY ITS CITY OFFICIAL AS OF THE 16TH day of DECEMBER, 2014.

City of Newport, Oregon

By: _____
Authorized Officer



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.C
Meeting Date: December 1, 2014

Agenda Item:

APPROVAL OF ANNUAL ADJUSTMENT TO CITY OF NEWPORT SYSTEM DEVELOPMENT CHARGE (SDC) RATES

Background:

City Council Resolution No. 3579 provides that SDC rates shall be adjusted annually on January 1st of each calendar year based upon inflation as evidenced by the Construction Cost Index published in the Engineering News Record. The resolution provides that the City Council take action prior to January 1st. The increase based on the Construction Cost Index is 2% adjustment to all rates.

If approved Resolution No. 3699 will establish the SDC rates for the 2015 calendar year for SDC. It also repeals the previous charges effective January 1, 2015.

Recommended Action:

I recommend that the City Council consider the following motion:

I move the adoption of Resolution No. 3699 amending the City of Newport SDC rates to reflect a 2% increase in construction costs with the resolution being effective January 1, 2015.

Fiscal Effects:

SDC are based on equivalent dwelling units and are used to provide funding to meet expansion needs relating to water, wastewater, stormwater, transportation, and parks that new development or changes of use will bring to the community. SDC are based upon cost estimates for public infrastructure that will be needed to support new development. As construction cost increase, fees should be adjusted to make ensure that, over time, the revenue the SDCs is adequate to finance this public projects when they are needed.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel, City Manager



CITY COUNCIL AGENDA ITEM SUMMARY
 City of Newport, Oregon

Issue/Agenda Title Annual adjustment to City of Newport System Development Charge Rates _____

Prepared By: Derrick Tokos Dept Head Approval: DT

City Mgr Approval:

ISSUE BEFORE THE COUNCIL: A resolution adjusting System Development Charge (SDC) rates based on the difference in construction costs included in the Construction Cost Index published in the Engineering News Record. Consistent with Council Resolution No. 3579, adjustments are calculated using the most recent Cost Index available as of November 1, 2014 and will become effective January 1, 2015.

STAFF RECOMMENDATION: Staff recommends the Council adopt the resolution.

PROPOSED MOTION: I move to adopt Resolution No. 3699, amending the City of Newport SDC rates to reflect annual changes in construction costs.

KEY FACTS AND INFORMATION SUMMARY: Section 3(A) of City Council Resolution No. 3579, provides that SDC rates shall be adjusted annually on or about January 1st of each calendar year based upon inflation as evidenced by the Construction Cost Index (CCI) published in the Engineering News Record. It further provides that a resolution identifying the adjusted SDCs shall be placed as an action item on the Council agenda prior to January 1st of each calendar year, which shall be subject to public comment as required by ORS 294.160(1).

In December of 2007, the City adopted an SDC methodology that utilizes cost estimates of projects listed in the City’s Capital Improvement Plans, assumed population growth rates, and related factors to establish SDC rates that are based upon equivalent dwelling units (EDUs). The CCI in effect on October 28, 2013 is the “base case” or denominator used in calculating SDC fee adjustments. The numerator is the CCI available on October 27, 2014, and the result from the calculation is a multiplier that can be applied against the existing SDC charges to tabulate the new rates. The multiplier was derived as follows:

$$9886.06 \div 9688.86 = 1.020$$

Proposed 2015 SDC rates are listed in the table below. Rates from 2011 through 2014 are also listed for comparison purposes.

System Development Charge per Equivalent Dwelling Unit (EDU)

SDC	2011	2012	2013	2014	2015
Water	\$1,714	\$1,755	\$2,290*	\$2,366	\$2,413
Wastewater	\$3,587	\$3,675	\$3,767	\$3,891	\$3,969
Stormwater	\$774 or \$0.28/sq. ft.	\$793 or \$0.29/sq. ft.	\$813 or \$0.30/sq. ft.	\$840 or \$0.31/sq. ft.	\$857 or \$0.32 sq. ft.
Transportation	\$1,004	\$1,029	\$1,055	\$1,090	\$1,112
Parks	\$2,388	\$2,447	\$2,508	\$2,591	\$2,643
Total	\$9,467	\$9,699	\$10,433	\$10,778	\$10,994

* SDC rates increased June of 2012 when projects complimentary to the Water Treatment Plant development, and the extension of a water main from SE 40th to SE 50th were added back as SDC eligible because General Obligation Bond and Urban Renewal funds were inadequate to cover the costs (Res #3597). The projects had been removed in 2009 (Res #3464)

Section 3(B) of Resolution No. 3579 requires that staff review the City's Capital Improvement Plan project lists to see if they need to be amended prior to scheduling the annual adjustment to SDC rates. This could include adding new projects based upon planning needs, switching projects from improvement to reimbursement assessments as they are completed, or removing projects that have been funded by other sources of revenue or are no longer needed. Staff completed its review and has determined that no changes are needed at this time.

In July of 2012 the Newport City Council adopted Resolution No. 3597, which increased Water SDC rates from \$1,755 per EDU to \$2,234 per EDU. Three projects that had been removed from the Water System Capital Improvement Plan list were added back because the alternative funding sources envisioned to construct them were not adequate to the task. That is what necessitated the increase, and is the reason why the difference between the 2012 and 2013 SDC rates is greater than prior years.

System Development Charges were last adjusted with Resolution No. 3659, effective January 1, 2014.

OTHER ALTERNATIVES CONSIDERED: None. The method of calculating SDC rates and the timing for when they are to be adjusted is set by Council resolution.

CITY COUNCIL GOALS: Adjusting SDCs is consistent with the City's objective of maintaining fiscal responsibility and encouraging sustainable development.

ATTACHMENT LIST:

- Proposed Resolution
- Resolution No. 3659
- Resolution No. 3597
- Resolution No. 3579 w/o attachments
- October 2013 Construction Cost Index
- October 2014 Construction Cost Index

FISCAL NOTES: System Development Charges are based upon cost estimates to construct public infrastructure that will be needed to support new development. As construction costs increase, fees should be adjusted to ensure that, over time, the revenue generated from SDCs is adequate to finance these "public projects" when they are needed.

**CITY OF NEWPORT
RESOLUTION NO. 3699**

**A RESOLUTION AMENDING CITY OF NEWPORT
SYSTEM DEVELOPMENT CHARGE RATES**

Findings:

1. The City of Newport adopted Resolution No. 3579 (as amended by Resolution No. 3597) adopting a System Development Charge methodology and rates.
2. Section 3 of Resolution No. 3579 provides that System Development Charge rates shall be adjusted annually based upon the most recent Construction Cost Index published in the Engineering News Record as of November 1st of each year.
3. System Development Charge rates were last amended with Resolution No. 3659, effective January 1, 2014.
4. Adjustments to System Development Charge rates are needed to account for changes in construction costs so that, over time, the revenue generated is adequate to finance eligible public infrastructure projects that will be needed to support new development.
5. By making rate adjustments annually to account for inflationary impacts, future increases in System Development Charge rates should be modest in size.

Based on these findings,

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

Section 1. The Water System Development Charge eligibility identified in Section 1 of Resolution No. 3579, as amended with Resolution No. 3597, shall be amended to be \$2,413 per Equivalent Dwelling Unit.

Section 2. The Wastewater System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$3,969 per Equivalent Dwelling Unit.

Section 3. The Stormwater System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$857 per Equivalent Dwelling Unit or \$0.32 per square foot of new impervious surface.

Section 4. The Transportation System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$1,112 per Equivalent Dwelling Unit.

Section 5. The Parks Development Charge eligibility identified in Section 2 of Resolution No. 3597 shall be amended to be \$2,643 per Equivalent Dwelling Unit.

Section 6. All previously adopted resolutions or enactments establishing System Development Charges, are hereby repealed to the extent that their provisions conflict with the System Development Charges set by this Resolution

Section 7: The effective date of this resolution is January 1, 2015.

Adopted by a _____ vote of the Newport City Council on _____, 2014.

Signed on _____, 2014.

Sandra Roumagoux
Mayor

ATTEST:

City Recorder

**CITY OF NEWPORT
RESOLUTION NO. 3659**

**A RESOLUTION AMENDING CITY OF NEWPORT
SYSTEM DEVELOPMENT CHARGE RATES**

Findings:

1. The City of Newport adopted Resolution No. 3579 (as amended by Resolution No. 3597) adopting a System Development Charge methodology and rates.
2. Section 3 of Resolution No. 3579 provides that System Development Charge rates shall be adjusted annually based upon the most recent Construction Cost Index published in the Engineering News Record as of November 1st of each year.
3. System Development Charge rates were last amended with Resolution No. 3618, effective January 1, 2013.
4. Adjustments to System Development Charge rates are needed to account for changes in construction costs so that, over time, the revenue generated is adequate to finance eligible public infrastructure projects that will be needed to support new development.
5. By making rate adjustments annually to account for inflationary impacts, future increases in System Development Charge rates should be modest in size.

Based on these findings,

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

Section 1. The Water System Development Charge eligibility identified in Section 1 of Resolution No. 3579, as amended with Resolution No. 3597, shall be amended to be \$2,366 per Equivalent Dwelling Unit.

Section 2. The Wastewater System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$3,891 per Equivalent Dwelling Unit.

Section 3. The Stormwater System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$840 per Equivalent Dwelling Unit or \$0.31 per square foot of new impervious surface.

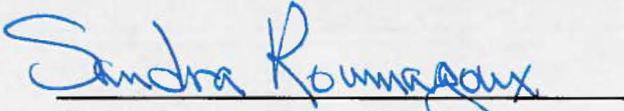
Section 4. The Transportation System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$1,090 per Equivalent Dwelling Unit.

Section 5. The Parks Development Charge eligibility identified in Section 2 of Resolution No. 3597 shall be amended to be \$2,591 per Equivalent Dwelling Unit.

Section 6. All previously adopted resolutions or enactments establishing System Development Charges, are hereby repealed to the extent that their provisions conflict with the System Development Charges set by this Resolution.

Section 7: The effective date of this resolution is January 1, 2014.

Adopted by a 7-0 vote of the Newport City Council on December 16, 2013.


Sandra Roumagoux, Mayor

ATTEST:


Margaret M. Hawker, City Recorder

CITY OF NEWPORT

RESOLUTION NO. 3597

A RESOLUTION AMENDING THE WATER SYSTEM DEVELOPMENT
CHARGE PROJECT PLAN AND RATES

Findings

- A. The City of Newport has adopted Resolution No. 3579, consolidating prior System Development Charge (SDC) resolutions and readopting City SDC methodologies, rates and adjustment procedures.
- B. Section 1.A of Resolution No. 3579 identifies SDC eligible Capital Improvement Plan (CIP) projects as being those listed in Table 8.4.1 of the 2008 Water System Master Plan (SDC Eligibility for CIP Projects).
- C. Table 8.4.1 amended the SDC Project Plan for Water SDCs adopted in Resolution 3431, eliminating the Big Creek Water Treatment Plant Improvements, Upper Lake Syphon Intake, Dam to Plant Raw Water Transmission Pipe, Agate Beach Lower Storage Tank, and Highway 101 SE 40th to 50th Waterline projects from being SDC eligible.
- D. Section 8.4.1 of the 2008 Water System Master Plan explains that these five projects were eliminated because they were to be paid completely through a general obligation bond, or in the case of the 40th to 50th Street waterline project, urban renewal funding. This had the effect at the time of reducing the Water SDC rates from \$3,694 per Equivalent Dwelling Unit (EDU) to \$1,632 per EDU.
- E. General obligation bond and urban renewal funding has proven inadequate to fully fund the Upper Lake Syphon Intake, Agate Beach Lower Storage Tank, and Highway 101 SE 40th to 50th Waterline projects.
- F. In order to generate sufficient funds to construct these projects it is necessary to make them SDC Eligible at the percentages originally established with Resolution 3431. This will have the effect of increasing Water SDC rates from \$1,755 per EDU to \$2,234 per EDU.
- G. This potential change to the Water System CIP project list was discussed at a joint meeting of the Newport Urban Renewal Agency and Newport City Council on March 19, 2012.
- H. All state and city procedural requirements have been followed in the preparation of this Water System SDC rate adjustment.

Based on these findings,

THE NEWPORT CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

Section 1. Water System CIP Project List. Section 1.A of Resolution No. 3579 is hereby amended to replace Exhibit B, setting forth Table 8.4.1 (SDC Eligibility for CIP Projects) with a new Table 8.4.1, as depicted in Exhibit A, attached hereto and incorporated herein by this reference.

Section 2. Establishment of City Water System SDCs. Based upon the SDC Methodology adopted in Resolution No. 3579, and the SDC Eligibility for CIP Projects adopted as Exhibit A in Section 1, above, the Water System Development Charge set by Section 2.A of Resolution No. 3579 is hereby amended to be \$2,234 per Equivalent Dwelling Unit (EDU).

Section 3. Effective Date. This Resolution shall go into full force and effect on July 1, 2012.

Adopted by the Newport City Council on June 4, 2012.

Signed on July 5, 2012.



Mark McConnell, Mayor

ATTEST:



Margaret M. Hawker, City Recorder

Table 8.4.1 - SDC Eligibility for CIP Projects

Project No.	Project Description	Adjusted Cost Estimate (current)	Reimbursement SDC Eligible (Y/N)	Improvement SDC Eligible (Y/N)	% SDC Eligible	SDC Eligible Cost
T1	Big Creek Water Treatment Plant Improvements	17,083,068.96	N	N	0.00%	\$0.00
T3	Upper Lake Syphon Intake	\$703,000.00	N	N	23.50%	\$165,205.00
T4	Raw Water Transmission Pipe, Dam to Plant (rolled into Project T1)	\$0.00	N	N	0.00%	\$0.00
S1	Agate Beach Lower Storage Tank - 1.0 MG GFS	\$2,200,000.00	N	N	75.00%	\$1,650,000.00
D1	Highway 101 SE 40th to 50th Waterline, Hwy Bore Crossing	\$600,000.00	N	N	100.00%	\$600,000.00
T2	Siletz River Pump Station - Pump Replacement	\$642,060.00	N	Y	43.00%	\$276,085.80
D2	12" Redundant Bay Crossing, East Option	\$2,333,560.00	N	Y	25.00%	\$583,390.00
D3	Highway 101 NE 36th to NE 40th Waterline	\$228,780.00	N	Y	50.00%	\$114,390.00
D5	NE 40th and Golf Course Drive Water Line Replacement	\$389,670.00	N	Y	25.00%	\$97,417.50
D6	NE Crestview Pl to 17th Ct Waterline Loop	\$132,840.00	N	N	0.00%	\$0.00
D7	NE Avery Street Loop Closure	\$112,770.40	N	N	0.00%	\$0.00
D8	NW 19th (Nye St to 101) and Nye St (18th to 20th) Waterline	\$153,510.00	N	N	0.00%	\$0.00
D9	Oceanview (12th to 14th) Waterline Replacement, Loop 13th to 12th	\$196,160.40	N	N	0.00%	\$0.00
D11	SW Coho St (27th to 29th) Waterline Replacement	\$106,270.00	N	N	0.00%	\$0.00
D12	Idaho Point Waterline Replacement and Looping	\$574,314.60	N	Y	25.00%	\$143,578.65
P1	Candletree Pump Station Rehabilitation	\$206,640.00	N	N	0.00%	\$0.00
P2	Lakewood Pump Station Rehabilitation	\$187,450.00	N	N	0.00%	\$0.00
D15	NE 5th St, Benton to eads	\$107,600.40	N	N	0.00%	\$0.00
D13	East Newport Waterline Extensions	\$2,096,510.40	N	Y	100.00%	\$2,096,510.40
D4	Hwy 101 NE 40th to Circle Way Waterline Replacement	\$509,220.00	N	Y	50.00%	\$254,610.00
S2	Agate Beach Upper Storage Tank - 1.0 MG GFS	\$1,740,469.60	N	Y	50.00%	\$870,234.80
S3	City Shops Tank Replacement - 1.0 MG GFS	\$1,657,090.00	N	N	0.00%	\$414,272.50
S4	King Ridge Storage Tank - 1.0 MG GFS	\$2,533,740.00	N	Y	100.00%	\$2,533,740.00
D14	Water Meter Replacement - Conversion to Touch Read Meters	\$1,461,240.00	N	Y	25.00%	\$365,310.00
					Subtotal	\$10,164,744.65
Completed Projects						
S4	Siletz River Water Intake	complete	N			\$0.00
15	Siletz River Raw Waterline	complete	N			\$0.00
16	South Beach 1 MG Reservoir	complete	N			\$0.00
17	Yaquina Heights 1 MG Reservoir	complete	N			\$0.00
18	Yaquina Heights 4th Level Pump Station Upgrade	complete	Y			\$25,000.00
19	East Newport Water Project	complete	Y			\$161,040.00
20	12-inch HDPE - SW 35th & Hwy 101 to Southshore (8" to 12")	complete	Y			\$150,000.00
					Subtotal	\$338,040.00
	Totals	\$35,955,964.76				\$10,500,784.65

*Total Growth EDU's: 4,700

Max Reimbursement SDC (\$336,040.00 / 4700): \$71.50

Max Improvement SDC (\$10,164,744.65 / 4700): \$2,162.71

New Water SDC Fee (per EDU): \$2,234

Current Water SDC Fee: \$1,755

Water SDC Prior to GO Bond Offer: \$3,694

* Growth in EDUs reflects 20yr Planning Horizon
Figure taken from 2008 Water System Master Plan

Table 8.4.1 - SDC Eligibility for CIP Projects

Project No.	Project Description	Adjusted Cost Estimate (current)	Reimbursement SDC Eligible (Y/N)	Improvement SDC Eligible (Y/N)	% SDC Eligible	SDC Eligible Cost
T1	Big Creek Water Treatment Plant Improvements	17,083,068.96	N	N	0.00%	\$0.00
T3	Upper Lake Syphon Intake	\$703,000.00	N	N	23.50%	\$165,205.00
T4	Raw Water Transmission Pipe, Dam to Plant (rolled into Project T1)	\$0.00	N	N	0.00%	\$0.00
S1	Agate Beach Lower Storage Tank - 1.0 MG GFS	\$2,200,000.00	N	N	75.00%	\$1,650,000.00
D1	Highway 101 SE 40th to 50th Waterline, Hwy Bore Crossing	\$600,000.00	N	N	100.00%	\$600,000.00
T2	Siletz River Pump Station - Pump Replacement	\$642,060.00	N	Y	43.00%	\$276,085.80
D2	12" Redundant Bay Crossing, East Option	\$2,333,560.00	N	Y	25.00%	\$583,390.00
D3	Highway 101 NE 36th to NE 40th Waterline	\$228,780.00	N	Y	50.00%	\$114,390.00
D5	NE 40th and Golf Course Drive Water Line Replacement	\$389,670.00	N	Y	25.00%	\$97,417.50
D6	NE Crestview Pl to 17th Ct Waterline Loop	\$132,840.00	N	N	0.00%	\$0.00
D7	NE Avery Street Loop Closure	\$112,770.40	N	N	0.00%	\$0.00
D8	NW 19th (Nye St to 101) and Nye St (18th to 20th) Waterline	\$153,510.00	N	N	0.00%	\$0.00
D9	Oceanview (12th to 14th) Waterline Replacement, Loop 13th to 12th	\$196,160.40	N	N	0.00%	\$0.00
D11	SW Coho St (27th to 29th) Waterline Replacement	\$106,270.00	N	N	0.00%	\$0.00
D12	Idaho Point Waterline Replacement and Looping	\$574,314.60	N	Y	25.00%	\$143,578.65
P1	Candletree Pump Station Rehabilitation	\$206,640.00	N	N	0.00%	\$0.00
P2	Lakewood Pump Station Rehabilitation	\$187,450.00	N	N	0.00%	\$0.00
D15	NE 5th St, Benton to eads	\$107,600.40	N	N	0.00%	\$0.00
D13	East Newport Waterline Extensions	\$2,096,510.40	N	Y	100.00%	\$2,096,510.40
D4	Hwy 101 NE 40th to Circle Way Waterline Replacement	\$509,220.00	N	Y	50.00%	\$254,610.00
S2	Agate Beach Upper Storage Tank - 1.0 MG GFS	\$1,740,469.60	N	Y	50.00%	\$870,234.80
S3	City Shops Tank Replacement - 1.0 MG GFS	\$1,657,090.00	N	N	0.00%	\$414,272.50
S4	King Ridge Storage Tank - 1.0 MG GFS	\$2,533,740.00	N	Y	100.00%	\$2,533,740.00
D14	Water Meter Replacement - Conversion to Touch Read Meters	\$1,461,240.00	N	Y	25.00%	\$365,310.00
					Subtotal	\$10,164,744.65
Completed Projects						
S4	Siletz River Water Intake	complete	N			\$0.00
15	Siletz River Raw Waterline	complete	N			\$0.00
16	South Beach 1 MG Reservoir	complete	N			\$0.00
17	Yaquina Heights 1 MG Reservoir	complete	N			\$0.00
18	Yaquina Heights 4th Level Pump Station Upgrade	complete	Y			\$25,000.00
19	East Newport Water Project	complete	Y			\$161,040.00
20	12-inch HDPE - SW 35th & Hwy 101 to Southshore (8" to 12")	complete	Y			\$150,000.00
					Subtotal	\$336,040.00
	Totals	\$35,955,964.76				\$10,500,784.65

*Total Growth EDU's: 4,700

Max Reimbursement SDC (\$336,040.00 / 4700): \$71.50
 Max Improvement SDC (\$10,164,744.65 / 4700): \$2,162.71

New Water SDC Fee (per EDU): **\$2,234**

Current Water SDC Fee: \$1,755
 Water SDC Prior to GO Bond Offer: \$3,694

* Growth in EDUs reflects 20yr Planning Horizon
 Figure taken from 2008 Water System Master Plan

CITY OF NEWPORT

RESOLUTION NO. 3579

**A RESOLUTION CONSOLIDATING SDC RESOLUTIONS AND READOPTING CITY
SYSTEM DEVELOPMENT CHARGE METHODOLOGIES, RATES AND
ADJUSTMENT PROCEDURES**

Findings

- A. HBH Consulting Engineers prepared a document entitled "Public Infrastructure System Development Charge Methodology" (Methodology), dated September 2007 that includes the City's methodologies and rates, as modified herein, for all City SDCs. This Methodology is attached as Exhibit A.
- B. The Methodology and associated rates remain consistent with the standards imposed by ORS 223.304 and Newport Municipal Code (NMC) Chapter 12.15 System Development Charges.
- C. The city followed all state and city procedural requirements for its prior adoption of the Methodology and associated SDC fees.
- D. On December 18, 2007, the City Council for the City of Newport adopted Resolution No. 3431, adopting the Methodology and associated SDC fees.
- E. On March 16, 2009, after public hearing, the Newport City Council adopted a 2008 Water System Master Plan prepared by Civil West Engineering Services, Inc. Section 8 of the 2008 Master Plan, attached and incorporated herein as Exhibit B, identified and removed four projects from the SDC Eligible Projects list, reflecting newly authorized GO bond funding.
- F. By Resolution No. 3464, dated April 20, 2009, the City Council amended its SDC Projects Plan to replace the previously adopted water SDC Project Plan. The Council also lowered its Water SDC to \$1,632 per EDU.
- G. In June of 2010, Landwaves, Inc. dedicated a new park on SE 43rd Street within Phase 1 of the Wilder development. The Parks SDC Projects Plan identified development of a park site in the SE 40th Street area as eligible for SDC funds. The new park satisfied the development need and lowered acquisition needs in this area. Therefore, by Resolution No. 3523, on August 16, 2010, the Council reduced its Parks SDC eligible costs for the SE 40th Street Area Park Acquisition to \$181,044.42, eliminated SE 40th Street Area Park Development from SDC eligible costs, and lowered its Parks Development Charge to \$2,357 per EDU.

- H. Since Council adoption of Resolution No. 3431, six amendments to Resolution No. 3431 have been adopted by the Council without repeal or replacement in full of Resolution No. 3431 or its ensuing resolutions.
- I. The Council recognizes that incorporation of all SDC provisions into one resolution is a helpful housekeeping step which should provide clarity to city officials, staff and residents.
- J. The City of Newport City Council has determined to modify the process by which it adopts annual SDC fee index adjustments and reviews Capital Improvement Plan (CIP) adjustments.
- K. The city recognizes that it may adjust SDC fees periodically by inflation, based upon one or more specific cost indexes, per ORS 223.304(8).

Based on these findings,

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

Section 1. Methodology and CIP. The City of Newport hereby adopts the Methodology and associated CIPs, attached and incorporated herein as Exhibit A, as a basis for the City's desired SDC fees, per ORS 223.304, as modified as follows:

- A. The SDC Project Plan for the Water SDC set forth in Table 3.4.1 of Exhibit A is hereby replaced with Table 8.4.1 (SDC Eligibility for CIP Projects) of the 2008 Water System Master Plan, attached as Exhibit B.
- B. Table 7.5.1 - entitled "Stormwater Project SDC Eligibility Summary" is hereby renamed "Parks Project SDC Eligibility Summary" and replaced with Exhibit C, attached and incorporated by this reference.

Section 2. Establishment of City SDCs. Based upon the Methodology adopted above, and accounting for inflation since Methodology development (relying upon the November 1, 2012 ENR CCI), the following SDC fees are hereby imposed pursuant to NMC Chapter 12.15:

- A. The Water System Development Charge eligibility identified in Section 2 of Resolution No. 3431, as amended with Resolution No. 3464, shall be amended to be \$1,755 per Equivalent Dwelling Unit (EDU).
- B. The Wastewater System Development Charge eligibility identified in Section 2 of Resolution No. 3431 shall be amended to be \$3,675 per EDU.
- C. The Stormwater System Development Charge eligibility identified in Section 2 of Resolution No. 3431 shall be amended to be \$793 per EDU or \$0.29 per square foot of new impervious surface.

- D. The Transportation System Development Charge eligibility identified in Section 2 of Resolution No. 3431 shall be amended to be \$1,029 per EDU.
- E. The Parks Development Charge eligibility identified in Section 2 of Resolution No. 3431, as amended with Resolution No. 3523, shall be amended to be \$2,447 per EDU.

Section 3. Annual Adjustments.

- A. The SDC rates adopted herein for each SDC shall be adjusted annually on or about January 1st of each calendar year, based upon inflation as evidenced by the Construction Cost Index published in the Engineering News Record. The adjustment shall be based on the most recent Construction Cost Index available as of November 1st. A resolution identifying the adjusted SDCs shall be placed as an action item on the Council agenda prior to January 1st of each calendar year, which shall be subject to public comment as required by ORS 294.160(1).
- B. Prior to placing the annual indexed adjustment resolution on the Council agenda, staff shall review city improvement and planning needs for new improvement projects and projects which have either been completed or are no longer needed. Staff shall analyze the impact of updating adopted CIPs and fees and shall present such differentials, if any, to the Council for a determination of whether such adjustments should be incorporate into the city's CIP and fees. Any such adjustments directed by Council shall be included within the annual index adjustment resolution, as described in Section 3(A), above.

Section 4. Repeal. Resolution Nos. 3574, 3530, 3523, 3488, 3464, 3454 and 3431 are hereby repealed.

Section 5. Effective Date. The effective date of this Resolution is February 21, 2012.

Adopted by the Newport City Council on February 21, 2012.

Signed on May 1, 2012.



Mark McConnell, Mayor

ATTEST:



Margaret M. Hawker, City Recorder

Construction

Cost Indexes



Construction Cost Index

The CCI's annual escalation rate jumped a full percentage point, to 3.3% this month.

20-CITY: 1913=100	OCT. 2013 INDEX VALUE	% CHG. MONTH	% CHG. YEAR
CONSTRUCTION COST	9688.86	+1.4	+3.3
COMMON LABOR	20622.34	+1.8	+3.5
WAGE \$/HR.	39.22	+1.8	+3.5

Building Cost Index

A 0.7% increase in the BCI's labor component pushed the indexes' annual inflation rate to 2.0% from 1.7%.



20-CITY: 1913=100	OCT. 2013 INDEX VALUE	% CHG. MONTH	% CHG. YEAR
BUILDING COST	5308.38	+0.4	+2.0
SKILLED LABOR	9128.56	+0.7	+1.7
WAGE \$/HR.	50.66	+0.7	+1.7



Materials Cost Index

A 0.6% increase in lumber prices was offset by falling steel and cement prices.

20-CITY: 1913=100	OCT. 2013 INDEX VALUE	% CHG. MONTH	% CHG. YEAR
MATERIALS	2974.21	-0.1	+2.5
CEMENT \$/TON	110.88	-0.2	+2.0
STEEL \$/CWT	50.03	-0.4	+1.4
LUMBER \$/MBF	430.32	+0.6	+5.7

Construction Stats Stalled by Fed Shutdown

The U.S. Commerce Dept. construction put-in-place data for public works for August, which would normally appear in this space, is still not available due to the lingering effects of the federal government shutdown. The shutdown ended on October 17 and updated statistics are expected to be available by next month's cycle. The latest data before the federal government shutdown, for July 2013, shows a 5.3% year-to-year decline in public works.

\$280

\$270

\$260

\$250

\$ BIL

April May June 2013 July Aug.

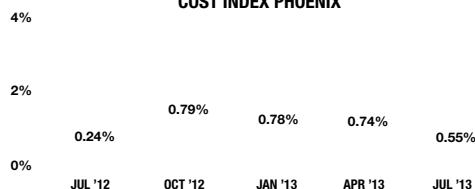
SOURCE: U.S. DEPT. OF COMMERCE. CONSTRUCTION PUT-IN-PLACE, SEASONALLY ADJUSTED ANNUAL RATE IN CURRENT DOLLARS.



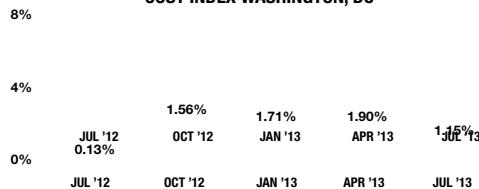
Phoenix and DC Cost Indexes

Construction costs in Phoenix are up 0.6% for the quarter ending last July, according to Rider Levett Bucknall. The city's cost index is up about 3% from a year ago. The RLB building cost index for Washington, D.C., shows stronger gains. Construction costs there are about 6.5% higher than a year ago. This has been fueled by strong growth during the last four quarters, including quarterly gains of 1.2% in July, 1.9% in April, 1.7% in January and 1.6% for last October. These increases compare to a 3.6% nationwide.

COST INDEX PHOENIX



COST INDEX WASHINGTON, DC



PERCENTAGE CHANGE PER QUARTER
CUMULATIVE PERCENTAGE CHANGE FOR THE PERIOD SHOWN

SOURCE: RIDER LEVETT BUCKNALL

Structural Steel, Rebar, Building Sheet, Piling

ITEM	UNIT	ATLANTA	BALTIMORE	BIRMINGHAM	BOSTON	CHICAGO	CINCINNATI	CLEVELAND	DALLAS	DENVER	DETROIT	KANSAS CITY
STANDARD STRUCTURAL SHAPES: AVERAGE												
Channel beams, 6" DEEP, 8.2 LB/LF	cwt	-50.80	48.17	54.47	52.82	-50.30	47.67	47.48	49.95	50.91	42.51	61.36
I-beams, 6" DEEP, 12.5 lb/lf	cwt	-53.87	54.50	58.95	54.92	-52.70	52.00	46.75	51.05	52.98	41.68	69.57
Wide-flange, 8" DEEP, 31 LB/LF	cwt	-47.22	44.00	49.95	51.25	-47.05	47.00	47.10	48.60	49.50	40.80	57.10
REINFORCING BARS:												
Grade 60, #4	cwt	-47.50	44.50	43.50	48.85	-47.57	42.50	52.00	49.46	46.22	43.00	37.96
Epoxy-coated	cwt	-	-	-	65.39	66.98	-	82.00	-	67.95	76.00	-
HOT-ROLLED CARBON-STEEL PLATE:												
12 gauge, 48" x 10'	cwt	47.95	44.00	42.95	-47.05	48.00	46.00	44.78	49.85	48.06	42.50	48.74
EXPANDED METAL LATH:												
Std diamond mesh, 3.4 LB/SY, GALVANIZED	cwt	212.82	275.00	108.00	215.90	212.40	-	-	212.73	212.56	-	-
Flat-ribbed, 3.4 lb/sy	cwt	221.49	-	134.00	229.55	227.93	-	-	219.90	219.78	-	-
BUILDING SHEET AND PLATE:												
Aluminum sheet, 3003H14, 36" x 96"	cwt	198.75	213.38	179.00	213.85	210.79	204.00	210.10	198.35	198.05	215.00	-
STAINLESS-STEEL SHEET:												
14 gauge	cwt	169.20	+146.00	154.00	166.62	170.35	+140.50	163.00	-171.80	172.85	156.80	181.53
16 gauge	cwt	172.88	+147.00	154.00	173.38	175.10	+140.50	166.25	-177.59	176.17	166.50	186.57
20 gauge	cwt	177.45	+151.00	163.00	181.90	178.69	+140.50	175.20	-181.42	180.44	170.00	187.57
STAINLESS-STEEL PLATE:												
304, 1/4", 72" x 240"	cwt	205.80	+163.00	323.00	205.00	212.62	-160.00	158.00	-209.72	-201.00	221.80	178.80
316, 1/4", 96" x 140"	cwt	265.15	+332.00	-	268.15	246.20	-383.00	226.50	-242.19	-249.68	241.10	242.73
STEEL PILING: H-PILE												
HP10 x 42	cwt	33.70	43.00	47.65	32.79	33.35	42.00	28.50	34.10	33.75	27.50	-

+ or - denotes price has risen or fallen since previous report. Monthly market quotations by ENR field reporters as of Oct. 18, 2013. All prices are spot prices quoted from a single source. All prices are FOB warehouse except metal lath, which is FOB city. Stainless-steel sheet prices are for type 304, 2B finish, 48 x 120-in. Steel piles are high-strength A572. Some prices may include taxes or discounts for prompt payment, etc. Product specifications may vary depending on what is most commonly used or most accessible in a city. All quantities are truckloads unless noted. Quotes for Montreal and Toronto are in Canadian dollars (cont. on p. 38)

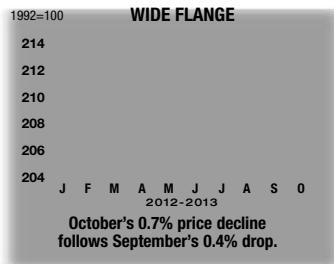
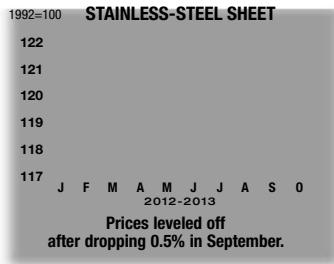
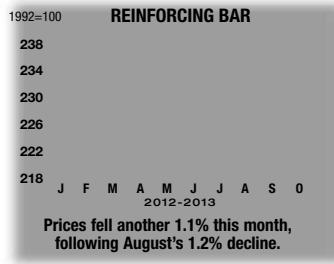
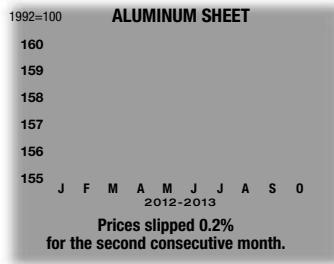
Rebar Prices Drop 1.1% in October

Prices for grade-60 reinforced concrete bar declined 1.1% this month to \$45.34 per cwt, according to ENR's 20-city average price. This nearly matches a 1.2% price drop last August. The two large price cuts were interspersed by a modest 0.1% gain in September. The recent trend left rebar prices 2.4%

below October 2012's level. Falling prices are expected to continue, according to the Washington, D.C.-based forecasting firm IHS Global Insight. The firm predicts that 2013 prices will average 7.3% below 2012. Rebar prices during the third quarter of this year were \$590 a ton, 9.9% below 2012.



ENR's Materials Price Indexes



20-City Average

ITEM	UNIT	PRICE	% CHG. MO.	% CHG. YEAR
STANDARD STRUCTURAL SHAPES: AVERAGE				
Channel beams, 6" DEEP, 8.2 LB/LF	cwt	49.71	-0.6	+0.9
I-beams, 6" DEEP, 12.5 LB/LF	cwt	49.66	-0.6	+0.1
Wide-flange, 8" DEEP, 31 LB/LF	cwt	52.16	-0.6	+1.4
REINFORCING BARS:				
Grade 60, #4	cwt	47.31	-0.7	+1.1
Epoxy-coated	cwt	45.34	-1.1	-2.4
HOT-ROLLED CARBON-STEEL PLATE:				
12 gauge, 48" x 10'	cwt	69.56	-1.2	+0.5
EXPANDED METAL LATH:				
Std diamond mesh, 3.4 LB/SY, GALVANIZED	cwt	46.25	-0.2	0.0
Flat-ribbed, 3.4 LB/SY	cwt	210.69	-0.4	-0.5
BUILDING SHEET AND PLATE:				
Aluminum sheet, 3003H14, 36" x 96"	cwt	214.92	-1.0	-1.4
STAINLESS-STEEL SHEET:				
14 gauge	cwt	195.54	-0.2	-0.3
16 gauge	cwt	163.21	-0.1	-2.1
20 gauge	cwt	167.46	-0.1	-2.7
STAINLESS-STEEL PLATE:				
304, 1/4", 72" x 240"	cwt	170.96	-0.1	-1.7
316, 1/4", 96" x 140"	cwt	199.39	-0.3	-0.8
STEEL PILING: H-PILE				
HP10 x 42	cwt	246.31	-0.2	+0.1
HP10 x 42	cwt	33.27	-0.5	+3.4

SOURCE: MCGRAW HILL CONSTRUCTION RESEARCH & ANALYTICS/ENR.

Structural Steel, Rebar, Building Sheet, Piling

Canada

ITEM	UNIT	LOS ANGELES	MINNEAPOLIS	NEW ORLEANS	NEW YORK	PHILADELPHIA	PITTSBURGH	ST. LOUIS	SAN FRANCISCO	SEATTLE	MONTREAL	TORONTO
STANDARD STRUCTURAL SHAPES: AVERAGE												
Channel beams, 6" DEEP, 8.2 LB/LF	cwt	43.40	-46.01	48.71	54.46	-52.49	55.28	-45.64	42.82	49.02	54.00	55.18
I-beams, 6" DEEP, 12.5 lb/lf	cwt	44.12	-48.68	48.10	54.59	-52.93	50.40	-53.51	42.38	47.82	55.00	55.18
Wide-flange, 8" DEEP, 31 LB/LF	cwt	42.18	-45.85	50.77	56.45	-53.20	70.45	-42.80	42.18	50.35	55.00	55.18
REINFORCING BARS:												
Grade 60, #4	cwt	43.89	43.50	47.25	52.33	-51.35	45.00	-40.60	43.89	48.90	52.00	55.18
Epoxy-coated	cwt	31.97	50.00	46.90	55.84	-46.72	44.85	-48.00	31.97	47.49	59.00	-
HOT-ROLLED CARBON STEEL PLATE:												
12 gauge, 48" x 10'	cwt	0.00	72.00	-	66.93	-68.80	57.50	-72.00	0.00	-	109.00	-
EXPANDED METAL LATH:												
Std diamond mesh, 3.4 LB/SY, GALVANIZED	cwt	46.80	48.80	-48.15	48.01	48.37	42.00	42.50	43.79	46.75	84.00	-
Flat-ribbed, 3.4 lb/sy	cwt	196.79	162.00	216.62	-	-229.63	-	-	197.59	-205.28	-	-
BUILDING SHEET AND PLATE:												
Aluminum sheet, 3003H14, 36" x 96"	cwt	214.72	150.00	-225.17	-	-234.34	-	-	215.43	209.15	-	-
STAINLESS-STEEL SHEET:												
14 gauge	cwt	186.75	181.90	199.72	168.91	209.33	171.00	177.00	187.63	-191.80	190.00	-
16 gauge	cwt	175.53	159.00	167.69	134.01	177.78	154.00	148.58	182.33	172.65	108.00	-
20 gauge	cwt	185.33	167.50	172.33	136.05	183.90	156.00	146.25	183.97	181.89	105.00	-
STAINLESS-STEEL PLATE:												
304, 1/4", 72" x 240"	cwt	180.47	150.75	175.20	139.30	190.15	164.00	163.00	181.64	187.45	107.00	-
316, 1/4", 96" x 140"	cwt	184.09	262.00	204.55	126.27	215.72	164.00	205.00	184.79	202.68	107.00	-
STEEL PILING: H-PILE												
HP10 x 42	cwt	230.52	270.75	248.08	137.98	250.25	200.00	167.88	231.81	245.90	103.00	-
HP10 x 42	cwt	28.99	27.70	34.98	27.84	-32.85	-	27.48	29.36	33.35	55.00	-

(cont. from p. 37) and a mix of metric and American units. The above prices do not represent a city's prevailing or average price but track price movement from a single source for a given quantity and specification over time.

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at ENR.com/economics

Construction Cost Index

+2.0%
OCT. 2014

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	9886.06	+0.2%	+2.0%
COMMON LABOR	21069.87	0.0%	+2.1%
WAGE \$/HR.	40.03	0.0%	+2.1%

The CCI's annual escalation rate declined to 2.0% from the previous month's 3.3%, compared to a 1.4% gain in October 2013, as wages held steady.

Building Cost Index

+2.5%
OCT. 2014

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5441.85	+0.6%	+2.5%
SKILLED LABOR	9386.70	+0.5%	+2.8%
WAGE \$/HR.	52.10	+0.5%	+2.8%

Annual inflation measured by the BCI climbed back to 2.5% after falling as low as 1.7% last May. The gain is due mostly to a 0.9% increase in the MCI.

Materials Cost Index

+0.9%
OCT. 2014

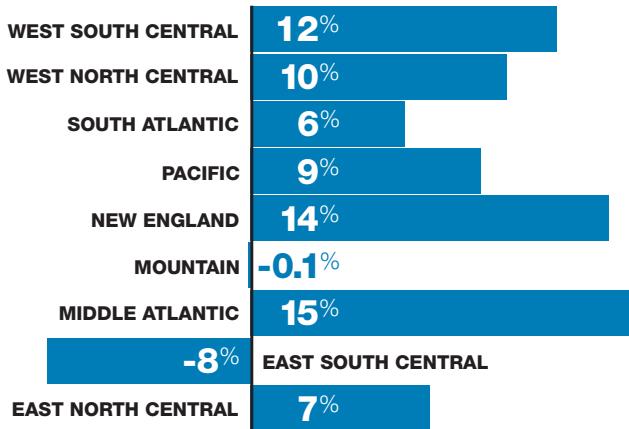
MONTHLY INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3031.47	+0.9%	+1.5%
CEMENT \$/TON	115.94	+1.0%	+4.4%
STEEL CWT	49.98	+0.8%	-0.5%
LUMBER MBF	458.86	+1.1%	+7.3%

Lumber prices jumped 1.1% following two consecutive months of 1.2% hikes.

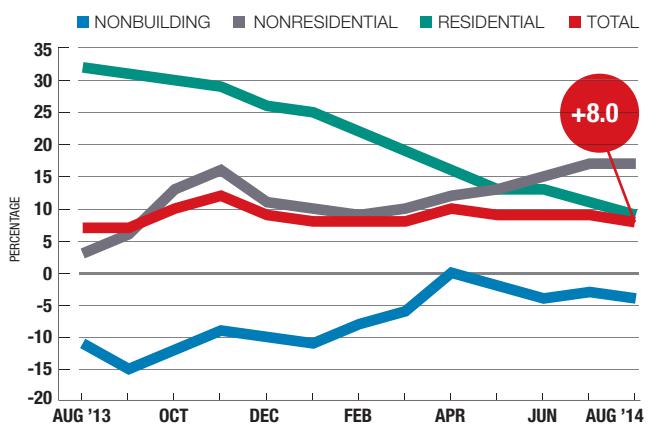
Construction Starts Regional growth trends vs. national trends

EAST SOUTH CENTRAL REGION IS WEAKEST



SOURCE: MCGRAW HILL CONSTRUCTION DODGE. YEAR-TO-YEAR PERCENT CHANGE IN VALUE OF TOTAL PROJECTS STARTED AUGUST 2014 FOR 12-MONTH ROLLING TOTALS.

RESIDENTIAL MARKETS HAVE SLOWED



SOURCE: MCGRAW HILL CONSTRUCTION DODGE. YEAR-TO-YEAR PERCENT CHANGE FOR 12-MONTH ROLLING NATIONAL TOTAL STARTS.

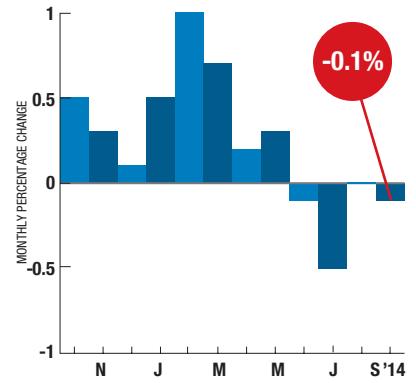
Total construction starts in New York have jumped 33% above a year ago, according to McGraw Hill Construction Dodge's 12-month rolling average, which, in August, stood at \$40.65 billion. The strongest growth came from annual increases of 118% for highway work, 82% for the health-care sector and 75% for the hotel sector.

NEW YORK CONSTRUCTION STARTS: \$/MIL.	2014 AUGUST	2014 JULY	2013 AUGUST	% CHG. MONTH	% CHG. YEAR
TOTAL CONSTRUCTION	\$40,650.468	\$38,901.923	\$30,609.622	+4.5	+32.8
NON-RESIDENTIAL	\$15,229.18	\$13,589.46	\$13,969.99	+12.1	+9.0
COMMERCIAL, MANUFACTURING	7,721.686	7,500.264	7,670.199	+3.0	+0.7
STORES, SHOPPING CENTERS	1,370.960	1,188.105	1,366.868	+15.4	+0.3
OFFICE, BANK BUILDINGS	3,285.239	3,255.712	3,016.781	+0.9	+18.9
HOTELS, MOTELS	1,472.459	1,413.888	842.704	+4.2	+74.7
MANUFACTURING BUILDINGS	107.554	134.067	919.904	+19.8	-88.3
INSTITUTIONAL	7,507.502	6,089.201	6,299.800	+23.3	+19.2
EDUCATION BUILDINGS	3,414.125	3,554.931	3,351.958	-4.0	+1.9
HEALTH-CARE FACILITIES	2,819.089	1,193.090	1,547.816	+136.3	+82.1
RESIDENTIAL	14,451.488	13,706.448	9,978.704	+5.4	+44.8
NON-BUILDING	10,969.792	11,606.010	6,660.919	-5.5	+64.7
HIGHWAYS, BRIDGES	5,531.090	5,957.664	2,539.243	-7.2	+117.8
ENVIRONMENTAL PUBLIC WORKS	1,631.948	1,909.646	1,801.008	-14.6	-9.4
POWER, UTILITIES	787.882	773.875	621.757	+1.8	+26.7

SOURCE: MCGRAW HILL CONSTRUCTION DODGE CONSTRUCTION STARTS. TOTALS MAY NOT ADD UP DUE TO EXCLUSION OF OTHER CATEGORIES. 12-MONTH ROLLING TOTALS FOR NEW YORK.

Structural-steel prices rose another 1% in October following last month's 0.8% increase, according to ENR's 20-city average price for channel, wide-flange and I-beams. The recent increase lifts the average price for structural steel 1.5% above October 2013's level. Last month, the average price for structural steel was down 0.1% for the year. The Bureau of Labor Statistics' producer price index for fabricated structural steel slipped 0.1% in September but is still 2.9% above a year ago. ENR's 20-city average price for grade-60 reinforcing bar increased 0.7% this month and is now 1.3% above a year ago.

PRODUCER PRICE INDEX FABRICATED STEEL Monthly Percent Change

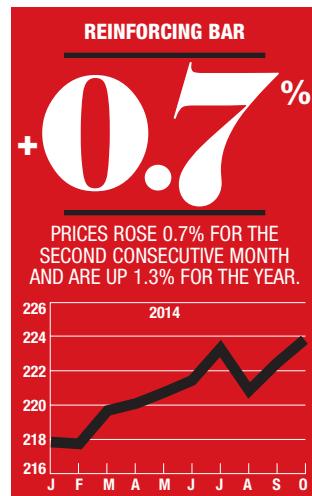


SOURCE: BUREAU OF LABOR STATISTICS

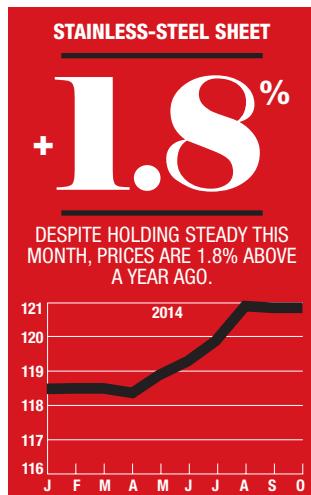
ENR's Materials Prices For October 2014



1992=100



1992=100



1992=100



1992=100

20-CITY AVERAGE

ITEM	UNIT	\$PRICE	%MONTH	%YEAR
STANDARD STRUCTURAL SHAPES				
Average	CWT	50.46	+1.0	+1.5
Channel beams, 6" Deep, 8.2 LB/LF	CWT	50.27	+1.0	+1.2
I-beams, 6" Deep, 12.5 LB/LF	CWT	52.95	+0.9	+1.5
Wide-flange, 8" Deep, 31 LB/LF	CWT	48.16	+1.1	+1.8
REINFORCING BARS				
Grade 60, No. 4	CWT	45.91	+0.7	+1.3
HOT-ROLLED CARBON-STEEL PLATE				
12 gauge, 48" x 10'	CWT	47.18	0.0	+2.0
ALUMINUM SHEET				
3003H14, 36" x 96"	CWT	189.61	-0.1	-3.0
STAINLESS STEEL SHEET				
14 gauge	CWT	165.87	0.0	+1.6
16 gauge	CWT	169.95	0.0	+1.5
20 gauge	CWT	174.10	0.0	+1.8
STAINLESS-STEEL PLATE				
304, 1/4", 72" x 240"	CWT	196.36	+0.5	-1.5
316, 1/4", 96" x 140"	CWT	250.47	+0.5	+1.7
STEEL PILING (H-PILE)				
HP10 x 42	CWT	33.12	-0.1	-0.5

SOURCE: MCGRAW HILL CONSTRUCTION/ENR

PLATT'S* STEEL SPOT MARKET PRICES: SEPT.

Reinforcing bar, No. 5	TON	640.00	+1.1	+1.6
Plate	TON	850.00	+0.3	+18.8
Hot-rolled coil	TON	666.19	-2.2	+4.9

SOURCE: *PLATT'S MCGRAW HILL FINANCIAL. REBAR SOUTHERN U.S.; PLATE PRICES U.S. SOUTHEAST AVERAGE; HOT-ROLLED COIL PRICES INDIANA.

Structural Steel, Rebar, Building Sheet, Piling For October 2014

City prices reflect quotes from single sources and can be volatile. They are not meant to be the prevailing price for a city. Data are a mix of list and transaction prices and may include ENR estimates. Do not compare prices between locations. Use city information to analyze national trends.

ITEM	UNIT	ATLANTA	BALTIMORE	BIRMINGHAM	BOSTON	CHICAGO	CINCINNATI	CLEVELAND	DALLAS	DENVER	DETROIT
STANDARD STRUCTURAL SHAPES											
AVERAGE	CWT	52.29	54.33	50.32	53.24	+55.41	+52.00	47.93	49.95	48.05	+43.63
CHANNEL BEAMS, 6" DEEP, 8.2 LB/LF	CWT	52.95	53.00	50.68	53.37	+55.05	+50.00	50.00	50.19	48.00	+46.32
I-BEAMS, 6" DEEP, 12.5 LB/LF	CWT	55.10	60.00	54.02	54.86	+58.37	56.00	47.70	51.05	49.21	+42.30
WIDE-FLANGE, 8" DEEP, 31 LB/LF	CWT	48.82	50.00	46.25	51.50	+52.80	50.00	46.10	48.60	46.95	+42.28
REINFORCING BARS											
GRADE 60, #4	CWT	48.10	45.50	42.45	46.97	+47.22	46.00	+48.00	46.30	+46.00	+49.00
HOT-ROLLED CARBON-STEEL PLATE											
12 GAUGE, 48" x 10'	CWT	46.19	55.00	44.14	49.29	47.15	54.00	45.40		46.19	43.40
BUILDING SHEET AND PLATE											
ALUM. SHEET, 3003H14, 36" x 96"	CWT	195.27	213.00	180.00	209.65	191.60	206.00	188.60	208.50	195.47	198.10
STAINLESS-STEEL SHEET											
14 GAUGE	CWT	169.20	168.00	152.00	172.67	167.29	160.00	-165.00	169.86	161.33	157.38
16 GAUGE	CWT	172.88	169.00	152.00	178.39	171.55	161.00	164.88	175.15	165.70	165.50
20 GAUGE	CWT	177.45	172.00	164.00	184.10	175.80	163.00	+169.98	180.02	169.19	168.60
STAINLESS-STEEL PLATE											
304, 1/4", 72" x 240"	CWT	+219.85	182.00	188.80	+219.37	225.18	-169.00	162.00	201.75	202.00	-218.58
316, 1/4", 96" x 140"	CWT	+275.28	347.00	0.00	+267.55	260.60	-391.50	226.50	239.09	239.05	-237.42
STEEL PILING: H-PILE											
HP10 x 42	CWT	-32.30	45.00	-40.52	33.56	34.91	44.00	28.50	34.59	33.75	29.10

ITEM	UNIT	KANSAS CITY	LOS ANGELES	MINNEAPOLIS	NEW ORLEANS	NEW YORK	PHILADELPHIA	PITTSBURGH	ST. LOUIS	SAN FRANCISCO	SEATTLE
STANDARD STRUCTURAL SHAPES											
AVERAGE	CWT	+61.31	43.40	+45.23	+50.59	54.46	52.49	55.28	+44.74	42.82	51.73
CHANNEL BEAMS, 6" DEEP, 8.2 LB/LF	CWT	+57.53	44.12	+42.88	+49.19	54.59	52.93	50.40	+50.63	42.38	51.25
I-BEAMS, 6" DEEP, 12.5 LB/LF	CWT	+69.64	42.18	+47.60	+52.82	56.45	53.20	70.45	+42.88	42.18	53.00
WIDE-FLANGE, 8" DEEP, 31 LB/LF	CWT	+56.76	43.89	+45.22	+49.75	52.33	51.35	45.00	+40.72	43.89	50.93
REINFORCING BARS											
GRADE 60, No. 4	CWT	48.00	31.97	50.00	45.63	+52.00	51.19	44.85	49.00	31.97	48.08
HOT-ROLLED CARBON-STEEL PLATE											
12 GAUGE, 48" x 10'	CWT	56.00	46.80	46.30	42.09	48.01	49.90	42.00	+42.58	43.79	46.49
BUILDING SHEET AND PLATE											
ALUM. SHEET, 3003H14, 36" x 96"	CWT	177.40	186.75	177.10	170.56	168.91	-188.65	171.00	180.00	187.63	198.00
STAINLESS-STEEL SHEET											
14 GAUGE	CWT	181.53	175.53	161.20	167.69	159.20	173.20	154.00	152.50	182.33	167.42
16 GAUGE	CWT	186.57	185.33	165.60	172.33	165.57	177.00	156.00	155.25	183.97	175.33
20 GAUGE	CWT	187.57	180.47	168.00	175.20	170.38	183.84	164.00	165.20	181.64	182.55
STAINLESS-STEEL PLATE											
304, 1/4", 72" x 240"	CWT	178.80	184.09	250.00	198.32	172.83	207.12	164.00	199.88	184.79	+198.70
316, 1/4", 96" x 140"	CWT	242.73	230.52	255.10	245.17	205.65	251.89	200.00	174.50	231.81	+237.55
STEEL PILING: H-PILE											
HP10 x 42	CWT	+27.30	28.99	29.00	-31.49	30.02	33.87	0.00	28.95	29.36	+34.00

+ OR - DENOTES PRICE HAS RISEN OR FALLEN SINCE PREVIOUS REPORT. ALL PRICES ARE FOB WAREHOUSE OR CITY. STAINLESS-STEEL SHEET PRICES ARE FOR TYPE 304, 2B FINISH, 48 X 120-IN. STEEL PILES ARE HIGH-STRENGTH A572. SOME PRICES MAY INCLUDE TAXES OR DISCOUNTS. PRODUCT SPECIFICATIONS MAY VARY DEPENDING ON WHAT IS MOST COMMONLY USED OR MOST ACCESSIBLE IN A CITY. QUANTITIES ARE GENERALLY TRUCKLOADS.



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.D
Meeting Date: December 1, 2014

Agenda Item:

APPROVAL OF AN INTERGOVERNMENTAL AGREEMENT RELATED TO THE RETROFIT OF THE SAFE HAVEN HILL TSUNAMI EVACUATION ASSEMBLE AREA

Background:

The City of Newport was successful in obtaining federal FEMA funds in the amount of \$471,361 in order to accomplish \$628,481 worth of improvements to Safe Haven Hill. This work is being coordinated to occur at the time that various other improvements are planned in South Beach with US 101 and 35th Street intersection and other improvements. The general scope of work has been developed in consultation with the Oregon Department of Transportation and stakeholders in the area. The city will be using Urban Renewal funds as a match to these federal funds.

Recommended Action:

I recommend that the City Council consider the following motion:

I move to authorize the City Manager to execute an agreement with the State of Oregon Emergency Management for Hazard Mitigation Grant Program Contract, FEMA, DR-1964OR for federal funding in the amount of \$471,361 the total authorized cost of the project being \$628,481.

Fiscal Effects:

The local share of the project will be funded by the South Beach Urban Renewal Plan.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item # VIII.D
Meeting Date December 1, 2014

CITY COUNCIL
AGENDA ITEM SUMMARY
City of Newport, Oregon

Issue/Agenda Title Intergovernmental Agreement Related to Retrofit of Safe Haven Hill Tsunami Evacuation Assembly Area
Prepared By: Derrick Tokos Dept Head Approval: DT City Mgr Approval:

ISSUE BEFORE THE COUNCIL: Consideration of Amendment No. 1 to Hazard Mitigation Grant Program Contract DR-1964, FEMA Project No. DR-1964.0005, between the State of Oregon through its Office of Emergency Management, and City of Newport. The total estimated cost is \$628,481, with a federal share of \$471,361. This agreement is Phase II of the project, and authorizes funds to construct pathways, signage, lighting, and an emergency storage shed to improve accessibility and utility of the evacuation assembly area. The federal share available for Phase II is \$432,629. The City previously budgeted urban renewal funds as match. The remaining balance of the City's match funds is \$167,755.

STAFF RECOMMENDATION: Staff recommends the Council approve the agreement.

PROPOSED MOTION: I move that the Council authorize the City Manager to sign the agreement, as presented.

KEY FACTS AND INFORMATION SUMMARY: The City submitted a grant application to the Federal Emergency Management Agency (FEMA) in September of 2011 to secure funding to retrofit the Safe Haven Hill tsunami evacuation assembly area in South Beach. This followed the distant water tsunami that occurred in Japan in March of that same year. The State of Oregon, Office of Emergency Management coordinates with FEMA to administer the grant program.

FEMA approved the City's grant application and authorized it to proceed in two phases. The first phase, approved in February of 2013, authorized funds for supplemental geotechnical investigations to be performed to establish that Safe Haven Hill is a viable location for a tsunami assembly area. Further, a benefit-cost analysis was funded to show that the improvements are prudent investment and an archeological investigation was performed. That work is complete, and Phase II funding was approved by FEMA on September 29, 2014. The City has until March 25, 2016 to complete the improvements.

The scope of the agreed upon improvements was developed in consultation with the Oregon Department of Transportation (property owner) and stakeholders in the area. It is identified as a priority project in the City's Coho Brant Infrastructure Refinement Plan and South Beach Urban Renewal Plan.

OTHER ALTERNATIVES CONSIDERED: None. This is the second of two agreements to fund and construct the referenced improvements in a manner that is consistent with the grant application that the City Council authorized in September of 2011.

CITY COUNCIL GOALS: It has been a Council goal to see this project completed.

ATTACHMENT LIST:

- Amendment No. 1 to Hazard Mitigation Grant Program Contract DR-1964, FEMA Project No. DR-1964.0005
- Schematic drawing of the planned improvements and preliminary cost estimates from the Coho/Brant Plan

FISCAL NOTES: City match funds are budgeted.

STATE OF OREGON

OREGON EMERGENCY MANAGEMENT

HAZARD MITIGATION GRANT PROGRAM CONTRACT, FEMA DR-1964-OR

Phase-II Project Funding & Performance Period Extension, Amendment No. 1

This is Amendment No. 1 to the Hazard Mitigation Grant Program Contract DR-1964, FEMA Project No. DR-1964.0005 ("Contract") made and entered into by and between the State of Oregon, Oregon Military Department, Office of Emergency Management, hereinafter referred to as "Grantee" and the **City of Newport**, hereinafter referred to as "Subgrantee," effective as of March 5, 2013.

1.0 Effective Date. This Amendment shall become effective on the date it is fully executed and approved as required by applicable law.

2.0 Amendment. The Contract is hereby amended as follows:

PURPOSE

a. Section 3.0. Section 3.0 of the Contract is amended as follows:

3.0 TIME OF PERFORMANCE

Activities payable under this Agreement and to be performed by Subgrantee under this Agreement shall be those activities which occurred starting **January 26, 2013**¹ and shall terminate upon completion of the Project approved by federal and state officials, including completion of close out and audit. This period shall be referred to as the "Agreement Period." The Project shall be completed no later than **March 25, 2016**.

b. Section 5.0. Section 5.0 of the Contract is amended as follows:

5.0 FUNDING

The total authorized cost of the Project is **\$628,481**, with a Federal share of **\$471,361**. Phase-I Project costs are \$51,643, of which the seventy five percent (75%) Federal share is \$38,732. This amendment increases the Federal share to an amount not to exceed **\$432,629**.

Grantee will administer the Hazard Mitigation Grant Program and reimburse any eligible costs for the Project to Subgrantee which are identified in the documentation provided by Subgrantee and approved by Grantee and FEMA.

¹ Eligible pre-award costs (incurred after 3/11/2011) as approved by FEMA in the sub-grant scope of work

Subgrantee will commit at least the required twenty-five percent (25%) non-Federal match to any eligible project.

3.0 **Original Contract.** Except as expressly amended above, all other terms and conditions of the original contract are still in full force and effect.

IN WITNESS WHEREOF, Grantee and Subgrantee have executed this Agreement as of the date and year written below.

Governor's Authorized Representative
Oregon Emergency Management

Authorized Agent Signature-Subgrantee
Printed Name: Spencer Nebel
Title: City Manager

DATE: _____

DATE: _____

Oregon Emergency Management
P.O Box 14370
Salem, OR 97309-5062

Subgrantee - PLEASE PRINT THE
FOLLOWING TO EXPEDITE
PROCESSING:

CFDA: 97.039

Federal Tax ID No. (TIN):
FIPS:
Organization:

Address:

Phone:

Map F-1. Safe Haven Hill Concept Plan



- Tax Lot
- Proposed Shared-use Path
- Proposed Sidewalk
- Proposed Trail
- Proposed Gravel Path
- ↔ Proposed Access



CAMERON McCARTHY LANDSCAPE ARCHITECTURE & PLANNING
 Newport Coho/Brant Infrastructure Refinement Plan
 Safe Haven Hill - Concept Plan
 Newport, Oregon
 June 21, 2012

1 inch = 100 feet at 11X17

**Table F-23. Coastal Gully Open Space
Estimated Project Cost Summary**

PROJECT NO. 20					
LOCATION Safe Haven Hill					
PROJECT DESCRIPTION Construct shared-use path, trail, and stairs. Sidewalk on south and east sides. Establish clearing zone. Install disaster supply shed.					
PROPOSED IMPROVEMENTS					
ITEM NO.	BID ITEM DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL
1	Clearing & Grubbing	1	ACRE	\$15,000	\$8,700
2	Matting (Bonded Fiber Matrix)	0	ACRE	\$6,818	\$2,386
3	Earthwork	410	CY	\$20	\$8,196
4	Pavement (HMAC)	191	TON	\$80	\$15,259
5	Aggregate Base	582	TON	\$18	\$10,477
6	Aggregate Base (Trail)	113	TON	\$19	\$2,148
7	Concrete Walks	6690	SF	\$4	\$26,760
8	Concrete Curb & Gutter	1115	LF	\$15	\$16,725
9	Concrete Stairs	115	LF	\$200	\$23,000
10	Retaining Wall, Prefabricated Modular	929	SF	\$35	\$32,508
11	Retaining Wall, Wood	1599	SF	\$25	\$39,984
12	Path Lighting	1	LS	\$50,000	\$50,000
13	Directional Signage	12	EACH	\$350	\$4,200
14	Educational Signage	2	EACH	\$2,500	\$5,000
15	Building	1	LS	\$10,000	\$10,000
16	Landscape Repair	21,210	SF	\$1	\$15,908
17	Trees	10	EACH	\$250	\$2,500
	Subtotal				\$273,751
18	Surveying (%)			LS	\$10,000
19	Mobilization (%)			10%	\$27,375
20	Traffic Control (%)			3%	\$8,213
21	Erosion Control (%)			3%	\$8,213
	Estimated Direct Construction Cost				\$327,552
	Design Contingency			40%	\$131,021
	Design Fees			20%	\$65,510
	Construction Management			10%	\$32,755
ESTIMATED PROJECT COST					\$556,838



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.E
Meeting Date: December 1, 2014

Agenda Item:

APPROVAL OF RESOLUTION NO. 3700 WHICH ACCEPTS THE NEWPORT STUDENT HOUSING REPORT RELATED TO THE PROPOSED EXPANSION OF THE HATFIELD MARINE SCIENCE CENTER CAMPUS

Background:

As you are aware the City of Newport and Lincoln County co-funded a study to review the impacts that an undergraduate marine campus program at Hatfield Marine Science Center would have on housing needs in the City of Newport and Lincoln County. The proposed campus would expand the student base from a current 50 students to 500 students with the addition of 40 to 50 staff and facility members. A stakeholder group was established with representatives from OSU, the Oregon Coast Community College, Department of Land Conservation and Development, staff from local governments in Lincoln County, and individuals with direct experience in real property development and real housing management to review the potential impact and identify ways to address these housing needs.

This report is intended to address two key purposes. The first is to demonstrate to the State of Oregon's legislature and administration that Newport and Lincoln County are prepared to address the housing needs for this type of expansion. Secondly the City of Newport, the County, other local government entities, and Oregon State University are proactively working together to determine the best solution in moving forward to meet the housing needs.

The most specialized needs relate to the student housing component since students may spend either one quarter of the year at the Hatfield campus, a full academic year at the Hatfield campus, or in some cases a longer period of time as they complete their studies. This creates a scenario in which OSU would need to be directly involved in meeting the student housing needs through a public/private partnership or by directing providing student housing facilities in Newport since these types schedules do not work well with typical lease scenarios. In addition Oregon Coast Community College has been at the table as part of these discussions and some of the student housing options may jointly serve both Oregon Coast Community College and Hatfield Center.

The Planning Commission has also reviewed the report and suggested several minor changes not impacting any of the recommendations.

The attached report outlines several specific recommendation that the city/county and OSU are advised to pursue in order to address this future housing need in Newport and Lincoln County.

A resolution has been prepared which provides that the City Council accept the report and recommendations prepared by ECONNorthwest, dated November 2014 and directs the Planning Commission to evaluate policies that would incorporate the recommendations as part of a future recommendation to the City Council on how these issues maybe incorporated in the City of Newport's Comprehensive Plan.

These has been an excellent collaborative effort between the city, county, OSU, and others in demonstrating that the community can accommodate this expanded housing needs.

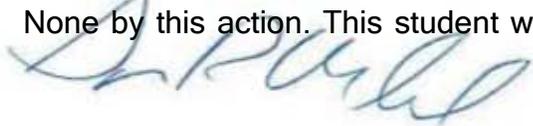
Recommended Action:

I recommend that the City Council consider the following motion:

I move that the Council approve Resolution No. 3700 accepting the analysis and recommendations of the Newport Student housing Report.

Fiscal Effects:

None by this action. This student was funded jointly by Lincoln County and the City of Newport with the city's funds being obtained through a grant from the State of Oregon.



Alternatives:

Modify any of the recommendation or as

suggested by the City Council.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item # VIII.E
Meeting Date December 1, 2014

CITY COUNCIL AGENDA ITEM SUMMARY

City of Newport, Oregon

Issue/Agenda Title Resolution No. 3700, Accepting the Newport Student Housing Report Related to the Proposed Expansion of the Hatfield Marine Science Center Campus

Prepared By: Derrick Tokos Dept Head Approval: DT City Mgr Approval:

ISSUE BEFORE THE COUNCIL: Consideration of whether or not it is in the public interest for the Newport City Council to accept the analysis and recommendations outlined in a report titled Newport Student Housing: Expansion of the Hatfield Marine Science Center,” prepared by ECONorthwest, dated November 2014. The Planning Commission considered the report at its November 24, 2014 and concurred with its analysis and recommendations.

STAFF RECOMMENDATION: Staff recommends the Council approve the resolution.

PROPOSED MOTION: I move that the Council approve Resolution No. 3700, accepting the analysis and recommendations of the Newport Student Housing Report.

KEY FACTS AND INFORMATION SUMMARY: Oregon State University is constructing a 100,000 square foot research education building as part of its initiative to expand the Hatfield Marine Science Center (HMSC) campus to accommodate 450 additional students, along with 40 to 60 new faculty members and staff. This first phase of the expansion is estimated to cost approximately \$50 million, and the University has secured about half of the needed funding. Construction is anticipated to begin in 2017 and will be completed in 2018.

Current vacancy rates for rental units in the City of Newport fluctuate between two and three percent. The City has a deficit of nearly 500 affordable housing units for households that earned less than \$25,000 and more than one-third of its households cannot afford a two-bedroom apartment at HUD’s fair market rent level of \$759 (for the 2005-2009 reporting period).

Recognizing the need to get ahead of the planned expansion to ensure adequate housing will be available to meet the anticipated demand, the City of Newport secured \$7,500 from the Department of Land Conservation and Development (DLCD) and Lincoln County contributed \$7,500 to fund a planning effort to (a) evaluate the impacts additional students and faculty will have on the City’s existing rental housing inventory; (b) review the City’s buildable lands inventory and housing policies; (c) identify lands suitable for student housing; (d) research public/private partnerships and incentives available to address student housing needs; and (e) prepare policies and strategies that can be pursued in Newport to promote the realization of additional multi-family development, including student housing.

A stakeholder group was formed to guide the planning process. It included representatives from OSU, the Oregon Coast Community College, the Department of Land Conservation and Development (DLCD), staff from local governments in Lincoln County, and individuals with direct experience in real property development and rental housing management. The consulting firm ECONorthwest was hired to assist the stakeholder group, which met three times from late October through mid-November. The effort culminated in a report, by ECONorthwest, containing findings and recommendations that confirm there is adequate land in Newport upon which student housing can be constructed to meet the anticipated demand; identify strategies that OSU can take to ensure that student housing is developed to

support the HMSC Expansion; and outline policies and strategies the City of Newport should pursue to support the development of student and multi-family housing. The report is titled “Newport Student Housing: Expansion of the Hatfield Marine Science Center, dated November 2014.

Given the short timeframe within which this work was performed, a draft version of the final report was just released on Monday, November 24th. The Planning Commission suggests that minor edits be made to Section 5 of the document. They are highlighted in the attached draft. There may be additional minor edits recommended by the stakeholder group. None are expected to alter the key recommendations, and a final version identifying any additional changes will be distributed at the December 1st Council meeting.

OTHER ALTERNATIVES CONSIDERED: None.

CITY COUNCIL GOALS: There are no specific Council goals applicable to this request.

ATTACHMENT LIST:

- Resolution No. 3700
- Report titled “Newport Student Housing: Expansion of the Hatfield Marine Science Center,” prepared by ECONorthwest, dated November 2014

FISCAL NOTES: There are no direct fiscal impacts associated with the adoption of this resolution.

RESOLUTION NO. 3700

A RESOLUTION ACCEPTING THE ANALYSIS AND RECOMMENDATIONS OF THE NEWPORT STUDENT HOUSING REPORT

FINDINGS:

1. The City of Newport strongly supports the proposed development of a Marine Student Campus Program at the Hatfield Marine Science Center (HMSC) and is committed to collaborating with Oregon State University (OSU) to identify and proactively address the impacts such a development will likely have on the community.
2. Expansion of the HMSC will increase the number of students from 50 to 500, and will add an additional 40 to 60 faculty members and staff. This places a significant demand on Newport's already tight housing market.
3. Recognizing the need to proactively plan for how this housing demand will be met, the City of Newport and Lincoln County, in consultation with OSU, engaged a group of affected stakeholders to evaluate the impacts additional students and faculty will have on the City's existing rental housing inventory; review the City's buildable lands inventory and housing policies; identify lands suitable for student housing; research public/private partnerships and incentives available to address student housing needs; and prepare policies and strategies that can be pursued in Newport to promote the realization of additional multi-family development, including student housing.
4. The stakeholder group included representatives from OSU, the Oregon Coast Community College, the Department of Land Conservation and Development (DLCD), staff from local governments in Lincoln County, and individuals with direct experience in real property development and rental housing management.
5. The consulting firm ECONorthwest assisted the stakeholder group in conducting the analysis, and prepared a final report with its findings and recommendations titled "Newport Student Housing: Expansion of the Hatfield Marine Science Center, dated November 2014.
6. ECONorthwest's report confirms that there is adequate land in Newport upon which student housing can be constructed to meet the anticipated demand; identifies strategies that OSU can take to ensure that student housing is developed to support the HMSC Expansion; and outlines policies and strategies the City of Newport should pursue to support the development of student and multi-family housing.

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

Section 1. The Newport City Council hereby accepts the recommendations outlined in the report titled "Newport Student Housing: Expansion of the Hatfield Marine Science Center," prepared by ECONorthwest and dated November 2014.

Section 2. The Newport City Council directs the Newport Planning Commission to evaluate the policy and implementation measures identified in the report and provide a recommendation for how they might be incorporated into the City of Newport's Comprehensive Plan.

Section 3. The effective date of this resolution is December 1, 2014.

Adopted by a _____ vote of the Newport City Council on _____, 2014.
Signed on _____, 2014.

Sandra Roumagoux
Mayor

ATTEST:

City Recorder

Newport Student Housing

Expansion of the Hatfield Marine Science Center in Newport

November 2014

Prepared for:

The City of Newport

Draft Report

ECONorthwest
ECONOMICS • FINANCE • PLANNING

Contact Information

Beth Goodman prepared this report. ECONorthwest is solely responsible for its content.

ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

For more information about this report or ECONorthwest, visit our website at www.econw.com. You can also contact us at:

Beth Goodman
ECONorthwest
222 SW Columbia Street
Portland, OR 97201
503-222-6060
goodman@econw.com

For more information about this project, please contact:

Derrick I. Tokos, AICP
Community Development Director
City of Newport
169 SW Coast Highway
Newport, OR 97365
541-574-0626
d.tokos@newportoregon.gov

Acknowledgements

ECONorthwest and the City of Corvallis thank the many people who helped to develop the Newport Student Housing Study.

Student Housing Study Advisory Committee

Birgitte Ryslinge, President, Oregon Coast Community College
Bonnie Serkin, Chief Operating Officer, Landwaves, Inc.
Dan Cutter, Oregon State University and Waldport City Councilor
David Craig, Director of Business Development, University Housing and Dining Services, Oregon State University
Derrick Tokos, Community Development Director, City of Newport
Larry Lewis, City Planner, for the cities of Depot Bay, Waldport, and Yachats
Lee Hardy, Owner, Yaquina Bay Property Management
Onno Husing, Planning Director, Lincoln County
Patrick Wingard, North Coast Regional Representative, Oregon Department of Land Conservation and Development
Richard Townsend, Planning and Community Development Director, Lincoln City
Robert Cowen, Director and Professor, Hatfield Marine Science Center, Oregon State University
Spencer Nebel, City Manager, City of Newport

This project was funded by Lincoln County, City of Newport, and the Department of Land Conservation and Development.

This page intentionally left blank

Table of Contents

Executive Summary	i
Introduction	1
1.1 Definitions	2
1.2 Oregon State University’s expansion plans	4
1.3 City of Newport and OSU Roles in Student Housing Development.....	5
1.4 Organization of this Report.....	9
2 Potential Impact of Growth at the Hatfield Marine Science Center on Newport’s Housing Market	10
2.1 Impact on housing demand.....	10
2.2 Update to Buildable Lands Analysis.....	19
3 Potential Sites for New Student Housing	23
4 Tools for Housing Development	29
4.1 Public-oriented tools	31
4.2 Developer Tools.....	41
5 Next Steps	47

This page intentionally left blank

Executive Summary

Newport's South Beach is a developing ecodistrict, with a broad range of ocean-observing organizations, such as: NOAA Marine Operations Center, the Oregon Coast Aquarium, the Oregon Museum of Science and Industry's Coastal Discovery Center, the Hatfield Marine Science Center (HMSC), and other businesses and government agencies. Oregon State University (OSU) is planning for an of the HMSC campus in South Beach, as part of the University's Marine Studies Initiative.

The City of Newport and Lincoln County support HMSC expansion. However, they also recognize that the growth of students, faculty, and staff resulting from the HMSC expansion could increase the pressure in Newport's already tight housing market, in the absence of proactive planning. The City, County, and OSU want to ensure that growth of the student presence will not displace Newport's workforce and residents from existing housing, which requires planning for student housing development.

This report was developed as the first step in proactively planning student housing development in Newport. This report was developed in collaboration with an Advisory Committee of staff from Newport, Lincoln County, OSU, the Oregon Coast Community College, Department of Land Conservation and development, and other stakeholders in Newport such as landowners, real estate professionals, and representatives from other cities in Lincoln County.

Hatfield Marine Science Center Expansion Plans

OSU is planning to expand the HMSC as part of the University-wide the Marine Studies Initiative, which will bring about 500 undergraduate and graduate students to the HMSC as an integral part of their studies at OSU. Student growth will result in demand for between 85 and 160 units of student housing, plus need for 40 units of non-student housing for graduate students. As part of the expansion, OSU plans to add 40 to 60 faculty and staff, resulting in the need for 40 to 60 dwellings, some in Newport and some in nearby areas and communities.

Potential Impact of HMSC Expansion on Newport's Housing Market

The 2011 Newport *Housing Needs Analysis* report concluded that Newport has a limited supply of multifamily housing and that the city lacks affordable workforce housing. In addition, the city's housing stock is aging, with some housing in poor condition. There has been little new multifamily rental development in Newport since 2000.

Examination of newer information about Newport's housing market, as well as interviews with real estate and other stakeholders, confirm these issues. Newport's housing market continues to be very tight (with a vacancy rate of around 4%) and housing affordability, especially for renters, continues to be a concern for Newport's workforce and other residents.

Given these conditions, growth in the number of HMSC students, in the absence of student housing development, has the potential to displace existing renters in Newport. OSU students in Corvallis generally pay between \$650 and \$800 per month for rent, both at housing managed by OSU and in private student-oriented housing. If students at HMSC can pay the same rent in Newport as they do in Corvallis and live in a two-person unit, they could pay \$1,300 to \$1,600 per month in rent. In comparison, average rent in Newport is currently about \$775 per unit per month.

Given the lower cost of housing in Newport, most HMSC students might have a preference for market-rate multifamily housing in Newport, if it is available. If student housing is available and OSU has an active role in managing student housing, students in Newport for part of the year and some year-around students may prefer student housing because of the convenience of living in housing managed by OSU, both for ease of paying for housing and for ease of moving between Newport and Corvallis during the school year. In addition, Newport landlords may be generally unwilling to rent to students who will be in Newport for less than a calendar year.

As a result, ensuring that student housing is built is important for HMSC students. It is a priority for the City of Newport to ensure that Newport's workforce and existing renters are not displaced by students.

Potential Sites for Student Housing

Discussions with the Advisory Committee identified the following characteristics as being important for a new student housing site: (1) a site at least five acres and potentially 10 to 15 acres, (2) within two miles of HMSC, (3) south of the Yaquina Bay Bridge, (4) accessible by bicycle and pedestrians, (5) accessible by automobiles and transit, (6) existing access to water and wastewater services, (7) outside of the tsunami inundation zone (as required by ORS 455.446 to 455.447), (8) owned by an owner willing to develop student housing, and (9) in an area with access to retail and service amenities.

This project identified an area in South Beach with several sites that meet these criteria. The site best suited for student housing is within the Wilder development, which is an area being developed with single-family and multifamily housing. The Wilder site includes an area of about three buildable acres that could accommodate student housing. In addition, two properties adjacent to the Wilder property, the BGB Parcels and the GVR Parcel, have potential for student housing. Both areas would require transportation and other infrastructure investments, as well as entitlement and other administrative changes, to make them development-ready.

Outside of these three areas, Newport has no other sites that meet the criteria for student housing. Other sites would take longer and be more expensive to make development-ready.

Policy Actions to Ensure Student Housing Development and Support HMSC Expansion

The Advisory Committee reviewed and discussed a wide range of approaches available to encourage and facilitate student housing development. The Committee also considered approaches to facilitate multifamily housing development, as some graduate students and staff may prefer to live in rental housing in Newport. The following recommendations from ECONorthwest are based on discussions with the Advisory Committee, as well as discussions with Newport staff.

Strategies to support continued collaboration about student housing development

- **The City and County should express a preference for direct and proactive involvement from OSU in student housing development.** The City and County prefer that OSU have greater involvement in operations of the student housing development, by either developing and operating the student housing facility or by working with a private developer to develop student housing that OSU manages.
- **Given the limited number of available sites that meet the criteria for student housing development, OSU should be proactive in securing a development site.** ECONorthwest recommends that OSU secure a property for development or obtain an option to purchase (or lease) a property as soon as possible. Wilder is proceeding with development and the flexibility to incorporate student housing will decrease over time. Other sites may become unavailable for development, if landowners make other development plans.
- **OSU may need to develop a phasing strategy for HMSC expansion that includes managing student growth and timing of student housing development.** An important part of ensuring that students have housing in Newport as the HMSC grows is timing the development of student housing with the growth of students in Newport. ECONorthwest recommends that OSU develop a phasing strategy for HMSC expansion that includes managing the timing of student growth with student housing development.
- **The City, County, OSU, and OCCC should continue to work together to facilitate expansion of the HMSC and student housing development.** The City, County, OSU, and OCCC continue to actively collaborate together and with other stakeholders about the HMSC expansion and student housing development.
- **The City of Newport, Lincoln County, and other cities in Lincoln County should continue to coordinate about issues related to housing and the HMSC expansion that may affect the entire county.** While undergraduate students are most likely to need housing in South Beach, HMSC's faculty, staff, and some graduate students may prefer to live in other parts of Lincoln County. ECONorthwest recommends that the County and all of the cities in it continue to actively collaborate on issues related to HMSC expansion, especially housing.

Policies and strategies to support student and multifamily housing development

- **The City and County should work together, and with other cities in the County, to decide whether to offer a multiple-unit tax exemption.** This tax exemption could be used to encourage development of multifamily, student housing, and other housing in Newport or other cities in Lincoln County.
- **The City and County should work together, and with other cities in Lincoln County, to evaluate options for using CDBG or Section 108 funds to encourage development of multifamily housing that includes low-income and workforce housing.** One of the ways to decrease potential impact of student growth on Newport's housing market is to encourage development of more multifamily housing, such as low-income subsidized and workforce housing. We recommend that the City, County, and other cities in Lincoln County evaluate options to use CDBG funds or Section 108 loans to support multifamily housing development.
- **The City of Newport should consider options for offering SDC financing or credits to encourage multifamily or student housing development.** The City already offers SDC credits to some developers. The City should weigh the trade-offs in lowering SDCs to encourage multifamily or student housing development.
- **The City of Newport should encourage and facilitate development of retail and service amenities in South Beach.** These amenities would include a grocery store, restaurants, banks, and other retail and services to serve students, residents, and employees in South Beach.
- **The City of Newport should make policy amendments, as necessary, to support student housing development and HMSC expansion.** We recommend that the City adopt policy amendments to encourage development of multifamily housing, including student housing, throughout the City.

In addition, the City should adopt implementation measures to: (1) work with Lincoln County to evaluate the use of the multiple-unit tax exemption to support multifamily development, (2) work with Lincoln County to evaluate the use of CDBG and Section 108 funds to support development of subsidized low-income and (where applicable) workforce multifamily housing, and (3) work with property owners around the Wilder development and the Oregon Department of Transportation to coordinate the amount, type, and density of residential development in this area.

Introduction

Oregon State University (OSU) is planning for an expansion of the Hatfield Marine Science Center (HMSC), which is located in Newport's South Beach area. The most up-to-date estimate from OSU staff is that the expansion is expected to accommodate approximately: (1) 40 to 60 new faculty and staff members, (2) about 400 undergraduate students (with 300 students in Newport during most university terms), and (3) about 100 graduate students. OSU faculty, staff, and students will need part-time and year-round housing in Newport.

New faculty, staff, and students at the HMSC will result in demand for 165 to 260 new units,¹ about 85 to 160 of which will be student housing in multifamily structures. Most undergraduate and many of the graduate students are likely to live in Newport, if housing is available. Some faculty and staff will choose to live in Newport, some will choose to live in nearby communities, and some may choose to commute into Newport from Corvallis.

The City of Newport contracted with ECONorthwest to work with City staff and an advisory committee to better understand the potential impacts of expansion of the OSU Hatfield Marine Science Center (HMSC) on Newport's housing market. ECONorthwest worked with the City to develop the Newport *Housing Needs Analysis* in 2011, as well as updating the Housing Element of Newport's Comprehensive Plan.² This project will build on the technical and policy work completed as part of development of Newport's Housing Needs Analysis (HNA). The focus of this project is updating key parts of the factual base in the 2011 *Housing Needs Analysis*, identifying suitable sites for student housing, assessing the potential impact of student housing on Newport's rental market, and identifying policies and strategies to ensure that the necessary student housing is developed.

¹ The estimate of 165 to 260 new units assumes: demand for: (1) 40 to 60 units for faculty and staff (some may choose not to live in Newport), (2) 40 single-family dwellings and 10 multifamily student housing for graduate students (with an average of two graduate students per unit), and (3) 75 to 150 units of multifamily student housing for undergraduates.

² <http://www.thecityofnewport.net/dept/pln/PlansandDocuments.asp>

1.1 Definitions

This section defines student housing and workforce housing, as these terms are used in this report.

Student Housing

Throughout this report, we discuss “student housing” and the housing needs of students. The term “student housing” is used in this report to describe housing that is intended to be occupied predominantly by students, such as students at HMSC or at the Oregon Coast Community College. If housing is built or managed by a college or university such as OSU, occupants of that housing can be restricted to students.

Housing that is privately-owned and managed may be intended for occupancy by students, but federal housing policy does not allow privately-owned housing to exclude potential renters based on whether or not they are a student. As a result, non-students can occupy privately-owned student housing. In addition, students can (and often do) occupy market-rate housing, such as single-family detached houses or apartments.

The term “student housing” implies a specific type of building and a range of unit configurations. Student housing is typically built in multifamily buildings, with more than three dwelling units per structure and often more than five dwelling units per structure. The dwelling units in student housing buildings range from: a private room (e.g., a one-room living space, often with a shared bathroom), a shared room with two or more occupants (e.g., a shared dorm room), or two or more private rooms with a shared common area and bathrooms (e.g., four occupants with four private bedrooms, two shared bathrooms, and shared common space).

The types of amenities in a student housing building (or group of buildings) vary. Some university-owned and managed student housing includes a place for meals and may include common areas outside of the dwelling units. In privately developed and managed student housing buildings, amenities often include common areas, recreation areas, or a fitness center.

In summary, student housing can be managed by the university or a private owner, it is typically in a multifamily structure, there are a range dwelling unit configurations, and a range of amenities is available in the building or complex.

Low Income and Workforce Housing

This report presents tools that are used to facilitate the development of affordable “subsidized housing” and “workforce housing.” The following definitions describe terms used in this report, related to housing affordability.

Table 1 presents information about income and housing costs in Lincoln County in 2014.

- **Housing affordability.** HUD’s standard for affordability is that housing costs should be 30% or less of a household’s gross income. In Lincoln County, a household that earns the County’s Median Family Income (MFI) of \$55,700 per year has a monthly income of about \$4,640 and can afford up to \$1,390 per month in housing costs.
- **Low-income subsidized housing.** Families earning less than 50% of MFI are often eligible for federally-subsidized housing programs, such as the Section 8 Housing Choice Voucher program. These households are often referred to as low- or very low-income households.
- **Workforce housing.** HUD defines workforce housing as housing that is available to households earning between 50% and 120% of median family income. Households in the 50% to 80% group are generally renters. Workforce housing for people earning 80% to 120% of MFI may be for renters or homeowners.

In Lincoln County, families with income of 50% of MFI can afford about \$700 per month in rent. The median gross rent in Newport is about \$780 per month.³ A family earning 120% of MFI (nearly \$67,000) can afford a house costing about \$200,000, which is comparable to the median housing sales price in Newport in 2014.

Table 1. Income as a Percentage of Median Family Income, Lincoln County, 2014

Percent MFI	Annual Income	Monthly Income	Monthly Affordable Housing Cost
30%	\$16,710	\$ 1,390.00	\$420
50%	\$27,850	\$2,320	\$700
80%	\$44,560	\$3,710	\$1,110
100%	\$55,700	\$4,640	\$1,390
120%	\$66,840	\$5,570	\$1,670

Source: ECONorthwest; HUD Income Limits, 2014

³ US Census American Community Survey, 2008 to 2012 5-year data

1.2 Oregon State University's expansion plans

OSU's plans for expansion of the HMSC is part of the Marine Studies Initiative, which is a broad interdisciplinary initiative across the University. The goal of the Marine Studies Initiative is to bring about 500 students to the HMSC, as an integral part of their studies at OSU.⁴ The expansion of the HMSC is expected to occur over an approximately 10-year period.

At this time, the vision for the expansion of the HMSC is will result in growth of:

- 400 juniors and seniors in studying in Newport⁵
 - About 80% (roughly 300 students) will be in Newport for 1 or 2 terms. OSU staff currently expect to have roughly 300 part-year students during any given term.⁶
 - About 20% (roughly 100 students) will be in Newport for the entire school year (September through June) or calendar year
 - Undergraduate students will be at the HMSC for all four terms, **with roughly 300 students in Newport during any term**, roughly 100 full-year students and 200 part year students.⁷
- 100 grad students, the majority of whom will be in Newport for 1 or more years.
- 40 to 60 new faculty and staff, all of whom will live in Newport year-round
 - 20 to 25 will be new faculty
 - 20 to 50 will be new staff

The housing needs of new students, faculty, and staff will vary based on the length of their stay in Newport and their ability to pay for housing. Broadly speaking, the new housing needs of faculty, staff, and students at the expanded HMSC can be broken down into the following categories:

⁴ HMSC currently has 60 to 80 students per year, with about 50 students at HMSC at any given time.

⁵ In addition, the Hatfield Marine Science Center will continue to have students take short, intensive courses. These students generally come to Newport for about two weeks. They are currently housed in facilities at the Hatfield Marine Science Center. They will continue to be housed in these facilities, for the foreseeable future.

⁶ If all part-year students were in Newport for one-term, then during the three-term school year, 900 students part-year students would study at the Hatfield Marine Science Center.

⁷ Currently, summer and spring terms have the largest number of students at the HMSC, with the fewest students in fall and winter. OSU expects the number of students at HMSC to roughly divide among the four terms. But the summer and spring terms may continue to be the terms with the largest number of undergraduate students.

- **Part-year (one- or two-term) housing for students.** This housing would probably resemble the types of housing available at the main OSU campus or in the private housing market in Corvallis, with two or more students to a unit and private bedrooms. We assume that these students would be willing and able to pay approximately the same amount for housing in Newport as they do in Corvallis.
- **Full-year housing for students.** This housing will likely take a variety of forms. Some student may prefer to live in housing specifically designed for students, such as a unit with one or more other students with private bedrooms and shared bathrooms and common areas. We assume that these students would be willing and able to pay approximately the same amount for housing in Newport as they do in Corvallis.

Other students may prefer to live in traditional multifamily to single-family housing, alone, with roommates, or with their family. The large majority of this housing will be rental housing. As the following section discusses, the supply of this type of rental housing is tight in Newport.

- **Long-term housing for faculty and staff.** Faculty and staff will need a range of housing, from multifamily to single-family housing. Depending on their income and the cost of housing, some faculty and staff may rent and some may own their housing. This is probably some combination of single-family and maybe multifamily housing, some rental and some ownership. As the following section discusses, the supply of affordable housing of these types is tight in Newport.

1.3 City of Newport and OSU Roles in Student Housing Development

A key outcome of this project is a set of strategies and policies that can ensure production of student housing, timing development so that it is available as it is needed to accommodate growth at the HMSC. The City will not be the developer of housing, nor will they be the primary consumer of student housing. However, to make student housing development easier and increase the likelihood of timely student housing development the City can play the following roles:

- **Facilitate discussions about development of student housing.** The City is doing this, as part of this project and through discussions with partners and interested parties. As part of this role, the City is bringing interested parties together to discuss the opportunities, challenges, and solutions for student housing. The City can partner with OSU and developers by ensuring the necessary stakeholders are at the table, making the development process easier and faster, and identifying ways to lower development costs.

- **Identify potential sites for student housing.** The City is working with OSU, landowners, and other stakeholders to identify potential sites for student housing. The area identified as being most appropriate for student housing, based on the desired characteristics for a student housing site, is in or around the Wilder development, near Oregon Coast Community College. Other sites may be identified as being good candidates for student housing, as this project progresses.
- **Ensure the necessary zoning and development standards are in place.** One of the City's primary roles in facilitating any type of development is to ensure that the site for student housing has zoning that allows the type and density of housing necessary for student housing. Zoning standards should allow for development of multifamily buildings, such as multi-story buildings or townhouses.
- **Ensure availability of infrastructure and services.** The City should ensure that adequate infrastructure or services are available for the development site. Key infrastructure includes transportation access, municipal water, wastewater service, and stormwater management. The site for student housing needs to be accessible by car and potentially by bus or shuttle bus, preferably from local roads with a connection to Highway 101. The site should also be accessible to bicycles and pedestrians, with safe connections to HMSC.
- **Expedite the development process.** The City can facilitate student housing by expediting the development process. This may mean faster processing of the development application. It can also involve shepherding the development application(s) through the entire development process, helping to solve development issues, and ensuring that there has been adequate involvement with key stakeholders and public officials to avoid any delays in the process.
- **Lower development costs to the developer.** The City can take actions to lower development or operational costs to the developer, through tools such as giving SDC credits or property tax abatements or helping to assemble land. Most cities reserve these tools for use on projects that further specific city goals (e.g., creating denser development in downtown or redevelopment of a long-vacant site) and where financial assistance is necessary to make a project financially viable. The City can also help developers through technical assistance for packaging local, state, and federal tools.

Newport is already engaged with the first four of these actions. The City is facilitating the process and helping to develop partnerships, through this project and other efforts. The City has identified the Wilder development, along with adjacent properties, as potential sites for student housing development. One reason these areas are under consideration is that they are largely serviced, have

good transportation access, and because the City is developing a pedestrian and bicycle path from South Beach to the Oregon Coast Community College.

OSU also has a critical role in ensuring the development of student housing. As plans for the HMSC expansion become clearer, the University will need to define its role in student housing development in more detail. Some parts of OSU's role are described in brief below:

- **Initiate and participate in partnerships.** Like the City, OSU can participate in public and private partnerships with public organizations (such as the City or the Oregon Coast Community College), nonprofits (such as the Lincoln Community Land Trust), landowners, developers (both for-profit and nonprofit developers), financiers, and other stakeholders.
- **Clarify plans about growth.** OSU is in the process of developing internal plans for the marine studies initiative, which is driving the HMSC expansion. OSU expects to have clearer plans for the HMSC expansion in the spring of 2015, which will bring clarity to student housing needs.
- **Develop a housing transition process for students coming to and leaving the HMSC.** One of the challenges that OSU will face in expanding the HMSC is developing a process for students to transition easily from housing in Corvallis to housing in Newport and back to housing in Corvallis. This will be especially important to students who study at the HMSC for part of the year.
- **Help mitigate uncertainty about student housing demand.** Private student housing developers will be concerned about several aspects of the HMSC expansion: uncertainty about when HMSC will start attracting more students, uncertainty that demand for student housing will continue over the long-term, and uncertainty that students will choose to live in the student housing development. OSU can help mitigate uncertainty by being an active and collaborative partner with the developer, and through agreements with the private developer about occupancy (such as an occupancy guarantee) or developing a housing transition process.
- **Establish role in development.** OSU may choose to participate in the actual housing development by paying some development costs, day-to-day management of the housing, or financing the project. OSU's options for its role in developing student housing for students at HMSC are:
 - **Student housing developed by OSU.** The University could design, build, finance, and operate any new student housing facilities. This is typically how OSU has expanded student housing in Corvallis and gives the University a high degree of control over the student experience, rates, leasing, timing of capacity, etc. Although this scenario would easily integrate into OSU's overall campus plan and would offer a high degree of fidelity with current OSU housing

operations, it involves a high degree of risk on the part of the University. As there is no partner entity, OSU must bear the full financial responsibility of the operation. With this option, student housing would generate no property tax, as OSU would be the property owner.

- **Private Development with OSU as Operator.** In this type of development, student housing would be funded in part by a non-profit housing foundation but designed and built by the University, a developer, and a bonding entity. OSU would master lease the housing facility from the bonding entity.

This option would require an RFP process and would prioritize the financial performance of the project over the student experience. The University needs to invest little in the project but still faces a moderately high financial risk if the project fails to perform. If OSU or a nonprofit were the owner of the land and buildings, the student housing would generate no property tax.

- **Private Development with Private Operator with OSU Affiliation.** Student housing in this scenario would be funded, designed, and built by a private developer on land leased to them by OSU. The University would have greater control of the building design if the facility were built on campus grounds, though it is often difficult to adjust operations due to leasing terms. This type of development involves a small degree of risk to the institution and a modest financial return. In addition, the University program would be secondary to the private developer recouping its investment in the project. With OSU as the land owner, the land would generate no property tax. If the facility and property were to be privately owned then the buildings and other improvements would generate property taxes.
- **Private Development with Private Operator with No OSU Affiliation.** This scenario offers the least risk and the least control of operations for the University. The facilities would be funded, designed, and built by the developer on land they have purchased. Students would perceive this as a type of off-campus housing, unaffiliated with the institution. Rents and student experience would be completely market-driven and in all likelihood would need to appeal to sections of the community as well as the student body. If the private developer is a for-profit developer, the land, buildings, and other improvements would generate property tax.

1.4 Organization of this Report

The remainder of this report is organized as follows:

Chapter 2 Potential Impact of Growth at the Hatfield Marine Science Center on Newport's Housing Market briefly summarizes the findings of the 2011 Housing Needs Analysis, the potential impact of HMSC expansion on Newport's housing market, and an update of Newport's inventory of residential buildable land.

Chapter 3 Potential Sites for New Student Housing identifies sites available for student housing development.

Chapter 4 Tools for Housing Development describes tools available to encourage and support student housing development.

Chapter 5 Next Steps presents the next steps and recommended actions for the City, Lincoln County, and OSU.

2 Potential Impact of Growth at the Hatfield Marine Science Center on Newport's Housing Market

This section presents ECONorthwest's evaluation of the potential impacts of student growth on Newport's housing market. It starts with relevant key findings from the 2011 *Housing Needs Analysis* about housing demand in Newport. The second part of this section describes the impact that student growth will have on the rental market and rents in Newport, as well as potential private-sector interest in student housing development.

2.1 Impact on housing demand

This section describes the potential impact of student growth on Newport's housing market.

Key findings from the 2011 Housing Needs Analysis

The following are the characteristics of Newport's housing market, as identified in the 2011 HNA, that will influence the housing market response in Newport to growth of enrollment at the HMSC. Except where noted, the information in this section is from the U.S. Census American Community Survey (ACS), either from the 2005 to 2009 ACS or from the 2008 to 2012 ACS (the most recently available ACS data for Newport).

- **Newport has a limited supply of multifamily housing.** About two-thirds of Newport's housing is single-family detached or manufactured housing. A little more than 30% (1,700 units according to the 2005-2009 ACS) of Newport's housing is single-family attached (e.g., townhouses) or multifamily housing (e.g., duplexes, tri-plexes, or structures with more than five units). Some of Newport's multifamily dwellings are intended as second homes or vacation rentals.
- **Newport has experienced limited multifamily rental apartment development.** While 32% of the new dwellings permitted in Newport during the 2000-2010 period were multifamily, the vast majority of multifamily housing was intended as second homes, with some vacation rentals. In short, the market is producing virtually no multifamily dwellings for local residents and workers.

Between 2011 and 2013, nearly all newly-permitted housing was single-family detached housing, with three duplexes and a townhouse permitted.

- **Ageing housing stock.** Nearly 20% of the city's housing stock was built before 1950. Data collected as part of the housing needs analysis suggests

that the condition of some rental housing in Newport is poor. The condition of rental housing, combined with the higher rental costs (relative to nearby communities), negatively affects potential renters' willingness to rent in Newport.

- **Average median contract rent increased at a slower pace than housing prices.** Between 2000 and the 2005-2009 period, rent increased from a median of \$512 per month to \$586 per month, an increase of 14%. By the 2008-2012 period, median rents were \$686 per month and gross rent was \$778 per month.

These rental costs are relatively consistent with costs reported by real estate stakeholders in Newport in 2014, with rents at professionally-managed units approximately at or below \$775 per month.

- **Lack of affordable workforce housing in Newport.** Housing in Newport became much less affordable between 2000 and 2010—particularly to working households:
 - More than one-third of Newport households could not afford a two-bedroom apartment at HUD's fair market rent level of \$759 in the 2005-2009 period.
 - Newport had a deficit of nearly 500 affordable housing units for households that earned less than \$25,000.
 - Over the 2005-2009 period, 39% of Newport's households were cost-burdened, with 51% of renters and 30% of owners cost-burdened. The percentage of households that were cost burdened remained about the same for the 2008-2012 period.
 - Sale price for single-family dwellings increased by nearly 50% between 2000 and 2010, with average sales prices at \$233,000 in 2010. Median sales prices in Newport were about \$216,000 by the end of the Third Quarter in 2014.⁸
- **Substantial in-commuting by workers at Newport businesses who live in outlying areas.** Evidence suggests that some households live in nearby communities because they cannot afford housing in Newport, or they can get housing they prefer in nearby communities (e.g., larger units with more amenities), or for both reasons. In 2008, 68% of residents of Newport worked in Lincoln County, with 50% working in Newport. Data from the American Community Survey show that gross rent in Newport was \$651 compared to \$669 in Toledo, \$592 in Waldport, \$372 in Siletz, and \$493 in Eddyville in the 2005-2009 period.

⁸ Median sales price data from Zillow.com.

Data from the U.S. Census shows that Newport businesses continues to have substantial in-commuting, with about 70% of people working in at Newport businesses characterized as non-residents.

In summary, the HNA concluded that Newport has a deficit of housing affordable to households earning less than \$25,000, which accounted for one-third of Newport's households. In addition, more than two-thirds of workers at businesses in Newport commute into Newport for work. This evidence suggests that Newport has an existing shortage of housing available to lower-income households.⁹

Examination of newer Census and other data about Newport's housing market shows that Newport continues to have a shortage of affordable housing, with a deficit of 500 units affordable to households with income below \$25,000, and that in-commuting continues to be very common for people who work in Newport. Anecdotal evidence, from discussion with stakeholders in Newport, also suggests that Newport has a shortage of rental housing in good condition that meets the needs and preferences of, and is affordable to, some moderate-income households.¹⁰ Real estate stakeholders in Newport report that the vacancy rate for rental housing is currently less than 5%. This comparatively low vacancy rate demonstrates that Newport's housing market is fairly tight, excluding second homes and vacation rentals, indicating possible demand for new rental housing in Newport that is affordable to moderate- and low-income households.

⁹ Affordable housing professionals generally define lower income households as those earning less than 50% of median family income (MFI). In 2014, Lincoln County's MFI was \$55,700, according to HUD. A low income household would earn less than about \$28,000.

¹⁰ Moderate-income households generally earn between 60% to 80% of MFI or \$33,000 to \$45,000 in 2014 in Lincoln County. Housing affordable to moderate-income households is also referred to as "workforce housing."

Potential Impacts of Growth at the Hatfield Marine Science Center on Newport's Housing Market

Our evaluation of the potential impact of growth at the HMSC focuses on two questions:

1. What impact will student have on the rental market and rents in Newport?
2. Will student demand be sufficient to generate private sector interest in building student housing in Newport?

Impact on the rental market

- **Projected OSU faculty, staff and students will increase Newport's population by about 4%.** The proposed growth at the HMSC will result in direct growth of about 450 people at the HMSC during any given term,¹¹ some or all of who will live in Newport. Growth of this number of people will increase Newport's population by about 4%. For context, Newport's population grew by about 628 people between 2000 and 2013.

The population forecast used for the HNA shows Newport growing by 1,603 people between 2011 and 2031, at an average annual growth rate of 0.7%. Growth of about 450 people will account for more than one-quarter of the growth anticipated in the HNA.

- **Expansion of the HMSC will create demand for 165 to 260 new dwellings (an approximate 2% to 4% increase in Newport's housing stock), with the most pressure on growth of multifamily housing.** The number and type of units needed for the new approximately 450 new people (during any given term) associated with the HMSC can be disaggregated, as described below.
 - Assuming that each of the faculty and staff need their own dwelling (e.g., that none are married couples), they will need 40 to 60 dwellings. These dwellings would be a mixture of owner- and renter-occupied dwellings. While the majority of faculty and staff may prefer and be able to afford single-family dwellings, some may prefer multifamily dwellings. Faculty and staff may choose to locate near the HMSC, in other parts of Newport, or in communities or rural areas near Newport.¹²

¹¹ This report and project only address the direct effects of growth at the Hatfield Marine Science Center. Oregon State University has a separate contract with ECONorthwest to develop an analysis of the broad economic impacts of growth of the Hatfield Marine Science Center, including direct, indirect, and induced effects on employment and on economic output.

¹² We assume that the majority of faculty and staff will work at the HMSC for multiple years.

- Graduate student housing needs will vary, from single-family detached housing (with a single graduate student or multiple graduate students) to multifamily housing (with a single graduate student or multiple graduate students). Nearly all graduate students will live in renter-occupied housing. We assume that 80% of graduate student housing will be accommodated in single-family detached housing with one other graduate and that 20% of graduate students will choose to live in multifamily housing with one other graduate student. Under these assumptions, graduate students would occupy 40 single-family dwellings and about 10 multifamily dwellings.
- Assuming that, on average, the 300 undergraduate students in Newport during any given term live in two- or four-person units (with some in single-person units and some in three- or five-person units), undergraduate students will need 75 to 150 new units. All or nearly all of these will be rental units. Many will be multifamily units in structures with five or more units. Some graduate students or a few full-year undergraduate students may choose to live in single-family detached housing.
- Overall, an increase of 165 to 260 new units is relatively small within Newport's housing market, accounting for a 2% to 4% increase in the number of dwelling units (the 2008-2012 ACS reported Newport had 5,597 dwelling units). An increase of up to 80 new single-family dwellings is relatively small, with an increase of about 3% of this housing type.
- An increase of 85 to 160 multifamily units in structures with five or more units, however, is an increase of about 7% to 15% for this type of housing (the 2008-2012 ACS reported Newport had 1,015 dwelling units). This increase has potential for a larger impact on Newport's rental housing market, especially since some existing multifamily housing are second homes or vacation rentals. The remainder of this section focuses on housing for students.

- **Student housing costs at OSU in Corvallis are generally higher than housing costs in Newport.** The median gross rent in Newport (which includes utilities) is nearly \$800 per month. Rents are generally higher for dwelling units with more bedrooms than in units with fewer bedrooms.

Students at OSU generally pay between \$650 to \$800 per month for rent, both at housing managed by OSU and in private student-oriented housing in Corvallis. Assuming that two students shared a unit, they could pay \$1,300 to \$1,600 per month in rent, if they are willing to pay the same amount in rent in Newport as in Corvallis.

Given the rent differential between median gross rent in Newport (\$778 per month) and the amount paid in rent by two students sharing a unit at

OSU (\$1,300 to \$1,600 per month), students will have a preference for market-rate multifamily housing in Newport, if it is available. Some factors that would prevent or discourage students from choosing market-rate housing in Newport are: (1) landlords that are unwilling to rent to students who will be in Newport for less than a calendar year, (2) convenience of living in housing managed by OSU, both for ease of paying for housing and for ease of moving between Newport and Corvallis during the school year, (3) insufficient affordable rental housing located near the HMSC or on the south side of the Yaquina Bay Bridge (especially if student parking is not available at the HMSC), (4) amenities offered at OSU managed housing (such as meals), or (5) amenities offered at privately managed student housing (such as recreational amenities).

- **Students in Newport for less than the full school year would likely have trouble finding housing.** About 60% of the students at the HMSC (300 students) will be in Newport for one or two terms, which is three to six months. The remaining students will be in Newport for a school year, and possibly for a calendar year or longer.

Students in Newport for one or two terms would likely have difficulty finding rental housing in Newport's existing housing, despite the potential for higher rental costs for students. It seems likely that most landlords or rental agencies would strongly prefer to rent to tenants who will stay more than a few months.

- **Year-round students would increase pressure in Newport's rental market, if no new housing were built.** About 200 students are expected to be in Newport year-round. At an average of two-persons per dwelling unit, these students would require 100 dwelling units. The current vacancy rates of less than 5% demonstrates that Newport's year-round housing market is relatively tight. Without development of more housing, demand for 100 additional units will make it harder for to find rentals in Newport.

Assuming that these students were able to pay at least current market rates for rent in Newport or possibly more, they would put additional pressure on Newport's housing market, eventually resulting in higher rents. The pressure would be greatest on rental housing in the South Beach area and other areas south of the Yaquina Bay Bridge, where students are more likely to live because of easier transportation access (especially by bicycle) to the HMSC. As a result, some people who want to live in Newport (including some who currently live in Newport) would likely choose to live in nearby communities with less expensive housing. This might include some students studying at the HMSC.

- **Existing faculty, staff, and students at HMSC have difficulty finding affordable, good condition housing.** HMSC staff conducted an informal

survey of existing students, faculty, and staff currently associated with HMSC. About 120 people responded to the survey, with 16 responses from students, and the remainder divided between OSU and staff at agencies associated with HMSC (such as NOAA or USFWS). This survey provides the following information about HMSC staff and associated agency staff's housing preferences:

- Survey respondents had difficulty finding housing in Newport because of relatively high housing costs, housing that is in poor condition, and scarcity of rental housing.
- More than 60% of survey respondents indicated that they have pets and many respondents had difficulty finding housing that would allow them to have their pet.
- The majority of students who responded were graduate students, most of whom lived in Newport with one or more roommate, in privately owned rental housing.

As HMSC expands, it is reasonable to expect these types of housing issues to persist, especially in the absence of development of student housing and other new affordable housing.

In summary, growth of faculty, staff, and students will result in an increase in Newport's population and, if they all live in Newport, demand for new dwelling units by up to 4%. While 4% growth over a 10-year period is not an exceptional amount of growth, it is a substantial amount of the growth that Newport is expecting between 2011 and 2031.

Growth in students has potential to result in demand for between 85 and 160 new multifamily units, which would result in an increase of up to 15% for Newport's multifamily housing stock. While students appear to have the capacity to pay more in housing than current market-rate rents in Newport, many of the students would live in Newport for three to six months. Their short tenure in Newport would make finding housing difficult. A primary reason for this difficulty is that most landlords prefer to engage in longer-term rentals because of the costs and extra work of renting a dwelling four times a year (rather than once a year or less frequently), such multiple credit checks and deposits, having the dwelling cleaned and repaired multiple times per year, and advertising and showing the dwelling multiple times per year.

In addition to the growth associated with the HMSC, the Oregon Coast Community College (OCCC) is planning to double its student population from

500 to 1,000 students over the next 10 years or more.¹³ OCCC's programs generally attract students from within Lincoln County. Some of OCCC's programs, most notably the Nursing Program and the Aquarium Science Program, attract students from outside of Lincoln County. In the future, OCCC estimates that between 10% to 20% of students will be from out of Lincoln County.

OCCC plans to grow these and other programs that attract students from out of the area. They estimate expansion of OCCC's programs may result in need for housing for about 100 to 200 students from outside of the region in about 10 years. These students may create demand for approximately 25 to 100 dwelling units, assuming an average of two to four students per dwelling. Growth of out-of-area students at OCCC is likely to be gradual, as OCCC expands its programs.

In the context of Newport's already tight rental market, housing demand from the year-round students HMSC students and students at OCCC would further tighten Newport's rental market, eventually resulting in higher rents and decreasing housing affordability for renters. This would lead to more people living in nearby communities as a result of economic necessity.

Private sector interest in student housing

The solution to ensuring that part-year students have options for housing in Newport and avoiding further tightening Newport's rental market is ensuring that housing is developed for students. In the aggregate, demand for about 85 to 160 new dwelling units with the rent profiles of students willing and able to pay \$650 to \$800 per student per month would be attractive to private developers. The average length of student residency would be less attractive to developers.

One of the potential key challenges is coordinating the timing of when OSU starts growing student presence at the Marine Science Center with production of student housing. Left entirely to the market, there would be a lag time between the increase in demand (new students in Newport) and production of new housing. OSU is planning to phase its growth over a ten-year period, meaning that the 500 students will not be added at one time. The market response to building new housing could be years behind student growth.

OSU should align its plans for student growth with the development of new units. The need for this type of coordination, combined with the need to help part-year students coordinate housing in Corvallis and Newport (including issues of coordination with student financial aid), strongly suggests that OSU

¹³ The estimate of 500 students at OCCC is an estimate for full-time equivalent students, rather than a headcount. OCCC expects to grow to about 1,000 full-time equivalent students.

should have a significant role in development of student housing, especially during the early parts of the HMSC expansion.

OSU could work with a private developer on development (and possibly management) of student housing, or OSU could develop and manage the student housing without a private developer. Depending on plans for growth of enrollment at the HMSC, new student housing could be developed in phases. OSU may have a larger role in student housing development in earlier phases of student growth, ensuring that housing is available for students. One or more private developers may be interested in developing student housing in later phases of enrollment growth, when there is more certainty about student growth and development of student housing.

These issues, as well as the role of the City of Newport in ensuring student housing production, will be discussed in subsequent meetings. At a minimum, the City is acting as a facilitator of the process, to ensure participation by a wide range of interested stakeholders.

2.2 Update to Buildable Lands Analysis

The 2011 *Housing Needs Analysis* included a comprehensive inventory of residential lands within the Newport Urban Growth Boundary (UGB). The 2011 buildable lands analysis concluded the City has about 1,764 buildable residential acres. Note that 575 of these acres are in a destination resort designation and would not be available for the type of housing needed to support OSU faculty, staff and students. Table 1 shows a summary of buildable land by plan designation in the Newport UGB in 2011.

Table 1. Residential land with development capacity by constraint status, Newport UGB, 2011

Plan Designation	Tax Lots	Total Acres in Tax Lots	Developed Acres	Constrained Acres	Buildable Acres
Low Density Residential					
Partially Vacant	129	222	30	20	172
Vacant	544	878	0	52	826
Subtotal	673	1,100	30	72	998
High Density Residential					
Destination Resort	31	668	0	93	575
Partially Vacant	24	43	6	8	29
Vacant	339	225	0	64	162
Subtotal	394	936	6	165	765
Total	1,067	2,036	36	237	1,764

Source: City of Newport GIS data; analysis by ECONorthwest

Note: Constraints do not make any deductions for slope

ECO used buildable permit data to update the residential buildable lands inventory. The city did not experience much new residential development between 2011 and 2014. A total of 58 permits were issued for new residential construction. Of these, 55 were issued in residential plan designations. Table 2 summarizes the building permit data.

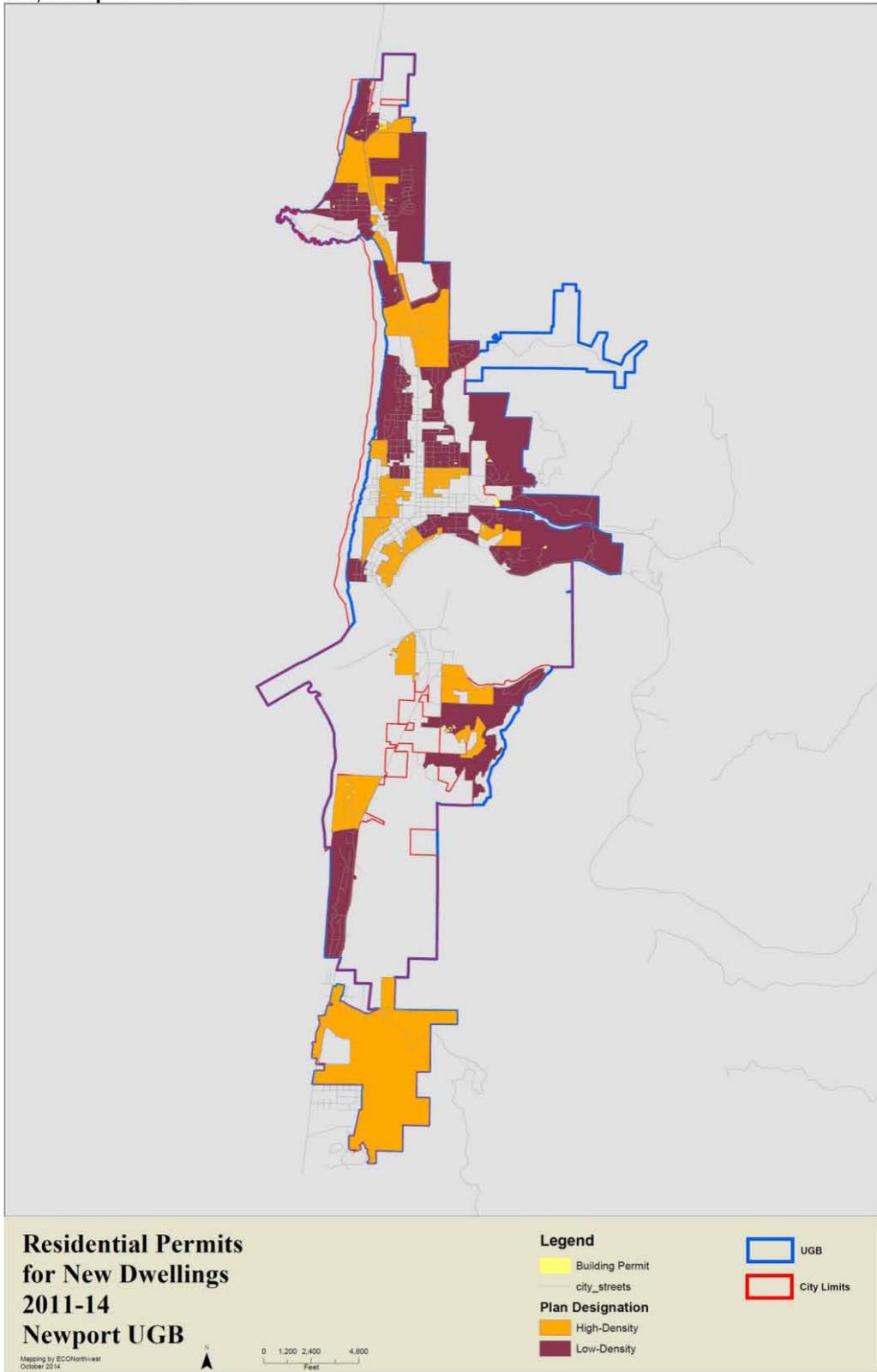
Table 2. Permits issued for new residential construction, 2011-14

Plan Designation	New	
	Dwellings	Acres
HDR	20	4.2
LDR	38	5.5
Total	58	9.7

Source: City of Newport GIS data; analysis by ECONorthwest

Map 1 shows the location of permits issued city-wide. Map 2 shows permits issued south of Yaquina Bay and north of the Newport Airport.

Map 1. Location of building permits issued for new residential construction 2011-14, Newport UGB



Map 2. Permits Issued for New Development South of Yaquina Bay and North of the Airport, 2011-14



**Residential Permits
for New Dwellings
2011-14
Newport UGB**

 UGB
 City Limits

Mapping by ECNorthwest
October 2014



Res
for
201
New

ni
ags



Table 3 shows the updated buildable lands inventory for Newport. The results show that Newport has about 1,750 buildable residential acres. Of these, 992 are in the low-density plan designation and 757 are in the high-density plan designation. Less than 10 acres of residential land were developed between 2011 and 2014.

Table 1. Residential land with development capacity by constraint status, Newport UGB, 2014

Plan Designation	Tax Lots	Total Acres in Tax Lots	Developed Acres	Constrained Acres	Buildable Acres
Low-Density	635	1,094	30	72	992
High Density					
Destination Resort	31	668	-	93	575
Other High Density	343	264	10	72	182
Subtotal	374	932	10	165	757
TOTAL	1,009	2,026	40	237	1,749

Source: City of Newport GIS data; analysis by ECONorthwest
 Note: Constraints do not make any deductions for slope

3 Potential Sites for New Student Housing

Chapter 2 estimated demand for about 85 to 160 new multifamily dwelling units for student housing and showed that Newport has 1,749 acres of vacant residential land. Assuming that student housing is developed at densities similar to multifamily densities presented in the 2011 HNA, all of the new student housing will require around 15 gross acres of land.¹⁴ Based on this assessment, Newport has enough vacant residential land to accommodate new student housing.

One of the key outcomes of this project is identifying one or more sites where student housing would be appropriate in Newport. The characteristics of sites that would be appropriate for student housing are:

- **Size of site.** The size of the site necessary to accommodate student housing depends on: whether all 85 to 160 student housing units are located in one area and the design of the student housing buildings. We assume that the site for student housing will: (1) accommodate the part-year students, (2) will accommodate some of the year-round graduate and undergraduate students, and (3) that the buildings will be multistory (probably two to four stories tall) or dense townhouse-style buildings. Based on these assumptions, the site should be at least five gross acres and probably 10 to 15 gross acres.
- **Proximity to the HMSC.** The site should be within one or two miles of the HMSC, about 10- to 15-minute bicycle ride, or about 15- to 30-minute walk.
- **Location within Newport.** The site should be south of the Yaquina Bay Bridge because crossing the bridge on bicycle or as a pedestrian is challenging.
- **Accessible by bicycle and pedestrians.** Students should be able to walk or bicycle to the Hatfield Marine Science Center. One reason for this requirement is that not all students have cars. In addition, the Hatfield Marine Science Center does not currently have enough parking for an additional 500 cars and OSU staff have said that they do not want to build that much more parking.
- **Transportation access.** The site should be accessible from Highway 101, either by being located directly adjacent to Highway 101 or via an access road with sufficient capacity to accommodate the transportation needs of up to 500 students.

It would be preferable if the site were also connected to South Beach and the Hatfield Marine Science Center by local roads, allowing students to avoid bicycling or walking along Highway 101.

¹⁴ The 2011 HNA assumed that multifamily housing would develop at 16 dwelling units per gross acre.

In the future, there may be a shuttle or some form of transit that allows students to get from the site to the Hatfield Marine Science Center. The transportation access to the site should be able to accommodate a shuttle bus.

- **Urban services.** The site should be in an area with existing access to city water and wastewater services.
- **Outside of the tsunami inundation zone.** The site should be in an area outside of the tsunami inundation zone. State law (ORS 455.446 to 455.447) prohibits building new public facilities, including educational facilities, in the tsunami inundation zone.
- **Willing landowner.** The land owner of the site should be open to or preferably actively interested in the idea of development of student housing.
- **Access to amenities.** Students will need access to amenities, such as a grocery store, coffee shop, restaurants, banking services, recreational opportunities, and other services. Many of these amenities do not exist in the South Beach area or do not exist in the levels that will be necessary to meet student demand.

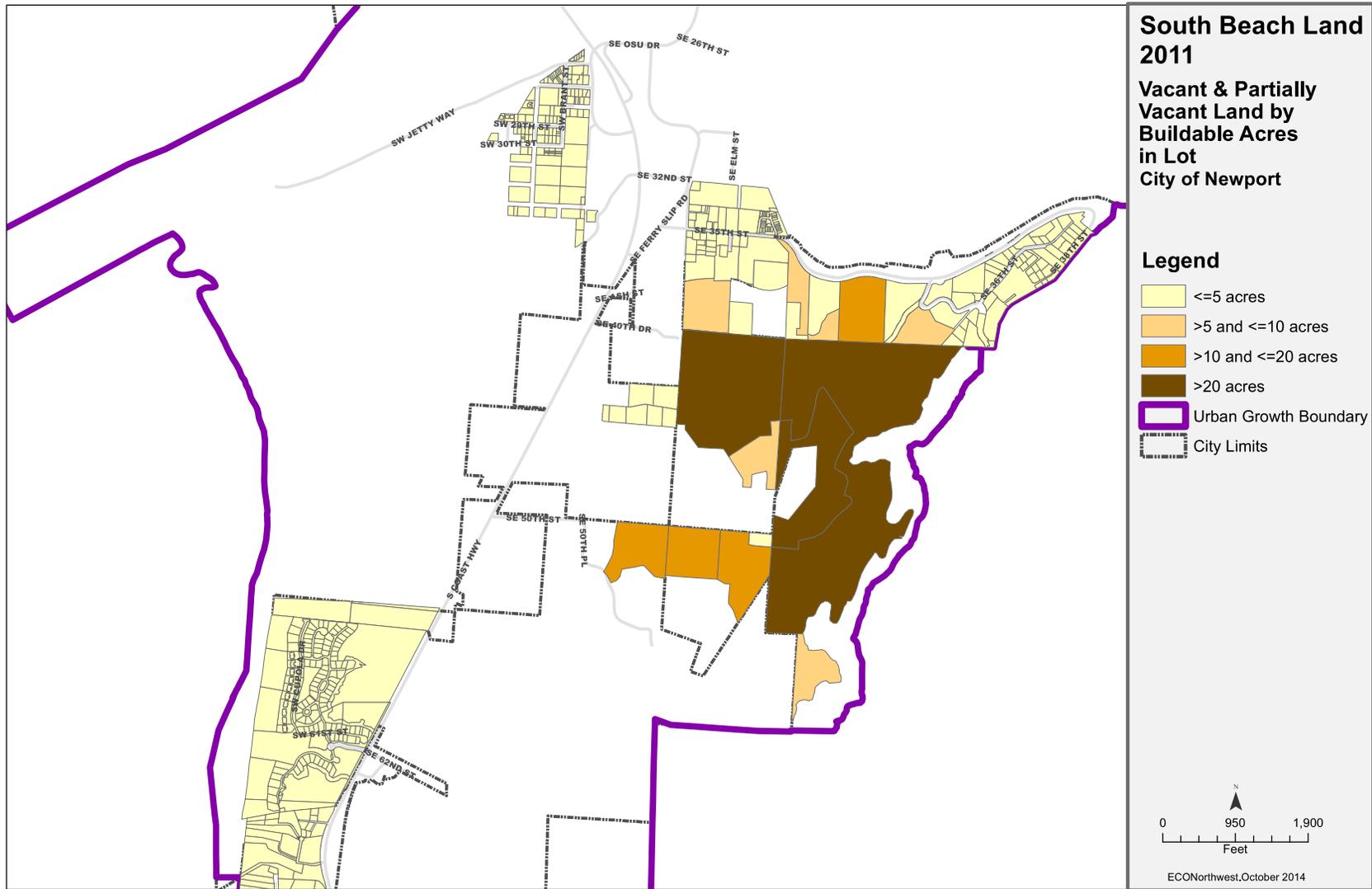
In general, these amenities develop as demand for them grows. Unless the student housing development includes some of these amenities or there is other active coordination for concurrent development of these amenities with student housing development, these types of retail development occur after residential development. Some of these amenities, especially a grocery store, will require development beyond student housing and will develop with other growth in South Beach.¹⁵

The site should be located in a place where there is opportunity for development of some of these amenities and where other amenities could be easily accessed from the site, such as in South Beach.

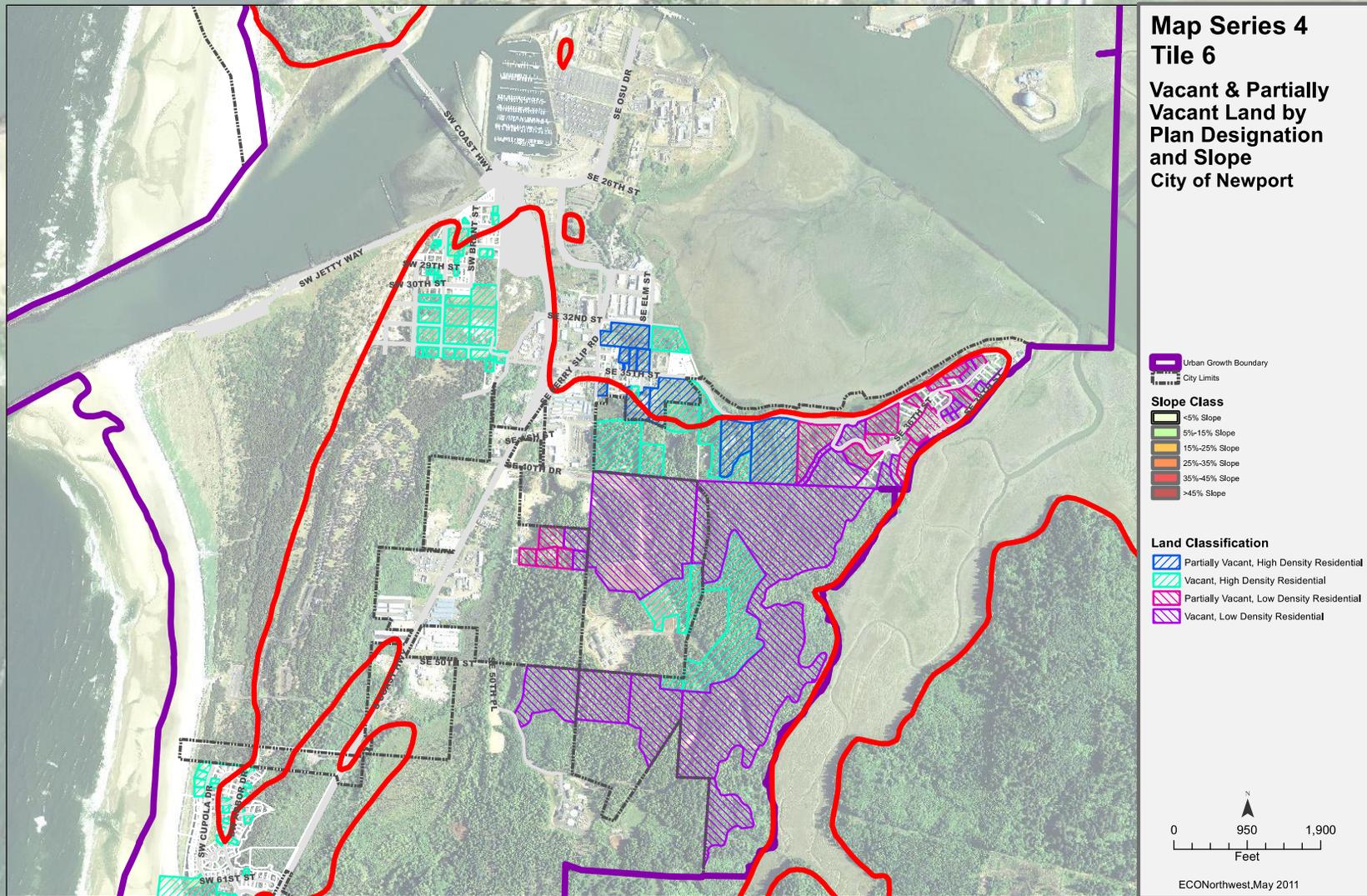
Map 3 and Map 4 show the buildable lands map of the South Beach area.

¹⁵ Typically 4,000 to 5,000 households are required to support a grocery store

Map 3. Buildable Residential Land, South Beach



Map 4. Buildable Residential Land, with the Tsunami Inundation Zone (shown as a red line), South Beach



Note: The redline shows the tsunami inundation zone

Discussions with the Student Housing Advisory Committee identified the area that is most suited for student housing, based on the criteria described above: in or near the Wilder development. Map 5 shows the Wilder development and the areas around it. The Oregon Coast Community College is adjacent to the Wilder development.

The areas on Map 5 that were identified as best-suited are:

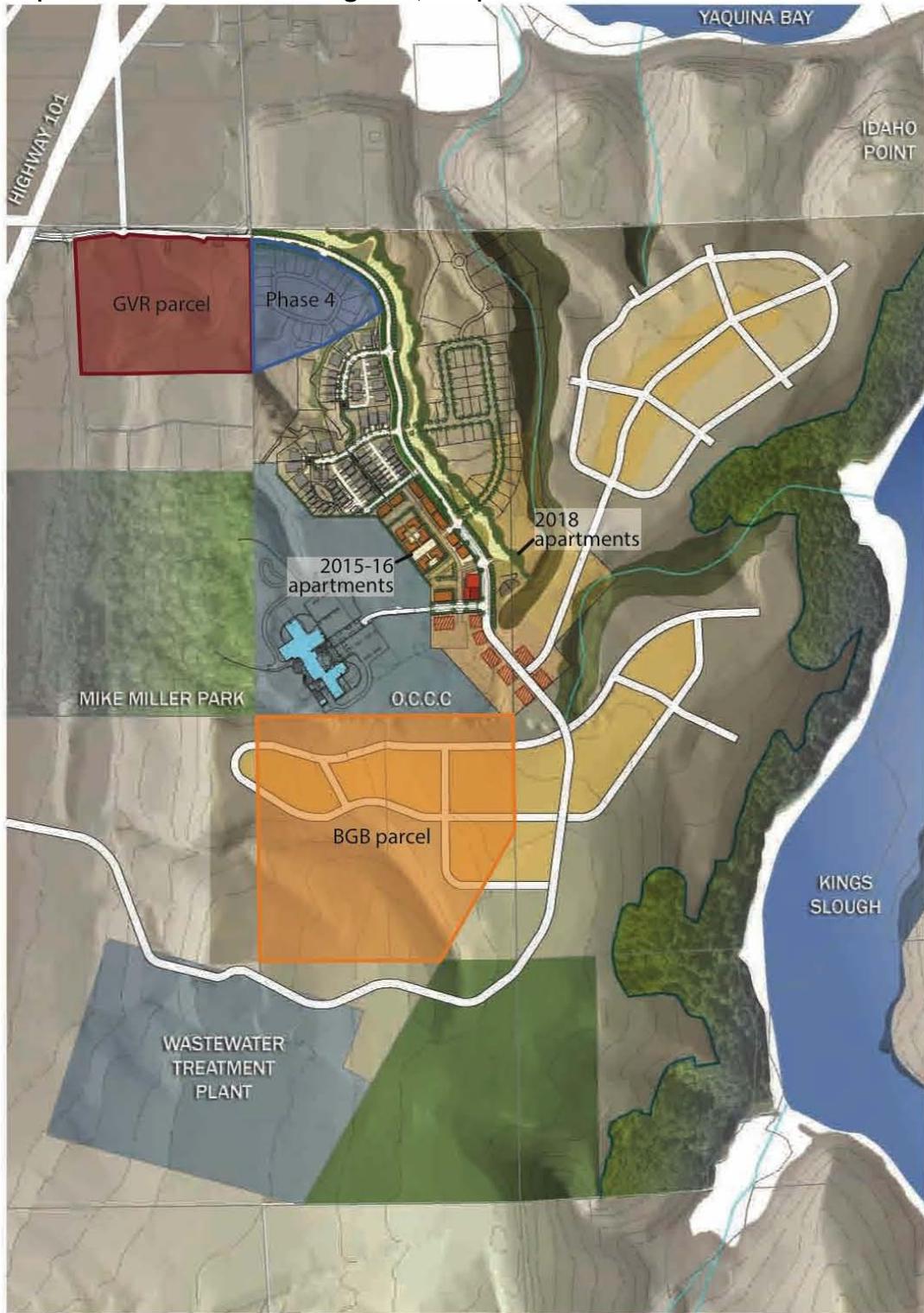
- **Phase 4 of the Wilder development.** The landowner identified the area at the entrance to the community on the south side of Harborton Street as being suitable for several small student housing buildings, possibly student studios coupled with large, shared common area spaces. The parcel comprises about six acres, of which perhaps three acres are buildable. Phase 4 of the Wilder development is the best area for student housing because it has existing services and is on the northern end of the Wilder development (which is closer to the HMSC).
- **BGB Parcels.** This is an area south of Oregon Coast Community College, owned by the Brewer and Gardner family. The area is about 35 acres, in three parcels, with the area closest to OCCC in a 15-acre parcel. This area would be especially appropriate if OSU or a developer wanted to build a larger-scale residence hall.

Developing this area will require transportation and other infrastructure investments, which will take time to implement and may be more costly than development in Phase 4 of the Wilder development. If part (or all) of the BGB Parcels were annexed, current zoning would be either industrial or low density residential. Annexation and re-zoning this area to allow student housing will be subject to the City's processes, which will require an investment of time and money.

It will have access to South East 50th and Harborton Street. Wilder is currently negotiating development of a facility near this parcel, which will require extension of Harborton Street. This extension will reduce the transportation investments necessary to develop the BGB Parcels.

- **GVR Parcel.** This area is adjacent to Phase 4 of the Wilder development. It is currently zoned for residential and industrial uses. This area would be also appropriate if OSU or a developer wanted to build a larger-scale residence hall. As with the BGB parcel, would require infrastructure investments, which will take time to implement and may be more costly than development in Phase 4 of the Wilder development.

Map 5. Suitable Student Housing Sites, Newport



landwaves inc



WILDER COMMUNITY MASTER PLAN
OVERALL MASTER PLAN CONCEPT
WITH PROPOSED LAND SWAP AREAS

JULY 2009



4 Tools for Housing Development

This section describes tools that are designed to lower development costs or finance the infrastructure development necessary to support development. This section's organization is based on the potential role for the City. It begins with tools that are primarily public-oriented, where the City could have a direct role in implementing the tools. The final section presents tools that are primarily used by developers, both private and non-profit.

The tools include those that can encourage student housing development, as well as those that support low-income subsidized or workforce-housing. The City may consider implementing tools to encourage development of affordable multifamily housing, aside from student housing, throughout the City.

The tools that the City may choose to use to ensure the production of student housing or encourage the production of low-income subsidized or workforce housing vary based on the location of the development (and whether there are infrastructure and services to the site), the type of housing being developed (and the financial feasibility of that housing), and the partners participating in the housing development. Below are some broad approaches that the City could use to support student housing or encourage the production of low-income subsidized or workforce housing. The City currently uses many of these tools to support development or infrastructure development.

- **Make the development process faster and smoother.** The City could make sure that obtaining entitlements for the project proceeds as quickly as possible and assign a staff member to help solve any issues and expedite the process. The City could work closely with developers, landowners, and other stakeholders to identify issues (or potential issues), and participate in identifying resolutions to the issues quickly. This type of assistance would be appropriate for student housing or low-income subsidized/workforce housing.
- **Ensure infrastructure development and availability.** The City could: establish an urban renewal district (or use an existing URA) to pay for infrastructure development, help establish a Local Improvement District to pay for capital improvements, or work with the State to obtain transportation grants. If the project is sufficiently important to the City as a whole, the City could issue a General Obligation Bond to pay for large-scale infrastructure improvements or provide other development support.
- **Provide assistance to lower development costs.** The City can use the tools identified above to reduce or eliminate infrastructure costs to the developer. The City may choose to waive or lower development fees (such

as the application fee) or reduce or waive SDCs. The City could use CDBG funds or CDBG loans (Section 108) to contribute funding to support housing development, such as low-income subsidized or workforce housing.

The mixture of tools that the City may choose to support student housing will depend, in large part, on where the housing is developed (if additional infrastructure development is needed), who the development partners are, and what tools are available to development partners. For instance, if student housing is built in an area with all the necessary infrastructure, and the developer is a nonprofit organization, the City might: (1) provide assistance to make the development process smoother and faster, (2) waive development application and other fees, (3) bring stakeholders to the table (such as the landowner, OSU, the Lincoln Community Land Trust, and the nonprofit developer) to work together on financial and other issues necessary to make the development feasible, and (4) work with stakeholders to use available funding tools such as Section 108 loans or EB5 (both of which require an economic development component, such as retail or jobs related to the operations of the student housing). If the developer is not a nonprofit and will operate the housing, the City could use a tax abatement program to lower operational costs of the housing.

If the City is trying to support development of low-income subsidized or workforce housing, the City might: (1) provide assistance to make the development process smoother and faster, (2) waive development application and other fees, (3) waive SDCs or use Urban Renewal funds (if the development is in a URA) to pay for infrastructure development, (4) donate or lease (at low cost) city-owned land for the development, (5) bring stakeholders to the table including the landowner, the Lincoln Community Land Trust, and the nonprofit developer, (6) support the developer's use of Low Income Housing Tax Credits (for low-income housing) or HUD 221d4 loans (for workforce housing), and (7) work with stakeholders to use available funding tools such as Section 108 loans or EB5 (for housing with a service-element, such as affordable senior housing). If the developer is not a nonprofit and will operate the housing, the City could use a tax abatement program to lower operational costs of the housing.

The remainder of the section describes these and other tools that are used to facilitate residential development, including market-rate or workforce housing, low-income housing, senior housing, and student housing.

4.1 Public-oriented tools

Local jurisdictions can use the following tools to lower development costs.

SDC Financing or Credits

How It Works	<p>Financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site or fulfill other community goals in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDC credits for construction of qualified public improvements must be used within 10 years of the date the credit is given.</p> <p>While some programs are mainly designed to allow for efficient development of infrastructure to serve the site (such as Hillsboro and Gresham’s SDC credit programs), other programs have specific community goals. Example programs:</p> <p>Portland SDC Exemption Program. The program aims to promote the development of affordable rental housing and to encourage the construction of new single-unit homes affordable to families buying their first home. Developers are exempt from paying for SDCs in four categories when affordable residential housing units meet program requirements. The categories are: transportation, water, parks and environmental services. More info: http://www.portlandoregon.gov/phb/61105</p> <p>Canby Job Creation SDC Credits. In its urban renewal area, Canby offers SDC credits for job creation of \$500 to \$2,000 per qualifying job. After paying all SDC credits up front, the City will refund SDC charges following fulfillment of job creation goals. More info: http://www.clackamas.us/business/documents/canbysdc.pdf</p>
Fund Sources	SDC fund / general fund. In some cases, there may be no financial impact.
Benefits	<ul style="list-style-type: none"> • Reduced up-front costs for developers can enable a quicker development timeframe and increase the availability of property to be taxed. • Developers can often sometimes find ways to build infrastructure more efficiently than the public sector because they can use the construction team who is already developing other site elements.
Drawbacks	<ul style="list-style-type: none"> • Reduces the availability of SDC funds over the short term.
Type of Housing	Student housing or low-income subsidized / workforce housing.

Sole Source Systems Development Charges

How It Works	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide.
Fund Sources	SDC funds
Benefits	<ul style="list-style-type: none"> • Enables SDC eligible improvements within the area that generates those funds to keep them for these improvements. • Improvements within smaller areas, which can enhance the catalytic and redevelopment value of the area. • Can be blended with other resources such as LIDs and TIF.
Drawbacks	<ul style="list-style-type: none"> • Reduces resources for SDC-funded projects in a broader geography.
Type of Housing	Student housing or low-income subsidized/workforce housing.

Fees or Other Dedicated Revenue

How It Works	Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could both meet initial parking need when the development comes on-line but maintain the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for.
Fund Sources	Residents, businesses, and developers.
Benefits	<ul style="list-style-type: none"> • Allows for new revenue streams into the City. • Many developers support fee-in-lieu programs if they are allowed to receive the same parking allocation for less money than it would cost to build and manage the space.
Drawbacks	<ul style="list-style-type: none"> • Political challenges of introducing new fees or increasing existing fees that are directed toward specific funding objectives, unless those objectives are widely supported.
Type of Housing	Student housing or low-income subsidized / workforce housing.

Public Land Disposition

How It Works	The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below-market rates for various projects to help achieve redevelopment objectives.
Fund Sources	Tax Increment, CDBG/HUD 108, EB-5.
Benefits	<ul style="list-style-type: none"> • Increases development feasibility by reducing development costs. • Gives the public sector leverage to achieve its goals via a development agreement process with the developer.
Drawbacks	<ul style="list-style-type: none"> • Public agencies sometimes buy land at the appraised value because they want to achieve multiple goals, which can impact costs of future public and private acquisitions. • Requires careful underwriting and program administration to reduce public sector risk and ensure program compliance.
Type of Housing	Student housing or low-income subsidized / workforce housing, depending on the funding source.

The following tools are generally used for development of infrastructure to support housing development. Some of these tools, however, can be used directly to lower costs of housing development.

Urban Renewal / Tax Increment Finance (TIF)

How It Works	<p>Newport has an Urban Renewal District in South Beach, but the Wilder property is outside of the Urban Renewal District. Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. Urban renewal funds can be invested in the form of low interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments. • Economic development strategies, such as capital improvement loans for small or start-up businesses which can be linked to family-wage jobs. • Streetscape improvements, including new lighting, trees, and sidewalks. • Land assembly for public as well as private re-use. • Transportation enhancements, including intersection improvements. • Historic preservation projects. • Parks and open spaces.
Fund Sources	Local taxing jurisdictions' permanent rate property tax revenues.
Benefits	<ul style="list-style-type: none"> • Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. • TIF can be used to help pay for infrastructure improvements (including parking garages), and provide loans/grants for adaptive re-use and new development. • Among the most flexible incentives. For example a single project-based TIF district is possible.
Drawbacks	<ul style="list-style-type: none"> • Defers property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. • Due to the sometimes slow or indirect nature of property tax growth in relation to targeted projects, urban renewal can often take five or more years to produce meaningful levels of revenue resulting in loss of project alignment. • Complex process requires extensive public involvement and community support, especially from other taxing jurisdictions. The City would need to explore options with County officials and elected leadership, tracking legislative changes in urban renewal law, and meeting with adjacent jurisdictions and overlapping taxing entities. • Use of urban renewal can be politically contentious because of its impact on funds available to overlapping taxing districts, and because of the perception that the school districts are adversely impacted. • Investing over \$750,000 in TIF directly into a new or rehab project triggers prevailing wage requirements, which can increase overall project costs by 10–20%.
Type of Housing	<p>Urban renewal funds can be used to develop infrastructure to support student housing or low-income subsidized / workforce housing.</p> <p>Urban renewal funds can be used for housing development within urban renewal districts.</p>

Local Improvement District (LID)

How It Works	A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners.
Fund Sources	LID bonds are backed by revenue committed by property owners (which can be public as well as private).
Benefits	<ul style="list-style-type: none"> • Organizes property owners around a common goal. • Allows property owners to make payments over time to bring about improvements quickly that benefit them individually. • Improvements within smaller areas can enhance catalytic and redevelopment value of the area. • LIDs can be bundled with other resources, such as TIF.
Drawbacks	<ul style="list-style-type: none"> • Setting up fair LID payments for various property owners, who are located different distances from the improvement, is challenging. • Some lenders insist that LIDs be paid off when properties are transferred. • Small geographic areas may not have sufficient LID revenues to support bonds for the desired improvement.
Type of Housing	Can be used to develop infrastructure needed for student housing or low-income subsidized / workforce housing.

Transportation Loans and Grants

How It Works	<p>ODOT administers several grant programs that help to pay for pedestrian and bicycle improvements, including crosswalks, bike lane striping, and pedestrian crossing islands. Local governments must often match grant funding. These programs include:</p> <ul style="list-style-type: none"> • ConnectOregon. ConnectOregon focuses on improving connections and supporting local economies throughout the state. Dedicated to non-highway projects, ConnectOregon was first approved by the Oregon legislature in 2005 and has funded more than 130 marine/ports, aviation, public transit, and rail projects around the state. For ConnectOregon V, bicycle/pedestrian projects were also eligible to compete for funds. State program webpage: http://www.oregon.gov/ODOT/TD/TP/pages/connector.aspx • Statewide Transportation Enhancements Program. The Statewide Transportation Improvement Program, known as the STIP, is Oregon's four-year transportation capital improvement program. It is the document that identifies the funding for, and scheduling of, transportation projects and programs. STIP will be divided into two broad categories: Fix-It and Enhance. State program webpage: http://www.oregon.gov/ODOT/TD/STIP/Pages/about.aspx • Oregon Transportation Infrastructure Bank. The Bank is a low-interest revolving loan fund that can help to pay for transportation capital projects. These low-interest loans can be repaid with TIF, general fund, or local improvement district revenues. They provide up front monies (planning, engineering) as well as implementation funds which means cities do not need to wait for TIF build up. Need to make sure there will be a city repayment source. State program webpage: http://www.oregon.gov/ODOT/CS/FS/pages/otib.aspx
Fund Sources	State and federal funds.
Benefits	<ul style="list-style-type: none"> • Direct public investment into private projects. • Does not impact City funds.
Drawbacks	<ul style="list-style-type: none"> • Highly competitive and must meet state-identified criteria (varies by program). • For loans, need to establish a City repayment source.
Type of Housing	Can be used to develop transportation infrastructure needed for student housing or low-income subsidized / workforce housing.

Water and Wastewater Loans and Grants

How It Works	<p>Business Oregon’s Infrastructure and Finance Authority administers several loan and grant programs that help pay for water and wastewater improvements, including water, wastewater, and stormwater systems. These programs include:</p> <ul style="list-style-type: none"> • Water/Wastewater Financing Program. This program funds design and construction of public infrastructure needed to ensure compliance with the Safe Drinking Water Act or the Clean Water Act. The program gives loans and grants, depending on the type and characteristics of infrastructure being developed. It funds projects related to construction improvement or expansion of drinking water system, wastewater system or stormwater system. To be eligible for funding a system must have received, or is likely to soon receive, a Notice of Non-Compliance by the appropriate regulatory agency or is for a facility plan or study required by a regulatory agency. State program webpage: http://www.oregon.gov/ODOT/TD/TP/pages/connector.aspx • Safe Drinking Water Revolving Loan Fund. The Safe Drinking Water Revolving Loan Fund (SDWRLF) is designed for collection, treatment, distribution and related infrastructure projects. This loan program funds drinking water system improvements needed to maintain compliance with the Federal Safe Drinking Water Act. The Safe Drinking Water Fund is funded by yearly grants from the U.S. Environmental Protection Agency (EPA) and matched with funds from the state Water/Wastewater Financing Program. The program allows use of funds for activities such as engineering or designing upgrades to or construction of system improvements and equipment for water intake, filtration, treatment, storage, or transmission. Funds can also be used for acquisition of property or easements, planning and review of projects, legal or technical support of projects, or enhancements of physical security. State program webpage: http://www.orinfrastructure.org/Infrastructure-Programs/SDW/ • Drinking Water Source Protection Fund. The Drinking Water Source Protection Fund (DWSPF) is designed for the protection of drinking water sources. This loan program funds drinking water system improvements needed to maintain compliance with the Federal Safe Drinking Water Act. The program allows use of funds for activities such as engineering or designing upgrades to or construction of system improvements and equipment for water intake, filtration, treatment, storage, or transmission. Funds can also be used for acquisition of property or easements, planning and review of projects, legal or technical support of projects, or enhancements of physical security. State program webpage: http://www.orinfrastructure.org/Infrastructure-Programs/SDW/
Fund Sources	State and federal funds.
Benefits	<ul style="list-style-type: none"> • Direct public investment into private projects. • Does not impact City funds.
Drawbacks	<ul style="list-style-type: none"> • Highly competitive and must meet state-identified criteria (varies by program). • For loans, need to establish a City repayment source.
Type of Housing	Can be used to develop water, wastewater, and stormwater infrastructure needed for student housing or low-income subsidized / workforce housing.

General Fund and General Obligation Bonds are generally used to develop infrastructure or fund large public projects.

General Fund and General Obligation (GO) Bonds

How It Works	City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.
Fund Sources	Property taxes are increased to pay back the GO bonds.
Benefits	<ul style="list-style-type: none"> • Community can implement public projects that can in turn catalyze other development (e.g. parking garage, transportation improvements, etc.)
Drawbacks	<ul style="list-style-type: none"> • GO Bonds require a public vote, which is often time-consuming and costly. • Raises property owner taxes (GO Bonds). • State Lending of Credit provision prohibits City from contributing directly to private sector projects.
Type of Housing	Student housing or low-income subsidized/workforce housing.

University bonds are used to build large-scale university projects, including new buildings and student residence halls.

University Bonds

How It Works	Universities can issue bonds for a range of activities, including development of student housing. University bonds can be paid over a term of up to 20 years. OSU would need to identify the appropriate type of university bond, if the University chooses to build student housing.
Fund Sources	Rents and other fees
Benefits	<ul style="list-style-type: none"> • Can provide preferential financing particularly in times when market rate borrowing requires high levels of equity. • OSU can build student housing on its own or as part of a public-private partnership.
Drawbacks	<ul style="list-style-type: none"> • Requires OSU to be willing and financially able to issue a bond for the cost of student housing.
Type of Housing	Student housing.

Community Development Block Grant and Section 108 funds are generally used for projects that meet identified community needs, such as low-income subsidized and workforce housing.

Community Development Block Grants (Federal Program, State Administered)

How It Works	Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Lincoln County competes for CDBG funding through the Oregon Business Development Department alongside other non-metropolitan counties. In 2014, the State will award approximately \$12 million to non-metropolitan counties, with a maximum single grant award of \$3 million. ¹⁶ Lincoln County has applied for and received funding for a head start facility (2002), domestic violence shelter in Lincoln City (2005), senior center in Newport (2008), microenterprise assistance (2007-2013), and housing rehabilitation (2009). ¹⁷ The county applied for microenterprise assistance in 2014. More info: http://www.orinfrastructure.org/Infrastructure-Programs/CDBG/
Fund Sources	Federal HUD funds, administered by Oregon Business Development Department.
Benefits	<ul style="list-style-type: none"> • Track record of using CDBG funds for community development projects in Lincoln County. • Funds are fairly flexible in application. • Program has existed since 1974, and is seen as being fairly reliable.
Drawbacks	<ul style="list-style-type: none"> • Competitive and time-consuming process to secure loans/grants for individual projects. • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is run through the state..
Type of Housing	Low-income subsidized / workforce housing. Unlikely to be used for student housing.

¹⁶ Lincoln County Board of Commissioners minutes. July 23, 2014.
<http://www.co.lincoln.or.us/board/minutes/2014/July/Order%207-14-194%20BOC%20Meeting%20Minutes%20of%20July%202023,%202014.pdf>

¹⁷ Oregon Community Development Block Grant 2013 Performance Evaluation Report (PER) Covering Years 2005 through 2013. <http://www.oregon.gov/ohcs/docs/2013-Proposed-CDBG-PER.pdf>

Section 108 (Federal Program, Locally Administered)

How It Works	<p>HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. The community pays back the revenue through project proceeds or CDBG funds. Examples of projects that were developed with HUD Section 108 funds include the Salem Conference Center and Hotel, Portland initial Saturday Market headquarters, and the adaptive reuse of a former J.C. Penney’s department store in Eugene.</p> <p>If the City is exploring the use of Section 108 funds for affordable housing, it should contact the County and the state’s regional coordinator to learn more about the application process, how much the City could apply for, and tips for success. Louise Birk is the Regional Coordinator for Lincoln County, 503-986-0130</p>
Fund Sources	Federal HUD funds.
Benefits	<ul style="list-style-type: none"> • Funds are fairly flexible in application. • Program has been run since 1974, and is seen as being fairly reliable. • Enables a larger amount of very low interest-rate-subordinate funding for eligible projects.
Drawbacks	<ul style="list-style-type: none"> • Competitive process to secure loans/grants for individual projects. • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is run through Lincoln County and is not City-controlled. • If the project cannot generate enough revenue to repay the loans, the County/City will need to use the general fund or another repayment source. • May not be suitable for student housing.
Type of Housing	Low-income subsidized / workforce housing.

ECONorthwest focused the list of tax credits and abatements to ones that can be used for market-rate apartments, affordable housing, and mixed-use buildings, where housing is above active ground floor uses.

Vertical Housing Tax Abatement (State of Oregon enabled, locally adopted)

How It Works	<p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. <p>State program webpage: http://www.oregon.gov/OHCS/Pages/HFS_Vertical_Housing_Program.aspx</p>
Fund Sources	<p>General funds of local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p>
Benefits	<ul style="list-style-type: none"> • Targeted tool to support mixed-use development in places with locational advantages. • City-controlled on project-by-project basis.
Drawbacks	<ul style="list-style-type: none"> • Reduces general fund revenues for all overlapping taxing districts. • Requires a lengthy approval process with taxing districts.
Type of Housing	<p>Student housing or low-income subsidized / workforce housing.</p>

Multiple-Unit Limited Tax Exemption Program (State Enabled, Locally Managed)

<p>How It Works</p>	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property.</p> <p>Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>Use of the program in the State includes:</p> <p>City of Portland Multiple-Unit Limited Tax Exemption Program. Within eligible areas, this program allows multi-unit projects to receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. This program limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community that would otherwise be possible. The applicant must submit documentation that the anticipated rate of return for the project for the period of the exemption will not exceed 10%. In 2014, the City made \$1,210,000 in foregone tax revenue available. More info: https://www.portlandoregon.gov/phb/61191</p> <p>City of Eugene Multi-unit Property Tax Exemption Program. This program offers a property tax exemption on the new structure or incremental change in the property value of a building for a maximum of 10 years. Projects eligible for the tax exemption include construction, addition or conversion of rental or ownership multi-unit housing within the MUPTe boundary. More info: http://www.eugene-or.gov/index.aspx?NID=829</p>
<p>Fund Sources</p>	<p>Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p>
<p>Benefits</p>	<ul style="list-style-type: none"> • Targeted tool to support mixed-use development in places with locational advantages. • City-controlled on project-by-project basis. • Does not require active ground floor use. • Has been used for student housing in Eugene, Oregon. • Can be paired with other tools that incent density and allow for cost reductions. • Possible flexibility to tailor length of exemptions on a case-by-case basis, depending on the project benefits to the public. • The city can set an annual cap on the total amount of tax exemptions in any given year for all projects.
<p>Drawbacks</p>	<ul style="list-style-type: none"> • City must weigh the temporary (up to 10 years) loss of tax revenue against the potential attraction of new investment to targeted areas. • Reduces general fund revenues for all overlapping taxing districts, which could make it harder to promote the tool to partner jurisdictions that do not perceive the same project benefits. • Can be competitive, depending on the criteria that the City outlines. • If the City also seeks abatement from overlapping taxing districts, requires a lengthy approval process. • Some programs have requirements for local and minority businesses to complete a portion of project construction, which can extend development timelines.

	<ul style="list-style-type: none"> • Requires regular reporting. Property owners must submit to city annual audited financial statements, tax returns and 10-year operating cash flow with current rate of return. • Depending on the project criteria, can be a highly competitive process among development projects.
Type of Housing	Student housing or low-income subsidized / workforce housing.

4.2 Developer Tools

The following tools are predominantly used by the private sector, such as developers.

EB-5 (Federal Program, Administered by “Regional Centers”)

How It Works	Attracts investment dollars for new commercial enterprises that will benefit the US economy primarily by creating new jobs for US citizens. There are two versions of the program: 1) the original program that requires foreign investor to commit \$1 million for eligible projects that create at least 10 full-time direct jobs, and 2) the newer program that allows foreign investors to commit \$500,000 in eligible projects within Targeted Employment Areas that create at least 10 direct and/or indirect jobs. In return for these investments, foreigners seek US citizenship.
Fund Sources	Foreign investors.
Benefits	<ul style="list-style-type: none"> • Relatively low-cost source of equity for appropriate projects. • Projects can be construction (new or rehabilitation), or direct investments into businesses that will create required jobs. • EB5 can be bundled with many other funding sources such as TIF. • Among the most commonly sought-after projects are hotels and senior housing developments since both generate considerable jobs.
Drawbacks	<ul style="list-style-type: none"> • \$500,000 program investor projects must be in an EB-5 eligible “targeted employment area” or TEA. TEAs are areas that have unemployment rates in excess of 150% of the federal rate for a given year. TEAs are established and adjusted by the governors of each state. • Must meet job generation requirements within 2.5 years. • Investors expect to get their equity investment repaid at the end of five years. • It takes added time to secure EB5 funds, due to federally required process
Type of Housing	Student housing or affordable senior housing.

New Market Tax Credits (Federal program, Administered by a Community Development Entity)

How It Works	The New Market Tax Credits (NMTC) program is designed to attract capital investment to low-income communities by allowing investors to receive a tax credit (against their Federal income tax) in return for equity investments in Community Development Entities (CDEs), which invest in low-income communities. The tax credit is 39% of the original investment, claimed over seven years.
Fund Sources	Investors.
Benefits	<ul style="list-style-type: none"> • Relatively low-cost source of equity for appropriate projects. • Projects can be construction (new or rehabilitation). • NMTC can be bundled with many other funding sources such as TIF.
Drawbacks	<ul style="list-style-type: none"> • NMTC are only available for use in areas identified as distressed within a community. The part of Newport that is eligible is an area identified as “severely distressed” along the northern bank of the Yaquina Bay front in Newport, up to Highway 20. • Requires partnership with a CDE to receive the NMTC. • It takes added time to secure NMTC due to federally required process
Type of Housing	Student housing but the area under consideration for student housing is not eligible for NMTC.

221d4 Housing Program (Federal program)

How It Works	Provides market-rate multi-family housing developers with reduced equity requirements (20%), which can make some residential projects more feasible.
Fund Sources	Federal HUD funds.
Benefits	<ul style="list-style-type: none"> • Can provide preferential financing particularly in times when market rate borrowing requires high levels of equity.
Drawbacks	<ul style="list-style-type: none"> • Lengthy process to secure federal approval for project as well as ongoing documentation.
Type of housing	Student housing or low-income subsidized / workforce housing.

501c3 Bonds (Federal Program)

How It Works	<p>Allows nonprofits to finance nonprofit capital projects (such as student housing, education, or senior housing) by working with a government agency to get inducement resolution for the project to issue tax-exempt bonds. The tax-exempt bond is a revenue bond repaid by the rents and other fees that from the project. The nonprofit will need to identify assets to secure the bond, such as liquid assets or other property.</p> <p>Up to 5% of a project to be for profit uses, such as ground floor retail. If more than 5% of the project is for private use, the bond will require “taxable tail,” which is a taxable portion of the bond.</p>
Fund Sources	Rents and other project fees
Benefits	<ul style="list-style-type: none"> • Can pay for up to 100% of development costs • Low cost tax exempt rates • Bonds can be 20 year or longer to reduce annual payments • Once bonds are paid off the project can be sold to the private sector at market value, or transferred to a guaranteeing entity such as a city or university for a reduced amount
Drawbacks	<ul style="list-style-type: none"> • Project needs to have overwhelmingly nonprofit uses for period of the bonds • There are limits on who the project can be sold to during the life of the bond • Upfront costs are considerable, such as attorneys, bond council, and process steps with public agencies. These upfront costs can largely be included in the inducement resolution for the bond. • Less experienced nonprofits may have challenges getting inducements without public agency guarantees
Type of Housing	Student housing or low-income subsidized / workforce housing or low-income senior housing.

The following tools are for use for low-income subsidized housing and, in some cases, workforce housing.

Low-Income Housing Tax Credit (Federal Program, Administered by State of Oregon)

How It Works	<p>Provides a state income tax credit for affordable housing equity investments that help reduce the financing costs for multi-family rental units. Applications must demonstrate that the project will be maintained as affordable housing for a minimum 30-year term. To be eligible, at least 20% of units must be at or below 50% or AMI, OR 40% must be at or below 60% AMI. There are two rates:</p> <ul style="list-style-type: none"> • The "9%" credit rate. New construction and substantial rehabilitation projects that are not otherwise subsidized by the federal government earn credits at a rate of approximately 9% of qualified basis, each year for a 10-year period. "9%" credits are more powerful but also more competitive. • The "4%" credit rate. The 4% rate applies to acquisition of eligible, existing buildings and to federally-subsidized new construction or rehabilitation. The 4% rate also applies to all eligible bases in projects that are financed through the issuance of volume-cap multi-family tax-exempt bonds (the associated LIHTCs are sometimes called "as of right" credits because they are automatically attached to the volume-cap bonds). <p>State program webpage: http://www.oregon.gov/OHCS/Pages/HRS_LIHTC_Program.aspx</p>
Fund Sources	<p>Institutional investors or high net worth individuals make investments by purchasing tax credits, which infuses cash equity into a project that does not require repayment. Income tax receipts are impacted because investors' income tax payments are reduced.</p>
Benefits	<ul style="list-style-type: none"> • Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages. • The credit contributes to project equity, reducing developer's out-of-pocket investment and can be a significant incentive (particularly at the 9% level) for the provision of affordable housing. • Can be blended with other resources such as TIF, property tax abatements, and housing bonds.
Type of Housing	<p>Low-income subsidized housing.</p>

Loan Guarantee Programs (Administered by State of Oregon)

How It Works	<p>Loan Guarantee and General (Lease) Guarantee Programs provide guarantees to lenders to assist in the financing of new housing construction or for the acquisition and/or rehabilitation of existing housing for low- and very low-income families. Guarantees may be up to 25 percent of the original principal amount of a loan. To participate, the lender submits an application for the loan guarantee for the project that requires the credit enhancement necessary to obtain the loan. Preference is given to projects offering long term affordability and a special needs service program</p> <p>State Program Website: http://www.oregon.gov/ohcs/pages/hfs_loan_guarantee_program.aspx</p>
Fund Sources	State of Oregon.
Benefits	<ul style="list-style-type: none"> • Provides low cost financing for up to 25% of the loan principal. • Applicable to households at or below 80% of the median family income
Drawbacks	<ul style="list-style-type: none"> • Requires State application process. • The State may restrict servicing of loans to lenders who have significant experience in the administration of multifamily housing loans and leasing. • Required to comply with State guidelines for administration requirements.
Type of housing	Low-income subsidized / workforce housing for those earning up to 80% of median family income.

Conduit Loan Program (Administered by State of Oregon)

How It Works	<p>Oregon Housing and Community Services (OHCS) provides bond issuance services for this program and does not provide credit enhancement. The Conduit Program provides funds to finance the construction, rehabilitation and acquisition of multi-unit affordable housing for lower-income households. The Conduit process assumes the tax-exempt bond allocation request is coupled with a request for 4% Low Income Housing Tax Credits (LIHTC) and possibly other OHCS funding sources. The permanent financing term is generally 30 years, but the combined construction and permanent terms may not exceed 45 years.</p> <p>State Program Website: http://www.oregon.gov/ohcs/pages/hfs_conduit_program.aspx</p>
Fund Sources	State of Oregon.
Benefits	<ul style="list-style-type: none"> • Provides flexibility in loan structure. • Is designed to work with LIHTC and other programs.
Drawbacks	<ul style="list-style-type: none"> • Requires State application process. • Requires an experienced affordable housing development team to successfully navigate the complexity of the program. • Required to comply with State guidelines for administration requirements.
Type of housing	Low-income subsidized / workforce housing.

Affordable Housing Property Tax Abatement (Locally managed, enabled by State of Oregon)

How It Works	The State allows for affordable housing property tax abatements when they are sought separately by non-profits that develop and operate affordable rental housing. Only the residential portion of a property located within a City that is used to house very low-income people, or space that is used directly in providing housing for low-income residents, is eligible for a property tax exemption.
Fund Sources	Local taxing jurisdictions' general funds—cities, school districts, counties, etc.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages. • Can stand alone (without tax credits). For example, a non-profit housing provider can use bonds and still be eligible for an abatement, but it must apply for it separately. • Can be blended with other resources such as TIF, tax credits, and housing bonds.
Drawbacks	<ul style="list-style-type: none"> • Reduces general fund revenues for all overlapping taxing districts if property tax abatement is sought by affordable housing providers and approved by local jurisdictions.
Type of Housing	Low-income subsidized housing.

Affordable Housing Tax Credit (State managed)

How It Works	Provides a state income tax credit for affordable housing equity investments that helps reduce the financing costs for multi family rental units. Applications must demonstrate a 20 year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenants. Program webpage: http://www.oregon.gov/ohcs/pages/hrs_oahtc_program.aspx
Fund Sources	Institutional investors or high net worth individuals makes investments. State general fund is impacted.
Benefits	<ul style="list-style-type: none"> • Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages. • The credit contributes to project equity, reducing developer's out-of-pocket investment and can be a significant incentive for the provision of affordable housing. • The state allows for affordable housing property tax abatements, which are applied for separately.
Drawbacks	<ul style="list-style-type: none"> • Highly competitive process.
Type of Housing	Low-income subsidized / lower income workforce housing.

5 Next Steps

This chapter presents the next steps for the City of Newport, Lincoln County, and Oregon State University for supporting student housing development to meet the needs of the HMSC expansion. City and County staff and decision makers are aware of the potential negative impacts of student housing growth on Newport's housing market, in the absence of student housing development. They want to support the HMSC expansion where possible, especially in ensuring that students have housing in Newport and that student growth does not exacerbate Newport's housing market, which has an existing deficit of affordable low-income and workforce housing.

The City and County have clearly express support of HMSC expansion. In particular, the City and County have clearly expressed support for proactive planning and development of student housing associated with the HMSC expansion. The City and County have expressed their commitment to working with OSU to identify and work together to resolve issues that arise with expansion of the HMSC, especially issues related to ensuring development of student housing.

The following recommendations are based on discussions with the Advisory Committee, as well as discussions with Newport staff.

- **The City and County should express preference for direct and proactive involvement from OSU in student housing development.** The City of Newport City Council and Lincoln County Board of County Commissioners should express their preference for OSU taking an active role in development of student housing in Newport, rather than depending on the housing market to ensure that student housing is built. The City and County can express their preference for proactive involvement by OSU by resolution.

OSU could play an active role in student housing development in the following ways: (1) OSU could develop and operate student housing, (2) OSU could work with a private developer to develop student housing and OSU would master lease and operate the housing facility, or (3) OSU could work with a private developer who would build and manage the housing facility as an OSU Affiliate.

The City of Newport and Lincoln County prefer that OSU have greater involvement in operations of the student housing development. OSU could either develop and operate the student housing facility or OSU could work

with a private develop developer to develop student housing and OSU manage and operate the housing facility. We recommend that the City and County formally express a preference by resolution for either of these roles for OSU's in student housing.

- **Given the limited number of available sites that meet the criteria for student housing development, OSU should be proactive in securing a development site.** The criteria for a site for student housing include: a location south of the Yaquina Bay Bridge, outside of the tsunami inundation zone, access to urban infrastructure (such as transportation, sewer, and water), and other criteria. This project identified several areas that meet the criteria for student housing. However, there are relatively few sites in Newport that both meet these criteria and are development-ready (or could be made development-ready relatively quickly).

One of these areas, Phase 4 of the Wilder development, is serviced and could be ready for development relatively quickly. The two other sites would require infrastructure investments to make them development ready, which would take more time and may be more expensive. For example, the BGB parcel would require annexation, re-zoning, and infrastructure development.

Outside of the Wilder development and adjacent parcels, there is no land in Newport that meets the criteria as well for student housing. Other areas pose bigger challenges, such as more costly infrastructure development or transportation challenges for students.

ECONorthwest recommends that the OSU secure a property for development or obtain an option to purchase (or lease) a property as soon as possible. Wilder is proceeding with Phase 4 of development and the flexibility to incorporate student housing will decrease over time. Other sites may become unavailable for development, if landowners make other development plans.

- **OSU ~~many need to~~ should develop a phasing strategy for HMSC expansion that includes managing student growth and timing of student housing development.** An important part of ensuring that students have housing in Newport as the HMSC grows is timing the development of student housing with the growth of students in Newport. If too much student housing is built before there is enough student growth, then housing might be vacant, which is a significant concern for developers. If not enough student housing is built to meet student growth, then students will have to rent housing in Newport (increasing pressure on the Newport housing market) or find housing in nearby communities (requiring automotive commuting to HMSC).

There are a number of ways to address this challenge. OSU can use existing housing at HMSC as a way to house students as HMSC expansion begins and if, after some student housing is built, more students come to HMSC before enough housing is built. In addition, there may be opportunities to work with developers to build student housing that also meets the needs of typical Newport renters, so that student housing could be rented to non-students easily.

We recommend that OSU develop a phasing strategy for HMSC expansion that includes managing the timing of student growth with student housing development.

- **The City, County, OSU, and OCCC should continue to work together to facilitate expansion of the HMSC and student housing development.** We recommend that the City, County, OSU, and OCCC continue to actively collaborate on HMSC expansion. We also recommend that each party ensure that other stakeholders, both public and private, are brought into the collaboration and into partnerships.

As OCCC continues to grow and expands its programs, it may attract more out-of-area students, some of whom may be interested in living with OSU students. A growing pool of students, both OCCC and OSU students, will be more attractive to private developers, who may be interested in building additional student housing after the initial OSU student housing is built.

In addition, other marine science or educational programs may have an interest in the student housing opportunities associated with the HMSC expansion. For example, OMSI's Coastal Discovery Center or the Oregon Coast Aquarium may have interns or AmeriCorps staff who would prefer to live in student housing.

~~One way to ensure~~ We recommend continued collaboration is to ~~by way of~~ establishing a standing, active steering committee to guide collaboration among the public agencies and with other stakeholders.

- **The City of Newport, Lincoln County, and other cities in Lincoln County should continue to coordinate about issues related to housing and the HMSC expansion that may affect the entire county.** ECONorthwest recommends that the County and all of the cities in Lincoln County continue to actively collaborate on issues related to HMSC expansion, especially housing. While undergraduate students are most likely to need housing in South Beach, HMSC's faculty, staff, and some graduate students may prefer to live in other parts of Lincoln County.
- **The City and County should work together, and with other cities in the County, to decide whether to offer a multiple-unit tax exemption.** This tax exemption could be used to encourage development of multifamily,

student housing, and other housing in Newport or other cities in Lincoln County.

Other communities in Lincoln County may be interested in using this tool to encourage multifamily housing and would benefit from Newport and Lincoln County's experience in implementing it. Lincoln County and Newport should engage other cities in the County in the discussion about potential use of multiple-unit tax exemptions.

We recommend that the City of Newport and Lincoln County further evaluate the multiple-unit tax exemption. If there is interest in using the program, the first step is to identify one or more specific areas in Newport, where the City wants to encourage student or multifamily development, to implement the tax exemption. We also recommend customizing the tool by identifying the criteria for use of the tool (such as return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.) and consider establishing a program cap.

- **The City and County should work together, and with other cities in Lincoln County, to evaluate options for using CDBG or Section 108 funds to encourage development of multifamily housing that includes low-income and workforce housing.** One of the ways to decrease potential impact of student growth on Newport's housing market is to encourage development of more multifamily housing, such as low-income subsidized and workforce housing. Two funding sources that other cities in Oregon use to support this type of housing development are CDBG and Section 108 loans.

We recommend that the City, County, and other cities in Lincoln County evaluate options to use CDBG funds or Section 108 loans to support multifamily housing development, as possible.

- **The City of Newport should consider options for offering SDC financing or credits to encourage multifamily or student housing development.** The City already offers SDC credits. The City should weigh the trade-offs in lowering SDCs to encourage multifamily or student housing development. Lower SDCs may make it more financially viable for private developers to build multifamily housing. This change might result in increased multifamily development. However, lowering SDCs for multifamily may require increasing SDCs for other development types or replacing the lost funds through a different fee or funding mechanism.

The City should review their SDC methodology and decide whether to adjust the methodology to lower SDCs for multifamily (including student) housing.

- **The City of Newport should evaluate whether areas in and around the Wilder development are zoned to allow for enough student housing and**

other multifamily housing development. The City should work with property owners around the Wilder development and the Oregon Department of Transportation to coordinate the amount, type, and density of residential development in this area. If necessary, the City of Newport should adjust the zoning in this area to allow for development of student housing and other multifamily housing.

- **The City of Newport should encourage and facilitate development of retail and service amenities in South Beach.** These amenities would include a grocery store, restaurants, banks, and other retail and services to serve students, residents, and employees in South Beach. Some opportunities for development of such amenities include:
 - *Highway 101 and 35th Street.* The City recently acquired a site for redevelopment at Highway 101 and 35th Street. The Newport Urban Renewal Agency will manage redevelopment of this site. Redevelopment of this site may focus on development of amenities and services to serve businesses and residents in South Beach, as well as visitors traveling on Highway 101.
 - *Highway 101 and 40th Street.* This site provides the opportunity for development of retail and services for businesses and residents in South Beach, as well as visitors traveling on Highway 101. Private developers could work together to develop this site.
 - *Commercial development in Wilder.* The plans for the Wilder development include incorporating commercial uses, such as a coffee shop or services such as a fitness facility.
- **The City of Newport should make policy amendments, as necessary, to support student housing development and HMSC expansion.** Policy amendments may include amendments to the Comprehensive Plan, expressing support for student housing development and HMSC expansion. If necessary, the City could change implementing ordinances to allow or encourage student housing development or HMSC expansion. In addition, the City should consider policy changes that support using tools, such as the multiple unit tax exemption, to encourage student housing and multifamily development.

We recommend that the City adopt policy amendments, such as the following Comprehensive Plan amendments:

Policy: The City of Newport will encourage development of multifamily housing, including student housing, throughout the City in areas that allow multifamily development. Increasing the supply of multifamily housing is crucial to meeting the needs of Newport's workforce and lower-income households, as well as to supporting student growth at the Hatfield Marine Science Center. The City will

identify and implement appropriate tools to support multifamily and student housing development.

Implementation Measure 1. The City of Newport will work with Lincoln County to evaluate the use of the multiple unit tax exemption to support multifamily development. If the City and County choose to offer the multiple unit tax exemption, they will work together to identify the area(s) to apply the tax exemption, develop criteria for offering the tax exemption, and set criteria for using the program (such as a programmatic cap).

Implementation Measure 2. The City of Newport will work with Lincoln County to evaluate the use of CDBG and Section 108 funds to support development of subsidized low-income and (where applicable) workforce multifamily housing.

Implementation Measure 3. The City of Newport will work with property owners around the Wilder development and the Oregon Department of Transportation to coordinate the amount, type, and density of residential development in this area. If necessary, the City of Newport will adjust the zoning in this area to allow for development of student housing and other multifamily housing.



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.F
Meeting Date: December 1, 2014

Agenda Item:
**ACCEPTANCE OF ABSTRACT VOTES FROM THE ELECTION OF
NOVEMBER 4, 2014**

Background:

City Recorder Peggy Hawker has prepared a report on the canvass of ballots for the November 4, 2014 municipal election. The attached abstract of votes is the official report of the November 4, 2014, general election which confirms the election for Mayor Sandra Roumagoux and for Council members David Allen, Mark Saelens and Wendy Engler.

Recommended Action:

I recommend that the Mayor and Council take the following actions:

I move to approve the canvass of ballots for the November 4, 2014, election in which Sandra Roumagoux was elected as Mayor, and David Allen, Wendy Engler, Mark Saelens were elected as City Councilors.

I further recommend that the Council President read the attached proclamation declaring the election of Mayor and three Councilors at the November 4, 2014, municipal election.

Fiscal Effects:

None.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item # VIII.F

Meeting Date: November 24, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title Canvass of Ballots - November 4, 2014 Municipal Election

Prepared By: Hawker Dept Head Approval: ph City Mgr Approval: _____

Issue Before the Council: The issue before Council is post-election housekeeping, and includes the approval of the canvass of the ballots of the November 4, 2014 election. Once this approval is confirmed by motion, the Mayor will issue a proclamation declaring the election of a Mayor and three Councilors.

Staff Recommendation: Staff recommends approval of the canvass of the ballots.

Proposed Motion: I move to approve the canvass of the ballots of the November 4, 2014, election at which a Mayor and three Councilors were elected. Elected Mayor: Sandra Roumagoux; Elected Councilors: David Allen, Wendy Engler, and Mark Saelens.

Key Facts and Information Summary: Post-election responsibilities of the city include the preparation of a canvass of the votes; a proclamation declaring the nomination or election of candidates; and certificates of election for the four individuals elected.

Other Alternatives Considered: None.

City Council Goals: None.

Attachment List: Canvass of Election Votes for Mayor and three Councilors
Official Abstract of Votes - November 4, 2014
Mayoral Proclamation declaring the election of a Mayor and three Councilors

Fiscal Notes: None.



**PROCLAMATION
DECLARING THE ELECTION
OF A MAYOR AND THREE COUNCILORS
AT THE NOVEMBER 4, 2014 MUNICIPAL ELECTION**

WHEREAS, at a General Election held in the State of Oregon on November 4, 2014 in the City of Newport, Oregon, candidates for office of Mayor and City Councilors were submitted to the voters, and

WHEREAS, the City Council of the City of Newport has canvassed the results of said election and has found as follows:

MAYOR	TOTAL VOTES CAST
Sandra N. Roumagoux	2,077
Dean Sawyer	1,569
Miscellaneous Write-Ins	19

COUNCIL	TOTAL VOTES CAST
Dennis Reno	1,157
David N. Allen	2,161
Dick Beemer	1,501
Mark Saelens	1,793
Wendy Engler	2,365
Miscellaneous Write-Ins	80

NOW, THEREFORE, I, Sandra N. Roumagoux, Mayor of the City of Newport, do hereby proclaim at the General Election held November 4, 2014, the following:

1. Sandra N. Roumagoux was elected Mayor for a two-year term beginning January 5, 2015.

2. Wendy Engler was elected to the City Council for a four-year term beginning January 5, 2015.
3. David N. Allen was elected to the City Council for a four-year term beginning January 5, 2015.
4. Mark Saelens was elected to the City Council for a four-year term beginning January 5, 2015.

SIGNED AND DATED this first day of December, 2014.

Sandra N. Roumagoux, Mayor



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.G
Meeting Date: December 1, 2014

Agenda Item: REPORT ON THE STATUS OF WATER RIGHTS FOR ROCKY CREEK

Background:

In 1998 the City of Newport in partnership with the City of Lincoln City, submitted a joint water rights application to store approximately 9,500 acre-feet of water from Rocky Creek, located just north of Cape Foulweather. This was part of a regional plan to provide water to a number water systems in the area. The original application has been on hold for a number of years with no activity occurring on it from either Lincoln City or The City of Newport. City Engineer, Tim Gross has been working with GIS Water Solutions to update the city's various water rights. The subject of the Rocky Creek application came to light as part of this update and GIS recommended the submission of a new application to replace the existing application for water storage. The city was planning to request 4,330 acre-feet of storage which is estimated to be the extra amount of raw water the city would need by the year 2030. By resubmitting the application the city can preserve its ability to use Rocky Creek as a possible water source in the future.

Prior to acting on a stand-alone application, I contacted David Hawker City Manager of Lincoln City to determine whether or not they had any interest in continuing as a partner in this effort. Lincoln City is evaluating this matter. Newport has been given an extension until January 5, 2015 to replace the existing application with a new one to continue preserving our future rights for this water source.

If the city does not resubmit a new application it is likely that the original application that has been inactive for a number of years will be terminated by the State of Oregon. At that point others could apply for those water rights or the Oregon Department of Fish and Wildlife could proceed to secure those rights for in-stream water. If either of this scenarios were to occur the city may lose its opportunity to utilize water resources from Rocky Creek indefinitely.

Recommended Action:

I recommend that the City Council consider the following motion:

I move that the City Council authorize the Department of Public Works Director to submit a new application for Rocky Creek Water Rights either in conjunction with Lincoln City should Lincoln City choose to continue as a partner with this application prior to January 5, 2015.

Fiscal Effects:

Cost were included in the budget for this application. Total cost in professional services is \$8,000 with the submittal fee for the permit application being \$6,160.

Alternatives:

Do not submit an application at this time or as suggested by City Council.

Respectfully Submitted,



Spencer R. Nebel
City Manager



Agenda Item # VIII.G
Meeting Date Dec 1, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Update on Rocky Creek Water Rights

Prepared By: TEG Dept Head Approval: TEG City Manager Approval:

Issue Before the Council:

Update on Rocky Creek Water Rights

Staff Recommendation:

None

Proposed Motion:

None

Key Facts and Information Summary:

The City of Newport in partnership with the City of Lincoln City submitted a joint water rights application in 1998 to store and appropriate water approximately 9,500 acre-feet of water at Rocky Creek, located just north of Cape Foulweather. This application was submitted on behalf of a consortium of interested municipalities and water districts between Lincoln City and Newport. The application was very complicated as a result of the regional nature of the proposed water use. For this reason, and also the extreme expense associated with developing Rocky Creek as a regional water supply, the application was left uncompleted. In the spring of 2011 the Newport City Council voted to discontinue with the permit and to allow the Oregon Water Resources Department (OWRD) to reject the existing application.

In the spring of 2012 during the construction of the City's new Water Treatment Facility, it was discovered that both the upper and lower Big Creek dams had significant geotechnical issues and were seismically deficient. This discovery led to a geotechnical and seismic analysis on both dam structures that will be completed in June of 2015.

In addition to the seismic deficiencies, the existing Newport reservoir system does not have enough storage capacity to meet the City's long term needs. This past August, City's water treatment plant produces on average 3.6 million gallons per day (MGD). The City's raw water intake station on the Siletz River has the capacity to pump the City's full water right of 3.88 MGD when everything is working correctly. This summer one pump was out of service due to mechanical failure limiting the station to 2.6 MGD. Since the Big Creek Watershed contribution in the summertime is almost

negligible, the City raw water supply operated in a deficit situation causing the 40 ft deep upper reservoir dropped approximately 12 ft. Even if all equipment is operating perfectly, the City is very near the point at which the City's water needs exceeds the supply.

The final report from the geotechnical and seismic evaluation for the Big Creek Dams will identify remediation strategies and costs, and also expansion opportunities for the existing Big Creek Reservoirs to allow additional raw water storage capacity. However the City's water right on the Siletz that fills the reservoir is fixed, and the City is already drawing on that right to its full capacity.

Over the past year the City has been working with GSI Water Solutions to update the City's water rights. The subject of the existing Rocky Creek application was discussed and in light of the situation with the Big Creek Dams, it made sense to develop a new application to replace the existing application. This new application is far simpler, requesting only 4,330 acre-ft of storage, the extra amount of raw water storage that the City will need by the year 2030. By submitting this application and concurrently withdrawing the existing application, the City can preserve its ability to further consider Rocky Creek as a viable water supply should the results from the Big Creek Dam geotechnical and seismic evaluation be unfavorable.

Because the exiting application was filed jointly between Lincoln City and Newport, the City has been discussing this proposed new application with David Hawker, City Manager of Lincoln City. Lincoln City has expressed some interest in preserving their ability to preserve their rights on Rocky Creek and the OWRD has given the City until January 5th, 2015 to submit the new application to allow us time to converse with Lincoln City and discuss if both City's want to partner in the new application.

Once the application is submitted and approved, the City would be required to begin construction on any improvements at Rocky Creek within 10 years. Ideally however, this application simply preserves our ability to develop the resource if we so choose, and gives the City time to analyze the results from the Big Creek Dam study and make wise decision regarding long term water supplies, storage, and associated costs.

If we do not submit a replacement application, it is very likely that someone else will very quickly submit an application for the water rights as soon as the old application is rejected. The applicant may be a neighboring community looking for additional domestic water supply, or potentially the Oregon Department of Fish and Wildlife for in-stream water. In either situation, the City would lose the opportunity at Rocky Creek forever.

Other Alternatives Considered:

Allowing the current application to be rejected without submitting an alternate application

City Council Goals:

None

Attachment List:

None

Fiscal Notes:

Total cost for consulting is \$8,000 with GSI Water Solutions and submittal fee for the permit application is \$6,160.



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: IX.B
Meeting Date: December 1, 2014

Agenda Item:

APPROVAL OF TASK ORDER NO. 16 WITH CIVIL WEST ENGINEERING SERVICES, INC. - SAFE HAVEN HILL TSUNAMI EVACUATION IMPROVEMENTS PROJECT

Background:

Civil West has provided a proposal for engineering services for project administration design preparation of plans and documents and bidding services for the Safe Haven Hill Tsunami Evacuation Improvements in the amount of \$57,428. The Council has also been asked to approve an intergovernmental agreement, to provide federal funding for this project.

Recommended Action:

I recommend that the City Council acting as the Local Contract Review Board consider the following motion:

I move approval of Task Order No. 16 with Civil West Engineering Services, Inc. for design engineering services for the Safe Haven Hill Tsunami Evacuation Improvements in the amount not to exceed \$57,428 and authorize the City Manager to execute the task order on behalf of the City of Newport.

Fiscal Effects:

This project is funded through a combination of funds from the South Beach Urban Renewal District and FEMA Hazard Mitigation Grant.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item # IX.B
Meeting Date Dec 1, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Approval of Task Order 16 with Civil West Engineering Services, Inc. for the Safe Haven Hill Tsunami Evacuation Improvements

Prepared By: TEG Dept Head Approval: TEG City Manager Approval:

Issue Before the Council:

Approval of Task Order 16 for the Safe Haven Hill Tsunami Evacuation Improvements

Staff Recommendation:

Approve the task order

Proposed Motion:

I move to approve Task Order No. 16 with Civil West Engineering Services, Inc. for the Safe Haven Hill Tsunami Evacuation Improvements engineering services in the amount of \$57,428 and authorize the City Manager to execute the task order on behalf of the City of Newport.

Key Facts and Information Summary:

This task order is to provide survey, design, and construction phase services for the construction of pedestrian accessibility improvements associated with tsunami evacuation to Safe Haven Hill located in South Beach.

Details of the improvements are included in the attached scope of work. These improvements constitute Phase 2 of improvements on Safe Haven Hill. Phase 1 included a geotechnical evaluation and National Historic Preservation Act survey of the site. The completion of this Phase 1 work led to an award of federal funds through FEMA for the Phase 2 work.

Other Alternatives Considered:

N/A

City Council Goals:

N/A

Attachment List:

- Task order No. 16 to Engineering Services Agreement for Streets and Storm Sewer Engineering Services
- *City of Newport - South Beach Safe Haven Tsunami Hill Retrofit - Phase 2* Scope of Services for Engineering Support
- Exhibit A to Scope of Work - Fee Schedule

Fiscal Notes:

This project is being funded through a combination of funds from the South Beach Urban Renewal District (SBURD) and a FEMA Hazard Mitigation Grant. \$200,000 from the SBURD was budgeted in FY 12 for this project. The funding breakdown for this project is as follows:

	Phase 1	Phase 2	Total Project
Total Project Cost:	\$51,643	\$576,838	\$628,481
Federal Share:	\$38,732	\$432,629	\$471,361
SBURD:	\$12,911	\$144,209	\$157,120



ENGINEERING SCOPE OF SERVICES

Date: November 13th, 2014

Work Order Number:

To: Mr. Tim Gross, PE, Public Works Director, City of Newport

From: Garrett Pallo, PE, President, Civil West Engineering Services, Inc.
Ralph Wenziger, PE, Project Manager

RE: **City of Newport – South Beach Safe Haven Tsunami Hill Retrofit - Phase 2**
Civil West Project Number: 2302-033

The purpose of this scope of services is to describe the proposed approach, costs, and schedule that Civil West will follow to support the City of Newport in order to complete a project to construct an outdoor tsunami safe area in South Beach.

Background Summary

The City of Newport has completed a Phase 1 analysis including a geotechnical evaluation and National Historic Preservation Act survey to evaluate the proposed tsunami safe zone in South Beach, Oregon. The results of the Phase 1 analysis resulted in Federal funding for Phase 2 from FEMA – Hazard Mitigation Grant Program (HMGP) to support the development of an “outdoor tsunami safe area”. Phase 2 of the project was approved and is compliant with the National Environmental Policy Act (NEPA). The area is located on a hill in South Beach between Highway 101 and SW Abalone St. out of the tsunami inundation zone.

Phase 2 improvements will concentrate on connecting access to the top of Safe Haven Hill as well as developing the hill top area to accommodate a disaster relief supply shed.

The access paths will include:

- An 8 foot wide, gravel path way from the Marine Science center overflow parking area to SE Pacific Way at the south east corner of the intersection of Hwy 101 and SE Pacific Way.
- A 6 foot wide, concrete sidewalk along the west side of Hwy 101 from the Bridge access stairs south to SW Abalone street, then west to the Abalone intersection..
- A 10 foot wide, asphalt shared use path will be developed beginning at the base of the Yaquina Bay Bridge and Marine Science Drive on the West side, continuing South following SW Abalone to the Abalone intersection. This pathway will include curb ramps and retaining wall structures in areas of existing ground elevation changes. Additional pathway connections will be considered for 26th, 27th, and 28th streets.
- At the base of Safe haven Hill (adjacent to the Abalone St crossing) a 10 foot wide, asphalt drive will be developed in the location of the existing gravel road and will curve around the hill until reaching the top safe zone where it will make a loop around a cleared meeting area. The cleared meeting area will include a gravel pad for the storage unit. The new access road with include a removable bollard entrance gate at SW Abalone, wooden retaining walls, lighted LED roadside bollard guide posts, and roadside drainage channels.

- Secondary access stairs will be constructed at an access point on the South side of Safe Haven Hill, off of Abalone Street. These stairs will be constructed out of 4x4 treated lumber with gravel treads 36 inches in width. In addition, the sand area adjacent to the stairs will be stabilized and landscaped to reduce erosion.
- Lastly, there is an existing dirt foot path that begins at the base of the Yaquina Bay Bridge stairs on the north side of Safe Haven Hill and winds to the top of the Hill. This path will be redesigned as a hiker's access path and widened to 36 inches. This pathway surface and will be constructed using gravel, stone and wooden steps to increase durability.

The development of the top of the hill meeting area will include:

- Clearing an approximately 1/2 acre area of trees and shrubs and replanting will grass to be maintained as a "park" setting.
- A 10'x50' gravel pad will be developed to hold a 40' long shipping container that will be used as storage for survival equipment and other emergency supplies.

Part A: Scope of Work

The following tasks have been identified to track the project's progress. Each task will be assigned a certain number of engineering hours for completion. While there may be many subtasks included within these major task areas, only the major tasks will be discussed below.

Newport – Safe Haven Tsunami Hill Retrofit – Phase 1 – Proposed Scope of Services

- 1. Task 1 – Project Management and Administrative Services** – Under this task, we will provide the necessary project management and administrative services to conduct an orderly and well-managed project. This will include organizational issues, financial, and other administrative requirements. This will also include coordination with the City, funding agency, regulatory agencies, and others as applicable.
- 2. Task 2 – Project Kickoff and Data Gathering** – Under this task, we will conduct a kickoff meeting that will include representatives from the City, (FEMA, SHPO, OMSI) team (if available). We will discuss the overall project objectives and seek design input and ideas from the stakeholders for the project. We will discuss project schedules, concerns, and other parameters to make sure all are aware of the issues. We will also walk the project routes, discuss specific project challenges, and consider preliminary design concepts and solutions. This task will also include an allowance of time to obtain existing information and planning, review existing documentation and plans, and obtain topographic and boundary survey data from our survey team.
- 3. Task 3 – Design Services** – Under this task, our team will prepare the design for the planned improvements including multiuse paths, access roadway, retaining walls, control gates, handicap access, foot path, traffic control and lighting, drainage, and other planned improvements. This will include detailed plan views, street profiles, section designs, details, and other information necessary for a complete project design. Plans will be prepared according to the City's standards and desired cross sections for each road.
- 4. Task 4 - Specialty Design and Preparation of Plans** – Under this task, our team will prepare the design for the planned improvements including stair design, hikers pathway design, details, sand area landscaping rehabilitation. This will include detailed plan views, pathway profiles, section designs, details, and other information necessary for a complete project design. Plans will be prepared according to the City's standards and desired cross sections for each road.

5. **Task 5 – Preparation of Specifications and Project Documents** - Under this task, we will compile a full set of technical specifications, bid documents, and other necessary documents for a complete project plan set. The specifications will be based on ODOT/APWA and/or City standards where applicable. The bid forms will be based on the current modified EJCDC documents. Upon completion of this task, the City will be prepared to solicit for bids for construction of the improvements.

6. **Task 6 – Bid Phase Services** –Through this task, we will provide bid phase support on the project with a goal of helping the City secure a qualified and responsive bidder to complete the work. Our support will include answering questions, providing clarification and addenda if required, attend and assist with the bid opening, review bids for accuracy, and issue a recommendation to award. We will also assist with the notice of intent to award, the processing and administration of contracts, and the issuance of the notice to proceed within this task.

7. **Task 7 – Project Closeout Services** – Through this task, we will close out the project by administering the punch list process, closing out all final payment issues, preparing record drawings, and assembling the project album to present to the City as a permanent record. The album will include photographs from the construction process, daily inspection reports, record drawings, and other key project documents.

8. **Task 8 – Reimbursables** – This task will include allowances for project costs related to reimbursable expense items. These include:
 - a. Travel costs – we have included an allowance for travel costs for meetings, various site visits to the City for meetings, site visits, and other travel need related to this project.

 - b. Publication, reproduction, and office costs – under this item, we have included a reimbursable allowance to provide the City with copies of any draft and final report(s), plans, contract documents and specifications, including digital deliverables upon request.

Part B: Project Fee Proposal

We have prepared a detailed fee proposal worksheet that we have attached to this proposal (see Exhibit A). The worksheet includes a summary of the proposed tasks and subtasks as described above along with estimates of hours for completion of the tasks and the associated billing rates for the individuals involved.

A summary of the proposed fee schedule is provided below:

Task	Summary of Proposed Engineering Budget:	Budget
1	Project Management and Administrative Services	\$3,904
2	Project Kickoff and Data Gathering	\$7,764
3	Design Services	\$12,728
4	Specialty Design and Preparation of Plans	\$12,416
5	Preparation of Specifications and Project Documents	\$11,252
6	Bid Phase Services	\$5,312
7	Project Closeout Services	\$3,052
8	Reimbursables	\$1,000
Total Proposed Engineering Budget		\$57,428

The above project budget represents an estimate of reasonable project involvement and includes an allowance of hours to provide the proposed level of support. The project will proceed on a time and materials basis and, if completed under budget, the City will enjoy the savings. If, additional support is required beyond these allowances, we will coordinate with the City on an amendment to the agreement.

Part C: Project Schedule

The project schedule for these improvements is time critical and must be coordinated with FEMA - HMGP, and Oregon State Historic Preservation Office and the City of Newport. The Phase 2 approval has a projected timeframe of 14 months for completion with project closeout date of November 2015. With that in mind, the following schedule is proposed:

1. Engineer is authorized to proceed Late November 2014 (assumed)
2. Kickoff meeting and survey undertaken Early December 2014
3. Conceptual plan (35%) presented February 15, 2015
4. Draft plans (65%) submitted for review by April 1, 2014
5. Final draft (95%) submitted for review by May 1, 2014
6. Plans complete and ready for bidding By June 1, 2015
7. Contract NTP given by July 1, 2015
8. Construction window approx. 6 months
9. Construction completed by October 2015

The above schedule is preliminary and a rough estimate based on available and known parameters. The project schedule can be adjusted, as required, to meet budget or time constraints for the City or the other stakeholders. We will coordinate carefully with all parties and seek a more detailed schedule at the kickoff meeting at the beginning of the project.

We are grateful for this opportunity to provide these services to the City of Newport. We are prepared to begin this work on this important project as soon as we are authorized to do so. Please let me know if you have any questions or if you wish to see any alterations to our proposed approach. If this proposed approach is acceptable, please sign below and return a copy to our office for our records.

Sincerely,
Civil West Engineering Services, Inc.



J. Garrett Pallo, PE
President

Authorized Representative Signature Accepting Scope of Services

Date

Exhibit A

City of Newport
Phase 2 - Safe Haven Hill
November 14, 2014

		Engineering Fee Structure									
		Principal Engineer	Project Manager	Senior Project Engineer	Project Engineer	Engr Tech	Construction Inspection	Clerical	Subcontractor Support	Total Hours	Total Fee
		\$140.00	\$128.00	\$121.00	\$115.00	\$97.00	\$78.00	\$44.00	Lump Sum		
1	Project Management and Administration										
a	Admin, Coordination, Project Management	12	16					4		32	\$3,904.00
	Task Total	12	16	0	0	0	0	4	\$0.00	32	\$3,904.00
2	Kickoff Meeting and Data Gathering										
a	Site visit and kickoff meeting		4			4				8	\$900.00
b	Collection of existing information, topographic and boundary survey		12			24			\$3,000.00	36	\$6,864.00
	Task Total	0	16	0	0	28	0	0	\$3,000.00	44	\$7,764.00
3	Design Services and Public Meetings										
	Preparation of design, concepts, sections, and schematics	2	24			40				66	\$7,232.00
	Participation in public meetings process and design modifications	8	16			24				48	\$5,496.00
	Task Total	10	40	0	0	64	0	0	\$0.00	114	\$12,728.00
4	Specialty Design and Preparation of Plans										
	Design - stairs, hikers pathway, landscape rehab.	2	32			24				58	\$6,704.00
	Preparation of plans, details, and related drawings	4	16			32				52	\$5,712.00
	Task Total	6	48	0	0	56	0	0	\$0.00	110	\$12,416.00
5	Preparation of Technical Specifications and Project Documents										
	Technical specs and documents	2	32			24		4		62	\$6,880.00
b	Bid documents, contract forms, and related documents	4	24			4		8		40	\$4,372.00
	Task Total	6	56	0	0	28	0	12	\$0.00	102	\$11,252.00
6	Bid Phase Services										
a	Respond to requests for info, clarifications, and addenda		16			8				24	\$2,824.00
b	Support with bid opening and bid review		4			4				8	\$900.00
c	Contract support and administration		8			4		4		16	\$1,588.00
	Task Total	0	28	0	0	16	0	4	\$0.00	48	\$5,312.00
9	Project Closeout Services										
a	Punch lists, work closeout, record drawings		8			12		4		24	\$2,364.00
b	Financial closeout, final payment, warranty processing		4					4		8	\$688.00
	Task Total	0	12	0	0	12	0	8	\$0.00	32	\$3,052.00
10	Reimbursables										
a	Travel and Per Diem Costs										\$500
b	Reproduction, copies, and office expenses										\$500
	Task Total	0	0	0	0	0	0	0	\$0.00	0	\$1,000.00
Total		34	216	0	0	204	0	28	\$3,000.00	482	\$57,428.00

Tasks

December 1, 2014

219



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: IX.C
Meeting Date: December 1, 2014

Agenda Item:

APPROVAL OF NOTICE OF INTENT TO AWARD NE 7TH STREET AND ILER STORM SEWER REPAIR PROJECT

Background:

On Thursday, November 7, 2014, five bids were received for the construction of approximately 425 feet of 36 inch storm sewer main, three manholes, a new outfall, and abandonment of the failed storm sewer main from Ne 7th Street and Harney extending along Iler Street to the north. The low bid was from WW Construction in the amount of \$255,549.44.

Recommended Action:

I recommend that the City Council acting as the Local Contract Review Board consider the following motion:

I move that the City of Newport issue a Notice of Intent to Award the NE 7th & Iler Storm Sewer Repair Project to WW Construction in the amount of \$255,549.44 and contingent upon no protests, direct the City Manager to execute the contract after 7 days on behalf of the City of Newport.

Fiscal Effects:

Funding for this project is available from FEMA in the amount of \$199,806 and the Oregon Infrastructure Finance Authority grants in the amount of \$66,601.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item # IX.C
Meeting Date Nov. 17, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Notice of Intent to Award NE 7th & Iler Storm Sewer Repair Project

Prepared By: TEG Dept Head Approval: TEG City Manager Approval:

Issue before the Council:

Notice of Intent to Award a contract to construct the NE 7th & Iler Storm Sewer Repair Project, Project No. 2012-031

Staff Recommendation:

Staff recommends awarding Project No. 2012-031 NE 7th & Iler Storm Sewer Repair Project to WW Construction.

Proposed Motion:

I move that the City of Newport Public Works Department issue a Notice of Intent to Award the NE 7th & Iler Storm Sewer Repair Project to WW Construction in the amount of \$255,549.44 and contingent upon no protest, direct the City Manager to execute the contract after 7 days on behalf of the City of Newport.

Key Facts and Information Summary:

In January 2012, a large rainstorm caused the failure of a 36-inch storm sewer main located northwest of the intersection of NE 7th St and NE Harney St (NE Iler St to the north). This was discovered due to a large amount of sediment washing downstream into Jefferies Creek and Big Creek. The storm was a federally-declared disaster and the City has been awarded both a FEMA grant (administered by Oregon Office of Emergency Management) and a Special Public Works Grant through the Oregon Infrastructure Finance Authority (IFA) to repair the failed main. It was determined that re-routing the storm sewer main to NE Iler St would be the lowest cost solution. The NE 7th & Iler Storm Sewer Repair Project includes construction of approximately 425 feet of 36-inch storm sewer main, three manholes, a new outfall, and abandonment of the failed storm sewer main.

Bids were opened Thursday, November 7th, 2014 at 2:00 p.m. and are summarized as follows:

CONTRACTOR	BASE BID
WW Construction	\$255,549.44
Laskey-Clifton Corp.	\$377,685.00
Trench Line Excavation	\$436,990.00

K&E Excavating	\$636,790.00
Emery & Sons	\$665,200.33

The apparent low responsive bidder is WW Construction with a base bid amount of \$255,549.44.

Other Alternatives Considered:

Repair of the storm sewer main within its existing alignment.

City Council Goals:

- None

Attachment List:

Sheet 2 (Site Overview) from project drawings.

Fiscal Notes:

This project is being funded through Oregon OEM (FEMA) and Oregon Infrastructure Finance Authority grants. The City is not contributing any funds to this project. Funding for the project is broken down as follows:

FEMA	\$199,806
IFA	\$66,601



Note: Topography is provided for general information only. Contours are approximate and should not be used for design purposes.

December 1, 2014



RENEWS 6/30/16

Verify Scale
Bar is 1" at Original Size

City of Newport
Public Works Department
169 SW Coast Highway
Newport, OR 97365
541-574-3366

NE 7th & Iler Storm Sewer Repair

10/29/14

Contract Drawings

Site Overview

Sheet 2 of 5



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: IX.D
Meeting Date: December 1, 2014

Agenda Item:

APPROVAL OF A JOINT CONTRACT BETWEEN LINCOLN COUNTY AND THE CITY OF NEWPORT FOR THE ACQUISITION OF A RECORDS MANAGEMENT SYSTEM FOR THE NEWPORT POLICE DEPARTMENT

Background:

The City of Newport has been part of a Lincoln County request for proposal for the replacement of the records management system for both the Lincoln County Sheriff's Department and Newport Police Department. This system will replace the shared records management system that has been in place since 2001 with a new shared system. As a result of the RFP the jointly recommended contractor is Justice Data Solutions which is a windows based software that was deemed easy to utilize and a very effective records system. The contract was negotiated by County Council Wayne Belmont and reviewed on behalf of the city by Speer Hoyt.

Recommended Action:

I recommend that the City Council acting as the Local Contract Review Board consider the following motion:

I move that the Mayor be authorized to execute a joint contract between the City of Newport and Lincoln County with contractor Justice Data Solution, Inc. of Tallmadge, Ohio for the purchase of CRIMES RMS. for Police record management for a total cost of \$81,000 for the City of Newport.

Fiscal Effects:

The records management system is budgeted in the 2014-15 budget with sufficient funds to cover the expense. The annual support cost for this program is \$8,100 compared to our current maintenance cost for Alliance of approximately \$30,000. This system should be up and running by the middle of 2015.

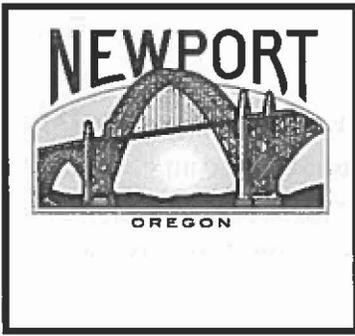
Alternatives:

None recommended.

Respectfully Submitted,

City Manager

Spencer R. Nebel



Agenda Item # IX.D
Meeting Date _____

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title Police Department Records Management System

Prepared By: Newport Police Dept Head Approval: Chief Mark J. Miranda *[Signature]* City Mgr Approval: _____

Issue Before the Council:

Shall the City Council approve a contract to purchase a Records Management System for the Police Department?

Staff Recommendation:

The Police Department recommends favorable action by the City Council

Proposed Motion:

I move to approve a contract with Justice Data Solutions for a Records Management System for the Police Department and authorize the City Manager to sign the contract.

Key Facts and Information Summary:

Every police department is required to keep records of crimes and other incidents for prosecution purposes, crime tracking, investigations, and documentation. As with most other police departments, the Newport Police Department has been utilizing a computer program to maintain these records, report crimes to the FBI, and maintain electronic files instead of paper files.

In 2001, the Police Department entered into a cooperative agreement with the Sheriff's Office and Lincoln County Communication Center, to share a records management system. The system, called Alliance, proved to be problematic over the years. It was not overly reliable and customer support was, at times, difficult to obtain.

In 2013, after extensive research, the Sheriff's Office purchased a jail management system (JMS) from Justice Data Solutions. The JMS was modified to the specifications of the Sheriff's Office. It went 'live' in early 2014 and has been very well accepted by jail personnel. It is performing to the needs and expectations of the Jail.

Finding that the JMS was working well, Sheriff Dotson and I spoke with the representative of Justice Data Systems. We were told that they could model a records management system (RMS) to our specifications. The Sheriff's Office and Police Department could share in the development and use of this RMS.

We were shown a demonstration which out-paced our current Alliance RMS. The Justice Data Systems RMS is Windows based and more easily navigable than Alliance. The RMS can be configured to use an electronic ticketing system, contains an inventory module, and has the ability to "talk" with other computer systems, such as those with our Municipal Court. These features will help the City realize a cost and time savings for personnel.

After completing a Request For Proposal (RFP) process, the Sheriff's Office has elected to switch to the Justice Data Systems RMS. The Police Department's participation in this contract, will allow both agencies to realize a cost savings, and utilize a RMS that meets our requirements and performs well.

The contract was designed for both the County and City to sign. It was negotiated by County Counsel Wayne Belmont. The law firm of Speer-Hoyt has also reviewed the contract on behalf of the City, recommending only two minor suggestions that will be submitted to the County for the final contract.

Other Alternatives Considered:

Other RMS systems have been considered. However, they are either too expensive or not compatible with our needs.

City Council Goals:

Public Safety related.

Attachment List:

Contract

Fiscal Notes:

The cost of the new RMS is \$82,000. This purchase was planned for in the 2014-2015 budget. There are sufficient funds to cover the expense. There is an annual support cost of \$8,100. Our current annual maintenance cost for Alliance is approximately \$30,000.

CONTRACT

THIS CONTRACT, made and entered into this _____ day of _____, 2014, by and between Lincoln County, a Political Subdivision of the State of Oregon, acting by and through its Board of Commissioners, the City of Newport, by and through its Mayor and City Council (hereinafter called County and City respectively), and Justice Data Solutions, Inc., (hereinafter called Contractor) for the Project entitled CRIMES RMS.

1. **CONTRACTOR'S SERVICES:** Contractor, in consideration of the sums to be paid by County and City in the manner and at the times herein provided and in consideration of the other covenants and agreements herein contained, hereby agrees to perform and complete the implementation of a web based records management software (hereafter Project) more specifically described in addenda attached to this agreement as Exhibit A. These addendums shall be drafted and separately executed following the execution of this agreement. Contractor shall provide for and furnish all necessary machinery, tools, apparatus, equipment, supplies, materials and labor, and do all things in accordance with the applicable Scope of Work developed and executed as an addendum to this agreement. Services shall be performed in accordance with a schedule approved by County and City. The contract time may be extended at the sole discretion of County and City. The Lincoln County Request for Proposal (RFP) issued June 5, 2014, Contractors Response to the RFP dated June 19, 2014, and two spreadsheets titled RMS Pricing Breakdown and Two Agency Cost Split-Contract are attached hereto and incorporated herein as Exhibit B. To the extent any language or term in Exhibit B conflicts with any language or term in this Contract or Exhibit A, the Contract or Exhibit A shall hold and be applied.
2. **ASSIGNMENT:** This Agreement, shall be binding upon the heirs, executors, administrators, successors and assigns of the Contractor. Neither party shall assign, sublet or transfer any interest in, or duty, under this agreement without the written consent of the other and no assigned shall be of any fore or effect unless and until the other party has so consented.
3. **LAWS AND REGULATIONS:** County, City and Contractor agree to comply with the Ordinances and regulations of County and City; applicable provisions in any contract between County, City and the State of Oregon relating to the services to be provided under this Agreement by the Contractor; and all provisions of Federal and State Law, rules and regulations relating to Contractor's performance of services under this agreement.
4. **HOLD HARMLESS:** Contractor shall indemnify and save harmless County, its Board of Commissioners, officers, agents, and employees, and City, its elected officials, officers, agents and employees from all suits, actions, or claims of any character brought because of any injuries or damage received or sustained by any

person, persons, or property on account of the operations of Contractor, its Subcontractors or the employees of either; or on account of or in consequence of any neglect in safeguarding the work; or because of any act or omission, neglect, or misconduct of Contractor; or because of any claims or amounts arising or recovered under any Worker's Compensation law or any other law, ordinance, order or decree; and payments due to Contractor under this agreement may be withheld by County and City until such time as Contractor produces satisfactory evidence that Contractor is adequately protected by public liability and professional malpractice insurance.

5. **MONITORING:** Contractor agrees that services provided under this contract by Contractor, Contractor's policies, procedures, performance data, financial records, and other similar documents and records of Contractor, that may pertain to services under this contract, shall be open for inspection by County's and City's agents at any reasonable time during business hours. Contractor agrees to retain such records and documents for a period of seven (7) years, or such longer period as may be prescribed for such records and documents by the State Archivist of Oregon.
6. **PAYMENTS/CONSIDERATION:** Upon signing this agreement, County and City shall pay to Contractor **\$34,000 (25% of the contract price per document attached "Two Agency Cost Split_Contract.xls")**. The remainder of costs will be added for modules and hardware as the project progresses pursuant to Exhibit A. The progress payments will be remitted to Contractor upon successful completion of the component delivered and acceptance by County and City, which acceptance will not be unreasonably withheld. Annual Hosting & Support costs (detailed in "Two Agency Cost Split_Contract.xls") will be invoiced separately from the contract costs and paid within 30 days of going live.
7. **WITHHOLDING PAYMENTS/LIQUIDATED DAMAGES:** Notwithstanding any other payment provision of this contract, if contractor fails to submit required reports, meet deadlines as outlined in this contract's addenda or fails to perform or document the performance of contracted services, and City may immediately withhold payments under this contract in accordance with Oregon Law until such failure is remedied.
8. **GUARANTEE:** Contractor agrees to guarantee all work under this contract. Contractor agrees, whenever notified by County and City, to immediately, and at no cost to County and City, place such guaranteed work in a condition satisfactory to County and City and make modifications necessary to correct any substandard design and/or engineering work.
9. **OWNERSHIP:** Contractor shall retain all ownership rights, including trademarks, patents, copyrights, and other forms of intellectual property, in pre-existing or independently developed software for Project. Records data converted, developed, initiated or stored in the Project is and shall remain the property of County and City. Contractor agrees to back up data daily in a commercially reasonable manner as described below and acceptable to the County and City and to provide County and

City with a standard SQL format (Postgre SQL acceptable) or other County and City approved format, of all data to County and City quarterly on a schedule to be mutually agreed to by the parties. In the event of termination of this agreement for any reason, Contractor agrees to provide a standard SQL formatted (or other County and City approved copy of all data immediately upon termination).

Contractor shall provide to County and City, and implement and maintain throughout the life of this agreement, a plan for an adequate and secure back up for all computer software and operating programs, databases and systems, operations, and user documents. The plan will include the following elements:

- a. Quarterly back-up and data copy to County and City
- b. Daily back-up
- c. Back-up storage at a secure off-site location
- d. Storage media
- e. Off-site storage facility security, including protections against unauthorized access or disclosure of information, fire, sabotage and environmental considerations (in conformance with CJIS requirements)
- f. Responsibilities of Contractor staff

Any changes in the plan and location of off-site data (whether for primary data location or back-up) shall be provided to County and City.

10. SOFTWARE LICENSES: Contractor hereby grants the County and City a non-exclusive, perpetual, irrevocable license to use, access, and operate all software components of the Project, or as may be specified on any respective Task/Change Order, whether or not Contractor is the original manufacturer of the software, including that which may be preloaded on any Equipment or exists in a web based environment. The County and City own the perpetual license regardless of whether or not the County purchases maintenance and support. Except as provided in the response to the RFP by Contractor, County and City shall be responsible for effecting licensure of other Third Party Software required for the Project, which shall be subject to the provisions of this Contract. Except as otherwise expressly provided in this Contract or in any applicable Task/Change Order, Contractor grants the right to use, access and operate the software without restriction, as may be applicable, to any number of County and City Users, geographic area, market, location, duration, CPU, site, MIPS, or other measurement or platform restrictions, including platform operating systems. Use of the Software, subject to the provisions of this Contract, is granted via remote access, on a portable computer, handheld device, vehicle mounted device or other device as determined appropriate by County and City.

11. ACCESS TO SOURCE CODE: Contractor shall provide to County and City the source code for the Project and other such applications, including Contractor Intellectual Property and Third Party Intellectual Property (collectively, the "System Software") as are required for the Project to function, in such format that will allow

County and City to build and compile useful object code; including any and all updates, modifications, revisions, and enhancements of the System Software; including any and all Documentation pertaining to source code for the System Software, including the technical specifications and documents, data conversion guidelines and instructional tools upon the occurrence of any of the following:

1. Source code for any or all material part of the System or Documentation is generally made publicly available by Contractor, with or without additional cost, to other users of comparable software; or
2. The Contractor's cessation, for any reason, to do business; or
3. The Contractor discontinues offering maintenance services for the Deposited Programs; or
4. The Contractor institutes or has instituted against it insolvency, receivership or bankruptcy proceedings, or makes an assignment for the benefit of creditors, and same has not been discharged or terminated without any prejudice to County or City rights or interests under this Contract within thirty (30) days; or
5. Any other event or circumstance occurs that demonstrates with reasonable certainty the inability or unwillingness of Contractor to fulfill its obligations to County or City under this Contract, the escrow agreement or any maintenance or support agreement between the parties.

12. PERMISSIVE COOPERATIVE PROCUREMENT: Pursuant to ORS 279A.215, as additional consideration for this Contract, Contractor agrees to extend an option to purchase any Product, Equipment or Services covered under this Contract to all public agencies, as negotiated by the parties depending on the size, scope, equipment and services desired by the agency. Each participating agency will execute its own Contract with the Contractor for its requirements.

13. CJIS PROVISIONS: Contractor agrees that County and City data used in the implementation of the web based jail management software includes criminal justice information that is protected from public disclosure pursuant to federal and state law, including but not limited to the Criminal Justice Information Services (CJIS) Security Policy. Contractor shall meet all requirements of the CJIS Policy and shall Maintain a security system program compliant with federal and state laws, regulations, and standards including the CJIS security Policy as it may be amended from time to time.

14. CONFIDENTIALITY: Contractor shall treat as confidential any County, City and/or other public agency confidential information that has been made known or available to Contractor or that Contractor has received, learned, heard or observed; or to which Contractor has had access. Contractor shall use confidential information exclusively

for the County's, City's or other public agency's benefit and in furtherance of the products and services provided by Contractor. Except as may be expressly authorized in writing by the County or City, in no event shall Contractor publish, use, discuss or cause or permit to be disclosed to any other person such confidential information. Contractor shall (1) limit disclosure of the confidential information to those directors, officers, employees and agents of Contractor who need to know the confidential information in connection with the Project, and (2) exercise reasonable care with respect to the Confidential Information, at least to the same degree of care as Contractor employs with respect to protecting its own proprietary and confidential information.

- 15. TERMINATION:** All or part of this contract may be terminated by mutual consent of both parties, or by either party at any time for convenience after 30 days notice in writing. If Contractor terminates the contract, County or City will only be obligated to compensate the Contractor for deliverable items that have been or are accepted by County or City. In addition, any work delivered by Contractor and accepted by County or City becomes the legal property of County or City and may thereafter be used by County, City or any other party in privity with County or City without compensation to Contractor. All tasks or work in progress that have not been completed and accepted by County or City when notice is served will not be compensated.

County or City may terminate all or part of this contract for any one or more of the reasons specified below:

- a. After 10 days notice, if funding to County or City from Federal, State or other sources is not obtained or is not continued at levels sufficient to allow for purchase of the indicated quantity of services. County or City will give more notice whenever possible.
- b. Immediately, on notice of denial, revocation or non-renewal of any letter of approval, license or certificate required by law, rule or regulation to be held by Contractor to provide a service under this contract.
- c. Immediately, if Contractor fails to provide services, or fails to meet any performance standards as specified by County or City in this contract (or subsequent modifications of this contract) within the time therein specified, or any extensions thereof.
- d. Immediately, upon failure of Contractor to comply with the provisions of this contract and all applicable Federal, State and local laws, rules and regulations.
- e. Termination, or the withholding of payments or reduction of obligation under Section 7, shall be without prejudice to any other obligation or liability of either party accrued prior thereto.

- 16. IMPLEMENTATION DISPUTES:** Differences between Contractor and County or

City, regarding the performance or non-performance of the contract services will be resolved when possible at appropriate management levels. In the event this informal process is unsuccessful at resolving the dispute, County or City shall provide written notice of the dispute to Contractor and within 48 hours Contractor shall undertake and correct such non-performance. Should such corrective performance not be made within 48 hours, County or City may call upon a third party to undertake the obligated performance of this contract and any costs to the County or City shall be credited against any pending balance upon this contract price.

17. **CONTRACT DISPUTES:** All disputes, and all claims for alleged breach of contract shall, within ten (10) days of the commencement of dispute be presented in writing to County or City for decision; but in the meanwhile, Contractor shall proceed with the work as directed.
- a. Contractor shall submit in detail the claim and proof thereof. County or City, with reasonable promptness, shall render its decision to the Contractor in writing.
 - b. If Contractor does not agree with any decision of County or City, Contractor shall except that decision from the final release.
 - c. If Contractor has (1) given notice of any dispute within the limit stated above; (2) taken exception to County's or City's decision in the release; and (3) brought suit by way of arbitration proceeding pursuant to ORS 36.300 through 36.365 within 120 days after receipt of final payment under this contract or within six months of a written request by County or City that Contractor submit a final voucher and release, whichever time is the lesser; then County's or City's decision shall not be final and conclusive but the dispute shall be tried in arbitration on its merits. If the above conditions' precedent have not been met, Contractor agrees that its non-compliance with the conditions precedent constitutes a waiver of right to assert a claim.
18. **REQUIRED TERMS:** Contractor shall comply with all standard state of Oregon contract terms attached hereto and incorporated herein as Exhibit C.
19. **ATTORNEY FEES:** If an action, suit or proceeding, including appeal therefrom, is brought for failure to observe any terms for this contract, the prevailing party of said action is entitled to the recovery of attorney fees.
20. **CAPTIONS:** The heading or captions in this contract are solely for convenience of the reader, and do not have legal effect.
21. **CHOICE OF LAW:** This contract shall be governed by the laws of the State of Oregon.

22. **VENUE:** Venue relating to this contract shall be in the Circuit Court of the State of Oregon for Lincoln County, located in Newport, Oregon.

23. **SEVERABILITY:** If any provision of this contract is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

24. **CONTACT PERSONS:** Contact persons for this Agreement shall be:

<u>LINCOLN COUNTY</u>	<u>CITY OF NEWPORT</u>	<u>CONTRACTOR</u>
Attn: Lt. Curtis Landers Lincoln County 251 W. Olive St. Newport, OR 97365 (541) 265-4277	Attn: Mark Miranda City of Newport 169 SW Coast Highway Newport, OR 97365 541-574-3348	Attn: _____ Justice Data Solutions, Inc. PO Box 515 Tallmadge, OH 44278 (866) 796-4447

25. **CONFIDENTIALITY:** Subject to Paragraph 14. above, Contractor understands and agrees that some records that will be made available are or may be considered confidential under Oregon law. Contractor agrees to comply with any and all confidentiality laws and regulations and will sign a confidentiality agreement if provided by County or City.

NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS AGREEMENT SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATION, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS AGREEMENT. CONTRACTOR, BY SIGNATURE BELOW, HEREBY ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT, UNDERSTANDS IT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

Approved by the Lincoln County Board of Commissioners at their regular meeting on _____, 2014.

Chair

Approved as to Form:

Lincoln County Legal Counsel

Approved by City of Newport, Mayor and Council at their regular meeting on _____, 2014.

Mayor

Contractor Signature

Date

Contractor Address

Tax I.D. No.

Exhibit A

Payment 1: Down Payment

Amount: 25%. This will allow development of the modules to begin and incorporate conversion of all necessary existing data from Alliance / Cyrun to new system. Data conversion methodology to be finalized during this phase.

Payment 2: First Modules Live

Amount: 25%

Description: Personnel module and then quickly followed by the Personnel and Carry Handgun License Modules will be going live well before the Records/Incident Reports Module.

Tentative Dates: Nov. 15th

Payment 3: Records, Property, Citations are signed off on and custom development is completed

Amount: 25%

Description: All outside integration is ready....NIBRS, COPLink, E-Ticket, E-Crash. This benchmark will signal that training will now take place and system is ready to take live.

Tentative Dates: ?

Final Payment: System is live with all modules.

Amount: Remaining Balance

Description: System is up and running and all modules (That were agreed upon) are in use.

Tentative Dates: ?

Support & Hosting Fee:

Amount : \$10,100.00

Description: 30 days from going live.

Training: As agreed by the parties, JDS will hold onsite live trainings (Keith Lampe will be instructor) for each module/department. There will be multiple sessions for the actual incident/Records/Road part of the system as there are many officers and we will have to work around the different schedules within each department. Most of the other items...Personnel, Alarm Permits, Civil, etc. only have one or two people who handle these. Keith and they will do one on one trainings.

When these will take place is up in the air based on getting things moving on the custom development JDS will have to do. JDS has done a lot of leg work getting information needed for all of the interfaces, meeting with the different folks in the different departments (Road Patrol, Personnel, Civil, Alarm Permits, etc.) and some of that customized development,

Exhibit B

Lincoln County

REQUEST FOR PROPOSAL



Lincoln County Sheriff's Office Records Management System (RMS)

Includes Cooperative Procurement Provisions

Issue Date: June 5, 2014

Due Date and Time: June 24, 2014 at 11:00 am.

REQUEST FOR PROPOSALS FOR LINCOLN COUNTY RMS

1. Introduction

Lincoln County is seeking proposals to provide a Records Management System (RMS) for the Lincoln County Sheriff's Office and potentially for partner agencies (initially the City of Newport, Oregon) and other public entities.

The Lincoln County Sheriff's Office currently uses a Records Management System (RMS) by Cyrun referred to and known as Alliance. This system is jointly used with the Newport Police Department. Computer Aided Dispatch (CAD) is a Tiburon product referred to as Dispatch Now and is controlled and operated by Willamette Valley Communications Center (WVCC), which is the dispatch center for Lincoln County, except for the cities of Toledo and Lincoln City. The Sheriff's Office currently uses an E-ticket and E-Crash system by Advanced Public Safety (APS). The Sheriff's Office uses mobile data computers in the patrol vehicles.

2. Standards for new RMS:

Lincoln County desires an RMS with at minimum the following features and capabilities:

- A RMS which can accommodate multiple agencies to share and view information with features to exclude desired information from outside the originating agency.
- Ability for the RMS to work on any computer or platform, including desktop computer, laptop computers, tablets, or smartphones. Any client or server side components must be compatible with the most current secure/production version of the programming framework (Java, Apache, PHP, JSP, etc.) within 5 days of the most current release. If browser based, the RMS must be fully functional in the most current versions of Firefox, Internet Explorer, Chrome, and Safari.
- The RMS can be cloud based, however, records retention, availability and confidentiality meeting County requirements and Oregon Law must be met. Data held in a cloud based service must be provided to the County in on a quarterly basis for local backup. The data will be provided in a standard SQL format unless an alternate format is approved by the County. Lincoln County retains ownership of all data.

The RMS must also include, at minimum, the following components:

- Incident (received from current WVCC CAD)
- Arrests
- NIBRS Reporting Standards
- Radio Message Logs
- Patrol Times

Lincoln County, Oregon RMS RFP

- Master name index (including jail data)
- Master vehicle index
- Report narrative
- Report approval process
- Crime mapping
- Property
- Evidence (including barcoding)
- Pawn
- Impound
- Alarm permit and false alarm
- Civil Process (including field submissions, civil dockets & services, civil warrants,
- Traffic (including tickets, citations, accidents and ability to incorporate and integrate with current eTicket and eCrash systems)
- “Paperless” system

The RMS must be able to seamlessly integrate with our current Jail Management System’s PostgreSQL database.

The RMS shall not incur any additional cost or licensing fee based on number of users or adding additional users to the system.

The RMS must meet the Criminal Justice Information System (CJIS) standards.

The RMS must have the ability to expunge an individual record according to court orders.

The selected Proposer must be able to provide modification and customization of RMS based on user input and needs.

The selected Proposer must identify all system costs, including but not limited to, development, installation, training, modification and customization, maintenance, licensing and all other associated costs in its proposal.

3. Instructions.

All proposals shall be in PDF format and submitted electronically to Lt. Curtis Landers at:

clanders@co.lincoln.or.us

Proposals will be reviewed by the Lincoln County Sheriff’s Office and Lincoln County IT who will make recommendations to the Lincoln County Sheriff and Board of Commissioners for the selected Proposer. Lincoln County may also invite partner agencies (including but not limited to the City of Newport Police Department) to participate in reviews.

Proposals will be accepted until 11:00 am (PDT) on Tuesday, June 24, 2014.

Proposals shall include pricing for each component identified in this RFP, as well as total pricing and include any travel, per diem, and ancillary costs, if any. Under no circumstances will County be responsible for any Proposer's costs and expenses incurred in submitting responses to this solicitation, which includes any costs for site visits or interviews required by County. Proposers responding to this solicitation do so solely at their own cost and expense.

Any questions will be submitted via email to Lt. Curtis Landers at:

clanders@co.lincoln.or.us

and shall be received no later than 7 days prior to the closing of the RFP.

4. Interpretations of documents.

The specifications are considered by the County to be complete, clear, and understandable. The contract, when executed, shall be deemed to include the entire agreement between the parties, and the Contractor shall not claim any modification thereof resulting from any representation or promise made at any time by any officer, agent or employee of the County, or by any other person, unless such modification is in writing and is signed by both parties.

Prior to submitting a proposal, Proposer shall contact the County for clarification, irregularities, or apparent errors which may be contained in the Request for Proposals documents. The County reserves the right to waive minor irregularities or errors contained in the submitted proposal. Failure on the submitters' part to request clarification shall obligate the Proposer to abide by the County's decision as to the intended meaning of any portion of the proposal documents. The evaluation of proposals shall be the sole responsibility of the County and will be based on information furnished by the Proposer as well as on other information available to the County. County reserves the right to reject the proposal of any Proposer who previously failed to perform properly to the satisfaction of County, or complete on time agreements of a similar nature, or to reject the proposal of a Proposer who is not in a position to perform such an agreement satisfactorily as determined by County. **THE COUNTY RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS.**

Any Proposer who feels that the County's material specifications or project description may limit competition or that the criteria used for the award of the contract for the project limits competition, may file a written protest not less than fifteen (15) days before the proposals are due. Contractors must first file a written protest with the project supervisor, Lt. Curtis Landers, Lincoln County Sheriff's Office at the address listed in the instructions. If any changes in specifications or criteria are made, all Proposers

requesting notification of changes will be provided written notice of the change by County not less than seven (7) days before the proposals are due. No response from the County will vary the terms of this RFP without issuance of a written addendum. The County reserves the right to extend the time for submission of proposals at its sole discretion.

5. Modification of proposal.

Proposals once submitted may be modified in writing prior to the time and date set for proposal closing. Any modifications shall be prepared on the company letterhead, signed by an authorized officer, and state the new document supersedes or modifies the prior proposal. To ensure the integrity of the Request for Proposal process, the envelopes, faxes, or emails containing any modifications to a proposal shall be marked as follows:

RFP Modification
RMS

6. Withdrawal of proposal.

Proposals may be withdrawn by written request to the project supervisor at the address in the instructions received from submitters prior to the time fixed for opening in the invitation to submit proposals.

7. Cooperative procurement.

It is anticipated that RMS may be desired by for public agencies both within and outside Lincoln County. Pursuant to ORS 279A.215 and OAR 137-046-0430, this RFP is a Permissive Cooperative Procurement.

Agencies, including those within and outside Lincoln County, may utilize a Permissive Cooperative Contract pursuant to ORS 279A.215. Generally:

Agencies may establish a Contract with the selected Proposer to purchase similar Goods and Services awarded by this RFP;

Agencies may not materially change or alter the terms, conditions, and prices from the original Contract between the selected Proposer and the District/County; provided however, that it is understood that individual agencies will select the level of modification and customization required and desired;

Agencies shall comply with applicable Notice Requirements, if any, under ORS 219A.215 and OAR 137-046-0430.

The procurement terms and conditions shall be made available for a minimum of three years from the date of the original award under this RFP.

Proposer must state that it will or will not extend the terms, conditions and pricing of any resulting contract to any Agency that desires to establish a Contract awarded to the Proposer resulting from this Proposal. The procurement volume of other agencies is not included in this RFP. The utilizing agency and the Proposer assume full responsibility for any and all agreements established between the parties.

8. Selection of Proposal

The County will select a proposal that will be most advantageous to the County. The County will evaluate proposals on the criteria identified below. Less weight may be given to the proposed costs than the other criteria. Interviews by the County are at the County's discretion; however, the top Proposer(s) may be interviewed prior to final selection. The County may also contact individual Proposers for clarification of the proposal. If any selection criteria or system required component is modified by the County in this process, County will notify all Proposers requesting notification and provide them an opportunity to adjust their proposals. The Board reserves the right in its sole discretion to determine which Proposer will best meet the needs of the County for this project. Evaluations and decisions will be on the basis of the following:

- A demonstrated understanding of the project.
- Thoroughness and detail of the proposal.
- Knowledge and experience of key personnel with projects of a similar scope and nature.
- Availability of key personnel and demonstrated ability to meet the proposed work schedule.
- Cost of RMS and all services to be performed. This includes estimated availability, and cost, of maintaining and servicing system once installed.
- Performance history on past projects for clients including, but not limited to, quality of work, ability to meet schedules, cost control, and working relationship with clients.
- Experience with design and implementation of computer systems, including but not limited to, RMS.
- Reference responses.
- Ability to perform the services being considered.
- Warranties and post installation service availability and costs.
- Cooperative Procurement availability.
- Determination of which Proposer and proposal best meets the needs of the County for this project.

County reserves the right to accept or reject any or all proposals received as a result of this request, to modify the RFP requirements by written addendum, to negotiate a final agreement

with modifications with the selected Proposer, or to cancel, in part or in its entirety, the request for proposals if it is in the best interest of the County to do so.

Proposers must return the following documents with their proposal; failure to comply may result in the proposal being rejected by the County:

Detailed and Comprehensive Proposal, showing cost break down;

Verifiable experience with design and implementation of RMS or similar systems;

Verifiable Customer References. County reserves the right to review other Proposer customers not provided as references.

Lincoln County reserves the right to "NOT AWARD" the project period, if for any reason it is not satisfied with the responses, the project exceeds budget, or any other reason at County's sole discretion.

9. Award of Contract

Once a recommended Proposer is selected, the County will enter into final negotiations on a contract for delivery of the RMS and ancillary services. If a mutually acceptable contract is entered into, the desired project start date will be 2-4 weeks after the contract is executed. The contract will include a specific start date, estimated finish date, scope of work, change order process and how disagreements will be resolved, and shall not start until a purchase order (PO) is issued for the first phase. Be advised that payments will be predicated on installation, testing and acceptance criteria to be included in the agreement.

The contractor awarded the project can invoice in accordance with the terms of the negotiated contract. All payments must be approved by the project supervisor.

Proposer shall maintain throughout the term of the contract, at its own expense, and shall require any and all of its subcontractors to maintain throughout the term of the contract at their own expense, professional liability (errors and omissions) insurance in an amount of not less than the amount for a County under the Oregon Tort Claims Act, ORS Chapter 30.

Justice Data Solutions, Inc.
Response to The Lincoln County Sheriff's Department
RFP for a new Records Management System
June 19, 2014

SYSTEM

If awarded the contract for the Lincoln County Sheriff's Department (Referred to within as "Department") RFP For Records Management Software, Justice Data Solutions (referred to within as "JDS") will provide our C.R.I.M.E.S - Records Management System (Referred to within as "RMS").

Along with modules listed in the attached pricing document "RFP Pricing for Lincoln County RMS.xlsx" We agree to develop the following modules/processes into our existing RMS.

- **Inter-application messaging (Users can send messages to one another within the system).**
- **Incident Reporting - Approval Process (as defined by the department)**
- **Integration with E-Ticket. **The cost defined in "RFP Pricing for Lincoln County RMS.xlsx" does not include any cost that may incur from the E-Ticket vendor in order to integrate.**
- **Integration with E-Crash. **The cost defined in "RFP Pricing for Lincoln County RMS.xlsx" does not include any cost that may incur from the E-Ticket vendor in order to integrate.**
- **Integration with Crimereports.com does not include any cost that may incur from the CrimeReports.com vendor in order to integrate.**
- **Oregon specific IBRs reporting capability. (National IBR Reporting is part of system)**

PRICING

The pricing set forth in "RFP Pricing for Lincoln County RMS.xlsx" is for the single use of the RMS by the Lincoln County Sheriff's Department. Included is a second set of pricing should the RMS be utilized as a "joint system" with any local police department. This pricing can be found in the attached document "Two Agency Cost Split.xlsx". This is for the joint use of the system between the Lincoln County Sheriff's Department and one other local Police department. Any and all other uses of the system by additional agencies will have to have pricing for the RMS, Support and Hosting determined based on the size and scope of said agency.

COST BREAKDOWN/DATA CONVERSION

In both pricing documents the cost is broken down by cost of the module and finally cost to convert the data within any existing module the department(s) may be using in their current RMS.

There may be modules that the Department will not be using. The Department will not be charged for said module and/or the conversion of existing data.

There may be modules that the department will use, but there is no data to convert (or the data is in a format which does not allow for it to be converted into the JDS RMS).

The full cost of the data conversion will be decided after the awarding of the contract. There will be no increase in the conversion cost over what is in the two attached pricing documents. However, we may be limited in what we can and cannot convert out of the existing RMS, therefore lowering the cost because a conversion cannot be done for certain modules.

CUSTOMIZATION OF EXISTING MODULES

Upon a Department wide review of the system, should it be determined that any other development/changes are wanted outside of what the system already includes or is stated above as to what will be provided a cost for each change will be presented and the Department can determine whether or not to include individual changes in the final pricing.

SUPPORT

Live customer support is available from 5am PST until 5pm PST Monday through Friday.

Technical Support is available 24/7 should the system go down, showing errors prohibiting use and or causing the problems to the point a user cannot proceed with his/her work.

PAYMENT

Upon determination of the final pricing and signing of the contract, payment of 50% will be made to JDS to begin the implementation process and any customized development that will be taking place.

Final payment of the system/conversion cost and first year's support and hosting will be paid within 30 days of going live on the RMS.

TIMELINE

JDS has 9 months from time of the 50% down payment to have the RMS up and running to the Department's satisfaction. Although it is not expected to take entire 9 months the extended time period is to allow for delays in JDS's access to Department staff members, delays in getting the data from the current vendor and customized development beyond the scope of what is normally expected in a project of this size and scope.

TOPICS FOR DISCUSSION

There is one section of the RFP that we would not be able to comply with. I do not believe any vendor would be able to. On page 2 of 7, under the section "Standards for new RMS" where it states "*Any client or server side components must be compatible with the most current secure/production version of the programming framework (Java, Apache, PHP, JSP, etc.) within 5 days of the most current release.*"

It would be virtually impossible to have a software application thoroughly tested with a new version of Java, changes made and put into production within 5 days of the newest Java release. This is could take

several months to complete as there is no way to know what effects an updated version of any of the items mentioned above would have on a software application.

Two Agency Cost Split

Module	SHERIFF		POLICE	
	Cost	Conversion	Cost	Converion
CALLS & INCIDENTS	\$ 22,500.00	\$ 5,000.00	\$ 22,500.00	\$ 5,000.00
Call for Service (Data populated from a connection/interface with Tirburon CAD system used by WVC)				
Incident				
Arrests				
NIBRS Reporting				
Radio Message Logs				
Patrol Times				
Houese Watch/Checks				
CrimeReport.com				
CIVIL	\$ 40,000.00	\$ 10,000.00		
Civil Dockets/Services				
Civil Warrants				
VIN/Vehicle Inspection				
TRAFFIC	\$ 16,500.00	\$ 4,000.00	\$ 16,500.00	\$ 4,000.00
Tickets				
Citations				
Accidents				
E-Ticket Interface				
E-Crash Interface				
REGISTRATIONS			\$ 4,000.00	
Bike Registration				
Pet Registration				
Weapon Registration				
Sex Offender Registration				
ADMINISTRATIVE	\$ 5,750.00	\$ 1,500.00	\$ 5,750.00	\$ 1,500.00
Department Vehicle & Maintenance Tracking				
Personnel Management				
Inventory (to be added)				
PROPERTY	\$ 11,500.00	\$ 5,000.00	\$ 11,500.00	\$ 5,000.00
Stolen				
Evidence				
Impound				

December 1, 2014

250

Two Agency Cost Split

Pawn				
Bar Code Implementation				
Alarm	\$ 7,000.00	\$ 3,000.00		
Permits				
False Alarm				
Master Index	\$ 1,250.00	Included	\$ 1,250.00	Included
Master Vehicle				
Master Name				
Agency	Sheriff		Police	
	Module	Conversion	Module	Conversion
INDIVIDUAL COSTS SYSTEM AND CONVERSION COST	\$ 104,500.00	\$ 28,500.00	\$ 61,500.00	\$ 15,500.00
SUBTOTAL FOR SYSTEM AND CONVERSION ONLY	\$ 210,000.00			
ANNUAL COSTS (IF SPLIT BETWEEN 2 AGENCIES)				
Support/Hosting	\$ 10,100.00		\$ 8,100.00	
TOTAL JOINT ANNUAL COSTS	\$ 18,200.00			
	Sheriff		Newport	
System/Conversion	\$ 133,000.00		\$ 77,000.00	
Coplink Interface	\$ 1,000.00		\$ 1,000.00	
Municipal Court Interfaces	\$ 2,000.00		\$ 2,000.00	
TCB Parking Tix(import data from TCB into Ticket Module			\$2,000	
TOTAL COST FOR EACH AGENCY	\$ 136,000.00		\$ 82,000.00	
HARDWARE				
Signature Pads (Paperless System)	\$ 1,500.00	Per Pad/installation		

December 1, 2014

EXHIBIT C

Contractor shall, in accordance with Oregon Revised Statutes (ORS):

1. If required by County or City in writing, Contractor shall provide County or City with performance and payment bonds, in a form complying with law and acceptable to County or City, equal to the full contract price conditioned on the Contractor's faithful performance of the Contract in accordance with the plans, specifications, and conditions of this Contract, and to protect claimants under ORS 279C.600. [ORS 279C.380] **No Performance or payment bonds required for this contract by County.**
2. Make prompt payment, as due, to all persons supplying to Contractor labor or materials for the prosecution of the work provided for in this Contract. [ORS 279C.505(1)(a)]
3. If applicable, pay all contributions or amounts due the State Industrial Accident Fund and State Unemployment Compensation Trust Fund from Contractor and any and all subcontractors incurred in the performance of the Contract. [ORS 279C.505(1)(b)]
4. Pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.167. [ORS 279C.505(1)(d)]
5. If Contractor or a first-tier subcontractor fails, neglects or refuses to make payment to a person furnishing labor or materials in connection with this contract within 30 days after receipt of payment from the County or City, Contractor, or first-tier subcontractor shall owe the person the amount due plus interest charges commencing at the end of the 10-day period that payment is due under ORS 279C.580 (4) and ending upon final payment, unless payment is subject to a good faith dispute as defined in ORS 279C.580. The rate of interest charged to Contractor or first-tier subcontractor on the amount due shall equal three times the discount rate on 90-day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve district that includes Oregon on the date that is 30 days after the date when payment was received from the contracting agency or from the contractor, but the rate of interest may not exceed 30 percent. The amount of interest may not be waived. Contractor shall place this condition in all first-tier subcontracts. [ORS 279C.515(2)]
6. If Contractor fails, neglects or refuses to make prompt payment of any claim for labor or services furnished to the Contractor or a subcontractor by any person in connection with this Contract as such claim becomes due, the proper officer(s) representing County or City may pay the claim and charge the amount of the payment against funds due or to become due Contractor under this Contract. Payment of claims in this manner shall not relieve the Contractor or the Contractor's surety from obligation with respect to any unpaid claims. [ORS 279C.515(1) and (4)]
7. Any person employed under this Contract may not work for more than 10 hours in any one day, or 40 hours in any one week, except in cases of necessity, emergency or when the public policy absolutely requires it, and in such cases, unless the employee is paid at least time and a half pay:
 - (a)(A) For all overtime in excess of eight hours in any one day or 40 hours in any one week when the work week is five consecutive days, Monday through Friday; or
 - (B) For all overtime in excess of 10 hours in any one day or 40 hours in any one week when the work week is four consecutive days, Monday through Friday; and
 - (b) For all work performed on Saturday and on any legal holiday specified in ORS 279C.540.

Contractor must give notice in writing to employees working under this Contract, either at the time of hire or before commencement of work on the agreement, or by posting a notice in a location

frequented by employees, of the number of hours per day and days per week that the employees may be required to work. [ORS 279C.520(1) and (2)]

8. Contractor shall comply, to the extent applicable to its employees and subcontractors, the requirements of ORS 279C.540 and 279C.545, concerning maximum hours of work, holidays, overtime and claims for overtime. [ORS 279C.540 and 279C.545]
9. Contractor shall adhere to all state, local and federal environmental regulations applicable to the work under this contract. County and/or City shall have available such recourse as if found in ORS 279C.525, which by this reference is incorporated herein as if fully set forth, if delays or additional work is required. [ORS 279C.525]
10. Contractor shall promptly, as due, make payment to any person, co-partnership, association or corporation furnishing medical, surgical, and hospital care or other needed care and attention, incident to sickness or injury, to the employees of the Contractor, of all sums the Contractor agrees to pay for such services and all moneys and sums which the Contractor has collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such services. [ORS 279C.530(1)]
11. Contractor and any other employers, subcontractors, assigns or agents working under this Contract are subject employers that will comply the worker's compensation provisions of ORS 656.017. Contractor shall insure that its subcontractors comply with these requirements. [ORS 279C.530(2)]
12. Contractor shall include in each subcontract for property or services entered into by Contractor and a first-tier subcontractor, including a material supplier, for the purpose of performing under this Contract:
 - (a) A payment clause that obligates Contractor to pay the first-tier subcontractor for satisfactory performance under its subcontract within 10 days out of such amounts as are paid to the Contractor by the County and/or City under this Contract; and
 - (b) An interest penalty clause that obligates Contractor, if payment is not made within 30 days after receipt of payment from County and/or City, to pay to the first-tier subcontractor an interest penalty on amounts due in the case of each payment not made in accordance with the payment clause included in the subcontract under paragraph (a) of this subsection. Contractor or first-tier subcontractor may not be obligated to pay an interest penalty if the only reason that Contractor or first-tier subcontractor did not make payment when payment was due is that the Contractor or first-tier subcontractor did not receive payment from the County or City or Contractor when payment was due. The interest penalty shall be:
 - (A) For the period beginning on the day after the required payment date and ending on the date on which payment of the amount due is made; and
 - (B) Computed at the rate specified in ORS 279C.515 (2).[ORS 279C.580(3)]
13. Contractor shall include in each of Contractor's subcontracts, for the purpose of performance of such contract condition, a provision requiring the first-tier subcontractor to include a payment clause and an interest penalty clause conforming to the standards in paragraph 13 above in each of the first-tier subcontractor's subcontracts and to require each of the first-tier subcontractor's subcontractors to include such clauses in their subcontracts with each lower-tier subcontractor or supplier. [ORS 279.580(4)]
14. A dispute between a contractor and first-tier subcontractor relating to the amount or entitlement of a first-tier subcontractor to a payment or a late payment interest penalty under a clause from paragraphs 13 and 14 included in the subcontract does not constitute a dispute to which the County and/or City is a party. County and/or City may not be included as a party in any administrative or judicial proceeding involving such a dispute. Except as provided herein, this section does not limit or impair any contractual, administrative or judicial remedies otherwise available to Contractor or a subcontractor in the event of a dispute involving late payment or nonpayment by a contractor or deficient performance

or nonperformance by a subcontractor. Provided, however, that Contractor's obligation to pay a late payment interest penalty to a subcontractor under these provisions is not intended to be an obligation of the contracting agency. A contract modification may not be made for the purpose of providing reimbursement of such late payment interest penalty. A cost reimbursement claim may not include any amount for reimbursement of such late payment interest penalty. [ORS 279C.580(2)(9) and (10)]

15. Nothing in paragraphs 14 and 15 above are intended to impair the rights of Contractor or a subcontractor at any tier to negotiate provisions authorized under ORS 279C.580(5), et seq. [ORS 279C.580(5)-(8)]
16. By execution of this Contract, Contractor certifies, under penalty of perjury, that Contractor is, to the best of its knowledge, not in violation of any tax laws of the State of Oregon described in ORS 305.380(4). [ORS 305.380(6)]



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: IX.D
Meeting Date: December 1, 2014

Agenda Item:

AUTHORIZATION TO PURCHASE ONE MODEL 12-30 ADSORPTION VESSEL FROM CALGON CARBON CORPORATION

Background:

When the water plant was first designed, the design purposed to use three gravity activated carbon vessels. In an effort to cut construction costs the design was modified to install only two of these vessels. As part of the current year budgeting, funds were appropriated to add the third vessel to the water plant. This vessel will both improve overall water quality and extend the carbon life of the current vessels. The concrete pad and piping for water feed discharge were constructed as part of the new plant in order to accommodate this future expansion. This is a sole source procurement since Calgon Carbon is the only vendor that manufactures the unit that is compatible with the existing plant system.

Recommended Action:

I recommend that the City Council acting as the Local Contract Review Board consider the following motion:

I move that the purchase of one model 12-30 adsorption vessel manufacture by Calgon Carbon Corporation in the amount of \$183,050.00 be purchase by the City of Newport.

Fiscal Effects:

\$283,000 is budgeted in the 14-15 fiscal year budget in the Water Capital Projects Fund for this purchase and installation.

Alternatives:

Do not purchase this unit at this time or as suggested by the City Council.

Respectfully Submitted,

Spencer R. Nebel
City Manager



Agenda Item # IX.E
Meeting Date December 1, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Authorization to purchase Calgon Carbon Gravity Activated Carbon Adsorption Vessel

Prepared By: TEG Dept Head Approval: TEG City Manager Approval:

Issue Before the Council:

Authorization to purchase Calgon Carbon Gravity Activated Carbon Adsorption Vessel

Staff Recommendation:

Authorize the purchase

Proposed Motion:

I move to authorize the Public Works Department to purchase one (1) Model 12-30 Adsorption Vessel as manufactured by Calgon Carbon Corporation in the amount of \$183,050.00

Key Facts and Information Summary:

The gravity activated carbon vessels (GAC) at the water treatment plant manufactured by Calgon Carbon Corporation have a current capacity of approximately 3.2 MGD at ideal operating conditions. The current plant capacity is approximately 3.8 to 4 MGD. Any water that the plant produces over the capacity of the GAC vessels currently is either bypassed which reduces water quality, or the vessels are run past capacity, which significantly reduces the carbon life. Initially the plant was designed with three vessels but one vessel was eliminated as part of the cost reduction strategy for the water plant resulting in our current diminished capacity condition.

The purchase of this vessel increases our GAC capacity to 4.9 MGD which will result in substantially better water quality and much longer life for the carbon before replacement is necessary. This is a sole source procurement since Calgon Carbon is the only vendor that manufactures a unit that is compatible with our existing system.

Since the original design of the plant had included this vessel, the concrete pad and the header piping for water feed and discharge are already in place.

Other Alternatives Considered:

None

City Council Goals:

None

Attachment List:

- Calgon Carbon Corporation Proposal for Equipment/System Purchase

Fiscal Notes:

The total cost of the GAC vessel and carbon is \$183,050. HDR Engineering has been contracted to provide engineering design to incorporate the new vessel into the existing system. The contract with HDR is \$29,275. The only remaining cost will be the installation of the vessel by a contractor.

\$283,000 was budgeted in FY 15 in the Water Capital Projects fund to be financed through the Water Revenue Bond.



CALGON CARBON CORPORATION PROPOSAL FOR EQUIPMENT/SYSTEM PURCHASE

Customer Name: Newport Water Treatment Plant
Location: Newport, Oregon

ITEM	DESCRIPTION	PRICE
1	One (1) Model 12-30 Adsorption Vessel <ol style="list-style-type: none"> 1. System provided per the attached drawings. 2. Price includes delivery of the system to site in Oregon. 3. Price includes 30,000 pounds Filtrasorb 400 GAC total. 4. Carbon delivered in bulk trailers for direct slurry transfer into adsorbers 5. Price includes two (2) days of Calgon Carbon Field Services for Installation supervision and carbon fill coordination. 	\$183,050.00

SCHEDULE

TIMING	ITEM
2 weeks after receipt of order	Provide Reference Submittal
14 to 16 weeks after receipt of Purchase Order with approval of purchase major materials (heads and shell)	Vessel complete (ready for delivery)
2 weeks notice	Field services and GAC Delivery

PROPOSAL NOTES

1. Proposal is based on supplying the same arrangement as the equipment provided to this site on 2011 by Calgon Carbon.
2. Pricing does not include applicable Sales Tax; Sales Tax added to applicable items unless Tax Exemption Documentation provided
3. Proposal is valid for sixty (60) days from date of this proposal.
4. This offer is made under Calgon Carbon Corporation Terms and Conditions for Equipment/System Purchase.
5. Pricing does not include any Payment or Performance Bonds. Costs for any such bonds, if requested by the purchaser, will be added to the quoted pricing.
6. Upon receipt of a Purchase Order, the Buyer will be requested to complete a Credit Application and provide Tax Exemption Documentation.
7. Receipt, off-loading and installation of the GAC vessel to be the responsibility of the site.
8. Utilities for GAC transfer provided by site
9. The schedule for all fabrication and delivery is subject to shop load at time of order.
10. You may accept this offer by submitting a purchase order referencing this offer, provided that such acceptance shall be on the express condition that Buyer agrees to accept and be bound by the terms and conditions set forth in the Calgon Carbon Corporation Terms and Conditions for Equipment/System Purchase. Any different or additional terms contained in any document, including the PO, issued by Buyer are expressly rejected, and Buyer acknowledges and agrees that the terms set forth herein and in the Calgon Carbon Corporation Terms and Conditions for Equipment/System Purchase shall control.
11. Send the Purchase Order to:
 - Calgon Carbon Corporation
 - 500 Calgon Carbon Drive
 - Pittsburgh, PA 15205
 - Attention: James S. Ruperto



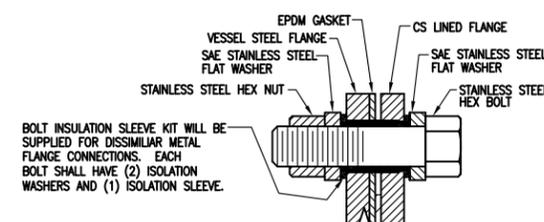
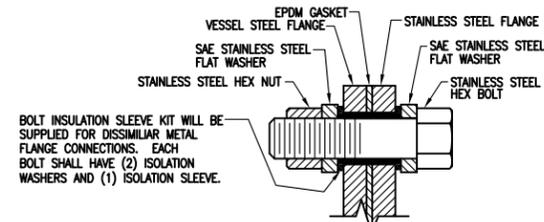
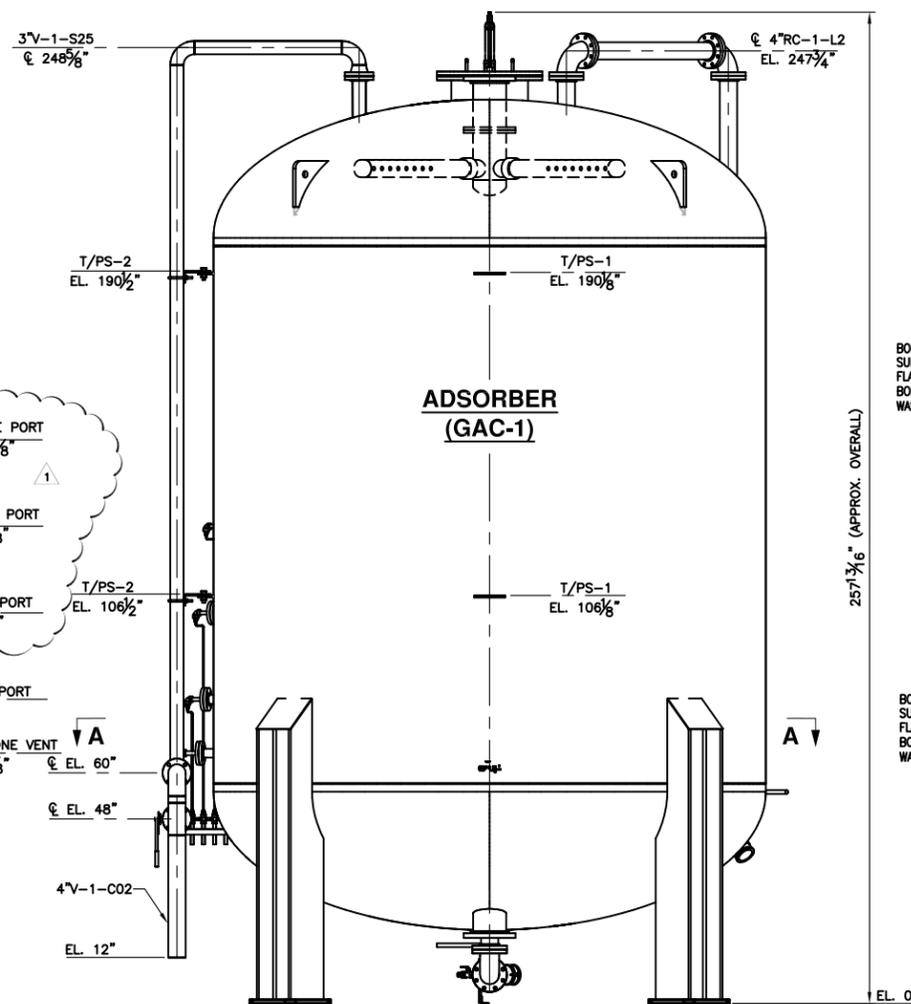
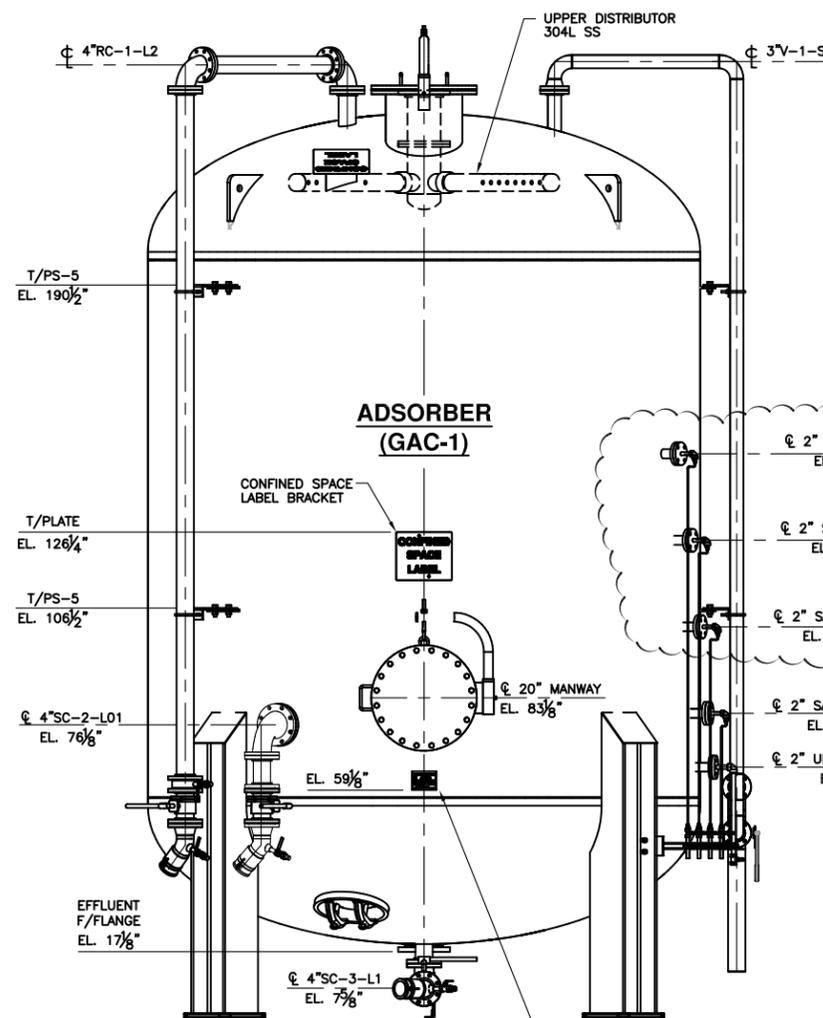
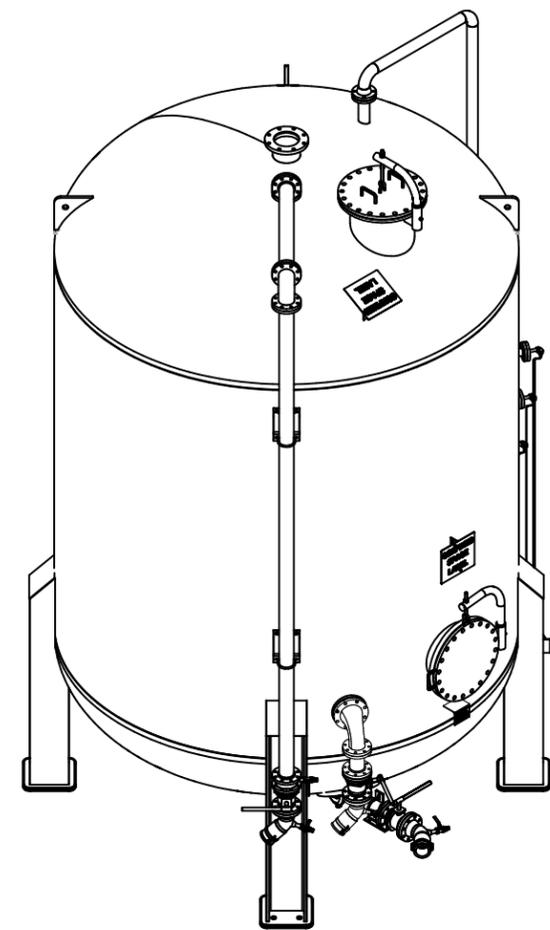
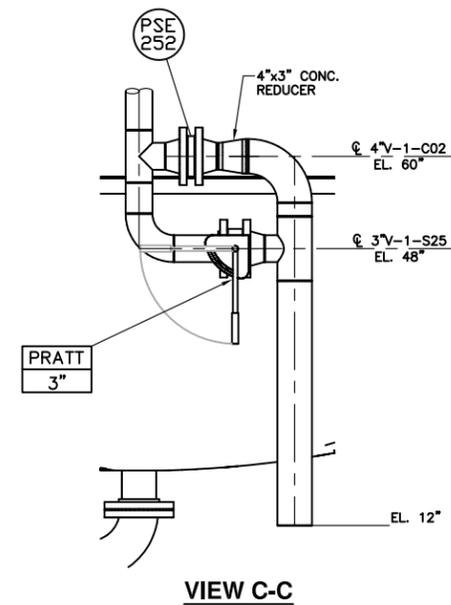
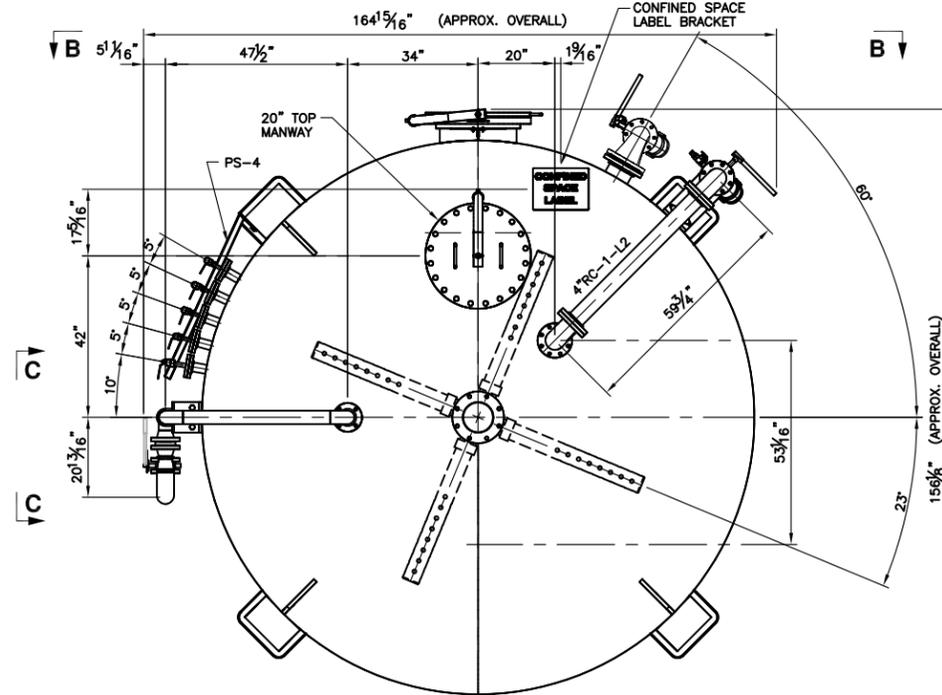
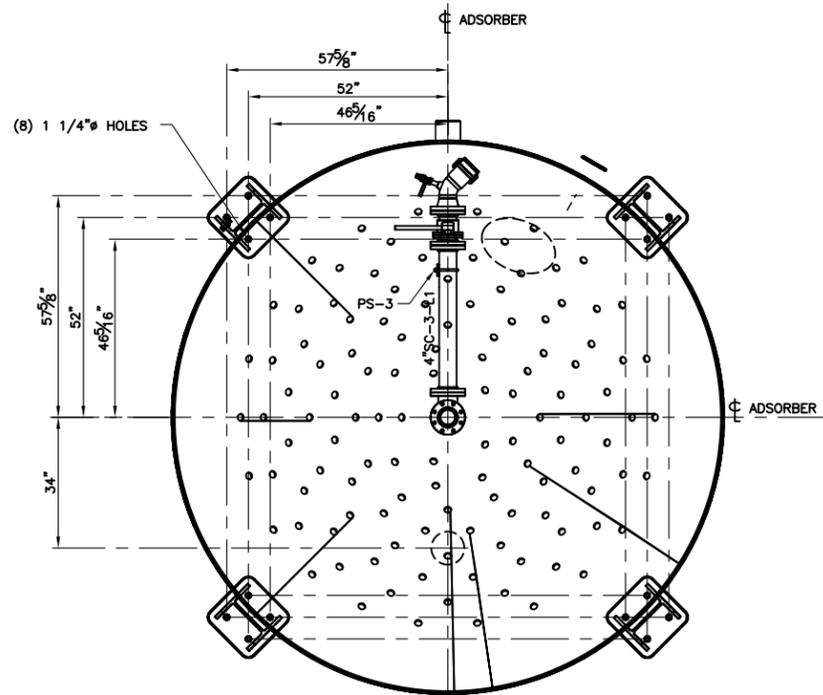
CALGON CARBON CORPORATION PROPOSAL FOR EQUIPMENT/SYSTEM PURCHASE

ATTACHMENTS:

1. General Arrangement drawing - 91106251, Rev. 1
2. Flow Diagram – 91106250. Rev. 0
3. Vessel Arrangement drawing – 91106252, Rev. 1
4. Sales Specification Filtrasorb 400
5. Calgon Carbon Corporation Terms and Conditions for Equipment/System Purchase

CALGON CARBON CORPORATION
November 21, 2014

Joseph P. McMahon
Director - Equipment Manufacturing
Phone: 412-787-4509
Fax: 412-787-6319
e-mail: mcmahon@calgoncarbon-us.com



- NOTES:
- PAINT STRUCTURAL AND PIPE (EXCLUDING STAINLESS STEEL) AS FOLLOWS:
 PRIME COAT - 1 COAT, 2.5 MILS, SERIES 90-97 TME-ZINC (ZINC-RICH URETHANE)
 FINISH INTERIOR COAT - 1 COAT, 5MILS, SERIES L69 EPOXOLINE (POLYAMIDODIAMINE EPOXY).
 FINISH EXTERIOR COAT - 1 COAT, 3.0 MILS, SERIES 1080 ENDURA-SHIELD W.B. (WATERBORNE ACRYLIC POLYURETHANE).
 - ALL FASTENERS FOR CONNECTING PIPE FLANGE TO VESSEL FLANGE SHALL BE 316 STAINLESS STEEL ASTM F593 (CCC SPEC-F15).
 - GASKETS SHALL BE FDA EPDM (CCC SPEC G-46).
 - (1) GAC VESSEL SHOWN, (2) VESSELS REQUIRED.

2			
1	HEIGHT OF SAMPLE NOZZLES	MHS	6/15/2011
0	ISSUE FOR FABRICATION	RES	04/18/2011
REV	DESCRIPTION	APP	DATE
REVISIONS			

TOLERANCES (unless otherwise specified)			
ANGULAR	±0.30°	DECIMAL (2 PLACES)	±.010
FRACTIONAL	±1/16"	DECIMAL (3 PLACES)	±.005
DECIMAL (1 PLACE)	±.015	DECIMAL (4 PLACES)	±.0005



CLIENT
NEWPORT WATER TREATMENT PLANT
NEWPORT, OREGON

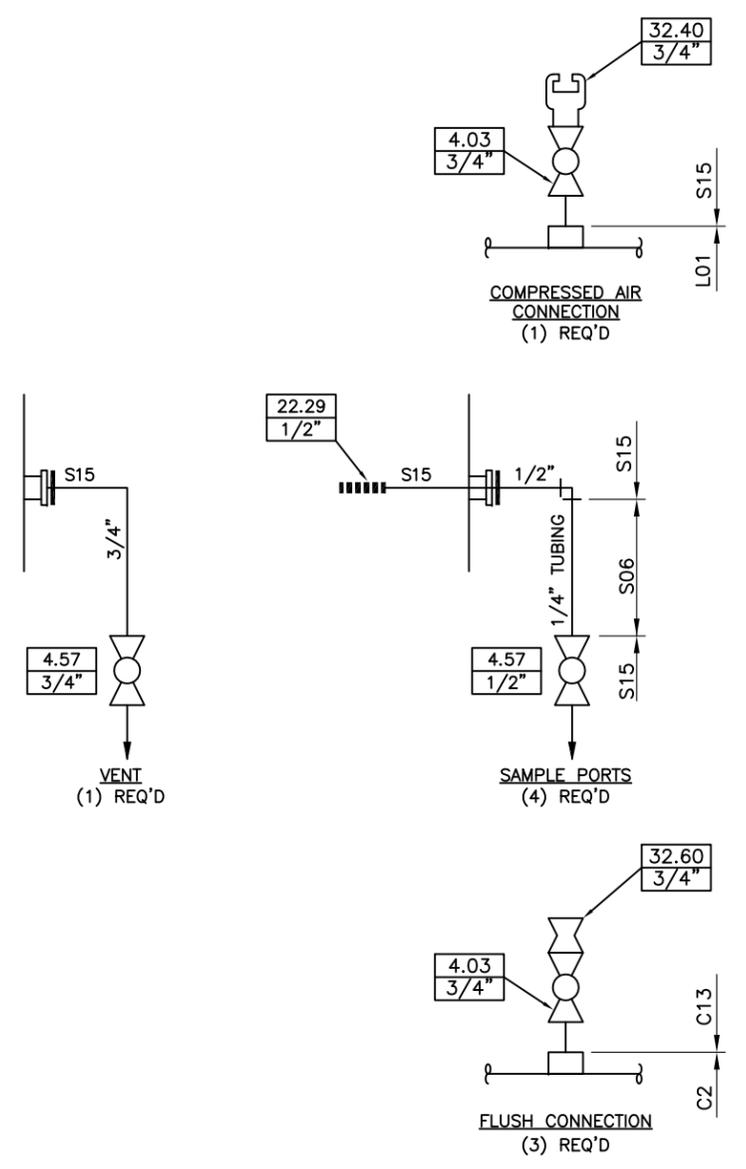
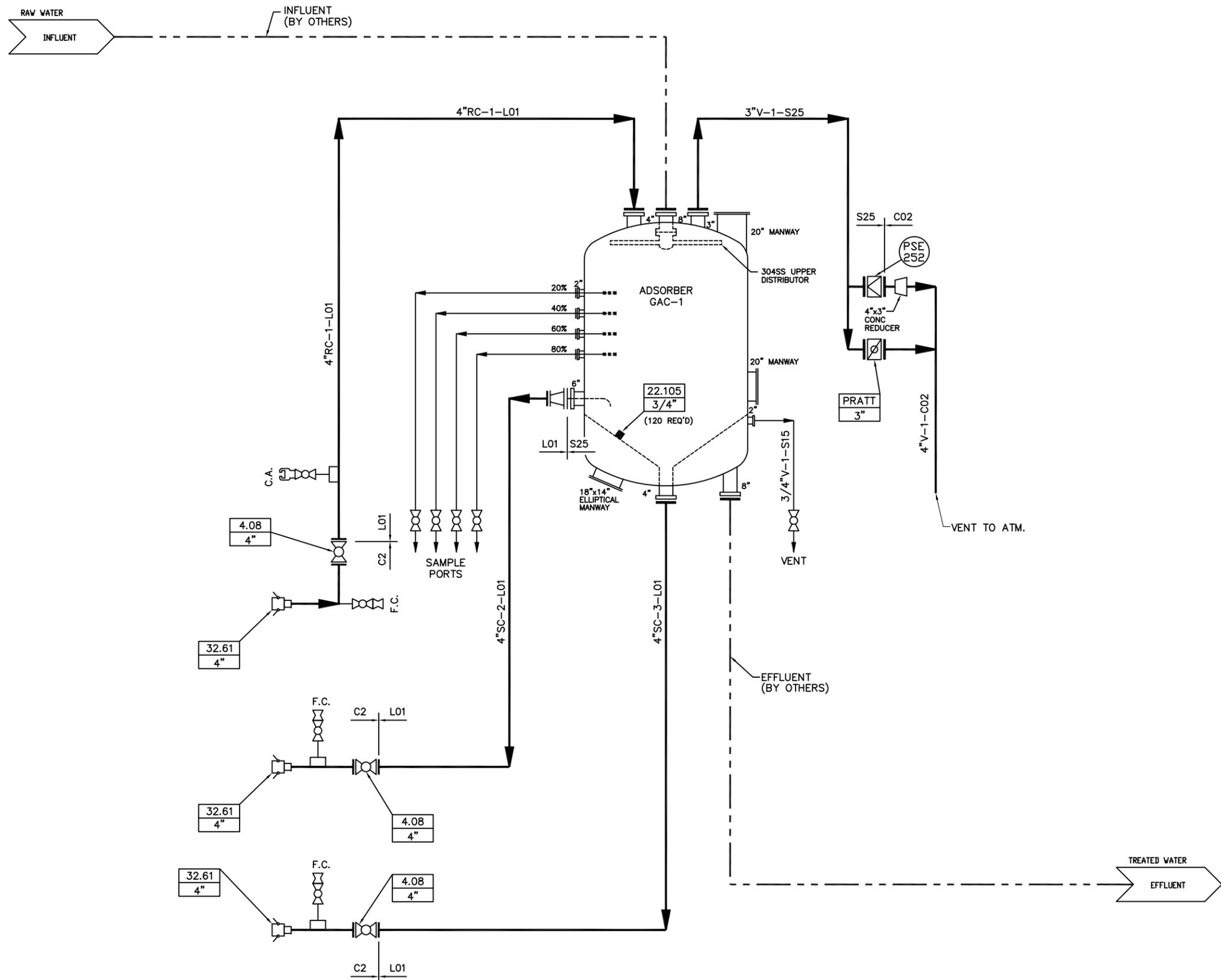
THIS DRAWING AND DESIGN IS THE PROPERTY OF CALGON CARBON CORPORATION AND IS NOT TO BE REPRODUCED IN WHOLE OR IN PART NOR EMPLOYED FOR ANY PURPOSE OTHER THAN SPECIFICALLY PERMITTED IN WRITING BY CALGON CARBON CORPORATION. THIS DRAWING LOANED SUBJECT TO RETURN ON DEMAND.

DRAFTER	NAME	DATE
DESIGNER	EPG	12/10/10
CHECKER	JP	04/15/2011
APPROVAL		
PROJECT No.	LM-10126.NEWP	

TITLE	MODULAR ADSORBER SYSTEM - MODEL 12 8" PROCESS PIPING, SINGLE GENERAL ARRANGEMENT		
DWG. Size	D	SHEET No.	1 OF 1
DWG. No.	91106251	SCALE	NONE
REV.	1		

December 1, 2014

V:\2010\LM-10126.NEWP\Drawings\General Arrangements\91106251 GA.dwg Jun 16, 2011 - 9:41am



NOTES:
1. (1) GAC VESSEL SHOWN, (2) VESSELS REQUIRED.

2			
1			
0	ISSUE FOR FABRICATION	RES	05/12/2011
REV	DESCRIPTION	APP	DATE
REVISIONS			
TOLERANCES (unless otherwise specified)			
ANGULAR	±0.30°	DECIMAL (2 PLACES)	±.010
FRACTIONAL	±1/16"	DECIMAL (3 PLACES)	±.005
DECIMAL (1 PLACE)	±.015	DECIMAL (4 PLACES)	±.0005

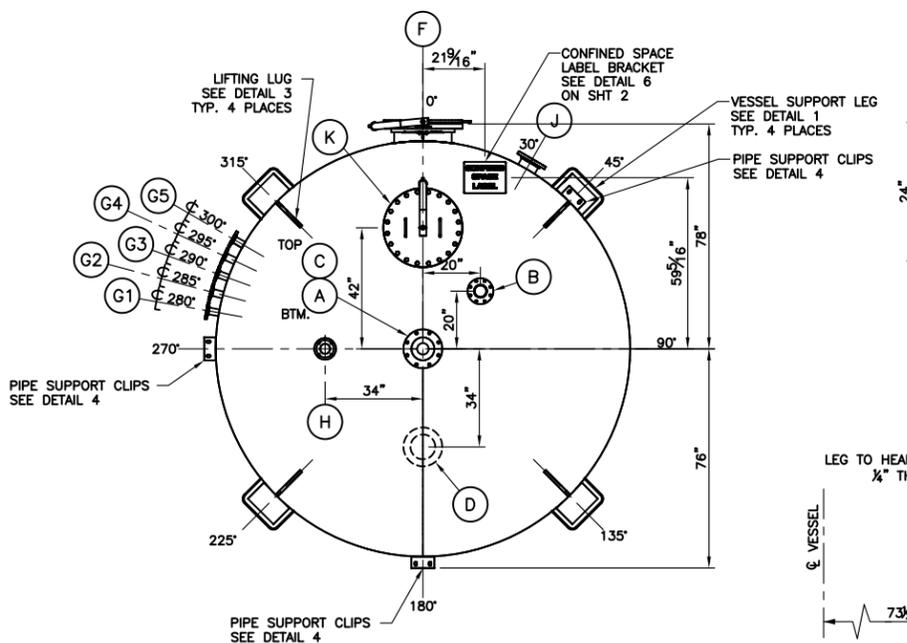


CLIENT		NEWPORT WATER TREATMENT PLANT NEWPORT, OREGON	
TITLE		MODULAR ADSORBER SYSTEM - MODEL 12 8" PROCESS PIPING, SINGLE FLOW DIAGRAM	
DWG. Size	D	SHEET No.	1 of 2
DWG. No.	91106250	SCALE	NONE
PROJECT No.	LM-10126.NEWP	REV.	0

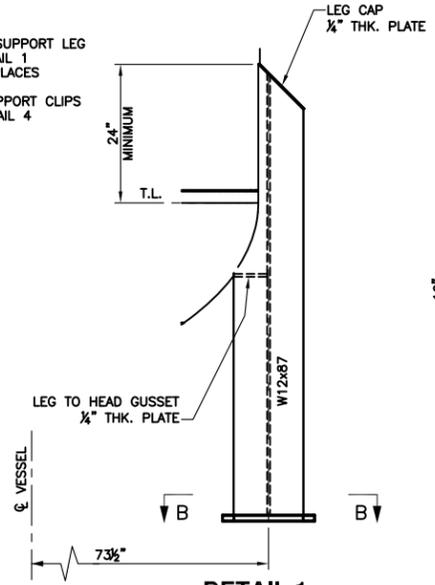
MEDIA	INSTRUMENTATION	DESIGN CONDITIONS	LEGEND	ADSORBERS	UTILITY REQUIREMENTS
MEDIA: FILTRASORB 400M QUANTITY PER VESSEL: 30,000 LBS. SERVICE: POTABLE	PSE-252 - GRAPHITE MONO-BLOCK BUTTERFLY VALVE - "PRATT" MODEL MKII	FLOW RATE - 1130 GPM (MAX) INFLUENT PRESSURE - 50 PSIG MAX. INFLUENT TEMP. - 140°F MAX. BACKWASH RATE - 1000 GPM MAX.	BW - BACKWASH WATER FC - FLUSH CONNECTION RC - REACT.(OR VIRGIN) CARBON RW - RAW WATER SC - SPENT CARBON SLURRY SP - SAMPLE PORT TW - TREATED WATER V - VENT CA - COMPRESSED AIR	12'-0" O.D. x 12'-0" S.S. ASME 2:1 ELLIPTICAL TOP AND BOTTOM HEADS. CARBON STEEL CONSTRUCTION. ASME SECT. VIII, DIV. 1 W/ PLASITE 4110 LINING FORCE CURED PER NSF61 CRITERIA 75 PSIG @ 140°F DESIGN.	AIR, CARBON TRANSFER - 100 SCFM @ 30 PSIG MIN. PLANT WATER - 100 GPM @ 30 PSIG MIN. WIRING - N/A

December 1, 2014

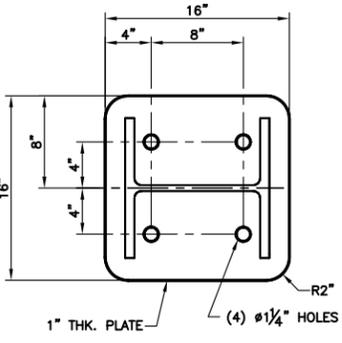
V:\2010\LM-10126.NEWP\Drawings\Process\91106250 P&ID.dwg Jun 06, 2011 - 3:39pm



PLAN
SCALE: 3/8"=1'-0"

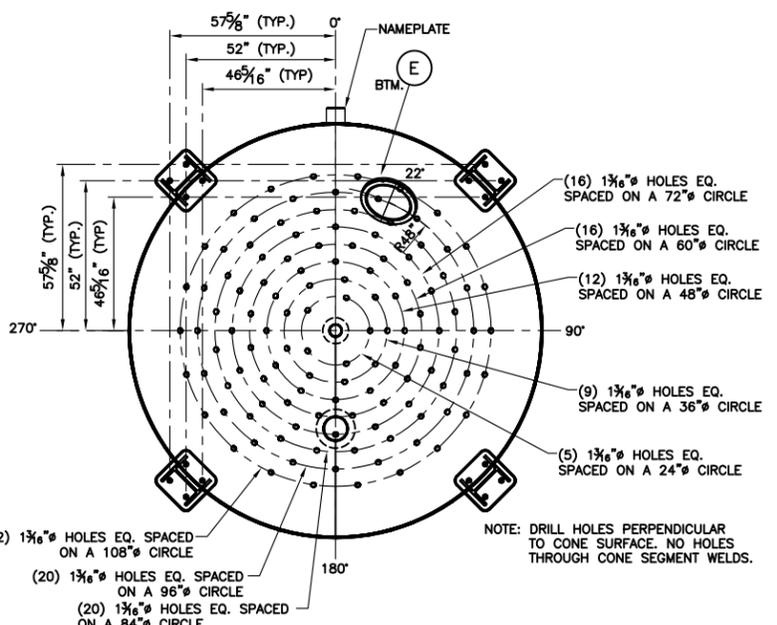


DETAIL 1
VESSEL SUPPORT LEG
(4 REQ'D)
SCALE: 3/8"=1'-0"

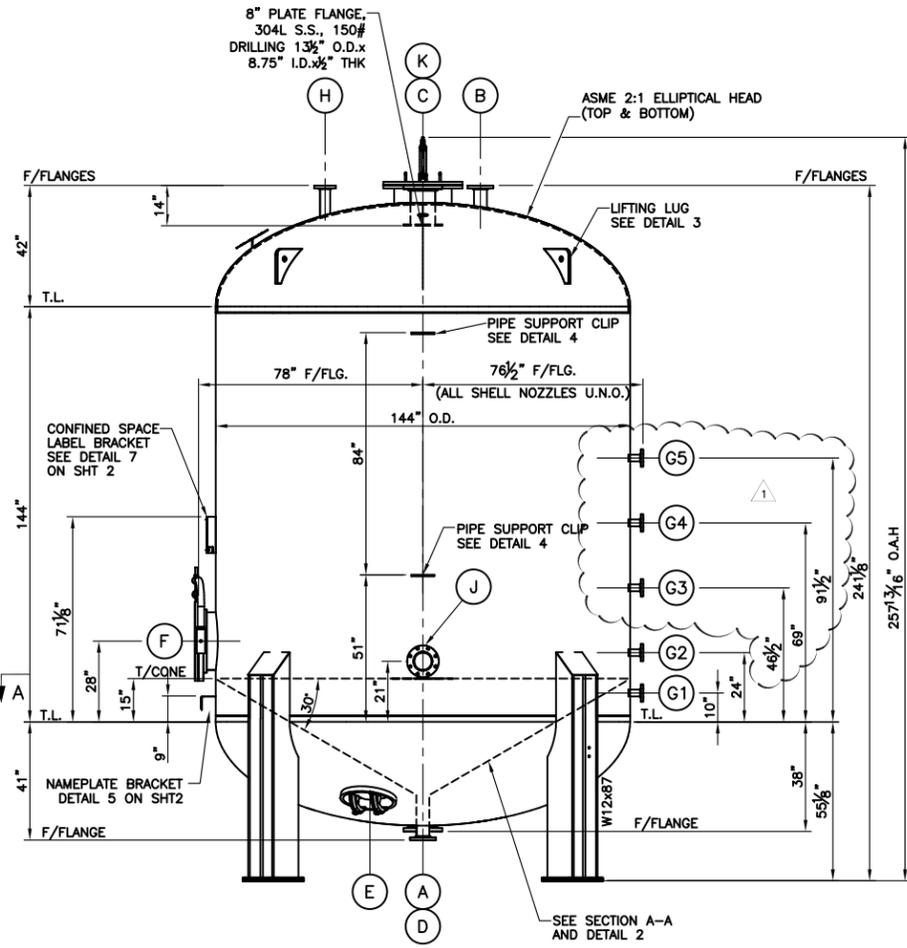


LOCATION OF BASEPLATE ON LEG (W12x87) TO BE SET BY DIMENSIONS FROM CENTERLINE OF VESSEL AFTER LEGS ARE WELDED TO SHELL (SEE SECTION A-A)

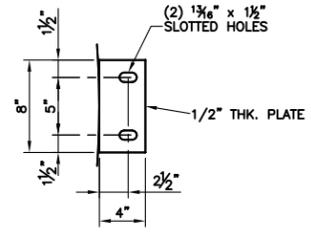
SECTION B-B
SCALE: 1 1/2"=1'-0"



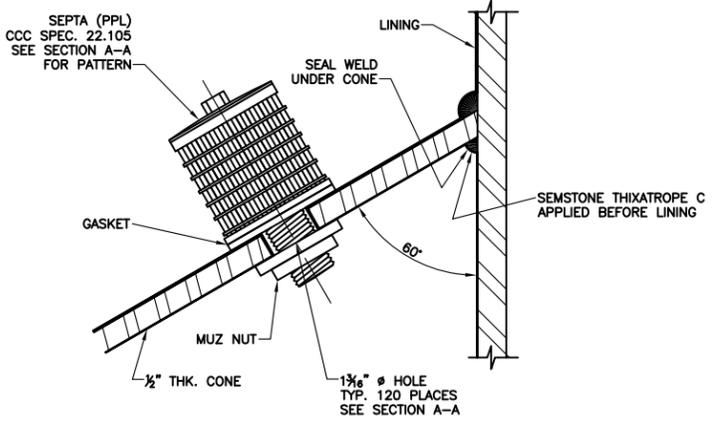
SECTION A-A
SCALE: 3/8"=1'-0"



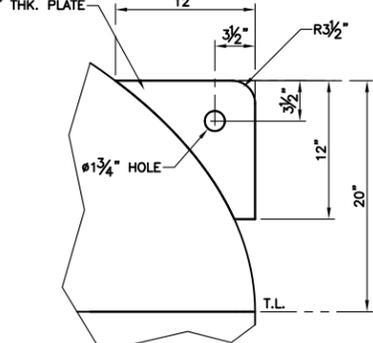
ELEVATION
SEE PLAN VIEW FOR TRUE ORIENTATIONS
SCALE: 3/8"=1'-0"



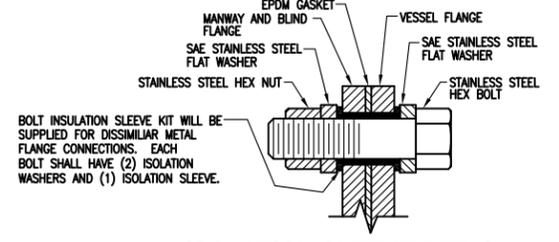
DETAIL 4
PIPE SUPPORT CLIP
(6 REQ'D)
SCALE: 1 1/2"=1'-0"



DETAIL 2
DISTRIBUTOR DETAIL
SCALE: 6"=1'-0"



DETAIL 3
LIFTING LUG
(4 REQ'D)
SCALE: 1 1/2"=1'-0"



ISOLATION SLEEVE DETAIL FOR VESSEL FLG TO BLIND FLG CONNECTIONS

- NOTES:**
- ALL INTERIOR WELDS & EDGES TO BE GROUND TO 1/8" MIN.
 - ALL NOZZLES MUST BE FLUSH ON INSIDE OF SHELL, U.O.N
 - ALL NUTS & BOLTS TO BE 316 STAINLESS STEEL ASTM F593 (CCC SPEC-F15).
 - 20" MANWAY FLG. TO BE SECURED WITH (2) BOLTS. REMAINDER OF BOLTS & NUTS TO BE PACKAGED AND SHIPPED IN THE CRATE.
 - REMOVE ALL WATER & DIRT AFTER HYDRO.
 - REMOVE ALL WELD SPATTER.
 - ALL FLANGE BOLT HOLES TO STRADDLE CENTERLINES.
 - (1) GAC VESSEL SHOWN, (2) VESSELS REQUIRED.

VESSEL DESCRIPTION	GAC-1 AND GAC-2				
REFERENCES	VESSEL SPECIFICATION VS1				
DESIGN CONDITIONS	75 PSIG @ 140' F				
OPERATING CONDITIONS	75 PSIG @ 140' F				
PROCESS FLUID	WATER, S.G. = 1.0				
WALL THICKNESS	PER CODE REQUIREMENTS				
MATERIALS OF CONSTRUCTION	SHELL	SA-516 GRADE 70			
	TOP HEAD	SA-516 GRADE 70			
	BOT. HEAD	SA-516 GRADE 70			
	NOZZLES	SA-106 GRADE B (UNLESS NOTED)			
	FLANGES	SA-105 (UNLESS NOTED)			
	LINING ABOVE CONE	PLASITE 4110 35-45 MIL NOMINAL DFT PINHOLE FREE FOR IMMERSION SERVICE FORCE CURED PER NSF61 CRITERIA (CCC SPEC. VS7)			
	LINING BELOW CONE	PLASITE 4110 10-12 MIL NOMINAL DFT (CCC SPEC. VS9)			
	SEALANT	SEMSTONE THIXATROPE-C			
SUPPORTS	A-992				
BOLTING	SEE NOTE 3.				
GASKETS	1/8" WHITE EPDM (MANWAY 1/4" WHITE EPDM)				
TYPE CONSTRUCTION	FUSION WELDED				
CORROS. ALLOW	NONE				
CODE	ASME SECTION VIII, DIVISION 1, LATEST EDITION				
INSPECTION	BY CALGON & AUTHORIZED INSPECTOR				
STAMPING	ASME "U", NBR				
TESTING	HYDROSTATIC : PER CODE				
STRESS RELIEF	PER CODE				
RADIOGRAPH	PER CODE & CALGON CALCULATIONS				
NAMEPLATE	ASME				
STENCILS	LINED TANK - DO NOT WELD OR BURN				
SEISMIC LOAD	IBC 2006, Ss=1.792, SITE CLASS D, I=1.25				
ISOLATION	NONE				
SURFACE PREP INTERIOR	BLAST PER SSPC-SPC5 WHITE METAL BLAST				
SURFACE PREP EXTERIOR	BLAST PER SSPC-SPC10 NEAR-WHITE BLAST				
PAINTING	PRIME COAT - 1 COAT, 2.5 MILS, SERIES 90-97 (ZINC-RICH URETHANE)				
	FINISH INTERIOR COAT - 1 COAT, 5MILS, SERIES L69 EPOXOLINE (POLYAMIDODIAMINE EPOXY).				
	FINISH EXTERIOR COAT - 1 COAT, 3.0 MILS, SERIES 1080 ENDURA-SHIELD W.B. (WATERBORNE ACRYLIC POLYURETHANE).				
CAPACITIES	FULL	13,400 GAL	1,791 CU. FT.		
	OPERATING	13,400 GAL	AT 100% FILL		
	MEDIA	30,000 LBS.			
WEIGHTS	EMPTY	18,300 LBS.			
	FULL H ₂ O	131,000 LBS.			
	FULL PRODUCT	48,300 LBS. (DRY CARBON)			
	OPERATING	147,000 LBS.			
NOZZLE SCHEDULE					
MARK	REQ'D	SIZE	DRILLING	FACING	DESCRIPTION
A	1	4"	150#	F.F.	CARBON OUTLET, SCH.160
B	1	4"	150#	F.F.	CARBON INLET
C	1	8"	150#	F.F.	INFLUENT, 304L S.S.
D	1	8"	150#	F.F.	EFFLUENT
E	1	14X18	ELLIP.		MANWAY W/ 1/4" TK. GASKET
F	1	20"	150#	F.F.	MANWAY (BLIND FLANGE GASKET)
G	5	2"	150#	F.F.	SAMPLE POINT & VENT
H	1	3"	150#	F.F.	PRESSURE RELIEF
J	1	6"	150#	F.F.	CARBON OUTLET, SCH.40
K	1	20"	150#	F.F.	MANWAY (BLIND FLANGE GASKET)

2			
1	HEIGHT OF SAMPLE NOZZLES	MHS	6/15/2011
0	ISSUE FOR FABRICATION	RES	04/18/2011
REV	DESCRIPTION	APP	DATE
REVISIONS			

TOLERANCES (unless otherwise specified)			
ANGULAR	±0.30°	DECIMAL (2 PLACES)	±0.10
FRACTIONAL	±1/16"	DECIMAL (3 PLACES)	±0.005
DECIMAL (1 PLACE)	±0.015	DECIMAL (4 PLACES)	±0.0005

Calgon Carbon

CLIENT
**NEWPORT WATER TREATMENT PLANT
NEWPORT, OREGON**

TITLE
**MODULAR ADSORBER SYSTEM - MODEL 12
ADSORBER - 12" Ø, 75 PSIG
WITH INTERNAL CONE, LINED VESSEL**

NAME	DATE	
DRAFTER	EPG	12/9/10
DESIGNER		
CHECKER	JP	04/15/2010
APPROVAL		
PROJECT No.	LM-10126.NEWP	

DWG. Size	D	SHEET No.	1	SCALE	AS NOTED
DWG. No.	91106252		REV.	1	

December 1, 2014

V:\2010\LM-10126.NEWP\Drawings\Equipment\91106252_VA.dwg Jun 17, 2011 10:31am



SALES SPECIFICATION SHEET

FILTRASORB 400

Granular Activated Carbon

Test	Specification		Calgon Carbon Test Method
	Min	Max	
IODINE NUMBER, mg/g	1000	-	TM-4,ASTM D4607
MOISTURE (AS PACKAGED), wt%	-	2	TM-1,ASTM D2867
ABRASION NUMBER	75	-	TM-9,AWWA B604
EFFECTIVE SIZE, mm	0.55	0.75	TM-47,ASTM D2862
UNIFORMITY COEFFICIENT	-	1.9	TM-47,ASTM D2862
12 US MESH [1.70 mm], wt%	-	5	TM-8,ASTM D2862
< 40 US MESH [0.425 mm] (PAN), wt%	-	4	TM-8,ASTM D2862

Typical Properties:

This product complies with ANSI/AWWA B604 (2005) – Granular Activated Carbon.

This product complies with the requirements for activated carbon as defined by the Food Chemicals Codex (FCC) (8th Edition) published by the U.S. Pharmacopeia.

This product is produced under supervision of the Islamic Food and Nutrition Council of America (IFANCA).

This product is prepared under the supervision of the Kashruth Division of the Orthodox Union and is Kosher.

Only products bearing the NSF Mark are Certified to NSF/ANSI 61 - Drinking Water System Components - Health Effects standard. Certified Products will bear the NSF Mark on packing or documentation shipped with the product.

Calgon Carbon Corporation's activated carbon products are continuously being improved and changes may have taken place since this publication went to press. (2030-08/29/2013)

Calgon Carbon Corporation
Engineered Systems Terms and Conditions
(the "Terms and Conditions")

1) DEFINITIONS:

- a) Seller: Calgon Carbon Corporation, PO Box 717, Pittsburgh, PA 15230
- b) Buyer: The Company named in the Documentation (original purchaser)
- c) Documentation: The Proposal, Confirmation or Acknowledgement, as applicable, for the sale of the Products to which these Terms and Conditions are attached
- d) System: The system and/or equipment described in the Documentation
- e) Carbon: Any carbon sold pursuant to the terms of the Documentation
- f) Products: The System and/or the Carbon, collectively, described in the Documentation

2) GENERAL: Seller hereby offers for sale to Buyer the Products on the express condition that Buyer agrees to accept and be bound by the terms and conditions set forth herein. To the extent of a conflict between these Terms and Conditions and the express terms set forth in the Documentation, the terms set forth in the Documentation shall control. Any provisions contained in any document issued by Buyer are expressly rejected and if the terms and conditions set forth herein differ from the terms in any document issued by Buyer, this document shall be construed as a counter offer and shall not be effective as an acceptance of Buyer's document. In ordering and delivery of the Products, the parties may employ their standard forms; provided, however, that nothing in those forms shall be construed to modify or amend the terms of this Agreement (as defined below). In the event of a conflict between this Agreement and either party's standard forms, this Agreement, as supplemented by the Documentation, shall govern.

3) PRICE AND PAYMENT: The price shall be as stated in the Documentation, subject to these Terms and Conditions and other terms and conditions as may be stated in the Documentation. Unless otherwise stated in the Documentation:

- a) The price is exclusive of any taxes, tariff, and duties of any kind which either party may be required to pay with respect to the sale of goods described in the Documentation, and Buyer shall be responsible for the payment of all taxes, tariffs and duties related hereto, except for income taxes imposed on Seller;
- b) Sales Tax will be added to the price based upon the Product destination unless Tax Exemption or Direct Pay Documentation is provided;
- c) Billing terms are (i) 20% when Seller submits design drawings to Buyer for review and approval, (ii) 70% when the System is ready for shipment, and (iii) 10% when the System is delivered and installed (if applicable);
- d) In the event that Carbon is delivered with the System, such Carbon shall be billed for at the time of delivery; and
- e) Payment terms shall be net 30 days, or net 45 days if paid by Electronic Funds Transfer (ETF). A late payment fee of 1.25% per month, or the highest lawful rate, whichever is less, will apply to all amounts past due, and will be prorated per day. Retainage may only be applied on the final invoice.

4) PRICING CONDITIONS:

a) Pricing limitations: Unless otherwise indicated within the Documentation, all pricing quoted in connection with the Documentation is valid for purchase for a 60 day period beginning with the date of the Documentation.

b) Pricing Escalations: Buyer acknowledges that the price for raw materials may increase unexpectedly. Therefore, unless otherwise specified in the Documentation, in the event that fabrication of the System is delayed for a period beyond three (3) months from the date of the Documentation, Buyer agrees to pay all surcharges and price increases as they are incurred by Seller. Pricing escalations for raw materials will be based upon the percent change in the Producer Price Index for such raw materials from the date of the Documentation to the date fabrication has begun. In addition all prices are subject to adjustment on account of changes in specifications, quantities, shipment arrangements and other terms or conditions which are not part of Seller's original price quotation set forth in the Documentation.

5) SALE AND DELIVERY: Sale terms and pricing, unless otherwise specified in the Documentation, are F.O.B. Seller's point of shipment (INCOTERMS 2000). If freight is to be prepaid by Seller and added to the amount due, Seller shall add up to a 25% surcharge to the freight charges. Seller will have the right, at its election, to make partial shipments of the Products and to invoice each shipment separately. Seller reserves the right to stop delivery of any Product in transit and to withhold shipments in whole or in part if Buyer fails to make any payment to Seller when due or otherwise fails to perform its obligations hereunder or under any other outstanding payment obligations of Buyer to Seller, whether related to the Documentation or otherwise.

6) TITLE AND RISK OF LOSS. Notwithstanding the trade terms indicated above and subject to Seller's right to stop delivery of any Product in transit pursuant to Section 5 above, title to and risk of loss of the Products will pass to Buyer upon delivery of the Products by Seller to the carrier at Seller's point of Shipment; provided, however, that title to any software incorporated within or forming a part of the System shall at all times remain with Seller or the licensor(s) thereof, as the case may be. Notwithstanding the foregoing or the provisions of the UCC or INCOTERMS, title to the goods, and all accessions to or products of the goods, shall remain with Seller until the later of (a) payment in full of the purchase price and of other amounts owing by Buyer and (b) delivery to Buyer, if Buyer is located outside the United States.

7) AVAILABILITY: Shipment dates (and delivery and installation dates if included in the System/scope of work description in the Documentation) are not guaranteed, and Seller will not be liable for any loss or damage resulting from any delay in delivery or failure to deliver which is due to any cause beyond Seller's reasonable control. In the event of a delay due to any cause beyond Seller's reasonable control, Seller reserves the right to reschedule the shipment within a reasonable period of time, and Buyer will not be entitled to refuse delivery or otherwise be relieved of any obligations as the result of such delay. If any delivery is delayed for more than thirty (30) days beyond the originally scheduled delivery date and such delay is caused by Buyer, Buyer will be subject to storage charges from the scheduled shipment date of 2% of the sale price per month; and such storage charge shall be due monthly on the first day of each month. Storage by Seller shall be at Buyer's risk and expense.

8) ON-SITE SERVICES: All orders which include on-site services (including installation supervision, startup, training, testing, etc.) as stated in the Documentation (On-Site Services), will require the completion of the Pre-Visit Checklist and Service Request Form prior to scheduling the visit. If there are delays, cancellations, or failures by Buyer to meet service personnel at designated times, then fees will be assessed to the customer accordingly on a per hour rate of \$160 per hour of delay per person. For domestic travel, additional on-site services not specified in the Documentation shall be provided at a per diem rate of \$1,280 per person inclusive of all travel and living expenses per eight (8) hour day (or partial day not pro-rated), or as specified in the Documentation. For international travel, an additional fee will apply.

Buyer shall make the premises, where On-Site Services are to be performed (the "Premises"), available to Seller at all reasonable times as Seller may request, such that Seller shall be able to perform the On-Site Services in a timely manner. Buyer shall bear all risk and liability

associated with its inability to make the Premises available to Seller to perform the On-Site Services. Prior to the commencement of On-Site Services, Buyer shall insure that the Premises are in good repair and in safe condition for the performance of Seller's On-Site Services, and shall, prior to the commencement of work, notify Seller of any dangerous, unsafe or hazardous conditions associated with the Premises, such that Seller can take the appropriate safeguards. Prior to the commencement of any work, Buyer shall notify Seller of any special workplace requirements, safety standards, operating procedures or other conditions imposed on persons performing work at the Premises.

9) PERMITS, LICENSES AND FEES: Buyer shall be responsible at its expense for all environmental permits, applications, regulatory approvals, and other permits or licenses that may be required for installation and/or operation of the Products.

10) CHANGES: Any changes requested by Buyer after signing the Documentation will be separately designed and priced by Seller. No change will be made without receipt of a written change order accepted in writing by Seller.

11) ACCELERATION: Buyer agrees that Seller, at its discretion, may accelerate and make due and payable all remaining payments if Buyer shall fail to perform any of its obligations hereunder or under the Documentation, including without limitation Buyer's failure to pay any amount when due, subject to any applicable cure periods provided for herein.

12) CANCELLATION: In the event that Buyer cancels its order under the Documentation prior to approving the design drawings submitted by Seller, Buyer shall pay to Seller as liquidated damages ten percent (10%) of the total purchase price of the Products, in addition to any progress payments invoiced. Following the acceptance of the design drawings by Buyer, Buyer shall not be permitted to cancel its order without Seller's written consent, and then only upon payment of Seller's cancellation charges which shall be equal to Seller's direct costs of goods sold, plus direct labor costs and fixed charges relating to the design and manufacturing of the Products, plus ten percent (10%) of the total purchase price as liquidated damages.

13) LIMITED WARRANTIES: Unless otherwise explicitly provided for in the Documentation, Seller warrants that the (i) System shall be free from defects in material and workmanship, and shall be manufactured in accordance with the specifications agreed to in writing by the parties in the Documentation or any subsequent written change order, for a period of twelve (12) months from startup or eighteen (18) months from the date of shipment, whichever is earlier, (ii) any Carbon delivered hereunder shall conform to the specifications agreed to in writing by the parties in the Documentation or any subsequent written change order, for a period of thirty (30) days from the date of shipment, and (iii) any On-Site Services provided for hereunder shall be performed in a workman-like manner, and in accordance with industry standards. Corrosion or other chemical action is specifically excluded as a defect covered hereunder. Seller agrees during the respective warranty periods specified above, (i) to repair or replace, at Seller's option, defective Products so as to cause the same to comply materially with the agreed to specifications, and (ii) to provide corrective On-Site Services so as to cause such On-Site Services to be performed in accordance with the terms hereof; provided that Buyer shall (a) promptly notify Seller in writing upon the discovery of any defect, which notice shall include the product model and serial number (if applicable) and details of the warranty claim; and (b) after Seller's review, Seller will provide Buyer with service data and/or a Return Material Authorization ("RMA"), which may include biohazard decontamination procedures and other product-specific handling instructions. Then, if applicable, Buyer may return the defective Products to Seller with all costs prepaid by Buyer. Replacement parts may be new or refurbished, at the election of Seller. All replaced parts shall become the property of Seller. Shipment to Buyer of repaired or replacement Products shall be made in accordance with the delivery provisions of these Terms and Conditions, freight charged to Seller.

Notwithstanding the foregoing, Products supplied by Seller that are obtained by Seller from an original manufacturer or third party supplier are not warranted by Seller, but Seller agrees to assign to Buyer any warranty rights in such Product that Seller may have from the original manufacturer or third party supplier, to the extent such assignment is allowed by such original manufacturer or third party supplier.

In no event shall Seller have any obligation to make repairs, replacements or corrections required, in whole or in part, as the result of (i) normal wear and tear, (ii) accident, disaster or event of Force Majeure, (iii) misuse, fault or negligence of or by Buyer, (iv) use of the Products in a manner for which they were not designed, (v) external causes such as, but not limited to, power failure or electrical power surges, (vi) improper storage and handling of the Products or (vii) use of the Products in combination with equipment or software not supplied by Seller. If Seller determines that Products for which Buyer has requested warranty services are not covered by the warranty hereunder, Buyer shall pay or reimburse Seller for all costs of investigating and responding to such request at Seller's then prevailing time and materials rates. If Seller provides repair services or replacement parts that are not covered by this warranty, Buyer shall pay Seller therefor at Seller's then prevailing time and materials rates. ANY INSTALLATION, MAINTENANCE, REPAIR, SERVICE, RELOCATION OR ALTERATION TO OR OF, OR OTHER TAMPERING WITH, THE PRODUCTS PERFORMED BY ANY PERSON OR ENTITY OTHER THAN SELLER WITHOUT SELLER'S PRIOR WRITTEN APPROVAL, OR ANY USE OF REPLACEMENT PARTS NOT SUPPLIED BY SELLER, SHALL IMMEDIATELY VOID AND CANCEL ALL WARRANTIES WITH RESPECT TO THE AFFECTED PRODUCTS.

THE OBLIGATIONS CREATED BY THIS WARRANTY STATEMENT TO REPAIR OR REPLACE A DEFECTIVE PRODUCT OR TO PROVIDE CORRECTIVE ON-SITE SERVICES SHALL BE THE SOLE REMEDY OF BUYER IN THE EVENT OF A DEFECTIVE PRODUCT OR ON-SITE SERVICES. EXCEPT AS EXPRESSLY PROVIDED IN THIS WARRANTY STATEMENT, SELLER DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE PRODUCTS OR ON-SITE SERVICES, INCLUDING WITHOUT LIMITATION ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE. SELLER DOES NOT WARRANT THAT THE PRODUCTS ARE ERROR-FREE OR WILL ACCOMPLISH ANY PARTICULAR RESULT. ANY ADVICE OR ASSISTANCE FURNISHED BY SELLER IN RELATION TO THE PRODUCTS PROVIDED FOR HEREUNDER AND UNDER THE DOCUMENTATION SHALL NOT GIVE RISE TO ANY WARRANTY OR GUARANTEE OF ANY KIND, AND SHALL NOT CONSTITUTE A WAIVER BY SELLER OF ANY PROVISIONS OF THE DOCUMENTATION OR THESE TERMS AND CONDITIONS, UNLESS OTHERWISE AGREED TO IN WRITING.

This warranty does not cover any charges for replacement of parts, adjustments or repairs, or any other work unless such charges shall be assumed or authorized in advance in writing by the Seller.

14) SHORTAGE, LOSS, DAMAGES and NON-CONFORMITY: It is Buyer's responsibility to notify the freight carrier of any shortages, losses, or damage. This notification must be noted on the Bill of Lading at time of delivery. Claims will be disallowed if not reported within fifteen (15) calendar days of receipt of the respective Products and the responsibility for repairs/replacement will be on Buyer. Without expanding the limited warranties set forth in Section 13, Buyer shall have (i) thirty (30) days after delivery to its destination of use to inspect and test the System for any apparent non-conformity, (ii) fifteen (15) days after delivery to its destination of use to inspect and test any Carbon provided hereunder for any apparent non-conformity, and (iii) fifteen (15) days after the performance of any On-Site Services to inspect and test such On-Site Services for any apparent non-conformity. Failure to so inspect and test, or to give notice to Seller of any claim during the respective periods

above, shall constitute an irrevocable acceptance of the Products and/or On-Site Services, and a waiver of any defect or warranty claim that could have been discovered by inspecting and testing. Buyer shall have the right to reject, refuse acceptance and revoke acceptance of any non-conforming Products or On-Site Services during the respective periods.

15) LIMITATION OF LIABILITY: NOTWITHSTANDING ANY PROVISION TO THE CONTRARY HEREIN, FOR ALL LOSSES, DAMAGES, LIABILITIES OR EXPENSES (INCLUDING ATTORNEY'S FEES AND COSTS), WHETHER FOR INDEMNITY OR NEGLIGENCE, INCLUDING ERRORS, OMISSIONS OR OTHER ACTS, OR WILLFUL MISCONDUCT, OR BASED IN CONTRACT, WARRANTY (INCLUDING ANY COSTS AND FEES FOR REPAIRING, REPLACING OR RE-PERFORMING SERVICES OR CURING A BREACH HEREOF), OR FOR ANY OTHER CAUSE OF ACTION (INDIVIDUALLY, A "CLAIM"; COLLECTIVELY, "CLAIMS"), SELLER'S LIABILITY, INCLUDING THE LIABILITY OF ITS INSURERS, EMPLOYEES, AGENTS, DIRECTORS, AND OFFICERS AND ALL OTHER PERSONS FOR WHOM SELLER IS LEGALLY RESPONSIBLE, SHALL NOT, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EXCEED IN THE CUMULATIVE AGGREGATE WITH RESPECT TO ALL CLAIMS ARISING OUT OF OR RELATED TO THE DOCUMENTATION AND THESE TERMS AND CONDITIONS, THE LESSER OF (A) THE TOTAL AMOUNT OF COMPENSATION PAID TO SELLER HEREUNDER, AND (B) ONE MILLION DOLLARS (\$1,000,000). IN NO EVENT SHALL SELLER BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF USE OF FACILITIES OR EQUIPMENT, LOSS OF REVENUE, LOSS OF DATA, LOSS OF PROFITS OR LOSS OF GOODWILL), REGARDLESS OF WHETHER SELLER HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. ALL CLAIMS OF WHATSOEVER NATURE SHALL BE DEEMED WAIVED UNLESS MADE IN WRITING WITHIN NINETY (90) DAYS OF THE OCCURRENCE GIVING RISE TO THE CLAIM. MOREOVER, ANY FAILURE OF BUYER TO NOTIFY SELLER OF UNSATISFACTORY OPERATION OR ANY IMPROPER OR UNAUTHORIZED INSTALLATION, MAINTENANCE, USE, REPAIR, ADJUSTMENT, OR ATTEMPTS TO OPERATE THE SYSTEM OUTSIDE THE DESIGN LIMITS SHALL RELIEVE SELLER OF ANY FURTHER RESPONSIBILITIES HEREUNDER.

16) FORCE MAJEURE: Notwithstanding any provision to the contrary herein, Seller shall have no liability to Buyer or its affiliates, and shall have the right to suspend performance (including, without limitation, shipments) hereunder, in the event of war, riot, terrorism, accident, explosion, sabotage, flood, acts of God, fire, court order, strike, labor disturbance, work stoppage, national defense requirements, act of governmental authority, extraordinary failure of equipment or apparatus, inability to obtain electricity or other type of energy, raw material, labor, equipment or transportation, or other causes beyond Seller's control. It is understood and agreed that settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of Seller and that nothing in the Documentation or these Terms and Conditions shall require the settlement of strikes, lockouts and labor disputes when such course is inadvisable in the sole discretion of Seller.

17) EXPORT RESTRICTIONS: Buyer acknowledges that the Products and related technology are subject to U.S. export controls and economic sanctions, which may include the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR") and regulations promulgated by the U.S. Department of the Treasury Office of Foreign Assets Control. Buyer further acknowledges that the reexport of the Products and/or related technology to a third country or retransfer to an unapproved end user may require a license or other authorization from the Government of the United States. Such licenses or other authorizations may impose further restrictions on the reexport or retransfer of the Products and/or related technology. U.S. law also restricts the reexport or retransfer of U.S.-origin goods, technology, or services to countries or persons subject to U.S. sanctions or embargoes.

Buyer agrees to comply with all applicable U.S. export control and economic sanctions laws and regulations. It is the sole responsibility of Buyer to apply for and obtain any necessary licenses or other authorizations prior to any reexport or retransfer of the Products and/or related technology. Seller makes no warranty that any such licenses or other authorizations will be granted, and shall have no liability for Buyer's inability to obtain such licenses or other authorization or for any violation by Buyer of any applicable export control and/or economic sanctions laws and regulations. Buyer will indemnify Seller and hold it harmless from any liability resulting from Buyer's violation of this provision or applicable export laws or regulations. Notwithstanding any other provision in this Agreement, Seller shall have the right to terminate this Agreement immediately upon the determination by Seller, in Seller's sole discretion, that Buyer has breached, intends to breach, or insists upon breaching any of the provisions in the above clauses.

18) CONFIDENTIALITY: Other than in the performance of the terms of the Agreement, neither Buyer nor its agents, employees, or subcontractors shall use or disclose to any person or entity any confidential information of Seller (whether written, oral, electronic or other form) that is obtained or otherwise prepared or discovered in connection with this Agreement. Buyer agrees that all pricing, discounts, design drawings and technical information that Seller provides to Buyer are the confidential and proprietary information of Seller, whether or not otherwise identified as such. The obligations under this section continue perpetually and survive the termination or expiration of any underlying agreement between the parties. The provisions of this section relating to use and disclosure shall not apply to any information that: (a) is or becomes generally available to the public other than as a result of a disclosure by Buyer under this Agreement; (b) becomes available to Buyer from a source other than Seller without breach of any obligation of confidentiality; (c) was independently developed by Buyer without violation of Seller's rights and without reference to the confidential information, as evidenced by written records, maintained in the ordinary course of business by Buyer; (d) is used or disclosed with the prior written approval of Seller; (e) is information previously known to Buyer as evidenced by written records maintained by Buyer in the ordinary course of business, and not otherwise subject to any confidentiality restrictions; or (f) Buyer becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, investigative demands or similar process) to disclose. If Buyer becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, investigative demands or similar process) to disclose any of the confidential information, Buyer shall provide Seller with prompt written notice so that Seller may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. If such protective order or other remedy is not obtained, or if Seller waives compliance with the provisions of this Agreement, Buyer shall furnish only that portion of the confidential information which Buyer is legally required to disclose and shall exercise its reasonable efforts to obtain reliable assurance that confidential treatment shall be accorded the confidential information.

19) SECURITY INTEREST: Buyer hereby grants Seller a security interest in the Products to secure the payment of the purchase price, and shall not sell, lease, transfer or encumber the Products and will keep the Products free from any and all liens and security interests until Seller has been paid in full.

20) MANAGEMENT OF CHANGE: Seller is constantly striving to improve its products and capabilities and to provide the best product to its customers. Seller may from time to time develop product improvements or alternations with respect to the Products hereunder (the "Product Improvements"), and Seller may implement such Product Improvements without notice to Buyer so long as the performance of the Products will not be materially diminished, as determined in Seller's sole discretion, and so long as Seller has not separately agreed in writing to provide such notification to Buyer. In the event that Seller has agreed in writing to provide notice of Product Improvements to Buyer (the "Notice"), then Seller shall provide such Notice in accordance with the terms set forth in the separate writing.

21) MISCELLANEOUS:

- a) Neither party may assign the Documentation or these Terms and Conditions, including without limitation any of its rights or obligations thereunder or hereunder, without the express written consent of the other party hereto; provided that Seller may assign the Documentation and these Terms and Conditions, including without limitation any of its rights or obligations thereunder and hereunder, to any of its parents, subsidiaries or affiliates or to any third party which merges with Seller or acquires all or substantially all of its business and assets or a substantial part of its assets or business relating to the Products without Buyer's consent.
- b) In the event of any legal proceeding between Seller and Buyer relating to the Documentation or these Terms and Conditions, neither party may claim the right to a trial by jury, and both parties waive any right they may have under applicable law or otherwise to a trial by jury.
- c) In the event that any one or more provisions contained herein shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall remain in full force and effect, unless the revision materially changes the bargain.
- d) Seller's failure to enforce, or Seller's waiver of a breach of, any provision contained in the Documentation or these Terms and Conditions shall not constitute a waiver of any other breach or of such provision.
- e) Seller reserves the right to correct clerical, arithmetical, or stenographic errors or omissions in the Documentation, quotations, order acknowledgments, invoices or other documents.
- f) Any notice or communication required or permitted hereunder shall be in writing and shall be deemed received when personally delivered or three (3) business days after being sent by certified mail, postage prepaid, to a party at the address specified herein or in the Documentation, or at such other address as either party may from time to time designate to the other.
- g) Buyer agrees that it will not use Seller's name(s), logo(s) or mark(s) in any public communication or press release, or for any other marketing or promotional purpose, without Seller's prior written consent.
- h) Terms used in the Documentation and these Terms and Conditions that are defined by the Uniform Commercial Code of the Commonwealth of Pennsylvania shall have the meanings contained therein.

22) ENTIRE AGREEMENT: The Documentation and these Terms and Conditions and any attachments referenced in the Documentation, constitute, with respect to the subject matter hereof, the complete and exclusive statement of the contract between Seller and Buyer (the "Agreement"). No waiver, consent, modification, amendment or change of the terms contained in the Documentation or these Terms and Conditions shall be binding unless made in writing and signed by Seller and Buyer. Seller's failure to object to terms contained in any subsequent communication from Buyer (whether in a purchase order or other communication) will not be a waiver or modification of the terms set forth herein.

23) APPLICABLE LAW AND JURISDICTION: The Documentation and these Terms and Conditions shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its conflict of law principles. The UN Convention on Contracts for the International Sale of Goods shall not apply to the transaction represented hereby. The Parties consent and submit to the jurisdiction and service of process of any state or federal court located in Allegheny County, Pennsylvania.